Universal Registration Document 2019

ANNUAL FINANCIAL REPORT

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

ANNUAL REPORT 2019

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Universal Registration Document has been filed on March 19, 2020 with the *Autorité des Marchés Financiers* (the "AMF") as the competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129.

This Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document (which we also refer to as our "Annual Report") includes (i) all the components of the Annual Financial Report (*Rapport Financier Annuel*) referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) as well as in Article 222-3 of the AMF General Regulation (*Règlement Général de l'AMF*) (please refer to the cross-reference table on page 482 of this Universal Registration Document which indicates the relevant sections of this Universal Registration Document corresponding to the items referred to in Article 222-3 of the AMF General Regulation), (ii) all disclosure matters required to be included in the Board of Directors' Report to AXA's Shareholders' Meeting to be held on April 30, 2020, established pursuant to Articles L.225-100 et seq. of the French Commercial Code (Code de commerce) (the relevant sections of this Universal Registration Document corresponding to such required disclosures have been approved by AXA's Board of Directors and are referred to in the cross-reference table on page 476 of this Universal Registration Document), and (iii) all the elements required to be included in the corporate governance report established pursuant to Articles L.225-37 et seq. of the French Commercial Code (Code de commerce) (the relevant sections of this Universal Registration Document corresponding to such required disclosures have been approved by AXA's Board of Directors and are referred to in the cross reference table on page 477 of this Universal Registration Document). The cross-reference table on page 478 of this Universal Registration Document indicates the items of Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 to which the information contained herein corresponds.

CERTAIN PRELIMINARY INFORMATION ABOUT THIS ANNUAL REPORT

In this Annual Report, unless provided otherwise, (i) the "Company", "AXA" and "AXA SA" refer to AXA, a société anonyme (a public limited company) organized under the laws of France, which is the publicly traded parent company of the AXA Group, and (ii) the "AXA Group", the "Group" and "we" refer to AXA SA together with its direct and indirect consolidated subsidiaries.

The Company's ordinary shares are referred to in this Annual Report as "shares", "ordinary shares", "AXA shares" or "AXA ordinary shares". The principal trading market for AXA's ordinary shares is the regulated market Euronext in Paris (Compartment A), which we refer to in this Annual Report as "Euronext Paris".

The Group's consolidated financial statements and related notes are prepared in accordance with International Financial Reporting Standards (IFRS) (the "Consolidated Financial Statements") and published in Euro ("Euro", "euro", "EUR" or "€"). Unless otherwise stated, all amounts in this Annual Report are (i) expressed in Euro, with applicable foreign exchange rates presented on page 31 of this Annual Report, and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

Where reference is made to a website in this Universal Registration Document, the contents of such website do not form part of this Universal Registration Document. No information, document or material from the website of the Company (www.axa.com) or any other source shall form part of this Universal Registration Document, unless such information, document or material is expressly incorporated by reference into this Universal Registration Document.

This page was intentionally left blank.

Cautionary statement regarding forward-looking statements and the use of non-gaap financial measures

This Annual Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance, and strategy. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Such statements are based on Management's current views and assumptions and, by nature, involve known and unknown risks and uncertainties; therefore, undue reliance should not be placed on them. Actual financial condition, results of operations, performance or events may differ materially from those expressed or implied in such forward-looking statements, due to a number of factors including, without limitation, general economic and political conditions and competitive situation; future financial market performance and conditions, including fluctuations in exchange and interest rates; frequency and severity of insured loss events, and increases in loss expenses; mortality and morbidity levels and trends; persistency levels; changes in laws, regulations and standards; the impact of acquisitions and disposal, including related integration issues, and reorganization measures; and general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of catastrophic events, including weather-related catastrophic events, pandemic events or terrorist-related incidents. Please refer to Part 4 – "Risk factors and risk management" of this Annual Report 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 required by applicable laws and regulations.

In addition to the Consolidated Financial Statements, this Annual Report refers to certain non-GAAP financial measures, or alternative performance measures, used by Management in analyzing the Group's operating trends, financial performance and financial position and providing investors with additional information that Management believes to be useful and relevant regarding the Group's results. These non-GAAP financial 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 Consolidated Financial Statements included in Part 5 – "Consolidated Financial Statements" of this Annual Report. The non-GAAP financial measures used by the Group are defined in the Glossary set forth in Appendix V to this Annual Report.

The results of our U.S. segment are presented on the basis of IFRS and are not, and should not be relied upon as representing, the U.S. GAAP results of Equitable Holdings, Inc. ("EQH")[1] (including AB), which, as a U.S. public company, reports in U.S. GAAP in accordance with the rules of the U.S. Securities and Exchange Commission ("SEC"). For further information on EQH's financial results and other public reports please consult the SEC website at www.sec.gov.

(1) Formerly known as AXA Equitable Holdings, Inc.

Chairman's Message

In 2019, AXA demonstrated its capacity to deliver on its operational targets, while completing major transformative moves, in accordance with its Ambition 2020 strategic plan.

AXA achieved outstanding operational performance during the year. The Group's revenues grew +5% organically, supported by the dynamism of its preferred segments, P&C Commercial lines, Health and Protection. This was delivered while securing strong technical profitability.

At the same time, AXA progressed significantly on its transformation journey. The sell-down of our US Life and Asset Management operations is now complete. The Group has now full control over its P&C business in China – a market in which we are now the largest foreign actor. AXA further simplified its footprint, notably divesting from insurance operations in Ukraine and banking activities in Belgium. AXA XL's integration within the Group has been progressing quickly. In early 2020, AXA announced the sale of its insurance and asset management operations in Central and Eastern Europe (Poland, Czech Republic and Slovakia).

As a result of those efforts, AXA is well on track to achieve its Ambition 2020 targets.

I am especially satisfied that while delivering this strong business performance, AXA was able to confirm its leadership on societal issues.

To further contribute to the fight against climate change, a major risk for insurers, AXA doubled its green investment target to €24bn, launched transition bonds as a new asset class and tightened its policies regarding coal, both as an investor and an insurer. As curbing climate change is a collective challenge, AXA joined coalitions, such as the Net Zero Asset Owner Alliance, and forged new partnerships, for instance with the C40, a group of the world's largest cities.

With a growing consensus that insurance is a condition for growth and prosperity, AXA now provides insurance to 18.6 million emerging customers across nine developing countries, almost doubling from last year. In mature markets, AXA develops leading protection solutions for digital economy workers.

AXA's score in the Dow Jones Sustainability Index reached 83% in 2019, increasing by four points from last year, with improvements in all of the indices of the ranking. Accordingly, AXA was ranked third most responsible insurer, up two places.

Finally, I would like to send my warmest thanks to all AXA's employees, agents and partners for their commitment to our company and for their engagement throughout 2019. On my behalf as well on all Board members', I express our trust in Thomas Buberl and the Management Committee members to deliver the Ambition 2020 plan and prepare AXA's future.

Denis Duverne
Chairman of the Board of Directors

“2019: strong strategy execution and solid operational performance”

Chief Executive Officer’s Message

As uncertainty grows across the world, generating, increasing and changing protection needs, I am convinced that our role as insurer is becoming ever more relevant. In the face of shifting threats and concerning trends, our mission is to be a stabiliser, helping individuals and organisations overcome hardship, and acting as a force for collective good.

In 2019, our Group continued its transformation journey to be prepared for what tomorrow holds and enhance our ability to help our customers in all circumstances. We have grown across our preferred segments (Health, Protection and P&C commercial lines) which are precisely areas where we have the opportunity to tackle these growing needs. We completely divested from our US Life and Asset Management businesses, thus completing a shift in our risk profile, moving away from financial risks towards technical risks. At the same time, we made significant progress in the operational integration of AXA XL, strengthening our position as the world’s leading P&C commercial lines insurer, protecting companies of all sizes, anywhere, and against all types of risks.

We also continued to simplify the Group’s footprint, notably by divesting from insurance operations in Ukraine and banking activities in Belgium as well as announcing the disposal of our operations in Central and Eastern Europe, while pursuing the focus on our prominent geographies, such as France and Europe, where we are strengthening our positions, as well as Asia and the US. For instance, we completed the acquisition of the remaining 50% stake in AXA Tianping to accelerate our growth in China, thus becoming the number one foreign P&C insurer. We also pursued our innovation efforts in the healthcare space by partnering with clinics networks to offer integrated insurance and primary care delivery in emerging countries. In partnership with ING, we also launched an innovative digital platform to offer simpler insurance solutions to our customers and best address their needs.

Finally, AXA continued acting as an architect of solutions designed to meet the major challenges facing our societies. In 2019, we have further leveraged our expertise and economic strength to contribute to the fight against climate change by taking a series of new commitments to accelerate our contribution to a low-carbon and more resilient economy.

To summarise, our Focus and Transform strategy is bearing fruit, resulting in improved customer satisfaction (75% of AXA businesses at or above local market average NPS[1] in 2019, versus 54% in 2018) and a strong operating performance. Our underlying earnings increased, including in our key geographies and segments, reaching a record €6.5 billion.

Year after year, our organic growth dynamic continues: our gross revenues increased by 5% to €104 billion. With underlying earnings per share up 5%, adjusted return of equity at 16%, operating free cash flows at €6.3 billion and a solvency ratio up 5 points to 198% despite low interest rates, we have delivered on our financial targets, confirming our trajectory to achieve our strategic plan Ambition 2020.

I would like to sincerely thank our customers for their trust: they are at the heart of what we do, their satisfaction is both our objective and our reward, and standing by them day by day is our pride.

I would also like to extend my gratitude to all the AXA teams, agents, and partners who have delivered these great results. I am delighted that employee satisfaction, as measured by the e-NPS[2], increased in 2019. I measure and appreciate their unwavering dedication, efforts and commitment. Together, we are transforming AXA to make it a simpler and more customer-focused leader of the insurance industry.

Thomas Buberl
Chief Executive Officer

(1) Net Promoter Score.

(2) Employee Net Promoter Score.

AXA Today

- **AXA protects people and businesses** worldwide and **creates value** analyzing, pooling and managing a wide range of risks.
- The Group started as a local French company and became **a global insurance leader** in just 30 years.
- Recently, AXA has **transformed its risk profile,** from financial to insurance risks, by completing the disposal of its US Life & Savings and Asset Management entity and acquiring the XL Group. AXA is accelerating on Property & Casualty, Health and Protection, which are less sensitive to financial markets.
- AXA is a **responsible leader** and has launched in 2019 a new phase in its climate strategy to accelerate its contribution to the transition towards a low-carbon and resilient economy.
- The Group has a proven track record in delivering **sustained earnings and dividend growth to its shareholders**.

Revenues

€104bn

+5%

Growth across preferred segments [1]

	P&C COMMERCIAL	HEALTH	PROTECTION
Share	32% of revenues	14% of revenues	16% of revenues
Growth	+7%	+6%	+4%

And all main geographies [1]

	FRANCE	EUROPE	ASIA & INTERNATIONAL	AXA XL
Share	26% of revenues	35% of revenues	17% of revenues	19% of revenues
Growth	+4%	+4%	+5%	+10%

Underlying Earnings

€6.5bn

FRANCE	EUROPE	ASIA & INTERNATIONAL	AXA XL
€1.7bn	€2.5bn	€1.7bn	€0.5bn

(1) *Percentages excluding the contribution of the United States segment.*

Strategic orientations

Several underlying trends have impacted the insurance industry over the last few years: a low interest rates environment challenging the Life & Savings and Protection businesses, increasing competition from non-insurance companies, hardening of legislation & regulation and shifting customer behaviors & expectations. The nature, the frequency and the volatility of risks are also evolving, notably driven by climate change and natural catastrophes, the evolution of technology and the global interconnection of businesses increasing supply chain risk and business interruption.

To respond to these developments and seize new opportunities, AXA is constantly rethinking and expanding its products, services and business models with the ambition to become a true partner for its clients. Moving from an approach based on risk coverage to a logic relying on ecosystems, the Group is progressively diversifying toward a world of services where, by offering complementary services in addition to insurance coverage, the Group enables clients to gain more from their relationship with AXA and better understand and mitigate their risks.

Following the transformation initiated in 2018 with the rebalancing of its portfolio towards more technical risks with the acquisition of XL Group, AXA has continued delivering on the bold moves it made: the Group reduced its exposure to financial risks by completing its exit from the US Life & Savings market through the full disposal of its remaining stake in Equitable Holdings, Inc. in 2019, and it progressed on the integration of AXA XL. In line with the strategic priorities of Ambition 2020, AXA continues to focus on its preferred segments, i.e. P&C Commercial lines, Health and Protection, where it further developed 'beyond Insurance' services to expand in the Healthcare ecosystem, including the launch of primary care clinics in Mexico through a joint venture with Keralty and in Egypt where AXA owns diagnostic centers and primary care centers.

In Asia, AXA completed the acquisition of the remaining 50% stake in AXA Tianping in China and started building the foundations to roll-out its Chinese health strategy through the recruitment of Chinese health experts, the creation of a new portfolio of products and services and the development of a comprehensive distribution plan. Apart from China, the Group focused on driving growth in its current strongholds (Japan and Hong Kong) and high potentials (Indonesia, Thailand and Philippines) through transforming agency distribution and enhancing insurance and service propositions.

Customer satisfaction remains a key pillar of AXA's strategy and the Group accelerated its efforts in implementing a customer-centric culture. Entities have designed wide-ranging action plans with impact on customer satisfaction expected beyond 2019 (e.g. customer journey redesign, claims management), and more short-term/tactical actions, encompassing adjusting business processes and tools to enhance immediately customers' experience.

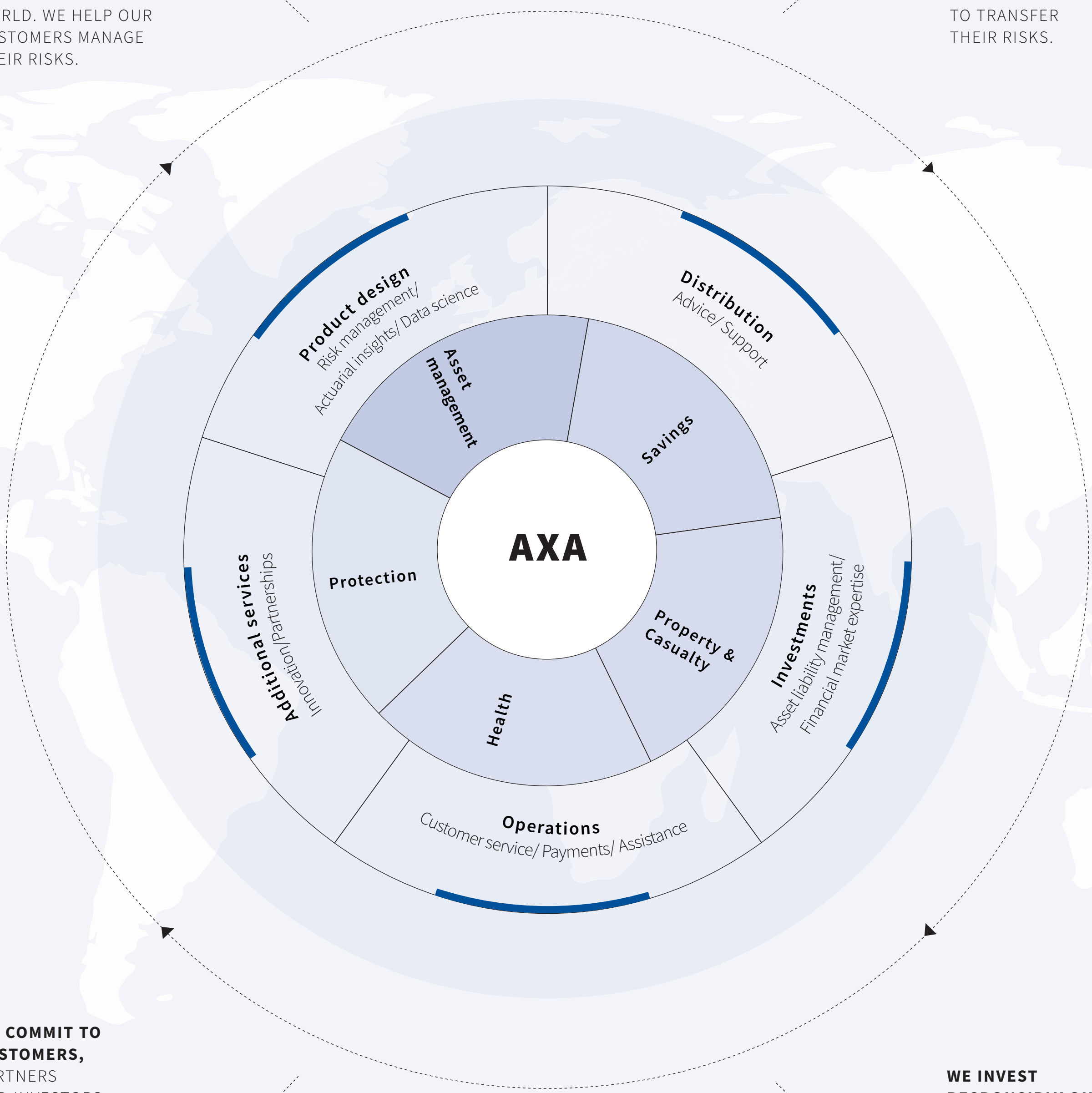
The Group confirmed its Ambition 2020 financial targets, with an adjusted ROE target between 14%-16%, a dividend payout range of 50%-60% of adjusted earnings, as well as a Solvency II ratio target range from 170% to 220% and a 3-7% UEPS 2015-2020 CAGR.

In parallel, AXA has undertaken a series of initiatives to address social and environmental challenges not only for its clients and partners, employees and shareholders, but for society as a whole. Believing in combining societal and business impact while being relevant for customers and employees, the Group continues to promote its objectives of diversity and inclusion, and its ambitious Corporate Social Responsibility policy.

Sustainable value creation

WE IDENTIFY, ASSESS AND POOL RISKS RELATED TO PEOPLE AND BUSINESSES FOR A MORE STABLE WORLD. WE HELP OUR CUSTOMERS MANAGE THEIR RISKS.

WE CREATE PRODUCTS AND SERVICES THAT ENABLE OUR CLIENTS TO TRANSFER THEIR RISKS.



WE COMMIT TO CUSTOMERS, PARTNERS AND INVESTORS, AND REINVEST PART OF OUR PROFITS IN OUR BUSINESS, IN OUR HUMAN RESOURCES AND IN OUR COMMUNITIES.

WE INVEST RESPONSIBLY OUR ASSETS ON BEHALF OF BOTH OUR CUSTOMERS AND OUR SHAREHOLDERS.

2019 Full Year Earnings

Profitability

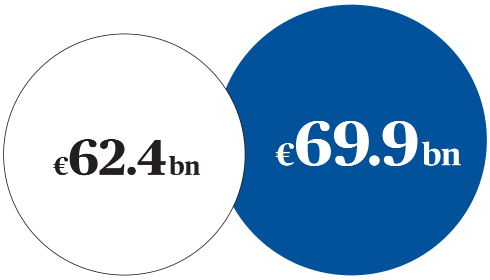
P&C
Combined ratio
96.4%

HEALTH
Combined ratio
94.1%

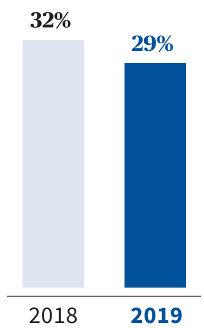
PROTECTION
Combined ratio
93.2%

Financial strength

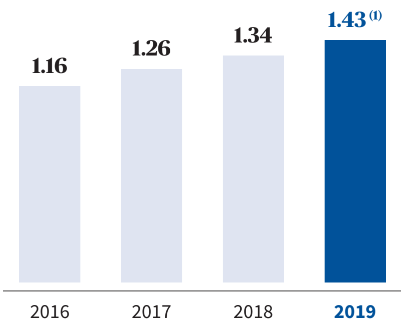
Shareholders' equity



Debt gearing



Dividend *(In euro per share)*



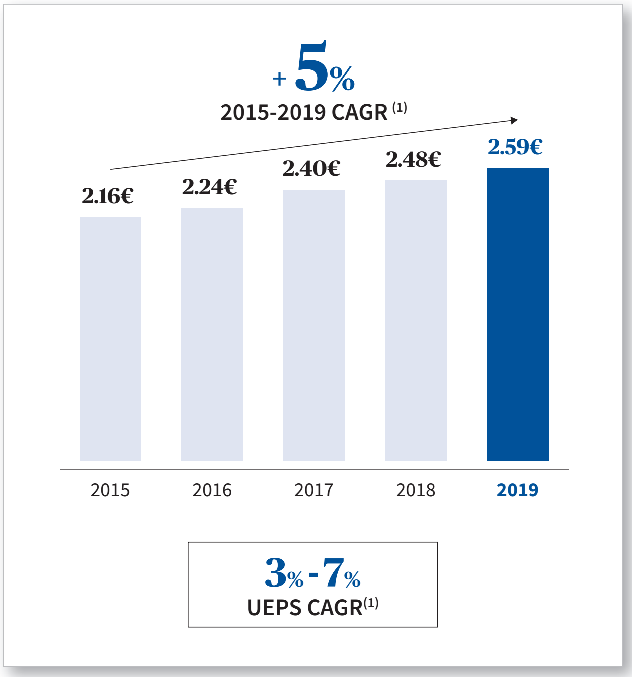
+7%
2019 *versus* 2018

Distribution rate
52%
50% - 60%
Target range

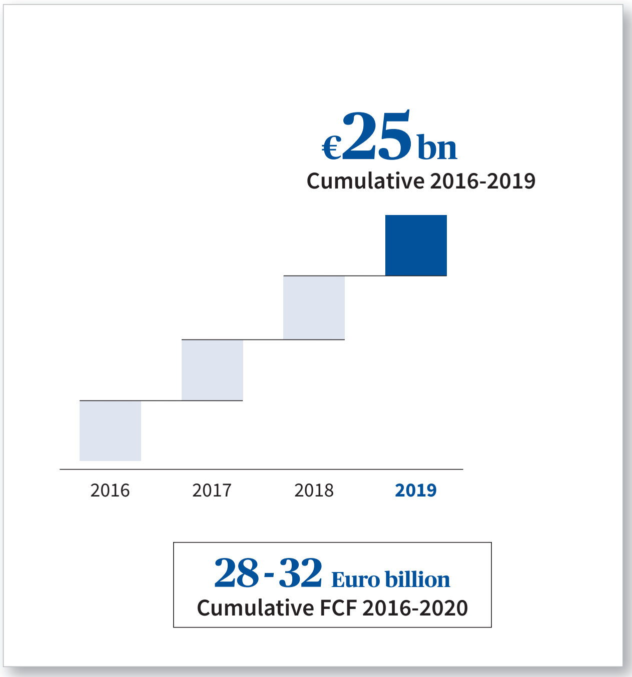
(1) *Proposed dividend, submitted for approval at the annual shareholders meeting on April 30, 2020.*

Ambition 2020

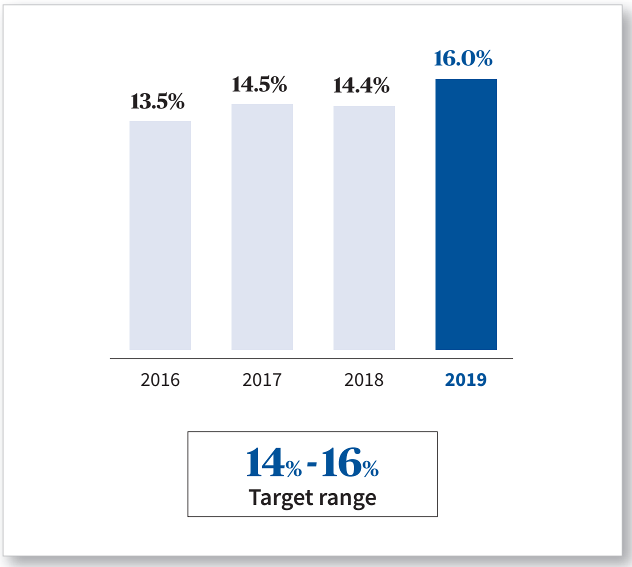
Underlying earnings per share



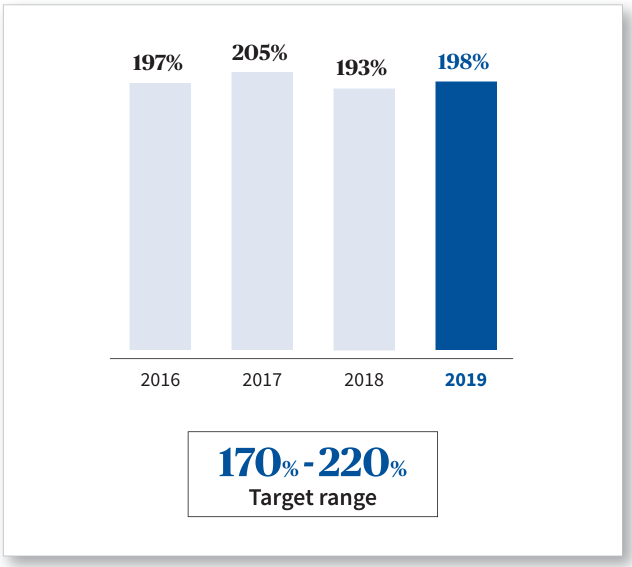
Free cash flows



Adjusted return on equity



Solvency II ratio



(1) *Compound annual growth rate, on a reported basis.*

This page was intentionally left blank.

THE AXA GROUP

AXA SA is the holding company of AXA Group, a worldwide leader in insurance, with total assets of €781 billion for the year ended December 31, 2019.

AXA operates primarily in five geographies: France, Europe, Asia, AXA XL and International (including Middle East, Latin America and Africa).

The main operating activities are Life & Savings, Property & Casualty, Health and Asset Management. In addition, the Group is composed of various companies conducting certain non-operating and banking activities.

1.1 KEY FIGURES

IFRS indicators

IFRS indicators presented below are derived from the Consolidated Financial Statements for the year ended December 31, 2019.

The table set out below is only a summary. You should read it in conjunction with the Consolidated Financial Statements for the year ended December 31, 2019 included in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(in Euro million)	2019	2018	2017
Income Statement Data			
Revenues	103,532	102,874	98,549
Net consolidated income - Group Share	3,857	2,140	6,209

(in Euro million except per share data)	2019	2018	2017
Balance Sheet Data			
Total assets	780,878	930,695	870,128
Shareholders' equity - Group share	69,897	62,428	69,611
Shareholders' equity per share [(a)]	26.6	23.4	26.1
Dividend per share [(b)]	1.43	1.34	1.26

(a) Shareholders' equity per share is calculated based on the actual number of outstanding shares at each period-end presented. Shares held by AXA and its subsidiaries (i.e. treasury shares) are deducted for the calculation of outstanding shares. Undated debt is excluded from shareholders' equity for this calculation.

(b) An annual dividend is generally paid each year in respect of the prior year after the Annual Shareholders' Meeting (customarily held in April or May) and before September of that year. Dividends are presented in this table in the year to which they relate and not in the year in which they are declared and paid. A dividend of €1.43 per share will be proposed at AXA's Shareholders' Meeting that will be held on April 30, 2020. Subject to the Shareholders' Meeting approval, the dividend will be paid out on May 13, 2020, with an ex-dividend date of May 11, 2020.

Activity and Earnings indicators

The table set out below presents the key activity and earnings indicators. You should read it in conjunction with Section 2.3 "Activity Report" and the Glossary set forth in Appendix V to this Annual Report.

(in Euro million, except percentages)	2019	2018	2017
Property & Casualty Gross Revenues	48,817	35,320	31,763
Property & Casualty Combined Ratio [a]	96.4%	97.0%	96.3%
Health Gross Revenues	14,000	13,056	12,403
Health Combined Ratio [a] [b]	94.1%	94.4%	94.7%
Annual Premium Equivalent (APE)	6,029	6,631	6,470
New Business Value (NBV)	2,542	2,607	2,787
Underlying earnings Group share [a]	6,451	6,182	6,002
Adjusted earnings Group share [a]	6,844	6,489	6,457

(a) Alternative Performance Measures. For further information, refer to Section 2.3 Activity Report and the Glossary set forth in Appendix V of this Annual Report.
(b) As a consequence of the deconsolidation of Equitable Holdings, Inc. ("EQH") as of March 31, 2019, EQH contribution was excluded from Health Combined Ratio calculation in 2019.

Assets under management

The table below sets forth the total assets managed by AXA's subsidiaries, including assets managed on behalf of third parties:

	At December 31,		
(in Euro million)	2019	2018	2017
AXA			
General Account assets	576,183	633,854	612,606
Assets backing contracts with financial risk borne by policyholders (Unit-Linked)	72,660	160,176	175,003
Subtotal	**648,843**	**794,030**	**787,609**
Managed on behalf of third parties [a]	320,517	629,814	650,923
TOTAL ASSETS UNDER MANAGEMENT	**969,360**	**1,423,844**	**1,438,532**

(a) Include assets managed on behalf of Mutuelles AXA.

The decrease in Assets under Management in 2019 *versus* 2018 was driven by the disposal of Equitable Holdings, Inc., including its asset management subsidiary (AB).

For additional information on AXA's revenues by segment, see Note 21 "Information by segment" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

For additional information on AXA's segments, see Section 2.3 "Activity Report" and Note 3 "Consolidated statement of income by segment" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

Dividends and dividend policy

The Company pays dividends in Euro. Future dividends will depend on a variety of factors including AXA's earnings, consolidated financial condition, applicable capital and solvency requirements, prevailing financial market conditions and the general economic environment. Proposals for dividend payments are made at the discretion of the Board of Directors and are submitted for approval to the Shareholders' Meeting.

AXA determines its dividend policy on the basis of its adjusted earnings net of its outstanding undated debt interest charges. Since 2018, AXA targets to pay aggregate dividends in a general range of 50% to 60% of this amount (representing an increase from the prior indicative range of 45% to 55%). The dividend proposed by the Board of Directors in any particular year may vary considerably depending on a variety of factors (as noted above) which may have an impact on this target from one year to another. In assessing the dividend to be paid in any given year, Management tries to strike the appropriate balance between (i) prudent capital management, (ii) reinvestment of previous results to support business development, and (iii) an attractive dividend for shareholders.

A dividend of €1.43 per share for the 2019 fiscal year will be proposed to the Shareholders' Meeting to be held on April 30, 2020.

The following table sets forth information on the dividends declared and paid in respect of the last five fiscal years:

Fiscal year	Distribution *(in Euro million)*	Number of shares *(on December 31)*	Net dividend per share *(in Euro)*	Dividend per share eligible for a tax relief *(in Euro)*	Gross dividend per share *(in Euro)*
2015	2,669	2,426,458,242	1.10 (b)	1.10 (b)	1.10 (b)
2016	2,813	2,425,149,130	1.16 (c)	1.16 (c)	1.16 (c)
2017	3,056	2,425,235,751	1.26 (d)	1.26 (d)	1.26 (d)
2018	3,249	2,424,916,626	1.34 (e)	1.34 (e)	1.34 (e)
2019	3,457 (a)	2,417,695,123	1.43 (f)	1.43 (f)	1.43 (f)

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 30, 2020.

(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.44 per share for fiscal year 2015.

(c) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.46 per share for fiscal year 2016.

(d) The gross amount of dividends was subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of option for the progressive scale on income tax which then applied to all capital income paid in 2018. The option for the progressive scale gave right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.50 per share for fiscal year 2017.

(e) The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2019. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.54 per share for fiscal year 2018.

(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 30, 2020. The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2020. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.57 per share for fiscal year 2019.

Dividends not claimed within five years after the payout date become the property of the French Public Treasury.

For further information on AXA's dividend, see Note 29.4 "Other items: Restriction on dividend payments to shareholders" in Part 5 – "Consolidated Financial Statements" and Section 6.3 "General information – Bylaws - Dividends" of this Annual Report.

Ratings

The financial strength, debt or performance of the Company and certain of its insurance subsidiaries is rated by recognized rating agencies. The ratings set forth below are subject to revision or withdrawal at any time by the assigning rating agency in its sole discretion. Credit ratings are intended to reflect the ability of AXA to meet its payment obligations and may not reflect the potential impact of all risks on the value of AXA's securities. A rating is not a recommendation to buy, sell or hold securities. None of these ratings should be construed as an indication or forecast of the historical or potential performance of AXA's securities nor should any such rating be relied upon for the purpose of making an investment decision with respect to any of the Company's securities. The Company does not undertake to maintain its ratings, nor in any event shall the Company be responsible for the accuracy or reliability of any of the ratings set forth below. The significance and the meaning of individual ratings vary from agency to agency.

INSURER FINANCIAL STRENGTH & COUNTERPARTY CREDIT RATINGS

At the date of this Annual Report, the relevant ratings for the Company and its principal insurance subsidiaries were as follows:

		Insurer financial strength ratings		Counterparty credit ratings		
Agency	**Date of last review**	**AXA's principal insurance subsidiaries**	**Outlook**	**Senior debt of the Company**	**Outlook**	**Short term debt of the Company**
S&P Global Ratings	July 24, 2019	AA-	Stable	A	Stable	A-1
Fitch Ratings	December 10, 2019	AA-	Positive	A	Positive	F1
Moody's Investors Service	April 5, 2019	Aa3	Stable	A2	Stable	P-1

SOCIALLY RESPONSIBLE INVESTMENT (SRI) RATINGS

AXA's social, societal, environmental and governance performance is rated by a number of specialists, including investors, brokers and rating agencies that focus specifically on the SRI market, as well as specialist organizations focused on single sustainability themes. The Group generally ranks amongst the top performers in its industry and is also included in the main international sustainability indices:

- DJSI World and DJSI Europe (based on Standard & Poor's study);
- Euronext Vigeo, World 120, Eurozone 120 and France 20 (based on Vigeo Eiris research);
- FTSE4GOOD (based on FTSE Russell research).

The AXA Group's main SRI ratings are listed below (not all ratings are updated annually):

Agency/Organisation	Scores & ratings
Standard & Poor's ***"Dow Jones Sustainability Index"*** [(a)]	83/100 – Sector average: 47/100 *Percentile ranking:* 97th
Vigeo Eiris	69/100 – Sector leader
FTSE ESG	4.3/5
Sustainalytics	86/100 – Rank 2/145 in sector
CDP	A-
MSCI	AAA
UN Principles for Responsible Investment	A+

(a) Note: The Dow Jones Sustainability Index is a reference performance indicator for AXA, its methodology serves as the basis for the Group's internal sustainability evaluation tool since 2010, and is one of the performance metrics used to calculate long-term incentives (Performance Shares) since 2016.

FURTHER INFORMATION REGARDING EXTRA-FINANCIAL RATINGS PROVIDERS

Standard & Poor's. Since this year, RobecoSAM teams have joined Standard & Poor's. As an investment specialist focused on "Sustainability Investing", it assesses each year over 4,500 companies using criteria that are both industry-specific and financially material. www.robecosam.com/csa/

Note: the Dow Jones Sustainability Index is a reference performance indicator for AXA: its methodology serves as the basis for the Group's internal sustainability evaluation tool since 2010, and is one of the performance metrics used to calculate long-term incentives (Performance Shares) since 2016.

Vigeo Eiris is an ESG (Environmental, Social and Governance) rating agency. Its methodology leverages a number of sustainability criteria based on international standards. http://www.vigeo-eiris.com/about-us/methodology-quality-assurance/

FTSE Russell is a provider of benchmarks, analytics, and data solutions across asset classes. Each year FTSE Russell rates over 4,000 companies, measuring their exposure to and management of ESG issues. https://www.ftse.com/products/indices/esg

Sustainalytics is an ESG (Environmental, Social and Governance) rating agency covering 9,000 companies. The agency focuses on corporate governance, material ESG issues, and controversies. https://www.sustainalytics.com/esg-ratings/

The **CDP** (formerly known as the Carbon Disclosure Project) runs a global disclosure system that enables companies, cities, states and regions to report on their environmental impacts. The CDP also transforms this data into analysis on critical environmental risks, opportunities and impacts. https://www.cdp.net/fr

MSCI is an independent provider of research and data for institutional investors. MSCI's research analysts assess thousands of data points across 37 ESG issues, focusing on both risks and opportunities. https://www.msci.com/esg-ratings

UN Principles for Responsible Investment (Transparency Report). The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that encourage the incorporation of ESG issues into investment practices. PRI signatories are required to report publicly on their responsible investment activities each year, using asset-specific modules in the UN PRI reporting system. Answers are then assessed and results are compiled into an annual Assessment report. https://www.unpri.org/signatories/about-pri-assessment

1.2 HISTORY

AXA originated from several French regional mutual insurance companies: “Les Mutuelles Unies”.

1982

Takeover of Groupe Drouot.

1986

Acquisition of Groupe Présence.

1988

Transfer of the insurance businesses to Compagnie du Midi (which subsequently changed its name to AXA Midi and then AXA).

1992

Acquisition of a controlling interest in The Equitable Companies Incorporated (United States), which subsequently changed its name to AXA Financial, Inc. (“AXA Financial”).

1995

Acquisition of a majority interest in National Mutual Holdings (Australia), which subsequently changed its name to AXA Asia Pacific Holdings Ltd. (“AXA APH”).

1997

Merger with Compagnie UAP.

2000

Acquisition of (i) Sanford C. Bernstein (United States) by AXA’s asset management subsidiary Alliance Capital, which subsequently changed its name to AllianceBernstein (now AB); (ii) the minority interest in AXA Financial; and (iii) Japanese life insurance company, Nippon Dantaï Life Insurance Company; and

Sale of Donaldson, Lufkin & Jenrette (United States) to Credit Suisse Group.

2004

Acquisition of the American insurance group MONY.

2005

FINAXA (AXA’s principal shareholder at that date) merged into AXA.

2006

Acquisition of Winterthur Group.

2008

Acquisition of Seguros ING (Mexico).

2010

Voluntary delisting of AXA SA from the New York Stock Exchange and deregistration with the Securities and Exchange Commission (SEC); and

Sale by AXA UK of its traditional Life and Pensions businesses to Resolution Ltd.

2011

Sale of (i) AXA’s Australian and New Zealand Life & Savings operations and acquisition of the AXA APH Life & Savings operations in Asia; and (ii) AXA Canada to the Canadian insurance group Intact.

2012

Launch of ICBC-AXA Life, a Life insurance joint venture in China with ICBC; and

Acquisition of HSBC’s Property & Casualty operations in Hong Kong and Singapore.

2013

Acquisition of HSBC’s Property & Casualty operations in Mexico; and

Sale by (i) AXA Investment Managers of a majority stake in AXA Private Equity; and (ii) AXA Financial of a MONY portfolio.

2014

Acquisition of (i) 50% of Tianping, a Chinese Property & Casualty insurance company; (ii) 51% of Grupo Mercantil Colpatria’s insurance operations in Colombia; and (iii) 77% of Mansard Insurance plc in Nigeria.

2015

Acquisition of (i) 7% of African Reinsurance Corporation (“Africa Re”); (ii) BRE Insurance, mBank’s Property & Casualty subsidiary in Poland; (iii) the P&C large commercial risks insurance subsidiary of SulAmérica in Brazil; (iv) Commercial International Life, the Life & Savings joint-venture between Commercial International Bank (“CIB”) and Legal & General in Egypt and conclusion of an exclusive Life & Savings distribution partnership with CIB; and (v) Genworth Lifestyle Protection Insurance;

Launch of (i) AXA Strategic Ventures, a venture capital fund dedicated to emerging strategic innovations in insurance and financial services; and (ii) Kamet, an InsurTech incubator dedicated to conceptualizing, launching and accompanying disruptive InsurTech products and services; and

Sale of Hong Kong’s mandatory retirement schemes business to The Principal Financial Group.

2016

Acquisition of (i) Charter Ping An Insurance Co.; and (ii) the Polish Property & Casualty operations of Liberty Ubezpieczenia from Liberty Mutual Insurance Group; and

Sale of AXA's (i) Portuguese operations to Ageas; (ii) UK offshore investment bonds business based in the Isle of Man to Life Company Consolidation Group; (iii) UK (non-platform) investment and pensions businesses and its direct protection businesses to Phoenix Group Holdings; (iv) UK wrap platform business Elevate to Standard Life plc; (v) Hungarian banking operations to OTP bank plc.; and (vi) Life & Savings and Property & Casualty operations in Serbia to Vienna Insurance Group and exit from the Serbian market.

2017

Announcement of the intention to list a minority stake of AXA's US operations (expected to consist of its US Life & Savings business and AXA Group's interest in AB) subject to market conditions, a strategic decision to create significant additional financial flexibility to accelerate AXA's transformation, in line with Ambition 2020;

Launch of AXA Global Parametrics, a new entity dedicated to accelerate the development of parametric insurance solutions, broaden the range of solutions to better serve existing customers and expand its scope to SMEs and individuals; and

Sale of (i) the Property & Casualty commercial broker in the UK, Bluefin Insurance Group Ltd, to Marsh; (ii) the Life & Savings insurance operations in Romania to Vienna Insurance Group; and (iii) AXA Life Europe Limited's offshore investment bonds business to Harcourt Life International dac (recently renamed to Utmost Ireland dac), a subsidiary of the Life Company Consolidation Group.

2018

Acquisition of (i) the XL Group, creating the #1 global P&C Commercial lines insurance platform; and (ii) Maestro Health, a US health benefit administration digital company;

Initial public offering ("IPO") of the US subsidiary, Equitable Holdings, Inc. (1), on the New York Stock Exchange;

Exclusivity agreement entered into with Cinven for the potential disposal of AXA Life Europe (2) ("ALE"), a specialized platform which designed, manufactured and distributed AXA's Variable Annuity products across Europe; and

Signing of a digital partnership with ING to build a global insurance platform.

2019

Launch of the new global brand positioning: "Know you can";

Finalization of the sale of the Ukrainian operations;

Sale of AXA Bank Belgium and conclusion of a long-term insurance distribution partnership with Crelan Bank (2);

Sale of AXA's remaining stake in Equitable Holdings, Inc. (EQH) (3); and

Finalization of the acquisition of the remaining 50% stake in AXA Tianping.

For further information concerning Group subsidiaries (including the Group's equity interest and voting rights percentages), please see Note 2 "Scope of consolidation" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(1) Formerly known as AXA Equitable Holdings, Inc.

(2) The completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

(3) Excluding shares of common stock of EQH, primarily related to the EQH shares to be delivered on redemption of the AXA SA bonds mandatorily exchangeable into EQH shares, maturing in May 2021.

1.3 BUSINESS OVERVIEW

AXA operates in seven segments (France, Europe, Asia, AXA XL, the United States, International and Transversal & Central Holdings) and offers a broad range of Life & Savings, Property & Casualty, Health, Asset Management and Banking products and expertise.

The nature and level of competition vary among the countries where AXA operates. AXA competes with insurance companies and also with banks, asset management companies, investment advisers and other financial institutions.

The principal competitive factors are as follows:

- size, strength and quality of the distribution channels, in particular the quality of advisors;
- range of product lines and product quality, feature functionality and innovation;
- price;
- quality of service;
- investment management performance;
- historical level of bonuses with respect to participating contracts;
- crediting rates on General Account products;
- reputation, visibility and recognition of brand; and
- ratings for financial strength and claims-paying ability.

For additional information on markets, see Section 2.1 “Market environment – Market conditions” of this Annual Report.

The table set out below presents AXA gross revenues (after inter-segment eliminations) by line of business:

	Gross revenues [(a)]											
	Life & Savings		Property & Casualty		Health		Asset Management		Banking		Total	
	Years ended December 31,											
(in Euro million)	2019	2018 restated [(b)]	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018 restated [(b)]
France	14,325	13,542	7,059	7,061	4,619	4,356	-	-	179	215	26,182	25,175
Europe	12,268	15,450	16,645	15,760	5,477	5,258	-	-	25	41	34,415	36,508
Asia	6,350	5,780	1,353	1,245	2,156	1,947	-	-	-	-	9,860	8,973
AXA XL	188	45	18,553	6,241	-	-	-	-	-	-	18,741	6,287
United States [(c)]	3,629	13,723	-	-	14	54	654	2,706	-	-	4,297	16,483
International	1,328	1,285	3,888	3,722	1,550	1,295	-	-	313	233	7,078	6,535
Transversal & Central Holdings	230	234	1,319	1,290	184	146	1,225	1,243	-	-	2,959	2,913
TOTAL	**38,318**	**50,059**	**48,817**	**35,320**	**14,000**	**13,056**	**1,879**	**3,950**	**517**	**490**	**103,532**	**102,874**

(a) Net of intercompany eliminations.

(b) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

(c) The contribution of the United States in 2019 includes 3 months of operations, until the date of the deconsolidation (March 31).

The tables below summarize AXA gross revenues (after inter-segment eliminations) by segment for the indicated periods:

France

GROSS REVENUES

	Gross revenues (a) Years ended December 31,	
(in Euro million, except percentages)	**2019**	**2018**
TOTAL	**26,182**	**25,175**
Of which:		
Gross written premiums	*26,002*	*24,958*

(a) Net of intercompany eliminations.

PRODUCTS AND SERVICES

AXA offers in France a full range of insurance products, including Life & Savings, Property & Casualty and Health. Its offering covers a broad range of products including motor, household, property and general liability insurance, banking, savings vehicles and other investment-based products for both Personal/Individual and Commercial/Group customers, as well as health, protection and retirement products for individual or professional customers.

In addition, leveraging on its product and distribution expertise, AXA France is developing an Employee Benefit proposition internationally to individuals, corporates and other institutions.

NEW PRODUCT INITIATIVES

In line with both the "Payer-to-Partner" and Ambition 2020 strategic orientations, AXA France has launched several new product initiatives in 2019 spread across Life & Savings and Property & Casualty segments.

In Life & Savings, AXA France has commercialized a new pension savings product called *Plan d'Epargne Retraite* (PER) to comply with the "PACTE" law (*Plan d'Action pour la Croissance et la Transformation de l'Entreprise*) that came into force in October 2019.

The latter offers transparency and flexibility, especially the availability of funds before retirement and the choice between cash or annuity settlement.

In Property & Casualty, AXA France created a legal protection website - "*dailydroits.fr*" - on which customers can get legal advice. For simple matters, advice is provided, free-of-charge, by a chatbot nurtured by AXA Protection Juridique's legal experts. As for more complex cases, the website offers direct access to a legal expert for personalized advice. Additionally, it offers access to real estate experts and debt recovery assistance.

In household and in partnership with AXA Partners, AXA France has launched a service platform called "*Mes Travaux*" where retail clients can seek help from AXA's network of professionals in order to accomplish various types of house reparations or renovations. Amongst other benefits, the platform offers customers negotiated tariffs, as well as guaranteed 24/7 support.

AXA France also redesigned its motor product renamed *Mon Auto*. A modular and flexible offering has been put in place, spread across a set of packages and options. The latter reflects the ability to meet customers' needs while maintaining attractive and agile pricing.

AXA Partners is collaborating with the Swedish Public Employment Service (*Arbetsförmedlingen*) and the start-up Stratumn to deliver a blockchain-based solution to accelerate and simplify payment protection in case of involuntary unemployment.

DISTRIBUTION CHANNELS

AXA France distributes its insurance products through exclusive and non-exclusive channels, including exclusive agents, salaried sales forces, direct sales, banks, as well as brokers, independent financial advisors, aligned distributors or wholesale distributors and partnerships.

Europe

In Europe (excluding France), AXA operates in seven countries (Switzerland, Germany, Belgium, the United Kingdom & Ireland, Spain and Italy).

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2019		2018 restated [b]	
Switzerland	5,992	17%	9,531	26%
Germany	10,862	32%	10,509	29%
Belgium	3,405	10%	3,359	9%
United Kingdom & Ireland	5,367	16%	5,166	14%
Spain	2,686	8%	2,525	7%
Italy	6,104	18%	5,418	15%
TOTAL	**34,415**	**100%**	**36,508**	**100%**
Of which:				
Gross written premiums	*33,985*		*36,132*	

(a) Net of intercompany eliminations.
(b) Restated: reclassification of German activities of AXA Life Europe (previously reported as part of Germany) into AXA Life Europe (included in Transversal & Central Holdings).

PRODUCTS AND SERVICES

Except for the United Kingdom and Ireland (where AXA operates only in Property & Casualty and Health), AXA offers in Europe a full range of insurance products, including Life & Savings, Property & Casualty and Health. In each country, its offering covers a broad range of products including motor, household, property and general liability insurance, term life, whole life, universal life, endowment, deferred annuities, immediate annuities, and other investment-based products for both Personal/Individual and Commercial/Group customers.

Types and specificities of the products offered by AXA vary from market to market.

NEW PRODUCT INITIATIVES

The transformation from Payer to Partner continues in European markets, with the objective of becoming a full-fledged and innovative partner for their customers before, during and after claims.

In Health, several initiatives have been launched in a consistent aspiration to enlarge the offer and service portfolio for the benefit of customers and further strengthen AXA's position as a leading health provider in Europe:

- in Germany, the new full-cover health product *ActiveMe* was launched, gaining a very positive response from the market and agents. These core insurance solutions with services beyond underwriting and claims are offered seamlessly through *Meine Gesundheit*, AXA Germany's online health portal, with a number of active customers which increased to 132,000 users in one year;
- in the United Kingdom, over 500,000 customers have access to *Doctor@Hand*, a leading virtual General Practitioners service in the country;
- in Italy, AXA has made a big step towards its vertical integration strategy with the acquisition of a majority stake in CIDIMU Group diagnostic center, with a view to integrate into a seamless customer journey, teleconsultation and insurance protection capacities. AXA Italy has also accelerated its momentum on *Soluzioni Salute* with 37,000 services sold;
- in Belgium, a teleconsultation pilot was successfully launched with AXA Partners, and now also includes the collective hospitalization schemes at AXA Assistance representing approximately 300,000 customers.

In SME, new enriched offerings and various partnerships were completed to provide customers a holistic offer with the aim of empowering SMEs to have ease of doing business:

- in Italy, the SME Cyber risk service *Protezione Business* was launched, which includes vulnerability assessment, monitoring and remote support;
- in Switzerland, partnerships with 3 start-ups that provide payroll, accounting, fringe benefits and legal services (*Accounto*, *Swibeco* & *Silenccio*) were concluded successfully, with integration projects underway into a common ecosystem and several pilots with SME customers kicked-off;
- in Germany, the first three services were launched: whole-book factoring, purely digital factoring and leasing.

Switzerland further strengthened its mobility ecosystem with its *Upto* business (fleet management services for corporate and car rental for retail) and in Belgium, the partnership with Fixico has progressed, providing the customers a fully-digital damage handling proposition aimed at improving convenience whether or not customers are covered by the insurance contract, reducing costs and time and, therefore increasing satisfaction.

DISTRIBUTION CHANNELS

AXA distributes its insurance products through exclusive and non-exclusive channels that vary from country to country, including exclusive agents, salaried sales forces, direct sales, banks and other partnerships (*e.g.* car dealers), brokers, independent financial advisors and aligned distributors or wholesale distributors.

Asia

Asia market includes AXA's operations in seven countries (Japan, Hong Kong, Thailand, Indonesia, China, the Philippines and South Korea).

GROSS REVENUES

	Gross revenues (a) Years ended December 31,			
(in Euro million, except percentages)	**2019**		**2018 restated (b)**	
Japan	4,850	49%	4,564	51%
Hong Kong	3,829	39%	3,305	37%
Asia High Potentials	163	2%	153	2%
Asia - Direct	1,018	10%	950	11%
TOTAL	**9,860**	**100%**	**8,973**	**100%**
Of which:				
Gross written premiums	*9,820*		*8,935*	

(a) Net of intercompany eliminations.
(b) Restated: reclassification of Japanese activities of AXA Life Europe (previously reported as part of Japan) into AXA Life Europe (included in Transversal & Central Holdings).

Asia High Potentials include **(i)** the Property & Casualty subsidiary in Thailand and the non-bancassurance Life & Savings subsidiary in Indonesia which are fully consolidated, **(ii)** the Property & Casualty subsidiary in China (AXA Tianping) which has been fully consolidated as at December 31, 2019, and **(iii)** the Joint-Ventures in China, the Philippines, Thailand, and Indonesia which are consolidated under the equity method.

PRODUCTS AND SERVICES

AXA operates in Asia primarily in Life & Savings and Health activities. Although recent years have seen the emergence of pan-Asian franchises, competition remains driven by local players in most of the countries.

AXA offers a full range of insurance products, including Life & Savings, Property & Casualty as well as Health. Types and specificities of the products offered by AXA vary depending on geographies:

- in Japan, AXA primarily offers protection, health and savings products, including notably medical whole life and medical term insurance as well as protection with unit-linked products;
- in Hong Kong, AXA offers individual life insurance (notably traditional whole life and to a lesser extent investment-linked), as well as protection and health products. In Property & Casualty, product offer includes traditional general insurance products such as motor, household and travel, as well as Commercial insurance;
- in Asia High Potentials:
  - in Thailand, Indonesia and the Philippines, AXA offers a broad range of both (i) Life & Savings and Health products including whole life, endowment, unit-linked, group term insurance, critical illness and hospital cash products, as well as (ii) traditional Property & Casualty offers on both Personal and Commercial lines,
  - in China, AXA offers a whole range of general insurance products with both Personal, including motor and health, and Commercial lines, as well as the whole range of Life & Savings products;
- in Asia - Direct, Direct business focuses on motor insurance as well as casualty insurance in South Korea and on motor insurance as well as other personal insurance products in Japan.

NEW PRODUCT INITIATIVES

As in other geographies, AXA aims to become a partner for its customers, by considering the specificities of the respective markets in which it operates:

- in Japan, AXA has further enhanced its Health offering through the launch of a new cancer therapy product which not only covers customer needs of lump sum benefit for cancer diagnosis/hospitalization, but also provides access to a wide range of services including hotline, second opinion, as well as appearance and work support. On the protection side, AXA has widened its protection unit-linked offer by launching a long-term care product to support customers with nursing care needs;
- in Hong Kong, AXA has launched new Health solutions certified under the Voluntary Health Insurance Scheme ("VHIS"), as well as deferred annuity product, both supported by government tax deduction incentives. Other significant product initiatives included the rejuvenation of a flagship protection with savings products;
- in Asia High Potentials:
  - in the Philippines, AXA launched a simple and affordable family critical illness plan, as well as a value-added service that provides customers with free access to expert medical advice for cancer and cardiovascular diseases. AXA also enhanced its protection with savings offers. An innovative "Payer-to-Partner" service, *AXA Rescue Line*, was also launched which provides users with free access to emergency services,
  - in Thailand, AXA launched a range of new protection and health products,
  - in China, AXA enhanced its offering on Health side through the launch of in-patient medical reimbursement products, as well the launch of new cancer offers;
- in Asia – Direct, AXA Direct Japan introduced new customer-oriented innovative services such as multi-language claims related communication with clients, garages counterparts and lawyers, as well as 24/7 phone access to a veterinarian for pet insurance policies, while AXA Direct Korea launched new protection products and a partnership with C-trip, a travel company, for overseas travel insurance.

DISTRIBUTION CHANNELS

AXA distributes its products through different distribution channels, in particular exclusive and non-exclusive agents, brokers and partnerships. AXA also has strong bancassurance partnerships, including joint-ventures, with large international and local financial institutions in the region.

AXA XL

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2019	2018 [b]
TOTAL	**18,741**	**6,287**
Of which:		
Gross written premiums	*18,740*	*6,286*

(a) Net of intercompany eliminations.
(b) Includes XL Group contribution for the last quarter of 2018 only.

PRODUCTS AND SERVICES

AXA XL, through its operating subsidiaries, is a leading provider of Property & Casualty insurance and reinsurance coverages to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis:

- through its insurance operations, AXA XL offers a broad range of coverages, including property, primary and excess casualty, excess and surplus lines, environmental liability, professional liability, construction, marine, energy, aviation & satellite, fine art & specie, equine, livestock & aquaculture, accident & health and crisis management, among other risks;
- through its reinsurance operations, AXA XL provides casualty, property risk, property catastrophe, specialty, and other reinsurance lines on a global basis with business being written on both a proportional and non-proportional treaty basis, as well as a facultative basis;
- through its risk consulting operations, AXA XL offers both insurance and non-insurance clients customized risk management solutions and consulting services to understand and quantify the risks companies face or may face tomorrow, with the objective of avoiding preventable losses and mitigating the impact of losses which do occur.

NEW PRODUCT INITIATIVES

AXA XL continues to be at the forefront of bringing innovative solutions to the market. For the fourth year in a row, AXA XL topped the Advisen Pacesetter Index, announcing more than 16 new and enhanced products.

In 2019, product innovations included:

- a cyber SME product, which aims to improve customers' cyber health, help mitigate their cyber risks and give clients easy access to AXA's on-demand, cloud-based SME cyber insurance product;
- *Cube* - a new risk innovation incubator for client risk managers working alongside AXA's underwriters and risk managers to develop innovative risk management solutions for the most complex risks;
- *AXA XL HealthAssist* - developed through a partnership with IPRS Health to launch a new employer's liability insurance solution for UK organisations. *HealthAssist* provides companies with a holistic approach to wellbeing, by combining the security of a traditional employer's liability insurance policy with the additional benefit of a wellness, health and injury rehabilitation service;
- Design Professional's mobile compatible with online Contract eGuide for Design Professionals: a Risk Management handbook for architects and engineers. Contract eGuide is a forward-thinking risk management tool for insured clients to assist design professionals in understanding and negotiating their professional services contracts. Developed using the latest web technologies, the Contract eGuide automatically adapts to every device allowing on-demand access;
- a new risk modelling service, *Portfolio Catastrophe Loss Modelling* in France, is designed for large international companies. The service helps risk managers assess their sites' exposure to natural hazards, their accumulation risk and, ultimately, refine their insurance coverage; and
- AXA XL Risk Consulting's next generation client portal, *SiteForward*, which helps its clients visualize their risk exposures and make informed loss prevention decisions.

These are just a sample of the many ways in which innovation makes AXA's "Payer-to-Partner" promise come alive for AXA XL clients.

DISTRIBUTION CHANNELS

The majority of AXA XL business originates *via* a large number of international, national and regional producers, acting as the brokers and representatives of current and prospective policyholders. This channel is supported by client and country management teams, which include sales and distribution representatives in key markets throughout the world.

Underwriting authority is also contractually delegated to selected third parties which are subject to a financial and operational due diligence review prior to any such delegation of authority, as well as ongoing reviews and audits as deemed necessary with the goal of assuring the continuing integrity of underwriting and related business operations.

International

In International markets, AXA operates in various geographies, including 14 countries [1] within Europe, Middle East, Africa & Latin America, as well as Singapore, Malaysia, India and AXA Bank Belgium activities.

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2019	2018
TOTAL	**7,078**	**6,535**
Of which:		
Gross written premiums	*6,622*	*6,158*

(a) Net of intercompany eliminations.

PRODUCTS AND SERVICES

AXA offers insurance products, including Life & Savings, Property & Casualty, Health, as well as banking products offered by AXA Bank Belgium. Types and specificities of the products offered by AXA vary depending on geographies and cover a broad range of products including motor, household, property and general liability insurance, term life, whole life, universal life, endowment, deferred annuities, immediate annuities, and other investment-based products for both Personal/Individual and Commercial/Group customers.

In Egypt, through the set-up of own healthcare facilities, International markets aim to offer integrated healthcare services to both AXA-insured and non-insured customers.

In addition, International markets continued to broaden their services beyond insurance, through innovative solutions to improve customer experience, *e.g.* in Poland (smart inspection by mobile and optimization of first-notification of loss through self-services for customers), in Turkey (Remote Assessment Tool for motor claims to reduce repair time), and in Colombia, new services (Lab Test and Pharma at home, teleconsultation) are integrated as part of Care Delivery and Coordination Programs.

NEW PRODUCT INITIATIVES

International markets continued to accelerate their growth in Health and transform the access to healthcare of their customer base, through deploying several “Payer-to-Partner” initiatives in Mexico and Africa (with a first pilot in Egypt).

In Mexico, the project aims to provide accessible, affordable, quality and continuity of care through a vertical integrated model that will encompass prevention and check-up programs, primary care gatekeeping at proprietary clinics and care follow-up programs.

DISTRIBUTION CHANNELS

AXA distributes its insurance products through exclusive and non-exclusive channels that vary from country to country, including exclusive agents, salaried sales forces, direct sales, banks and other partnerships (*e.g.* car dealers), as well as brokers, independent financial advisors, aligned distributors or wholesale distributors.

(1) Include Brazil, Colombia, Czech Republic & Slovak Republic, Greece, the Gulf Region, Lebanon, Luxembourg, Mexico, Morocco, Nigeria, Poland, Russia and Turkey.

Transversal & Central Holdings

This segment includes the main transversal entities and the non-operating activities conducted by the central holding companies within the Group.

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2019		2018 restated [b]	
AXA Investment Managers	1,225	41%	1,243	43%
AXA Assistance	1,415	48%	1,331	46%
Others [c]	319	11%	339	12%
TOTAL	**2,959**	**100%**	**2,913**	**100%**
Of which:				
Gross written premiums	*1,363*		*1,332*	
Other revenues [d]	*1,596*		*1,582*	

(a) Net of intercompany eliminations.
(b) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe.
(c) Include AXA Liabilities Managers, AXA Global Re and AXA Life Europe.
(d) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

Through its operating entities located in more than 20 countries, **AXA Investment Managers ("AXA IM")** provides its clients with a wide range of global products and expertise, in the Asset Management area, principally *via* Mutual funds and dedicated portfolios. AXA IM's clients include (i) institutional investors, (ii) individual investors to whom Mutual funds are distributed through AXA and external distribution networks, and (iii) AXA's insurance subsidiaries both for main fund and unit-linked fund backing insurance products. AXA IM's expertise includes (i) Fixed Income, (ii) Framlington and Rosenberg equities, (iii) Multi-Asset client solutions, (iv) Structured Finance, (v) Real Assets, and (vi) absolute return strategy managed by Chorus.

AXA IM has continued to add innovative Mutual funds to its offering in 2019, including but not limited to specialty investment strategies encompassing a broad range of asset classes (AXA WF Framlington All China Evolving Trends, AXA WF Chorus Systematic Macro, AXA IM WAVe Framlington Biotech), and the expansion of its Responsible Investment offering all across the spectrum as well as its Private Markets Impact suite of products.

AXA Assistance is the Group subsidiary providing its customers with assistance services in emergencies and everyday situations. AXA Assistance operates through six business lines (vehicle, travel, health, home, consumer electronics and legal protection) to offer customer focused services.

In 2019, AXA Assistance launched several innovating digital products. The main ones are:

- on Demand products in motor and home assistance allowing non covered final clients who face an emergency to benefit from AXA's network and expertise in assistance services at their own financial burden;
- *E-rescue* on motor assistance, a self-service digital application that is live in the United Kingdom, Spain, France, Belgium, and soon in Germany;
- *Pleeze,* developed by the travel business line, is a mobile application concierge service allowing to proactively anticipate the customer's needs through usage of artificial intelligence and international network experience;
- *BeLive,* in health business line, is a dedicated unique offer for customers diagnosed with tumors, offered in partnership with Roche Foundation Medicine launched in Italy.

2

ACTIVITY REPORT AND CAPITAL MANAGEMENT

2.1 MARKET ENVIRONMENT

Financial Market Conditions

In 2019, trade tensions between the United States and China, combined with weak activity indicators worldwide, led Central Banks to send a strong accommodative signal by both loosening their monetary policies and cutting interest rates. Interest rates quickly spiralled downwards to new historically low levels in the summer, with 10-year Government yields turning negative in several large countries. The combined effect of accommodative Central Banks policies and the temporary relief on trade tensions propelled equity markets to new all-time highs, while Government bond yields bounced back during the second half of the year.

In Europe, the stark dependency of some countries to international trade continued to weigh on economic activity and resulted in a weak manufacturing output across the Eurozone. The European Central Bank (ECB) eased its monetary policy in the third quarter in reaction to a weakening growth outlook, thus sending bond yields to historically low levels in the summer, followed by a slight recovery at the end of the year. After depreciating sharply against the US Dollar until the end of September, the Euro reversed most of its losses in the fourth quarter of 2019, thus limiting its depreciation to 2% over the year.

France fared better than the remainder of the Eurozone, posting a GDP growth of 1.3% in 2019 as its relatively domestic-oriented economy showed a stronger resilience to global trade threats. In the third quarter, international tensions cast a shadow on future economic growth, thus resulting in volatile equity indexes. As some of the concerns vanished in the fourth quarter, French equity markets posted solid gains with the CAC 40 posting a 26% gain over the year, its best annual performance since 1999. Following accommodative announcements made by the ECB, the French government 10-year bond yield reached a historically low level of -0.45% in August, before recovering to 0.12% at year-end.

In the United Kingdom, Brexit-related uncertainties mounted as successive Prime Ministers first postponed the withdrawal from the European Union initially expected on March 31, 2019 then threatened of a hard "no deal" Brexit on October 31, 2019 and finally called for a General Election in December. British voters elected a large Conservative majority that set a clearer path to leaving the European Union in 2020, though areas of uncertainty remain. As a result, the United Kingdom equity markets significantly underperformed both European and American markets, with the FTSE 100 rising by 12% over the year. In parallel, the Sterling rallied over the period, up 4% *vs.* the US Dollar and 6% *vs.* the Euro.

In the United States, GDP growth came in at 2.1% and unemployment reached its lowest level in decades. However, concerns emerged around the prospects of a trade-war with China which weighed on the economy. As a result, the Federal Reserve quickly reacted by accommodating its monetary policy, successively cutting three times its rate by increments of 0.25% from 2.5% to 1.75% by the end of October. Despite uncertainties on the international stage, the robust health of the domestic economy led to equity markets posting sharp gains in 2019, with the S&P 500 index rising by 29% reaching new all-time highs.

In Asia, growth suffered from both mounting trade tensions and weakening foreign demand in a context of slowing global economic growth. Japan posted stronger-than-expected GDP growth in the first quarter of 2019 (+0.6%), benefiting mostly from government support, but gains reversed in the second part of the year as the economy took a toll from both the increase of the consumption tax and the damages from typhoon Hagibis, bringing annual GDP growth to 0.5%. In China, growth finally stabilized following a period of deceleration. Recent activity was supported by both monetary and fiscal measures but remained vulnerable to a slowdown in manufacturing activity and trade tensions. Asian stocks rose sharply in the first semester, recovering from the strong decline of the last quarter of 2018, and rose further throughout the rest of the year. As observed in other financial markets around the world, monetary policies were overall eased across Asian emerging markets.

STOCK MARKETS

The MSCI World Index increased by 24.9%. The MSCI G7 index increased by 25.6% and the MSCI Emerging index increased by 15.1%.

The Dow Jones Industrial Average index increased by 22.3% and the S&P 500 index increased by 28.9%. Equity markets in Europe and Japan posted gains in 2019: the EUROSTOXX 50 index in the Eurozone increased by 24.8%, the Nikkei index in Tokyo increased by 18.2%, and the FTSE 100 index in London increased by 12.1%.

The S&P 500 implied volatility index (VIX) decreased from 25.4% on December 31, 2018, to 13.8% on December 31, 2019.

BOND MARKETS

Government bond yields decreased since December 31, 2018, in mature economies, with the lowest point reached around September 2019, and slightly increased in the last quarter of the year in most markets: the 10-year US T-bond yield decreased by 77 bps to 1.92%, its lowest point being reached in September at 1.43%, the 10-year German Bund yield decreased by 43 bps to -0.19%, its all-time minimum being reached in September at -0.74%, the French 10-year government bond yield decreased by 59 bps to 0.12%, after reaching its all-time lowest point at -0.45% in August, the 10-year Belgium government bond yield decreased by 67 bps to 0.1%, with reaching its all-time lowest point at -0.4% in August, the UK 10-year government bond yield decreased by 44 bps to 0.83%, the 10-year Swiss government bond yield decreased by 30 bps to -0.47%, and the 10-year Japan government bond yield decreased by 2 bps to -0.02%.

In the Eurozone peripheral countries, the 10-year government bond yields decreased as well: -293 bps to 1.46% in Greece, -135 bps to 1.43% in Italy, -128 bps to 0.45% in Portugal, -95 bps to 0.47% in Spain, and -79 bps to 0.12% in Ireland.

In Europe, the iTraxx Main spreads decreased by 44 bps to 44 bps compared to December 31, 2018, and the iTraxx Crossover decreased by 147 bps to 206 bps. In the United States, the CDX Main spread Index decreased by 43 bps to 45 bps.

The Euro interest rates implied volatility index (based on 10x10 Euro swaptions) increased from 46.5% as of December 31, 2018, to 133.9% as of December 31, 2019.

2

EXCHANGE RATES

	End of Period Exchange rate		Average Exchange rate	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(for €1)	(for €1)	(for €1)	(for €1)
US Dollar	1.12	1.14	1.12	1.18
Japanese Yen	122	125	122	130
British Sterling Pound	0.85	0.90	0.88	0.88
Swiss Franc	1.09	1.13	1.11	1.16

Market Conditions

INSURANCE ACTIVITIES

Current Engines

In 2019, the **French Savings** insurance market grew by 4% to reach €145 billion premiums, of which Unit-Linked contracts represented 27%. However, Unit-Linked volumes decreased, as policyholders continued to favor investments into G/A products. In a context of low rate environment, insurers face both persistent reinvestment yield and capital strain headwinds. Insurance companies have taken actions to mitigate the impact, notably by adjusting policyholder bonus, thus resulting in an all-time low average return on G/A contracts (-0.40 point from 2018 at approximately 1.40% for 2019), or through incentivizing policyholders to invest into other types of funds. In 2019, the “*Loi Pacte*” (Action Plan for Business Growth and Transformation) has been enacted with a dual objective to simplify and bring more flexibility to pension savings, notably through the introduction of a single Pension Savings Products (PER). The law also enhances the features of “Eurocroissance” funds, which will help insurance companies to boost sales of capital-light products while granting policyholders both a capital guarantee at maturity and a higher yield. The **French Protection & complementary Health** insurance market grew by 5% to reach €25 billion in 2019. Following the implementation of substantial regulatory reforms over the past few years, the French government has enacted a 100% Health regulation (“100% Santé”), which will provide free eye care, dentures and hearing aids without co-payment. Following the standardization of contracts as a consequence of the introduction of the “Accord National Interprofessionnel” law, insurance companies are now developing new and differentiated *ad hoc* services, such as telemedicine, prevention or processes digitalization.

The **French Property & Casualty** insurance market continued to grow steadily in 2019. 2019 was marked by a series of natural events, especially in the fourth quarter of 2019 notably with floods recorded in the south of France. Excluding natural events, 2019 did not see the emergence of new loss trends, although frequency remained at significant levels, thus leading to selective underwriting actions and tariff increases in most lines of business, especially in Motor and Casualty.

In **Europe**, political climate and trade tensions resulted in a slow economic environment, constraining Property & Casualty turnover growth. Profitability was impacted by severe natural events such as the storm Eberhard, striking the United Kingdom, Germany and Belgium, as well as Dana floods in Spain. In a context of competitive markets, European insurance players continued to undertake differentiating actions including customer satisfaction initiatives and underwriting discipline measures, in particular in the Motor market. In the United Kingdom, the "Ogden" discount rate for personal injury lump sum was raised below industry expectations, resulting in profit pressure and causing Motor insurance prices to increase. In Life & Savings, the drop in interest rates pulled down sales and deteriorated profitability in G/A Savings, expediting the industry shift to Unit-Linked products. As governments are playing a less important role in providing pensions and health services, insurers are seizing the opportunity to expand their offerings in a context of ageing population and rising customer expectations.

In **Japan**, after the slight recovery observed in 2018, the Life & Savings insurance market was negatively impacted by the tax rule revision in February 2019 on tax-efficient Savings products, affecting notably the SME market in all lines of business (including the Health market), and by lower sales of foreign-denominated Savings products in a low interest rates environment. The Property & Casualty insurance market grew by 3.6% and remained dominated by Motor business thanks to the expansion of the scope of coverage offers despite low prices.

In **Hong Kong**, the Life & Savings insurance market continued to grow, boosted by the launch of tax incentives on annuity products. The Property & Casualty insurance market recorded the highest year-over-year increase in the past six years driven by the hardening of coverage and pricing conditions following the recent large losses incurred from typhoons and social unrest. The Health insurance market continued to grow, benefiting from the launch of tax-deductible voluntary health insurance certified plans.

In **the United States**, the severity of claims incurred by Commercial insurance companies worldwide over the past few years led in 2019 to an acceleration of the price-firming cycle, with several lines of business experiencing double digits price increases. **The United States Property** sector saw carriers take measures in 2019 to restore profitability in a sector that has been, over the past years, impacted by significant natural events and man-made large losses. Property Insurance leaders have therefore continued to increase pricing while also adjusting coverage and deploying capacity selectively. **The United States Casualty** sector saw a higher severity of claims driven by social inflation over the past year, first in Commercial through bodily injury then in other US Casualty lines of business. The "Directors & Officers" sector continues to become more complex with increased regulation and emerging technologies. Third party litigation funding and higher settlement expectations continue to attract litigation in the form of securities class actions.

High Potentials

In **Asia High Potentials**, the insurance market remained challenged by economic and industry environments. In China, Life & Savings premiums grew moderately following insurers' decision to increase the focus on regular Protection products. The Property & Casualty market experienced another year of double-digit growth mainly supported by Non-Motor business. In Thailand, the Life & Savings market grew strongly, driven by higher sales of G/A Savings and Unit-Linked products, while the Health market and the Motor Property & Casualty market continued to grow. In Indonesia, the Life & Savings market increased moderately thanks to good agency performance. In the Philippines, the Life & Savings market experienced a decrease reflecting unfavorable financial markets.

In **International markets**, the Property & Casualty business continued to grow in Mexico, with positive trend in Non-Motor. The Health and the Life & Savings insurance businesses both experienced a strong growth in Mexico and Brazil.

Rankings and Market shares

Please find below AXA's rankings and market shares in the main countries where it operates:

		Property & Casualty		Life & Savings		
		Ranking	Market share (%)	Ranking	Market share (%)	Sources
Current Engines	France	2	13.2	3	8.8	FFA as of December 31, 2019.
	Switzerland	1	13.0	4	10.0	SIA (Swiss Insurance Association) Market share based on statutory premiums and market estimations by the SIA as of January 30, 2020.
	Germany	5	4.9	8	4.3	GDV (German association of Insurance companies) as of December 31, 2018.
	Belgium	1	19.6	6	7.7	Assuralia (Belgium Professional Union of Insurance companies) based on gross written premium as of September 30, 2019.
	United Kingdom	2	8.1	n/a	n/a	*UK General Insurance: Competitor Analytics 2019*, Global Data, as of December 31, 2019.
	Ireland	1	27.1	n/a	n/a	Insurance Ireland P&C Statistics 2018 as of December 31, 2018.
	Spain	5	6.2	11	2.7	Spanish Association of Insurance Companies. ICEA as of December 31, 2019.
	Italy	5	5.7	6	4.3	*Associazione Nazionale Imprese Assicuratrici (ANIA)* as of December 31, 2018.
	Japan	n/a	n/a	13	2.9	Disclosed financial reports (excluding Kampo Life) for the 12 months ended September 30, 2019.
	Hong Kong	1	7.7	7	4.9	Insurance Authority statistics based on gross written premiums as of September 30, 2019.
	XL (Lloyd's)	1	7.1	n/a	n/a	Lloyd's Annual Report 2018 as of December 31, 2018.
	XL Reinsurance	9	2.6	n/a	n/a	AM Best 2018 as of December 31, 2018.
High Potentials	Thailand	28	1.1	4	9.4	TLAA (Thai Life Assurance Association) statistics report and TGIA (Thai General Insurance Association) as of December 31, 2019.
	Indonesia	n/a	n/a	4	6.6	AAJI Statistic measured on Weighted New Business Premium as of September 30, 2019.
	Philippines	n/a	n/a	5	11.1	*Insurance Commission* measured on total premium income as of September 30, 2019.
	China	18	0.5	11	1.8	CBIRC (China Banking and Insurance Regulatory Commission) as of December 31, 2019.
	Mexico	4	8.2	10	2.1	*AMIS (Asociacion Mexicana de Instituciones de Seguros)* as of September 30, 2019.
	Brazil	9	3.1	n/a	n/a	*SUSEP (Superintendência de Seguros Privados) as of* October 31, 2019.

ASSET MANAGEMENT

Asset managers benefitted from favorable market conditions in 2019 as both low interest rates and strong equity markets increased assets under management, thus driving both management and performance fees up across the industry. However, the year was split into two distinct periods as the first half of the year saw investors retreat from volatile markets into safe havens, while accommodative monetary policies combined with equity markets at an all-time high saw investors return into riskier asset classes in the second half of the year.

2019 also saw management fee bps remain under pressure across the industry with high competitive pressure amongst players, combined with the continued shift from active to passive investing that resulted in further compression of the fees charged to clients in liquid asset classes.

As a result, both institutional investors and asset managers continued to work together to explore alternative investments forms including structured products, real estate etc., mainly in the hunt for yields in a depressed economic environment. However, appetite remains somehow restrained by capital constraints on investors sides as well as by the stringent regulatory environment on the asset managers side.

Separately, asset managers continued to mirror the evolution of societal trends notably by widening and expanding their Environmental, Social and Governance (ESG) investments offers, or by re-assessing their offer in certain asset classes and industries (including firearms, coal, tobacco, fossil fuels, etc.).

2.2 OPERATING HIGHLIGHTS

GOVERNANCE

Re-appointment of Mr. Jean-Pierre Clamadieu as director, and ratification of the cooptation of Mrs. Elaine Sarsynski as director

On April 24, 2019, AXA's Shareholders' Meeting approved the reappointment of Mr. Jean-Pierre Clamadieu as director for a four-year term. The Board of Directors held following the Shareholders' Meeting confirmed his appointment as Chairman of the Compensation & Governance Committee and Senior Independent Director. AXA's Shareholders' Meeting also ratified the cooptation of Mrs. Elaine Sarsynski as director for the remainder of her predecessor's term of office, *i.e.* until the close of the Shareholders' Meeting called in 2021 to approve the financial statements of the preceding fiscal year.

Étienne Bouas-Laurent was appointed Group CFO starting from January 1, 2020. Étienne Bouas-Laurent, Karima Silvent and Georges Desvaux joined AXA's Management Committee

On June 20, 2019, AXA announced that Étienne Bouas-Laurent, previously CEO of AXA Hong Kong, would become Deputy Chief Financial Officer and a Member of AXA's Management Committee as of September 1, 2019, and would replace Gérald Harlin as Group Chief Financial Officer as of January 1, 2020. Étienne joined the Group in 1997 and has held several financial and operational roles throughout his career at AXA.

Alban de Mailly Nesle, Chief Risk Officer, Head of Insurance Office, and a Member of the Management Committee, became Chief Risk and Investment Officer, taking the additional responsibility of overseeing the Group Investment Department, in addition to Group Risk Management and Ceded Reinsurance.

Georges Desvaux, previously Senior Partner at McKinsey & Company, was appointed Chief Strategy and Business Development Officer of AXA and joined AXA's Management Committee as of September 1, 2019.

Karima Silvent, Chief Human Resources Officer, joined AXA's Management Committee as of September 1, 2019.

AXA announced changes in AXA IM's leadership to prepare a new phase of its development

On October 14, 2019, AXA announced that Gérald Harlin, Group Deputy CEO and Group CFO, was appointed Executive Chairman of AXA IM, effective on December 1, 2019, to implement the next phase of AXA IM's strategy with the aim of accelerating the company's development. Gérald continues to report to Thomas Buberl, CEO of AXA, in this role.

Andrea Rossi, who led AXA IM since 2013, decided to step down from his role as CEO and became a strategic advisor to Gérald Harlin on December 1, 2019. All members of the AXA IM Management Board have been reporting to Gérald Harlin from then on. Christof Kutscher, who has been Chairman of AXA IM's Board of Directors since 2014, stepped down from his role. Gérald Harlin assumes the role of Chairman of the Board since October 14, 2019.

Gérald Harlin remains Group Deputy CEO following the transition of his Group CFO responsibilities to Étienne Bouas-Laurent at year-end 2019.

Matthieu Bébéar and Guillaume Borie took new positions. Benoît Claveranne assumed oversight of AXA Next

On November 15, 2019, AXA announced that Matthieu Bébéar, previously Deputy CEO of AXA France and CEO of AXA Particuliers & IARD Entreprises, was appointed Chief Business Officer of AXA International & New Markets and Strategic Development Officer for Latin America. He reports to Benoît Claveranne, CEO of AXA International & New Markets and a member of the AXA Group Management Committee.

Guillaume Borie, previously Group Chief Innovation Officer and CEO of AXA Next, became Deputy CEO of AXA France and CEO of AXA Particuliers & IARD Entreprises. He reports to Jacques de Peretti, Chairman and CEO of AXA France and a member of the AXA Group Management Committee.

At the AXA Group Management Committee level, Benoît Claveranne, in addition to his current role, now assumes oversight of our innovation ecosystem and pursues the development of new business models in healthcare across the Group. As a result, the CEO of AXA Next now reports to him.

These appointments were effective on January 1, 2020.

Delphine Maisonneuve was appointed CEO of AXA Next and Group Chief Innovation Officer

On December 4, 2019, AXA announced that Delphine Maisonneuve, previously CEO of AXA Brazil, was appointed CEO of AXA Next and Group Chief Innovation Officer, effective January 1, 2020.

She reports to Benoît Claveranne, CEO of AXA International & New Markets and a member of the AXA Group Management Committee, and replaces Guillaume Borie who was appointed Deputy CEO of AXA France and CEO of AXA Particuliers & IARD Entreprises.

In her new position, Delphine Maisonneuve will further pursue the endeavors of AXA to design, pilot and implement innovative insurance and service proposals across the Group to serve the Payer to Partner strategy. She will also build on and leverage the innovation ecosystem across the Group in close cooperation with the business.

Scott Gunter was appointed CEO of AXA XL

On February 20, 2020, AXA announced the appointment of Scott Gunter, previously Senior Vice-President of Chubb Group and President of Chubb's North America Commercial Insurance division, as CEO of AXA XL. He replaced Greg Hendrick and joined AXA's Management Committee, reporting to Thomas Buberl, CEO of AXA.

These changes were effective immediately, subject to any required regulatory approval.

SIGNIFICANT ACQUISITIONS

AXA has completed the acquisition of the remaining 50% stake in AXA Tianping

On December 13, 2019, AXA announced that it has completed the acquisition of the remaining 50% stake [(1)] in AXA Tianping Property & Casualty Insurance Company Ltd. ("AXA Tianping") from its domestic shareholders [(2)], becoming the largest 100% foreign-owned P&C insurer in the Chinese market.

Total cash consideration for the acquisition of the 50% stake amounted to RMB 4.6 billion [(3)] (or €590 million [(4)]).

The completion of the transaction follows the fulfilment of customary closing conditions, including the receipt of regulatory approvals.

AXA Tianping has been fully consolidated in AXA Group's financial statements as at December 31, 2019.

SIGNIFICANT DISPOSALS

AXA completed the sale of its Ukrainian operations

On February 14, 2019, AXA announced that it had completed the sale of both its non-life entity (AXA Insurance [(5)]) and life entity (AXA Insurance Life) in Ukraine to Fairfax Financial Holdings Limited [(6)].

Termination of the sale agreement related to AXA MBask Insurance Company in Azerbaijan

On April 4, 2019, AXA announced that the agreement with Mr. Elkhan Garibli to sell AXA's non-life entity in Azerbaijan (AXA MBask Insurance Company OJSC), announced on February 21, 2018, lapsed.

AXA Mbask Insurance Company ceased underwriting new insurance business and will exclusively administer the in-force portfolio with the purpose of terminating its insurance activities in Azerbaijan as soon as practicable, while preserving the interests of its existing clients in Azerbaijan.

AXA to sell AXA Bank Belgium, and enter into a long-term insurance distribution partnership with Crelan Bank

On October 25, 2019, AXA announced that it has entered into an agreement to sell its Belgian banking operations, AXA Bank Belgium, to Crelan Bank ("Crelan").

Under the terms of the agreement, AXA will sell 100% of AXA Bank Belgium to Crelan for a total consideration of €620 million, comprised of **(i)** a total cash consideration of €540 million [(7)], and **(ii)** the transfer to AXA Belgium of 100% of Crelan Insurance (valued at €80 million), the insurance company of Crelan, providing protection insurance linked to loans originated by Crelan.

In addition, AXA and Crelan have agreed to enter into a long-term P&C and Protection [(8)] insurance distribution partnership, extending the existing partnership between AXA Bank Belgium and AXA Belgium to the entire Crelan network.

(1) AXA acquired the initial 50% stake in AXA Tianping in February 2014.

(2) Ningbo Yi Ke Joint Venture Co., Ltd., Ningbo Hua Ge Industrial Investment Co., Ltd., Tian Mao Industrial Group Joint Stock Corporation, Ningbo Lu Da Sheng Technology Co., Ltd., Ningbo Rixingkang Biology Engineering Co., Ltd.

(3) This includes an immediate cash consideration of RMB 3.5 billion, and a payment of RMB 1.1 billion deferred by 12 months from completion. The deferred payment replaces the capital reduction of AXA Tianping (RMB 1.5 billion) communicated at the time of the signing of the transaction.

(4) EUR 1 = RMB 7.8009 as of December 12, 2019 (Source: Bloomberg).

(5) AXA Insurance in Ukraine was a joint venture between AXA (50% shareholding) and Ukrsibbank.

(6) Through its subsidiary FFHL Group Ltd.

(7) Subject to price adjustment at closing.

(8) Insurance linked to mortgages, consumer and professional loans.

Financial impacts are the following:

- this transaction is expected to result in a positive impact on AXA Group's Solvency II ratio of ca. 4 points;
- it resulted in a one-time negative net income impact [(1)] of approximately €0.6 billion in AXA Group's 2019 consolidated financial statements;
- underlying earnings generated by AXA Bank Belgium were €47 million [(2)] in 2018.

In addition, AXA Belgium will take a 9.9% minority equity stake [(3)] in Crelan NV [(4)] and AXA Bank Belgium, investing a total of €90 million, which will be fully financed by the purchase by Crelan, for €90 million, of the contingent convertible bonds previously issued by AXA Bank Belgium to AXA Group.

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to be finalized in the second quarter of 2020.

PARTNERSHIPS AND INNOVATION

AXA expands its Payer-to-Partner strategy in emerging markets through innovative healthcare delivery systems

On July 17, 2019, AXA announced the expansion of its Payer-to-Partner strategy in emerging markets. AXA is creating a digital and physical health care ecosystem by launching its own medical centers, linked directly to its health insurance services. By combining, in one offer, services that are normally delivered by different providers, AXA aims to simplify the healthcare journey of its customers.

AXA's target is to open up to 50 medical clinics which would serve as many as 1.5 million clients across emerging markets by 2023, starting with Mexico in Latin America and Egypt in Africa, to be followed by other key emerging markets.

These centers will provide access to advanced diagnostics, laboratory equipment and medical consultations in key specialties, thereby bringing to its customers an affordable, high-quality and seamless patient experience, in markets where access to economical and quality care still remains a challenge for many individuals and families.

In Mexico, AXA announced the launch of a joint venture with Keralty, to develop a vertically integrated health system incorporating quality day-to-day healthcare delivery. Keralty is the leading health insurer and services provider in Colombia, with significant presence in the United States and Brazil. Concurrently in Egypt, AXA will open diagnostic centers and primary care centers, owned 100% by AXA, with the support of World Health Management as its technical partner, with expertise in designing and setting up healthcare facilities.

These initiatives fully embody AXA's strategy to provide healthcare solutions in emerging markets, where the existing health system often results in high non-reimbursable medical care spending for the population.

AXA launches a new phase in its climate strategy to accelerate its contribution to a low-carbon and more resilient economy

On November 27, 2019, AXA announced the launch of a new phase in its climate strategy, which aims to accelerate its contribution to the transition towards a more sustainable and less carbon-intensive economy by 2050, in line with the objectives of the Paris Agreement. This announcement was made during the "AXA Climate Impact Day", an event organized by AXA in collaboration with the United Nations Principles for Sustainable Insurance (UN PSI).

To succeed in this new phase, AXA will use all its levers as a global investor, insurer and cooperation enabler:

AS A GLOBAL INVESTOR

AXA targets to contain the "warming potential" [(5)] of its investments to below 1.5°C by 2050. As part of this objective, the Group will double its green investment objective to reach €24 billion by 2023. AXA will also invest in "transition bonds", an innovative asset class conceptualized by AXA Investment Managers to support companies shifting towards less carbon-intensive business models. This tool notably complements Green Bonds which are designed to finance projects that are already "green".

After full exit from coal companies with coal-based business model, AXA sets a new ambition towards a 0% coal energy world. AXA will therefore reinforce its divestment policy to completely exit the coal industry by 2030 in the OECD and EU countries, then in the rest of the world by 2040. In the shorter term, existing investment thresholds will be strengthened, with a particularly stringent focus on companies developing new coal capacities.

(1) The net income impact is based on the cash consideration and the value of Crelan Insurance only and does not take into account any value for the insurance distribution partnership with AXA Bank Belgium, and its extension to Crelan.

(2) Excluding favorable non-recurring impacts of €36 million.

(3) Crelan has a call option to purchase the Crelan NV and AXA Bank Belgium shares held by AXA.

(4) Crelan NV is Crelan's banking subsidiary.

(5) AXA tested the "investment temperature" concept in its 2019 Climate report as an institutional investor's response to the Paris Agreement.

AS A GLOBAL INSURER

AXA will leverage its climate expertise and innovative technologies to provide new protection services to its customers and society. The Group, through AXA Climate, will notably launch FastCat, a new parametric assistance service, in December. It offers weather alerting solutions and 24/7 real-time assessment through satellite imagery and drones, to support communities and corporations facing natural disasters such as floods, earthquakes, cyclones and wildfires.

AXA's coal underwriting policy will also be strengthened. The Group will notably ban any insurance business (except Employee Benefits) with clients developing new coal projects that exceed 300 MW in capacity, as well as further restrict underwriting services with coal-related businesses.

AS A COOPERATION ENABLER

Our conviction has always been that the fight against climate change requires cooperation between all stakeholders to drive collective action.

This is why AXA has decided to join the recently launched "Net Zero Asset Owner Alliance", a coalition of institutional investors committed to transitioning their investments to "net-zero" greenhouse gas emissions by 2050 to align their portfolios with a 1.5°C scenario. AXA will notably contribute to this initiative by sharing its expertise on climate finance methodology tools, which are key to effectively finance the transition to a green economy effectively.

AXA is also joining forces with the C40 network, a coalition of the biggest cities gathering 1 out of 12 inhabitants in the world, to make metropolitan areas more resilient to natural catastrophes. The first AXA-C40 resilient cities report was unveiled today, with recommendations and use cases to drive multi-stakeholder cooperation and mitigate the effects of natural catastrophes on urban networks.

CAPITAL/DEBT OPERATIONS/OTHER

AXA Ratings

On April 5, 2019, Moody's Investors Service affirmed the "Aa3" insurance financial strength rating of AXA's principal insurance subsidiaries, changing the outlook from negative to stable.

On July 24, 2019, S&P Global Ratings affirmed the long-term financial strength rating of AXA's core operating subsidiaries at "AA-" with a stable outlook.

On December 10, 2019, Fitch Ratings affirmed the financial strength rating of AXA's core operating subsidiaries at "AA-", changing the outlook from stable to positive.

AXA Group unveiled its new global brand positioning: "Know you can"

On February 1, 2019, AXA unveiled its new tagline, which will be rolled out across all its markets in the next year: "Know you can". This positioning symbolizes AXA's new promise to its customers, that of being the encouraging partner who helps them feel more confident to achieve their goals and go further. This new promise plays an integral role in the deployment of AXA's strategic ambition to transition from payer to partner to its customers.

The new tagline has been deployed with a global campaign featuring one of history's greatest tennis champions Serena Williams. Embodying success and self-belief, this campaign symbolizes AXA's values and ambition. The films with Serena Williams have been at the heart of a comprehensive communications campaign also featuring Liverpool Football Club players [(1)] and AXA's strategic business segments, Health, Protection and Commercial lines insurance, and local market proofs illustrating the Group's commitment to its customers.

AXA announced the successful completion of a Secondary Common Stock Offering of Equitable Holdings, Inc. [(2)] and related Share Buyback

On March 25, 2019, AXA announced that it had successfully completed a secondary public offering of 40,000,000 shares (the "Offering"), at a public offering price of USD 20.50 per share, of its U.S. subsidiary, Equitable Holdings, Inc. ("EQH") and the sale to EQH of 30,000,000 shares (the "Share Buyback") at the per share price paid by the underwriters in the Offering. In addition, the underwriters exercised in full the over-allotment option to purchase an additional 6,000,000 EQH shares.

Net proceeds [(3)] amounted to USD 1.5 billion or €1.3 billion [(4)], corresponding to the sale of 76,000,000 EQH shares in the Offering, the full exercise of the over-allotment option granted to the underwriters, and the Share Buyback. Following this sale, AXA's ownership in EQH decreased from 60.1% [(5)] [(6)] to 48.3% [(6)].

Following the successful completion of the Offering and the Share Buyback, the retained non-controlling minority stake in EQH was deconsolidated and subsequently accounted for using the equity method.

(1) AXA is the Global Insurance Partner of Liverpool Football Club.

(2) Formerly known as AXA Equitable Holdings, Inc.

(3) Net of underwriting discounts and commissions.

(4) EUR 1 = USD 1.1297 as of March 22, 2019 (Source: Bloomberg).

(5) EQH's issued and outstanding common stock as of March 7, 2019, was comprised of 521,051,204 shares.

(6) Including the shares to be delivered on redemption of the bonds mandatorily exchangeable into EQH shares, issued by AXA in May 2018.

The Offering and the Share Buyback resulted in a negative net income impact of €-0.6 billion. This impact reflected the difference between the Offering price and the consolidated book value [(1)] of **(i)** the EQH shares sold in the transaction, and **(ii)** AXA's remaining 48.3% [(2)] stake in EQH (*i.e.* the loss required to be taken upon deconsolidation).

The transaction contributed to the reduction of AXA's Debt Gearing [(3)] by 1.0 point [(4)].

AXA announced the successful completion of a Secondary Offering of Equitable Holdings, Inc. [(5)] Common Stock

On June 7, 2019, AXA announced that it had successfully completed a secondary public offering of a further 40,000,000 shares of EQH's common stock.

Net proceeds [(5)] to AXA, corresponding to the sale of 40,000,000 EQH shares, amounted to USD 834 million or €739 million [(6) (7)]. Following this sale, AXA's ownership in EQH decreased from 48.3% [(2) (9)] to 40.1% [(2) (9)]. In addition, AXA granted the underwriters a 30-day option to purchase up to an additional 6,000,000 EQH shares.

On July 8, 2019, AXA announced that the underwriters in the secondary offering of shares of common stock (the "Offering") of EQH, completed on June 7, 2019, had fully exercised their option to purchase an additional 6,000,000 shares of EQH's common stock from AXA, subject to the same terms and conditions as the Offering.

Net proceeds [(6)] to AXA from the exercise of the underwriters' option amounted to USD 125 million or €112 million [(10)], corresponding to a net price [(6)] of USD 20.85 per share. Following the sale of these additional shares, AXA's ownership in EQH decreased from 40.1% [(2) (9)] to 38.9% [(2) (9)].

AXA announced the successful completion of the sale of its remaining stake in Equitable Holdings, Inc. [(11)]

On November 13, 2019, AXA announced that it had successfully completed the secondary public offering of 144,000,000 shares of EQH's common stock. The completion of the Offering has resulted in net proceeds [(6)] to AXA of approximately USD 3.1 billion or approximately €2.9 billion [(12)], corresponding to a net price [(6)] of USD 21.80 per share. Subsequently, in December 2019, 3 million shares of EQH's common stock was sold.

Shareplan 2019

On December 2, 2019, AXA announced the results of the AXA Group employee share offering ("Shareplan 2019"), a capital increase reserved to its employees worldwide, which had been launched on August 26, 2019. Approximately 26,000 employees in 40 countries, representing nearly 24% of the eligible employees, subscribed to Shareplan 2019.

The aggregate proceeds from the offering amount to over €375 million, for a total of approximately 18 million newly-issued shares, subscribed at a price of €18.30 for the classic plan and €21.73 for the leveraged plan. The new shares are created with full rights as of January 1, 2019.

Following Shareplan 2019, on December 31, 2019, AXA's employees held 4.28% of the share capital and 6.09% of the voting rights.

The total number of outstanding AXA shares amounted to 2,417,695,123 on December 31, 2019.

Share Repurchase Program

In order to meet its obligation to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes [(13)] or employee share offerings [(14)], as of December 31, 2019, AXA had bought back 26,420,747 shares. These shares will be delivered to the beneficiaries of share-based compensation schemes or cancelled, all in accordance with the share repurchase program [(15)].

(1) *Including the recycling of related currency translation adjustment, and other comprehensive income.*

(2) *Including the shares to be delivered on redemption of the bonds mandatorily exchangeable into EQH shares, issued by AXA in May 2018.*

(3) *Following the deconsolidation of EQH and its subsequent accounting under the equity method, the Mandatory Exchangeable Bonds ("MEB") issued by AXA in May 2018 were excluded from the Debt Gearing.*
Debt Gearing is an alternative performance measure and is defined in the Glossary set forth in Appendix V of this Annual Report.

(4) *This reflects the effect of the deconsolidation of EQH but does not reflect the intended use of the proceeds to reduce of AXA's Debt Gearing towards the targeted range of 25%-28% by 2020.*

(5) *Formerly known as AXA Equitable Holdings, Inc.*

(6) *Net of underwriting discounts and commissions.*

(7) *EUR 1 = USD 1.1293 as of June 6, 2019 (Source: Bloomberg).*

(8) *Not including the proceeds from the exercise of the 30-day over-allotment option granted to the underwriters to purchase 6,000,000 EQH shares.*

(9) *EQH's issued and outstanding common stock as of May 9, 2019 comprised 491,138,042 shares.*

(10) *EUR 1 = USD 1.1219 as of July 5, 2019 (Source: Bloomberg).*

(11) *Excluding the 44,162,500 shares of common stock of EQH, primarily related to the EQH shares to be delivered on redemption of the AXA SA bonds mandatorily exchangeable into EQH shares, maturing in May 2021.*

(12) *EUR 1 = USD 1.1011 as of November 12, 2019 (Source: Bloomberg).*

(13) *Stock-options plans and performance shares plans.*

(14) *Employee share offering "Shareplan 2019".*

(15) *AXA share repurchase program was authorized by the Shareholder's Meeting of April 24, 2019.*

2.3 ACTIVITY REPORT

Activity and Earnings Indicators

On March 25, 2019, AXA completed a further sell down of its shareholding in EQH, bringing AXA's ownership in Equitable Holdings, Inc. ("EQH"), from 60.1% to 48.3%. The reduction of its voting rights below 50% combined with the reduction of its Board membership to a minority share led to the loss of control of AXA over EQH, while continuing to retain a significant influence over EQH. As a result, AXA:

- deconsolidated EQH on March 31, 2019, and recorded a negative net income impact of €-0.6 billion (including the recycling of related other comprehensive income and currency translation reserve) corresponding to the difference between the fair value and the consolidated carrying value of EQH at the date of the deconsolidation;
- from April 1, 2019, to November 13, 2019, accounted for its remaining ownership in EQH using the equity method and reclassified the equity component of the Mandatory Exchangeable Bonds ("MEB") from non-controlling interests to financial liability.

Between November 13, 2019, and December 31, 2019, AXA completed the sale of its remaining stake in EQH, excluding 44,162,500 shares of common stock of EQH, primarily corresponding to the number of EQH shares to be delivered on redemption of the AXA SA bonds mandatorily exchangeable in May 2021. This sale brought AXA's remaining participation below 10%. As a result, AXA deconsolidated its remaining ownership in EQH that was accounted for using equity method, and accounted for its remaining ownership in EQH as an AFS OCI asset, under IAS 39.

As a consequence, in this Activity Report, the United States Gross revenues contribution included 3 months of operations, until the date of the deconsolidation (March 31, 2019).

Nevertheless, the United States contribution in 2019 for APE and NBV included operations up to November 13, 2019, on Group share basis, until the loss of the significant influence of AXA over EQH.

Furthermore, the United States Underlying earnings contribution in 2019 included operations up to November 13, 2019, and was fully reported in Income from affiliates and associates. As a result, EQH contribution was excluded from Health and Protection Combined Ratio calculation in 2019.

ACTIVITY INDICATORS

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]	December 31, 2019/ December 31, 2018 restated [(a) & (b)]
Gross revenues [(c)]	**103,532**	**102,874**	**5.1%**
France	26,182	25,175	3.9%
Europe	34,415	36,508	4.1%
Asia	9,860	8,973	3.8%
AXA XL	18,741	6,287	10.2%
United States	4,297	16,483	4.8%
International	7,078	6,535	6.0%
Transversal & Central Holdings	2,959	2,913	2.0%
APE [(d)]	**6,029**	**6,631**	**(0.4%)**
NBV Margin [(e)]	**42.2%**	**39.3%**	**0.7 pt**

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Changes are on comparable basis.
(c) Net of intercompany eliminations.
(d) Annual Premium Equivalent (APE) represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group share.
(e) New Business Value (NBV) Margin is the ratio of (i) New Business Value representing the value of newly issued contracts during the current year to (ii) APE.

Consolidated Gross revenues amounted to €103,532 million as of December 31, 2019, up 0.6% on a reported basis and up 5.1% on a comparable basis compared to December 31, 2018.

The comparable basis mainly includes the following adjustments: **(i)** the exclusion of United States contribution of the last three quarters of 2018 following the deconsolidation of Equitable Holdings, Inc. (€-12.5 billion or +13.0 points), **(ii)** the exclusion of the Savings portion of 2018 premiums related to the transformed in-force Group Life business in Switzerland (€-3.8 billion or +4.0 points), and **(iii)** the inclusion of XL Group contribution from January 1, 2018 to September 30, 2018 (€+9.9 billion or -10.3 points).

Also, the 2019 comparable basis includes the foreign exchange rate movements mainly due to the depreciation of average Euro exchange rate against major currencies (€-1.9 billion or +1.9 points).

GROSS REVENUES

Gross revenues were up 1% on a reported basis and up 5% on a comparable basis to €103,532 million.

France gross revenues were up 4% (or €+972 million) on a comparable basis to €26,182 million:

- *Life & Savings* (€+655 million or +5%) to €14,325 million mainly driven by **(i)** *Individual Savings* (€+672 million) due to strong sales of G/A capital light products through the bancassurance channel and higher sales of Eurocroissance products through the proprietary channel, as well as by **(ii)** *Protection* (€+198 million) mainly from growth of in-force on both *Individual* and *Group businesses*;
- *Property & Casualty* (€+17 million or 0%) to €7,059 million mainly driven by **(i)** domestic *Commercial lines* (€+111 million) supported by volumes and tariff increases in *Motor*, *Property* and *Construction*, partly offset by **(ii)** continued selectivity in Credit and Lifestyle Protection business (€-83 million);
- *Health* (€+263 million or +6%) to €4,619 million driven by higher volumes in *Group business* (€+233 million) in both international and domestic markets;
- *Other* (€+37 million or +26%) to €179 million driven by *AXA Banque France* mainly due to higher volumes in residential mortgages.

Europe gross revenues were up 4% (or €+1,334 million) on a comparable basis to €34,415 million:

- *Switzerland* (€+53 million or +1%) to €5,992 million mainly from **(i)** *Property & Casualty* (+1%) driven by *Commercial lines* due to higher volumes and tariff increases in *Workers' Compensation*, while **(ii)** *Life & Savings* remained stable;
- *Germany* (€+226 million or +2%) to €10,862 million from **(i)** *Health* (+4%) mainly due to the continued growth in the civil servants segment and tariff increases in full benefit insurance, **(ii)** *Property & Casualty* (+2%) driven by *Commercial Non-Motor* mainly from new business and higher average premium in *Property* and *Liability*, and by *Personal Non-Motor* from tariff increases in Household and Legal Protection, and **(iii)** *Life & Savings* (+1%) mainly due to new business in G/A capital light products, partly offset by *Protection with Savings* and traditional *G/A Savings*, in line with the strategy;
- *Belgium* (€+46 million or +1%) to €3,405 million primarily from *Property & Casualty* (+2%) driven by *Commercial lines* in Mid-Market segments, notably in the Public sector and SMEs, driven by new business and tariff increases as well as by *Personal* Household mainly following tariff increases;
- *The United Kingdom & Ireland* (€+163 million or +3%) to €5,367 million from **(i)** *Property & Casualty* (+4%) in *Personal Motor* reflecting higher new business and tariff increases, in *Commercial Property* mainly due to higher new business, and in *Commercial Motor* driven by tariff increases, as well as from **(ii)** *Health* (+2%) mainly driven by volume growth notably due to a new partnership in international business;
- *Spain* (€+160 million or +6%) to €2,686 million from **(i)** *Property & Casualty* (+5%) driven by a strong growth in *Commercial lines* mainly in *Liability* and *Property* as well as in *Personal Motor* driven by higher volumes, **(ii)** *Life & Savings* (+10%) driven by *Unit-Linked* and *Protection* sales, as well as **(iii)** *Health* (+8%) driven by higher volumes and tariff increases;
- *Italy* (€+686 million or +13%) to €6,104 million from **(i)** *Life & Savings* (+17%) mainly in *G/A Savings* and *Unit-Linked* from the sale of hybrid products and *Protected Unit-Linked*, and **(ii)** *Property & Casualty* (+3%) driven by higher new business and renewals in both *Personal* and *Commercial lines.*

Asia gross revenues were up 4% (or €+339 million) on a comparable basis to €9,860 million mainly from:

- *Japan* (€-24 million or -1%) to €4,850 million from **(i)** *Life & Savings* (-1%) mainly due to the temporary discontinuation of the capital light *Single Premium Whole Life* product as a consequence of the decrease in interest rates and lower sales of tax savings products impacted by a tax rule change, partly offset by *Protection with Unit-Linked* due to in-force growth and new business, and **(ii)** *Health* (+1%) from both in-force growth and new business of Medical Whole Life products;
- *Hong Kong* (€+324 million or +10%) to €3,829 million from **(i)** *Life & Savings* (+10%) mainly driven by *Protection with Savings* due to in-force growth in broker and agency channels, as well as higher new business in broker channel, and by *Unit-Linked* due to growth in single premium new business, **(ii)** *Health* (+11%) mainly driven by higher volumes and tariff increases in both *Individual* and *Group businesses*, and **(iii)** *Property & Casualty* (+7%) mainly due to higher volumes in both *Personal* and *Commercial lines* as well as tariff increases in *Commercial lines*;
- *Asia-Direct* (€+41 million or +4%) to €1,018 million from **(i)** *South Korea* (€+30 million or +6%) in *Personal Non-Motor* from higher new business and in *Personal Motor* following the improvement of digital channel, combined with **(ii)** *Japan* (€+11 million or +3%) mainly driven by higher new business in *Personal Motor*.

AXA XL gross revenues were up 10% (or €+1,676 million) on a comparable basis to €18,741 million:

- *Property & Casualty Insurance* (€+1,337 million or +18%) to €9,123 million mainly driven by both volume growth and tariff increases across most lines of business, notably *North America Professional* (€+383 million or +36%);
- *Property & Casualty Specialty* (€+261 million or +6%) to €4,940 million driven by both volume growth and tariff increases across most lines of business, notably in *Political Risks* (€+102 million or +33%), as well as in *Accident & Health* (€+67 million or +24%) and *Fine Art & Specie* (€+66 million or +15%);
- *Property & Casualty Reinsurance* (€+85 million or +2%) to €4,489 million driven by both volume growth and tariff increases in *Specialty and Other* lines (€+161 million or +10%) mainly from *North America Agriculture*, *Lloyds Whole Accounts* and *Credit & Surety*, partly offset by lower premiums in *Property Cat* (€-95 million or -11%) reflecting a reduced Nat Cat exposure.

The United States gross revenues were up 5% (or €+188 million) on a comparable basis to €4,297 million in 1Q19:

- *The United States Life & Savings* (€+231 million or +7%) to €3,643 million in 1Q19 mainly in *Unit-Linked* from higher sales of *non-GMxB Variable Annuity*, partly offset by lower revenues from *GMxB Variable Annuity*;
- *AB* (€-43 million or -6%) to €654 million in 1Q19 mainly from both lower research service and management fees as a result of adverse market conditions in 4Q18.

International gross revenues were up 6% (or €+395 million) on a comparable basis to €7,078 million mainly from:

- *Mexico* (€+123 million or +7%) to €1,925 million from **(i)** *Health* (+16%) driven by the acquisition of new large accounts combined with tariff increases, and **(ii)** *Property & Casualty* (+2%) mainly driven by higher new business notably in *Personal Motor*;
- *The Gulf Region* (€+37 million or +5%) to €851 million mainly from large accounts in *Health* (+16%);
- *Colombia* (€+38 million or +5%) to €701 million mainly from **(i)** *Property & Casualty* (+17%) driven by higher volumes in *Protection* and *Workers' Compensation*, partly offset by **(ii)** *Life & Savings* (-25%) mainly driven by a *G/A Savings* run-off portfolio;
- *Turkey* (€+118 million or +21%) to €616 million primarily from *Property & Casualty* (+18%) driven by tariff increases in *Motor* and higher volumes in *Commercial Property*;
- *Singapore* (€+17 million or +3%) to €615 million primarily from *Life & Savings* (+6%) driven by higher volumes across all lines of business;
- *Poland* (€-8 million or -1%) to €573 million mainly from *Property & Casualty* (-2%) due to lower revenues in *Personal Motor* from softening market trends;

- *Morocco* (€+38 million or +10%) to €425 million notably from *Property & Casualty* (+9%) mainly due to higher new business in *Personal Motor*;
- *Malaysia* (€-23 million or -7%) to €286 million mostly from *Property & Casualty* (-7%) mainly due to lower sales reflecting strong market competition.

Transversal gross revenues were up 2% (or €+59 million) on a comparable basis to €2,959 million mainly from:

- *AXA Assistance* (€+93 million or +7%) to €1,415 million from **(i)** *Property & Casualty* (+5%) driven by higher volumes in both *Non-Motor*, notably in Travel and Consumer Electronics, and *Motor*, as well as **(ii)** *Health* (+25%) mainly driven by higher new business;
- *AXA Investment Managers* (€-27 million or -2%) to €1,225 million mainly driven by lower realized carried interest, performance fees and distribution fees, partly offset by higher transaction fees.

NEW BUSINESS ANNUAL PREMIUM EQUIVALENT (1)

New business APE was down 9% on a reported basis and remained stable on a comparable basis to €6,029 million driven by *France* and *International*, partly offset by *Europe*, *the United States* and *Asia*.

France (€2,077 million, 34% of total) down €168 million (-7%) on a comparable basis mainly stemming from *Group Health* (€-296 million) due to the non-repeat of exceptional sales in Group International business, partly offset by *Savings* (€+87 million) and *Protection* (€+38 million) mainly reflecting higher sales in Group International business.

Europe (€1,267 million, 21% of total) up €111 million (+10%) on a comparable basis in **(i)** *Italy* (€+53 million) mainly from *G/A Savings* and *Unit-Linked* from the sales of hybrid products as well as from *Protected Unit-Linked*, **(ii)** *Belgium* (€+37 million) mainly driven by two large Group pension contracts in both *Protection with Savings* and *Unit-Linked*, **(iii)** *Germany* (€+26 million) mainly due to higher new business in G/A capital light and *Pure Protection* following the launch of a new disability product as well as in *Health* in civil and private servants segments, and **(iv)** *Spain* (€+15 million) mainly driven by a strong growth in *Unit-Linked*, partly offset by **(v)** *Switzerland* (€-20 million) in the context of the transformation of the in-force *Group Life business*, partly offset by higher new business in *Individual Life*.

Asia (€1,614 million, 27% of total) up €10 million (+1%) on a comparable basis mainly driven by **(i)** *China* (€+68 million) due to strong sales of *G/A Savings* products during the Chinese New Year, and **(ii)** *Hong Kong* (€+4 million) driven by strong sales in *Protection with Savings,* partly offset by lower sales in *G/A Savings* and *Group Health*, partly offset by **(iii)** *Japan* (€-49 million) mainly driven by lower sales of tax savings products impacted by a tax rule change, partly offset by *Protection with Unit-Linked* and *Health*, and **(iv)** *Thailand* (€-11 million) mainly driven by lower sales in *Unit-Linked*.

The United States (€817 million, 14% of total) up €36 million (+5%) on a comparable basis mostly driven by higher sales of *non-GMxB Variable Annuity*, partly offset by lower sales of *GMxB Variable Annuity* and lower advisory sales in *Mutual funds*.

International (€254 million, 4% of total) down €13 million (-5%) on a comparable basis mainly in *Singapore* (€-15 million) from strong market competition.

NEW BUSINESS VALUE MARGIN (2)

New Business Value Margin stood at 42.2%, increasing by 2.8 points. On a comparable basis, restated mainly for the decrease of AXA's ownership in EQH, New Business Value Margin increased by 0.7 point mainly driven by a favorable product mix towards *Health* and *Protection with Unit-Linked* in *Japan*, as well as an assumption update in *Protection* combined with a favorable business mix in *France*, partly offset by lower interest rates mainly in *France* and *Asia*.

(1) *New business Annual Premium Equivalent (APE) represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group share.*

(2) *New Business Value (NBV) Margin is the ratio of (i) New Business Value representing the value of newly issued contracts during the current year to (ii) APE.*

Underlying Earnings, Adjusted Earnings and Net Income Group share

(in Euro million, except percentages)	December 31, 2019 [(a)]	France	Europe	Asia	AXA XL	United States [(a)]	International	Transversal & Central Holdings
Investment margin	4,855	1,682	1,662	44	990	-	394	84
Fees & revenues	6,063	2,258	1,204	2,182	-	-	363	55
Net technical margin	17,587	3,100	6,847	901	4,288	-	1,666	785
Expenses	(19,989)	(4,671)	(6,286)	(1,810)	(4,554)	-	(1,900)	(767)
Amortization of value of purchased life business in-force	(88)	-	(60)	(26)	-	-	(3)	-
Underlying earnings before tax from insurance activities	**8,427**	**2,369**	**3,366**	**1,291**	**725**	**-**	**520**	**157**
Underlying earnings before tax from other activities	**(818)**	**(1)**	**48**	**(12)**	**(91)**	-	**58**	**(819)**
Income tax expenses/benefits	(1,748)	(660)	(774)	(256)	(125)	-	(153)	219
Income from affiliates and associates	766	11	-	188	(2)	444	103	21
Minority interests	(175)	(4)	(96)	(7)	0	-	(61)	(7)
Underlying earnings Group share	**6,451**	**1,715**	**2,544**	**1,204**	**507**	**444**	**466**	**(429)**
Net capital gains or losses attributable to shareholders net of income tax	393	168	162	14	78	(3)	(9)	(16)
Adjusted earnings Group share	**6,844**	**1,882**	**2,706**	**1,218**	**585**	**441**	**457**	**(445)**
Profit or loss on financial assets (under fair value option) and derivatives	(791)	83	(259)	(20)	(16)	30	12	(621)
Exceptional operations (including discontinued operations)	(1,634)	5	(38)	24	(51)	(145)	(599)	(831)
Goodwill and other related intangible impacts	(114)	-	(37)	(15)	(39)	(0)	(23)	(1)
Integration and restructuring costs	(449)	(30)	(54)	(3)	(307)	(5)	(16)	(35)
NET INCOME GROUP SHARE	**3,857**	**1,940**	**2,318**	**1,204**	**173**	**321**	**(169)**	**(1,932)**
Property & Casualty Combined Ratio	96.4%	90.7%	93.2%	97.0%	101.5%	-	97.2%	98.5%
Health Combined Ratio	94.1%	98.7%	95.1%	76.7%	-	-	99.3%	102.8%
Protection Combined Ratio	93.2%	95.3%	94.8%	88.9%	105.4%	-	99.1%	-

(a) As a consequence of the deconsolidation of Equitable Holdings, Inc. ("EQH") as of March 31, 2019, the United States underlying earnings contribution was reported in income from affiliates and associates for the period January 1, 2019, to November 13, 2019, until its subsequent accounting as financial investment available for sale. As a result, EQH contribution was excluded from Health and Protection Combined Ratio calculation in 2019.

(in Euro million, except percentages)	December 31, 2018	France	Europe [(a)]	Asia [(a)]	AXA XL	United States	International	Transversal & Central Holdings [(a)]
Investment margin	4,864	1,604	1,747	40	349	641	410	75
Fees & revenues	8,434	2,105	1,119	2,009	-	2,781	361	58
Net technical margin	12,990	3,034	6,361	791	944	(385)	1,421	824
Expenses	(17,686)	(4,430)	(5,984)	(1,651)	(1,462)	(1,635)	(1,792)	(732)
Amortization of value of purchased life business in-force	(55)	-	(23)	(29)	-	(1)	(3)	-
Underlying earnings before tax from insurance activities	**8,547**	**2,313**	**3,219**	**1,160**	**(168)**	**1,400**	**397**	**225**
Underlying earnings before tax from other activities	**(43)**	**(0)**	**108**	**(3)**	**(10)**	**496**	**39**	**(673)**
Income tax expenses/benefits	(2,004)	(755)	(750)	(219)	(70)	(272)	(92)	154
Income from affiliates and associates	315	20	2	171	(3)	-	104	20
Minority interests	(632)	(5)	(84)	(7)	18	(500)	(47)	(8)
Underlying earnings Group share	**6,182**	**1,573**	**2,496**	**1,102**	**(233)**	**1,125**	**400**	**(282)**
Net capital gains or losses attributable to shareholders net of income tax	307	131	266	(34)	(27)	(11)	(4)	(14)
Adjusted earnings Group share	**6,489**	**1,704**	**2,762**	**1,068**	**(260)**	**1,114**	**396**	**(295)**
Profit or loss on financial assets (under fair value option) and derivatives	(463)	(91)	(134)	(55)	(63)	(82)	39	(77)
Exceptional operations (including discontinued operations)	(451)	40	(376)	4	(29)	16	(17)	(91)
Goodwill and other related intangible impacts	(3,102)	-	(39)	(18)	(10)	(3,006)	(29)	(1)
Integration and restructuring costs	(332)	(19)	(107)	(13)	(67)	(27)	(35)	(64)
NET INCOME GROUP SHARE	**2,140**	**1,635**	**2,106**	**986**	**(428)**	**(1,986)**	**355**	**(527)**
Property & Casualty Combined Ratio	97.0%	92.3%	94.5%	97.1%	108.6%	-	100.6%	89.9%
Health Combined Ratio	94.4%	97.9%	94.8%	78.8%	-	169.6%	99.6%	110.4%
Protection Combined Ratio	95.6%	95.0%	96.7%	86.8%	89.2%	106.2%	98.8%	-

(a) Reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

Alternative Performance Measures

Adjusted Earnings, Underlying Earnings, Adjusted Return on Equity, Underlying Earnings per share, Underlying Combined Ratio and Debt Gearing are Alternative Performance Measures ("APMs") as defined in ESMA's guidelines and the AMF's related position statement issued in 2015. A reconciliation from Adjusted Earnings, Underlying Earnings and Underlying Combined Ratio to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided in the above tables. Adjusted Return on Equity and Underlying Earnings per share are reconciled to the financial statements in the table set forth on page 51 of this Annual Report, and Debt Gearing calculation methodology based on the information available in the financial statements is defined on page 47 of this Annual Report.

For further information on any of the above-mentioned APMs, see the Glossary set forth in Appendix V to this Annual Report.

ADJUSTED EARNINGS

Adjusted Earnings represent the net income (Group share) as disclosed in the above tables, before the impact of the following items net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- integration, amortization and impairments costs related to material newly-acquired companies as well as restructuring and associated costs related to productivity improvement plans;
- goodwill and other related intangibles;
- exceptional operations (primarily changes in scope and discontinued operations); and
- profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder), foreign exchange impacts on assets and liabilities, and derivatives related to invested assets and liabilities.

UNDERLYING EARNINGS

Underlying Earnings correspond to Adjusted Earnings without the following elements, net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- realized gains and losses and change in impairment valuation allowance (on assets not designated under fair value option or trading assets); and
- cost at inception, intrinsic value and pay-off of derivatives used for the economic hedging of realized gains and impairments of equity securities backing General Account and shareholders' funds.

ADJUSTED RETURN ON EQUITY

The **Adjusted Return on Equity** ("**Adjusted RoE**") is calculated as adjusted earnings net of financial charges related to undated subordinated debt, preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of EQH (recorded through shareholders' equity as disclosed in Part 5.4 - "Consolidated statement of changes in equity" and financial debt as disclosed in Part 5.6 - Note 17 "Financing debt" of this Annual Report) divided by the weighted average shareholders' equity. The weighted average shareholders' equity:

- is based on opening shareholders' equity adjusted for weighted average impacts of capital flows (including dividends);
- without reserves relating to change in fair value of financial investments available for sale as disclosed in Part 5.4 - "Consolidated Statement of Changes in Equity" of the Annual Report;
- without undated subordinated debt as disclosed in Part 5.4 - "Consolidated statement of changes in equity" of the Annual Report.

UNDERLYING EARNINGS PER SHARE

Underlying Earnings per share corresponds to Group Share Underlying Earnings net of financial charges related to undated subordinated debts recorded through shareholders' equity – Group share, and preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of EQH (recorded through shareholders' equity as disclosed in Part 5.4 - "Consolidated Statement of Changes in Equity" and financial debt as disclosed in Part 5.6 - Note 17 "Financing debt" of this Annual Report), divided by the weighted average number of outstanding ordinary shares.

UNDERLYING COMBINED RATIO (APPLICABLE FOR PROPERTY & CASUALTY, HEALTH AND PROTECTION)

The **Underlying Combined Ratio** is the sum of the all accident year loss ratio and the underlying expense ratio.

- All accident year loss ratio net of reinsurance is the ratio of:
  - all accident years claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on all accident years excluding unwind of the discount rate used in calculating technical reserves; to
  - earned revenues gross of reinsurance.

- Underlying expense ratio is the ratio of:
  - underlying expenses (excluding claims handling costs, including changes in VBI amortization); to
  - earned revenues gross of reinsurance.

DEBT GEARING

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed as a percentage. Debt Gearing is used by Management to measure the financial leverage of the Group and the extent to which its operations are funded by creditors as opposed to shareholders. AXA's Debt Gearing is calculated by dividing the gross debt (financing debt as disclosed in Part 5.6 - Note 17 "Financing debt" and undated subordinated debt as disclosed in Note 13 "Shareholders' equity and minority interests" of this Annual Report) by total capital employed (shareholders' equity excluding undated subordinated debt and reserves relating to the change in the fair value of financial instruments and of hedge accounting derivatives plus gross debt). Furthermore, following the deconsolidation of EQH, mandatory exchangeable bonds issued by AXA in May 2018 were excluded from the Debt Gearing.

Commentary on Group Earnings

UNDERLYING EARNINGS

Underlying earnings amounted to €6,451 million, up €269 million (+4%) *versus* 2018 on a reported basis. On a constant exchange rate basis, **underlying earnings** increased by €123 million (+2%), broken down as follows:

- €+720 million at *AXA XL* as 2018 underlying earnings (€-233 million) corresponding only to the fourth quarter of 2018 activity compared to a contribution of €507 million for 12 months of operations in 2019;
- €-703 million at *Equitable Holdings, Inc.* mainly corresponding to the progressive dilution of AXA's ownership following the subsequent Secondary Offerings;
- €+106 million increase (+2%) to €5,500 million for the remainder of the Group.

Underlying earnings excluding AXA XL and the United States

Underlying earnings before tax from insurance activities increased by €273 million (+4%) on a constant exchange rate basis to €7,702 million:

- **lower investment margin** (€-18 million or 0%) driven by **(i)** *Europe* (€-95 million) due to lower distribution from investment funds combined with lower reinvestment yields as well as a decrease in the asset base in *Switzerland* following the transformation of the in-force *Group Life business* model to a semi-autonomous model, partly offset by **(ii)** *France* (€+78 million) from lower profit-sharing;
- **higher fees & revenues** (€+260 million or +5%) driven by **(i)** *France* (€+152 million) mainly from higher loadings on premiums in *Protection*, **(ii)** *Europe* (€+71 million) driven by higher loadings on premium in *Germany* (€+15 million) and *Italy* (€+15 million), and higher Unit-Linked management fees (€+28 million) reflecting the growth of the portfolio in *Italy*, and **(iii)** *Asia* (€+43 million) mainly in *Japan* (€+20 million) due to in-force growth in *Protection with Unit-Linked*;
- **higher net technical margin** (€+734 million or +6%) mainly driven by **(i)** *Europe* (€+417 million) from *Property & Casualty* (€+436 million) due to an improved current year loss ratio (-0.5 point) driven by lower attritional losses (-0.7 point) in *Switzerland*, *Germany*, *the United Kingdom & Ireland* and *Italy*, despite higher Nat Cat charges (+0.4 point) mainly in *Italy* and *Switzerland*, combined with more favorable prior year reserve developments (-0.9 point) mainly in *Switzerland* and *the United Kingdom & Ireland*, partly offset by *Life & Savings* (€-42 million) mainly in *Switzerland* (€-43 million) in *Group Life business* due to the non-repeat of a particularly low profit sharing in 2018, **(ii)** *International* (€+227 million) primarily from *Property & Casualty* (€+202 million) driven by *Turkey* (€+62 million) and *Morocco* (€+48 million) mainly due to a positive impact from prior year reserve developments, *Colombia* (€+38 million) due to volume effects and *Brazil* (€+28 million) due to a more favorable claims experience, as well as from *Health* (€+34 million) driven by *Mexico* (€+17 million) due to volume effects, and **(iii)** *France* (€+67 million) mainly from *Property & Casualty* (€+90 million) due to higher favorable prior year reserve developments and lower attritional losses mostly from lower frequency in *Personal lines*;

- **higher expenses** (€-671 million or +5%) primarily in **(i)** *Europe* (€-249 million) mainly from *Germany* (€-150 million) due to the full consolidation of a newly acquired Legal Protection company (Roland Rechtsschutz) starting from October 1, 2018, and higher commissions linked to volume growth in *Life & Savings*, *the United Kingdom & Ireland* (€-54 million) due to higher volumes and *Italy* (€-49 million) in line with volume growth in *Life & Savings*, **(ii)** *France* (€-241 million) in line with volume growth in *Life & Savings*, **(iii)** *International* (€-89 million) in line with volume growth in *Colombia* (€-30 million), *Turkey* (€-28 million) and *Mexico* (€-25 million), and **(iv)** *Transversal & Central Holdings* (€-35 million) mainly at *AXA Assistance* (€-44 million) driven by higher commissions from a change in business mix towards large partnerships, notably in Home;
- **higher VBI amortization** (€-31 million or +57%) driven by *Europe* (€-35 million) mainly from lower interest rates assumptions in *Switzerland* (€-27 million) and *Germany* (€-11 million).

Underlying earnings before tax from other activities decreased by €200 million on a constant exchange rate basis to €-727 million mainly driven by **(i)** *Transversal & Central Holdings* (€-149 million or -22%) mainly at *AXA SA* (€-144 million) due to temporary higher financial charges, notably in the context of the acquisition of *XL Group*, and the change in the accounting methodology of the mandatory exchangeable bonds triggered by the deconsolidation of *Equitable Holdings, Inc.*, and **(ii)** *Europe* (€-60 million) mainly in *Germany Holding* due to the non-repeat of an exceptional distribution from an investment fund and higher pensions costs.

Income tax expenses decreased by €62 million (-4%) on a constant exchange rate basis to €-1,623 million mainly from **(i)** *France* (€+95 million) mainly driven by the non-repeat of negative tax one-offs in 2018, and **(ii)** *AXA SA* (€+37 million) from lower pre-tax underlying earnings, partly offset by **(iii)** the non-repeat of favorable tax one-offs in 2018 in *Asia* and *International*, combined with **(iv)** higher pre-tax underlying earnings in *International*.

Income from affiliates & associates decreased by €6 million (-2%) on a constant exchange rate basis to €323 million mainly driven by *France* (€-9 million) due to the disposal of Natio in 2018.

Minority interests increased by €24 million (+16%) on a constant exchange rate basis to €-176 million driven by **(i)** *International* (€-13 million) from *Colombia* and *the Gulf Region*, as well as **(ii)** *Europe* (€-12 million) mainly from *Italy* (€-10 million) as a result of the increase of *AXA MPS* underlying earnings.

AXA XL Underlying earnings

Underlying earnings before tax from insurance and reinsurance activities were €725 million, mainly driven by a strong net investment income and the emergence of expense synergies related to the integration within AXA. This was partly offset by current year catastrophe losses in excess of the normalized level in 2H19 (€-0.4 billion), notably from Typhoons Hagibis (€-0.2 billion) and Faxai (€-0.1 billion) in Japan and Hurricane Dorian (€-0.1 billion) in the Bahamas and in the United States, as well as elevated levels of large non-catastrophe losses and a higher current year loss ratio primarily in long-tail lines of business reflecting an update in assumptions related to claims inflation.

Underlying earnings before tax from other activities were €-91 million mainly driven by interest expenses on financing debt.

Income tax expenses were €-125 million reflecting positive pre-tax underlying earnings.

Combined Ratios

The Property & Casualty Combined Ratio improved by 0.6 point to 96.4%. On a constant exchange rate basis and excluding the contribution of *AXA XL*, **the Property & Casualty Combined Ratio** improved by 1.1 points to 93.5% driven by more favorable prior year reserve developments (-0.7 point) and an improved current year loss ratio (-0.5 point) mainly from lower attritional losses (-0.6 point) as well as lower large losses (-0.1 point).

AXA XL Property & Casualty Combined Ratio stood at 101.5% due to current year catastrophe losses, higher levels of individual large non-catastrophe losses, and higher current year loss ratio primarily in long-tail lines of business.

The Health Combined Ratio improved by 0.3 point to 94.1%. On a constant exchange rate basis and excluding the contribution of *AXA XL* and *the United States*, **the Health Combined Ratio** increased by 0.1 point mainly driven by *France* and *the United Kingdom*.

The Protection Combined Ratio improved by 2.3 points to 93.2%. On a constant exchange rate basis and excluding the contribution of *the United States*, **the Protection Combined Ratio** improved by 0.7 point mainly from *Switzerland* (-3.3 points) driven by the transformation of the in-force *Group Life business* to a semi-autonomous model.

ADJUSTED EARNINGS TO NET INCOME

Net realized capital gains and losses attributable to shareholders amounted to €393 million. On a constant exchange rate basis, **net realized capital gains and losses attributable to shareholders** increased by €83 million due to:

- €+217 million **lower impairments** to €-227 million mainly driven by equity securities (€+167 million to €-98 million) from the strong equity market performance in 2019 *versus* the late 2018 turmoil, as well as alternative investments (€+61 million to €-53 million) and fixed income assets (€+26 million to €-7 million), partly offset by real estate (€-37 million to €-69 million);
- €-99 million **lower net realized capital gains** to €752 million mainly driven by equity securities (€-390 million to €233 million) mainly from *Germany* (€-130 million) due to the non-repeat of the impact of the derisking strategy from the US market in 2018, partly offset by real estate (€+174 million to €350 million) mainly from an exceptional transaction in *Belgium*, fixed income assets (€+71 million to €79 million), and alternative investments (€+46 million to €90 million);
- €-36 million **unfavorable change in intrinsic value** to €-131 million related to equity hedging derivatives due to the strong equity market performance in 2019 combined with the non-repeat of late 2018 equity market turmoil.

As a result, **adjusted earnings** amounted to €6,844 million, up €355 million (+5%). On a constant exchange rate basis, **adjusted earnings** increased by €206 million (+3%).

Net income amounted to €3,857 million, up €1,716 million (+80%). On a constant exchange rate basis, **net income** increased by €1,610 million (+75%) due to:

- **higher adjusted earnings** (€+206 million);
- **lower impact of goodwill and other related intangibles** up €2,992 million to €-114 million mainly from the non-repeat of *the United States* goodwill impairment of *Equitable Holdings, Inc.* in 2018 (€-3,006 million);
- **a positive change in the fair value of assets accounted for under fair value option**, up €492 million to €169 million, driven by the decrease in interest rates and the strong recovery of the equity market in 2019, combined with lower distribution from funds;

partly offset by:

- **higher impact from exceptional and discontinued operations** (€-1,162 million) to €-1,634 million mainly due to **(i)** the expected loss on the upcoming disposals of *AXA Bank Belgium* (€-590 million) and *AXA Life Europe* (€-89 million), the negative impact linked to the deconsolidation of *Equitable Holdings, Inc.* (€-590 million), combined with the impairment of the participation in non-consolidated subsidiaries (€-245 million), partly offset by **(ii)** the non-repeat of the transformation of the in-force *Group Life business* model to a semi-autonomous model in *Switzerland* (€+421 million);
- **an unfavorable change in the fair value of derivatives** net of foreign exchange impacts, down 816 million to €-960 million driven by:
  - the change in the fair value of equity, interest rates and credit derivatives not eligible for hedge accounting under IAS 39, down €615 million to €-754 million, mainly driven by equity hedging derivatives (€-525 million) in a context of strong equity market recovery during the year and the impact of the decrease in interest rates on swaps hedging the financial debt at *AXA SA* (€-129 million),
  - the change in the fair value of foreign exchange derivatives not eligible for hedge accounting under IAS 39 net of foreign exchange rate movements on assets and liabilities denominated in foreign currencies, down €201 million to €-206 million, driven by the appreciation of main currencies against Euro;
- **higher integration and restructuring costs** (€-103 million) to €-449 million mainly due to *XL Group* integration costs (€-227 million), partly offset by the decrease of the costs of voluntary leave and pre-retirement plans in *AXA Investment Managers* (€+36 million), *Belgium* (€+30 million), *Italy* (€+20 million), *Spain* (€+20 million), and the non-repeat of restructuring costs in the context of the IPO of *Equitable Holdings, Inc.* completed in May 2018 in *the United States* (€+23 million).

2

Shareholders' equity Group share

As of December 31, 2019, Shareholders' equity Group share totaled €69.9 billion. The movements in Shareholders' equity Group share since December 31, 2018, are presented in the table below:

(in Euro million)	Shareholders' equity Group share
At December 31, 2018	**62,428**
Share Capital	(17)
Capital in excess of nominal value	(227)
Equity-share based compensation	40
Treasury shares sold or bought in open market	286
Change in equity component of compound financial instruments	-
Deeply subordinated debt (including accumulated interests charges)	(447)
Fair value recorded in shareholders' equity	7,656
Impact of currency fluctuations	457
Payment of N-1 dividend	(3,189)
Other	(255)
Net income for the period	3,857
Actuarial gains and losses on pension benefits	(679)
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	(13)
At December 31, 2019	**69,897**

Solvency information (1)

As of December 31, 2019, the Group's Eligible Own Funds ("EOF") amounted to €59.4 billion and the Solvency II ratio to 198%, compared to €58.1 billion and 193% as of December 31, 2018.

(in Euro billion)	L&S EOF December 31, 2019	Group EOF December 31, 2019	Group EOF December 31, 2018
Previous Closing	**43.0**	**58.1**	**57.8**
Modeling changes and opening adjustments	(3.7)	(0.7)	(1.7)
Opening	**39.3**	**57.4**	**56.1**
Expected existing business contribution	3.2	4.6	4.4
Value of new premiums	1.8	2.2	2.0
Operating variance and change in assumptions	0.2	0.8	1.9
Operating return	**5.3**	**7.7**	**8.3**
Economic variance	(2.9)	(2.4)	(3.7)
Total return	**2.3**	**5.3**	**4.6**
Exchange rate impact	0.5	1.1	0.8
Dividend to be paid in year N+1	-	(3.5)	(3.2)
Subordinated debts and others [a]	(2.7)	(1.0)	(0.1)
Closing	**39.5**	**59.4**	**58.1**

(a) Including subordinated debts, capital movements, internal dividends paid in 2018 and others.

(1) *Prudential information related to solvency, including the Solvency II ratio and the Eligible Own Funds ("EOF") disclosed in the note and the table below, will be detailed in the Group's 2019 SFCR that is expected to be published at a later stage and for which Group's auditors will issue a report.*

Shareholder value

EARNINGS PER SHARE ("EPS")

(in Euro, except ordinary shares in million)	December 31, 2019 Basic	December 31, 2019 Fully diluted	December 31, 2018 Basic	December 31, 2018 Fully diluted	December 31, 2019/ December 31, 2018 Basic	December 31, 2019/ December 31, 2018 Fully diluted
Weighted average number of shares	**2,383**	**2,389**	**2,383**	**2,389**		
Net income (Euro per ordinary share)	*1.51*	*1.51*	*0.79*	*0.79*	*91.8%*	*91.9%*
Adjusted earnings (Euro per ordinary share)	*2.77*	*2.76*	*2.61*	*2.61*	*5.8%*	*5.9%*
Underlying earnings (Euro per ordinary share)	*2.60*	*2.59*	*2.48*	*2.48*	*4.7%*	*4.7%*

RETURN ON EQUITY ("ROE")

(in Euro million, except percentages)	December 31, 2019	December 31, 2018	December 31, 2019/ December 31, 2018
ROE	**6.1%**	**3.3%**	**2.7 pts**
Net income	3,857	2,140	
Average shareholders' equity	63,578	64,419	
Adjusted ROE	**16.0%**	**14.4%**	**1.6 pts**
Adjusted earnings [(a)]	6,591	6,227	
Average shareholders' equity [(b)]	41,215	43,390	
Underlying ROE	**15.0%**	**13.6%**	**1.4 pts**
Underlying earnings [(a)]	6,198	5,920	
Average shareholders' equity [(b)]	41,215	43,390	

(a) Including adjustment to reflect net financial charges related to undated subordinated debt (recorded through shareholders' equity) and preferred shares. Following the deconsolidation of Equitable Holdings Inc. ("EQH"), it includes an adjustment to reflect financial charges for only the first three months of the year 2019 related to the equity component of mandatory exchangeable bonds into shares of EQH.

(b) Excluding fair value of invested assets and derivatives and undated subordinated debt (both recorded through shareholders' equity).

Segment information

FRANCE

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**26,182**	**25,175**
Life & Savings	14,325	13,542
Property & Casualty	7,059	7,061
Health	4,619	4,356
Other [(b)]	179	215
New business		
APE	2,077	2,232
NBV Margin	31.5%	29.5%
Underlying earnings before tax	**2,368**	**2,313**
Life & Savings	1,106	1,143
Property & Casualty	1,140	1,022
Health	123	149
Other [(c)]	(1)	(0)
Income tax expenses/benefits	(660)	(755)
Minority interests	(4)	(5)
Income from affiliates and associates	11	20
Underlying earnings Group share	**1,715**	**1,573**
Net capital gains or losses attributable to shareholders net of income tax	168	131
Adjusted earnings Group share	**1,882**	**1,704**
Profit or loss on financial assets (under fair value option) and derivatives	83	(91)
Exceptional operations (including discontinued operations)	5	40
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(30)	(19)
NET INCOME GROUP SHARE	**1,940**	**1,635**
Property & Casualty Combined Ratio	90.7%	92.3%
Health Combined Ratio	98.7%	97.9%
Protection Combined Ratio	95.3%	95.0%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities.
(c) Other corresponds to banking activities and holding.

Gross revenues increased by €1,008 million (+4%) to €26,182 million. On a comparable basis, gross revenues increased by €972 million (+4%):

- **Life & Savings** (€+655 million or +5%) to €14,325 million, mainly driven by strong sales of G/A capital light products through the bancassurance channel and higher sales of Eurocroissance products (€+76 million or +61%) through the proprietary channel. *Unit-Linked* gross revenues contributed to 38% [(1)] of total *Individual Savings* compared to 27% [(1)] on average for the market. *Protection* revenues increased by €198 million (+5%) from growth of in-force on both *Individual* and *Group businesses*;
- **Property & Casualty** (€+17 million or 0%) to €7,059 million, mainly driven by *Commercial lines* (€+28 million or +1%) supported by volumes and tariff increases mainly in *Motor*, *Property* and *Construction,* partly offset by continued selectivity in the Credit and Lifestyle Protection business, while *Personal lines* revenues remained in line with previous year (€-11 million or 0%);

(1) *Including Eurocroissance.*

- **Health** (€+263 million or +6%) to €4,619 million, driven by higher volumes in *Group business* (€+233 million or +6%) in both international and domestic markets, as well as in *Individual business* (€+30 million or +5%);
- **Other** (€+37 million or +26%) to €179 million at *AXA Banque France*, mainly due to higher volumes in residential mortgages and loans.

APE (€-155 million or -7%) to €2,077 million. On a comparable basis, APE decreased by €168 million (-7%) mainly driven by *Group Health* (€-296 million or -38%) due to the non-repeat of exceptional sales in Group International business in 2018, partly offset by *Savings* (€+87 million or +9%) and *Protection* (€+38 million or +9%) due to higher sales in Group International business.

NBV Margin increased by 2.0 points to 31.5%. On a comparable basis, NBV Margin increased by 2.2 points driven by an assumption update in *Protection* and a favorable business mix, partly offset by lower interest rates and higher expenses.

Underlying earnings before tax increased by €55 million (+2%) to €2,368 million:

- **Property & Casualty** (€+118 million or +12%) to €1,140 million, mainly driven by a higher net technical margin (€+90 million) due to higher prior year reserve developments and lower attritional losses mostly from lower frequency in *Personal lines* as well as lower expenses;
- **Life & Savings** (€-37 million or -3%) to €1,106 million, mainly due to higher commissions and general expenses from business growth, partly offset by an increase in loadings on premiums mainly from *Protection* as well as a higher investment margin from continued discipline on crediting rates;
- **Health** (€-26 million or -17%) to €123 million, mainly driven by less favorable claims experience in Group International business;
- **Other** (€-1 million) to €-1 million.

Income tax expenses decreased by €95 million (-13%) to €-660 million mainly driven by the non-repeat of negative tax one-offs in 2018 (€+61 million), the favorable effect of the upcoming decrease in corporate tax rate as well as higher dividend distributions on investment funds benefiting from lower taxation, partly offset by higher pre-tax underlying earnings.

Underlying earnings increased by €141 million (+9%) to €1,715 million.

Adjusted earnings increased by €178 million (+10%) to €1,882 million driven by higher underlying earnings and higher net realized capital gains.

Net income increased by €306 million (+19%) to €1,940 million driven by higher adjusted earnings and a favorable change in the fair value of both Mutual funds and derivatives not eligible to hedge accounting, partly offset by the non-repeat of the gain relating to the discontinuation of the partnership with BNP Paribas (Natio) in 2018.

EUROPE

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]
Gross revenues [(b)]	**34,415**	**36,508**
Life & Savings	12,268	15,450
Property & Casualty	16,645	15,760
Health	5,477	5,258
Other [(c)]	25	41
New business		
APE	1,267	1,146
NBV Margin	46.9%	49.6%
Underlying earnings before tax	**3,414**	**3,327**
Life & Savings	1,016	1,077
Property & Casualty	2,054	1,834
Health	297	308
Other [(d)]	48	108
Income tax expenses/benefits	(774)	(750)
Minority interests	(96)	(84)
Income from affiliates and associates	-	2
Underlying earnings Group share	**2,544**	**2,496**
Net capital gains or losses attributable to shareholders net of income tax	162	266
Adjusted earnings Group share	**2,706**	**2,762**
Profit or loss on financial assets (under fair value option) and derivatives	(259)	(134)
Exceptional operations (including discontinued operations)	(38)	(376)
Goodwill and other related intangible impacts	(37)	(39)
Integration and restructuring costs	(54)	(107)
NET INCOME GROUP SHARE	**2,318**	**2,106**
Property & Casualty Combined Ratio	93.2%	94.5%
Health Combined Ratio	95.1%	94.8%
Protection Combined Ratio	94.8%	96.7%

(a) Restated: reclassification of German activities of AXA Life Europe (previously reported as part of Germany) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Net of intercompany eliminations.
(c) Other corresponds to banking activities.
(d) Other corresponds to banking activities and holding.

EUROPE - SWITZERLAND

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**5,992**	**9,531**
Life & Savings	2,824	6,534
Property & Casualty	3,152	2,992
Health	16	5
New business		
APE	320	340
NBV Margin	46.7%	53.0%
Underlying earnings before tax	**961**	**943**
Life & Savings	285	404
Property & Casualty	693	555
Health	(16)	(16)
Income tax expenses/benefits	(159)	(177)
Minority interests	(4)	(4)
Income from affiliates and associates	-	-
Underlying earnings Group share	**798**	**762**
Net capital gains or losses attributable to shareholders net of income tax	6	81
Adjusted earnings Group share	**803**	**843**
Profit or loss on financial assets (under fair value option) and derivatives	1	(5)
Exceptional operations (including discontinued operations)	(24)	(421)
Goodwill and other related intangible impacts	(25)	(26)
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**755**	**391**
Property & Casualty Combined Ratio	82.8%	87.0%
Health Combined Ratio	n/a	n/a
Protection Combined Ratio	93.7%	97.0%
Average exchange rate: €1.00 = Swiss Franc	*1.11*	*1.16*

(a) Net of intercompany eliminations.

On January 1, 2019, AXA Switzerland transformed its main occupational benefits foundations from full insurance to semi-autonomous. As a result, the change in gross revenues on a comparable basis excludes the savings portion of the 2018 premiums related to the transformed in-force Group Life business.

Gross revenues decreased by €3,539 million (-37%) to €5,992 million. On a comparable basis, gross revenues increased by €53 million (+1%):

- **Property & Casualty** (€+43 million or +1%) to €3,152 million, mainly driven by *Commercial lines* (€+41 million or +3%) due to higher volumes and tariff increases in *Workers' Compensation*;
- **Life & Savings** (€-1 million or 0%) to €2,824 million, linked to the transformation of the *Group Life business* which was compensated by higher revenues from semi-autonomous activities;
- **Health** (€+10 million) to €16 million.

APE decreased by €20 million (-6%) to €320 million. On a comparable basis, APE decreased by €20 million (-6%) in the context of the transformation of the in-force *Group Life business*, partly offset by higher new business in *Individual Life* driven by a new hybrid product launched in 2019.

NBV Margin decreased by 6.3 points to 46.7%. On a comparable basis, restated for the impact of the transformation of the in-force *Group Life business*, NBV margin decreased by 8.1 points mainly driven by lower interest rates and an adverse business mix due to a lower share of *Group Life business*.

Underlying earnings before tax increased by €18 million (+2%) to €961 million. On a constant exchange rate basis, underlying earnings before tax decreased by €18 million (-2%):

- **Property & Casualty** (€+112 million or +20%) to €693 million, as a result of an improvement in the current year combined ratio (-2.5 points) due to both lower attritional and large losses as well as a decrease of claims handling costs combined with more favorable prior year reserve developments (-1.7 points), partly offset by a lower net investment income (€-21 million);
- **Life & Savings** (€-130 million or -32%) to €285 million, mainly due to the non-repeat of the particularly low policyholder bonus in 2018 in *Group Life*, higher VBI amortization resulting from lower interest rates assumptions, the impact of the transformation of the in-force *Group Life business* as well as a decrease in the investment margin in *Individual Life*;
- **Health** remained stable at €-16 million.

Income tax expenses decreased by €18 million (-10%) to €-159 million. On a constant exchange rate basis, income tax expenses decreased by €24 million (-13%) mainly due to lower pre-tax underlying earnings combined with the impact of the reduction of the net deferred tax liability position due to the decrease in the corporate tax rate from 20% to 18.5% voted in 2019 and effective in 2020.

Underlying earnings increased by €36 million (+5%) to €798 million. On a constant exchange rate basis, underlying earnings increased by €6 million (+1%).

Adjusted earnings decreased by €39 million (-5%) to €803 million. On a constant exchange rate basis, adjusted earnings decreased by €69 million (-8%) as higher underlying earnings were more than offset by lower net realized capital gains.

Net income increased by €364 million (+93%) to €755 million. On a constant exchange rate basis, net income increased by €337 million (+86%) as lower adjusted earnings were more than offset by the non-repeat of the negative impact linked to the transformation of the in-force *Group Life business* in 2018 (€+421 million).

2

EUROPE - GERMANY

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]
Gross revenues [(b)]	**10,862**	**10,509**
Life & Savings	3,187	3,330
Property & Casualty	4,392	4,006
Health	3,259	3,131
Other [(c)]	25	41
New business		
APE	375	340
NBV Margin	55.5%	53.0%
Underlying earnings before tax	**834**	**811**
Life & Savings	174	150
Property & Casualty	489	438
Health	133	117
Other [(d)]	38	107
Income tax expenses/benefits	(255)	(233)
Minority interests	(6)	(4)
Income from affiliates and associates	-	2
Underlying earnings Group share	**573**	**576**
Net capital gains or losses attributable to shareholders net of income tax	1	127
Adjusted earnings Group share	**574**	**703**
Profit or loss on financial assets (under fair value option) and derivatives	(83)	(50)
Exceptional operations (including discontinued operations)	(3)	27
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	(6)	(4)
NET INCOME GROUP SHARE	**479**	**672**
Property & Casualty Combined Ratio	94.7%	95.6%
Health Combined Ratio	95.9%	96.3%
Protection Combined Ratio	98.1%	97.6%

(a) Restated: reclassification of German activities of AXA Life Europe (previously reported as part of Germany) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Net of intercompany eliminations.
(c) Other corresponds to banking activities.
(d) Other corresponds to banking activities and holding.

On October 1, 2018, AXA Germany increased its ownership in Roland Rechtsschutz from 41% to 60%. As a result, Roland Rechtsschutz has been fully consolidated starting from October 1, 2018. Property & Casualty comparable basis has been adjusted to include Roland Rechtsschutz gross revenues from January 1, 2018.

On October 31, 2018, AXA Germany completed the disposal of a part of its occupational pension business. Life & Savings comparable basis in Gross revenues, APE and NBV have been adjusted accordingly to exclude the contribution of this business in 2018.

Gross revenues increased by €354 million (+3%) to €10,862 million. On a comparable basis, gross revenues increased by €226 million (+2%):

- **Property & Casualty** (€+81 million or +2%) to €4,392 million, driven by **(i)** *Commercial Non-Motor* (€+52 million) mainly due to new business as well as higher average premium in *Property* and *Liability*, and **(ii)** *Personal Non-Motor* (€+47 million) due to tariff increases in Household and Legal Protection;
- **Health** (€+127 million or +4%) to €3,259 million, mainly due to the continued growth in the civil servants segment and tariff increases in full benefit insurance;

- **Life & Savings** (€+28 million or +1%) to €3,187 million, mainly due to new business in G/A capital light products (€+113 million) and *Pure Protection* (€+29 million) following the launch of a new disability product, partly offset by *Protection with Savings* (€-69 million) and traditional *G/A Savings* (€-21 million) in line with our strategy, and in *Unit-Linked* (€-19 million) due to lower sales of single premium products.

APE increased by €35 million (+10%) to €375 million. On a comparable basis, APE increased by €26 million (+7%) mainly due to higher new business in G/A capital light products (€+18 million) and *Pure Protection* (€+6 million) following the launch of a new disability product, as well as in *Health* (€+5 million) from full benefit insurance both in civil servants segment and in private segment.

NBV Margin increased by 2.5 points to 55.5% mainly reflecting a positive impact in *Health* from the update of financial assumptions.

Underlying earnings before tax increased by €23 million (+3%) to €834 million:

- **Property & Casualty** (€+52 million or +12%) to €489 million, driven by an improved current year combined ratio (-0.8 point) due to lower attritional losses mainly in *Personal Motor* from improved pricing and claims management and in Mid-Markets due to lower claims frequency;
- **Life & Savings** (€+24 million or +16%) to €174 million, mainly due to a higher investment margin from lower policyholders' participation, partly offset by higher VBI amortization reflecting the decrease in interest rates assumptions;
- **Health** (€+16 million or +14%) to €133 million, driven by both higher volumes and a lower combined ratio (-0.3 point) due to lower profit sharing;
- **Other** (€-69 million or -65%) to €38 million, from *Holding* (€-70 million) mainly due to the non-repeat of an exceptional distribution from an investment fund and higher pension costs.

Income tax expenses increased by €22 million (+10%) to €-255 million driven by higher pre-tax underlying earnings and lower positive tax one-offs (€-6 million).

Income from affiliates and associates decreased by €2 million to €0 million.

Underlying earnings decreased by €3 million (-1%) to €573 million.

Adjusted earnings decreased by €129 million (-18%) to €574 million driven by lower underlying earnings and lower net realized capital gains mainly from equities.

Net income decreased by €193 million (-29%) to €479 million driven by lower adjusted earnings and an unfavorable change in the fair value of interest rates and foreign exchange derivatives not eligible for hedge accounting, as well as from the non-repeat of the positive impact in 2018 related to the disposal of a part of the occupational pension business.

2

EUROPE - BELGIUM

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**3,405**	**3,359**
Life & Savings	1,201	1,195
Property & Casualty	2,100	2,061
Health	103	103
New business		
APE	101	64
NBV Margin	52.4%	66.5%
Underlying earnings before tax	**516**	**528**
Life & Savings	292	281
Property & Casualty	224	246
Health	2	0
Other [(b)]	(2)	1
Income tax expenses/benefits	(134)	(125)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**381**	**403**
Net capital gains or losses attributable to shareholders net of income tax	145	50
Adjusted earnings Group share	**526**	**454**
Profit or loss on financial assets (under fair value option) and derivatives	(97)	(42)
Exceptional operations (including discontinued operations)	4	3
Goodwill and other related intangible impacts	(2)	(2)
Integration and restructuring costs	(10)	(40)
NET INCOME GROUP SHARE	**420**	**373**
Property & Casualty Combined Ratio	96.3%	95.7%
Health Combined Ratio	100.8%	102.1%
Protection Combined Ratio	96.2%	96.0%

(a) Net of intercompany eliminations.
(b) Other corresponds to holding.

Gross revenues increased by €46 million (+1%) to €3,405 million. On a comparable basis, gross revenues increased by €46 million (+1%):

- **Property & Casualty** (€+39 million or +2%) to €2,100 million, primarily from *Commercial lines* (€+28 million or +3%) in Mid-Market segments, notably in the Public sector, and SMEs due to new business and tariff increases, as well as from *Personal lines* (€+11 million or +1%) in Household mainly due to tariff increases;
- **Life & Savings** (€+6 million or +1%) to €1,201 million, from *Unit-Linked* and *G/A Savings* pension products, partly offset by the decrease in *Protection with Savings* and *Pure G/A Savings* products, in line with the strategy to exit *Individual Savings* market;
- **Health** stable at €103 million.

APE increased by €37 million (+58%) to €101 million. On a comparable basis, APE increased by €37 million (+58%) mainly driven by two large Group pension contracts.

NBV Margin decreased by 14.1 points to 52.4% mainly driven by lower interest rates and large Group pension contracts, partly offset by lower expenses following efficiency gains.

Underlying earnings before tax decreased by €12 million (-2%) to €516 million:

- **Life & Savings** (€+11 million or +4%) to €292 million, driven by lower general expenses (€+9 million) mainly resulting from the cost savings program and lower deferred acquisition costs amortization due to the update of economic assumptions (€+10 million), partly offset by lower net technical margin (€-7 million) due to the non-repeat of favorable prior year reserve developments;
- **Property & Casualty** (€-22 million or -9%) to €224 million, mainly driven by a lower investment income (€-11 million) and a higher current year combined ratio (+0.8 point) due to higher attritional losses in *Personal Motor* driven by the increase in average claims costs and in *Workers' Compensation* combined with higher large losses and an exceptional negative impact on prior year premiums, partly offset by a lower expense ratio resulting from the cost savings program;
- **Health** (€+1 million) to €2 million;
- **Other** (€-3 million) to €-2 million.

Income tax expenses increased by €10 million (+8%) to €-134 million mainly driven by the non-repeat of a positive tax one-off in 2018 (€-14 million).

Underlying earnings decreased by €22 million (-5%) to €381 million.

Adjusted earnings increased by €72 million (+16%) to €526 million as lower underlying earnings were more than offset by higher net realized capital gains (€+94 million) mainly due to the exceptional sale of a building (€+85 million).

Net income increased by €47 million (+13%) to €420 million driven by higher adjusted earnings and lower restructuring costs, partly offset by an unfavorable change in the fair value of equity derivatives not eligible for hedge accounting.

EUROPE - UNITED KINGDOM & IRELAND

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**5,367**	**5,166**
Life & Savings	40	57
Property & Casualty	3,536	3,369
Health	1,790	1,740
Underlying earnings before tax	**438**	**437**
Life & Savings	(0)	3
Property & Casualty	265	250
Health	161	184
Other [(b)]	12	0
Income tax expenses/benefits	(55)	(56)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**383**	**381**
Net capital gains or losses attributable to shareholders net of income tax	2	(6)
Adjusted earnings Group share	**385**	**375**
Profit or loss on financial assets (under fair value option) and derivatives	(61)	(23)
Exceptional operations (including discontinued operations)	(14)	21
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	(18)	(3)
NET INCOME GROUP SHARE	**287**	**366**
Property & Casualty Combined Ratio	97.6%	98.4%
Health Combined Ratio	92.5%	91.2%

(a) Net of intercompany eliminations.
(b) Other corresponds to holding.

Gross revenues increased by €201 million (+4%) to €5,367 million. On a comparable basis, gross revenues increased by €163 million (+3%):

- **Property & Casualty** (€+145 million or +4%) to €3,536 million, from *Personal lines* (€+100 million or +6%) mainly in *Motor* reflecting higher new business and tariff increases, and from *Commercial lines* (€+45 million or +3%) mainly in *Property* due to higher new business and in *Motor* due to tariff increases;
- **Health** (€+36 million or +2%) to €1,790 million, mainly driven by volume growth and new partnerships in international business;
- **Life & Savings - Architas** (€-17 million or -30%) to €40 million.

Underlying earnings before tax increased by €1 million (0%) to €438 million. On a constant exchange rate basis, underlying earnings before tax decreased by €2 million (0%):

- **Property & Casualty** (€+13 million or +5%) to €265 million, due to **(i)** more favorable prior year reserve developments (-1.5 points) notably following the change in Ogden discount rate, partly offset by **(ii)** a higher current year combined ratio (+0.6 point) mainly driven by increased severity of *Motor* damage claims, higher large losses and investments in claims processes, partly offset by more favorable weather conditions, and **(iii)** lower net investment income;
- **Health** (€-24 million or -13%) to €161 million, driven by **(i)** a higher combined ratio (+1.3 points) mainly due to the non-repeat of an exceptional favorable claims experience in the second half of 2018 and higher expenses following investments in transformation programs, combined with **(ii)** lower net investment income;

- **Other** (€+11 million) to €12 million, mainly due to lower interest charges resulting from lower financing debt;
- **Life & Savings - Architas** (€-3 million) to €0 million.

Income tax expenses decreased by €1 million (-1%) to €-55 million. On a constant exchange rate basis, income tax expenses decreased by €1 million (-2%) due to lower pre-tax underlying earnings and higher positive tax one-offs (€+9 million).

Underlying earnings increased by €2 million (+1%) to €383 million. On a constant exchange rate basis, underlying earnings remained stable.

Adjusted earnings increased by €10 million (+3%) to €385 million. On a constant exchange rate basis, adjusted earnings increased by €7 million (+2%) driven by higher net realized capital gains.

Net income decreased by €79 million (-21%) to €287 million. On a constant exchange rate basis, net income decreased by €80 million (-22%) as higher adjusted earnings were more than offset by **(i)** a loss relating to the early redemption of a financing debt (€-37 million) and the non-repeat of the realized gain relating to the sale of a non-consolidated subsidiary, **(ii)** an unfavorable change in the fair value of both equity and interest rate derivatives not eligible to hedge accounting, and **(iii)** higher restructuring costs.

EUROPE - SPAIN

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**2,686**	**2,525**
Life & Savings	750	680
Property & Casualty	1,719	1,644
Health	217	202
New business		
APE	103	88
NBV Margin	60.3%	79.5%
Underlying earnings before tax	**264**	**245**
Life & Savings	75	71
Property & Casualty	175	152
Health	14	22
Income tax expenses/benefits	(62)	(59)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**202**	**186**
Net capital gains or losses attributable to shareholders net of income tax	(2)	6
Adjusted earnings Group share	**200**	**192**
Profit or loss on financial assets (under fair value option) and derivatives	(12)	(5)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangible impacts	(3)	(3)
Integration and restructuring costs	(16)	(36)
NET INCOME GROUP SHARE	**169**	**147**
Property & Casualty Combined Ratio	95.4%	96.4%
Health Combined Ratio	94.0%	89.5%
Protection Combined Ratio	92.9%	94.0%

(a) Net of intercompany eliminations.

Gross revenues increased by €160 million (+6%) to €2,686 million. On a comparable basis, gross revenues increased by €160 million (+6%):

- **Property & Casualty** (€+75 million or +5%) to €1,719 million, driven by a strong growth in *Commercial lines* (€+42 million or +11%) mainly in *Liability* and *Property*, as well as in *Personal lines* (€+33 million or +3%) mainly from higher volumes in *Motor*;
- **Life & Savings** (€+70 million or +10%) to €750 million, mainly driven by strong sales in *Unit-Linked* (€+60 million or +21%) and *Protection* (€+13 million or +7%);
- **Health** (€+15 million or +8%) to €217 million, driven by higher volumes and tariff increases.

APE increased by €15 million (+18%) to €103 million. On a comparable basis, APE increased by €15 million (+18%) mainly driven by a strong growth in *Unit-Linked* (€+9 million or +27%).

NBV Margin decreased by 19.2 points to 60.3% mainly in *Protection* driven by actuarial assumptions update on contract duration.

Underlying earnings before tax increased by €19 million (+8%) to €264 million:

- **Property & Casualty** (€+22 million or +15%) to €175 million, mainly driven by strong volumes growth combined with cost containment initiatives, more favorable prior year reserve developments and a higher investment income, partly offset by an increase in *Personal Motor* Bodily Injury average claims costs;

- **Life & Savings** (€+5 million or +7%) to €75 million, mainly driven by both higher Unit-Linked management fees and loadings on premiums in *Protection*, in line with higher volumes, partly offset by a lower investment margin;
- **Health** (€-8 million or -36%) to €14 million, mainly due to a less favorable current year profitability.

Income tax expenses increased by €3 million (+5%) to €-62 million in line with higher pre-tax underlying earnings.

Underlying earnings increased by €16 million (+9%) to €202 million.

Adjusted earnings increased by €8 million (+4%) to €200 million driven by higher underlying earnings, partly offset by lower net realized capital gains.

Net income increased by €22 million (+15%) to €169 million mainly driven by higher adjusted earnings as well as lower restructuring costs.

EUROPE - ITALY

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**6,104**	**5,418**
Life & Savings	4,266	3,653
Property & Casualty	1,746	1,688
Health	92	77
New business		
APE	368	315
NBV Margin	33.2%	30.7%
Underlying earnings before tax	**401**	**364**
Life & Savings	190	169
Property & Casualty	209	193
Health	3	1
Other [(b)]	-	0
Income tax expenses/benefits	(109)	(101)
Minority interests	(85)	(75)
Income from affiliates and associates	-	-
Underlying earnings Group share	**207**	**188**
Net capital gains or losses attributable to shareholders net of income tax	11	8
Adjusted earnings Group share	**218**	**196**
Profit or loss on financial assets (under fair value option) and derivatives	(6)	(9)
Exceptional operations (including discontinued operations)	-	(5)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(4)	(24)
NET INCOME GROUP SHARE	**208**	**158**
Property & Casualty Combined Ratio	93.3%	94.4%
Health Combined Ratio	99.2%	101.0%
Protection Combined Ratio	79.6%	80.8%

(a) Net of intercompany eliminations.
(b) Other corresponds to holding.

Gross revenues increased by €686 million (+13%) to €6,104 million. On a comparable basis, gross revenues increased by €686 million (+13%):

- **Life & Savings** (€+612 million or +17%) to €4,266 million, mainly in *G/A Savings* (€+391 million or +16%) and *Unit-Linked* (€+185 million or +21%) mainly from the sales of hybrid and *Protected Unit-Linked* products, as well as in *Protection* (€+36 million or +11%);
- **Property & Casualty** (€+58 million or +3%) to €1,746 million, from higher new business and renewals in both *Personal lines* (€+36 million or +3%) mainly in *Motor* and *Property*, and *Commercial lines* (€+22 million or +4%) mainly in *Property* and *Liability*;
- **Health** (€+15 million or +20%) to €92 million, as a result of a strong commercial focus and the good performance of a new product launched at *AXA MPS* in 2018.

APE increased by €53 million (+17%) to €368 million. On a comparable basis, APE increased by €53 million (+17%) mainly from *G/A Savings* (€+37 million or +26%), and *Unit-Linked* (€+14 million or +11%) from the sales of hybrid and *Protected Unit-Linked* products.

NBV Margin increased by 2.5 points to 33.2% mainly due to an improved product mix with higher share of hybrid products and the tightening of spreads of Italian government bonds.

Underlying earnings before tax increased by €38 million (+10%) to €401 million:

- **Life & Savings** (€+21 million or +12%) to €190 million, mainly due to higher Unit-Linked management fees (€+22 million) in line with volume growth, and a higher investment margin (€+6 million) driven by in-force growth and lower minimum guaranteed rates;
- **Property & Casualty** (€+15 million or +8%) to €209 million, mainly due to favorable prior year reserve developments (-0.8 point) as well as an improved expense ratio (-0.2 point) driven by higher volumes combined with cost containment initiatives, partly offset by a lower net investment income;
- **Health** (€+2 million) to €3 million, mainly driven by volume growth.

Income tax expenses increased by €8 million (+8%) to €-109 million driven by higher pre-tax underlying earnings, partly offset by positive tax one-offs.

Minority interests increased by €10 million (+14%) to €-85 million as a result of the increase of *AXA MPS* underlying earnings.

Underlying earnings increased by €19 million (+10%) to €207 million.

Adjusted earnings increased by €22 million (+11%) to €218 million mainly driven by higher underlying earnings.

Net income increased by €50 million (+32%) to €208 million driven by higher adjusted earnings and lower restructuring costs resulting from pre-retirement plans.

ASIA

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]
Gross revenues [(b)]	**9,860**	**8,973**
Life & Savings	6,350	5,780
Property & Casualty	1,353	1,245
Health	2,156	1,947
New business		
APE	1,614	1,520
NBV Margin	63.1%	62.2%
Underlying earnings before tax	**1,278**	**1,157**
Life & Savings	687	667
Property & Casualty	75	68
Health	529	426
Other [(c)]	(12)	(3)
Income tax expenses/benefits	(256)	(219)
Minority interests	(7)	(7)
Income from affiliates and associates	188	171
Underlying earnings Group share	**1,204**	**1,102**
Net capital gains or losses attributable to shareholders net of income tax	14	(34)
Adjusted earnings Group share	**1,218**	**1,068**
Profit or loss on financial assets (under fair value option) and derivatives	(20)	(55)
Exceptional operations (including discontinued operations)	24	4
Goodwill and other related intangible impacts	(15)	(18)
Integration and restructuring costs	(3)	(13)
NET INCOME GROUP SHARE	**1,204**	**986**
Property & Casualty Combined Ratio	97.0%	97.1%
Health Combined Ratio	76.7%	78.8%
Protection Combined Ratio	88.9%	86.8%

(a) Restated: reclassification of Japanese activities of AXA Life Europe (previously reported as part of Japan) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Net of intercompany eliminations.
(c) Other corresponds to holding.

ASIA - JAPAN

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]
Gross revenues [(b)]	**4,850**	**4,564**
Life & Savings	3,378	3,203
Health	1,472	1,361
New business		
APE	531	546
NBV Margin	120.3%	97.8%
Underlying earnings before tax	**761**	**696**
Life & Savings	290	301
Health	484	395
Other [(c)]	(12)	-
Income tax expenses/benefits	(215)	(189)
Minority interests	(7)	(7)
Income from affiliates and associates	-	-
Underlying earnings Group share	**540**	**500**
Net capital gains or losses attributable to shareholders net of income tax	4	8
Adjusted earnings Group share	**543**	**508**
Profit or loss on financial assets (under fair value option) and derivatives	(25)	(42)
Exceptional operations (including discontinued operations)	-	4
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**518**	**469**
Health Combined Ratio	69.3%	72.0%
Protection Combined Ratio	90.3%	87.7%
Average exchange rate: €1.00 = Japanese Yen	*122*	*130*

(a) Restated: reclassification of Japanese activities of AXA Life Europe (previously reported as part of Japan) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Net of intercompany eliminations.
(c) Other corresponds to holding.

Gross revenues increased by €285 million (+6%) to €4,850 million. On a comparable basis, gross revenues decreased by €24 million (-1%):

- **Life & Savings** (€-41 million or -1%) to €3,378 million, mainly due to the temporary discontinuation of the capital light *Single Premium Whole Life* product (€-149 million or -41%) as a consequence of the decrease in interest rates and lower sales of tax savings products impacted by a tax rule change (€-59 million or -4%), partly offset by *Protection with Unit-Linked* (€+171 million or +31%) from in-force growth and new business;
- **Health** (€+17 million or +1%) to €1,472 million, mainly due to both in-force growth and new business of Medical Whole Life products, partly offset by lower new business of Medical Term products.

APE decreased by €16 million (-3%) to €531 million. On a comparable basis, APE decreased by €49 million (-9%) mainly driven by lower sales of tax savings products impacted by a tax rule change (€-132 million or -61%) and the temporary discontinuation of the capital light *Single Premium Whole Life* product (€-14 million or -41%), partly offset by *Protection with Unit-Linked* (€+81 million or +50%) and *Health* (€+17 million or +16%). Excluding the decrease in sales of tax savings products, APE increased by €83 million (+25%).

NBV Margin increased by 22.5 points to 120.3% mainly driven by a favorable product mix towards *Health* and *Protection with Unit-Linked*.

Underlying earnings before tax increased by €65 million (+9%) to €761 million. On a constant exchange rate basis, underlying earnings before tax increased by €17 million (+2%):

- **Health** (€+58 million or +15%) to €484 million. Excluding the impact of a refinement of investment and expense margins allocation between Health and Life & Savings, Health underlying earnings before tax increased by €11 million (+3%) mainly due to an improved morbidity experience in Medical Whole Life products (€+7 million) and higher volumes;
- **Life & Savings** (€-29 million or -10%) to €290 million. Excluding the impact of a refinement of investment and expense margins allocation between Health and Life & Savings, Life & Savings underlying earnings before tax increased by €17 million (+6%) mainly due to an improved net technical margin;
- **Other** (€-11 million or 0%) to €-12 million, mainly due to the registration tax costs linked to the establishment of a holding company (€-5 million).

Income tax expenses increased by €25 million (+13%) to €-215 million. On a constant exchange rate basis, income tax expenses increased by €11 million (+6%) mainly driven by higher pre-tax underlying earnings combined with lower positive tax one-offs (€-15 million).

Underlying earnings increased by €40 million (+8%) to €540 million. On a constant exchange rate basis, underlying earnings increased by €6 million (+1%).

Adjusted earnings increased by €35 million (+7%) to €543 million. On a constant exchange rate basis, adjusted earnings increased by €1 million (0%) mainly driven by higher underlying earnings.

Net income increased by €49 million (+10%) to €518 million. On a constant exchange rate basis, net income increased by €16 million (+3%) mainly driven by a less unfavorable change in the fair value of derivatives not eligible for hedge accounting.

ASIA - HONG KONG

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**3,829**	**3,305**
Life & Savings	2,917	2,521
Property & Casualty	271	240
Health	640	545
New business		
APE	486	456
NBV Margin	44.4%	47.2%
Underlying earnings before tax	**463**	**404**
Life & Savings	393	358
Property & Casualty	29	22
Health	41	25
Income tax expenses/benefits	(29)	(13)
Minority interests	(0)	-
Income from affiliates and associates	-	-
Underlying earnings Group share	**434**	**391**
Net capital gains or losses attributable to shareholders net of income tax	1	(2)
Adjusted earnings Group share	**435**	**389**
Profit or loss on financial assets (under fair value option) and derivatives	7	(5)
Exceptional operations (including discontinued operations)	(14)	-
Goodwill and other related intangible impacts	(14)	(15)
Integration and restructuring costs	(1)	(13)
NET INCOME GROUP SHARE	**413**	**357**
Property & Casualty Combined Ratio	94.7%	95.5%
Health Combined Ratio	93.6%	95.6%
Protection Combined Ratio	86.8%	85.4%
Average exchange rate: €1.00 = Hong Kong Dollar	*8.77*	*9.26*

(a) Net of intercompany eliminations.

Gross revenues increased by €524 million (+16%) to €3,829 million. On a comparable basis, gross revenues increased by €324 million (+10%):

- **Life & Savings** (€+244 million or +10%) to €2,917 million, mainly in *Protection with Savings* (€+219 million or +12%) driven by in-force growth in broker and agency channels, as well as higher new business in broker channel, and *Unit-Linked* (€+41 million or +27%) due to growth in single premium new business;
- **Health** (€+62 million or +11%) to €640 million, mainly driven by higher volumes and tariff increases in both *Individual* and *Group businesses*;
- **Property & Casualty** (€+18 million or +7%) to €271 million, mainly due to higher volumes in both *Personal* and *Commercial lines* as well as tariff increases in *Commercial lines*.

APE increased by €30 million (+7%) to €486 million. On a comparable basis, APE increased by €4 million (+1%) driven by strong sales in *Protection with Savings* (€+67 million or +23%), partly offset by lower sales in *G/A Savings* (€-46 million or -56%) and *Group Health* (€-14 million or -58%).

NBV Margin decreased by 2.8 points to 44.4% mainly driven by a change in distribution mix combined with low interest rates.

Underlying earnings before tax increased by €59 million (+15%) to €463 million. On a constant exchange rate basis, underlying earnings before tax increased by €35 million (+9%):

- **Life & Savings** (€+15 million or +4%) to €393 million, mainly due to volume growth;
- **Health** (€+15 million or +59%) to €41 million, mainly driven by a better claims experience combined with volume growth;
- **Property & Casualty** (€+6 million or +26%) to €29 million, mainly due to volume growth in both *Personal* and *Commercial lines*, and pricing actions mostly in *Workers' Compensation*.

Income tax expenses increased by €17 million (+130%) to €-29 million. On a constant exchange rate basis, income tax expenses increased by €15 million (+118%) driven by higher pre-tax underlying earnings combined with lower positive tax one-offs (€-7 million).

Underlying earnings increased by €43 million (+11%) to €434 million. On a constant exchange rate basis, underlying earnings increased by €20 million (+5%).

Adjusted earnings increased by €46 million (+12%) to €435 million. On a constant exchange rate basis, adjusted earnings increased by €23 million (+6%) mainly driven by higher underlying earnings.

Net income increased by €56 million (+16%) to €413 million. On a constant exchange rate basis, net income increased by €35 million (+10%) mainly driven by higher adjusted earnings and lower restructuring costs.

ASIA - HIGH POTENTIALS

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**163**	**153**
Life & Savings	55	56
Property & Casualty	67	58
Health	41	39
New business		
APE	598	517
NBV Margin	27.5%	37.9%
Underlying earnings before tax	**7**	**6**
Life & Savings	4	8
Property & Casualty	(0)	(8)
Health	3	6
Income tax expenses/benefits	2	(2)
Minority interests	0	0
Income from affiliates and associates	188	171
Underlying earnings Group share	**197**	**176**
Net capital gains or losses attributable to shareholders net of income tax	11	(40)
Adjusted earnings Group share	**208**	**136**
Profit or loss on financial assets (under fair value option) and derivatives	(7)	(8)
Exceptional operations (including discontinued operations)	38	-
Goodwill and other related intangible impacts	0	(2)
Integration and restructuring costs	(2)	-
NET INCOME GROUP SHARE	**238**	**126**
Property & Casualty Combined Ratio	102.9%	114.3%
Health Combined Ratio	95.0%	90.1%
Protection Combined Ratio	111.0%	103.9%

(a) Net of intercompany eliminations.

Scope: (i) The Property & Casualty subsidiary in Thailand and the non-bancassurance Life & Savings subsidiary in Indonesia are fully consolidated; **(ii)** the Property & Casualty subsidiary in China (AXA Tianping) has been fully consolidated as at December 31, 2019, and therefore contributes only to the underlying earnings, adjusted earnings and net income; **(iii)** the Joint-Ventures in China, the Philippines, Thailand, and Indonesia are consolidated under the equity method and contribute only to the non-GAAP financial measures and net income.

Gross revenues increased by €10 million (+7%) to €163 million. On a comparable basis, gross revenues decreased by €2 million (-1%):

- **Property & Casualty** (€+3 million or +5%) to €67 million, in *Thailand* mainly from *Personal Motor* (€+5 million or +22%), partly offset by pruning actions in *Commercial lines* (€-2 million or -8%) mainly in *Property*;
- **Life & Savings** (€-4 million or -8%) to €55 million, in *Indonesia* driven by *Protection with Savings* (€-6 million or -16%) reflecting lower volumes in the agency channel;
- **Health** remained stable at €41 million, as lower revenues in *Thailand* (€-3 million or -26%) due to the loss of a large contract were offset by higher volumes in *Indonesia* (€+3 million or +11%) mainly driven by higher new business as well as renewals from the agency channel.

APE increased by €81 million (+16%) to €598 million. On a comparable basis, APE increased by €55 million (+11%):

- *China* (€+68 million or +32%) to €286 million, due to strong sales of *G/A Savings* products during the Chinese New Year (€+69 million or +48%);
- *Thailand* (€-11 million or -8%) to €141 million, mainly driven by lower sales of *Unit-Linked* products (€-10 million or -95%);
- *Indonesia* remained stable at €118 million;
- *The Philippines* (€-3 million or -5%) to €53 million, in *Protection with Savings* (€-6 million or -13%) due to lower sales in the bancassurance channel.

NBV Margin decreased by 10.3 points to 27.5%. On a comparable basis, NBV Margin decreased by 10.2 points mainly driven by strong sales of low-margin *G/A Savings* products in *China* during the Chinese New Year as well as lower interest rates in *Thailand*.

Underlying earnings before tax increased by €1 million (+24%) to €7 million. On a constant exchange rate basis, underlying earnings before tax increased by €1 million (+16%):

- **Life & Savings** (€-4 million or -54%) to €4 million, in *Indonesia* mainly driven by lower volumes;
- **Health** (€-3 million or -49%) to €3 million, primarily in *Indonesia* (€-2 million) mainly driven by higher marketing expenses;
- **Property & Casualty** (€+8 million) to €0 million, in *Thailand* mainly driven by the favorable impact of pruning actions in *Commercial lines*.

Income tax expenses decreased by €4 million to €2 million. On a constant exchange rate basis, income tax expenses decreased by €3 million mainly driven by lower pre-tax underlying earnings in *Indonesia*, partly offset by higher pre-tax underlying earnings in *Thailand*.

Income from affiliates and associates increased by €17 million (+10%) to €188 million. On a constant exchange rate basis, income from affiliates and associates increased by €5 million (+3%):

- *Thailand* (€+23 million or +42%) to €84 million, mainly due to a higher net investment income as well as lower expenses in *Life & Savings* combined with a better claims experience following pruning actions in *Health*;
- *Indonesia* (€0 million or +1%) to €42 million, mainly driven by higher volumes from a new product launched in *Health*, partly offset by higher expenses in *Life & Savings*;
- *The Philippines* (€+6 million or +28%) to €30 million, mainly driven by a favorable change in business mix;
- *China* (€-25 million or -44%) to €32 million, mainly driven by higher acquisition expenses, a lower net investment margin and a negative impact of financial assumptions update, partly offset by favorable tax impacts.

Underlying earnings increased by €22 million (+12%) to €197 million. On a constant exchange rate basis, underlying earnings increased by €9 million (+5%).

Adjusted earnings increased by €72 million (+53%) to €208 million. On a constant exchange rate basis, adjusted earnings increased by €59 million (+44%) driven by higher underlying earnings and the non-repeat of net realized capital losses in *China* due to the negative equity market performance in 2H18.

Net income increased by €111 million (+88%) to €238 million. On a constant exchange rate basis, net income increased by €100 million (+79%) driven by higher adjusted earnings combined with the positive accounting impact related to the full consolidation of *AXA Tianping*.

AXA XL

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**18,741**	**6,287**
Life & Savings	188	45
Property & Casualty Insurance	9,123	3,354
Property & Casualty Specialty	4,940	1,794
Property & Casualty Reinsurance	4,489	1,093
Underlying earnings before tax	**634**	**(178)**
Life & Savings	13	5
Property & Casualty Insurance & Specialty	382	103
Property & Casualty Reinsurance	330	(277)
Other [(b)]	(91)	(10)
Income tax expenses/benefits	(125)	(70)
Minority interests	0	18
Income from affiliates and associates	(2)	(3)
Underlying earnings Group share	**507**	**(233)**
Net capital gains or losses attributable to shareholders net of income tax	78	(27)
Adjusted earnings Group share	**585**	**(260)**
Profit or loss on financial assets (under fair value option) and derivatives	(16)	(63)
Exceptional operations (including discontinued operations)	(51)	(29)
Goodwill and other related intangible impacts	(39)	(10)
Integration and restructuring costs	(307)	(67)
NET INCOME GROUP SHARE	**173**	**(428)**
Property & Casualty Combined Ratio	101.5%	108.6%
Protection Combined Ratio	105.4%	89.2%

(a) Net of intercompany eliminations.
(b) Other corresponds to holding.

The comparable basis includes XL Group contribution to Gross revenues from January 1, 2018, to September 30, 2018. AXA Corporate Solutions Assurance and AXA Art contributions were not adjusted, as they were fully included in 2018 reported figures.

Gross revenues increased by €12,454 million to €18,741 million. On a comparable basis, gross revenues increased by €1,676 million (+10%):

- **Property & Casualty Insurance** (€+1,337 million or +18%) to €9,123 million, mainly driven by both volume growth and tariff increases across most lines of business, notably *North America Professional* (€+383 million or +36%), including a new significant multi-year contract written in the first quarter, *International Property* (€+198 million or +15%), and *North America Property* (€+145 million or +32%);
- **Property & Casualty Specialty** (€+261 million or +6%) to €4,940 million, driven by both volume growth and tariff increases across most lines of business, notably in *Political Risks* (€+102 million or +33%), as well as in *Accident & Health* (€+67 million or +24%) and *Fine Art & Specie* (€+66 million or +15%);
- **Property & Casualty Reinsurance** (€+85 million or +2%) to €4,489 million, driven by both volume growth and tariff increases in *Specialty and Other* lines (€+161 million or +10%) mainly from *North America Agriculture*, *Lloyds Whole Accounts* and *Credit & Surety*, partly offset by lower premiums in *Property Cat* (€-95 million or -11%) reflecting a reduced Nat Cat exposure;
- **Life & Savings** remained stable at €188 million, as the underlying business is in run-off.

Underlying earnings before tax reported were €634 million:

- **Property & Casualty** reported earnings were €711 million mainly driven by a strong net investment income and the emergence of expense synergies related to the integration within AXA. This was partly offset by current year catastrophe losses in excess of the normalized level in 2H19 (€-0.4 billion), notably from Typhoons Hagibis (€-0.2 billion) and Faxai (€-0.1 billion) in Japan and Hurricane Dorian (€-0.1 billion) in the Bahamas and in the United States, as well as elevated levels of large non-catastrophe losses and a higher current year loss ratio primarily in long-tail lines of business reflecting an update in assumptions related to claims inflation;

- **Life & Savings** reported earnings were €13 million;
- **Other** reported earnings were €-91 million mainly driven by interest expenses on financing debt.

Income tax expenses reported were €-125 million reflecting positive pre-tax underlying earnings.

Underlying earnings reported were €507 million.

Adjusted earnings reported were €585 million reflecting underlying earnings (€507 million) as well as net realized capital gains mainly on fixed-income assets and equity instruments.

Net income reported was €173 million reflecting adjusted earnings (€585 million), integration and restructuring costs (€-307 million) linked to the integration within AXA, exceptional operations (€-51 million) due to the repurchase of financing debt, and amortization of intangible assets (€-39 million) related to distribution networks.

INTERNATIONAL

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [a]	**7,078**	**6,535**
Life & Savings	1,328	1,285
Property & Casualty	3,888	3,722
Health	1,550	1,295
Other [b]	313	233
New business		
APE	254	262
NBV Margin	43.9%	36.5%
Underlying earnings before tax	**577**	**435**
Life & Savings	78	67
Property & Casualty	410	305
Health	32	25
Other [c]	58	39
Income tax expenses/benefits	(153)	(92)
Minority interests	(61)	(47)
Income from affiliates and associates	103	104
Underlying earnings Group share	**466**	**400**
Net capital gains or losses attributable to shareholders net of income tax	(9)	(4)
Adjusted earnings Group share	**457**	**396**
Profit or loss on financial assets (under fair value option) and derivatives	12	39
Exceptional operations (including discontinued operations)	(599)	(17)
Goodwill and other related intangible impacts	(23)	(29)
Integration and restructuring costs	(16)	(35)
NET INCOME GROUP SHARE	**(169)**	**355**
Property & Casualty Combined Ratio	97.2%	100.6%
Health Combined Ratio	99.3%	99.6%
Protection Combined Ratio	99.1%	98.8%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities.
(c) Other corresponds to banking activities and holding.

Scope: (i) Mexico, the Gulf Region, Colombia, Singapore, Turkey, Poland, Morocco, AXA Bank Belgium, Malaysia Property & Casualty, Luxembourg, the Czech Republic Life & Savings, the Slovak Republic Life & Savings, Greece and Brazil are fully consolidated; **(ii)** Russia (Reso), India, Nigeria and Lebanon are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income.

Gross revenues increased by €543 million (+8%) to €7,078 million. On a comparable basis, gross revenues increased by €395 million (+6%):

- **Property & Casualty** (€+174 million or +5%) to €3,888 million driven by:
  - *Mexico* (€+16 million or +2%) to €867 million, mainly driven by higher new business mainly in *Personal Motor*,
  - *Turkey* (€+95 million or +18%) to €551 million, mainly from tariff increases in *Motor* and higher volumes in *Commercial Property*,
  - *Colombia* (€+77 million or +17%) to €517 million, driven by higher volumes in *Protection* and *Workers' Compensation*,
  - *The Gulf Region* (€-13 million or -3%) to €466 million, in *Commercial lines* mainly driven by a further reduction of the size of a large *Motor* fleet, partly offset by higher volumes in *Property* and *Protection*,
  - *Poland* (€-9 million or -2%) to €427 million, mainly due to lower revenues in *Personal Motor* from softening market trends, partly offset by higher sales in *Commercial lines,*

- *Morocco* (€+24 million or +9%) to €289 million, mainly due to higher new business in *Personal Motor*,
- *Malaysia* (€-18 million or -7%) to €241 million, mainly due to lower sales reflecting strong market competition;

- **Health** (€+186 million or +14%) to €1,550 million, mainly in **(i)** *Mexico* (€+104 million or +16%) to €801 million from the acquisition of several new large accounts and tariff increases, **(ii)** *the Gulf Region* (€+50 million or +16%) to €385 million mainly from large accounts, and **(iii)** *Turkey* (€+23 million or +51%) to €61 million from tariff increases and higher new business;
- **Life & Savings** (€+33 million or €+3%) to €1,328 million, mainly driven by **(i)** *Singapore* (€+15 million or +6%) to €293 million from higher volumes across all lines of business, **(ii)** *Luxembourg* (€+30 million or +23%) to €160 million driven by a large account in *Unit-Linked*, partly offset by a decrease in **(iii)** *Colombia* (€-44 million or -25%) to €121 million mostly due to *G/A Savings* run-off portfolio;
- **Other** (€+2 million or +1%) to €313 million, at *AXA Bank Belgium*.

APE decreased by €8 million (-3%) to €254 million. On a comparable basis, APE decreased by €13 million (-5%) mainly driven by **(i)** *Singapore* (€-15 million or -15%) to €88 million from strong market competition mainly in *Unit-Linked*, partly offset by **(ii)** *India* (€+2 million or +6%) to €41 million and **(iii)** *Poland* (€+3 million or +8%) to €35 million both from *Protection*.

NBV Margin increased by 7.5 points to 43.9%. On a comparable basis, NBV Margin increased by 7.6 points mainly in *Poland* from a more favorable business mix towards *Protection* and lower expenses.

Underlying earnings before tax increased by €142 million (+33%) to €577 million. On a constant exchange rate basis, underlying earnings before tax increased by €140 million (+32%):

- **Property & Casualty** (€+105 million or +34%) to €410 million, mainly driven by **(i)** *Morocco* (€+40 million) from higher prior year reserve developments, **(ii)** *Brazil* (€+23 million) from a more favorable claims experience, **(iii)** *Mexico* (€+22 million) from an improved net technical margin mainly in *Motor* and a higher net investment income, **(iv)** *Poland* (€+17 million) from higher prior year reserve developments mainly in *Motor* and a higher net investment income, and **(v)** *Colombia* (€+7 million) from an improved net technical margin mainly in *Workers' Compensation.* This was partly offset by **(vi)** *Singapore* (€-8 million) from lower prior year reserve developments, partly offset by a more favorable claims experience;
- **Life & Savings** (€+10 million or +15%) to €78 million, mainly driven by lower expenses (€+17 million);
- **Other** (€+19 million or +49%) to €58 million, from *AXA Bank Belgium* (€+10 million) mainly driven by higher fees and lower expenses, and *Holdings* (€+9 million);
- **Health** (€+6 million or +24%) to €32 million, mainly driven by business growth.

Income tax expenses increased by €60 million (+65%) to €-153 million. On a constant exchange rate basis, income tax expenses increased by €60 million (+65%) mainly driven by higher pre-tax underlying earnings combined with negative impact of tax one-offs (€-14 million in 2019 *vs.* €+11 million in 2018).

Minority interests increased by €14 million (+30%) to €-61 million. On a constant exchange rate basis, minority interests increased by €13 million (+29%) as a result of higher underlying earnings in *the Gulf Region* and *Colombia*.

Income from affiliates and associates decreased by €2 million (-2%) to €103 million. On a constant exchange rate basis, income from affiliates and associates remained stable.

Underlying earnings increased by €66 million (+16%) to €466 million. On a constant exchange rate basis, underlying earnings increased by €66 million (+17%).

Adjusted earnings increased by €61 million (+15%) to €457 million. On a constant exchange rate basis, adjusted earnings increased by €61 million (+15%) mainly driven by higher underlying earnings.

Net income decreased by €524 million (-147%) to €-169 million. On a constant exchange rate basis, net income decreased by €521 million (-147%) as higher adjusted earnings were more than offset by the negative impact related to the expected loss on the upcoming disposal of *AXA Bank Belgium* (€-590 million).

TRANSVERSAL & CENTRAL HOLDINGS

(in Euro million, except percentages)	December 31, 2019	December 31, 2018 restated [(a)]
Gross revenues [(b)]	**2,959**	**2,913**
Life & Savings	230	234
Property & Casualty	1,319	1,290
Health	184	146
Other [(c)]	1,225	1,243
Underlying earnings before tax	**(662)**	**(448)**
Life & Savings	71	34
Property & Casualty	91	208
Health	(6)	(17)
Other [(d)]	(819)	(673)
Income tax expenses/benefits	219	154
Minority interests	(7)	(8)
Income from affiliates and associates	21	20
Underlying earnings Group share	**(429)**	**(282)**
Net capital gains or losses attributable to shareholders net of income tax	(16)	(14)
Adjusted earnings Group share	**(445)**	**(295)**
Profit or loss on financial assets (under fair value option) and derivatives	(621)	(77)
Exceptional operations (including discontinued operations)	(831)	(91)
Goodwill and other related intangible impacts	(1)	(1)
Integration and restructuring costs	(35)	(64)
NET INCOME GROUP SHARE	**(1,932)**	**(527)**
Property & Casualty Combined Ratio	98.5%	89.9%
Health Combined Ratio	102.8%	110.4%

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe.
(b) Net of intercompany eliminations.
(c) Other corresponds to asset management activities.
(d) Other corresponds to asset management activities and holding.

AXA INVESTMENT MANAGERS ("AXA IM")

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**1,225**	**1,243**
Underlying earnings before tax	**348**	**343**
Income tax expenses/benefits	(97)	(85)
Minority interests	(7)	(8)
Income from affiliates and associates	20	19
Underlying earnings Group share	**264**	**270**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**264**	**270**
Profit or loss on financial assets (under Fair Value option) and derivatives	(15)	(1)
Exceptional operations (including discontinued operations)	1	(53)
Goodwill and other related intangibles impacts	(1)	(1)
Integration and restructuring costs	(4)	(40)
NET INCOME GROUP SHARE	**245**	**175**
Average Assets under Management *(in Euro billion)*	673	642
Asset management fee bps	16.5	17.1
Underlying cost income ratio	72.0%	72.1%

(a) Net of intercompany eliminations. Gross Revenues amounted to €1,547 million before intercompany eliminations as of December 31, 2019.

Assets under Management ("AUM") increased by €71 billion from December 31, 2018, to €801 billion at the end of December 31, 2019, driven by €+58 billion positive market effects from both lower interest rates and favorable foreign exchange rate impact, and €+13 billion net inflows from **(i)** Main Fund (€+18 billion) of which €+8 billion linked to the ongoing integration of *XL Group,* and **(ii)** Third-Party clients (€+4 billion), partly offset by **(iii)** net outflows from Asian joint ventures (€-9 billion) mainly from the China subsidiary due to changes in regulatory requirements.

Management fee bps decreased by 0.5 bps to 16.5 bps. On a constant exchange rate basis, management fee bps decreased by 0.7 bps mainly due to an unfavorable change in product mix.

Gross revenues decreased by €19 million (-1%) to €1,225 million. On a comparable basis, gross revenues decreased by €27 million (-2%) mainly driven by lower performance fees including realized carried interests (€-24 million) and distribution fees (€-7 million), partly offset by higher transaction fees (€+7 million).

Underlying earnings before tax increased by €4 million (+1%) to €348 million. On a constant exchange rate basis, underlying earnings before tax increased by €2 million (+1%) as a result of lower expenses from efficiency initiatives, partly offset by lower gross revenues.

The underlying cost income ratio remained stable at 72.0%. On a constant exchange rate basis, the underlying cost income ratio decreased by 0.2 point.

Income tax expenses increased by €12 million (+14%) to €-97 million. On a constant exchange rate basis, income tax expenses increased by €11 million (+13%) mainly driven by the non-repeat of the impact of a low tax regime on realized carried interests.

Income from affiliates and associates increased by €2 million (+8%) to €20 million. On a constant exchange rate basis, income from affiliates and associates increased by €1 million (+8%).

Underlying earnings and adjusted earnings decreased by €6 million (-2%) to €264 million. On a constant exchange rate basis, underlying earnings and adjusted earnings decreased by €8 million (-3%).

Net income increased by €70 million (+40%) to €245 million. On a constant exchange rate basis, net income increased by €68 million (+39%) mainly driven by the non-repeat of an exceptional tax charge related to the transfer of *AB* shares to *Equitable Holdings, Inc.* in the context of its IPO completed in 2018 and lower restructuring costs.

AXA ASSISTANCE

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Gross revenues [(a)]	**1,415**	**1,331**
Property & Casualty	1,231	1,185
Health	184	146
Underlying earnings before tax	**6**	**20**
Property & Casualty	12	36
Health	(6)	(17)
Income tax expenses/benefits	(9)	(16)
Minority interests	(0)	(0)
Income from affiliates and associates	1	1
Underlying earnings Group share	**(2)**	**4**
Net capital gains or losses attributable to shareholders net of income tax	0	(2)
Adjusted earnings Group share	**(2)**	**2**
Profit or loss on financial assets (under fair value option) and derivatives	(4)	(7)
Exceptional operations (including discontinued operations)	(10)	2
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(5)	(8)
NET INCOME GROUP SHARE	**(21)**	**(11)**
Property & Casualty Combined Ratio	99.5%	97.8%
Health Combined Ratio	102.8%	110.4%

(a) Net of intercompany eliminations.

Gross revenues increased by €84 million (+6%) to €1,415 million. On a comparable basis, gross revenues increased by €93 million (+7%):

- **Property & Casualty** (€+57 million or +5%) to €1,231 million, from higher volumes in both *Non-Motor* (€+47 million or +7%) notably in Travel and Consumer Electronics, and *Motor* (€+11 million or +2%);
- **Health** (€+36 million or +25%) to €184 million, mainly due to higher new business.

Underlying earnings before tax decreased by €13 million (-69%) to €6 million:

- **Property & Casualty** (€-24 million or -67%) to €12 million, mainly driven by higher commissions from a change in business mix, notably in Home, as well as higher investments to improve customer experience and simplification, partly offset by lower attritional losses in Home and *Motor*;
- **Health** (€+11 million or +65%) to €-6 million, mainly from higher volumes combined with lower expenses, partly offset by higher attritional losses due to an increase in service usage.

Income tax expenses decreased by €7 million (-42%) to €-9 million driven by lower pre-tax underlying earnings and a favorable change in country mix.

Underlying earnings decreased by €6 million to €-2 million.

Adjusted earnings decreased by €4 million to €-2 million.

Net income decreased by €11 million to €-21 million driven by lower adjusted earnings combined with higher restructuring costs and losses on exceptional operations.

AXA SA

(in Euro million, except percentages)	December 31, 2019	December 31, 2018
Underlying earnings Group share	**(810)**	**(703)**
Net capital gains or losses attributable to shareholders net of income tax	36	(23)
Adjusted earnings Group share	**(774)**	**(726)**
Profit or loss on financial assets (under fair value option) and derivatives	(587)	(68)
Exceptional operations (including discontinued operations)	(556)	(16)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(11)	(9)
NET INCOME GROUP SHARE	**(1,928)**	**(819)**

Underlying earnings decreased by €107 million to €-810 million mainly driven by **(i)** temporary higher financial charges, notably in the context of the acquisition of *XL Group* and the change in the accounting methodology of the mandatory exchangeable bonds triggered by the deconsolidation of *Equitable Holdings, Inc.*, as well as **(ii)** tax paid on higher dividends received from subsidiaries.

Adjusted earnings decreased by €48 million to €-774 million mainly driven by lower underlying earnings, partly offset by the positive impact of derivatives set up to reduce the Group exposure to equities.

Net income decreased by €1,108 million to €-1,928 million mainly due to **(i)** an unfavorable change in the fair value of derivatives not eligible for hedge accounting, **(ii)** the negative impact linked to the deconsolidation of *Equitable Holdings, Inc.*, and **(iii)** the non-repeat of the 2018 one-off benefit from the reimbursement of the tax paid on dividends received from European subsidiaries held for more than 95% following the decision from the European Court of Justice.

2.4 LIQUIDITY AND CAPITAL RESOURCES

Information in this section should be read in conjunction with Note 4 - "Financial and insurance Risk Management" in Part 5 - "Consolidated Financial Statements" of this Annual Report. The report of the Statutory Auditors on the Consolidated Financial Statements covers only the information included in Note 4.

Liquidity management is a core part of the Group's financial planning and includes debt profile scheduling and, more generally, the Group's capital allocation process. Liquidity resources result mainly from Insurance and Asset Management operations, as well as from capital raising activities and committed bank credit lines.

Over the past several years, the Group has expanded its core operations ((re)insurance and Asset Management) through a combination of organic growth, direct investments and acquisitions. This expansion has been funded primarily through a combination of **(i)** dividends received from operating subsidiaries, **(ii)** proceeds from debt instruments issuance (mainly subordinated debt) and internal borrowings, **(iii)** the issuance of ordinary shares and **(iv)** proceeds from the sale of non-core businesses and assets, including equity participations.

Each of the major operating subsidiaries of the Group is responsible for managing its own liquidity position, in coordination with the Company. The Company, as the holding company of the AXA Group, coordinates funding and liquidity management and, in this role, participates in financing the operations of certain of its subsidiaries. Certain of AXA's subsidiaries, including XL Group Limited, AXA Konzern AG, AXA UK Plc. and AXA Mediterranean Holding SA, are also holding companies and consequently, depend on dividends received from their own subsidiaries to meet their obligations. The Group's operating (re)insurance companies are required to meet multiple regulatory constraints, in particular, a minimum solvency ratio. The level of internal dividends paid by operating subsidiaries must therefore take into account these constraints. Cash positions also fluctuate as a result of cash-settled margin calls from counterparties related to collateral agreements on derivatives. The Company's statutory results may be significantly impacted by unrealized gains and losses on derivatives used to hedge, in particular, currency and interest rate risks. In the context of the regular review of its exchange rate hedging strategy and its effectiveness, the Company has adjusted in 2020 the protection of its net foreign-currency investments in its main subsidiaries outside the Eurozone to focus it on near term expected cash flows.

The Company anticipates that cash dividends received from its operating subsidiaries and other financing sources available to the Company will continue to cover its operating expenses (including interest payments on its outstanding debt and borrowings) and dividend payments until the end of the strategic plan. AXA expects that anticipated investments in subsidiaries and existing operations, future acquisitions and strategic investments will be funded from available cash flow remaining after payments of dividends and operating expenses, proceeds from the sale of non-strategic assets and businesses as well as future issuance of debt and/or equity instruments.

As a holding company, AXA is not subject to legal restrictions on dividend payments, provided that its accumulated profits are sufficient to cover distributions. However, many subsidiaries, particularly insurance subsidiaries, are subject to local regulatory restrictions on the amount of dividends they can pay to their shareholders. For more information on these restrictions, see Note 29.4 "Other items: restrictions on dividend payments to shareholders" in Part 5 - "Consolidated Financial Statements" and paragraph "The Group's or its insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position" in Section 4.1 "Risk Factors" [1] of this Annual Report.

(1) The information provided in this Section 4.1 is not required under IFRS and as such is not part of the Consolidated Financial Statements.

Liquidity, sources and needs for Group operating subsidiaries

The principal sources of liquidity for the Group's insurance subsidiaries are premiums, investment income and proceeds from sales of invested assets. These funds are mainly used to pay policyholder benefits, claims and claims expenses, policy surrenders and other operating expenses and to purchase financial assets and meet potential collateral exchange obligations in relation to derivatives. The liquidity of the Group's insurance operations is affected by, among other things, the overall quality of the Group's investments and the Group's ability to liquidate its financial assets in a timely manner and to meet policyholder benefits and insurance claims as they fall due. The Group regularly reviews the quality of its assets to ensure adequate liquidity in stress scenarios.

Information on projected payments and surrenders related to Life & Savings and Property & Casualty insurance contracts are disclosed in Note 14.10.1 - "Payment and surrender projections" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

PROPERTY & CASUALTY (INCLUDING REINSURANCE AND HEALTH)

Liquidity needs of Property & Casualty subsidiaries can be affected by actual claims experience. Property & Casualty Insurance's net cash flows are generally positive. They can be negative in the case of exceptional loss events, such as natural or man-made catastrophe events. A portion of these cash flows is invested in liquid, short-term bonds and other listed securities in order to manage the liquidity risk that may arise from such events.

LIFE & SAVINGS (INCLUDING HEALTH)

Liquidity needs of Life & Savings subsidiaries can be affected by a number of factors including fluctuations in the level of surrenders, withdrawals, maturities and guarantees to policyholders including guarantees in the form of minimum income benefits or death benefits, particularly in the Variable Annuity business.

The investment strategy of AXA's Life & Savings subsidiaries is designed to match the investment returns and estimated maturities of their investments with expected cash flows on their insurance contracts. Entities regularly monitor the valuation and duration of their investments and the performance of their financial assets. Financial market performance may affect the level of surrenders and withdrawals on life insurance policies, as well as immediate and projected long-term cash needs. Group operating entities seek to adjust their investment portfolios to reflect such considerations and react in a targeted manner.

ASSET MANAGEMENT AND BANKING

The principal sources of liquidity for AXA's Asset Management and Banking subsidiaries are operating cash flows, repurchase agreements, borrowings from credit institutions, banking clients, drawings on credit facilities, proceeds from the issuance of ordinary shares (where applicable).

The financing needs of Asset Management subsidiaries arise principally from their activities, which require working capital, in particular to finance prepaid commissions on some mutual fund-type products at AB or to constitute seed money for new funds at both AB [(1)] and AXA Investment Managers.

(1) Deconsolidated in 2019 (please refer to Note 3 - "Consolidated statement of income by segment"- Part 5 - "Consolidated Financial Statements" of this Annual Report).

Liquidity position

In 2019, AXA continued to follow a prudent approach to manage its liquidity risk. At year-end 2019, AXA had:

- a large cash position across all business lines (information on cash flows from operations is provided in Note 12 "Cash and cash equivalents" in Part 5 - "Consolidated Financial Statements" of this Annual Report). As of December 31, 2019, AXA's consolidated statement of financial position included cash and cash equivalents of €21.3 billion, net of bank overdrafts of €0.7 billion.
- broad access to various markets *via* standardized debt programs: for example, at the end of 2019, this included a maximum capacity of €6.0 billion of French commercial paper, $2.0 billion of US commercial paper, €18.0 billion under a Euro Medium Term Note ("EMTN") program (of which €15.3 billion have already been issued) and €1.5 billion of French *titres négociables à moyen terme*;
- a debt profile characterized by debt that is mostly subordinated, with a long maturity profile. In 2019, AXA SA reimbursed €1.8 [(1)] billion of debts and we stand at €19.9 [(2)] billion at year-end 2019. This resulted in a decrease in debt gearing [(3)] (28.8% at year-end 2019, *versus* 32.1% at year-end 2018). The interest coverage [(4)] has slightly increased (10.5x at year-end 2019, *versus* 10.4x at year-end 2018).

AXA has put in place a robust liquidity Risk Management framework which is reviewed on a regular basis through a quarterly monitoring of liquidity and solvency requirements in stressed environments both at local and Group level. For additional information, please refer to Section 4.2 "Internal control and Risk Management" [(5)] and Section 4.5 "Liquidity risk" [(6)] of this Annual Report.

At year-end 2019, Group entities held, in the aggregate, more than €241 billion of government and related bonds of which €150 billion issued by Eurozone countries, which enables them to address local liquidity needs through highly liquid assets. AXA SA also reduced its credit lines to €8.5 billion at year-end 2019 (€12.3 billion in 2018). AXA has its own liquidity requirements resulting mainly from solvency needs of entities under severe stress scenarios and collateralized derivatives held by AXA SA. The derivatives book is monitored and managed on a daily basis by the Treasury Department.

In addition, as part of its risk control framework, the Company remains vigilant regarding contractual provisions, such as rating triggers or restrictive covenants in financing and other documentation that may give lenders, security holders or other counterparties, the right to accelerate repayment, demand collateral or seek other similar remedies under circumstances that could have a material adverse effect on the Group's consolidated financial position. At year-end 2019, AXA had no rating triggers and no financial covenants in its credit facilities.

SUBORDINATED DEBT

On a consolidated basis, subordinated debt that qualifies as financing debt (excluding derivative instruments) amounted to €11,393 million as of December 31, 2019 (€11,294 million including derivatives) after taking into account all intra-group eliminations and excluding undated subordinated debt that qualifies as equity (TSS/TSDI, which are included in shareholders' equity, as described in Note 1.13.2 "Undated subordinated debt" in Part 5 - "Consolidated Financial Statements" of this Annual Report), compared to €11,200 million as of December 31, 2018 (€10,876 million including derivatives), thus showing an increase of €193 million mainly driven by the FX impact of debts denominated in foreign currencies.

The Group's subordinated debt is described in Note 17 "Financing debt" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

(1) Including preference shares and undated debt.

(2) Includes Mandatory Exchangeable Bonds.

(3) Debt gearing is defined in the Glossary set forth in Appendix V hereto.

(4) Including interest charge on undated subordinated debt, preference shares and Mandatory Exchangeable Bonds until deconsolidation of Equitable Holding, Inc. (please refer to Note 3 – "Consolidated statement of income by segment"- Part 5 "Consolidated Financial Statements" of this Annual Report).

(5) Only information contained in Section 4.2 "Internal control and risk management" of this Annual Report and referred to in Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

(6) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

FINANCING DEBT INSTRUMENTS ISSUED

On a consolidated basis, AXA's total outstanding financing debt excluding derivatives amounted to €1,038 million [(1)] at December 31, 2019 (no derivatives associated), a decrease of €4,058 million from €5,096 million at the end of 2018 (€5,096 million including derivatives) mainly driven by the deconsolidation of Equitable Holdings Inc. debts (€3,594 million), the repayment of AXA XL debt (€322 million) and the repayment Guaradian Royal Exchange senior debt (€168 millions).

Financing debt instruments issued are described in Note 17 "Financing debt" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

FINANCING DEBT OWED TO CREDIT INSTITUTIONS

At December 31, 2019, the Group did not owe any financing debt to credit institutions.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2019, other debt instruments amounted to €93 million (down from €505 million at the end of 2018). The decrease of €412 million mainly related to the loss of control of AXA Group over Equitable Holding, Inc.

Debt instruments (other than financing debt) issued by Group entities are described in Note 18 "Payables" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

Other debt owed to credit institutions (including bank overdrafts)

At December 31, 2019, other debt owed to credit institutions amounted to €2,541 million (including €679 million of bank overdrafts), an increase of €308 million compared to €2,233 million at the end of 2018 (including €773 million of bank overdrafts).

Debt (other than financing debt) owed to credit institutions is described in Note 18 "Payables" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

ISSUANCE OF ORDINARY SHARES

For several years, the AXA Group has offered to its employees, in and outside France, the opportunity to subscribe for shares issued through a capital increase reserved for employees. In 2019, approximately 17.8 million new shares were issued for a total amount of €375 million. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of shares.

Newly issued shares arising from long term incentive plans (stock options) amounted to 4.2 million shares in 2019. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of such shares.

DIVIDENDS RECEIVED FROM GROUP SUBSIDIARIES

Dividends received by the Company from its subsidiaries amounted to €5,865 million in 2019 (€3,973 million in 2018), of which €2,821 million were denominated in currencies other than Euro (€796 million in 2018).

Uses of funds

Interest paid by the Company in 2019 amounted to €1,097 million (€1,049 million in 2018), of which interests on undated subordinated debt of €301 million (€338 million in 2018).

Dividends paid to AXA SA's shareholders in 2019 in respect of the 2018 financial year amounted to €3,189 million, or €1.34 per share, *versus* €1.26 per share paid in 2018 in respect of the 2017 financial year (€2,998 million in total). Those dividends were paid in cash.

For additional information, please refer to Appendix III "AXA parent company financial statements" of this Annual Report.

(1) Excluding Mandatory Exchangeable bonds.

Impact of regulatory requirements

The Group's operations are subject to a wide variety of insurance and other laws and regulations in the jurisdictions in which it operates, including regulatory capital and solvency requirements. For additional information, please refer to Section 6.3 "General Information—Regulation and Supervision" (1) of this Annual Report.

REGULATORY CAPITAL REQUIREMENTS

The Group's operating (re)insurance subsidiaries are subject to local regulatory capital requirements which are designed to protect policyholders and to monitor capital adequacy.

In the event that the Group or any of its (re)insurance subsidiaries fails to meet minimum regulatory capital requirements, insurance regulators would have broad authority to require or take various regulatory actions. A failure of the Group and/or any of its (re) insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position may also result in the need for significant amounts of new capital, which could adversely affect the Group's liquidity position. For additional information, see paragraph "The Group's or its insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position" in Section 4.1 - "Risk Factors" (2) of this Annual Report.

The Group was in compliance with the applicable solvency requirements as of December 31, 2019 and monitors compliance with such requirements on a continuous basis.

CAPITAL MANAGEMENT OBJECTIVES

The AXA Group defined a clear framework for its capital management policy around a central regulatory Solvency II ratio target range:

- the central target range is between 170% and 220%. Within this central range, AXA intends to (i) pay dividends for an amount representing a pay-out (3) ratio within 50% to 60% target range; (ii) buy back shares to neutralize at least dilution resulting from employee share offerings and stock options exercise; (iii) maintain investments in business growth; and (iv) maintain current investment risk appetite;
- above 220% and as solvency increases, excess capital could be returned to our shareholders, used to add flexibility within the dividend pay-out range, to invest in business growth or increase its appetite for investment risk;
- below 170%, the AXA Group may become more conservative gradually, selectively de-risking the investment portfolio, increasing selectivity in growth initiatives, allowing for dilution resulting from employee shares offering and stock options exercise; and potentially having more flexibility in the dividend pay-out ratio;
- below 140%, the AXA Group may restrict its growth initiatives, further reduce its appetite for investment risk and reduce the dividend pay-out ratio below its target range.

The AXA Group has defined and implemented capital management standards in order to ensure that the Company and its subsidiaries are well positioned from a competitive point of view and maintain an adequate solvency ratio in accordance with local regulation requirements. The Management has developed various contingency plans. These plans may involve use of reinsurance, sales of investment portfolios and/or other assets, measures to reduce capital strain of new business or other measures. There can be no assurance, however, that these plans will be effective and achieve their objectives.

TIERING ANALYSIS OF CAPITAL

Resources under Solvency II Eligible Own Funds ("EOF") to the Company before the impact of any tiering eligibility restrictions and after consideration of the potential non-availability of certain elements of capital.

Eligible Own Funds are split into three different tiers, based on the quality of each component as defined under Solvency II regulations. The classification depends upon the extent to which the own fund item is immediately available to absorb losses including in case of a winding-up (permanent availability) and subordinated to all other obligations including towards policyholders and beneficiaries. Capital elements of the highest quality are classified in Tier 1. Eligibility limits apply to these components to cover the Solvency Capital Requirement ("SCR").

For compliance with the SCR, the following quantitative limits apply: (a) the eligible amount of Tier 1 items must be at least one half of the SCR; (b) the eligible amount of Tier 3 items must be less than 15% of the SCR; (c) the sum of the eligible amounts of Tier 2 and Tier 3 items must not exceed 50% of the SCR.

Hybrid debt instruments eligible for Tier 1 must not exceed 20% of the total amount of Tier 1 capital.

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

(2) The information provided in this Section 4.1 is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

(3) Pay out ratio range: 50% - 60% of Adjusted Earnings net of undated debt interest charges, preferred shares and equity components of mandatory exchangeable bonds into shares of Equitable Holdings, Inc.

DATED AND UNDATED SUBORDINATED DEBT DESCRIPTION

Dated and undated subordinated notes issued by the Company qualify as eligible own funds.

Subordinated notes issued by the Company since January 18, 2015 have been structured to be eligible as own funds regulatory capital under Solvency II regulations. Subordinated notes issued prior January 17, 2015 mostly benefit from the transitional provisions set forth in Directive 2014/51/EU (Omnibus II), which amended the Solvency II Directive, as they were previously eligible under the Solvency I regime and were issued prior to the entry into force of Delegated Regulation EU 2015/35 of October 10, 2014.

The Company has issued dated subordinated notes (“TSR”), undated subordinated notes (“TSDI”) and undated deeply subordinated notes (“TSS”), which include provisions designed to allow the Company to ensure the continuity of its activities in the event its financial position deteriorates.

Certain TSR include clauses which permit or force the Company to defer interest payments. In addition, redemption at maturity is subject to **(i)** the prior approval by the *Autorité de Contrôle Prudentiel et de Résolution* (the“ACPR”), **(ii)** the absence of any event (a) making the own funds of the Company and/or the Group insufficient to cover its regulatory capital requirements, or (b) pursuant to which the Company would have to take specified action in relation to payments under the notes due to its financial condition, or (c) having an adverse effect on its insurance subsidiaries claim payments ability.

Pursuant to the terms and conditions of AXA’s TSDI, the Company may, at its option, under certain circumstances and shall, in other circumstances, defer interest payment (*e.g.* no dividend declared or paid in the preceding Annual Shareholders’ Meeting or receipt by the Company or by certain of its principal insurance subsidiaries of a regulatory demand to restore their solvency position). Payment of deferred interest may become due in certain specified cases (*e.g.* payment of a dividend, notification of the end of a regulatory demand to restore solvency, liquidation of the Company or redemption of the TSDI).

In particular, most of the Company’s TSS include loss absorption mechanisms which provide that under certain circumstances where the Company does not meet its regulatory capital requirements, the principal amount of each of the relevant TSS will be written down. In such event, interest will become payable on the reduced principal amount only. The principal may be reinstated when the Company returns to financial health, as defined under the terms and conditions of the TSS.

In addition, for most of the Company’s TSS, upon the occurrence of certain events relating to the Company’s consolidated net earnings and shareholders’ equity, the Company is required to defer payment of interest. In such events, the Company may choose to pay such deferred interest by way of alternative coupon settlement mechanisms within five years (such as, issuance of new shares or other securities including TSS or preference shares, sale of treasury shares, or an increase in the principal amount of the relevant notes, subject to applicable limits), failing which the interest is forfeited. However, the settlement of deferred interest becomes due, on a best efforts basis, in certain circumstances including redemption of the notes, liquidation of the Company, payment of a dividend or interest on any other TSS, any share buyback outside the Company’s buy-back program, or any redemption or repurchase of other TSS.

Finally, under its TSS, the Company has an option to cancel payments of interest upon the deterioration of its financial position, unless certain events have occurred in the preceding year (*e.g.* a dividend payment or interest payment on any TSS, any share buy-back outside the Group share buy-back program or a repurchase or redemption of any TSS).

FUNGIBILITY OF CAPITAL

In assessing whether certain fungibility restrictions on capital held by AXA subsidiaries may limit the cover of the Group SCR, the Group considers the following elements:

- whether the own funds items are subject to legal or regulatory requirements that restrict the ability of such items to absorb all types of losses wherever they arise in the Group;
- whether there are legal or regulatory requirements that restrict the transferability of assets to another insurance or reinsurance undertaking; and
- whether making those own funds available for covering the Group SCR would not be possible within a maximum of 9 months.

Finally, own funds which cannot be deemed available at Group level are included in the Group’s own funds as long as they are eligible for covering the SCR of the entity which holds them.

The ACPR currently considers that AXA SA is not subject to requirements relating to financial conglomerates.

For additional information on regulation and capital requirements, please refer to Section 6.3 “General Information Regulation and Supervision – Regulatory Capital and Solvency Requirements” of this Annual Report [1].

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the statutory Auditors on the Consolidated Financial Statements.*

Subsequent events after December 31, 2019 impacting AXA's liquidity

A dividend per share of €1.43 will be proposed to the Shareholders' Meeting to be held on April 30, 2020. Subject to the Shareholders' Meeting approval, the dividend will be payable on May 13, 2020 with an ex-dividend date of May 11, 2020.

For other subsequent events, please refer to Note 32 "Subsequent events" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

2.5 EVENTS SUBSEQUENT TO DECEMBER 31, 2019

AXA to sell its operations in Central and Eastern Europe [1] for €1.0 billion

On February 7, 2020, AXA announced that it has entered into an agreement with UNIQA Insurance Group AG ("UNIQA") to sell its operations in Poland, Czech Republic and Slovakia.

Under the terms of the agreement, AXA would sell 100% of its Life & Savings, Property & Casualty and Pension businesses in Central and Eastern Europe for a total cash consideration of €1,002 million, representing an implied 12.4x 2019 P/E multiple [2].

The completion of the transaction is expected to result in a positive impact on AXA Group's Solvency II ratio of ca. 2 points. No significant net income impact is expected.

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected during the fourth quarter of 2020.

COVID-2019 outbreak

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("WHO"), has been reported worldwide. Initially reported in the province of Hubei in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including South Korea, Iran, Italy, France, the United Kingdom and the United States, and new cases and fatalities are reported daily. Furthermore, it is currently not possible to know or to predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is presently recorded.

The spread of COVID-19 has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strains on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 financial crisis.

AXA and each of its regulated entities has or is in the process of establishing plans to address how it will manage the effects of the outbreak, and assess disruptions and other risks to its operations. These include the protection of employees, sustaining our services to clients and other stakeholders and ensuring effective processes are in place to communicate and execute such plans.

Although no material claims have been reported at this stage, AXA is closely monitoring the Group's exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, especially on new business volumes, (iii) the extent of insurance coverage impacted, including Life, Health, Protection and Property & Casualty insurance and reinsurance cover (following, for example, increased business interruptions, travel and event cancellations and higher medical costs), and (iv) change in asset prices and financial conditions (including interest rates).

Information in this section should be read in conjunction with the paragraph "Pricing and Underwriting-related risks" in Section 4.1 "Risk Factors" of this Annual Report.

(1) Includes AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (P&C business), AXA Życie Towarzystwo Ubezpieczeń S.A. (L&S business) and AXA Powszechne Towarzystwo Emerytalne S.A. (Pension business) in Poland, and AXA pojišťovna a.s. (P&C business), AXA životni pojišťovna a.s (L&S business) and AXA penzijni společnost a.s. (Pension business) in Czech Republic, together with their subsidiaries and branches in Slovakia. AXA XL's and AXA Partners' operations in the three countries are not within the scope of this transaction.

(2) Price/2019 IFRS Net income (including the 2019 IFRS Net income of Czech Republic and Slovakia P&C operations which are not consolidated in AXA Group's financial statements).

2.6 OUTLOOK

Anticipating the rapidly evolving needs of its customers, AXA's strategy is articulated around its preferred segments (P&C Commercial lines, Health and Protection) and a focus on partnerships and innovation, seizing opportunities arising from new technologies to offer products and services beyond insurance and becoming a trusted partner for its customers.

AXA is resolutely focused on the delivery of its Ambition 2020 plan and the successful integration of XL Group, solidifying AXA's position as the #1 global P&C Commercial lines insurer.

With the full disposal of Equitable Holdings, Inc., successfully achieved in 2019, the Group's profile has changed significantly, with a higher proportion of technical margin earnings and a reduced sensitivity to financial markets.

AXA's Solvency II position and free cash generation should remain strong and resilient to external shocks due to robust underwriting and reinsurance policies, a high quality asset portfolio and disciplined capital management.

With its clear strategy, a simplified organization designed to foster growth across its preferred segments, a significant shift in strategic profile and a strong balance sheet with financial flexibility, AXA is well positioned to create lasting shareholder value and offer an attractive return.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STRUCTURE

PRINCIPLES OF GOVERNANCE

Implementing sound corporate governance principles has been a priority at AXA for many years. In this context, AXA chose to adopt, in 2008, the Corporate Governance Code for French corporations (*Code de gouvernement d'entreprises des sociétés cotées*) published by the Afep (*Association française des entreprises privées*) and the Medef (*Mouvement des entreprises de France*) (the "Afep-Medef Code"). The Board of Directors believes that AXA's corporate governance practices are in line with the recommendations of the Afep-Medef Code (revised in January 2020 and available on AXA's website – www.axa.com) and its accompanying guide and have followed the evolution of corporate governance practices in France and abroad, as well as the recommendations and standards of shareholders, regulators, the French High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), proxy advisors, rating agencies and other stakeholders.

PRESENTATION OF AXA'S GOVERNANCE

AXA's corporate governance framework

Since April 2010, AXA has operated with a unitary Board of Directors.

The Board is assisted by three specialized Board Committees: the Audit Committee, the Finance Committee and the Compensation & Governance Committee.

The Board has adopted internal terms of reference (the "Board's Terms of Reference") which detail in particular the role and responsibilities of the Board and its Committees, as well as matters reserved for Board decisions. The Board's Terms of Reference include corporate governance requirements which, in certain instances, go beyond French regulatory requirements notably in relation to the role of the independent directors on the Board Committees.

Separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

Following Mr. Henri de Castries' decision to step down from his positions of Chairman and Chief Executive Officer announced on March 21, 2016, the Board of Directors decided to separate the positions of Chairman and Chief Executive Officer, appointing Mr. Denis Duverne, former Deputy Chief Executive Officer and member of the Board, as non-executive Chairman and Mr. Thomas Buberl as Chief Executive Officer on September 1, 2016.

This decision reflected the Board's conclusions that splitting the roles of Chairman and Chief Executive Officer was consistent with the interest of the Company at that time. The Board concluded that the separation of roles would ensure that the Group benefits from the mix and complementarity of the respective experiences and skills of Mr. Thomas Buberl and Mr. Denis Duverne and would lead to a smooth transition.

Following the decision to separate the positions of Chairman and Chief Executive Officer, the Board of Directors also decided to maintain the position of Senior Independent Director for a variety of reasons including that Mr. Denis Duverne is not considered independent with regard to the Afep-Medef criteria due to his former role of Deputy Chief Executive Officer until August 31, 2016.

AXA's corporate governance framework is summarized in the table below.

Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Board of Directors Diversity Policy

The following policy defines the approach to diversity adopted by AXA in the composition of its Board of Directors as required by Article L.225-37-4, 6° of the French Commercial Code (*Code de commerce*).

POLICY STATEMENT

In an increasingly complex and highly competitive global environment, it is important for AXA to have directors with varied and complementary profiles, skills and experience to drive its current and future strategy and development. AXA believes that in order for it to tackle the challenges ahead and create long-term value for the Group, its shareholders and all its stakeholders, AXA's Board of Directors should consist of high calibre men and women from diverse backgrounds.

The Board of Directors also believes that such diversity is essential for the Board to function optimally, and that diversity is a source of creativity and boosts performance. It also broadens the analytical perspective of the issues discussed at Board meetings.

Consequently, in view of the Group's global presence, the Board of Directors, assisted in this task by its Compensation & Governance Committee, has set itself the target to have Board members with diverse nationalities and cultures to ensure a balanced and complementary Board composition, in terms of gender, expertise, experience and tenure of its members.

The members of the Board of Directors are appointed for a four-year term by the Shareholders' Meeting. On December 31, 2019, the Board of Directors comprised fifteen members – eight women and seven men. An overview of the Board of Directors and the profile, experience and expertise of each director is provided on pages 98 to 107 of this Annual Report.

The objective of this diversity policy is to ensure that, over time, the Board maintains a diverse Board composition to support the Group's Management in the development of its strategic plan and the definition of its long-term objectives.

IMPLEMENTATION AND MONITORING

The Board of Directors and its Compensation & Governance Committee regularly examine the composition of the Board and its Committees.

In this context, the Compensation & Governance Committee regularly calls upon external consultants to assist it in identifying and interviewing candidates meeting defined selection criteria. It then submits its recommendations to the Board of Directors.

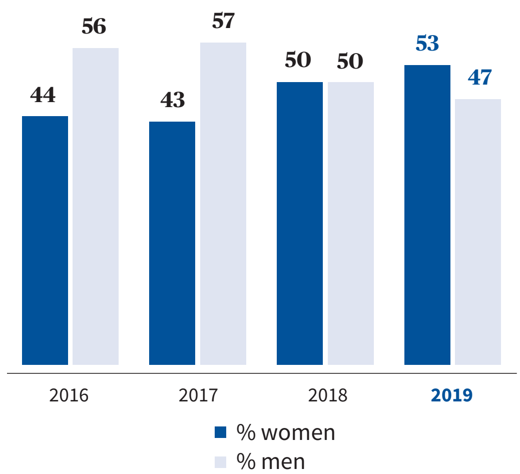
The implementation of the Board of Directors diversity policy is monitored and analysed each year as part of the Board's self-assessment process. In this respect, the Board notably assesses the selection process for directors and measures the progress made against the predefined diversity targets. The results of this self-assessment are also specifically discussed at a Board meeting once a year.

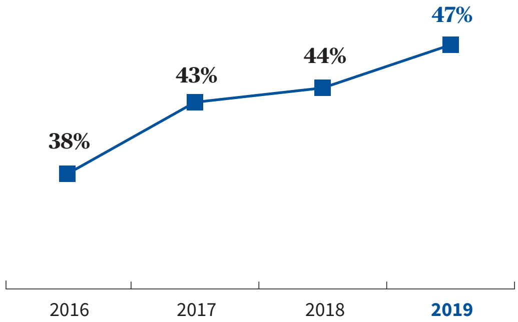
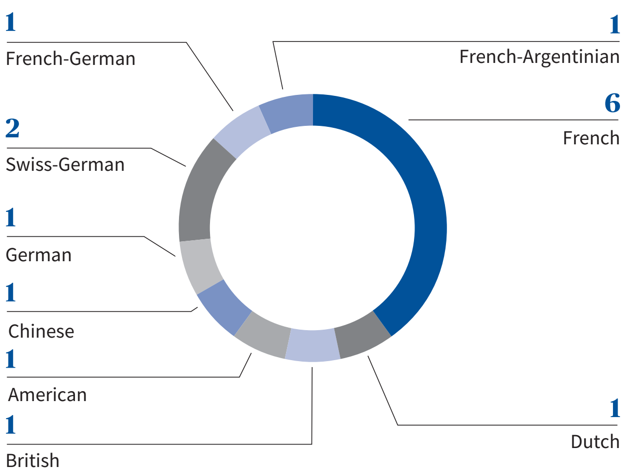
RESULTS OBTAINED IN THE PAST YEAR

In 2019, the Board took into account these diversity criteria, managing to maintain, on the one hand, a gender balance and, on the other hand, a diversity of profiles and expertise within the Board.

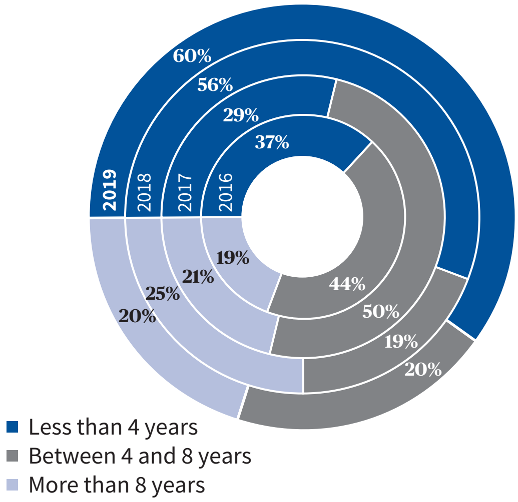
DIVERSITY POLICY TARGETS OF THE BOARD OF DIRECTORS

Criteria	Targets	Implementation and results obtained in past years
Gender balance	At least 40% of directors of each gender *(Target met)*	**Representation of women on the Board:** ■ 8 women (stable compared to 2018) and 7 men (1 less than in 2018)

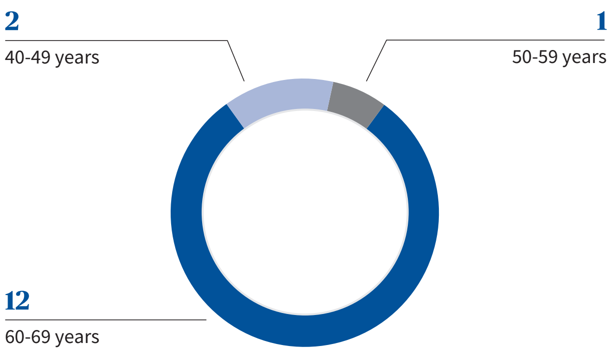


Criteria	Targets	Implementation and results obtained in past years
Nationality of directors	Balanced and complementary composition in terms of nationalities (at least four nationalities represented on the Board) *(Target met)*	**Non-French directors:** ■ 47% of directors are non-French nationals ■ 8 nationalities are represented on the Board  At December 31, 2019 

Criteria	Targets	Implementation and results obtained in past years
Tenure of directors on the Board	Balanced and complementary composition in terms of tenure on the Board (average tenure between 4 and 8 years) ***(Target met)***	**Directors' tenure at December 31, 2019:** ■ Less than 4 years: 9 directors (stable compared to 2018) ■ Between 4 and 8 years: 3 directors (stable compared to 2018) ■ Between 8 and 12 years: 3 directors (versus 4 in 2018) ■ Directors' average tenure on the Board at December 31, 2019: 5 years



Criteria	Targets	Implementation and results obtained in past years
Age of directors	No more than one-third of directors over the age of 70 ***(Target met)***	■ At December 31, 2019, the directors' average age was 61 years old ■ No director is over the age of 70 (versus 1 in 2018)

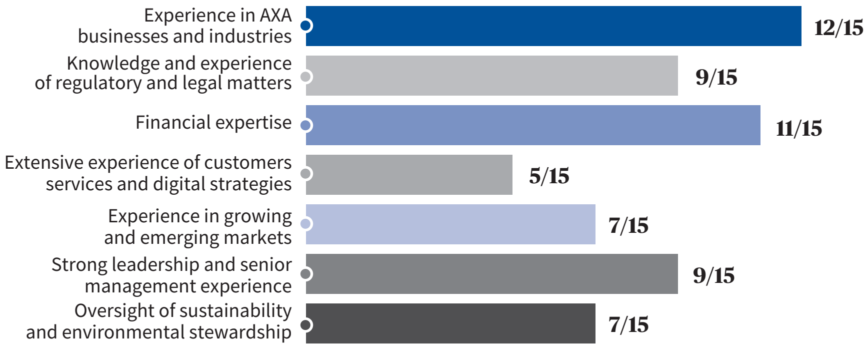


Criteria	Targets	Implementation and results obtained in past years
Independence of directors	At least 50% independent directors ***(Target met)***	At December 31, 2019, 9 out of 15 directors were independent, *i.e.* 60% of members of the Board of Directors (62.5% at December 31, 2018). The Chief Executive Officer, the member of the Board representing the employee shareholders and the members of the Board representing the employees (*i.e.* 4 directors), are by definition not independent.

Skills and expertise of members of the Board of Directors

The Board of Directors pays special attention, in the selection of its members, to their respective areas of expertise and experience, including their knowledge of the different regions where the Group is present.

The kills matrix below presents the number of directors with skills and expertise considered critical for AXA's Board of Directors:



Composition of the Board of Directors at December 31, 2019 (1)

NUMBER OF DIRECTORS

15

INDEPENDENT DIRECTOR RATIO

60%

9 independent directors

GENDER BALANCE WITHIN THE BOARD OF DIRECTORS

53%

46% of women, excluding directors representing the employees

NATIONALITY

7

directors out of 15 are non-French nationals – 8 nationalities are represented on the Board

DIRECTORS' AVERAGE AGE

61

(1) For further information on the expertise, experience and directorship of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.

Name (age) and principal function (a) Principal business address Nationality	Position within the Board of Directors	Number of AXA shares (b)	First appointment/ term of office
Denis Duverne (66) Chairman of the Board of Directors of AXA 25, avenue Matignon – 75008 Paris – France French nationality	Chairman of the Board of Directors	1,558,366	April 2010/2022 Annual Shareholders' Meeting
Thomas Buberl (46) Director and Chief Executive Officer of AXA 25, avenue Matignon – 75008 Paris – France German and Swiss nationalities	Director and Chief Executive Officer	320,305	September 2016/2022 Annual Shareholders' Meeting
Patricia Barbizet (64) Chairman of Temaris & Associés 40, rue François 1er – 75008 Paris – France French nationality	Independent director Member of the Compensation & Governance Committee	4,570	April 2018/2022 Annual Shareholders' Meeting
Martine Bièvre (60) Director of AXA representing the employees AXA France – 203-205 rue Carnot - 94138 Fontenay-sous-Bois – France French nationality	Director representing the employees	0	June 2018/2022 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (61) Chairman of the Board of Directors of ENGIE 1, place Samuel de Champlain – 92930 Paris la Défense Cedex – France French nationality	Senior Independent Director Chairman of the Compensation & Governance Committee	9,000	October 2012/2023 Annual Shareholders' Meeting
Bettina Cramm (56) Director of AXA representing the employees AXA Konzern AG – Gustav-Stresemann-Ring 12-16 – 65189 Wiesbaden – Germany German nationality	Director representing the employees Member of the Compensation & Governance Committee	106	June 2018/2022 Annual Shareholders' Meeting
Irene Dorner (65) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France British nationality	Independent director Member of the Audit Committee	6,700	April 2016/2020 Annual Shareholders' Meeting
Rachel Duan (49) Senior Vice President of GE and President & Chief Executive Officer of GE Global Markets (China) GE China – 8F 1 Building 1 Huatuo Road – Zhangjiang High Tech Park – Shanghai 201203 – China Chinese nationality	Independent director Member of the Compensation & Governance Committee	3,950 (c)	April 2018/2022 Annual Shareholders' Meeting
André François-Poncet (60) Group CEO of Wendel SE 89, rue Taitbout – 75009 Paris – France French nationality	Independent director Member of the Compensation & Governance Committee Member of the Finance Committee	7,842	December 2016/2022 Annual Shareholders' Meeting
Angelien Kemna (62) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France Dutch nationality	Independent director Member of the Audit Committee	7,250	April 2016/2020 Annual Shareholders' Meeting
Stefan Lippe (64) Co-founder and Chairman of the Board of Directors of yes.com AG (Switzerland) and co-founder and Vice-Chairman of the Board of Directors of Acqupart Holding AG (Switzerland) Baarerstrasse 8 – CH 6300 Zug – Switzerland German and Swiss nationalities	Independent director Chairman of the Audit Committee Member of the Finance Committee	12,000	April 2012/2020 Annual Shareholders' Meeting
François Martineau (68) Attorney at Law at Lussan/Société d'avocats 282, boulevard Saint Germain – 75007 Paris – France French nationality	Director	6,732	April 2008/2020 Annual Shareholders' Meeting

(a) For further information on the expertise, experience and directorships of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.
(b) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(c) On January 17, 2020.

Name (age) and principal function [(a)] Principal business address Nationality	Position within the Board of Directors	Number of AXA shares [(b)]	First appointment/ term of office
Ramon de Oliveira (65) Managing Director of Investment Audit Practice, LLC (United States) 580 Park Avenue – New York – NY 10065 – United States French and Argentinian nationalities	Independent director Chairman of the Finance Committee Member of the Audit Committee	11,300	April 2009/2021 Annual Shareholders' Meeting
Doina Palici-Chehab (62) AXA Group Chief Integration Officer AXA – 61, rue Mstislav Rostropovitch – 75017 Paris – France German and French nationalities	Director representing the employee shareholders Member of the Finance Committee	18,079	April 2012/2020 Annual Shareholders' Meeting
Elaine Sarsynski (64) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France American nationality	Independent director Member of the Audit Committee	5,000 [(c)]	May 2018/2021 Annual Shareholders' Meeting

(a) For further information on the expertise, experience and directorships of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.
(b) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(c) On January 22, 2020.

3

Changes within the membership of the Board of Directors and its Committees in 2019

	Term of office	Appointment	Renewal	Ratification of cooptation
Board of Directors	Jean-Martin Folz *(04/24/2019)*	-	Jean-Pierre Clamadieu *(04/24/2019)*	Elaine Sarsynski *(04/24/2019)*
Audit Committee	-	-	Elaine Sarsynski *(04/24/2019)*	-
Finance Committee	-	-	-	-
Compensation & Governance Committee	Jean-Martin Folz *(04/24/2019)*	Patricia Barbizet *(05/22/2019)* Rachel Duan *(06/19/2019)*	Jean-Pierre Clamadieu *(04/24/2019)*	-

Changes to the Board at the 2020 Shareholders' Meeting

The Shareholders' Meeting to be held on April 30, 2020 will be asked to vote on (i) the re-appointment of two members of the Board of Directors whose term of office is ending (Mrs. Angelien Kemna and Mr. Stefan Lippe) and (ii) the appointment of four new members of the Board of Directors, one of them upon proposal of the employee shareholders of the AXA Group.

In this context, the Board of Directors proposed, based on the recommendation of the Compensation & Governance Committee:

- the appointment of Mrs. Isabel Hudson as director, for a four-year term, replacing Mrs. Irene Dorner whose term of office will expire at the close of this Shareholders' Meeting;
- the appointment of Mr. Antoine Gosset-Grainville as director, for a four-year term, replacing Mr. François Martineau whose term of office will expire at the close of this Shareholders' Meeting;
- the appointment of Mrs. Marie-France Tschudin as director, for a four-year term; and
- the appointment of Mrs. Helen Browne, representing the employee shareholders, for a four-year term, replacing Mrs. Doina Palici-Chehab, whose term of office will expire at the close of this Shareholders' Meeting.

Subject to the April 30, 2020 Shareholders' Meeting approval, the Board of Directors would therefore be comprised of sixteen members including nine women (56% [(1)]) and eleven members considered independent (69%) by the Board of Directors in accordance with the Afep-Medef Code criteria.

The composition of the Board Committees will be reviewed during the Board of Directors' meeting following the Shareholders' Meeting of April 30, 2020.

The gender diversity policy applied to the Group's management bodies and the objectives of this policy, together with an action plan and the timeframe within which these actions will be carried out, are presented in Section 7.2 "Social information" of this Annual Report.

(1) Or a rate of 46% (higher than the minimum of 40% required by law) of women (excluding the directors representing the employees and the director representing the employee-shareholders) in accordance with legal requirements.

Information on current members of the Board of Directors [(1)]

Denis Duverne

Chairman of the Board of Directors of AXA

Born on October 31, 1953

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 29, 2010

Expertise and experience

Mr. Denis Duverne is a graduate of the *École des Hautes Études Commerciales* (HEC). After graduating from the *École Nationale d'Administration* (ENA), he started his career in 1979 at the Tax Department of the French Ministry of Finance, and after 2 years as commercial counsellor for the French Consulate General in New York (1984-1986), he became director of the Corporate Taxes Department and then responsible for tax policy within the French Ministry of Finance from 1986 to 1991. In 1991, he was appointed Corporate Secretary of Compagnie Financière IBI. In 1992, he became a member of the Executive Committee of Banque Colbert, in charge of operations. In 1995, Mr. Denis Duverne joined the AXA Group and assumed responsibility for supervision of AXA's operations in the US and the UK and managed the reorganization of AXA companies in Belgium and the United Kingdom. From February 2003 until December 2009, Mr. Denis Duverne was the Management Board member in charge of Finance, Control and Strategy. From January 2010 until April 2010, Mr. Denis Duverne assumed broader responsibilities as Management Board member in charge of Finance, Strategy and Operations. From April 2010 to August 31, 2016, Mr. Denis Duverne was director and Deputy Chief Executive Officer of AXA, in charge of Finance, Strategy and Operations. Mid-2014, Mr. Denis Duverne became a member of the Private Sector Advisory Group (PSAG), which brings together international leaders of the private sector whose shared goal is to help developing countries improve their corporate governance, co-founded in 1999 by the World Bank and the Organisation for Economic Co-operation and Development (OECD). Since September 1, 2016, Mr. Denis Duverne has been non-executive Chairman of the Board of Directors of AXA. Since September 2018, he has been Chairman of the Insurance Development Forum (IDF). The IDF is a public-private partnership led by the insurance industry and supported by the World Bank and the United Nations, aiming to enhance the use of insurance to build greater resilience against disasters and to help achieve the United Nations Global 2030 Agenda.

Directorships held within the AXA Group

Chairman of the Board of Directors: AXA*

Chairman: AXA Millésimes (SAS)

Directorship held outside the AXA Group

None

Directorships held during the last five years

Deputy Chief Executive Officer: AXA

Chairman & Chief Executive Officer: AXA America Holdings, Inc. (United States)

Chairman of the Board of Directors: AXA Holdings Belgium (Belgium), AXA Financial, Inc. (United States)

Director or member of the Management Committee: AXA ASIA (SAS), AllianceBernstein Corporation (United States), AXA Assicurazioni S.p.A. (Italy), AXA Belgium SA (Belgium), AXA Equitable Life Insurance Company (United States), AXA Italia S.p.A. (Italy), AXA MPS Assicurazioni Danni S.p.A. (Italy), AXA MPS Assicurazioni Vita S.p.A. (Italy), AXA UK plc (United Kingdom), MONY Life Insurance Company (United States), MONY Life Insurance Company of America (United States)

Thomas Buberl

Member of the Board of Directors and Chief Executive Officer of AXA

Born on March 24, 1973

German and Swiss nationalities

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on September 1, 2016

Expertise and experience

Mr. Thomas Buberl holds a Master of Economics degree from WHU Koblenz (Germany), a MBA from Lancaster University (UK) and a Ph.D. in Economics from the University of St Gallen (Switzerland). In 2008 he was nominated as a Young Global Leader by the World Economic Forum. From 2000 to 2005, Mr. Thomas Buberl worked at the Boston Consulting Group as a consultant for the banking & insurance sector in Germany and abroad. From 2005 to 2008, he had worked for the Winterthur Group as member of the Management Board of Winterthur in Switzerland, first as Chief Operating Officer and then as Chief Marketing and Distribution Officer. Then, he joined Zurich Financial Services where he had been Chief Executive Officer for Switzerland. From 2012 to April 2016, he was Chief Executive Officer of AXA Konzern AG (Germany). In 2012, he has been member of the AXA Executive Committee. In March 2015, he became Chief Executive Officer of the Global Business Line for the Health Business and joined the AXA Management Committee. In January 2016, Mr. Thomas Buberl was also appointed Chief Executive Officer of the global business line Life & Savings. From March 21, 2016 to August 31, 2016, Mr. Thomas Buberl was Deputy Chief Executive Officer (*Directeur Général Adjoint*) of AXA. Since September 1, 2016, Mr. Thomas Buberl has been Chief Executive Officer and director of AXA.

Directorship held within the AXA Group

Director and Chief Executive Officer: AXA*

Directorship held within the AXA Group [(2)]

Member of the Supervisory Board: Bertelsmann SE & Co. KGaA (Germany)

Directorships held during the last five years

Chairman of the Management Board: AXA Konzern AG (Germany), AXA Krankenversicherung AG (Germany), AXA Lebensversicherung AG (Germany), AXA Versicherung AG (Germany), DBV Deutsche Beamtenversicherung AG (Germany)

Chairman of the Board of Directors: AXA Equitable Holdings, Inc. (United States), AXA Financial, Inc. (United States), AXA Leben AG (Switzerland), AXA Versicherungen AG (Switzerland), XL Group Ltd (Bermuda)

Chairman of the Supervisory Board: AXA Konzern AG (Germany), AXA Krankenversicherung AG (Germany), AXA Lebensversicherung AG (Germany), AXA Versicherung AG (Germany), Deutsche Ärzteversicherung AG (Germany)

Deputy Chairman of the Supervisory Board: Roland Rechtsschutz-Versicherungs-AG (Germany)

Managing Director and Chief Executive Officer: Vinci B.V. (The Netherlands)

Director or member of the Management Committee or member of the Supervisory Board: AXA ASIA (SAS), AXA ART Versicherung AG (Germany), AXA Equitable Life Insurance Company (United States), AXA Life Insurance Co. Ltd (Japan), MONY Life Insurance Company of America (United States), Tertia GmbH (Germany)

*(1) Current directorships held by members of the Board of Directors within a listed company are indicated by the following symbol: *.*
*Current directorships held by members of the Board of Directors within companies belonging to the same group are indicated by the following symbol: **.*

(2) Mr. Thomas Buberl requested the Board of Directors' approval before accepting new directorships in companies outside the AXA Group.

Patricia Barbizet

Member of the Board of Directors of AXA (independent)

Chairman of Temaris & Associés

Born on April 17, 1955

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Patricia Barbizet graduated from ESCP-Europe Business School in 1976. Mrs. Patricia Barbizet started her career as International Treasurer in Renault Véhicules Industriels, and then as Chief Financial Officer of Renault Crédit International. In 1989, she joined the Groupe Pinault as Chief Financial Officer. She was Chief Executive Officer of Artémis, the investment company of the Pinault family, from 1992 to 2018. She was Chief Executive Officer and Chairwoman of Christie's International from 2014 to 2016. Mrs. Patricia Barbizet is Lead Independent Director of the Board of Total and Pernod Ricard. She also served as a qualified independent member on the Boards of Bouygues, Air France-KLM, Kering and PSA Peugeot-Citroen as well as Chairwoman of the Fonds Stratégique d'Investissement Investment Committee from 2008 to 2013. Since April 2018, Mrs. Patricia Barbizet has been Chairman of Temaris & Associés.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: Cité de la musique Philharmonie de Paris

Chairman: Temaris & Associés, Zoé SAS

Director: Colombus Holding, Pernod Ricard* (Lead Independent Director), Total* (Lead Independent Director)

Directorships held during the last five years

Chief Executive Officer: Artémis

Chairwoman & Chief Executive Officer: Christie's International Plc (United Kingdom)

Vice-Chairwoman: Christie's International Plc (United Kingdom)

Vice-Chairman of the Board of Directors: Kering

Chief Executive Officer (non-executive) and member of the Supervisory Board: Financière Pinault

Member of the board of managers: Société Civile du Vignoble de Château Latour

Managing Director and director: Palazzo Grassi (Italy)

Director and member of the Supervisory Board: Air France-KLM, Artémis, Bouygues, Fonds Stratégique d'Investissements, Fnac Darty, Peugeot S.A, Ponant, Société Nouvelle du Théâtre Marigny, TF1, Yves Saint Laurent, Gucci Group NV (The Netherlands)

Permanent representative of Artémis to the boards of: Agefi, Collection Pinault Paris, Sebdo le Point

Martine Bièvre

Member of the Board of Directors of AXA representing the employees

Born on September 4, 1959

French nationality

Appointed on June 13, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 13, 2018

Expertise and experience

Mrs. Martine Bièvre graduated with a Master's degree in law specialized in insurance law from the University of Lyon (France). From 1984 to 1988, Mrs. Martine Bièvre was a damage regulations and civil liability editor at the UAP branch in Lyon (France). Since 1988, she held various functions such as claim inspector – adjuster, at the UAP Rhône-Alpes delegation (from 1988 to 1999), at the UAP Bassin Parisien Delegation (from 1990 to 1999), at the AXA Bourgogne Franche-Comté Region (from 1999 to 2004), at AXA Entreprises – IARD Department (from 2004 to 2011) and at AXA Particuliers and IARD Entreprises (since 2011). From 2015 to 2018, she was director representing the employees on the board of directors of AXA France IARD. In June 2018, Mrs. Martine Bièvre was appointed director representing the employees on AXA's Board of Directors.

Directorship held within the AXA Group

Director representing the employees: AXA*

Directorship held outside the AXA Group

Director: Caisse de retraite du personnel de l'UAP (CRUAP)

Directorship held during the last five years

Director representing the employees: AXA France IARD

3

Jean-Pierre Clamadieu

Member of the Board of Directors and Senior Independent Director of AXA

Chairman of the Board of Directors of ENGIE

Born on August 15, 1958

French nationality

Appointed on April 24, 2019

Term expires at the 2023 Shareholders' Meeting

First appointment on October 10, 2012

Chairman of the AXA Compensation & Governance Committee

Expertise and experience

Mr. Jean-Pierre Clamadieu is a graduate of the *École Nationale Supérieure des Mines* of Paris and *ingénieur du Corps des Mines*. He began his carrier in various positions within the French Civil Service, in particular for the Ministry of Industry and as technical adviser in the Ministry of Labour. In 1993, he joined the Rhône-Poulenc Group and held various executive positions. In 2003, he was appointed Chief Executive Officer of the Rhodia Group and in 2008, Chairman & Chief Executive Officer. In September 2011, further to the combination between the groups Rhodia and Solvay, Mr. Jean-Pierre Clamadieu became Vice-Chairman of the Executive Committee of Solvay and Chairman of the Board of Directors of Rhodia. From May 2012 to March 1, 2019, Mr. Jean-Pierre Clamadieu was Chairman of the Executive Committee and member of the Board of Directors of Solvay. Since May 18, 2018, Mr. Jean-Pierre Clamadieu has been Chairman of the Board of Directors of Engie. On April 2019, the AXA Board of Directors appointed Mr. Jean-Pierre Clamadieu as Senior Independent Director.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: ENGIE*, Opéra National de Paris

Vice-Chairman of the Executive Committee: World Business Council for Sustainable Development (WBCSD) (Switzerland)

Director: Airbus*, France Industries

Directorships held during the last five years

Director and Chairman of the Executive Committee: Solvay (Belgium)

Chairman: Cytec Industries Inc. (United States)

Director: Faurecia, SNCF

Bettina Cramm

Member of the Board of Directors of AXA representing the employees

Born on May 10, 1963

German nationality

Appointed on June 20, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 20, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Bettina Cramm is a graduated Medical Educator from the Martin-Luther University (Halle/Saale – Germany). She started her career in 1984 as a Medical Technical Assistant at the German Klinik of Diagnostik of Wiesbaden (Germany). In 1991, she joined German-Civil-Servants-Insurance (DBV), known today as AXA Konzern AG. From 1991 to 1994, she was Power Clerk General Private Health Insurance at DBV and from 1994 to 2002, Operational Paramedic at DBV-Winterthur Wiesbaden. From 2002 to 2007, Mrs. Bettina Cramm was a Healthcare Consultant at DBV-Winterthur. In 1995, she joined the Works Council at DBV-Winterthur and was a member of the Supervisory Board of DBV-Winterthur Health Insurance (2006-2008), member of the Supervisory Board of DBV Vermittlungsgesellschaft für Versicherungen und Vermögensbildung mbH (2007-2008). From 2008 to 2013, she was responsible for the prevention and health promotion at the company medical service at AXA Konzern AG. From 2013 to June 2018, Mrs. Bettina Cramm held various functions as member of the Works Council, Central Works Council, European Works Council and their commissions and member of Supervisory Boards of AXA entities in Germany. Since May 2017, she has been a member of the Supervisory Board of AXA Konzern AG. In June 2018, Mrs. Bettina Cramm was appointed member of the Board of Directors of AXA representing the employees.

Directorships held within the AXA Group

Director representing the employees: AXA*

Member of the Supervisory Board: AXA Konzern AG (Germany)

Directorship held outside the AXA Group

None

Directorship held during the last five years

None

Irene Dorner

Member of the Board of Directors of AXA (independent)

Companies' director

Born on December 5, 1954

British nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Expertise and experience

Mrs. Irene Dorner graduated with a Master of Arts in Jurisprudence from St. Anne's College, Oxford (United Kingdom) and qualified as a Barrister-at-Law (College of Law, London) and then became in-house counsel for Citibank N.A. In 1986, she joined Samuel Montagu as Head of the Legal Department and, following the HSBC acquisition of Midland Bank in 1992, became Head of Strategic Planning at Midland Bank. She then held various senior front line and support function roles in Midland Global Markets and HSBC Bank. In early 2007, she became Deputy Chairman & Chief Executive Officer of HSBC in Malaysia. From 2010 to 2014, she was Chief Executive Officer & President of HSBC USA. Whilst in this role, American Banker elected her the first most powerful woman in the banking sector. She was also Group Managing Director of HSBC Holdings (United Kingdom) and member of the HSBC Group Management Board. In 2014, Mrs. Irene Dorner retired from HSBC. From March 1, 2018 to October 15, 2018, Mrs. Irene Dorner was Chairwoman of Virgin Money (United Kingdom). Since January 26, 2020, she has been Chairman of the Board of Directors of Taylor Wimpey plc (United Kingdom).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: Taylor Wimpey plc* (United Kingdom)

Chairman: Control Risks Group Holding Ltd (United Kingdom)

Director: Rolls-Royce Holdings plc* ** (United Kingdom), Rolls-Royce plc* ** (United Kingdom),

Trustee: SEARRP (the South East Asia Rainforest Research Partnership) (Malaysia)

Honorary fellow: St. Anne's College, Oxford (United Kingdom)

Member of the Advisory Board: University of Nottingham for Asia (United Kingdom)

Directorships held during the last five years

Chief Executive Officer & President: HSBC USA (United States)

Chief Executive Officer and member of the Management Board: HSBC Holdings plc (United Kingdom)

Chairman: British American Business (United States), Virgin Money (United Kingdom)

Director: City of New York Partnership (United States), Committee Encouraging Corporate Philanthropy (United States), Financial Services Roundtable (United States), The Clearing House (United States)

Member of the Advisory Board: Outleadership (United States)

Rachel Duan

Member of the Board of Directors of AXA (independent)

Senior Vice President of GE and President & Chief Executive Officer of GE Global Markets (China)

Born on July 25, 1970

Chinese nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Rachel Duan holds a bachelor's degree in Economics and International Business from Shanghai International Studies University and a MBA from the University of Wisconsin (Madison – United States). Mrs. Rachel Duan's 22-year career at General Electric (GE) began in 1996 when she joined the Corporate Audit Staff at GE Capital. She progressed through a number of leadership roles in Six Sigma Quality, Sales, and Marketing in GE Plastics and became President & Chief Executive Officer of GE Advanced Materials China in 2006. In 2010, Mrs. Rachel Duan was named as President & Chief Executive Officer of GE Healthcare China. In 2014, she was appointed as President & Chief Executive Off of GE China, becoming the first native-Chinese to take this role in GE's largest single country market outside US. Since January 2019, Mrs. Rachel Duan has been President & Chief Executive Officer of GE Global Markets, regions including China, APAC, India, MENAT, Africa, LATAM, and RUCIS. She is also a Senior Vice President of General Electric Company (GE).

Directorship held within the AXA Group

Director: AXA*

Directorship held outside the AXA Group

President & Chief Executive Officer: GE Global Markets

Directorships held during the last five years

President & Chief Executive Officer: GE China, GE Healthcare China

André François-Poncet

Member of the Board of Directors of AXA (independent)

Group CEO of Wendel SE

Born on June 6, 1959

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on December 14, 2016

Member of the AXA Compensation & Governance Committee

Member of the AXA Finance Committee

Expertise and experience

Mr. André François-Poncet graduated from *École des Hautes Études Commerciales* (HEC) and holds a Master in Business Administration (MBA) from the Harvard Business School. He began his career, in 1984, at Morgan Stanley in New York and then in London and in Paris, where he was in charge of the opening of Morgan Stanley French office. After a sixteen-year career at Morgan Stanley, he joined, in 2000, BC Partners (Paris and London) as Managing Partner until December 2014 and then as Senior Advisor until December 2015. From September 2016 to December 2017, Mr. André François-Poncet was a Partner at the French asset manager CIAM in Paris. Since January 1, 2018, Mr. André François-Poncet has been Group CEO of Wendel SE.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Group CEO: Wendel SE* **

Chairman and director: Harvard Business School Club de France, Trief Corporation** (Luxembourg)

Vice-Chairman of the Board of Directors and director: Bureau Veritas* **

Director: Winvest Conseil** (Luxembourg)

Member of the bureau: Club des Trente

Member of the European Advisory Board: Harvard Business School

Directorship held during the last five years

Chairman and Chief Executive Officer: LMBO Europe SAS

Angelien Kemna

Member of the Board of Directors of AXA (independent)

Companies' director

Born on November 3, 1957

Dutch nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Expertise and experience

Dr. Angelien Kemna graduated with a Master of Arts in Econometrics and a Ph.D. in Finance from Erasmus University Rotterdam (the Netherlands). She has a visiting scholar at the Sloan School, MIT (United States). Dr. Angelien Kemna began her career as Associate Professor in Finance at the Erasmus University from 1988 to 1991. In 1992, she joined Robeco NV and held various positions, notably Investments and Account Management Director from 1998 to 2001. During this period, she was also part-time Professor of Financial Markets at the University of Maastricht (the Netherlands) (1993–1999). From 2001 to July 2007, she worked for ING Investment Management BV (the Netherlands), where she initially held the position of Global Chief Investment Officer and subsequently Chief Executive Officer for the European region. In the period 2007-2011, Dr. Angelien Kemna was part-time Professor of Corporate Governance at the Erasmus University and had also various Non-Executive and advisory positions, most notably Vice-Chairman of the Supervisory Board of the Dutch regulatory institution (AFM). In 2009, Dr. Angelien Kemna joined APG Group N.V. as member of the Executive Board with the responsibility of Chief Investment Officer. From September 2014 to November 2017, Dr. Angelien Kemna was Chief Finance & Risk Officer of APG Group (the Netherlands).

Directorships held within the AXA Group

Director: AXA*, AXA Investment Managers

Directorships held outside the AXA Group

Director or member of the Supervisory Board: NIBC* (The Netherlands), Friesland Campina N.V. (The Netherlands)

Directorships held during the last five years

Chairman of the Supervisory Board: Yellow&Blue Investment Management B.V. (The Netherlands)

Director or member of the Supervisory Board: Duisenburg School of Finance (The Netherlands), Railway Pension Investments Ltd ("RPMI") (United Kingdom), Stichting Child and Youth Finance International (The Netherlands)

Stefan Lippe

Member of the Board of Directors of AXA (independent)

Co-founder and Chairman of the Board of Directors of yes.com AG (Switzerland) and co-founder and Vice-Chairman of the Board of Directors of Acqupart Holding AG (Switzerland)

Born on October 11, 1955

German and Swiss nationalities

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 25, 2012

Chairman of the AXA Audit Committee

Member of the AXA Finance Committee

Expertise and experience

Mr. Stefan Lippe is a graduate in mathematics and business administration from the University of Mannheim. He obtained his doctorate in 1982 being awarded the Kurt Hamann foundation prize for his thesis. In October 1983, he joined Bavarian Re (a former Swiss Re subsidiary). From 1985, he was involved in the casualty department's operations in the German-speaking area. In 1986, he became Head of the non-proportional underwriting department. He was appointed member of the Management Board in 1988 when he assumed responsibility for the company's casualty line of business in the German-speaking area. In 1993, he became Chairman of the Management Board of Bavarian Re. Mr. Stefan Lippe was appointed a member of Swiss Re's Executive Board in 1995, as Head of the Bavarian Re Group. In 2001, he was assigned the role of Head of the Property & Casualty Business Group and appointed a member of Swiss Re's Executive Committee. Beginning in 2005, he led Swiss Re's Property & Casualty and Life & Health Underwriting activities; and in September 2008, he took over as Chief Operating Officer of Swiss Re and was also appointed Deputy Chief Executive Officer of Swiss Re. In 2009, he was appointed Chief Executive Officer of Swiss Re and stayed in this function until January 2012. Mr. Stefan Lippe was named Reinsurance CEO of the year 2011 by the leading industry publication, Reaction, and he was recognized at the Worldwide Reinsurance Awards 2013 ceremony with the "Lifetime Achievement Award". After nearly 30 years with Swiss Re, he turned to other activities. In 2011, Mr. Stefan Lippe co-founded Acqupart Holding AG of which he serves as Vice-Chairman of the Board of Directors, and Acqufin AG. In May 2013, he co-founded Paperless Inc. renamed as yes.com AG in 2018 and currently serves as Chairman of the Board of Directors of this company. In October 2013, Mr. Stefan Lippe was elected as Chairman of the Board of Directors of CelsiusPro AG. From May 2014 to May 2018, Mr. Stefan Lippe was a member of the Supervisory Board of Commerzbank AG (Germany).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: CelsiusPro AG (Switzerland), yes.com AG (Switzerland)

Chairman of the Advisory Board: German Insurance Association for Vocational Training (BWV) (Germany)

Vice-Chairman of the Board of Directors: Acqupart Holding AG (Switzerland)

Directorships held during the last five years

Vice-Chairman of the Board of Directors: Acqufin AG (Switzerland)

Director or member of the Supervisory Board: Commerzbank AG (Germany), Extremus Insurance Ltd. (Germany)

François Martineau

Member of the Board of Directors of AXA

Attorney at law

Born on June 11, 1951

French nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 22, 2008

Expertise and experience

Mr. François Martineau is a graduate of the University Paris IV (Philosophy Degree), University Paris I (Law Master), and of the *Institut d'études politiques* of Paris. Mr. François Martineau has been an attorney since 1976. In 1981, he was *Secrétaire de la Conférence.* In 1985, he was a lecturer at the University Paris I (Civil Procedure). In 1995, he was a Professor at the Paris Bar School (EFB) and since 1998, he is Honorary Professor at the Law and Political Sciences School of Lima (Peru). In 1996, he became an Expert at the Council of Europe and fulfilled various missions in Eastern Europe countries regarding the reform of the Code of the Judicial Organization, the reform of the magistrates' and lawyers' training and the revision of the Code of Civil Procedure. He also taught professionals at the *École Nationale de la Magistrature* (ENM). Since 1987, Mr. François Martineau has been a Partner of the law firm Lussan/Société d'avocats, and co-Managing Partner.

Directorships held within the AXA Group

Director or member of the Management Committee: AXA*, AXA Millésimes (SAS)

Directorships held outside the AXA Group

Vice-Chairman and member of the Supervisory Board: Associations Mutuelles Le Conservateur**, Assurances Mutuelles Le Conservateur**

Vice-Chairman and director: Bred Banque Populaire

Co-Managing Partner: Lussan/Société d'avocats

Director: AXA Assurances IARD Mutuelle, Conservateur Finance**

Directorship held during the last five years

Director: AXA Assurance Vie Mutuelle

3

Ramon de Oliveira

Member of the Board of Directors of AXA (independent)

Managing Director of Investment Audit Practice, LLC (United States)

Born on September 9, 1954

French and Argentinian nationalities

Appointed on April 26, 2017

Term expires at the 2021 Shareholders' Meeting

First appointment on April 30, 2009

Chairman of the AXA Finance Committee

Member of the AXA Audit Committee

Expertise and experience

Mr. Ramon de Oliveira is a graduate of the University of Paris and of the *Institut d'études politiques* (Paris). Starting in 1977, Mr. Ramon de Oliveira spent 24 years at JP Morgan & Co. From 1996 to 2001, Mr. Ramon de Oliveira was Chairman & Chief Executive Officer of JP Morgan Investment Management. Mr. Ramon de Oliveira was also a member of the firm's Management Committee since its inception in 1995. Upon the merger with Chase Manhattan Bank in 2001, Mr. Ramon de Oliveira was the only executive from JP Morgan & Co. asked to join the Executive Committee of the new firm with operating responsibilities. Between 2002 and 2006, Mr. Ramon de Oliveira was an Adjunct Professor of Finance at both Columbia University and New York University. Mr. Ramon de Oliveira is the Managing Director of the consulting firm Investment Audit Practice, LLC, based in New York. He is also Chairman of the Board of Directors of Equitable Holdings (EQH) and AllianceBernstein (AB), both based also in New York.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Managing Director: Investment Audit Practice, LLC (United States)

Chairman of the Board of Directors: AllianceBernstein Corporation* (United States), Equitable Holdings, Inc.* (United States)

Directorships held during the last five years

Chairman of the Board of Directors: Friends of Education (non-profit organization) (United States)

Trustee and Chairman of the Investment Committee: Fondation Kaufman (United States)

Chairman of the Investment Committee: Fonds de Dotation du Musée du Louvre

Vice-Chairman: JACCAR Holdings SA (Luxembourg)

Director or member of the Supervisory Board: American Century Companies Inc. (United States), AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), JP Morgan Switzerland (Switzerland), MONY Life Insurance Company (United States), MONY Life Insurance Company of America (United States), Quilvest (Luxembourg), SunGard Data Systems (United States), Taittinger-Kobrand USA (United States)

Member of the Investment Committee: La Croix Rouge (United States)

Doina Palici-Chehab

Member of the Board of Directors of AXA representing the employee shareholders

Chief Integration Officer of AXA and Executive Chairman of AXA Matrix Risk Consultants

Born on November 4, 1957

German and French nationalities

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 25, 2012

Member of the AXA Finance Committee

Expertise and experience

Mrs. Doina Palici-Chehab is a graduate of the University of Bucarest (Romania) (Magister Artium) and of the Deutsche Versicherungsakademie of Munich (Germany) (Degree in insurance management (Versicherungsbetriebswirt (DVA)). From 1980 to 1983, she was a teacher for foreign languages in Romania. From 1983 to 1990, she was subject Matter Expert in AGF (now Allianz) in Cologne (Germany). In 1990, she joined the AXA Group as Reinsurance Director of AXA Germany (Germany). In 2000, she became head of Group Reinsurance of AXA Global P&C in Paris (France). From 2010 to March 2013, she was Chief Executive Officer of AXA Business Services in Bangalore (India). From April 2013 to December 2016, she was Chief Executive Officer of AXA Insurance Singapore (Singapore) and from July 2016 to December 2016, Chief Executive Officer of AXA Life Insurance Singapore. From January 1, 2017 to June 30, 2017, Mrs. Doina Palici-Chehab was Chief Executive Officer of AXA Insurance Pte Ltd (Singapore) (new entity further to the merger of the two entities in Singapore). From July 1, 2017 to March 2018, she served as interim Chief Executive Officer of AXA Asia. From April 1, 2018 to December 31, 2019, she was the Executive Chairman of AXA Corporate Solutions and AXA ART. As from April 1, 2018, she has been Executive Chairman of AXA Matrix Risks Consultants and assumes the role of Chief Integration Officer following the acquisition of the XL Group. Since November 2019, Mrs. Doina Palici-Chehab serves on the Supervisory Board of AXA Konzern AG (Germany). Since April 2012, Mrs. Doina Palici-Chehab has been the employee shareholder representative to the AXA Board of Directors.

Directorships held within the AXA Group

Chairman of the Board of Directors: AXA Matrix Risk Consultants SA

Director representing the employee shareholders: AXA*

Director or member of the Supervisory Board: AXA Konzern AG (Germany), XL Bermuda Ltd (Bermuda), XL Group Ltd (Bermuda), XLICSE (Ireland)

Directorship held outside the AXA Group

None

Directorships held during the last five years

Chairman of the Board of Directors: AXA Corporate Solutions Assurance

Chairman of the Supervisory Board: AXA ART Versicherung AG (Germany)

Chairman: AXA ASIA (SAS), Chambre de Commerce Française (Singapore)

Chief Executive Officer: AXA Business Services Pvt. Ltd. (India), AXA Insurance Singapore Pte Ltd (Singapore), AXA Life Insurance Singapore (Singapore), Red Switch Pte. Ltd. (Singapore)

Director: AXA China Region Limited (Bermuda), AXA China Region Insurance Company (Bermuda) Limited (Bermuda), AXA China Region Insurance Company Limited (Hong Kong), AXA Financial Services (Singapore) Pte Ltd (Singapore), AXA General Insurance Hong Kong Limited (Hong Kong), AXA Insurance Public Company Limited (Thailand), AXA Insurance Pte Ltd (Singapore), AXA Wealth Management (HK) Limited (Hong Kong), Charter Ping An Insurance Corporation (Philippines), India Private Limited (India), Krungthai AXA Life Insurance Public Company Limited (Thailand), Philippine AXA Life Insurance Company Limited (Philippines), Red Switch Pte. Ltd. (Singapore), Sayata Labs Ltd (Israel)

Member of the Advisory Board: Singapore Management University Lee Kong Chian School of Business (Singapore)

Member of the Management Committee of the General Insurance Association of Singapore to the Board of Governors: Singapore College of Insurance (Singapore)

Elaine Sarsynski

Member of the Board of Directors of AXA (independent)

Companies' directors

Born on April 21, 1955

American nationality

Appointed on May 24, 2018

Term expires at the 2021 Shareholders' Meeting

First appointment on May 24, 2018

Member of the AXA Audit Committee

Expertise and experience

Ms. Elaine Sarsynski graduated with a Bachelor of Arts degree (BA) in Economics from Smith College of Northampton (United States) and a Master of Business Administration (MBA) in Accounting and Finance from Columbia Business School, New York (United States). Ms. Elaine Sarsynski started her career in 1977 as Real Estate Analyst at Morgan Stanley (New York, United States). In 1981, she joined Aetna Life and Casualty (Hartford, United States), where she held various positions, notably Head of the Corporate Finance Department (1991-1992), Unit Head of Mortgage Finance (1992-1995) and Head of the Real Estate Investments Department (1995-1998). From 1998 to 2001, she worked for Sun Consulting Group, LLC (Hartford, United States) as Partner and founding principal. During this period, she was an Economic and Community Development Director (1999-2001) and became first Selectman for the town of Suffield (United States) in 2001. In 2005, Ms. Elaine Sarsynski joined Massachusetts Mutual Life Insurance Company (Springfield, United States), where she was Managing Director at Babson Capital Management LLC, a MassMutual subsidiary. In 2006, she became Executive Vice President, Chief Administrative Officer, Chief Executive Officer and President of MassMutual International and in 2008, Executive Vice President, member of the Office of the Chief Executive Officer and President of MassMutual Retirement Services as well as Chairwoman of MassMutual International. In early 2017, Ms. Elaine Sarsynski retired from Massachusetts Mutual Life Insurance Company.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Horizon Technology Finance Corporation* (United States), TI Fluid Systems Plc* (United Kingdom)

Trustee: Hopkins Academy (United States)

Directorships held during the last five years

Chairman: MassMutual International (United States)

Trustee: MassMutual Fund Boards (United States)

3

DIRECTORS' INDEPENDENCE

Each year, the Board of Directors assesses the independence of each of its members on the basis of the recommendations set out in the Afep-Medef Code.

The following table summarizes the position of each director of the Company with regard to the criteria of the Afep-Medef Code at December 31, 2019.

	Criterion (the criterion is considered to be met when it is identified by ✓)	Denis Duverne	Thomas Buberl	Patricia Barbizet	Martine Bièvre	Jean-Pierre Clamadieu
1	Not have been an employee or executive officer of the Company, or an employee, executive officer or director of a consolidated subsidiary within the previous five years	0	0	✔	0	✔
2	Not have cross-directorships	✔	✔	✔	✔	✔
3	Not have significant business relationships	✔	✔	✔	✔	✔
4	Not be related by close family ties to a company officer	✔	✔	✔	✔	✔
5	Not have been an auditor of the Company within the previous five years	✔	✔	✔	✔	✔
6	Not have been a director of the Company for more than twelve years	✔	✔	✔	✔	✔
7	Not represent a major shareholder of the Company (holding more than 10% of share capital or voting rights)	✔	✔	✔	✔	✔
Independent director after assessing the Afep-Medef criteria		0	0	✔	0	✔

Bettina Cramm	Irene Dorner	Rachel Duan	André François-Poncet	Angelien Kemna	Stefan Lippe	François Martineau	Ramon de Oliveira	Doina Palici-Chehab	Elaine Sarsynski
0	✔	✔	✔	✔	✔	0*	0*	0	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	0**	✔	✔	✔
0	✔	✔	✔	✔	✔	0	✔	0	✔

* *The Company considers that the fact that certain members of the AXA Board of Directors hold or have held during the last five years non-executive directorships in one or more Group subsidiaries owned, directly or indirectly, by AXA does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the boards of Group subsidiaries, however, are required to abstain from participating in the debates and decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent any conflict of interest or potential independence issues.*

** *As Mr. François Martineau is Chairman of the AXA Mutuals' Strategy Coordination Committee, the Board of Directors concluded that he was no longer independent.*

On February 19, 2020, the AXA Board of Directors determined that, at December 31, 2019, nine of the fifteen Board members were independent after assessing the criteria of the Afep-Medef Code: Mmes Patricia Barbizet, Irene Dorner, Rachel Duan, Angelien Kemna and Elaine Sarsynski and Messrs. Jean-Pierre Clamadieu, André François-Poncet, Stefan Lippe and Ramon de Oliveira.

One member of the Board of Directors (currently Mrs. Doina Palici-Chehab) is the AXA employee shareholders' representative. This representative is appointed by shareholders every four years from a list of candidates selected by the Group's employee shareholders, following an internal selection process.

In addition, in June 2018, two directors representing the employees, Mmes Martine Bièvre and Bettina Cramm, were appointed as members of the AXA Board of Directors.

The Board of Directors does not have any non-voting members (censors).

3

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is collectively responsible for determining the strategic orientations of the Company, ensuring their implementation in accordance with its corporate purpose and taking into consideration the social and environmental challenges of its activity, and establishing the internal framework for oversight of Executive Management, subject to relevant laws and regulations and the Bylaws of the Company. In addition, the Board *inter alia*:

- chooses the appropriate corporate governance framework;
- appoints and dismisses the Chairman, any Vice-Chairman/ Senior Independent Director, the Chief Executive Officer, any Deputy Chief Executive Officer, any *dirigeant effectif* (executive who effectively runs the Company as required by Solvency II), and determines their respective compensation;
- convenes Shareholders' Meetings;
- proposes directors for appointment to the Shareholders' Meeting and/or coopts directors to the Board;
- reviews and endorses (*arrête*) the Company's and the Group's half-year and annual financial statements;
- presents a report on corporate governance to the Shareholders' Meeting;
- fulfills all the Board obligations set out in Solvency II;
- adopts and oversees the general principles of the Group's compensation policy;
- reviews the strategies and the policies on the taking, management and monitoring of risks as well as the conclusions of the internal assessment of risks and solvency (ORSA – Own Risk and Solvency Assessment – report);
- proposes Statutory Auditors for appointment to the Shareholders' Meeting and approves non-audit services.

The Chief Executive Officer, who is also a Board member, is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties. However, the Board of Directors also reserves the approval of certain material transactions to itself in its Terms of Reference, including sales or acquisitions (over €500 million), significant financing operations and any material transactions outside the strategy announced by the Company.

To ensure that the personal interests of the members of the Board of Directors and those of the Company are appropriately aligned, the Board's Terms of Reference provide that each member of the Board of Directors (with the exception of the directors representing the employees) must hold, within two years following his/her first appointment, a number of AXA shares with a value at least equal to the gross annual amount of his/her compensation (director's fees) earned in respect of the previous fiscal year [(1)].

CHAIRMAN OF THE BOARD OF DIRECTORS

In accordance with French law, the Chairman's role is to organize and oversee the work of the Board of Directors. In this context, he sets the agenda of the Board meetings, holds regular discussions with the Chief Executive Officer and the directors, requests any document or information necessary to help the Board of Directors for the preparation of its meetings, verifies the quality of the information provided and more generally, ensures that Board members are in a position to fulfill their role. Prior to each meeting, Board members receive documentation concerning matters to be reviewed, generally eight days in advance of Board meetings.

The Chairman convenes the members of the Board without directors who are members of the Executive Management being present, in particular to allow debates on the performance and compensation of the Executive Management and succession planning.

Following its decision to appoint Mr. Denis Duverne as Chairman, the Board decided, in light of his experience and expertise and knowledge of the AXA Group, to extend the role of the Chairman as follows [(2)]:

- promote the Company's values and culture in particular in relation to corporate responsibility and professional ethics;
- upon request by the Chief Executive Officer, represent the Company in its relations, nationally and internationally with public bodies, institutions, regulators, shareholders and the Company's main strategic partners and stakeholders;
- consult with the Chief Executive Officer on major topics and events relating to the Company (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, major community projects and the appointment of the most senior executives of the Group);
- upon invitation of the Chief Executive Officer, take part in internal meetings with Group executives and teams to provide his opinion on strategic issues or projects;
- assist and advise the Chief Executive Officer.

In this context, in 2019, the Chairman of the Board of Directors, notably:

- represented the Company at various national and international events attended by certain of the Group's main partners and strategic stakeholders;

(1) For this purpose, AXA shares are valued using the closing price of the AXA share on December 31 of the preceding fiscal year.

(2) The role of the Chairman is set out in the Board's Terms of Reference which are available on AXA's website.

- had discussions with the main institutional shareholders of the Company, in particular prior to the Shareholders' Meeting; and
- at the request of the Chief Executive Officer, participated in internal meetings in connection with significant events concerning the Company (*e.g.* acquisition and disposal projects).

While the Chairman acts in close collaboration with the Chief Executive Officer, his role is contributory in nature and does not confer any executive power. Under French law, it is the Chief Executive Officer who is solely responsible for the Company's operational leadership and management.

SENIOR INDEPENDENT DIRECTOR

Following the decision to separate the positions of Chairman and Chief Executive Officer, the Board of Directors decided to maintain the position of Senior Independent Director, in particular due to the qualification of non-independent director of the Chairman of the Board of Directors.

The Senior Independent Director (Mr. Jean-Martin Folz until April 24, 2019 and Mr. Jean-Pierre Clamadieu as of April 24, 2019), replaces the Chairman of the Board of Directors in the event of temporary incapacity or death, chairs meetings of the Board in the absence of the Chairman, acts, if need be, as spokesperson for the independent directors and informs the Chairman of any potential conflict of interest identified. The Senior Independent Director also reviews, with the Chairman of the Board of Directors, the agenda of Board meetings and the quality of information provided to the Board.

In addition, the Senior Independent Director may convene meetings of independent members of the Board, without the presence of the Chairman and Executive Management, in particular, to assess the performance of the Chairman, review his compensation and prepare his succession plan. He may also request the Chairman to convene the Board on a specific agenda.

The Senior Independent Director reports on his activities to the Shareholders' Meeting.

In 2019, the Senior Independent Director, also acting as Chairman of the Compensation & Governance Committee:

- maintained regular dialogue with the Chairman of the Board and with the Executive Management (*i.e.* the Chief Executive Officer and the Deputy Chief Executive Officers (*Directeurs Généraux Adjoints*));
- was actively involved in the preparation of Board meetings, working closely with the Chairman of the Board of Directors and the Executive Management;
- contributed to the selection process of the future members of the Board of Directors and its Committees;
- worked closely with the Chairman of the Board on the organization of the annual self-assessment of the Board;
- contributed to the review of all communications made to shareholders in particular on corporate governance topics and Executive Management compensation.

He reported on his activities at the Shareholders' Meeting of April 24, 2019.

BOARD ACTIVITIES IN 2019

In 2019, the Board of Directors met ten times and held three executive sessions without the presence of Executive Management.

In 2019, the Board notably focused on the review of the Group's strategy, the examination of the 2018 financial statements and the 2019 half-year financial statements, the review of proposed significant acquisitions and disposals, the integration of the XL Group, the review of the Board Committee reports, the review of the ORSA report and AXA's Internal Model as well as other written policies required under Solvency II, the Group's Pre-emptive Recovery Plan, the Group's dividend policy, the internal control and risk management, the approval of non-audit services, the self-assessment of the Board of Directors and the re-appointment and independence of its Board members, the review of the composition of the Board of Directors and its Committees and the succession plans of the Chairman of the Board and the Executive Management.

In March 2019, the Board of Directors held its annual two-day off-site strategy session with presentations by Group senior executives on a variety of key strategic topics related to the implementation of the Group's 2020 Strategic Plan.

In 2019, several training sessions were organized by the Chairman of the Board of Directors to familiarize the members of the Board of Directors with the Group's main activities and challenges. These sessions particularly focused on the Group's Financial Crime Compliance (anti-money laundering, sanctions and anti-bribery & corruption), reinsurance and Solvency II regulation. In October 2019, the Board of Directors also visited the Group's Security Operations Center (SOC), during which several presentations on the Group's IT security were delivered.

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

The Board of Directors conducts an annual self-assessment to review its composition, operating procedures and overall functioning. The conclusions of this self-assessment are discussed annually at the Board of Directors.

Since 2013, the Board of Directors, upon recommendation of its Compensation & Governance Committee, has periodically entrusted the annual assessment of the Board of Directors to an external consultant.

In 2018, the Board self-assessment was carried out by a consultant (SpencerStuart) who collected each of the individual director's inputs, views and suggestions on the Board work and its performance. Each director's view on other members' participation and contribution to the Board work was also collected.

In 2019, the Board self-assessment was conducted internally and all directors (except the Chairman of the Board) answered the self-assessment questionnaire and had a meeting with the Chairman of the Board in order to assess the effectiveness of the Board and each Board member's contribution. The conclusions concerning the personal contribution of each director were then transmitted by the Chairman of the Board who provided individual feedback during dedicated one-on-one meetings with each Board member.

Each director also had a meeting with the Chairman of the Compensation & Governance Committee in order to collect his/her assessment and suggestions on the personal contribution of the Chairman of the Board of Directors. The conclusions of these interviews were then submitted by the Chairman of the Compensation & Governance Committee to the Chairman of the Board of Directors.

The Compensation & Governance Committee reviewed in detail (i) the conclusions of the Board self-assessment, (ii) the principal areas identified for improvement and (iii) made recommendations to the Board of Directors which were examined and approved at the Board meeting of December 18, 2019.

The 2019 Board self-assessment demonstrated that all of the directors agreed that the functioning of the Board had either improved or remained unchanged at a high level due to the maturity of processes and the efficiency of the team formed by the Chairman and the Chief Executive Officer.

The members of the Board of Directors identified the following areas of improvement:

- closely monitor the selection of future Board members with the objective of appointing (i) directors with predefined critical skills (industry knowledge, digital/IT/technology, HR, customer/marketing skills), and (ii) an additional seasoned and active or former Chief Executive Officer;
- further involve the entire Board in the selection process of new directors, in particular the Chairman of any Committee in which the identified candidates are expected to sit;
- strengthen the involvement of the entire Board in the process of setting the objectives of the Chief Executive Officer, assessing his performance and discussing his compensation by organizing two executive sessions prior to final decisions by the entire Board;
- closely monitor the selection of any future Chairman of the Board of Directors and provide the Board with regular updates on the work performed in this regard; carefully manage the succession process for the current Chairman of the Finance Committee in 2021; and regularly discuss with the Board the succession plan for the Group Chief Executive Officer and Management Committee members;
- find occasions for the Board members to meet with the directors of the main operating subsidiaries (*e.g.* during the Board strategic seminar or during personal trips);
- provide the Board with post-mortem analysis or follow-up reports on the main decisions or projects discussed/approved by the Board;
- continue to involve the directors in the choice of training sessions; and
- continue to provide and improve information sent by the Chief Executive Officer to the Board on insurance sector-related news or reactions to public announcements made by the Company.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2019

In 2019, the Board met ten times and the average attendance rate was 99.35%. Board meetings lasted approximately four hours on average.

	Board of Directors		Audit Committee		Finance Committee		Compensation & Governance Committee	
Directors	**Number of attendance/ Number of meetings**	**Attendance rate**	**Number of attendance/ Number of meetings**	**Attendance rate**	**Number of attendance/ Number of meetings**	**Attendance rate**	**Number of attendance/ Number of meetings**	**Attendance rate**
Denis Duverne	10/10	100%	-	-	-	-	-	-
Thomas Buberl	10/10	100%	-	-	-	-	-	-
Patricia Barbizet	10/10	100%	-	-	-	-	4/4	100%
Martine Bièvre	10/10	100%	-	-	-	-	-	-
Jean-Pierre Clamadieu	9/10	90%	-	-	-	-	5/5	100%
Bettina Cramm	10/10	100%	-	-	-	-	5/5	100%
Irene Dorner	10/10	100%	5/6	83.33%	-	-	-	-
Rachel Duan	10/10	100%	-	-	-	-	3/3	100%
Jean-Martin Folz	4/4	100%	-	-	-	-	1/1	100%
André François-Poncet	10/10	100%	-	-	5/5	100%	5/5	100%
Angelien Kemna	10/10	100%	6/6	100%	-	-	-	-
Stefan Lippe	10/10	100%	6/6	100%	5/5	100%	-	-
François Martineau	10/10	100%	-	-	-	-	-	-
Ramon de Oliveira	10/10	100%	4/6	66.67%	5/5	100%	-	-
Doina Palici-Chehab	10/10	100%	-	-	5/5	100%	-	-
Elaine Sarsynski	10/10	100%	6/6	100%	-	-	-	-
TOTAL ATTENDANCE RATE		**99.35%**		**90%**		**100%**		**100%**

The Board Committees

The Board of Directors has established three specialized Committees: the Audit Committee, the Finance Committee and the Compensation & Governance Committee.

To ensure a well-balanced governance, the Board's Terms of Reference go beyond the requirements of French law and specifically provide that independent directors have a major role in all Board Committees, as follows:

- each of the three Committees is chaired by an independent director;
- all members of the Audit Committee are independent directors;
- all members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations;
- none of AXA's corporate officers may be members of the Committees.

Each Committee issues opinions, proposals or recommendations to the Board of Directors on matters within the scope of its responsibilities with each Committee Chairman reporting to the Board at the following Board meeting. However, under French law, Board Committees do not have any formal decision-making power and are advisory only.

3

The Committees may request external consulting expertise if necessary. They may also invite external participants to attend their meetings.

All Committees are composed of members with expertise in the relevant areas, and their composition is regularly reviewed by the Board of Directors.

The role, organization and responsibilities of each Committee are set out in the Board's Terms of Reference and in the Audit Committee Terms of Reference available on AXA's website.

AUDIT COMMITTEE IN 2019 [(1)]

Composition: Stefan Lippe (Chairman) – Irene Dorner – Angelien Kemna – Ramon de Oliveira – Elaine Sarsynski

In accordance with the Afep-Medef recommendations, the Audit Committee members are notably competent in the areas of finance and/or accounting.

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS
6	90%	100%

Principal responsibilities

The scope of the Audit Committee's responsibilities is set out in its Terms of Reference which are reviewed and approved each year by the Board of Directors.

The principal missions of the Committee are to:

- monitor the financial reporting process and the integrity of the publicly reported results and disclosures made in the financial statements;
- monitor the adequacy and effectiveness of the internal control and risk management frameworks;
- form an opinion on the effectiveness, performance and independence of the Group's internal auditors;
- consider the appointment and oversee the process for selecting Statutory Auditors, monitor the Statutory Auditors' audits and review of the Group's consolidated financial statements, as well as the auditors' independence and the breakdown of their fees and make recommendations to the Board as to the appointment of the Statutory Auditors to provide non-audit services.

The review of financial statements by the Audit Committee is accompanied by a report from the Statutory Auditors on the main results of the statutory audit and the accounting methods chosen in this regard.

The Committee also receives presentations from the Group Chief Risk Officer and the Group Chief Financial Officer describing the Company's principal risk exposures and where applicable the material off-balance-sheet commitments.

The Committee examines and issues an opinion on documents required by the Solvency II.

The Committee regularly meets the Statutory Auditors and the Global Head of Internal Audit during *ad hoc* sessions.

The Chief Executive Officer, the Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary, the Chief Financial Officer, the Global Head of Internal Audit, the Group Chief Risk Officer, the Group Chief Accounting Officer, as well as the Statutory Auditors attend each Audit Committee meeting.

Principal activities in 2019

The Committee focused, in particular, on the following issues:

- the 2018 financial statements;
- the 2018 Annual Report (Universal Registration Document);
- the 2019 half-year financial statements;
- internal control and risk management (reports on the financial and operational risks, compliance, litigation, Group IT security – cyber risk, on the Group's Internal Financial Control (IFC) function, and the Group's Standards…);
- risk management, risk appetite and reporting framework;
- compliance with the Solvency II regulations and the review of the ORSA, SFCR and RSR reports;
- the results of internal and external audit work;
- the review of Management's draft response to requests sent by the ACPR;
- the review, for recommendation to the Board, of the non-audit services provided by the Statutory Auditors;
- the review of the Statutory Auditors' rotation process; and
- the internal and external audit plans and resources.

(1) At December 31, 2019.

FINANCE COMMITTEE IN 2019 (1)

Composition: Ramon de Oliveira (Chairman) – André François-Poncet – Stefan Lippe - Doina Palici-Chehab

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS
5	100%	75%

Principal responsibilities

The principal missions of the Committee are:

- to examine and issue an opinion on any plan to sell some or all ownership interests held by the Company, or any acquisition or strategic partnership, whatever form they may take, when their immediate or deferred value exceeds the €500 million threshold;
- to examine and issue an opinion on any sureties, guarantees, endorsements and warrantees in favor of third parties which exceed the delegations of power granted to the Chief Executive Officer by the Board of Directors;
- to examine and issue an opinion on any of the following:
  - securities issuances giving a claim, whether directly or indirectly, to the Company's share capital,
  - share repurchase programs proposed to the Ordinary Shareholders' Meeting,
  - financing operations that could substantially change the Company's financial structure;
- to examine any plan to perform a financial operation of significant size for the AXA Group;
- to examine any subject relating to the financial management of the AXA Group including:
  - the policy on financial risk management,
  - the liquidity and financing of the Group,
  - solvency and capital management;
- to examine the impact of the main orientations and limits of Asset Liability Management policy on the Group's capital and solvency; and
- to review the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

The Group Chief Financial Officer and the Group Chief Risk Officer attend each Finance Committee meeting.
The Chairman of the Board of Directors, as well as the Chief Executive Officer, although not members of the Committee, contribute to the work of the Committee and attend its meetings.

Principal activities in 2019

The Committee focused, in particular, on the following issues:

- macroeconomic environment;
- capital and solvency;
- debt and liquidity;
- financial risk management;
- risk appetite and asset allocation;
- review of the 2019 investment strategy;
- the Pre-emptive Recovery Plan;
- M&A projects (above €500 million);
- the impact of low rates environment;
- review of financial authorizations including guarantees; and
- review of the proposed capital increase reserved for the employees of the AXA Group (Shareplan 2019).

(1) At December 31, 2019.

COMPENSATION & GOVERNANCE COMMITTEE IN 2019 (1)

Composition: Jean-Pierre Clamadieu (Chairman) – Patricia Barbizet – Bettina Cramm - Rachel Duan – André François-Poncet

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS (2)
5	100%	80%

Principal responsibilities

The principal missions of the Committee are:

- to issue proposals to the Board of Directors on:
  - the recommendations to the Shareholders' Meeting for the appointment and the re-appointment of the members of the Board of Directors,
  - the composition of the Board Committees,
  - the appointment of the Chairman, the Senior Independent Director, the members of the Executive Management and the persons who effectively run the Company (*dirigeants effectifs*) as defined under the Solvency II.

  The Committee also prepares, with the Chairman of the Board of Directors and the Chief Executive Officer, the succession of the Executive Management.

  The members of the Committee are also kept informed of the appointments of the main executives of the Group, and in particular the members of the Management Committee;
- to issue proposals to the Board of Directors on:
  - the compensation of the Chairman of the Board of Directors and the Chief Executive Officer and the preparation of their annual assessment,
  - the amount of directors' fees for the members of the Board of Directors to be submitted to the Shareholders' Meeting,
  - the number of Company performance shares to be granted to the Chief Executive Officer and the other members of the Management Committee;
- to formulate an opinion on the proposals of the Chief Executive Officer concerning:
  - the principles and conditions for the determination of the compensation of the main executives of the AXA Group,
  - the overall annual allocation of Company performance shares to employees of the AXA Group;

  The Chief Executive Officer also informs the Committee of the compensation of the main executives of the AXA Group;
- in depth analysis of certain Group human resources topics, including the annual review of the Company's policy with respect to professional equality and equal pay;
- to examine the Group's strategy on corporate responsibility and other related issues;
- in depth analysis certain governance matters relating to the operation and organization of the Board of Directors and the organization of the periodic self-assessment of the Board of Directors; and
- to review the AXA Compliance & Ethics Code.

The Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary attends each Compensation & Governance Committee meeting. The Chairman of the Board of Directors, as well as the Chief Executive Officer, although not members of the Committee, contribute to the work of the Committee and attend its meetings, except when their personal situation is discussed.

The Committee prepares, with the Chairman of the Board of Directors and the Chief Executive Officer, the succession of the Executive Management, including emergency succession, and reports regularly to the Board of Directors. It also regularly ensures the existence of succession plans, with different time horizons (short, medium, long), for each member of the Management Committee.

Principal activities in 2019

The Committee in particular focused on the following issues:

Compensation issues:

- the compensations paid to the Chief Executive Officer, the Company *dirigeants effectifs* (as defined under the Solvency II) and the members of the Management Committee;
- the 2019 and 2020 equity allocations (performance shares) and performance conditions;
- the grant of performance shares relating to retirement;
- the Group Remuneration policy and its evolution;
- the *ex post* and ex *ante "say-on-pay"* for corporate officers;
- the compensation ratios (PACTE law); and
- the amount and allocation of the directors' fees.

Governance issues:

- the selection process for future directors;
- the composition of the Board and its Committees as well as the composition of the Management Committee;
- the independence of the members of the Board;
- the self-assessment of the Board of Directors; and
- the succession plan (including the emergency succession plan) of the Executive Management.

Corporate Responsibility issues:

- the review of the Company's Corporate Responsibility strategy and the Group's environmental policy; and
- the Diversity & Inclusion strategy.

(1) At December 31, 2019.

(2) All members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations.

Executive Management

The Chief Executive Officer is assisted in the day-to-day operational management of the Group by a Management Committee and a Partners group.

The Chief Executive Officer reports to the Board on a regular basis on the Company's financial condition and all key issues, and provides regular written updates to the Board between meetings.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and the Board of Directors. In addition, the Board's Terms of Reference provide for specific limitations of the powers of the Chief Executive Officer and require, in addition to legal requirements, prior Board approval for certain significant transactions as indicated in the Section "Board of Directors" above.

THE MANAGEMENT COMMITTEE

The Management Committee's role is to assist the Chief Executive Officer in the operational management of the Group.

The Management Committee meets fortnightly to discuss Group strategic, financial and operational matters. The Management Committee has no formal decision-making authority and is advisory in nature.

COMPOSITION OF THE MANAGEMENT COMMITTEE ON FEBRUARY 20, 2020

Name	Principal function within AXA
Thomas Buberl	Chief Executive Officer of AXA
George Stansfield	Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary
Gérald Harlin	Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & Executive Chairman of AXA Investment Managers
Etienne Bouas-Laurent	Group Chief Financial Officer
Benoît Claveranne	Chief Executive Officer International & New Markets
Georges Desvaux	Chief Strategy and Business Development Officer
Scott Gunter	Chief Executive Officer of AXA XL
Alban de Mailly Nesle	Group Chief Risk and Investment Officer
Antimo Perretta	Chief Executive Officer Europe
Jacques de Peretti	Chief Executive Officer of AXA France
Karima Silvent	Chief Human Resources Officer
Astrid Stange	Chief Operating Officer
Gordon Watson	Chief Executive Officer Asia

THE PARTNERS GROUP

The Partners group is composed of the members of the Management Committee and over thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in the definition and implementation of key strategic initiatives in the context of the strategic plans and to contribute to a permanent strategic dialogue throughout the Group. It has no formal decision-making authority and is advisory in nature. The Partners group meets at least twice a year.

The complete list of the members of the Partners group is available on the AXA Group website (www.axa.com).

Other information

SERVICE CONTRACTS BETWEEN THE AXA GROUP AND MEMBERS OF THE BOARD OF DIRECTORS

Mrs. Doina Palici-Chehab, who is the employee shareholder representative on AXA's Board of Directors, is currently an employee of the GIE AXA (France).

Mrs. Martine Bièvre, who is an employee representative on AXA's Board of Directors, is currently an employee of AXA France IARD, which is one of AXA's main French subsidiaries.

Mrs. Bettina Cramm, who is also an employee representative on AXA's Board of Directors, is currently an employee of AXA Konzern AG, which is one of AXA's main German subsidiaries.

FAMILY RELATIONSHIPS

To the best of the Company's knowledge, there are no family relationships among the members of the Board of Directors or with members of the Executive Management.

OTHER INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

Absence of conflicts of interests

According to the Board's Terms of Reference and the recommendations of the Afep-Medef Code, each member of the Board of Directors is required to inform the Chairman of the Board of Directors and/or the Senior Independent Director of any situation concerning her/him which may create a conflict of interest with the Company or the companies of the AXA Group, and to abstain from voting on any related resolution.

The Chairman of the Board of Directors and the Chief Executive Officer do not currently carry out any professional activity or hold any directorship outside the AXA Group that the Board believes substantially interfere with or impede in any material way their availability to focus on the Group and its business. Certain members of the Board of Directors, however, are corporate officers and/or executives of companies that may have agreements or enter into transactions from time to time with the AXA Group including furnishing services or goods, providing credit facilities, purchases of securities (for their own account or for third parties), and/or underwriting of securities, and/or product and service providing. These agreements or deals are systematically negotiated and performed at arm's length terms and conditions. Consequently, AXA does not believe that any of these agreements or transactions give rise to any conflicts of interests between (i) the director's duties towards AXA and (ii) their private interests and/other duties.

To the best of the Company's knowledge, there are no agreements or arrangements that have been entered into with major shareholders, customers, suppliers or others pursuant to which a member of the Board of Directors was selected.

Absence of any conviction in relation to fraudulent offences, any official public incrimination and/or sanctions, or any responsibility in a bankruptcy for the last five years

To the best of the Company's knowledge, none of the members of its Board of Directors have been, during the last five years (i) subject to any conviction in relation to fraudulent offences or to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies), (ii) disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer, or (iii) associated as a member of the administrative, management or supervisory body with any company that has declared bankruptcy or been put into receivership, liquidation, or administration provided, however, that AXA has from time to time sold, discontinued and/or restructured certain business operations and voluntarily liquidated affiliated companies in connection with these or similar transactions and certain members of AXA's Board of Directors may have been associated with other companies that have undertaken similar solvent liquidations.

EMPLOYEES

The table below sets forth the number of salaried employees of the AXA Group over the past three years broken down by segment:

Salaried employees (Full time equivalent)	At December 31, 2019	At December 31, 2018	At December 31, 2017 restated [(a)]
France [(b)(c)]	**16,780**	**16,570**	**15,926**
Europe (including AXA Bank Belgium)	**30,311**	**30,534**	**29,604**
Of which Switzerland	4,110	4,028	3,890
Of which Germany [(d)]	8,590	8,922	7,969
Of which Belgium (including AXA Bank Belgium) [(e)(f)]	3,767	3,881	4,019
Of which United Kingdom & Ireland [(g)]	9,644	9,465	9,345
Of which Spain	2,410	2,467	2,599
Of which Italy	1,790	1,772	1,783
Asia	**11,799**	**8,124**	**7,965**
Of which Japan	2,963	2,874	2,804
Of which Hong Kong	1,701	1,720	1,640
Of which Asia – Direct	2,742	2,771	2,597
Of which China [(h)]	2,988	-	-
Of which Thailand	465	450	537
Of which Indonesia	320	309	387
AXA XL [(i)]	**9,179**	**9,071**	**1,544**
United States [(j)]	-	**7,959**	**7,636**
International (excluding AXA Bank Belgium) [(k)]	**14,164**	**13,854**	**13,852**
Transversal & Central Holdings	**18,229**	**17,954**	**19,201**
Of which AXA Investment Managers	2,366	2,356	2,399
Of which Group Management Services	938	851	1,086
Of which AXA Group Operations and AXA Business Services [(l)]	6,765	6,170	7,061
Of which AXA Assistance [(m)]	7,792	8,213	8,170
Of which AXA Global Re	145	167	263
TOTAL	**99,843**	**104,065**	**95,728**

Employees of non-consolidated companies or companies accounted for using the equity method are not included in the above table.
(a) Restated: as per the new governance in force since 2018.
(b) A portion of the employees of AXA's French affiliates is included in GIEs.
(c) In 2019, the increase by 210 in France was mainly driven by recruitments in both sales platform and call centers in Morocco, as well as business growth.
(d) In 2019, the decrease by 332 in Germany reflected efficiency programs.
(e) Some employees of AXA Bank Belgium provide common services for both insurance and banking activities and vice versa.
(f) In 2019, the decrease by 114 in Belgium was mainly driven by restructuring measures.
(g) In 2019, the increase by 179 in UK & Ireland was mainly driven by recruitments in compliance and regulatory projects, as well as business growth.
(h) In 2019, the increase by 2,988 in China was driven by the full consolidation of AXA Tianping in AXA Group's financial statements as at December 31, 2019.
(i) In 2019, the increase by 108 in AXA XL is mainly due to the internal transfer of employees to AXA Art.
(j) In 2019, the decrease by 7,959 in the United States was driven by the deconsolidation of Equitable Holdings, Inc. in AXA Group's financial statements as at December 31, 2019.
(k) In 2019, the increase by 310 in International (excluding AXA Bank Belgium), was mainly driven by Mexico (+162) due to business growth and higher recruitments related to projects and Colombia (+101) due to business growth.
(l) In 2019, the increase by 595 was mainly driven by AXA Group Operations (+485) from internal transfer of employees from GIE AXA to AXA Group Operations, as well as the development of shared services centers in both the Philippines and Malaysia.
(m) In 2019, the decrease by 421 in AXA Assistance was mainly driven by the Americas Region (-389) related to contract cancellations and simplification programs.

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

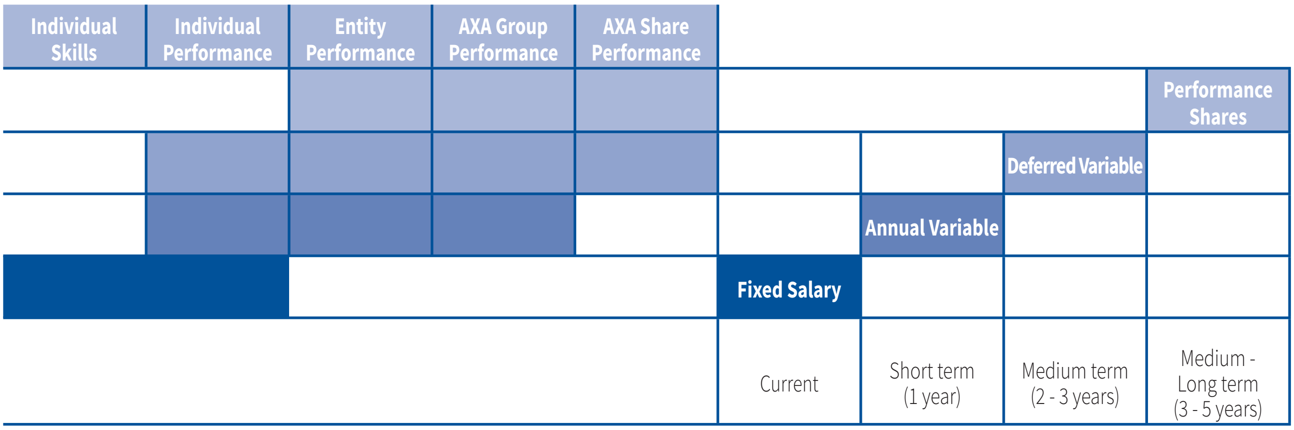
INTRODUCTION

AXA's global executive compensation policy is designed to align the interests of the executives with those of the Company and its shareholders while establishing a clear and straightforward link between performance and compensation. In this context, its main objective is to encourage the achievement of ambitious objectives and the creation of long-term value by setting challenging performance criteria.

AXA's executive compensation structure is based on an in-depth analysis of market practices in France and abroad, within the financial services sector (insurance companies, banks, asset managers, etc.) and of other international groups.

AXA Group's overall policy on executive compensation focuses on the variable part of the compensation package, which is the compensation at risk for beneficiaries. The structure of AXA's executive compensation is composed of a variable portion which represents a significant part of the aggregate compensation. This is designed to align executive compensation more directly with the operational strategy of the Group and the interests of the shareholders while encouraging performance:

- both on an individual and collective level; and
- over the short, medium and long term.



Corporate officers' and executives' compensation (1)

COMPENSATION OF THE CORPORATE OFFICERS AND MANAGEMENT COMMITTEE MEMBERS ON DECEMBER 31, 2019

Governance

The principal mission of the Compensation & Governance Committee of AXA's Board of Directors is to formulate propositions to the Board regarding, in particular, (i) the Company's compensation policy and principles, (ii) the determination of the corporate officers' compensation and performance assessment, and (iii) the grant of AXA performance shares to the Group Chief Executive Officer and the other members of the Group Management Committee.

Most of the members of the Compensation & Governance Committee are independent. Their independence is assessed annually by the Board in accordance with the criteria set forth in the Afep-Medef Code. The Senior Independent Director is the Chairman of the Committee and presents the compensation policy of the Company each year at the Shareholders' Meeting.

The Committee meets frequently with the Group Executives and the departments of the Company including Group Human Resources and Group Legal. The Committee is empowered to undertake or commission specific reviews and to use external consulting expertise to the extent deemed appropriate. Thus, during the last few years, the Committee worked several times with a compensation-consulting firm in order to benefit from an external technical expertise and an independent overview in order to compare AXA's variable compensation practices with general market practices.

Solvency II Group remuneration policy

Solvency II regulations came into force on January 1, 2016, and include a number of specific compensation and governance requirements applicable to European insurers and reinsurers. In this context, AXA has undertaken a comprehensive review of its existing compensation policies and practices against the requirements of Solvency II and has adopted a Remuneration Policy applicable to all AXA employees as of January 1, 2016. This Remuneration Policy is designed to support the Group's long-term business strategy and to align the interests of its employees with those of other stakeholders by (i) establishing a clear link between performance and remuneration over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation arrangements across the multiple markets in which it operates while avoiding potential conflicts of interest that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance with Solvency II regulations and any other applicable regulatory requirements.

The AXA Group Remuneration Policy is designed to:

- attract, develop and motivate critical skills and best talents;
- drive superior performance;
- align compensation levels with business performance;
- ensure that employees are not incentivized to take inappropriate and/or excessive risks and that they operate within AXA's overall risk framework; and
- ensure compliance of the Group's practices with all applicable regulatory requirements.

It follows four main guiding principles:

- competitiveness and market consistency of the remuneration practices;
- fairness based on individual and collective performance, in order to ensure remuneration is reflecting employee's individual quantitative and qualitative achievements and impact;
- internal equity based on remuneration policies and procedures designed to ensure that employees are paid equitably based on criteria such as role, skills, contribution or impact, and do not discriminate on the basis of gender or other irrelevant factors;
- achievement of the Group's overall financial and operational objectives over the short, medium and long term as well as execution against medium and long-term strategic objectives as a prerequisite to fund any mid-to-long term award.

The requirements set out in the Group Remuneration Policy may be supplemented in order to comply with local regulatory requirements or best practices. The Policy is reviewed and updated annually to mirror, as the case may be, changes in the internal organization and the nature, scale and complexity of the risks inherent to AXA's business and to reflect exchanges with the French insurance regulator (*Autorité de Contrôle Prudentiel et de Résolution* (ACPR)).

Remuneration structure

AXA applies a pay-for-performance approach which (i) promotes long-term sustainable performance by incorporating risk adjustment mechanisms in variable compensation schemes, and (ii) recognizes employees who bring the greatest value to the firm on the basis of financial results while demonstrating individual leadership and behaviours. The intent of this approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA's leadership.

(1) The information in this section is presented in accordance with the recommendation No. 2009-16 of the AMF, as modified on July 25, 2019, and with the recommendations of the Afep-Medef Code.

The overall remuneration structure is based on the following components, which are designed to provide balance and avoid excessive risk taking for short-term financial gain:

- a fixed component which comprises of a base salary and any other fixed allowances. Fixed remuneration primarily reflects the relevant organizational responsibility, professional experience, technical and leadership skills required of the role, criticality or scarcity of skills, as well as the individual's capability to sustainably perform the duties of the role;
- a variable component which primarily reflects the business and individual performance, including performance in excess of that required to fulfil the role description. It comprises of an upfront cash element (annual cash bonus) and a deferred element recognizing the importance of aligning remuneration over long-term value creation. The deferred element is awarded through AXA performance shares. This variable component depends on the AXA Group's global performance, on the beneficiary's operating business performance, and on the achievement of the executive's individual objectives including demonstrated abilities for leadership. The variable portion is designed to represent a substantial component of the executive's global compensation and, where an executive attains or exceeds the set objectives, to position the compensation levels of AXA executives between the median and the third quartile (or, in certain cases, beyond the third quartile) of the market reference.

The target level of the executives' compensation and the structure of the elements which compose such compensation are based on a detailed analysis of market practices as well as potential applicable national and international regulations, and also take into consideration various other factors including the equity principles within the Group and the previous compensation level of the executive.

Each year, AXA, with the assistance of specialized firms, conducts compensation reviews in order to ensure the competitiveness and consistency of executives' compensation and to measure the suitability of the global remuneration policies. In this context, three markets are used as a reference:

- a first market composed of 12 companies in the French CAC 40 index (companies selected to form the panel, which may vary from year-to-year, are comparable to AXA in terms of stock capitalization, revenues, sector, number of employees and/or geographic coverage);
- a second market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance companies and banks) which are principally based in the main European markets (France, Germany, Italy, the Netherlands, the United Kingdom, Spain and Switzerland), and in the United States;
- a third market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance companies and banks) which are principally based in Asia.

Annual cash compensation

TOTAL TARGET COMPENSATION

Total target compensation of the Chief Executive Officer

The Board of Directors, upon recommendation of its Compensation & Governance Committee, has decided to maintain unchanged in 2019 the total annual cash compensation target of the Chief Executive Officer, Mr. Thomas Buberl, at €2,900,000.

This total target compensation is composed of a fixed annual compensation and a target annual variable compensation.

The fixed annual compensation of the Chief Executive Officer amounts to €1,450,000 and the variable component of his compensation is set at €1,450,000, *i.e.* 100% of his fixed annual compensation.

The total amount of compensation of the Chief Executive Officer and the balance between its different components (fixed and variable) are mainly based on a study by an external advisory firm (Willis Towers Watson) on compensation practices for similar positions within a sample of CAC 40 companies as well as the main European companies in the financial sector (insurance companies, banks), and follows the recommendations of the Afep-Medef Code, the G20, the European Commission and the Financial Stability Board in terms of compensation.

Total compensation of the Chairman of the Board of Directors

The Board of Directors, upon proposal of its Compensation & Governance Committee, has decided to maintain unchanged in 2019 the fixed annual compensation of the Chairman of the Board, Mr. Denis Duverne, at €1,200,000.

The Board of Directors upon recommendation of its Compensation & Governance Committee and pursuant to the recommendations of the Afep-Medef Code considered that the compensation structure best suited for the Chairman of the Board of Directors was to limit his compensation to a sole fixed annual compensation.

In order to determine Mr. Denis Duverne's fixed compensation, the Board of Directions consulted an external advisory firm (Willis Towers Watson) regarding compensation practices for similar positions within a sample of CAC 40 companies as well as the main European companies in the financial sector (insurance companies, banks).

The Board of Directors also took into account the extensive duties that it entrusted Mr. Denis Duverne with as Chairman of the Board of Directors as described in Section 3.1 of this Annual Report.

Furthermore, Mr. Denis Duverne, who claimed his rights to pension as of September 1, 2016, has decided to waive payment, for his entire term of office as Chairman of the Board of Directors, of the annuities which he would have received as from September 1, 2016, under the complementary pension scheme for Group executive officers in France, amounting to circa €750,000 per year. Mr. Denis Duverne has decided not to receive payment of these annuities until termination of his term of office as Chairman of the Board without retroactive payment.

Finally, no variable compensation is paid to him, nor does he receive directors' fees or performance shares or any other long-term incentive during his term of office.

ANNUAL VARIABLE COMPENSATION AND PERFORMANCE CONDITIONS

Performance conditions

The variable annual compensation is entirely subject to performance conditions and no minimum payment is guaranteed.

The determination of the variable compensation to be paid to the Chief Executive Officer, Mr. Thomas Buberl, was based in 2019 on the following two metrics:

- Group performance for 50%. This metric is measured based on (i) underlying earnings per share, (ii) return on equity (adjusted Return on Equity – RoE), (iii) gross revenues in both Commercial Property & Casualty and Health & Protection, and (iv) Net Promoter Score (customer recommendation index). The relative weight of each indicator is, respectively, 55%, 15%, 15% and 15%.

  The selected indicators to measure the Group performance reflect objectives widely disclosed internally and externally with respect to growth, profitability, capital management, operational efficiency and proximity with clients. Thus, these indicators, directly linked to the strategic orientations of the Group, are both financial and operating criteria and rely on achievement of a predefined budget and on target figure;
- Individual performance for 50%, which is evaluated based on objectives specifically related to strategic initiatives set and reviewed each year.

  The individual performance of the Chief Executive Officer is assessed on the basis of various indicators and qualitative and quantifiable objectives set by the Board of Directors through a written target letter drawn up at the beginning of each calendar year. This letter includes detailed objectives about the Group's progress in the elaboration of its strategic plan as well as other performance indicators and objectives designed to assess the level of achievement of global strategic initiatives and/or relating to certain geographic areas, and the evolution of certain investments contributing to the development of the Group's operations.

Each of these two metrics is evaluated separately so that overall variable payout reflects performance against two distinct components (each capped at a 150% achievement rate) assessed independently.

The determination of the actual amount of variable compensation to be paid to the Chief Executive Officer is based on the following additive formula: Variable compensation due = Target Variable compensation x (50% Group Performance + 50% Individual Performance).

From 2020 performance year onwards, the weight of the Group Performance within the variable compensation assessment will increase to 70% leading to a decrease of the Individual Performance weight to 30%.

With this evolution, the Board of Directors, upon recommendation from its Compensation & Governance Committee, wished to strengthen the formulaic/quantitative component of the Chief Executive Officer's variable compensation, in line with market practices in France and abroad, as well as feedback received from a number of institutional investors.

MR. THOMAS BUBERL, CHIEF EXECUTIVE OFFICER

	Weighting	Achievement rate
Group performance based on:	**50%**	**108%**
■ Underlying earnings per share	55%	98%
■ Return on equity	15%	112%
■ Gross revenues in Commercial Property & Casualty and in Health & Protection	15%	151%
■ Net Promoter Score	15%	93%
Individual performance based on:	**50%**	**114.5%**
■ XL integration: Ensure the integration of AXA XL	25%	90%
■ Innovation: Scale innovation to support acceleration of Payer to *Partner*	15%	100%
■ Simplification: Make further progress on AXA's portfolio transformation	25%	130%
■ Culture: Evolve culture, transform leadership and develop his own leadership	15%	130%
■ Execute selected key initiatives	20%	125%
Global performance		**111%**

In order to evaluate Mr. Thomas Buberl's individual performance in 2019, the Board of Directors assessed the achievement of the following objectives set in his target letter:

- XL integration:
  - Realize the planned synergies of the XL integration,
  - Start implementing the new global Commercial Lines Strategy;
- Innovation: Scale innovation to support acceleration of Payer to Partner:
  - Accelerate development of new business models in Health through strategic partnerships and review of potential acquisitions,
  - Develop vertical integration in Health in 1 or 2 emerging market(s);

3

- Simplification: Make further progress on AXA's portfolio transformation:
  - Continue the sell down of EQH, if market allows it,
  - Achieve relevant steps in deleveraging AXA;
- Culture: Evolve culture, transform leadership and develop his own leadership:
  - Improve Employee Net Promoter Score (eNPS) by 5 points on average compared to the December 2018 score,
  - Further strengthen diversity by 3 points within the newly created Global Leadership Network (GLN),
  - Manage the succession of the Group CFO;
- Execute selected key initiatives:
  - Progress on the implementation of the China strategy (complete acquisition of 100% of AXA Tianping…),
  - Progress on the implementation of AXA IM's strategy and transformation.

The total effective variable compensation of the Chief Executive Officer may not exceed 150% of his variable target compensation, *i.e.* 150% of his fixed annual compensation.

A deferral mechanism applies to 30% of his variable compensation over a two-year period.

Pursuant to Article L.225-100 III of the French Commercial Code, the payment of the Chief Executive Officer's 2019 variable compensation is withheld until the approval of the Shareholders' Meeting on April 30, 2020.

Performance conditions applicable to the other members of the Management Committee

For the other members of the Management Committee, their variable compensation is also determined on the basis of an individual predefined target which is entirely based on the following formulas.

Management Committee members' performance with operating business responsibilities is determined according to the following metrics: 50%* (50% Entity Score + 50% Group STIC Score) + 50% Individual Performance Score.

The variable compensation of the members of the Management Committee with Group responsibilities is determined according to the following metrics: (50%* Group STIC Score + 50% Individual Performance Score).

The variable compensation of Management Committee members who hold Group key functions as defined under the Solvency II regulations is exclusively determined by the individual performance.

Group performance is measured by the (i) underlying earnings per share, (ii) return on equity (adjusted Return on Equity – ROE), (iii) gross revenues in both Commercial Property & Casualty and Health & Protection, and (iv) Net Promoter Score (customer recommendation index). Individual performance is evaluated considering predetermined objectives specifically deriving from strategic initiatives.

The performance of operating businesses is determined in particular on the basis of the following performance indicators:

- Underlying earnings;
- Property & Casualty current year combined ratio;
- Health & Protection current year/all year combined ratio;
- Commercial Property & Casualty gross revenues;
- Health & Protection gross revenues;
- Net Promoter Score.

Performance indicators that measure the Group performance are defined at the beginning of the year with:

- a predefined target, aligned with the strategic plan (*budget*), the completion of which will result in 100% achievement;
- a floor (at which the STIC pay-out is 25%), which defines the threshold below which no variable compensation for that component will be paid;
- a cap (at a STIC pay-out of 175%), which defines the threshold above which the variable compensation for that component is capped.

Individual performance is assessed both on (i) the achievement of results for each predetermined individual objective and (ii) qualitative factors, including leadership skills demonstrated by the members of the Management Committee measured against the goals listed below:

- improving customer satisfaction;
- rolling-out differentiated Payer-to-Partner Services;
- making AXA XL a success;
- accelerating simplification;
- striving to be the most inspiring company to work for and boost employee engagement.

In the tables of this section, compensation not paid in Euro was converted into Euro on the basis of the following yearly average exchange rates for 2019: 1 USD = 0.8933 EUR; 1 HKD = 0.1140 EUR and 1 CHF = 0.8989 EUR.

The variable compensations paid to the Management Committee members for 2017, 2018 and 2019 were:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

Members of the Management Committee *(in Euro)*		Country	Variable compensation for the year 2017 Target	Actual [(b)]	% Target	Variable compensation for the year 2018 Target	Actual [(b)]	% Target	Variable compensation for the year 2019 Target	Actual	% Target
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,754,500 [(a)]	121%	1,450,000	1,725,500 [(a)]	119%	1,450,000	1,609,500 [(a) (c)]	111%
Total of the other Management Committee members [(d)]			5,032,997	6,128,763	122%	8,691,210	10,453,693	120%	9,363,562	8,017,777	99%

(a) This amount includes the part of the variable compensation with respect to 2017, 2018 and 2019 which has been deferred in accordance with the mechanism described on page 125. The total amount paid will depend on performance conditions and may then vary.

(b) Amount before deduction of 70% of directors' fees.

(c) Pursuant to Article L.225-100 III of the French Commercial Code, the payment of the Chief Executive Officer's 2019 variable compensation is withheld until the approval of the Shareholders' Meeting on April 30, 2020.

(d) As at December 31, 2019, the Management Committee was comprised of 13 members (compared to 11 as at December 31, 2018).

ANNUAL DEFERRED VARIABLE COMPENSATION

Since 2013, the Board of Directors has implemented a deferral mechanism for 30% of for the executive officers' variable compensation over a two-year period.

Under this mechanism, the Chief Executive Officer's deferred amount of variable compensation for the 2019 fiscal year will be paid out in two tranches, in 2021 and 2022. The actual amount to be paid will vary depending on the AXA share price performance over the deferral period and will be subject to a minimum of 80% and a cap at 120% of the deferred amount; provided, however that no deferred variable compensation would be paid in the event (i) that the Group's underlying earnings are negative for the year ending immediately prior to the year of scheduled payout, or (ii) of resignation or dismissal, for gross or wilful misconduct prior to the payout date (clawback provision).

The variable compensation deferral component is subject to a clawback mechanism which, while not required by law in France, is designed to further align AXA's policy with current practices, laws and regulations on executive compensation in the financial services sector internationally.

At the end of February 2020, (i) the second tranche of Mr. Thomas Buberl's deferred variable compensation for the 2017 fiscal year, *i.e.* an amount of €244,125 and (ii) the first tranche of Mr. Thomas Buberl's deferred variable compensation for the 2018 fiscal year *i.e.* an amount of €260,575 were paid.

These amounts reflect the evolution of the AXA share price and were set at 93% of the deferred variable compensation granted in respect of the 2017 fiscal year and at 101% in respect of the 2018 fiscal year.

All the amounts presented in this Section 3.2 are gross amounts and before taxation.

Long-term incentive (LTI) annual allotment

Each year, LTIs (performance shares) are granted to Group executives.

These LTIs represent a significant part of their global variable compensation in order to associate the Group executives to the creation of long-term value. In this context, the number of LTIs granted is set so that the executives are between the median and the 3rd quartile of market references considering the global amount of the variable part (comprised of one part in cash and one part in LTIs). The Compensation & Governance Committee and the Board of Directors however ensure that the performance shares granted to the Group executives and valued in accordance with IFRS standards are not disproportionate compared to the aggregate compensation and shares granted to the said executives.

These performance shares are integrally subject to performance conditions (please refer to pages 131 and following) and therefore do not guarantee any grant or minimal gain for the beneficiaries.

The Board of Directors, upon recommendation of its Compensation & Governance Committee, decided that Mr. Denis Duverne, as Chairman of the Board of Directors shall not receive any performance shares or other long-term incentive during his term of office.

SUMMARY OF COMPENSATION, OPTIONS AND PERFORMANCE SHARES GRANTED TO MANAGEMENT COMMITTEE MEMBERS

			Year 2018					Year 2019				
Members of the Management Committee *(in Euro)*		**Country**	**Compensation granted in respect of the year**	**Value of options granted during the year**	**Value of performance shares granted during the year**	**Value of international performance shares granted during the year**	**TOTAL**	**Compensation granted in respect of the year**	**Value of options granted during the year**	**Value of performance shares granted during the year**	**Value of international performance shares granted during the year**	**TOTAL**
Thomas Buberl	Chief Executive Officer	France	3,234,959 [(a)]	229,748	1,577,687	0	5,042,394	3,063,544 [(a)]	0	2,024,558	0	5,088,102 [(b)]
Total of the other Management Committee members [(c)]			19,886,304	1,506,333	2,617,521	7,636,604	31,646,763	18,780,436	0	3,814,466	5,609,452	28,204,354

(a) This amount includes the part of the variable compensation with respect to 2018 or 2019 which has been deferred in accordance with the mechanism described on page 125. The total amount paid will depend on performance conditions and may then vary.

(b) This amount includes the payment of the Chief Executive Officer's 2019 variable compensation which will be withheld until the approval of the Shareholders' Meeting on April 30, 2020.

(c) As at December 31, 2019, the Management Committee was comprised of 13 members (compared to 11 as at December 31, 2018).

On each date of grant, the fair value of stock options and performance shares is determined in accordance with IFRS standards. This is a historical value on the date of grant, calculated for accounting purposes as described in Note 26.3.1 "Share-based compensation instruments issued by the Group" in Part 5 "Consolidated Financial Statements" of the Annual Report. This value does not represent a current market value, a current valuation of these options and performance shares, nor the actual amounts that may be paid to beneficiaries if and when the options are exercised or the performance shares are acquired.

On June 27, 2018, the fair value of one option was €1.17 for options with performance conditions, and the fair value of one performance share was €14.06.

On June 19, 2019, the fair value of one performance share was €15.17.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2019

			Year 2019											
			Amounts granted with respect to the year						Amounts paid during the year					
Members of the Management Committee *(in Euro)*		Country	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	TOTAL	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,126,650 [(a) (b)]	0	0	4,044	2,580,694	1,450,000	1,481,728	0	0	4,044	2,935,772
Total of the other Management Committee members			7,560,627	8,016,496	0	0	90,953	15,668,076	10,672,987	8,915,145	0	0	90,953	19,679,085

(a) This amount does not include the part of the variable compensation with respect to 2019 which has been deferred in accordance with the mechanism described on page 125.

(b) Pursuant to Article L.225-100 III of the French Commercial Code, the payment of the the Chief Executive Officer's 2019 variable compensation is withheld until the approval of the Shareholders' Meeting on April 30, 2020.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2018

			Year 2018											
			Amounts granted with respect to the year						Amounts paid during the year					
Members of the Management Committee *(in Euro)*		Country	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total [(b)]	Fixed compen-sation	Variable compen-sation [(b)]	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,207,850 [(a)]	-	106,250	4,044	2,717,309	1,450,000	1,175,885	-	106,250	4,044	2,736,179
Total of the other Management Committee members			7,067,297	10,467,895	-	313,944	116,304	17,814,864	9,080,169	7,512,739	-	313,944	161,565	17,068,417

(a) This amount does not include the part of the variable compensation with respect to 2018 which has been deferred in accordance with the mechanism described on page 125.

(b) Director's fees are deducted up to 70% from the variable compensation.

The corporate officers do not receive Board fees from AXA SA.

Board fees indicated in the above tables paid for Board memberships held in AXA Group companies and are deducted by 70% (of their net value) from the variable compensation of the same year in accordance with the Group policy applicable to all employees who benefit from Board fees. This principle of deduction of 70% of the paid directors' fees is meant to compensate the absence of contribution (*e.g.* life insurance disability insurance, retirement) on behalf of the beneficiary, because of the decrease of the gross compensation.

The only "benefit in kind" for Messrs. Thomas Buberl and Denis Duverne is a company car.

COMPENSATION RATIOS

As required by the regulation in force and in accordance with the Afep guidelines, the table below sets out the ratios comparing, on the one hand, the Chief Executive Officer's and the Chairman's compensation paid or granted in 2019 and, on the other hand, the mean and median 2019 compensation of employees of the holding Company in France (AXA SA) [1] and, on a voluntary basis, of employees of the Group's France-based entities [2].

2019 Fiscal Year *(compensation paid or granted during the 2019 fiscal year)* [(a)]	**Ratio against AXA SA's employees mean compensation**	**Ratio against AXA SA's employees median compensation**	**Ratio against employees of AXA in France's mean compensation**	**Ratio against employees of AXA in France's median compensation**
Chief Executive Officer's Compensation	2.26	1.95	70.11	91.85
Chairman's Compensation	0.51	0.44	15.76	20.64

(a) The elements of compensation selected for the purpose of the table above are: the fixed and variable compensation, LTIs (in IFRS value), Board fees, benefits in kind and collective profit-sharing, paid or granted to each relevant executive or employee during the fiscal year.

(1) Which has less than five employees.

(2) Around 15,000 employees.

As required by the regulation in force, the annual evolutions over the five most recent fiscal years of (i) the Executive Officers' compensations of the Company (AXA SA), (ii) the performance of AXA, (iii) the mean compensation of employees of the Company (AXA SA) and, on a voluntary basis, (iv) of the employees of the Group's France-based entities, and (v) the hereinabove mentioned ratios, are disclosed in the table below.

	Evolution (as %) between 2015 and 2016	Evolution (as %) between 2016 and 2017	Evolution (as %) between 2017 and 2018	Evolution (as %) between 2018 and 2019
Chairman & CEO's Compensation [(a)]	-30.08% [(b)]	N/A	N/A	N/A
Chief Executive Officer's Compensation (CEO) [(c)]	N/A	N/A [(d)]	+4.44% [(e)]	+6.70%
Chairman's Compensation [(f)]	N/A	0.00% [(7)]	0.00%	0.00%
AXA's Performance (Underlying Earnings Per Share)	+4%	+7%	+3%	+5%
AXA SA employees' mean compensation	-18.49%	+16.74%	+16.28%	-6.05%
AXA entities in France employees' mean compensation	+1.13%	+1.75%	+3.51%	+2.52%
Ratio between AXA SA Chairman & CEO's compensation and the mean compensation of AXA SA employees	-14.22% [(b)]	N/A	N/A	N/A
Ratio between AXA SA CEO's compensation and the mean compensation of AXA SA employees	N/A	N/A [(d)]	-10.19% [(e)]	+13.57%
Ratio between AXA SA Chairman's compensation and the mean compensation of AXA SA employees	N/A	-14.35% [(g)]	-14.01%	+6.44%
Ratio between AXA SA Chairman & CEO's compensation and the median compensation of AXA SA employees	-23.49% [(b)]	N/A	N/A	N/A
Ratio between AXA SA CEO's compensation and the median compensation of AXA SA employees	N/A	N/A [(d)]	-5.73% [(e)]	+4.51%
Ratio between AXA SA Chairman's compensation and the median compensation of AXA SA employees	N/A	-14.23% [(g)]	-9.74%	-2.06%
Ratio between AXA SA Chairman & CEO's compensation and the mean compensation of employees of AXA in France	-30.86% [(b)]	N/A	N/A	N/A
Ratio between AXA SA CEO's compensation and the mean compensation of employees of AXA in France	N/A	N/A [(d)]	+0.89% [(e)]	+4.08%
Ratio between AXA SA Chairman's compensation and the mean compensation of employees of AXA in France	N/A	-1.73% [(g)]	-3.40%	-2.45%
Ratio between AXA SA Chairman & CEO's compensation and the median compensation of employees of AXA in France	-31.49% [(b)]	N/A	N/A	N/A
Ratio between AXA SA CEO's compensation and the median compensation of employees of AXA in France	N/A	N/A [(d)]	+1.57% [(e)]	+3.68%
Ratio between AXA SA Chairman's compensation and the median compensation of employees of AXA in France	N/A	-2.27% [(g)]	-2.75%	-2.83%

(a) The term of office of the Chairman & CEO ended on September 1, 2016.
(b) The cash compensation granted to the Chairman & CEO in 2016 has been annualized for the purpose of the table above. No Long Term Incentives were granted to the Chairman & CEO in 2016 (year of retirement).
(c) The CEO was appointed on September 1, 2016.
(d) No variable compensation with respect to the CEO term of office was granted during 2016.
(e) The variable compensation granted to the CEO in 2017 has been annualized for the purpose of the table above.
(f) The Chairman was appointed on September 1, 2016.
(g) The compensation granted to the Chairman in 2016 has been annualized for the purpose of the table above.

DIRECTORS' FEES

Directors' fees

During the fiscal year 2019, the members of the Board of Directors, except for the corporate officers, only received directors' fees as compensation from the Company. The amount of directors' fees paid to each AXA Board member is indicated in the table below.

(Gross amounts in Euro)	Directors' fees paid in 2020 for 2019	Directors' fees paid in 2019 for 2018
Current members of the Board of Directors		
Denis Duverne – Chairman of the Board of Directors	0	0
Thomas Buberl – Chief Executive Officer	0	0
Patricia Barbizet	100,452.89	58,374.91
Martine Bièvre (a)(b)	81,534.92	45,556.12
Jean-Pierre Clamadieu – Senior Independent Director as from April 24, 2019	176,418.14	103,085.99
Bettina Cramm (a)	108,150.55	59,648.37
Irene Dorner	127,586.44	125,968.16
Rachel Duan	95,495.08	58,374.91
André François-Poncet	137,375.55	137,309.10
Angelien Kemna	132,900.08	135,195.00
Stefan Lippe	213,490.23	215,754.52
François Martineau	81,534.92	81,354.91
Ramon de Oliveira	180,722.80	179,078.19
Doina Palici-Chehab	110,759.92	108,074.35
Elaine Sarsynski	132,900.08	75,519.13
Former members of the Board of Directors		
Jean-Martin Folz – Senior Independent Director until April 24, 2019	70,678.39	219,824.42
Isabelle Kocher	-	20,791.44
Suet Fern Lee	-	37,177.12
Deanna Oppenheimer	-	47,246.71
TOTAL	**1,750,000.00**	**1,708,333.33**

(a) Mmes Martine Bièvre and Bettina Cramm, members of the Board of Directors representing the employees, are employed by subsidiaries of the Company and as such, receive a compensation that has no link with their directorship. Their compensation as employees is therefore not published.

(b) Directors' fees due to Mrs. Martine Bièvre, member of the Board of Directors representing the employees, were, at her request, directly paid by the Company to the "Fédération des Banques et des Assurances CFDT" (French trade union organization).

Criteria of directors' fees allocation

The total annual maximum amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 25, 2018, at €1,900,000.

No directors' fees are paid by the Company to the corporate officers (*i.e.* Chairman of the Board of Directors and Chief Executive Officer).

The total maximum amount of directors' fees is determined by the Shareholders' Meeting, in accordance with applicable laws, and apportioned by the Board of Directors to its members in accordance with its Terms of Reference (in accordance with the recommendations of Afep-Medef Code, a minority part of the fees is distributed evenly among the members of the Board of Directors as a fixed fee):

- a fixed amount determined by the Board of Directors shall be paid annually to the Senior Independent Director (set to €80,000);
- 65% of the remaining amount shall be allocated to the Board as follows: 40% shall be divided equally among Board members and paid as a fixed fee, and 60% shall be paid according to Board attendance;

- the remaining 35% shall be allocated by the Board of Directors to the Board Committees as follows: 25% to the Finance Committee, 25% to the Compensation & Governance Committee, and 50% to the Audit Committee. Each Committee shall then allocate such amount to its members as follows: 40% shall be divided equally among members and paid as a fixed fee, and 60% shall be paid according to Committee attendance, with the Chairman of the Committee receiving in each case a double fee.

Mrs. Doina Palici-Chehab, member of the Board of Directors representing the employee shareholders of the AXA Group, received in 2019 an annual gross cash compensation of €1,579,943 in connection with her position as Chief Integration Officer. This compensation consists of €700,000 of fixed compensation and €879,943 of variable compensation.

Performance shares and international performance shares

Performance shares are designed to recognize and motivate the Group's best talents and core skills by aligning the individuals' interests with the overall performance of the AXA Group, and the corresponding operational Entity/Business Unit as well as with the stock performance of the AXA share over the medium-long term. Performance shares generally result in low shareholder dilution due to the possibility to deliver existing shares, this choice being the one made up to this date.

Performance shares are usually granted to beneficiaries residing in France while international performance shares are generally granted to beneficiaries residing outside of France.

GRANT PROCEDURE

Within the multi-annual cap authorized by the shareholders, the Board of Directors approves all performance share programs prior to their implementation.

Each year, the Board of Directors, acting upon recommendation of its Compensation & Governance Committee, approves a global performance share pool to be granted.

The recommendations for grants of performance shares are made by the management of each operating business and by the Group's functional department heads. These recommendations are reviewed by the Executive Management to ensure a global coherence and respect of the Group's internal equity principles. Individual grants of performance shares are then decided by the Board of Directors, provided that individual grants to the Chief Executive Officer and other members of the Management Committee are preceded by a proposal of the Compensation & Governance Committee, which takes into consideration their aggregate compensation elements as well as the market studies carried out by the Group together with an independent compensation-consulting firm. Furthermore, the grant to AXA executive officers shall depend on the level of achievement of the strategic objectives previously defined by the Board of Directors.

The Board of Directors also decided that the total number of performance shares granted to the Company's executive officers each year may not exceed 10% of the aggregate number of performance shares granted during the same year, to avoid an excessive concentration of performance shares granted to the executive officers.

RULES REGARDING PERFORMANCE SHARES AND PERFORMANCE CONDITIONS

Each beneficiary receives an initial, preliminary allocation of performance shares that is used as a reference to calculate the actual number of shares that will be definitely granted at the end of a 3-year performance period.

During the performance period, all performance shares initially granted are integrally subject to performance conditions regardless of the beneficiary's status. These criteria measure both the financial and operational performance of the AXA Group as well as the beneficiary's operating business performance, according to pre-determined targets.

The nature of these criteria as well as the associated targets are defined and reviewed on a regular basis by the Board of Directors, depending on the evolution of the Group's strategic objectives and after consideration of market practices as well as changes in regulations. Thus, during the last few years, the performance criteria used for this purpose have been linked to (i) the underlying earnings and the adjusted earnings to measure the operating businesses' performance, and (ii) the adjusted earnings per share to measure the AXA Group performance.

The achievement rate of the performance indicators ("performance rate") is used to determine the number of shares, which will be definitively acquired by the beneficiaries at the end of the acquisition period, under the condition that the beneficiary is still employed by the AXA Group. The number of performance shares definitively granted shall therefore be equal to the number of performance shares initially granted multiplied by the performance rate, which may vary between 0% and 130%.

The AXA Group performance weighs for 40% performance of the total performance while the operating business weighs for 50%. For beneficiaries in Group functions (including AXA executive officers) as well as Head of Control Functions, the considered operating business is the AXA Group.

Since the 2016 grant, two relative performance criteria were introduced in the calculation of the global performance:

- one criterion linked to Corporate Responsibility – CR (based on the Dow Jones Sustainability Index "DJSI") which weighs for 10% of the global performance rate. Accordingly, the average of the scores achieved by AXA according to the DJSI during the acquisition period is compared to the average of the scores achieved by the other companies included in the DJSI over the same period. Consequently, under this indicator:
  - no share shall be granted if AXA's score is lower than the 75th percentile [(1)],
  - 80% of the shares shall be granted if AXA's score is equal to the 75th percentile,
  - 100% of the shares shall be granted if AXA's score is equal to the 85th percentile, and
  - a maximum of 130% of the shares shall be granted if AXA's score is equal or greater than the 95th percentile;

  Between these minimal and maximal performance levels, the number of shares definitely granted are calculated on a linear basis depending on the performance achieved;
- one financial criterion of relative performance is meant to compare the growth of the total return of the AXA share (Total Shareholder Return – "TSR") with the growth of the TSR of the stock reference index of the insurance sector (SXIP [(2)]) in order to adjust upwards or downwards within the limit of 5 points the global performance rate. Thus, AXA's outperformance (150% or more) compared to the SXIP index shall trigger a maximum increase of the global performance rate of 5 points (subject however to the upper limit of 130% of the global performance rate) and AXA's under-performance (75% or less) compared to the SXIP index shall trigger a maximum decrease of 5 points of the global performance rate. Between these minimal and maximal performance levels, the number of shares definitely granted shall be calculated on a linear basis depending on the performance achieved.

The global performance rate is therefore calculated as follows: [10% CR (DJSI) + 40% Group performance (Adjusted earnings per share) + 50% operating business performance [average (Adjusted earnings + Underlying earnings)]] +/- 5 points of relative performance (TSR) within the upper limit of 130%.

Since the 2017 grant, the performance target setting is aligned with the financial targets of the strategic plan over the performance period (*i.e.* 3 years).

In the event of 100% achievement of the strategic plan targets ("target"), the number of shares definitively granted at the end of the acquisition period would be equal to the number of performance shares initially granted.

Accordingly, for all beneficiaries except AXA's executive officers and members of the Management Committee, should the performance be:

- lower than 80% of the performance required to reach the target, no share would be delivered to the beneficiary at the end of the acquisition period; consequently the beneficiaries are not guaranteed a minimal grant/gain;
- equal to 80% of the performance required to reach the target, the number of shares definitively granted would be equal to 80% of the number initially granted;
- equal to 100% of the performance required to reach the target, the number of shares definitively granted would be equal to 100% of the number initially granted;
- equal to or higher than 130% of the performance required to reach the target, the number of shares definitively granted would be equal to 130% of the number initially granted.

For the executive officers and members of the Management Committee, should the performance be:

- lower than the average cumulated results achieved over the 3 years immediately prior to the grant date, no share would be delivered to the beneficiary at the end of the acquisition period; consequently, in the absence of growth, no shares would be granted, and no potential underperformance would be rewarded;
- equal to 100% of the average cumulated results achieved over the 3 years immediately prior to the grant date, the number of shares definitively granted would be equal to 50% of the number initially granted (the Board of Directors, upon recommendation from its Compensation & Governance Committee, has decided to lower this threshold to 40% from the 2020 grant onwards);
- equal to 100% of the performance required to reach the target, the number of shares definitively granted would be equal to 100% of the number initially granted;
- equal to or higher than 130% of the performance required to reach the target, the number of shares definitively granted would be equal to 130% of the number initially granted.

Between the different levels of performance listed above, the number of shares definitively granted to beneficiaries is calculated on a linear basis depending on the achieved performance of the various indicators used.

Furthermore, should no dividend be paid by the AXA Group during any fiscal year of the acquisition period, the number of shares definitively granted would be automatically divided by 2.

(1) The percentile represents the percentage of other companies included in the index which obtained a lower score.

(2) SXIP index (STOXX Insurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. As at December 31, 2019, the index included 35 companies of the sector.

The performance conditions are summarized in the chart below:

	Executive officers & Management Committee			Other beneficiaries		
	For 100% of the shares			For 100% of the shares		
	Performance		% granted	Performance		% granted
Group Performance (40%) *Adjusted earnings per share* **Capped at 130%**	Floor	100% of the average AEPS over the 3 years immediately prior to the grant date	50% (40% from the 2020 grant onwards)	Floor	80% of the performance required to reach the target	80%
	Target	AEPS target	100%	Target	AEPS target	100%
	Outperformance	130% of the performance required to reach the target	130%	Outperformance	130% of the performance required to reach the target	130%

	Executive officers & Management Committee			Other beneficiaries		
	For 100% of the shares			For 100% of the shares		
	Performance		% granted	Performance		% granted
Operating Business Performance (50%) *Average (Adjusted earnings + Underlying earnings)* **Capped at 130%**	Floor	100% of the average AE + UE over the 3 years immediately prior to the grant date	50% (40% from the 2020 grant onwards)	Floor	80% of the performance required to reach the target	80%
	Target	AE + UE target	100%	Target	AE + UE target	100%
	Outperformance	130% of the performance required to reach the target	130%	Outperformance	130% of the performance required to reach the target	130%

	For all beneficiaries		
	For 100% of the shares		
	Performance		% granted
CR criterion (10%) *AXA's score vs DJSI* **Capped at 130%**	Floor	AXA's score = 75th percentile	80%
	Target	AXA's score = 85th percentile	100%
	Outperformance	AXA's score ≥ 95th percentile	130%

Calculation of the global performance rate = [40% Group Performance + 50% Operating Business Performance + 10% CR criterion] +/- 5 points according to AXA's score vs a relative performance criterion (TSR).
Performance rate divided by 2 should no dividend be paid during any of the fiscal years of the acquisition period.
In any event the total number of shares definitely acquired is capped at 130% of the initial grant.

The Performance Shares and International Performance Shares granted in 2019 to all beneficiaries (except for the Management Committee members) were conditioned to a 3-year acquisition period, corresponding to the performance measurement period but were not restricted from sale ("holding period") after the acquisition period.

The Performance Shares granted to the Management Committee members, including the Chief Executive Officer, were acquired at the end of a 3-year acquisition period and restricted from sale during a 2-year holding period.

The International Performance Shares granted to the Management Committee members were subject to a 3-year performance period followed by a 1-year deferred acquisition period.

The amounts corresponding to International Performance Shares are expensed each year under the variable accounting method. They do not create any dilution for shareholders since no new shares are issued. The payment is made in shares. Should this type of payment not be possible for legal, tax or any other reason, the payment could be made in cash.

The Performance Shares and International Performance Shares granted in 2020 to the Management Committee members' (except for the Chief Executive Officer) will be acquired after a 3-year acquisition period, corresponding to the performance measurement period, and 50% of the shares acquired will be subject to a further 2-year holding period. The Performance Shares granted to the Chief Executive Officer will remain acquired at the end of a 3-year acquisition period and restricted from sale during a 2-year holding period.

PERFORMANCE SHARES PLANS SUMMARY

International Performance Shares plans

Grant date (Board of Directors)	19/06/2015	06/06/2016	21/06/2017	27/06/2018	19/06/2019	12/03/2020
Total number of beneficiaries	5,093	4,968	5,200	4,507	4,279	3,978
Total number of *International Performance* Shares granted	5,737,538	6,324,271	5,759,830	4,531,764	4,514,526	6,314,782
from which granted to:						
Corporate officers:						
Thomas Buberl	28,727 (a)	40,341 (a)	-	-	-	-
Denis Duverne	-	-	-	-	-	-
Doina Palici-Chehab	7,692	8,589	8,700	-	-	-
Acquisition date of *the International* Performance Shares	19/06/2019	06/06/2020	21/06/2021	27/06/2022	19/06/2022 (b)	12/03/2023 (d)
Number of *International Performance* Shares acquired at 31/12/19	4,801,867	421 (c)	4,748 (c)	837 (c)	0	-
Number of *International Performance* Shares cancelled	1,164,783	1,360,183	937,240	415,282	103,836	-
Balance at 31/12/19	0	4,955,919	4,818,938	4,115,838	4,410,690	-

(a) International Performance Shares granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.
(b) The members of Management Committee have a 1-year deferred acquisition period.
(c) Acquisition by anticipation following death events.
(d) 50% of International Performance Shares of the Management Commitee members have a 2-year holding period.

Performance Shares Plans

Date of the Shareholders' meeting	23/04/2014	27/04/2016	27/04/2016	27/04/2016	24/04/2019	24/04/2019
Grant date (Board of Directors)	19/06/2015	06/06/2016	21/06/2017	27/06/2018	19/06/2019	12/03/2020
Total number of beneficiaries	2,250	2,342	2,673	2,812	2,793	2,623
Total number of *Performance Shares* granted	2,459,256	2,358,236	2,486,368	2,979,171	2,961,225	4,020,077
from which granted to:						
Corporate officers:						
Thomas Buberl	-	-	100,526	112,211	133,458	168,648
Denis Duverne	82,603	0	0	0	0	0
Doina Palici-Chehab	-	-	-	18,644	22,440	29,620
Acquisition date of the shares	19/06/2018	06/06/2019 [(a)]	21/06/2020 [(b)]	27/06/2021 [(c)]	19/06/2022	12/03/2023
End of restriction	19/06/2020	06/06/2021	21/06/2022	27/06/2023	19/06/2022 [(d)]	12/03/2023 [(f)]
Number of shares acquired at 31/12/19	2,275,750	2,036,436	147 [(e)]	168 [(e)]	-	-
Number of *Performance Shares* cancelled	190,195	254,447	195,804	98,170	17,105	-
Balance at 31/12/19	0	42,643	2,290,451	2,880,872	2,944,120	-

(a) Eleven employees have chosen the 4+0 vesting calendar (aquisition at June 6, 2020 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(b) Three employees have chosen the 4+0 vesting calendar (aquisition at June 21, 2021 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(c) Six employees have chosen the 4+0 vesting calendar (aquisition at June 27, 2022 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(d) The members of the Management Committee (including the Chief Executive Officer of AXA) have a 2-year holding period.
(e) Shares acquired by anticipation following death events.
(f) 100% of the Performance Shares for the Chief Executive Officer of AXA as well as 50% of the Performance Shares for the other members of the Management Committee have a 2-year holding period.

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES GRANTED TO CORPORATE OFFICERS DURING 2019 AND 2020

Corporate officers		Plan date	Nature of the plan	Number of shares granted	% of capital	Value *(in Euro)*	Acquisition date	End of restriction	Performance conditions
Thomas Buberl	Chief Executive Officer	19/06/2019	*Performance Shares*	133,458	0.006%	2,024,558	19/06/2022	19/06/2024	adjusted earnings per share adjusted earnings underlying earnings
		12/03/2020	*Performance Shares*	168,648	0.007%	1,548,189	12/03/2023	12/03/2025	adjusted earnings per share adjusted earnings underlying earnings
Denis Duverne	Chairman of the Board of Directors	-	-	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	19/06/2019	*Performance Shares*	22,440	0.001%	367,792	19/06/2022	19/06/2022	adjusted earnings per share adjusted earnings underlying earnings
		12/03/2020	*Performance Shares*	29,620	0.001%	290,868	12/03/2023	12/03/2023	adjusted earnings per share adjusted earnings underlying earnings

In the table above all dates that are indicated are in the format of day/month/year.

The fair value of performance shares is determined in accordance with IFRS standards. It corresponds to a historical value at the date of grant, calculated for accounting purposes as described in Note 26.3.1 "Share based compensation instruments issued by the Group" in Part 5 "Consolidated Financial Statements" of this Annual Report. This value does not represent a current market value, a current valuation of these performance shares or the actual proceeds if and when the performance shares are acquired.

Under the AXA Compliance & Ethics Code, all employees (including the executive officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (performance shares) granted under any plan or arrangement maintained by AXA or any of its subsidiaries. This restriction applies from the date of grant until such time as the beneficiary receives the securities underlying the award upon, for example, the lapse of restrictions on performance shares or similar events. In accordance with the recommendations of the Afep-Medef Code, the executive officers of the Company make a formal commitment to not resort to hedging transactions.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES ACQUIRED BY CORPORATE OFFICERS DURING 2019

Corporate officers		Plan date	Nature of the plan	Number of shares granted	Acquisition date	Shares acquired during the year	Performance rate over the acquisition period	End of the restriction period
Thomas Buberl	Chief Executive Officer	19/06/2015	*International Performance* Shares	28,727	19/06/2019	32,788	114% [(a)]	19/06/2019
Denis Duverne	Chairman of the Board of Directors	-	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	19/06/2015	*International Performance* Shares	7,692	19/06/2019	7,193	94% [(b)]	19/06/2019

(a) The performance rate of 114% is composed of: 1/3 x 106% (Adjusted earnings per share) + 2/3 x 118% (Adjusted earnings and Underlying earnings).
(b) The performance rate of 94% is composed of: 1/3 x 106% (Adjusted earnings per share) + 2/3 x 87% (Adjusted earnings and Underlying earnings).

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES BECOMING UNRESTRICTED DURING 2019 FOR EACH CORPORATE OFFICER

Corporate officers		Plan date	Number of shares becoming unrestricted during the year	Date of availability
Thomas Buberl	Chief Executive Officer	19/06/2015	32,788	19/06/2019
Denis Duverne	Chairman of the Board of Directors	24/03/2014	111,745	24/03/2019
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	19/06/2015	7,193	19/06/2019

In the table above all dates that are indicated are in the format of day/month/year.

Stock options

From 1989 to 2018, AXA granted stock options to its corporate officers and its employees in France and abroad. The purpose of these grants was to associate them with AXA's share price performance and encourage their performance over the long term. In 2019, after having progressively reduced the number of stock options beneficiaries over the past few years, AXA's Board of Directors, upon recommendation from its Compensation & Governance Committee, in order to simplify AXA's compensation policy and in line with market practice and feedback received from a number of institutional investors, decided to cease awarding stock options to corporate officers and AXA employees.

Previous plans are still valid until their expiration (maximum duration period of 10 years). They were granted at market value, with no discount, and become exercisable by tranches, generally in thirds between 3 and 5 years following the grant date.

Pursuant to the stock option plan rules, beneficiaries who resign from the Group lose the right to exercise their options.

On December 31, 2019, more than 2,100 AXA employees held a total of 15,154,663 outstanding options, representing 0.63% of the Company's share capital on the same date.

PERFORMANCE CONDITIONS

All options granted to all members of the Management Committee until 2018 were subject to performance condition. This performance condition also applied to the last tranche of each option grant (*i.e.* the last third of the options granted) for all other beneficiaries of options.

Pursuant to this performance condition, the options become fully exercisable only if the AXA share price performs at least as well as the stock reference index of the insurance sector [1]. No option submitted to such performance condition can be exercised as long as this criterion has not been reached. This external performance condition subjects the acquisition of the right to exercise the options to the achievement of a fully objective and public performance and allows to measure the relative performance of AXA compared to its main European competitors over a period of at least three years.

If the performance condition has not been met at the expiry date of the options, these options are automatically cancelled.

Furthermore, the Board of Directors decided that a second performance condition would apply to the all options granted in 2017 and 2018, pursuant to which beneficiaries would not be able to exercise their stock options in the event the net income of the Group share is negative, and for as long as it remains.

(1) SXIP index (Stoxx Insurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. As at December 31, 2019, the index included 35 companies of the sector.

STOCK OPTIONS PLAN SUMMARY

Date of the Shareholders' meeting	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008
Grant date (Board of Directors or Management Board)	20/03/2009	20/03/2009	02/04/2009	10/06/2009	10/06/2009	21/09/2009	08/12/2009	08/12/2009	19/03/2010	19/03/2010
Total number of beneficiaries	4,627	759	28	29	17	16	2	13	5,062	476
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	4,870,844	407,692	114,324	22,291	2,137,462	53,237	3,134	20,890	7,671,540	278,986
corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	-	-	-	226,398	-	-	-	264,000	-
Doina Palici-Chehab	3,227	-	-	-	-	-	-	-	3,850	-
The first 10 employees beneficiaries [(b)]	293,954	51,018	84,309	20,317	615,165	47,753	-	18,280	742,217	75,035
Start date of exercise	20/03/2011	20/03/2011	02/04/2011	10/06/2013	10/06/2011	21/09/2013	08/12/2011	08/12/2013	19/03/2012	19/03/2012
Expiry date of options	20/03/2019	20/03/2019	02/04/2019	10/06/2019	10/06/2019	21/09/2019	08/12/2019	08/12/2019	19/03/2020	19/03/2020
Subscription or purchase price of options [(a)]	9.76	9.76	9.76	13.03	15.47	15.88	16.60	16.60	15.43	15.43
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y
Number of options exercised at 31/12/19	3,802,683	254,581	64,216	3,764	1,883,893	40,618	0	4,700	5,868,279	226,040
Options cancelled at 31/12/19	1,068,161	153,111	50,108	18,527	253,569	12,619	3,134	16,190	1,329,314	43,521
Options outstanding at 31/12/19	0	0	0	0	0	0	0	0	473,947	9,425

(a) The number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" other than corporate officers at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

Date of the Shareholders' meeting	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	27/04/2011	27/04/2011
Grant date (Board of Directors or Management Board)	**18/08/2010**	**18/08/2010**	**13/10/2010**	**13/10/2010**	**22/12/2010**	**18/03/2011**	**18/03/2011**	**04/04/2011**	**16/03/2012**	**13/06/2012**
Total number of beneficiaries	**3**	**5**	**1**	**17**	**8**	**6,372**	**423**	**170**	**467**	**1**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	**22,846**	**10,619**	**4,274**	**27,772**	**12,758**	**8,598,469**	**154,705**	**375,988**	**4,508,380**	**76,089**
corporate officers: Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	-	-	-	-	247,500	-	-	192,000	-
Doina Palici-Chehab	-	-	-	-	-	8,750	-	-	7,500	-
The first 10 employees beneficiaries [(b)]	-	-	-	21,364	-	980,684	21,412	183,500	693,745	-
Start date of exercise	18/08/2012	18/08/2014	13/10/2012	13/10/2014	22/12/2014	18/03/2013	18/03/2015	04/04/2013	16/03/2014	13/06/2014
Expiry date of options	18/08/2020	18/08/2020	13/10/2020	13/10/2020	22/12/2020	18/03/2021	18/03/2021	04/04/2021	16/03/2022	13/06/2022
Subscription or purchase price of options [(a)]	13.89	13.89	13.01	13.01	12.22	14.73	14.73	14.73	12.22	9.36
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/19	**15,846**	**6,458**	**3,274**	**7,833**	**5,582**	**6,027,651**	**90,243**	**253,840**	**3,441,815**	**76,089**
Options cancelled at 31/12/19	**7,000**	**4,161**	**0**	**16,379**	**6,379**	**1,454,025**	**29,670**	**99,923**	**552,339**	**0**
Options outstanding at 31/12/19	**0**	**0**	**1,000**	**3,560**	**797**	**1,116,793**	**34,792**	**22,225**	**514,226**	**0**

(a) The number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" other than corporate officers at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

Date of the Shareholders' meeting	27/04/2011	27/04/2011	23/04/2014	23/04/2014	26/04/2017	26/04/2017
Grant date (Board of Directors or Management Board)	22/03/2013	24/03/2014	19/06/2015	06/06/2016	21/06/2017	27/06/2018
Total number of beneficiaries	162	158	148	158	144	117
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	3,480,637	3,100,000	3,014,469	3,323,259	3,070,397	2,730,217
corporate officers:						
Thomas Buberl	-	48,800 [(c)]	50,272 [(c)]	70,598 [(c)]	175,917	196,366
Denis Duverne	169,000	155,000	145,381	0	0	0
Doina Palici-Chehab	14,000	14,110	13,461	15,028	15,224	32,626
The first 10 employees beneficiaries [(b)]	789,382	661,900	683,100	813,477	787,665	761,168
Start date of exercise	22/03/2015	24/03/2017	19/06/2018	06/06/2019	21/06/2020	27/06/2021
Expiry date of options	22/03/2023	24/03/2024	19/06/2025	06/06/2026	21/06/2027	27/06/2028
Subscription or purchase price of options [(a)]	13.81	18.68	22.90	21.52	23.92	21.60
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y
Number of options exercised at 31/12/19	2,507,217	1,106,925	191,693	180,437	76,416	0
Options cancelled at 31/12/19	264,014	299,840	294,989	501,838	255,396	62,316
Options outstanding at 31/12/19	709,406	1,693,235	2,527,787	2,640,984	2,738,585	2,667,901

(a) The number of options and exercise prices have been adjusted, pursuant to applicable regulations, as a result of operations on the AXA stock.
(b) "Employees" other than corporate officers at grant date.
(c) Options were granted to Mr. Thomas Buberl prior to his appointment as Chief Executive Officer.

In the table above all dates that are indicated are in the format of day/month/year.

Under the AXA Group Compliance & Ethics Code, all employees (including the corporate officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (stock options and performance shares) granted under any plan or arrangement maintained by AXA or any of its subsidiaries. This restriction applies from the date of grant until such time as the beneficiary receives the securities underlying the award upon, for example, the exercise of a stock option or the lapse of restrictions on performance shares. In accordance with the recommendations of the Afep-Medef Code, the executive officers of the Company make a formal commitment to not resort to such hedging transactions.

STOCK OPTIONS HELD BY CORPORATE OFFICERS THAT BECAME EXERCISABLE DURING 2019

Corporate officers		Plan date	Nature of options	Number of options that became exercisable during the year [(a)]	Exercise price *(in Euro)*	Expiry date of options	Performance conditions
Thomas Buberl	Chief Executive Officer	24/03/2014	subscription or purchase	16,266	18.68	24/03/2024	100% of options: SXIP index
		19/06/2015	subscription or purchase	33,516	22.90	19/06/2025	100% of options: SXIP index
		06/06/2016	subscription or purchase	23,533	21.52	06/06/2026	100% of options: SXIP index
Denis Duverne	Chairman of the Board of Directors	24/03/2014	subscription or purchase	51,666	18.68	24/03/2024	100% of options: SXIP index
		19/06/2015	subscription or purchase	96,922	22.90	19/06/2025	100% of options: SXIP index
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	24/03/2014	subscription or purchase	4,702	18.68	24/03/2024	Last third of options: SXIP Index
		19/06/2015	subscription or purchase	4,487	22.90	19/06/2025	Last third of options: SXIP Index
		06/06/2016	subscription or purchase	5,010	21.52	06/06/2026	Last third of options: SXIP Index

(a) Stock options vested (according to the vesting calendar) for which the performance conditions have been met during the year or no performance condition is applicable.

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS EXERCISED BY CORPORATE OFFICERS DURING 2019

		AXA options				ADS AXA options			
Corporate officers		Date of grant	Number of options exercised during the year	Exercise price *(in Euro)*	Date of exercise	Date of grant	Number of options exercised during the year	Exercise price (in USD)	Date of exercise
Thomas Buberl	Chief Executive Officer	24/03/2014	32,533	18.68	23/12/2019	-	-	-	-
		19/06/2015	33,516	22.90	20/12/2019	-	-	-	-
		06/06/2016	23,533	21.52	23/12/2019	-	-	-	-
Denis Duverne	Chairman of the Board of Directors	18/03/2011	142,711	14.73	30/08/2019	-	-	-	-
		22/03/2013	59,740	13.81	23/12/2019	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	-	-	-	-	-	-	-	-

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS EXERCISED BY THE TOP 10 BENEFICIARIES (OUTSIDE THE CORPORATE OFFICERS) DURING 2019

	Number of options exercised	Weighted average price *(in Euro)*
Stock options of AXA or any eligible AXA Group subsidiaries, exercised during the year by the ten employees, outside management bodies' members of the Company or of eligible AXA Group subsidiaries, who exercised the highest number of stock options (aggregate information)	679,156	17.55

STOCK OPTIONS HELD BY CORPORATE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS OF DECEMBER 31, 2019)

		Balance of options at December 31, 2019	
Corporate officers		**AXA**	**ADS AXA**
Thomas Buberl	Chief Executive Officer	436,104	-
Denis Duverne	Chairman of the Board of Directors	409,641	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	85,745	-

Share ownership policy for executives of the Group

AXA implemented a shareholding policy applicable to the main senior executives of the Group. This policy imposes that each executive hold, during the entire duration of his/her functions, a minimum number of AXA shares (the "Minimum Shareholding Requirement") representing a multiple of the annual fixed compensation received for his/her functions within the Group:

- the Chief Executive Officer is required to hold the equivalent of his annual fixed compensation multiplied by 3;
- Management Committee members are required to hold the equivalent of their annual fixed compensation multiplied by 2;
- Partners Group are required to hold the equivalent of their annual fixed compensation multiplied by 1.

AXA shares, ADS AXA or shares of listed Group subsidiaries, held directly or indirectly through Mutual funds or similar investment vehicles, regardless of their acquisition procedure, are taken into account for the purposes of calculating this Minimum Shareholding Requirement.

Each concerned senior executive is required to meet this Minimum Shareholding Requirement within a period of 5 years as from the date of her/his first appointment.

Pursuant to Articles L.225-197-1 and L.225-185 of the French Commercial Code, the Board of Directors has decided that, as long as the Chief Executive Officer has not met his Minimum Shareholding Requirement, all Stock Options and Performance Shares granted to him will be subject to the following restrictions:

- upon each exercise of these stock options granted, the Chief Executive Officer must continue to hold in registered form a number of shares obtained upon exercise equal in value to at least 25% of the pre-tax capital gain realized upon exercise. These shares shall be held during his entire term of office as Chief Executive Officer;
- for Performance Shares granted, the Chief Executive Officer must, at every performance share acquisition date, hold in registered form at least 25% of the Performance Shares acquired during his entire term of office as Chief Executive Officer.

These restrictions do not apply if the Chief Executive Officer complies with his Minimum Shareholding Requirement.

CHIEF EXECUTIVE OFFICER

On December 31, 2019, based on the AXA share value on that date (€25.11), the Chief Executive Officer meets his Minimum Shareholding Requirement such as described in the above Section "Share ownership policy for executives of the Group".

	Shareholding requirement				Shareholding on 31/12/2019			
	Fixed compensation	Number of years	Amount	Target date	Number of years	Amount	AXA shares	AXA Share plan units
Thomas Buberl	€1,450,000	3	€4,350,000	01/09/2021	5.7	€8,265,057	320,305	8,847

MEMBERS OF THE MANAGEMENT COMMITTEE

On December 31, 2019, based on the AXA share value on that date (€25.11), the members of the Management Committee held, on average, 2.2 times the equivalent of their fixed annual compensation, it being specified that all members of the Management Committee are still within the 5-year time following their nomination date allowing them to comply with their minimal shareholding requirement.

MEMBERS OF THE BOARD OF DIRECTORS

To the best knowledge of the Company and based on information reported to it, each AXA Board of Directors member held, on December 31, 2019, the number of AXA shares or ADS AXA indicated in the table below.

	Number of shares [(a)] owned on December 31, 2019	
	AXA Shares	ADS AXA
Denis Duverne – Chairman of the Board of Directors	1,558,366	18,734
Thomas Buberl – Chief Executive Officer	320,305	-
Patricia Barbizet	4,570	-
Martine Bièvre [(b)]	0	-
Jean-Pierre Clamadieu	9,000	-
Bettina Cramm [(b)]	106	-
Irene Dorner	6,700	-
Rachel Duan	3,950 [(c)]	-
André François-Poncet	7,842	-
Angelien Kemna	7,250	-
Stefan Lippe	12,000	-
François Martineau	6,732	-
Ramon de Oliveira	-	11,300
Doina Palici-Chehab	18,079	-
Elaine Sarsynski	-	5,000 [(d)]

(a) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(b) The holding of AXA shares by directors representing the employees (Mmes Martine Bièvre and Bettina Cramm) is not mandatory.
(c) On January 17, 2020.
(d) On January 22, 2020.

Transactions involving Company securities completed in 2019 by the members of the Board of Directors

To the best of the Company's knowledge and based on the information reported to it, several members of the Board of Directors made the following disclosures in the course of 2019 concerning their transactions involving Company securities. Detailed information about all of these transactions, as well as individual disclosures filed in accordance with Articles 223-22 and 223-25 of the AMF General Regulations, are published on the Company's website (www.axa.com) and on the AMF website (www.amf-france.org).

						Options			Subscription of stock options		Subs-cription and sale of stock options			Equity issue reserved for employees *(Shareplan)*
Name	**Sale of AXA shares** *(Number)*	**Purchase of AXA ADS** *(Number)*	**Purchase of AXA shares** *(Number)*	**Acquisition of performance shares (end of acquisition period)** *(Number)*	**Automatic reinvestment into the Company Savings Plan of dividends attached to shares held in the Company Savings Plan** *(Number of units)*	**Sale of call options** *(Number)*	**Acquisition of put options** *(Number)*	**Options that became exercisable** *(Number)*	**Subscrip-tion to AXA shares** *(Number)*	**Subscrip-tion to AXA ADS** *(Number)*	**AXA shares** *(Number)*	**Sale of units of AXA Group Mutual funds invested in AXA shares** *(Number of units)*	**Transfer of units of AXA Group Mutual funds invested in AXA shares to other AXA Group mutual funds** *(Number of units)*	**Subscription to units of AXA Group Mutual funds invested in AXA shares** *(Number of units)*
Thomas Buberl	12,093			32,788 3,042 [d]				16,266 33,516 23,533	32,533 33,516 23,533			36,516.13 52,847.61		50,406.94
Bettina Cramm														98.45
Denis Duverne	27,395 [a] 24,618 [a] 27,395 [a] 24,618 [a] 27,396 [a] 32,000 [a] 32,000 [a] 25,000 [a][c]				19,775.52			51,666 96,922	142,711 [a] 59,740 [a][b]			37,285.51	2,986.70	20,468.50
Doina Palici-Chehab	1,017			7,193				4,487 4,702						5,494.09 460.19

(a) Transaction performed by an independent financial intermediary pursuant to a discretionary mandate.
(b) AXA shares locked in under the AXA employee-stock purchase plan (plan d'Épargne d'entreprise du Groupe).
(c) Transaction performed by a legal entity linked to Denis Duverne.
(d) Retirement performance shares.

Pursuant to the AXA Group Compliance & Ethics Code, corporate officers and other employees of the Company must refrain from any purchase or sale of AXA securities during specific time periods ("blackout periods") prior to the earnings releases. These blackout periods generally begin about 30 days before its annual or half-year earnings releases and 15 days before its quarterly financial information. Depending on the circumstances, these blackout periods could be declared at other times or be extended.

Commitments made to executive officers

PENSION COMMITMENTS

Mr. Denis Duverne as former Deputy Chief Executive Officer of the Company participated, as all other executive employees (*directeurs*) of AXA Group entities in France, in a mandatory and collective supplementary pension scheme with defined benefits on the condition that they terminate their career in the AXA Group in accordance with the provisions of Article L.137-11 of the French Social Security Code.

Mr. Denis Duverne, who retired from his position as Deputy Chief Executive Officer on August 31, 2016, and was appointed Chairman of the Board of Directors as of September 1, 2016, claimed his pension rights according to the collective defined benefit pension scheme as of September 1, 2016. However, Mr. Denis Duverne decided to waive payment of the annuities amounting to circa €750,000 per year before taxes and social security charges, until termination of his term of office as Chairman of the Board without any retroactive payment.

This collective defined benefits pension scheme has been closed to any new beneficiary as of December 31, 2016. As a result, no executive employees (*directeurs*) or executive officer appointed after this date shall benefit from it.

The Directive 2014/50/UE/of the European Parliament and of the Council of April 16, 2014, provides that, as from January 1, 2020, future pension rights must be portable and consequently can no longer be acquired in the existing defined benefit pension scheme. The collective defined benefits pension scheme is currently under review and amendment to ensure compliance with this directive.

Mr. Thomas Buberl, AXA's Chief Executive Officer does not benefit from the collective defined benefits pension scheme described above.

The Chief Executive Officer of the Company. Mr. Thomas Buberl, as well as all other employees of AXA Group entities in France, participate in a mandatory and collective supplementary pension scheme with defined contributions (collective insurance contract – *contrat d'assurance de Groupe* as defined in Article L.141-1 of the French Insurance Code). This AXA pension fund was implemented in 2011 and benefits to the employees of AXA Group entities in France falling within the scope of the Collective Agreement of December 18, 2009. The individual employer contribution rate is set at 0.75% of the total gross compensation, which is not capped (the contribution base is the same as the one used for contributions related to the Social Security General Scheme). Contributions are subject to 9.7% social charges (9.2% for CSG and 0.5% for CRDS).

Retirement performance shares

Since December 2016, AXA has implemented a retirement performance shares plan which benefits to all executive employees (*directeurs*) of AXA Group entities in France including for the Chief Executive Officer, Mr. Thomas Buberl.

It provides beneficiaries with portable pension benefits until retirement in line with Directive 2014/50/UE/of the European Parliament and of the Council of April 16, 2014 on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights.

These performance shares are subject to (i) an acquisition period of three years, and (ii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell all or part of their shares for diversification purposes (following the three-year acquisition period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

The definitive acquisition of these shares is subject to (i) the beneficiary's presence in the AXA Group on December 31 of the year during which the grant is decided, and (ii) the achievement of a performance condition related to the average AXA Group Solvency II ratio calculated during the acquisition period and subject to different performance levels: to benefit from the totality of performance shares initially granted, the average AXA Group Solvency II ratio calculated during the acquisition period must be greater than or equal to 170%. However, if the average ratio is 150%, only half of the shares initially granted will be acquired. No shares will be acquired if the average ratio is below 150%. No minimum number of shares is guaranteed.

Between these performance levels, the number of shares definitely acquired will be calculated, on a linear basis depending on the achieved performance.

No shares will be acquired if the Company does not pay dividends during any year of the acquisition period.

The Board of Directors also decided that no more than 10% of the total number of shares granted during any fiscal year should be granted to AXA's executive officers, to avoid an excessive concentration of retirement performance shares granted to the executive officers.

On December 18, 2019, the Board of Directors approved a grant of retirement performance shares. Accordingly, 571,909 retirement performance shares were granted to 466 officers, which represent 0.02% of the outstanding share capital on the date of the grant, of which 18,947 retirement performance shares were granted to AXA's Chief Executive Officer representing 3.3% of the total grant.

All retirement performance shares granted are subject to the performance conditions described above and calculated over a three-year period beginning on January 1, 2019, and ending on December 31, 2021.

TERMINATION PROVISIONS

Executive officers	Employment contract		Supplementary pension scheme		Indemnities or advantages due or likely to be due upon termination of functions		Indemnities due for non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thomas Buberl Chief Executive Officer Beginning of current mandate: 25/04/18 Term of office: 2022		X	X [(a)]		X			X
Denis Duverne Chairman of the Board of Directors Beginning of current mandate: 25/04/18 Term of office: 2022		X	X [(b)]			X		X

(a) Mr. Thomas Buberl is a beneficiary of the retirement performance shares plans.

(b) Mr. Denis Duverne decided to waive payment of the annuities he is entitled to under the collective defined benefit pension scheme, until termination of his term of office as Chairman of the Board without any retroactive payment. He does not benefit from additional pension schemes as Chairman of the Board.

In accordance with the recommendations of the Afep-Medef Code, Mr. Thomas Buberl has decided to renounce to his employment contract as of the date of his appointment as Chief Executive Officer.

In connection with this decision, the Board of Directors upon recommendation of its Compensation & Governance Committee undertook a review of the consequences of this renunciation including with respect to the continuity of the social benefits (health insurance, life insurance, disability insurance, etc.) to which Mr. Thomas Buberl was entitled as an employee. In this context, the Board of Directors was concerned that the decision of Mr. Thomas Buberl to renounce his employment contract in accordance with the recommendations of the Afep-Medef Code would jeopardize the continuity of his accrued and future social benefits.

As a result, on August 2, 2016, the Board of Directors took the following decisions:

- the Board of Directors authorized that, following the termination of his employment contract, Mr. Thomas Buberl would continue to have social benefits (health insurance, life insurance, disability insurance, etc.) on terms equivalent to those of all other Group senior employees of the AXA Group in France;
- the Board of Directors authorized a contractual severance benefit for Mr. Thomas Buberl designed to replicate the benefits to which he would have been entitled as AXA employee under the 1993 collective agreement covering director-level employees of the insurance sector, but with the addition of performance conditions in accordance with the Afep-Medef recommendations. A severance benefit would be applicable, except in the case of gross or willful misconduct, solely in the event of dismissal or non-renewal further to the Board of Directors' decision. The payment of the severance benefit would be subject to the three following performance conditions as determined by the Board of Directors during its August 2, 2016, meeting: (1) achievement, for at least 2 of the 3 preceding fiscal years, of the objectives set for the beneficiary's variable compensation and corresponding to the payment of at least 60% of his variable compensation target, (2) evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) the average consolidated adjusted ROE over the 3 preceding years higher than or equal to 5%.

The amount of severance benefit to be paid to the beneficiary would be adjusted in accordance with the level of achievement against these performance conditions: 100% of the severance benefit will be paid if at least two of the three performance conditions are met; 40% of the severance benefit will be paid if only one performance condition is met; and no severance benefit shall be paid if none of the performance conditions are met. Notwithstanding the foregoing, if only two of the three performance conditions are met, the amount of severance benefit will be reduced by 50% if performance condition (1) above is not met or if AXA's consolidated net income for the preceding fiscal year is negative.

No severance benefit will be paid if the beneficiary is entitled to a pension scheme within the 6 months following his termination.

The initial amount of the severance benefit is equal to 12 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination. One month should then be added to the initial amount of the severance benefit for each additional year of future service up to a maximum cap of 24 months.

These commitments were approved by AXA' Shareholders' Meeting of April 25, 2018. They took effect upon Mr. Thomas Buberl's effective renunciation of his employment contract on September 1, 2016, and will continue as such for the duration of his mandate and under any potential renewed mandates.

Compensation policy of the Company's corporate officers (Ordinary and Extraordinary Shareholders' Meeting of April 30, 2020)

This policy was prepared in accordance with Articles L.225-37-2 and R.225-29-1 of the French Commercial Code and presents the principles and criteria for determination, distribution and allocation of all elements of compensation of the corporate officers of the Company as approved by the Board of Directors during its meeting held on February 19, 2020, upon recommendation of its Compensation & Governance Committee.

The Compensation & Governance Committee, the role and composition of which are presented in detail in Section 3.1 of this Annual Report, is responsible for, among others, formulating propositions to the Board of Directors regarding the Company's principles and policy on corporate officers' compensation.

The Compensation & Governance Committee is mostly composed of independent members who exchange frequently with the Group's Management and the departments of the Company including Group Human Resources and Group Legal. The Committee is also empowered to undertake or commission specific reviews by external experts when deemed appropriate. Such reviews allow the Committee to benefit from a technical expertise and independent insights in comparing AXA's compensation practices with general market practice.

COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

Guiding principles of AXA's compensation policy

AXA's compensation policy is designed to support the Company's long-term business strategy and to align the interests of its Management with those of its shareholders and all other stakeholders by (i) establishing a close relation between performance and compensation over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation that is consistent with the various markets in which it operates while avoiding potential conflicts of interests that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance of the Company's practices with all applicable regulatory requirements.

AXA's compensation policy aims to, among others:

- attract, develop and motivate unique skills and best talents;
- incentivize superior performance;
- align compensation levels with the Company's results.

Structure and criteria for determination of the Chief Executive Officer's compensation

In this context, the compensation policy for the Chief Executive Officer is based on a pay-for-performance approach which (i) requires the achievement of challenging financial and operational targets that are defined and aligned with the Group's strategy, (ii) promotes long-term sustainable performance while incorporating risk adjustment measures in performance metrics, and (iii) determines the effective amount of the actual individual compensation on the basis of both financial and non-financial results.

Thus, the "at-risk" portion of the Chief Executive Officer's total compensation (variable compensation and share-based compensation) represents a significant component of his compensation structure, with a view to aligning his compensation more directly with the operational strategy of the Group and the interests of the shareholders.

The different components of the Chief Executive Officer's total compensation are presented in detail hereafter:

FIXED ANNUAL COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The determination of the amount of the Chief Executive Officer's fixed compensation is based on an in-depth analysis of market practices as well as applicable national and international regulations. It also takes into consideration various other factors such as experience, skills, as well as criticality and scarcity of such skills, and the Group's fairness principles or the individual's compensation history.

The Board of Directors, relying in particular on a study carried out by an external advisory firm (Willis Towers Watson) regarding compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector (insurance companies, banks), and upon recommendation of its Compensation & Governance Committee, decided to maintain unchanged, for 2020, the amount of the Chief Executive Officer's fixed annual compensation, at €1.45 million.

VARIABLE ANNUAL COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's variable annual compensation is subject in its entirety to challenging performance conditions and closely aligned with the Group's strategy. No minimum payment is guaranteed to the Chief Executive Officer.

In order to determine the Chief Executive Officer's target annual variable compensation, the Board of Directors sought to establish a balanced structure between the fixed part and the variable part of his cash compensation.

Thus, the Board of Directors, upon recommendation of its Compensation & Governance Committee, and following a comparative review of national, European and industry practices, decided to maintain unchanged, for 2020, the Chief Executive Officer's target annual variable compensation, at €1.45 million, *i.e.* 100% of the amount of his annual fixed compensation.

The Chief Executive Officer's total effective variable compensation may not exceed 150% of his variable compensation target, *i.e.* 150% of his annual fixed compensation.

The evaluation of the Chief Executive Officer's individual performance with respect to the 2020 fiscal year will be based on the following two components, each of them capped at a 150% achievement rate:

- the Group's performance, as assessed based on underlying earnings per share, return on equity (adjusted Return on Equity – ROE), gross revenues in both Commercial Property & Casualty and in Health & Protection, Net Promoter Score (customer recommendation index) and non-commission expenses. The relative weight of each indicator is, respectively, 55%, 15%, 10%, 10% and 10%. The indicators selected to measure the Group's performance reflect objectives in terms of growth, profitability, capital management, operational efficiency and proximity with clients that have been disclosed both internally and externally. Thus, indicators which are directly linked to the strategic orientations of the Group include both financial and operating indicators and rely on achievement of a predefined budget or target figure;
- individual performance, assessed on the basis of various indicators and qualitative and quantifiable objectives determined by the Board of Directors in a target letter drawn up at the beginning of each relevant year, as well as on the basis of demonstrated leadership abilities by the Chief Executive Officer. The target letter includes detailed objectives with regards to the Group's progress in the elaboration of its strategic plan as well as other performance indicators and objectives designed to assess the level of achievement of global strategic initiatives or relating to certain geographic areas, as well as progress on certain investments that are expected to contribute to the development of the Group's operations.

Each of these two components will be evaluated separately so that the Chief Executive Officer's overall variable pay-out reflects his performance against two distinct components assessed independently.

With respect to the 2020 fiscal year, the determination of the actual amount of variable compensation to be paid to the Chief Executive Officer will therefore be based on the addition of two components: the Group performance for 70% (compared to 50% beforehand) and the individual performance for 30% (compared to 50% beforehand).

With this evolution, the Board of Directors, upon recommendation from its Compensation & Governance Committee, wished to strengthen the formulaic/quantitative component of the Chief Executive Officer's variable compensation, in line with market practices in France and abroad, as well as feedback received from a number of institutional investors.

In order to ensure that AXA remains aligned with current market practice and regulations, both in France and abroad, within the financial industry, the Board of Directors has decided to continue to use a deferral mechanism with respect to the Chief Executive Officer's annual variable compensation.

Under this mechanism, payment of 30% of his actual annual variable compensation will be deferred over the course of two years and will be subject to performance condition. Thus, the actual deferred amount will vary depending on changes in the AXA share price over the deferral period, within a minimum of 80% of the deferred amount and a maximum of 120% of the deferred amount. However, no deferred variable compensation will be paid in the event that the Group's underlying earnings are negative for the year ending immediately prior to the year of the scheduled payout, or in case of resignation or dismissal for gross or wilful misconduct, prior to the payout date.

Should a significant change affecting the calculation of the Group's economic parameters emerge (significant patrimonial transaction approved by the Board of Directors, change in accounting norms…), the Board will be able to calculate the parameters *mutatis mutandis*, *i.e.* without taking into account extraordinary external elements.

The Board of Directors also reserves the right to exercise its discretionary power regarding the determination of the Chief Executive Officer's compensation pursuant to Article L.225-47 of the French Commercial Code and in accordance with Articles L.225-37-2 and L.225-100 of the French Commercial Code, should any particular circumstance arise and justify an exceptional adjustment, either upwards (within the limit of 150% of the target variable compensation) or downwards, of one or several of the criteria composing the Chief Executive Officer's compensation, to ensure that the application of the abovementioned criteria fairly reflect the Chief Executive Officer's performance as well as that of the Group.

This adjustment may apply to the Chief Executive Officer's compensation following a justified decision of the Board of Directors, upon proposal by its Compensation & Governance Committee.

Payment of the Chief Executive Officer's variable cash compensation for 2020 is subject to the approval by the Shareholders' Meeting to be held in 2021 of the compensation elements paid during or granted with respect to the 2020 fiscal year to the Chief Executive Officer.

SHARE-BASED COMPENSATION GRANTED TO THE CHIEF EXECUTIVE OFFICER

Each year, the Board of Directors, upon recommendation of its Compensation & Governance Committee, decides to grant Long-Term Incentives (LTI) to the Chief Executive Officer in the form of performance shares.

In order to give the Chief Executive Officer a stake in long-term value creation, these performance shares represent an important part of his compensation. Therefore, the value of the allocated performance shares is determined in order to position the Chief Executive Officer's overall compensation (in cash and in shares) between the median and the 3rd quartile of market references.

However, the value of the performance shares granted to the Chief Executive Officer as determined in accordance with the IFRS standards may not in any event exceed half of his total compensation.

The Board of Directors has also decided that the number of performance shares allocated to the Company's corporate officers may not exceed 10% of the total number of performance shares granted to all beneficiaries within the Group.

The performance shares granted to the Chief Executive Officer are entirely subject to demanding internal and external performance conditions (the details of which are presented in Section 3.2 of this Annual Report), which are assessed over a minimum period of three years (followed by a two-year holding period), and do not guarantee a minimum grant or gain. Moreover, the performance shares plan rules provide that in the event the Chief Executive Officer leaves his position [(1] at any time before the end of the performance period, any performance shares initially granted are irremediably lost, unless otherwise decided by the Board of Directors in a motivated decision disclosed at the time of the officer's departure (in such case, all or part of the performance shares could be maintained and the vesting calendar and performance conditions of the performance shares set at the grant date would remain unchanged).

Given the principles presented above and following an analysis of practices observed on the market for similar functions in CAC 40 companies of similar size and scope, the Board of Directors, upon proposal of its Compensation & Governance Committee, has decided that the total value of the performance shares to be granted to the Chief Executive Officer during 2020, shall not exceed 150% of the amount of his annual variable compensation target.

EXCEPTIONAL COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Board of Directors does not contemplate granting any exceptional compensation to the Chief Executive Officer.

CHIEF EXECUTIVE OFFICER'S DIRECTORS' FEES

The Chief Executive Officer, who also is a member of the Board of Directors of the Company, is not entitled to payment of any directors' fees from the Company.

BENEFITS IN KIND GRANTED TO THE CHIEF EXECUTIVE OFFICER

The only benefit in kind granted to the Chief Executive Officer is the use of a company car.

ELEMENTS OF COMPENSATION RELATING TO THE CHIEF EXECUTIVE OFFICER'S RETIREMENT

The Chief Executive Officer does not participate in any pension schemes with defined benefits.

As all other executives of AXA Group entities in France, he participates in the retirement performance share plan, under which grants are made on an annual basis.

The performance shares granted under such plan are subject to (i) a vesting period of three years, and (ii) an undertaking not to transfer the performance shares before the date on which the beneficiary retires, subject to the option offered to the beneficiaries, for diversification purposes, to transfer their shares (after the end of the acquisition period of three years) as long as the proceeds of such transfer are invested in a long-term savings plan until the beneficiary retires.

Acquisition of the performance shares is subject to the satisfaction of a performance condition (the details of which are set out in Section 3.2. of this Annual Report), linked to the average AXA Group Solvency II ratio calculated over the vesting period. Furthermore, no performance share would be definitely acquired should the Company not pay a dividend during any of the fiscal years of the acquisition period. Therefore, no minimum grant or gain is guaranteed to the Chief Executive Officer under this scheme.

The Board of Directors, upon recommendation of its Compensation & Governance Committee, has decided that the total value of the retirement performance shares to be granted to the Chief Executive Officer during 2020 shall not exceed 15% of his annual fixed and cash variable compensation.

REGULATED COMMITMENTS MADE TO THE CHIEF EXECUTIVE OFFICER

The commitments made to the benefit of the Chief Executive Officer regarding social benefits and unemployment benefits are presented in more detail in the 2019 Annual Report.

(1) Except in the event of death, invalidity or retirement.

Appointment of a new Chief Executive Officer after the Shareholder's Meeting to be held on April 30, 2020

For purposes of this policy only, and in accordance with applicable regulations, the Board of Directors has also considered the hypothetical appointment of a new Chief Executive Officer following the Shareholders' Meeting to be held on April 30, 2020.

Under such circumstances, the compensation structure applicable to a new Chief Executive Officer would comply with this policy and the Board of Directors would perform a comprehensive review of the situation of the relevant executive, provided that:

- the amount and criteria of his compensation would be determined in accordance with existing practices within the Company by reference to compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector; and
- the experience, skills and individual compensation history of the executive would also be taken into account.

Finally, in the event that the Chief Executive Officer is recruited externally, the Board of Directors retains the right to grant to the newly appointed executive a lump sum (in cash and/or in shares) the amount of which, in accordance with the recommendations set forth in the Afep-Medef Code, may not under any circumstances exceed the amount of the benefits the executive would have had to forgo by resigning from his previous position.

***

For further information on the Chief Executive Officer's compensation, please see Section 3.2 of this Annual Report.

COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

Structure and criteria for determination of the Chairman of the Board of Directors' compensation

The Board of Directors, upon recommendation of its Compensation & Governance Committee, and in accordance with the recommendations set forth in the Afep-Medef Code, has considered that the most appropriate compensation structure for the Chairman of the Board of Directors would be the payment of a sole fixed compensation.

In determining the fixed annual compensation of its Chairman, the Board of Directors has consulted an external advisory firm (Willis Towers Watson) in order to identify compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector.

The Board of Directors has also taken into account the extensive role it decided to entrust Mr. Denis Duverne with as Chairman of the Board of Directors. This role is presented in detail in the Board's Terms of Reference as well as in Section 3.1 of this Annual Report and goes beyond the statutory duties of a Chairman under French law.

In addition, the Board of Directors has taken into account the fact that Mr. Denis Duverne, who claimed his pension rights on September 1, 2016, has decided to waive, for the duration of his term of office as Chairman of the Board of Directors, payment of his benefits (approximately €750,000 per year) under the supplementary pension scheme for executives within the AXA Group in France, to which he was entitled as from September 1, 2016. Mr. Denis Duverne has decided that he would claim such benefits only after the end of his term of office, without application of any retroactive payment.

Accordingly, the Board of Directors has decided, upon recommendation of its Compensation & Governance Committee, to maintain the amount of the fixed annual compensation of the Chairman of the Board of Directors unchanged, for 2020, *i.e.* at €1.2 million.

Having considered that the most appropriate compensation structure for the Chairman of the Board of Directors would be fixed compensation only, the Board of Directors has resolved, as a consequence, that the Chairman of the Board of Directors will not benefit from any variable compensation, any directors' fees, any performance shares grants, or of any other long-term compensation elements.

In addition, the Board of Directors does not contemplate granting any exceptional compensation to the Chairman of the Board of Directors.

Finally, there is no employment contract between the Company and the Chairman of the Board of Directors and the Chairman is not entitled to any severance benefits or any allowance relating to any non-compete clause in the event that he ceases to be Chairman of the Board of Directors.

The only benefit in kind granted to the Chairman of the Board of Directors is the use of a company car.

REGULATED COMMITMENTS MADE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The commitments made to the benefit of the Chairman of the Board of Directors regarding social benefits are presented in more detail in the Statutory Auditors' special report.

Appointment of a new Chairman of the Board of Directors after the Shareholders' Meeting to be held on April 30, 2020

For purposes of this policy only, and in accordance with applicable regulations, the Board of Directors has also considered the hypothetical appointment of a new Chairman of the Board of Directors following the Shareholders' Meeting to be held on April 30, 2020.

Under such circumstances, the compensation structure applicable to a new Chairman of the Board of Directors would comply with this policy and the Board of Directors would perform a comprehensive review of the situation of the relevant executive, provided that:

- the amount and criteria of his fixed compensation would be determined in accordance with existing practices within the Company by reference to compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector; and
- the experience and skills of the executive as well as the scope of his assignments as defined by the Board of Directors in connection with his appointment would also be taken into account.

***

For further information on the compensation of the Chairman of the Board of Directors, please see Section 3.2 of this Annual Report.

COMPENSATION POLICY OF THE OTHER MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors [1] other than the corporate officers (*dirigeants mandataires sociaux*) are paid directors' fees as sole compensation from the Company.

Criteria for allocation of directors' fees (compensation in accordance with Article L.225-45, paragraph 1 of the French Commercial Code)

The total annual maximum amount of directors' fees is determined by the Shareholders' Meeting, in accordance with applicable laws, and apportioned by the Board of Directors to its members in accordance with its Terms of Reference (pursuant to the recommendations of Afep-Medef Code, a minority part of the fees is distributed evenly among the members of the Board of Directors as a fixed fee):

- a fixed amount determined by the Board of Directors shall be paid annually to the Senior Independent Director (set at €80,000);
- 65% of the remaining amount shall be allocated to the Board as follows: 40% shall be divided equally amongst Board members and paid as a fixed fee and 60% shall be paid depending on Board attendance;
- the remaining 35% shall be allocated by the Board of Directors to the Board Committees as follows: 25% to the Finance Committee, 25% to the Compensation & Governance Committee, and 50% to the Audit Committee. Each Committee shall then allocate such amount to its members as follows: 40% shall be divided equally amongst members and paid as a fixed fee and 60% shall be paid depending on Committee attendance, with the Chairman of the Committee receiving in each case a double fee.
- The total annual maximum amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 25, 2018 at €1,900,000.

No directors' fees are paid by the Company to the corporate officers (*i.e.* Chairman of the Board of Directors and Chief Executive Officer).

***

For further information on the members of the Board of Directors' compensation, please see Section 3.2 of this Annual Report.

(1) Who have a four-year term of office.

3.3 CORPORATE GOVERNANCE CODE OF REFERENCE

In December 2008, AXA adopted all of the Afep-Medef recommendations, including the recommendations on the compensation of corporate officers of October 2008, as its Corporate Governance Code of reference.

These recommendations were consolidated in a Corporate Governance Code of Listed Corporations published by the Afep (*Association française des entreprises privées*) and the Medef (*Mouvement des entreprises de France*) in April 2010 and revised in January 2020 (hereafter the "Afep-Medef Code"), which is available at AXA's registered office or on its website (www.axa.com) under the "Corporate Governance" Section.

AXA complies with the recommendations of the Afep-Medef Code that are in line with the long-established corporate governance principles initiated by the Company. Details are presented in Sections 3.1 "Corporate governance structure" and 3.2 "Executive compensation and share ownership" of this Annual Report describing corporate governance mechanisms and containing information about executives' compensation.

The Company implements all the recommendations of the Afep-Medef Code. However, in order to take into account certain specificities of its business and governance practices, AXA has decided, while remaining in line with the principles of the Afep-Medef Code, to adapt the following provision of the Code:

- Section 9.5 of the Afep-Medef Code relating to the independence of parent company directors holding a directorship in a Group subsidiary: although certain members of the AXA Board of Directors hold or have held over the last five years a non-executive directorship in one or more Group subsidiaries owned, directly or indirectly, by AXA, the Company considers that this does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the Boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the Boards of Group subsidiaries, however, are required to abstain from participating in the decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent potential independence issues.

3.4 RELATED-PARTY TRANSACTIONS

For further information concerning related-party transactions, please see Note 28 "Related-party transactions" included in Part 5 – "Consolidated Financial Statements" of this Annual Report.

DESCRIPTION OF THE PROCEDURE FOR ASSESSMENT OF ORDINARY AGREEMENTS CONCLUDED AT ARM'S LENGTH TERMS AND CONDITIONS AND ITS IMPLEMENTATION

At its meeting of February 19, 2020 and in accordance with Article L.225-39, paragraph 2 of the French Commercial Code, the Board of Directors adopted a procedure to regularly assess whether agreements relating to ordinary transactions concluded at arm's length terms and conditions actually meet these conditions. The assessment procedure has been implemented within AXA since that date.

This procedure provides for the Group Legal Department to be informed prior to the conclusion, amendment, renewal, extension or termination of any agreement falling within the scope of Article L.225-38 of the French Commercial Code, regardless of the ordinary nature of the transaction or the arm's length basis of the agreement. This information enables the Group Legal Department to carry out a prior review of the agreement in order to determine whether it should be subject to the "regulated" agreements procedure provided for under Articles L.225-38 *et seq.* of the French Commercial Code or whether it is exempt from such procedure. To this end, the Group Legal Department may seek the advice of AXA Group's other relevant departments and of the Company's Statutory Auditors.

In addition, the Group Legal Department annually assesses whether ordinary agreements concluded at arm's length terms and conditions continue to meet the conditions for such qualification, in cooperation with AXA Group's relevant departments and the Company's Statutory Auditors where necessary. If the Group Legal Department considers that an agreement initially qualified as ordinary and concluded at arm's length terms and conditions constitutes a "regulated" agreement, the Board of Directors decides on the qualification of the said agreement and on the actions to be taken on it according to the qualification adopted.

Statutory Auditors' special report on regulated agreements

(Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2019)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of **AXA SA**
25, avenue Matignon
75008 Paris, France

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA, we hereby report to you on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These standards consisted in the verification of the consistency of the information we received with the basis documentation from which they are extracted.

AGREEMENTS TO BE APPROVED BY THE SHAREHOLDERS' MEETING

Agreements authorized and concluded during the year

We hereby inform you that we have not been advised of any agreements authorized and concluded during the year to be submitted for approval at the Shareholders' Meeting in accordance with Article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved during prior years

In accordance with Article R.225-30 of the French Commercial Code, we were advised of the following regulated agreements, approved during previous years, which remained in force during the past year.

Agreement with Mr. Thomas Buberl (Chief Executive Officer)

Nature, purpose, terms and conditions

On August 2, 2016, the Board of Directors acknowledged the effective renunciation by Mr. Thomas Buberl, in accordance with the Afep-Medef recommendations, of his employment contract from September 1, 2016, the date on which he became Chief Executive Officer of AXA.

Consequently, the Board of Directors proceeded to a full review of the future social status of Mr. Thomas Buberl, once the renunciation of his employment contract will be effective in accordance with the Afep-Medef recommendations.

In this context, the Board of Directors, in view of the seniority of Mr. Thomas Buberl in his employee status and from the significance of his services provided to the Company, confirmed its wish to maintain social benefits (health and disability insurance, etc.), as an executive director, in the same conditions than the ones applicable to AXA Group director-level employees in France.

Agreement with Mr. Denis Duverne (Chairman of the Board of Directors)

Nature, purpose, terms and conditions

On February 17, 2010, the Supervisory Board acknowledged the effective renunciation by Mr. Denis Duverne of his employment contract as of the Shareholders' Meeting of April 29, 2010 during which the former dual structure consisting of a Management Board and a Supervisory Board was replaced by a unitary Board of Directors structure.

The Supervisory Board was concerned that the decision of Mr. Denis Duverne to renounce his employment contract, in accordance with the Afep-Medef recommendations, would not jeopardize the continuity of his accrued and future social benefits.

Consequently, the Supervisory Board took the following decision:

- The Supervisory Board authorized the Company to take all appropriate commitments to ensure that, as a corporate officer, Mr. Denis Duverne would continue to have social benefits (health and disability insurance, etc.) identical or on terms equivalent to those applicable to AXA Group director-level employees in France, including by amending Group benefit plans in terms of health and disability insurance.

Neuilly-sur-Seine and Courbevoie, March 16, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Bénédicte Vignon - Grégory Saugner	Jean-Claude Pauly - Maxime Simoen

This page was intentionally left blank.

4

RISK FACTORS AND RISK MANAGEMENT

4.1 RISK FACTORS

You should carefully consider the following risk factors together with other information contained in this Annual Report. Any of these risks could materially affect our business, financial condition or results of operations, cause the trading price of our ordinary shares to decline materially or our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of the Company.

The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations or cash flows.

The Company's Risk Management processes, procedures and controls are described in Section 4.2 "Internal Control and Risk Management" of this Annual Report, which should be read in conjunction with this Section 4.1. While Management devotes very substantial resources to Risk Management on an ongoing basis, the Group's Risk Management activities, like all control systems, are subject to inherent limitations and cannot provide absolute assurance or render the Group immune in any respect from the risks described in this Part 4 or the losses that may be incurred in connection with these risks.

Where the risks described in this Section 4.1 have given rise to quantifiable and material financial impacts and/or material contingent liabilities, those financial impacts and/or contingent liabilities are reflected in the Consolidated Financial Statements. You should also refer to Section 4.3 *et seq.* of this Annual Report for quantitative information on the material risks to which the Group is exposed. For avoidance of doubt, references to "insurance", "(re)insurance", "Property & Casualty" and "Life & Savings" in this section also refer to "Health" activities as appropriate.

In presenting the risks set forth in this Section 4.1, Management has identified the primary categories and the most material risks in a manner that corresponds to management's current view as to the materiality of such risk factors for the AXA Group, based on the perceived likelihood of the occurrence of such risks and the expected magnitude of their negative impact. As more fully described below, such categories include market-related risks, credit and liquidity-related risks, pricing and underwriting-related risks, operational-related risks, regulatory-related risks and risks related to the ownership of the Company's shares. Further, there can be no assurance that Management's assessment of the relative importance of such risk factors may not change over time, whether to reflect new information, events, circumstances or otherwise.

Financial risks

MARKET-RELATED RISKS

Negative developments in economic and financial market conditions, whether on a national, continental or global basis, may materially and adversely affect our business and profitability

Our businesses, financial position and results of operations are impacted by global financial market fluctuations and economic conditions generally. While financial market results and economic conditions were generally favorable in 2019, there remains a wide variety of factors which could negatively impact economic growth prospects and contribute to high levels of volatility in financial markets. These factors include, among others, concerns over a potential slowdown in economic growth and levels of consumer confidence generally; current market conditions, including asset valuations and volatility, that may lead to an abrupt and significant repricing in financial markets; the strengthening or weakening of foreign currencies, in particular the US Dollar, against the Euro; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies, including related systemic credit risk concerns; rising trade tensions, "trade wars", and other governmental measures, either enacted or being contemplated relating to tariffs or international trade agreements and policies; continuing concerns over certain sovereign debt issuers; inflation or deflation in certain markets; central bank intervention in the financial markets, such as the recent decision of the European Central Bank to restart its asset purchase program, and uncertainty regarding potential central bank intervention in European and other markets, through quantitative easing or similar programs or the winding down or cessation of such programs; changes in reference rates, including reforms to and potential changes affecting Libor, Euribor and other indices; volatile energy costs; adverse geopolitical events (including acts of terrorism or military conflicts) and rising geopolitical tensions in various regions, including Russia, Ukraine, Latin America, Syria, Iraq or North Korea; recent developments such as the latest political events in the United Kingdom, Spain, Germany, Italy and Hong Kong and the European Union; and continuing political uncertainty regarding the United States.

In addition, specific concerns regarding the Eurozone, including the financial condition of certain EU sovereign debt issuers, uncertainty regarding membership in the European Union, relationships between European institutions and certain Member States, potential structural reforms or other changes made to the Euro, the Eurozone or the European Union, have resulted in significant disruptions in financial markets in recent years and could have similar effects in the future. In particular, the decision of the United Kingdom to leave the European Union in accordance with Article 50 of the Treaty on European Union, on March 29, 2017 ("Brexit") and the resulting negotiations between the United Kingdom and the European Union to reach a withdrawal agreement, which entered into force on January 31, 2020 (the "Withdrawal Agreement"), have materially impacted and are likely to continue to materially impact financial markets and macroeconomic conditions. Pursuant to the Withdrawal Agreement, most EU rules and regulations will continue to apply to the United Kingdom until December 31, 2020 (such period, the "Transition Period"), subject to a one-time extension of up to two years upon a joint decision of the European Union and the United Kingdom to be taken before July 1, 2020. The European Union and the United Kingdom will negotiate the terms of their new relationship during the Transition Period. Although they have agreed to a political declaration on the outline of their future partnership, the exact terms of that future relationship after the expiry of the Transition Period, including those regarding access to each other's financial markets and cross-border financial services generally, remain subject to future negotiation. Such negotiations could have far-reaching and unpredictable effects on financial markets and macroeconomic conditions. These effects could be amplified by the uncertainty surrounding the terms of the new relationship between the European Union and the United Kingdom, if any, the contingency plans at European Union and Member State levels in case no agreement on such relationship is reached and, more generally, the United Kingdom's future relationship with the European Union. While the Group actively follows Brexit-related developments and has developed Brexit contingency plans, there can be no assurance that Brexit and its related consequences will not have an adverse effect on the Group's business and financial condition.

These factors and others have had and may continue to have an adverse effect on our revenues and results of operations, in part because we have a large investment portfolio. Our investment income is an important part of our profitability, and our sales of insurance and Asset Management products (as well as the level of product surrenders and lapses) are dependent upon financial market performance, customer behavior and confidence as well as other related factors. Our ability to make a profit on insurance and investment products, for example, depends in part on the returns on investments supporting our obligations under those products, and the value of specific investments may fluctuate substantially depending on the foregoing conditions. In addition, certain types of insurance and investment products that we offer expose us to risks associated with fluctuations in financial markets, including certain types of interest sensitive or variable products such as guaranteed annuities or variable annuities, which have crediting or other guaranteed rates or guaranteed minimum benefits not necessarily related to prevailing market interest rates or investment returns on underlying assets. Although we use hedging techniques to help mitigate our exposure under certain of these guarantees, not all risks can be effectively hedged against and volatility in the financial markets, combined with unanticipated policyholder behavior, may increase our cost of risk and/or negatively affect our ability to hedge against certain of these risks, which may in turn adversely affect our profitability.

More generally, to the extent the economic environment in the jurisdictions in which we do business may become characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. In addition, in such circumstances, we may experience an elevated incidence of lapses or surrenders on certain types of policies or funds, lower surrender rates than anticipated on other types of products, and our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could accordingly have a material adverse effect on our business, results of operations and financial condition.

Changes in interest rates and credit spreads may adversely affect our business, results of operations, solvency and financial condition

Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in interest rates may negatively affect the value of our assets (particularly fixed-income investments) and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In particular, negative interest rates and low levels of interest rates generally, such as those experienced in recent years, have and may continue to negatively impact our net interest income and the profitability of our Life & Savings business.

In-force life insurance and annuity products may become comparatively more attractive to customers in a declining interest rate environment, resulting in an increase in our liabilities (in particular in relation to flexible-premium products), asset-liability duration mismatches (as more policies and contracts remain in-force from year-to-year) and an increase in provisions for guarantees included in life insurance and annuity products.

Accordingly, during a period of declining interest rates or a prolonged period of low interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to insurance policyholders and annuity contract owners and the rates we are able to earn on our fixed-income investment portfolio. In addition, certain regulatory capital and reserve requirements are based on formulas and models that consider interest rates, such as the Group's Internal Model, and an extended period of low interest rates may increase the regulatory capital we are required to hold and the amount of assets we must maintain to support our reserves, while decreasing the amount of our Eligible Own Funds ("EOF"), which could have an adverse impact on our Solvency II ratio.

Conversely, in periods of increasing interest rates, the estimated fair value of certain of our fixed-income investments may decrease, which could negatively impact our Solvency II ratio and net income; surrenders of life insurance policies and fixed annuity contracts may accelerate, as policyholders seek higher returns, which may cause us to accelerate amortization of deferred policy acquisition costs or to liquidate fixed maturity investments in order to obtain liquidity to satisfy such obligations, which may result in realized investment losses; our fee income may decrease due to a decline in the value of our asset managers' fixed income assets under management, which could result in lower management fees and have an adverse impact on Asset Management net inflows. In addition, we may be required, as an issuer of securities, to pay higher interest rates on debt securities, debt and bank facilities, which may increase our interest expenses.

For a description of the sensitivity of our EOF to changes in interest rates, please refer to Note 4.2 "Market risks (including sensitivity analysis)" in Part 5 "Consolidated Financial Statements" of this Annual Report. For additional information on the sensitivity of our Solvency II ratio to financial shocks on interest rates, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) [(1)].

Our exposure to changes in credit spreads primarily relates to the impact of such changes on market prices and cash flow variability. A widening of credit spreads will generally reduce the value of fixed income securities we hold (including credit derivatives where we assume credit exposure) and increase our investment income associated with purchases of new fixed income securities in our investment portfolios; and, as issuer, we may be facing increased interest expenses. Conversely, credit spread tightening will generally increase the value of fixed income securities we hold and reduce our investment income associated with new purchases of fixed income securities in our investment portfolios. For additional information on the sensitivity of our Solvency II ratio to financial shocks on corporate bond spreads, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) [(1)].

Although we take measures, including hedging through derivative instruments, to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our assets relative to our liabilities. Accordingly, ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors, could have a material adverse effect on our solvency position, and on our results of operations, financial position or cash flows through realized losses, impairments, and changes in unrealized gains and loss positions.

Fluctuations in currency exchange rates may significantly affect our results of operations, financial position, liquidity and solvency

Due to the geographical diversity of our business, we are subject to the risk of exchange rate fluctuations since a significant portion of our shareholdings and investments, revenues and expenses are denominated in currencies other than Euro, while our Consolidated Financial Statements are established in Euro. Likewise, the part of our debt and other obligations denominated in currencies other than Euro is subject to foreign currency exchange rate fluctuations.

While we seek to manage our exposure to foreign currency fluctuations through hedging, fluctuations in exchange rates may have a significant impact on our Euro-denominated results of operations, cash flows, gearing ratio, shareholders' equity and solvency. In addition, the currency hedges we use to manage foreign exchange rate risk may in themselves significantly impact our cash and liquidity position.

Inflation or deflation in our principal markets would have multiple impacts on AXA and may negatively affect our business, solvency position and results of operations

We are subject to inflation risk in certain of our principal markets, especially in Europe, through our holdings of fixed interest and other instruments, and as a result of the potential for claim payments and expenses to rise faster than anticipated in our reserving and pricing assumptions.

(1) *The AXA Group's SFCR for the year ended December 31, 2018 is available on AXA's website, and the AXA Group's SFCR for the year ended December 31, 2019 is expected to be published on May 14, 2020 on AXA's website.*

In particular, inflation in relation to medical costs, construction costs and tort issues impacts the Property & Casualty industry. The impact of inflation on loss costs could be more pronounced for those Property & Casualty lines of business that are considered "long tail" such as general liability, worker's compensation and professional liability, and other specialty lines of our AXA XL business, as they require a relatively long period of time to finalize and settle claims for a given accident year. Changes in the level of inflation could also result in an increased level of uncertainty in our estimation of claims reserves, particularly for long tail lines of business.

We are also subject to deflation risk, which has materialized in the Eurozone in recent years. Deflation may erode collateral values and diminish the quality of certain investment assets, and may negatively impact customer behavior or otherwise negatively affect our business and results of operations.

Adverse business and market conditions as well as accounting rules may impact the amortization of our Deferred Acquisition Costs ("DAC"), Value of Business In-force ("VBI") and other intangibles and/or reduce deferred tax assets and deferred policyholders participation assets, which could materially affect our results of operations and financial statements

Business and market conditions as well as accounting rules may impact the amount of goodwill we carry in our consolidated balance sheet, our pattern of DAC, VBI and other intangible assets amortization and the value of our deferred tax assets and deferred participation assets. The value of certain of our businesses is significantly impacted by such factors as the state of the financial markets, particularly equity markets, and ongoing operating performance.

Adverse experience relative to the methodologies, estimations and assumptions used by Management in valuing investments and determining allowances and impairments may materially adversely affect our results of operations

Certain of our invested assets, for which there is no active trading market or other observable market data, are valued using models and methodologies that involve estimates, assumptions and significant Management judgment. During periods of market disruption, a larger portion of our investment assets may be valued using these models and methodologies as a result of less frequent trading or less observable market data with respect to certain asset classes that were previously actively traded in liquid markets. There can be no assurance that our valuations on the basis of these models and methodologies represent, for example, the price for which a security may ultimately be sold or sold at any specific point in time. The choice of models, methodologies and/or assumptions may have a material impact on the estimated fair value amounts and could have a material adverse effect on our results of operations and financial condition.

The determination of the amount of allowances and impairments that we recognize with respect to the invested assets we hold varies by investment type, and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. In considering impairments, Management considers a wide range of factors, including those described in Note 1.8.2 "Financial instruments classification" in Part 5 "Consolidated Financial Statements" of this Annual Report, and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the investment assets and the prospects for near-term recovery. For certain asset classes, particularly debt instruments, management's evaluation involves a variety of assumptions and estimates about the operations of the issuer of the instrument and its future earnings potential. Management updates its evaluations regularly and reflects changes in allowances and impairments as such evaluations are revised. There can be no assurance, however, that management has accurately assessed the level of impairments taken and allowances reflected in our financial statements, and the need for and timing of any additional impairments and/or allowances may have a material adverse effect on our results of operations and financial position.

CREDIT AND LIQUIDITY-RELATED RISKS

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital

In recent years, the capital and credit markets have at times experienced high levels of volatility and disruption which, during certain periods, have significantly limited the availability of additional liquidity in the markets and credit capacity for most issuers, including AXA.

We need liquidity to pay our operating expenses (including claims and surrenders), dividends and interests on our debts and to refinance certain maturing debts and other liabilities. In addition, we need liquidity in connection with derivatives transactions to which we are party which require us to transfer cash collateral and/or subject us to margin calls in certain circumstances. The availability of additional financing to supplement internal liquidity resources will depend on a variety of factors such as market conditions, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long-term or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. While Management has put in place a liquidity risk management framework that includes active monitoring of the Group's liquidity position and contingency plans for accessing liquidity, liquidity constraints over a prolonged period may have a material adverse effect on our business, results of operations and consolidated financial position.

Downgrades in our insurer and reinsurer financial strength and credit ratings could adversely impact our competitive position and damage our relationships with creditors or trading counterparties

Insurer (and reinsurer) financial strength and credit ratings are important factors used by the market and customers in establishing the competitive position of insurance and reinsurance companies and in assessing our claims-paying ability. Rating agencies review their ratings and rating criteria and methodologies on a recurring basis, and they may change or withdraw their ratings at any time, based on relevant factors that may not be entirely within our control and/or affect the insurance and reinsurance industry generally. Consequently, our current ratings may not be maintained in the future and no undue reliance should be placed on such ratings, which should not be considered as recommendations to purchase, sell or hold any securities we have issued.

A downgrade or the potential for a downgrade in our ratings could have an adverse effect on us, including (i) damaging our competitive position, (ii) negatively impacting our ability to underwrite new insurance policies, (iii) increasing the levels of surrenders and termination rates of our in-force policies, (iv) increasing our reinsurance cost, (v) triggering termination provisions or collateral delivery requirements, or requiring us to return unearned premiums to cedants, under certain of our reinsurance and retrocessional agreements, (vi) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in us. Any of these developments could have a material adverse effect on our business, liquidity position, results of operations, revenues and financial condition.

The financial condition and conduct of our counterparties could negatively impact us

We have significant exposure to third parties that owe us money, securities or other assets and which may fail to perform or default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, operational failure, fraud, or other reasons. Such third parties include private sector and government (or government-backed) issuers whose securities we hold in our investment portfolios (including mortgage-backed, asset-backed, government bonds and other types of securities), borrowers under mortgages and other loans that we extend, reinsurers and capital market counterparties to which we have ceded (directly or indirectly) our insurance risks, customers, ceding companies, service providers, partners, trading counterparties, counterparties under swap and other derivative contracts, and other counterparties including brokers and dealers, commercial and investment banks, hedge funds, other investment funds, clearing agents and market exchanges. We may also have exposures to such counterparties under insurance policies that we have written, including in respect of D&O, surety and similar coverages. Moreover, we are exposed to counterparty risk with respect to certain policies we write that provide coverage to our policyholders for their credit risk exposures to third parties.

Under our reinsurance and retrocessional arrangements (including similar protection afforded through risk transfer transactions to capital markets), other insurers, reinsurers or capital market counterparties assume a portion of the losses and related expenses under policies we issue, although we remain liable as the direct (re)insurer on all risks reinsured. While we evaluate periodically the financial condition of our reinsurers, retrocessionaires and capital market counterparties to minimize our exposure to significant losses from reinsurer/retrocessionaire/capital market counterparty insolvencies, such counterparties may become financially unsound by the time their financial obligations to us become due and force us to recapture the reinsured or retroceded business. For information on the ratings of our reinsurers, please refer to Section 4.4 "Credit risk-Risk control and risk mitigation-Receivables from reinsurers: rating processes and factors" of this Annual Report.

There can be no assurance that defaults by the foregoing or other counterparties would not materially and adversely affect our business, results of operations and financial condition.

Risks related to the Company and its business

PRICING AND UNDERWRITING-RELATED RISKS

Adverse experience relative to the assumptions and judgment used in setting reserves, developing and pricing products and calculating industry measures of value may significantly affect our results of operations or performance indicators, which may have an adverse impact on the price of our securities

The profitability of our businesses largely depends on a variety of factors including social, economic and demographic trends (including, in the life insurance business, mortality and morbidity trends), policyholder behavior (including surrender and persistency rates), court decisions, changes in laws and regulations, inflation, investment returns and underwriting expenses. We make assumptions about these factors in estimating our risk exposures, determining the pricing of our products, establishing (re)insurance and employee benefits reserves and reporting capital levels and business results (using such industry measures of value as NBV or European Embedded Value ("EEV")). These assumptions are based on various modeling techniques (e.g., scenarios, predictive, stochastic and/or forecasting), using both proprietary and third-party models, data analytics and related analyses. Model outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis (including availability, use, accuracy and relevance of historical, internal and industry data) and incorporate numerous assumptions and forecasts about market conditions (such as interest rates, inflation and currency exchange rates), capital requirements, loss frequency and severity, and policyholder behavior. The use of such models can also be affected by operational risks, including input, data and human error. Adverse experience relative to such assumptions, use of and reliance on inaccurate or incomplete models, or inherent product defects may result in an increase in the pricing of our insurance products or the need for us to strengthen our product reserves, which may in turn have an adverse effect on our results of operations and financial position, or lead to litigation.

In our Property & Casualty business, we establish reserves for claims (either reported or unreported) and claims expenses in accordance with industry practices and accounting, actuarial and regulatory requirements. Reserves do not represent an exact calculation of liability, but instead represent expectations of what the ultimate settlement and administration of claims will cost based on our assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity and frequency, actuarial experience on past events, legal liability and other factors. While we continually review the adequacy of our claims reserves, because the establishment of claims reserves is an inherently uncertain and complex process involving numerous estimates, including the impacts of any regulatory and legislative changes, court interpretations, medical condition of claimants, emerging trends and theories of liability, including with respect to environmental, medical and products liability exposures, and changes in economic conditions (including inflation changes and discount rates used for evaluation of settlements), there can be no assurance that ultimate losses will not materially exceed our claims reserves and have a material adverse effect on our results of operations. The impact of certain of these factors, such as social inflation, particularly in the U.S. (increased litigation, expanded theories of liability, higher jury awards and settlement expectations), as well as mass tort claims related to exposure to harmful products or substances (e.g., asbestos, opioids, talc, glyphosate, lead paint), on our estimation of claims reserves and ultimate costs for claims is difficult to assess and could be material. Our estimation may also be more difficult during times of adverse economic conditions due to unexpected changes in behavior of claimants and policyholders, including an increase in fraudulent reporting of exposures and/or losses, reduced maintenance of insured properties or increased frequency of small claims.

In our Life & Savings business, our earnings depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we use in setting the prices for our products and establishing the liabilities for obligations for technical provisions and claims. In certain cases, product features such as minimum guarantees or options to swap between underlying funds in certain savings products may with time result in higher realized losses than anticipated in initial assumptions.

In particular, assessing the impact of minimum guarantees which are contained within certain of our Variable Annuity products and the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, VBI and deferred participation assets) involve a significant degree of management judgment. While we use both our own experience and industry data to develop products and to estimate future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities, there can be no assurance that actual experience will match these estimates and that emerging risks would not result in loss experience inconsistent with our pricing and reserve assumptions.

Furthermore, while our NBV and EEV calculations are done on a market consistent basis, changes in assumptions used in calculating these measures may have a material adverse effect on the level of our NBV and/or EEV. For example, our NBV is sensitive to interest rate movements and, consequently, an adverse evolution of interest rates relative to our assumptions may have a significant impact on our NBV and a corresponding impact on the trading price of our securities.

The occurrence of natural or man-made disasters, including those resulting from changing weather patterns, diseases and climatic conditions, could adversely affect our financial condition, profitability and cash flows

Catastrophic events are inherently unpredictable. Our exposure to natural and man-made disasters depends on various factors and is often more pronounced in certain geographic areas, including major urban centers, with a high concentration of customers, employees and/or insured property and assets.

Our acquisition of the XL Group in 2018 complemented and diversified our existing Property & Casualty Commercial lines portfolio, provided us with additional reinsurance capabilities and further strengthened our specialty platform and presence in North and Latin America, Europe, Lloyd's and Asia-Pacific. AXA XL's operations are significantly exposed to natural and man-made catastrophes and, as a result, our overall exposure to such events has increased compared to prior years.

Catastrophic events, whether natural or man-made, such as hurricanes, tornadoes, windstorms, hailstorms, earthquakes, volcanic eruptions, freezes, floods, explosions, wildfires, pandemic diseases, terrorist attacks, cyber events, systemic cyber failures, military actions, and power grid and other core infrastructure (e.g., telephony or Internet infrastructures) failures could result in substantial volatility in or adversely affect our operations, results, financial condition, cash flows or solvency position, including as a result of claims occurring at higher levels or materially earlier than anticipated; losses resulting from disruptions in our operations or failures of our counterparties to perform; or declines in value of our investment portfolio. We monitor the evolution of these risks closely and generally seek to manage our exposure to them through individual risk selection, modelling and monitoring overall exposures and risk accumulation, purchase of third-party reinsurance and risk transfer transactions to capital markets. There can be no assurance, however, that we will be able to adequately anticipate such evolution, as a single catastrophic event, an accumulation of losses resulting from several events or an unusual frequency of smaller losses in a particular period may affect multiple geographic areas and lines of business, and the frequency or severity of catastrophic events could exceed our estimates. Accounting principles and rules preventing (re) insurers to reserve for catastrophic events until they occur may also augment the impact of such events.

The occurrence of catastrophic events may also result in an increase of our reinsurance/retrocession for own account and limit or prevent us from obtaining adequate types and amounts of reinsurance/retrocession (or entering into adequate risk transfer transactions to capital markets) for certain risks or regions. While we seek to reduce our exposure to catastrophic events, through diversification and incremental reinsurance, we have experienced and could in the future experience material losses from these types of risks, which may exceed our reinsurance and retrocessional protection (or similar protection afforded through risk transfer transactions to capital markets) or such protection may otherwise be inadequate to protect us against losses or uncollectible reinsurance when due. In particular, we may enter into risk transfer transactions to capital markets that offer reinsurance protection based on an industry loss index rather than on our actual incurred losses, which may result in our residual losses not being covered to the extent they are not fully correlated with the relevant share of the related industry loss.

Over the past several years, changing weather patterns and climatic conditions, including as a result of climate change, have added to the unpredictability of natural disasters and to the frequency and severity thereof and created additional uncertainty as to future trends and exposures. In particular, the consequences of climate change might significantly impact the insurance and reinsurance industry, including with respect to risk perception, pricing and modelling assumptions, and the need for new insurance products, all of which may create unforeseen risks and costs not currently known to us.

COVID-19 Outbreak. Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("WHO"), has been reported worldwide. Initially reported in the province of Hubei in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including South Korea, Iran, Italy, France, the United Kingdom and the United States, and new cases and fatalities are reported daily. Furthermore, it is currently not possible to know or to predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is presently recorded.

The spread of COVID-19 has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strains on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 financial crisis. While significant resources have been mobilized to attempt to find a vaccine or other measures to achieve containment of COVID-19, such efforts are in the early stages and there can be no assurance that vaccines or other treatments will be developed in the near term, nor that their efficacy and availability will be adequate if and when developed.

Given the very recent emergence of COVID-19, we are currently unable to predict the potential impact thereof on our business in 2020 or future periods. AXA is monitoring potential adverse effects of the spread of COVID-19 on the Group's operations and business activities, in particular, the scope and severity of any further downturn in global financial markets and the global economy and consequential impacts on our investment portfolio; the extent of insurance coverage impacted, including Life, Health, Protection and Property & Casualty insurance and reinsurance cover (following, for example, increased business interruptions, travel and event cancellations and higher medical costs); and on new business. Depending on the rate of transmission and related mortality, COVID-19 may have material adverse effects on our business, operations and financial results.

The Property & Casualty insurance and reinsurance businesses are cyclical, which may impact our results

Historically, Property & Casualty insurers and reinsurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer/reinsurer, including competition, frequency or severity of loss events, levels of underwriting capacity by region or product line, general economic conditions and other factors, including the development of the insurance-linked securities market and other alternatives to traditional Property & Casualty insurance and reinsurance products. Changes in customer expectations for appropriate premium levels, the frequency or severity of claims or other loss events, including losses incurred by our ceding insurers, or other factors affecting the Property & Casualty insurance business may have an adverse effect on our results of operations and financial condition.

Our Risk Management programs may be inadequate to protect us against the full extent of the exposure or losses we seek to mitigate and may leave us exposed to unidentified, unanticipated or incorrectly quantified risks that could result in significant losses

We employ a range of risk mitigation strategies, including reinsurance for own account and capital markets solutions (such as catastrophe bonds), in order to avoid or limit losses and liabilities. The failure of any of our Risk Management strategies could result in significant losses and have a material adverse impact on our financial condition, results of operations, and cash flows.

We use derivatives (including equity futures, treasury bond futures, interest rate swaps and swaptions, equity options and variance swaps) to hedge certain, but not all, risks under guarantees provided to our clients or stemming from our assets.

In certain cases, however, we may not be able to apply these techniques to effectively hedge our risks as intended or expected or may choose not to hedge certain risks because the derivative markets in question may not be of sufficient size or liquidity, the cost of hedging may be too expensive (as a result of adverse market conditions or otherwise), the nature of the risk itself may limit our ability to effectively hedge or for other reasons. This may result in higher realized losses and unanticipated cash needs to collateralize or settle transactions. Hedging counterparties may also fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralized.

Furthermore, the operation of our hedging program is based on models involving numerous estimates and management judgments, including, among others, mortality, lapse rates, election rates, volatility and interest rates and correlation among various market movements. Our hedging program may change over time and there can be no assurance that actual experience will not differ materially from our assumptions, which could adversely impact our results of operations and financial condition.

OPERATIONAL-RELATED RISKS

Inadequate or failed processes, controls or systems, human factors or external events may adversely affect our profitability, reputation or operational effectiveness

Operational risk is inherent in our business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements), systems malfunctions or failures, computer viruses, hacking incidents and/or other unauthorized access to our websites and/or systems, misappropriation of sensitive information, corruption of data or operational disruption, regulatory breaches, human errors, defective products, external fraud, natural or man-made disasters and terrorist attacks. We are also exposed to risks arising from potential failures in, or non-compliance with, Group and entity policies concerning such matters as internal controls and procedures and financial reporting policies, as well as from employee misconduct or negligence and fraud. While we take measures to manage such risk, operational risk is part of the business environment in which we operate and we may incur losses from time to time due to these types of risks, as well as impairments to our liquidity, disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation. The risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions could have similar adverse effects.

Our business is highly dependent on the effective operation of our information technology, telecommunications, electronic data and other operational systems. We rely on these systems to perform necessary business functions, including providing insurance quotes, processing applications and claims, providing information and support to customers and distributors, administering complex products, conducting actuarial analyses and keeping financial records. We also use computer systems to store, retrieve, evaluate and utilize significant amounts of sensitive customer, employee and company data and information, including proprietary and confidential information. Some of these systems, in turn, rely on third-party systems. Systems failures or outages could compromise our ability to perform necessary business functions in a timely manner, which could harm our ability to conduct business and hurt our relationships with our customers and business partners. In the event of a disruption, our systems may be inaccessible, and our employees unable to perform their duties, for an extended period of time.

For additional information on the risks relating to the protection, processing and transfer of personal data (including customer and employee data), see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Cyber attacks or other security breaches of our computer systems, technologies or networks, or those of our third-party providers, could disrupt our businesses, result in damage to our reputation or significant financial losses, and expose us to potential regulatory sanctions

The increasing frequency and sophistication of hacking incidents and other cyber security threats directed at major financial institutions and other corporations recently has made clear the significance of these cyber risks and the damage, both financial and reputational, they can potentially inflict.

Despite the Group's implementation of a variety of security measures, the Group's computer systems, technologies and networks, as well as the services we provide or rely on (including mobile and cloud services), may in the future be subject to unauthorized intrusions, such as physical or electronic break-ins, cyber-attacks, unauthorized tampering or other security breaches. Like other global financial institutions and companies, the Group has, from time to time, experienced threats to its data, systems, technologies and networks, including malware attacks, unauthorized access, systems failures and disruptions. Management has put in place internal controls and procedures designed to protect client data as well as the Group's assets from hacking or other types of unauthorized intrusions into the Group's computer systems, technologies and networks. There is no absolute guarantee, however, that these controls and procedures will be sufficient, properly implemented or effective, and prevent all attempted intrusions into the Group's systems, technologies and networks. Any such intrusion could result in operational disruption, financial losses, unauthorized access to or loss of sensitive personal data and/or proprietary information and lead to regulatory actions, proceedings or sanctions against us. In addition, due to our reliance on certain infrastructures and interconnectivity with third-party providers, exchanges, clearing houses, financial institutions and other third parties, we could also be adversely impacted by any successful cyber-attack or other security event affecting any of them.

Interruptions or disruptions of our systems, technologies and networks, or those of our third-party providers (including third-party providers deemed critical to our principal activities), or a failure to maintain the availability, integrity or confidentiality of sensitive data residing on such systems or technologies, or transmitted through these networks, could potentially result in financial loss, impairment to our liquidity, a disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation, any of which could materially adversely affect our results of operations or financial condition.

For additional information on the risks relating to the protection of personal data, see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Any failure in managing and implementing our strategic initiatives could materially impact our results of operations, share price, and competitive position

In connection with our "Ambition 2020" strategic plan, we have recently implemented a number of major initiatives which have had and can be expected to have a significant impact on the Group's business, competitive position, and results of operations. These initiatives have included, for example, our acquisition of XL Group in 2018 and the resulting shift of our business mix further towards Property & Casualty lines, particularly commercial and specialty lines and reinsurance, as well as the IPO of EQH in 2018 and additional EQH share sales in 2018 and 2019. The combined effect of the acquisition of XL Group and the disposal of our remaining stake [(1)] in EQH resulted in our overall business mix shifting significantly, with reduced exposure to life/annuity business lines and significantly increased exposure to Property & Casualty lines, both in our direct business and in reinsurance. In addition, we have announced other major initiatives in the areas of life/health insurance; digital transformation and "insurtech"; increased exposure to Asian markets, including through the acquisition of the remaining 50% stake in AXA Tianping from its domestic shareholders; the sale of AXA Bank Belgium; and the reorganization of AXA Switzerland's operations in 2018 and 2019. All of these initiatives are designed to focus on operational delivery, reduce our exposure to financial risks (including market, credit and life risks), bring us closer to our customers and demonstrate our commitment to sustainable value creation for our shareholders. There can be no assurance, however, that any or all of such initiatives will be successful, or that the process of achieving their implementation will not cause significant disruption to our business operations, management and personnel in particular periods. Any failure to properly manage and successfully implement these strategic initiatives could in turn materially impact our results of operations, share price, and competitive position.

We may pursue acquisitions, joint ventures and other transactions to expand, complement or reorganize our business, which could adversely affect our business, future profitability and growth

External growth transactions involve risks that could adversely affect our operating results, including the substantial amount of management time that may be diverted from operations to carry out such transactions and related integration efforts. Such transactions could also result in new debt or equity issuances, financing arrangements, and the incurrence of additional costs, contingent or unforeseen liabilities or risks and impairment and amortization expenses relating to goodwill and other intangible assets, and failure to mitigate the risks and uncertainties arising from such transactions through due diligence and indemnification provisions, all of which could materially and adversely affect our business, financial condition, results of operations and growth.

Furthermore, we may be exposed from time to time to certain risks relating to the integration of newly acquired companies, which include, for instance, XL Group in 2018. Such risks include difficulty or delay in integrating such companies, their IT, operations, employees and areas of expertise in an efficient and effective manner, which may result in the loss of certain key employees and/or customers of the acquired companies. As a result, we may not be able to effectively integrate acquired companies and achieve all of the expected strategic objectives, anticipated synergies, expected cost savings, impact on solvency capital requirements (including contributions to the Group's Solvency II ratio, if any), innovation, operational efficiencies and business development from acquisitions within the forecast periods or at all, or we may be required to spend additional time and money on integration, any of which could adversely affect our business, financial condition, results of operations and growth. In case of adverse developments relating to an acquired company, modifications to our expected strategy with respect to such company, or more generally our overall strategy, might have to be considered. We may also be exposed to liabilities and risks that were not known or assessed correctly at the time of the transaction and/or need to address capital, regulatory, tax or accounting issues that arise after transactions have closed, which may not be covered by, or exceed the amounts of, any indemnities provided to us by the sellers and could adversely affect our business and results of operations. In particular, we may be subject to, or engage in, litigation in connection with or as a result of acquisitions, which could have an adverse effect on our results of operations.

4

(1) Excluding the 44,162,500 shares of EQH's common stock, primarily related to the EQH shares to be delivered on redemption of the bonds mandatorily exchangeable into EQH's shares, issued by AXA in May 2018 and maturing in May 2021. For additional information on the selldowns of EQH, please refer to Section 2.2 "Operating Highlights" of this Annual Report.

We may also carry out divestitures, such as the announced sales of AXA Life Europe in 2018, AXA Bank Belgium in 2019 and our operations in Poland, Czech Republic and Slovakia, announced in February 2020, or reorganization of existing businesses, including AXA Switzerland from 2018 to 2019, which may have adverse effects on our business, financial condition or results of operations. Such divestitures and reorganizations may not be carried out within the expected timeframe or at all, due to the failure to obtain regulatory or other approvals or other reasons; the anticipated profit and/or positive effect on our overall risk profile, SCR and Solvency II ratio may not be realized; or we may incur a loss on such transactions. Divestments of equity participations we hold may also be subject to volatility and other market-related risks, which could impact the carrying value of our remaining stake in such companies, including related goodwill, and adversely affect our results of operations. For additional information on the impact of divestitures, acquisitions and other transactions on goodwill, please refer to Note 5 “Goodwill” in Part 5 “Consolidated Financial Statements” of this Annual Report.

From time to time, we may also consider acquisitions of or investments in other companies, including through joint ventures. Any such acquisition or investment may be subject to approvals from regulatory authorities in certain countries, including as a result of foreign investment regulations and controls, which may lead to the transfer of certain assets or branches of activity and/or commitments or restrictions affecting the conduct of our business.

We conduct businesses in highly competitive environments with evolving trends that could adversely impact our results of operations and financial condition

Our competitors include mutual fund companies, asset management firms, private equity firms, hedge funds, commercial and investment banks and other insurance or reinsurance companies, many of which are regulated differently from us and offer alternative products or more competitive pricing than we do.

The insurance and reinsurance industry faces disruptive competitive challenges from the emergence of new actors, such as financial technology companies, or fintech, and insurance technology companies, or insurtech, which generally benefit from less extensive regulatory requirements (including less strict capital requirements) as well as from data synergies or technological innovation. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the Internet, may result in increasing competition as well as pressure on margins for certain types of products. Continued consolidation of the insurance and reinsurance sector may also result in increased competition.

These competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase our profitability.

The failure to respond effectively to various emerging technological changes may affect our business and profitability

An ongoing challenge we face is the effective adaptation to a constantly changing technological landscape. If we are not effective in anticipating the impact on our business of changing technologies, such as driverless cars, drones, connected devices, artificial intelligence or roboadvisors, our ability to successfully operate our business may be impaired. Technologies that facilitate ride or home sharing could disrupt the demand for our products from current customers, create coverage issues or impact the frequency or severity of losses. These changes could also affect our ability to accurately price our products and might significantly affect our margins in certain lines of business. For example, the advent of driverless cars, connected devices and usage-based insurance could materially alter the way that automobile, health or other personal lines insurance is marketed, priced and underwritten. In addition, the market for coverage for so-called “cyber risks” or similar emerging threats is a rapidly evolving one, and any failure by us to provide innovative products relative to our competitors or new entrants in the market may result in a competitive disadvantage.

In addition, the rapid increase in the nature, volume and availability of data in recent years, whether resulting from connected customers, so-called “big data”, “blockchain”, cloud computing, satellite information, personalization of genetic data, asymmetric information with respect to genetic testing, artificial intelligence or otherwise, may have unanticipated and adverse impacts on our business, for example by changing the nature of insurance underwriting, pricing and claims handling; by allowing customers and competitors to tailor coverage in ways that we do not currently offer; or by potentially exposing us to increased “moral hazard” in business lines where we are unable for regulatory or other reasons to adjust pricing or coverage to reflect individual risk profiles. While data-driven changes in the industry are at an early stage and difficult to predict, they could adversely impact our business going forward, including through the expense and effort that we will need to incur in order to ensure that our employees, systems and processes are able to efficiently adapt to and manage such changes as they arise.

Furthermore, if we are unable to effectively use and update or replace our key technology systems as they become obsolete or as emerging technology renders them competitively inefficient, or if we fail to develop the talent and skills of our human resources to meet the new technological challenges, and to attract and assimilate new talents into our Group consistent with our business goals, our business, prospects, competitive position and financial condition could be adversely affected.

We operate through arrangements with third parties, including delegation of underwriting and claims authority, which exposes us to operational and regulatory risks and could materially adversely impact our business, results of operations and financial condition

We have entered into contractual outsourcing arrangements with third-party service providers for a wide variety of services required in connection with the day-to-day operation of our insurance, reinsurance and Asset Management businesses (including policy administration, claims related services, securities pricing and other services) and our product distribution. Such arrangements expose us to operational and regulatory risks incurred by these third parties, including employee misconduct or negligence, fraud, internal control failure, contract error, disruption to distribution arrangements, failures in processing policies and handling claims, and non-compliance with applicable laws and regulations.

In addition, part of our (re)insurance business is underwritten by third parties under contractual arrangements, which typically authorize such third parties to bind us to new policies and to renew policies, within the terms of our licenses and subject to various contractual obligations and restrictions. If these third parties do not abide by the terms of our licenses and breach their contractual obligations to us, we could be subject to fines, penalties, injunctions or other similar restrictions for breach of outsourcing/licensing requirements and be liable under the policies issued by breaching third parties.

Furthermore, as with other reinsurers, in our reinsurance business we do not separately evaluate each of the individual risks assumed under our reinsurance treaties and we largely rely on original underwriting decisions made by ceding companies. As a result, if ceding companies did not adequately evaluate the risks insured, the premiums ceded to us may not compensate us for the risks we reinsure and the losses we may incur, which may adversely affect our results of operations and financial condition.

We carry out certain of our operations through joint ventures and other partnership arrangements with third parties that we do not control. These arrangements expose us, in particular, to the failure of any of our partners to meets its contractual obligations or to comply with applicable laws and regulations.

There can be no assurance that any of our contractual arrangements with third parties will not expose us to operational, financial and reputational risk, which could materially adversely impact our business, results of operations and financial condition. We may also not be fully indemnified for the contractual breaches of our third parties.

The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position

We and our subsidiaries are subject to evolving solvency and capital adequacy requirements, including the Solvency II framework, which is currently undergoing a review by the European Commission and the European Insurance and Occupational Pensions Authority ("EIOPA"), including regarding (re)insurance group supervision and internal models used by certain (re)insurers, such as AXA, to calculate their solvency capital requirement. It is difficult to predict the ultimate outcome of discussions regarding changes to these requirements, the impacts of which could include additional regulatory costs and operational constraints, as well as changes to our Internal Model, which may significantly and adversely affect our Solvency II ratio and EOF, results of operations, financial condition and liquidity.

The AXA Group's Solvency II ratio is sensitive to capital market conditions (including the level of interest rates, the level of equity markets and foreign exchange impacts) as well as other economic factors. For additional information on the sensitivity of our Solvency II ratio to capital market conditions, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) [(1)].

In addition, supervisory authorities may become more conservative in the interpretation, application and enforcement of relevant regulations, as a result of which they may, for example, impose increased reserving requirements for certain types of insurers or certain types of risks, greater liquidity requirements, higher discounts/"haircuts" on certain assets or asset classes, more conservative calculation methodologies or take other similar

(1) The AXA Group's SFCR for the year ended December 31, 2018 is available on AXA's website, and the AXA Group's SFCR for the year ended December 31, 2019 is expected to be published on May 14, 2020 on AXA's website.

measures which may significantly increase regulatory capital requirements. In particular, the ACPR, the French insurance supervisory authority may impose changes to the Internal Model we use to calculate our SCR or change its view regarding our methodologies and/or the integration method of some of our subsidiaries, which may adversely affect our Solvency II ratio. For additional information on our Internal Model and Solvency II ratio, please refer to Section 4.2 "Internal Control and Risk Management – Internal Model" of this Annual Report [(1)].

In the event of a failure by us, the Company or our (re)insurance subsidiaries to meet applicable regulatory capital requirements, insurance supervisory authorities have broad authority to require or take various regulatory actions including limiting or prohibiting the issuance of new business, prohibiting payment of dividends or other shareholder distributions, and/or putting a company into recovery, resolution or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as AXA SA, and (re)insurance companies, including prohibiting payment of dividends and ordering portfolio transfers.

A failure of the Group and/or any of its (re)insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position may also result in the need for significant amounts of new capital, which could adversely affect our liquidity position, results of operations and financial position.

Regulatory restrictions that inhibit our ability to freely move excess capital among our subsidiaries or which otherwise restrict fungibility of the AXA Group's capital resources may, depending on the nature and extent of the restrictions, adversely affect the capital position of our operating (re)insurance subsidiaries, which may have a consequent negative impact on the perception of the AXA's Group financial strength.

Additional regulatory developments regarding solvency capital requirements, including changes to the Solvency II framework, may adversely affect our prudential regime as well as increase associated costs. There can be no assurance that contingency plans developed by Management will be effective to achieve their objectives and any failure by us and/or our (re)insurance subsidiaries to meet minimum regulatory capital requirements and to maintain regulatory capital at competitive levels could have a material adverse effect on our business, liquidity, credit ratings, results of operations and financial position.

As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments

Our (re)insurance and financial services operations are generally conducted through direct and indirect subsidiaries. As a holding company, our principal sources of funds are dividends from subsidiaries and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings.

Regulatory and other legal and contractual restrictions may limit our ability to transfer funds freely, either to or from all our subsidiaries. In particular, our principal (re)insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. Financial covenants in letters of credit and revolving credit facilities of our subsidiaries may also restrict their ability to declare and pay dividends.

Moreover, our status as an Internationally Active Insurance Group ("IAIG") under the Common Framework for the Supervision of IAIGs (the "ComFrame") developed by the International Association of Insurance Supervisors ("IAIS") could, in case of adoption of implementing legislation in relevant jurisdictions, result in the imposition of similar or other restrictions on the transfer of funds, including intra-group financing arrangements, which could negatively impact the fungibility of our capital. These factors may adversely impact our liquidity position and capacity to pay dividends.

We may have contingent liabilities from discontinued, divested and run-off businesses and may incur other off-balance sheet liabilities that may result in charges to our income statement

We may, from time to time, retain insurance or reinsurance obligations and other contingent liabilities in connection with our divestiture, liquidation or run-off of various businesses. We may also, from time to time and in the course of our business, provide guarantees and enter into derivative and other types of off-balance sheet transactions that could result in income statement charges.

(1) Please also refer to the AXA Group's SFCR for the year ended December 31, 2019, which is expected to be published on May 14, 2020 on AXA's website.

REGULATORY-RELATED RISKS

Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate

The AXA Group operates in 57 countries around the world and our operations are subject to a wide variety of insurance and other laws and regulations. Our regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and aggressive role in interpreting and enforcing regulations in the jurisdictions in which we do business, resulting in significant compliance challenges. We have highlighted below some of the more recent and noteworthy regulatory developments that we anticipate may impact our business in the coming periods; further details regarding these and related regulatory and supervisory matters also appear in Section 6.3 "General Information – Regulation and Supervision" of this Annual Report. The following summarizes recent developments impacting our required levels of capital and surplus; anti-money laundering and related anti-corruption measures; regulatory pronouncements with respect to interest rate and other "benchmarks", as well as climate change-related initiatives; and potential developments at Lloyds.

Capital Standards. The multiplicity of different regulatory regimes, capital standards and reporting requirements resulting from work on new capital standards led by the IAIS such as the Insurance Capital Standard (the "ICS"), and the development by IAIS of the ComFrame, which will apply to IAIGs, including AXA, as well as potential changes to applicable solvency and capital adequacy requirements, such as the regulatory framework established under the Solvency II Directive, could increase operational complexity, regulatory costs and competition. In this regard, a review of the Solvency II framework by the European Commission and EIOPA is currently ongoing and could significantly and adversely affect our Internal Model, EOF or Solvency II ratio, in addition to operational constraints resulting from changes to our group supervision. For additional information on the risks relating to the Solvency II review, see the paragraph above "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position."

AML and Compliance Matters. In recent years there also has been a significant increase in legislative and regulatory initiatives and enforcement actions in the areas of financial crime compliance, anti-money laundering ("AML"), international trade sanctions and anti-bribery laws and regulations (including the US Foreign Corrupt Practices Act, the UK Bribery Act of 2010, French Law No. 2016-1691 of December 9, 2016, known as "Sapin II", and the various implementing measures of Directive 2015/849 of May 20, 2015, as amended, including enhanced control on transactions involving high risk countries and requirements regarding disclosure of beneficial ownership). In particular, financial crime compliance programs of financial institutions (AML, anti-corruption and international sanctions compliance) continue to be a major focus of regulatory and law enforcement authorities. In France, the Sapin II Law recently introduced new requirements for all large French companies and corporate groups, such as the AXA Group, including the establishment of internal procedures to prevent and detect acts of corruption and influence peddling committed in France and abroad, while establishing a new French anti-corruption agency (*Agence française anticorruption*), which was given strengthened supervisory and enforcement powers. Furthermore, in certain jurisdictions the relevant AML, anti-corruption and sanctions rules may be enforced on an extraterritorial basis, which could expose our operations to additional or conflicting requirements. In addition, increased cooperation amongst authorities globally may, in the event we become subject to enforcement proceedings, or are otherwise found to be non-compliant in this area, result in more severe sanctions or monetary penalties.

Benchmark Reforms. Regulatory authorities have also proposed reforms to and potential changes affecting interest rate, equity, foreign exchange rate and other types of indices (also known as "benchmarks"). In particular, Regulation (EU) 2016/1011 of June 8, 2016 (as amended, the "Benchmark Regulation"), which entered into force on January 1, 2018, imposed additional requirements on the provision of financial market-related benchmarks, the contribution of input data to a benchmark and the use of benchmarks within the EU. Several interbank market benchmarks have been designated as critical benchmarks under the Benchmark Regulation, including Libor, Euribor and Eonia, and their related benchmark methodologies have been made subject to review. Certain critical benchmarks might be discontinued in the future, including, Eonia, which is currently expected to cease being published on January 3, 2022, and Libor, as it is likely that contributing banks will cease providing submissions for the calculation of Libor after 2021. We are closely following industry and regulatory developments with respect to the potential impacts of future benchmark changes, which could have implications for our capital models, risk management efforts, investment strategies and product design, amongst others. Implementation of these and any future regulations, amendments to existing regulations, or future or revised guidance issued by regulatory authorities (such as the European Securities and Markets Authority ("ESMA"), EIOPA, the AMF and the FCA) can be expected to increase our costs in relation to operations, information systems, legal and compliance, and may also limit or restrict our ability to do business or expose us to civil, criminal or regulatory actions, proceedings or sanctions, which may adversely impact our brand or reputation.

Climate Change Initiatives. Regulatory initiatives, including at French, European Union and international levels, regarding climate change may affect our operations and those of our counterparties, and potentially limit our investments or affect their value, as certain companies struggle to adapt to these regulations. These may include: (i) new investment requirements; (ii) new disclosure requirements, such as the recently adopted Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector or Regulation (EU) 2019/2089 amending the Benchmark Regulation as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks; or (iii) new requirements relating to the inclusion of environmental, social and governance considerations into insurance and Asset Management products and advice. In particular, EIOPA is working towards the integration of sustainability considerations into the prudential and conduct framework for (re)insurance undertakings and insurance distributors. These and similar regulatory requirements, as well as any further regulations regarding the transition to a lower-carbon economy, climate change or our energy-related investments, could increase our legal and compliance costs and adversely affect our business or the value of our investments. For further information on investment-related climate risk analysis, please refer to Section 7.3 "Climate change and biodiversity – Investments" of this Annual Report.

Changes to IFRS. Changes to IFRS, as developed by the International Accounting Standards Board ("IASB"), could significantly impact insurers and other financial institutions, including AXA, that prepare their consolidated financial statements in accordance with IFRS. In particular, the implementation of IFRS 17 "Insurance Contracts", which will replace IFRS 4, and IFRS 9 "Financial Instruments" within the Group is in progress and Management is currently assessing the impact of their adoption, which may significantly affect the accounting treatment of insurance liabilities and financial assets. For further information on these two standards, please refer to "Evolution of Accounting Standards" in Section 6.3 "General Information – Regulation and Supervision – Other significant legislative and regulatory frameworks". The abovementioned and any other changes to IFRS that may be adopted in the future could have a material adverse effect on our results of operations and financial position.

Lloyd's. Following the acquisition of XL Group in 2018, we have been managing, through Catlin Underwriting Agencies Limited, Syndicate 2003, one of the Lloyd's largest underwriting syndicates and, as a result, are exposed to a variety of Lloyd's-related regulatory risks. For instance, the Council of Lloyd's has wide discretionary powers to regulate members of Lloyd's, and may vary the method by which the capital solvency ratio is calculated, or impose additional or special levies on members. In addition, if Lloyd's fails to satisfy the Financial Conduct Authority (the "FCA")'s and the Prudential Regulation Authority's annual solvency test in any given year, Syndicate 2003 could be required to cease or reduce underwriting through Lloyd's. A downgrading of the Lloyd's market could also impair Syndicate 2003's ability to trade in certain classes of business at current levels. As a Lloyd's syndicate providing coverage to US policyholders and covering US risks, we could also be required by US regulators to increase the level of funding required as minimum deposits for the protection of US policyholders. Any Lloyd's-related risks could have an adverse effect on our business, financial condition and results of operations.

We expect the scope and extent of applicable laws and regulations, as well as regulatory oversight, to continue to increase over the coming years. While Management proactively manages legal and regulatory risks and has adopted policies and procedures designed to ensure compliance with applicable laws and regulations in the various jurisdictions where we do business, we cannot predict with any certainty the potential effects that a change in applicable laws or regulations, their interpretation or enforcement (or of the potential effects of any new regulation or legislation in the future), or any determination we make regarding compliance with conflicting regulations, may have on our business, financial condition or results of operations. Any failure by us to remain in compliance with regulations applicable to us could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact our earnings and reputation. For a description of the regulations and supervision framework applicable to the Group, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

We may also be adversely affected by a change in applicable laws or regulations, their interpretation or enforcement impacting, or regulatory decisions, authorizations or approvals relating to, third parties with which we do business. For instance, certain of our letter of credit facilities for cedants are effective only if the banks issuing the letters of credit are on the list of banks approved by the National Association of Insurance Commissioners (the "NAIC"). If some or all of the issuing banks under our credit facilities cease to be NAIC approved and we are unable to replace them with NAIC approved banks, our letter of credit facility capacity could be significantly diminished, especially in situations of adverse capital and credit market conditions where the cost of replacement facilities may be significantly increased or prohibitive. See the paragraph above "Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital".

As a global business, we are exposed to various local political, regulatory, business and financial risks and challenges

The global nature of our business exposes us to a wide variety of local political, regulatory, business and financial risks and challenges, which may affect the demand for our products and services, the value of our investment portfolios, the levels of capital and surplus that we are required to hold, and the credit quality of our counterparties.

These risks include, for example, political, social or economic instability in the countries in which we operate, including the risk of nationalization, expropriation, price controls, capital controls, restrictions on foreign trade and investment (such as changes to authorized levels of foreign ownership, which may affect our ability to conduct business in certain countries through joint ventures), fluctuations in foreign currency exchange rates, credit risks of our local borrowers and counterparties, lack of local business experience in certain markets, risks associated with exposure to insurance industry insolvencies through policyholder guarantee funds or similar mechanisms and, in certain cases, risks associated with the potential incompatibility with foreign partners, especially in countries in which we are conducting business through joint ventures or other entities that we do not control.

We have been and may become in the future subject to lawsuits and/or regulatory investigations which may affect our business, brand, reputation, relations with regulators and/or results of operations

We have been named as defendants in numerous lawsuits (both class actions and individual lawsuits) and involved in various regulatory investigations and examinations, and other actions arising in the various jurisdictions where we and our subsidiaries do business. Please refer to Note 31 "Litigation" in Part 5 "Consolidated Financial Statements" of this Annual Report. We may be involved in similar proceedings in the future.

Certain of these lawsuits and investigations seek significant or unspecified amounts of damages, including punitive damages, and certain of the regulatory authorities involved in these proceedings have substantial powers over the conduct and operations of our business. The introduction of a class action system in France in 2014 and similar developments in certain other European jurisdictions and at the EU level have increased, and are likely to continue to increase litigation, risks and costs. Similarly, in the US there is an increasing trend towards large damage awards in the consumer class action context, and such trend can be expected to continue in the future. For additional information, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

Due to the nature of certain of these lawsuits and investigations, we cannot estimate the potential losses or predict with any certainty the potential impact thereof on our business, brand, reputation, relations with regulators and/or results of operations.

The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business

Collection, transfer and protection of significant amounts of sensitive data are critical to the operation of our business. Regulations in this area are quickly evolving in the European Union, which could adversely affect our business if we fail to timely adapt our rules, internal controls and strategy to the emerging regulatory environment.

Regulation (EU) 2016/679 of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (as amended, the "GDPR") entered into force on May 25, 2018. GDPR significantly modified the EU data protection framework and, in particular, imposed new restrictions on data usage/processing (including profiling), disclosure to customers and a stronger enforcement regime, under which competent data protection authorities will be able to fine companies which do not comply with EU rules up to 4% of their global annual turnover. While we have adopted a global Data Privacy Organization/Governance policy designed to manage risks related to data protection, there can be no assurance that our existing or planned data protection rules, including our privacy-related Group Binding Corporate Rules, and governance organization will not need to be updated or replaced to comply with new laws and regulations and regulatory guidance applicable in the European Union or other jurisdictions where we operate or may operate in the future.

In addition, there is a risk that data collected by the Group and its third-party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties or in compliance with GDPR and other applicable law. The Group's IT and other systems may also in the future be subject to hacking and unauthorized intrusions, such as physical or electronic break-ins, unauthorized tampering or security breaches or other intentional or unintentional acts by parties acting from within or outside the Group, which could result in sensitive data (including customer and employee data) being stolen, lost or misused. Negligence or failure to implement and follow internal Group policies, in particular regarding encryption of data, or perform adequate internal data collection/processing controls may also facilitate hacking and other intrusions and result in breaches of GDPR and other applicable laws.

Any failure to comply with GDPR and other applicable data protection laws, and data theft, loss or misuse, affecting any Group entity or a third-party service provider, could result in significant regulatory sanctions, penalties, injunctions or other similar restrictions, damage to our reputation, need to compensate customers, customer litigation (including class actions and individual lawsuits), and consequently have a material adverse effect on our business, results of operations and prospects.

Regarding transfer of data to the United States, following invalidation in 2015 of the European Commission's Safe Harbor Decision by the European Union Court of Justice (the "2015 ECJ Decision"), which allowed under certain conditions for the transfer of personal information from EU companies to US companies, transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with US companies and binding corporate rules for transfers within a multinational corporate group. While a new safe harbor, referred to as the "EU-US Privacy Shield", was adopted in July 2016, banks and (re)insurance companies are generally not currently eligible to register on the EU-US Privacy Shield list and the AXA Group has accordingly been relying on the above-mentioned mechanisms to transfer personal data from the Company or its EU-based affiliates to its banking and (re)insurance affiliates based in the United States. While we currently anticipate that we can continue using such mechanisms to transfer data into the United States, there is no guarantee that such mechanisms will not be subject to challenge or to stricter scrutiny by the competent authorities or that further changes in the regulation will not potentially increase our legal and compliance costs, or result in regulatory sanctions or damage to our brand or reputation.

In addition, Brexit could significantly impact transfers of data to or from the United Kingdom if no agreement is reached between the United Kingdom and the European Union, with its consequences being comparable to those of the 2015 ECJ Decision. EU-UK data flows between companies would continue, but rely on other mechanisms than before Brexit, such as standard contractual clauses with UK companies and binding corporate rules for transfers within a multinational corporate group. Although we currently anticipate that we can continue using such mechanisms to transfer data to or from the United Kingdom, there is no guarantee that such mechanisms will be fully implemented in time by all external providers, given the overall uncertainty surrounding a potential withdrawal agreement, contingency plans at EU and Member State levels and, more generally, the United Kingdom's future relationship with the European Union. There can be no assurance that such mechanisms will not be challenged or impeded by competent authorities or as result of amendments to applicable regulations, or that Brexit and its related consequences will not increase our legal and compliance costs, result in regulatory sanctions or damage to our brand or reputation, or otherwise have an adverse effect on the Group's business and financial condition.

Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations

As a global company operating in numerous jurisdictions, we are subject to various tax regimes and regulations. Changes in tax laws could result in higher tax expenses, payments and compliance costs. In particular, while we continue to expect the Tax Cuts and Jobs Act of 2017 (the "US Tax Act") to have an overall net positive economic impact on the Group, additional regulatory guidance under the US Tax Act is expected to be issued and significant guidance under the US Tax Act remains in proposed form. We continue to evaluate the implementation of the US Tax Act and assess the magnitude of the various impacts it may have.

Uncertainties in the interpretation or future developments of tax regimes, including the development of the US tax system following the enactment of the US Tax Act, may affect our tax liability, return on investments and business operations. We have been and may increasingly become exposed to the risk of tax audits and investigations in the various jurisdictions in which we operate. The international tax environment continues to change as a result of actions taken by the OECD, the European Union and national governments intended to address concerns over perceived international tax avoidance techniques. We take tax positions that we believe are correct and reasonable in the course of our business. However, there is no guarantee that our tax positions will be upheld by the relevant tax authorities. Our business operations, results, financial position, liquidity, outlook or reputation could be materially affected if one or more of the aforementioned risks materialized.

Risks related to the ownership of the Company's shares

In order to raise capital to fund future growth or for solvency purposes, we may, in the future, offer rights, warrants or similar securities at prices below the then-current market price which may adversely affect the market price of our ordinary shares and dilute the positions of existing shareholders.

The Mutuelles AXA, which comprise two French mutual insurance companies, together held 14.45% of the Company's outstanding shares and 24.21% of its voting rights as of December 31, 2019. The Mutuelles AXA have stated their intention to collectively vote their shares in AXA and may have interests conflicting with other shareholders' interests. For example, even though the Mutuelles AXA do not hold a majority of the total voting rights in AXA, efforts by the Mutuelles AXA to decline or deter a future offer to acquire control of AXA, which other shareholders may find attractive, may prevent other shareholders from realizing a premium for their AXA ordinary shares. The Mutuelles AXA may decide to increase their ownership interest in AXA or to sell all or a portion of the ordinary shares they own at some future date.

4.2 INTERNAL CONTROL AND RISK MANAGEMENT

Information in this section should be read in conjunction with Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The AXA Group is engaged in Insurance, Reinsurance, Asset Management and Banking businesses on a global scale. As such, it is exposed to a wide variety of risks, including market risks, credit risk, insurance risks, operational risk and other material risks, as further described in this Part 4 "Risk factors and Risk Management" (1) and in Note 31 "Litigation" in Part 5 "Consolidated Financial Statements" of this Annual Report.

To manage these risks, the Group has put in place a comprehensive system of internal control and risk management designed to ensure that executives are informed of significant risks on a timely basis and can manage these risks, so that the Consolidated Financial Statements and other market disclosures are accurate.

In addition, the Solvency II regime requires the Group to have in place an effective system of governance which provides for sound and prudent risk management. This governance system must be based on a clear separation of responsibilities and must be proportionate to the nature, extent and complexity of the Group's operations.

In this context, AXA has (i) put in place a control framework with three lines of defense with boundaries between each of them clearly defined and (ii) established four key functions.

The three lines of defense are:

	Responsibilities	Owners		
1st line of defense	responsible for day-to-day risk and control management and decision-making	Management and staff		
2nd line of defense (independent from the Group's business operations)	responsible for developing, facilitating and monitoring an effective risk and control framework	Risk Management	Compliance	Internal Control (including Internal Financial Control)
3rd line of defense	responsible for providing independent assurance on the effectiveness of the overall control environment	Internal Audit		

The four key functions are:

- **the Risk Management function** is responsible for coordinating the second line of defense, ensuring that the risk appetite is implemented with respect to all risks, and in charge of the design, implementation and validation of AXA Group economic capital model which is the basis for the Group Solvency II internal model ("Internal Model"), the documentation of the Internal Model and any subsequent changes made to it as well as the analysis of the performance of this model and the production of summary reports thereof. The holder of the Risk Management function, including the internal control function, at Group level is the Group Chief Risk Officer;
- **the compliance function** is responsible for advising on compliance with laws, regulations and administrative provisions regarding insurance, reinsurance, asset management and banking activities as well as monitoring that compliance is effective. The compliance function holder at Group level is the Group Chief Compliance Officer;
- **the internal audit function** is responsible for performing an evaluation of the adequacy and effectiveness of the Group's internal control system and other elements of the system of governance. The internal audit function must be objective and independent from the operational functions. The internal audit function holder at Group level is the Global Head of Internal Audit; and

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

- **the actuarial function** is responsible for overseeing the calculation of Solvency II technical provisions (including ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions), assessing the sufficiency and quality of the data used in this calculation and comparing best estimates against experience, expressing an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements. The actuarial function holder at Group level is the Group Actuarial Function Holder. For further information on the actuarial function, please refer to Section 4.6 "Insurance Risks" of this Annual Report [1].

The holders of key functions have direct access to the Board of Directors.

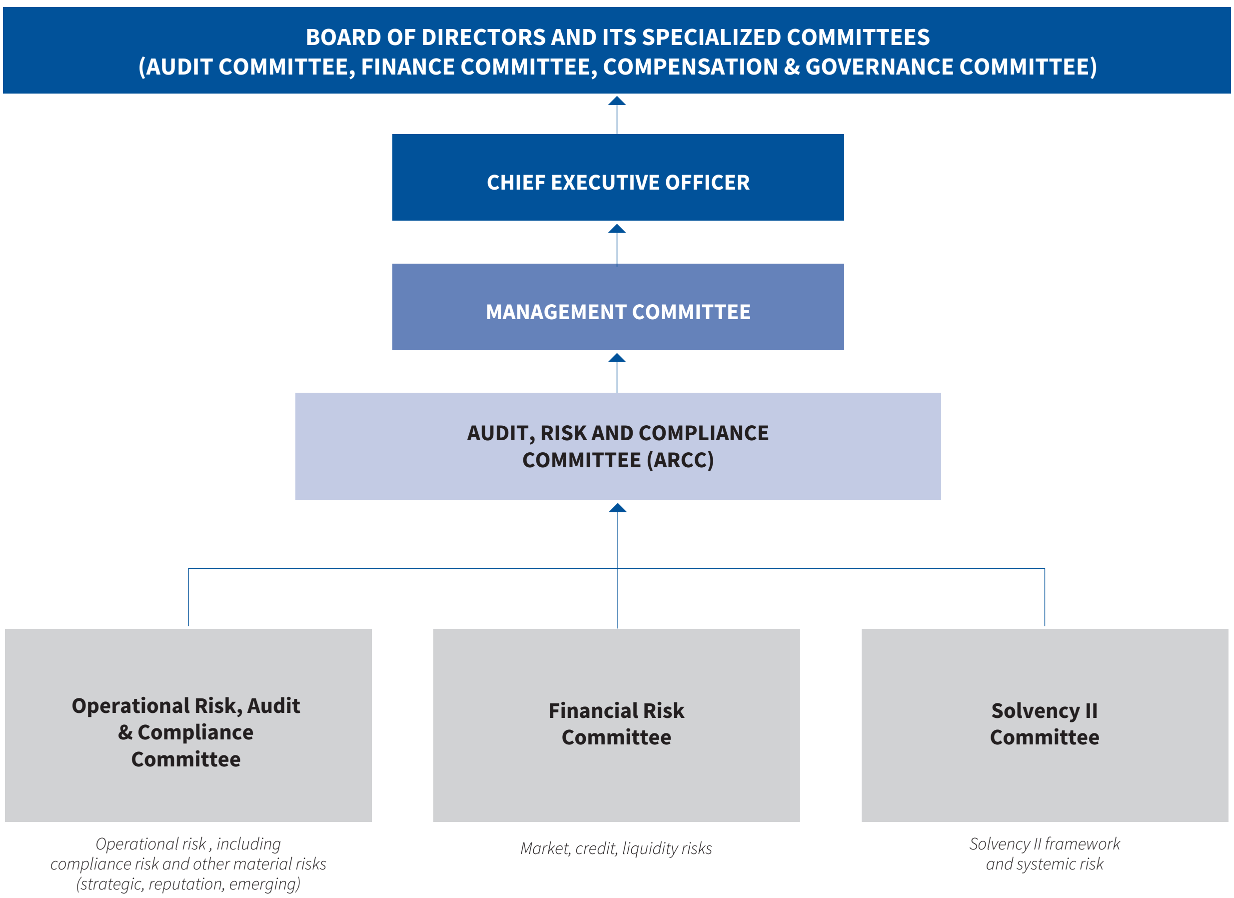
The Group Chief Executive Officer and the Group Deputy Chief Executive Officer – Group General Secretary [2], who, under Solvency II, are deemed to be "persons who effectively run" the Group, and the key functions holders must fulfil the requirements for a fit and proper assessment, as set in the Group's internal policy, adopted in compliance with the requirements of the Solvency II regulation, both at appointment and on an ongoing basis. These requirements are:

- appropriate competence and capability, taking into account professional qualifications, training, knowledge and relevant experience including understanding of regulatory requirements to enable sound and prudent management (fit); and
- propriety, taking into account reputation, financial soundness and personal characteristics such as integrity and transparency (proper).

Furthermore, appointments to any of these positions must be notified to the French *Autorité de contrôle prudentiel et de résolution* ("ACPR"), through a formal process, including submission of a detailed questionnaire addressing the fitness and propriety of each person, as well as detailed background information.

Governance and Risk Management organization

GOVERNANCE



(1) *Only information contained in Section 4.6 "Insurance risks" of this Annual Report and referred to in Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

(2) *Until December 31, 2019, the Group Deputy Chief Executive Officer – Group Chief Financial Officer was also deemed to be a "person who effectively runs" the Group.*

Board of Directors

The Board of Directors is responsible for ensuring that an appropriate and effective system of internal control and Risk Management is in place across the Group. In this context, it can undertake all controls and verifications as it deems appropriate.

The Board of Directors has established three Committees to assist it in fulfilling its responsibilities: an Audit Committee, a Finance Committee and a Compensation & Governance Committee. All the Board Committees constitute an important part of the Group's overall internal control environment, and play a major role in reviewing Internal Control and Risk Management related issues.

For more information on the composition and assignments of the Board of Directors and its Committees, please refer to Section 3.1 "Corporate governance structure" [(1)] of this Annual Report.

Audit Committee

The Audit Committee (i) considers the Group's internal control systems and procedures for Risk Management with a view to obtaining reasonable assurances as to their effectiveness and consistent application, and (ii) monitors the Group's major risk exposures and sensitivities (insurance and operational), the results of the risk assessments performed, and the steps management has taken to monitor that such exposures remain within the risk appetite set by the Group.

The scope of the Audit Committee's responsibilities is set forth in the Audit Committee Terms of Reference, approved by the Board of Directors and available on www.axa.com.

Finance Committee

The Finance Committee examines any subject relating to the financial management of the Group and in particular the policy on financial Risk Management (including management of foreign exchange and interest rates exposure), the issues relating to the liquidity and financing of the Group, the capital and solvency.

The Finance Committee examines the impact on capital and solvency at Group level of the main orientations and limits of the Asset-Liability Management ("ALM") policy; and reviews the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

Executive Management

Executive Management oversees the implementation of the internal control system and the existence and appropriateness of internal control, as well as Risk Management monitoring systems within the Group.

For more information about the Executive Management, please see Section 3.1 "Corporate governance structure" of this Annual Report [(1)].

Audit Risk and Compliance Committee (ARCC)

The Audit Risk and Compliance Committee ("ARCC") was created in 2016 by the Chief Executive Officer with the view to strengthening the Group's overall Risk Management governance and is chaired by the Group General Counsel with the purpose of reviewing all material audit, risk and compliance issues faced by the Group.

The scope of the ARCC covers all the Group's operations and includes the following:

- the Group's overall risk appetite, material breaches of risk limits and proposed remedial actions, the Group's risk framework as well as action plans proposed to reduce or otherwise modify the Group's material risk positions when they are beyond defined limits;
- the Group's standards and limits to ensure that they are consistent with the Group's defined risk appetite;
- the Own Risk & Solvency Assessment ("ORSA") and the other Solvency II reports (Group Solvency and Financial Condition report, Group Regular Supervisory Report, Actuarial Function Holders reports);
- the systemic documentation (Systemic Risk Management Plan, Liquidity Risk Management Plan, Recovery Plan);
- the major findings identified by internal audit; and
- the Group's Compliance standards.

The ARCC reports back to the Management Committee on a regular basis. The ARCC also reviews and discusses the proposed agenda items for the Audit Committee and Finance Committee with a view to ensuring that these agendas include the appropriate items.

Reporting to the ARCC, the following Group Risk Committees cover the main risk categories:

- **for financial risks:** the Group Financial Risk Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk and Investment Officer. This Committee determines the Group ALM policies and ensures that the Group exposures are within the Group risks limits;
- **for operational, other material risks (strategic, reputation, emerging) and internal control:** the Operational Audit Risk & Compliance Committee is co-chaired by the Group Chief Risk and Investment Officer and the Group Chief Operating Officer.

Insurance risks are directly managed and monitored at the Group ARCC level.

The Solvency II Committee, co-chaired by the Group Chief Risk Officer and the Group Chief Financial Officer, is in charge of (i) steering the overall AXA Group Solvency II framework, (ii) implementing the governance and validation of the Internal Model, and (iii) reviewing Solvency II developments.

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The Solvency II Committee is also responsible to monitor current developments in systemic risk.

Group Risk Committees are supported by local Risk Committees to ensure consistency in the implementation of the Enterprise Risk Management ("ERM") framework.

RISK MANAGEMENT AND INTERNAL CONTROL ORGANIZATION

The control framework with three lines of defense has been designed to ensure that the risks that the AXA Group may face are systematically identified, measured, managed and controlled.

First line of defense: management and staff

Management and staff have primary responsibility for (i) establishing and maintaining an effective control environment, (ii) identifying and managing the risks inherent in the products, services and activities in their scope and (iii) designing, implementing, maintaining, monitoring, evaluating and reporting on the Group's internal control system in accordance with the risk strategy and policies on internal control as approved by the Board of Directors.

Second line of defense: Group Risk Management function, including Group Internal Control function and Group Compliance function

Group Risk Management ("GRM") function

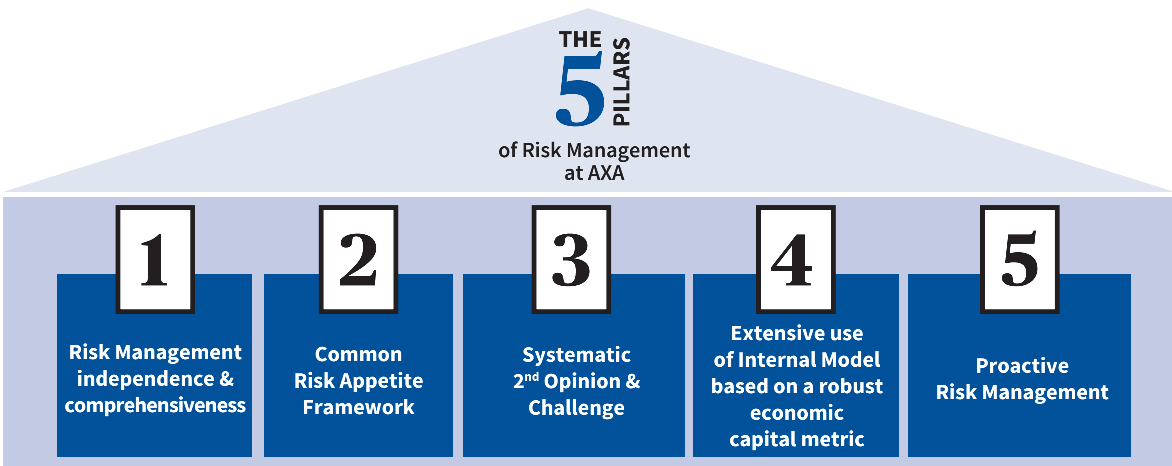
GRM is headed by the Group Chief Risk Officer, who reports to the Chief Risk and Investment Officer, with an administrative reporting line to the Group Chief Executive Officer.

The role of GRM is to identify, quantify and manage the main risks to which the Group is exposed. To this end, GRM develops and deploys a number of risk measurements, monitoring instruments and methods, including a standardized methodology and framework for stochastic modelling (through the Internal Model) including the ORSA required under Solvency II.

When appropriate, this role leads to the implementation of decisions that affect the Group's risk profile, helping to monitor the solvency position and manage the volatility of the Group's earnings through improved understanding of the risks taken and optimization of capital allocation.

As an integrated part of all the Group's business processes, GRM is also responsible for the definition and implementation of the ERM framework within the AXA Group.

The ERM framework is based on the following five pillars, cemented by a strong risk culture:



1. **Risk Management independence and comprehensiveness:** Chief Risk Officers are independent from operations (first line of defense) and Internal Audit department (third line of defense). The Risk Management Department, together with the Compliance and Internal Control departments, constitute the second line of defense, whose objective is to develop, coordinate and monitor a consistent risk framework across the Group;
2. **Common risk appetite framework:** Chief Risk Officers are responsible for ensuring that senior management reviews and approves the risks to which the relevant entity or business unit is exposed, understands the consequences of an adverse development in such risks, and have action plans that can be implemented in case of unfavorable developments;
3. **Systematic second opinion on key processes:** Chief Risk Officers provide a systematic and independent second opinion on product approval process, reserves, reinsurance, investments and ALM, and challenge on operational risks and strategic plan;

4. **Extensive use of Internal Model based on a robust economic capital metric:** the Internal Model is intended to offer a concrete and powerful tool to control and measure exposure to most risks, in line with the Solvency II framework. The Internal Model is designed as a consistent and comprehensive Risk Management tool, which also forms an important element in the capital management and planning process;
5. **Proactive Risk Management:** Chief Risk Officers are responsible for early detection of risks. This is ensured through challenge of and constant dialogue with the relevant business and supported by the AXA Group's emerging risks management framework.

GRM oversees the operating entities' adherence to the ERM, supported by the local Risk Management teams. It coordinates Risk Management for the Group, steers the local Risk Management Departments and strives to develop a risk culture throughout the Group. Since September 2019, the former Group Insurance Office teams have been fully integrated within GRM. They gather Life & Savings, Health & Protection, and Property & Casualty business experts in charge of promoting technical excellence and ensuring compliance with Group insurance guidelines and standards.

Since September 2019, the newly created Portfolio Management team is in charge of steering the Group Solvency ratio in cooperation with Finance, and initiating, supporting or conducting initiatives aiming at optimizing further AXA Group balance sheet from a risk and solvency perspective (encompassing both the assets and the liabilities). The Head of Portfolio Management reports to the Group Chief Risk and Investment Officer.

The reinsurance structure in charge of Property & Casualty and Life & Savings, Health & Protection reinsurance (AXA Global Re) reports to the Group Chief Risk and Investment Officer. Its main mandate is to contribute to the protection of the Group through the centralization of the Group's purchase of reinsurance. For additional information on the reinsurance strategy, please see Section 4.6 "Insurance Risks" of this Annual Report [(1)].

Group Compliance function

The Group Compliance function is responsible for advising Executive Management and the Board of Directors on applicable compliance laws, regulations and administrative provisions, and on the impact of regulatory change on AXA Group's operations. The Group Compliance function provides expertise, advice and support to AXA entities to assess significant compliance matters, analyzes the major compliance risks and contributes to designing solutions to mitigate the risks to which the Group is exposed. The Group Compliance function manages a wide range of compliance related matters including (i) financial crime (which includes anti-bribery and corruption, anti-money laundering programs and international sanctions/embargo compliance), (ii) data privacy, (iii) compliance & ethics, (iv) the monitoring of other major compliance and regulatory risks, and (v) regular reporting of significant compliance and regulatory matters to Executive Management, the Board of Directors and regulators.

The Group Chief Compliance Officer reports to the Group Deputy Chief Executive Officer & Group General Secretary.

The compliance activities within the Group are set out in a number of standards and policies which set the minimum requirements expected to be achieved by the entities and their compliance functions.

The Compliance section of the Group Standards contains standards and policies on significant risk areas affecting compliance activities and sets out the high-level controls and monitoring principles to which the entities must adhere. Adherence to the Standards and Policies (*e.g.* Compliance Governance, Anti-Money Laundering, Sanctions, Anti-Bribery…) is mandatory.

The Group Compliance function undertakes an annual Compliance Risk Assessment exercise *via* which entities are required to identify the most significant compliance risks to which they are exposed. Based on this assessment, an Annual Compliance Plan is developed for the following year. Based on the same methodology and to comply with the French extraterritorial law (Sapin II), an Anti-Bribery and Corruption Risk Assessment has been developed and rolled out to the entities. This risk assessment enables entities to identify in a more granular manner risks related to bribery.

The Group Compliance function has implemented a number of monitoring processes. For example, the Compliance Support and Development Program (CSDP) which is an ongoing program of structured on-site Compliance reviews conducted by the Group Compliance Department to AXA Group Companies worldwide. The main purpose of these reviews is to measure adherence to the Group Standards and Policies, to define improvement action plans, to provide experienced advice and to rate the entity's maturity level against other Group companies. This program was introduced in 2009 using a risk-based approach.

On a regular basis, the Group Compliance function reports to the Group Audit Risk & Compliance Committee, the Audit Committee, and the Board of Directors (as required) on significant compliance matters. These include major regulatory changes that have compliance implications, results of the Compliance Risk Assessment, and any other significant issues that require escalation.

---

(1) Only information contained in Section 4.6 "Insurance risks" of this Annual Report and referred to in Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Group Internal Control function

To further strengthen its control environment, the AXA Group established in 2017 a centralized Internal Control function within the second line of defense independent from business operations. Group Head of Internal Control is reporting to the Group Head of Operational Risk and Internal Control. The Group Internal Control department is responsible for the development of a standardized methodology and framework for internal control and for oversight of its implementation in the AXA Group's subsidiaries. For more information on the internal control at local level, please refer to the paragraph "Risk Management and internal control at local level" below.

The Internal Control framework of the AXA Group:

- is based on the principle of proportionality and takes into account the nature, scale and complexity of the entities operations;
- is aligned with the COSO "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission;
- is an integral part of the Risk Management thus providing the Executive Management with a view of the risk and control environment;
- is underpinned by the Group Internal Control Standard and Group Solvency II Internal Control Policy, first approved by the Audit Committee and the Board of Directors of AXA SA in December 2017;
- encompasses Internal Financial Control, implemented since 2010 to provide reasonable assurance regarding the reliability of Internal Control Over Financial Reporting ("ICOFR"), and extended to Solvency II in 2014 to contribute to the Internal Model validation process. For more information on Internal Financial Control, please refer to the paragraphs "Financial reporting, disclosure, controls and procedures" and "Internal Model validation" below.

On a regular basis, the Group Internal Control reports to the Group Operational Audit, Risk and Compliance Committee.

Third line of defense: Group Internal Audit function

The Group's Internal Audit function provides the Group Audit Committee and the Group's Management Committee with independent and objective assurance on the effectiveness of the overall control environment across the Group.

The Global Head of Internal Audit reports to the Chairman of the AXA Group Audit Committee with an administrative reporting line to the Group Deputy Chief Executive Officer.

All internal audit teams across the Group report to the Global Head of Internal Audit whilst also having a direct and unfettered reporting line to their local Audit Committee Chairman and an administrative reporting line within their local management structure.

The Group's Internal Audit function exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations. It helps the organization meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of Risk Management, control and governance processes.

Group Internal Audit sets an annual plan of work, based on an assessment of both the inherent risk and the adequacy of controls as well as consideration of the audit cycle. The plan is formally approved and its performance formally monitored by the Group Audit Committee.

Over the audit cycle, all applicable audit universe components for each entity are expected to be audited. Any exceptions identified are notified to the Audit Committee for ratification.

A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the relevant Audit Committee and Executive Management Committee on a regular basis.

Risk Management and Internal Control at local level

Governance: The Group Governance Standards require, among other things, the Boards of AXA's main subsidiaries to establish an Audit Committee. The Audit Committees have a critical role in reviewing financial results and other financial information prepared by the management of these subsidiaries, financial reporting and control processes, critical accounting policies, specific accounting issues, key risks and systems of internal control, fraud and similar issues.

In addition, the Group has established Standards that apply to AXA SA and entities (including Joint Ventures) where AXA has the majority of the voting rights, or has a minority interest but exercises control through other means such as management. They are mandatory for all Group entities within scope unless otherwise indicated. The Standards focus on critical requirements and form part of the overall Risk Management framework which allow the Group to have a clear understanding of risks, both locally and Group-wide.

Chief Executive Officers are required to certify annually to the Group Chief Executive Officer that to the best of their knowledge their entities comply with the Standards. Entity Boards must be formally informed of the Annual Certifications, together with any material breaches, areas of non-compliance and corresponding mitigation plans in order to monitor progress of remedial actions.

Risk Management: Risk Management is a local responsibility, in accordance with GRM standards and guidelines. The roles and responsibilities of local Risk Management teams are validated jointly by the Executive Committees of local entities and the Group Chief Risk Officer to ensure the alignment of central and local interests.

The minimum missions required for local Risk Management teams are:

- coordinating the second line of defense locally (which covers among others Compliance, Internal Control, Security) through a specific system of governance framework;
- ensuring that the risk appetite is implemented with respect to all risks consistently with the Group's risk appetite, with enhanced reporting, risk limits and decision processes;
- providing a second opinion on key processes, such as the definition of characteristics for new products before launch, reserves, ALM studies & asset allocation and reinsurance strategies;
- with respect to the Internal Model, checking the adequacy of the local risk profile, and implementing, testing and validating the Internal Model.

Local Chief Risk Officers head the local Risk Management teams within each operational entity, and report both to their local Chief Executive Officer and to the Group Chief Risk Officer. They are independent from operations and Internal Audit departments. Local Chief Risk Officers regularly report to the local Board of Directors (or to a sub-committee) on Risk Management matters.

Their teams are responsible for controlling and managing risks within Group policies and limits, and for validating investment or underwriting decisions through local Risk Committees. The Group Chief Risk Officer chairs the Chief Risk Officers' meeting composed of the Chief Risk Officers of AXA's main subsidiaries, that meets on a quarterly basis and have monthly calls.

Internal Control: Internal Control is a local responsibility in accordance with Internal Control Standard and Policy. Entities are expected to:

- define and document their controls and control procedures covering all important risks and processes (First line responsibility);
- regularly verify and challenge the effectiveness of the control environment (Second line responsibility);
- implement a comprehensive monitoring and reporting on internal control deficiencies at a senior level of the organization to ensure that these are rectified in an adequate and timely manner.

Local Heads of Internal Control (or equivalent) are independent from operations and report preferably to their local Chief Risk Officer. Local Heads of Internal Control (or equivalent) regularly report to the local Executive Committee (or to a sub-committee) on Internal Control matters.

Compliance: The local Compliance functions are expected to undertake an annual Compliance Risk Assessment to identify the major compliance risks to which the business is exposed. Based on the Compliance Risk Assessment, an Annual Compliance Plan must be developed at the end of each year for the following year. The local Compliance function must directly report on a regular basis to local senior management and the local Audit Committee (or equivalent body), on significant compliance matters, including key compliance risks, major regulatory changes that have compliance implications, the Annual Compliance Plan, outstanding Compliance Support and Development Program action points and any other significant issues that require escalation.

FINANCIAL REPORTING, DISCLOSURE, CONTROLS AND PROCEDURES

Scope of responsibilities

The PBRC department within the Group Finance department is responsible for consolidation, management reporting, as well as actuarial indicators and the economic balance sheet. These missions are performed for regular closings, forecasts and strategic plan exercises. PBRC works with local PBR units within the Finance departments of Group subsidiaries.

The local PBR units are responsible for producing their respective contribution to the Group Consolidated Financial Statements.

PBRC's role encompasses the following principal activities:

- development of both accounting and reporting standards;
- managing process instructions with the subsidiaries for the various exercises;
- managing the Group's financial consolidation and reporting systems;
- producing the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) and analyzing key performance indicators;
- developing and using management control tools;
- managing and consolidating the European Embedded Value processes, related actuarial indicators and the economic balance sheet;
- coordinating the production of the Group's Annual Reports filed with the AMF;
- coordinating the production of reports filed with the ACPR related to Solvency II;
- liaising with the Statutory Auditors and contributing to Audit Committee meetings as required; and
- fostering convergence of accounting and financial reporting processes, systems and organizations for insurance activities in Europe.

PBRC has defined and implemented a set of policies and procedures to ensure that the consolidation process leading to the consolidated financial statements is timely and accurate. This consolidation process is based on the following:

Definition of standards and use of a centralized information system

Group accounting standards, which are consistent with accounting and regulatory principles, are set forth in the "AXA Group Accounting Manual" and updated regularly by PBRC experts. These guidelines are submitted to AXA's Statutory Auditors for review before being made available to AXA's subsidiaries.

The Group's consolidation and reporting processes are based on a central information system "Magnitude". This tool is managed and updated by a dedicated team. This system is also used to deliver management reporting information and the economic balance sheet. The process through which this management reporting information and the economic balance sheet are produced and validated is the same as the one used to prepare consolidated financial information.

Operating control mechanisms

At entity level, AXA's subsidiaries are responsible for recording and controlling accounting and financial data that comply with the AXA Group Accounting Manual and reflect consolidation rules under IFRS accounting standards. In this respect, the Chief Financial Officer of each entity signs off on the accuracy of their respective contribution to the consolidated figures reported through "Magnitude" and their compliance with both the AXA Group Accounting Manual and instructions in all frameworks produced (IFRS, Embedded Value, actuarial indicators and economic balance sheet) within the internal financial control program.

At PBRC level, accounting, financial and economic information reported by entities are analyzed by teams that liaise with subsidiaries on a full-time basis. In particular, these teams analyze the compliance with the AXA Group Accounting Manual and Group actuarial standards.

Internal Control over Financial Reporting (ICOFR)

The AXA Group's ICOFR is a process designed under the supervision of the Group Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements.

In that context, and based on the Group Internal Control Standard, the Group has implemented a comprehensive program managed by Group Risk Management, entitled Internal Financial Control ("IFC"), to ensure that the Group Chief Executive Officer has a reasonable basis to conclude that AXA Group's ICOFR is effective as of the end of each financial year.

The IFC program is based on the Group's IFC Standard, which is an internal control and governance standard based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is designed to ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program precising the scope of application and governance.

The entities in IFC scope are required to document their significant processes and key controls, as well as the rationale of how the associated risk of material misstatement due to error or fraud can be reduced to an acceptable level. This is performed under the supervision of the Chief Financial Officer, sponsor of the IFC program. The independent Internal Financial Control function, anchored within Risk Management for most entities, is in charge of testing the design and operational effectiveness of those key controls, and ensuring that identified control deficiencies are remediated.

At each year-end, the in-scope entities have to perform an evaluation of their ICOFR as part of an internal certification process, involving formal sign-off by process owners and with a formal management report from the entity's Chief Financial Officer and Chief Risk Officer stating their conclusion as to the effectiveness of the entity's ICOFR.

Disclosure controls and procedures

The Group has implemented a formal internal review and sign-off process pursuant to which all Management Committee members, Chief Financial Officers and certain other senior executives are required to certify various matters covered in AXA's Universal Registration Document.

This process is based on the following four pillars:

1. Chief Financial Officer Sign-Off Certificates, which are required to be submitted by all local Chief Financial Officers to PBRC, together with the required subsidiary financial reporting and consolidation information;
2. IFC Management reports are required to be submitted by the Chief Financial Officer or another senior executive of every in-scope entity, as part of the IFC program dedicated to ICOFR;
3. Disclosure Controls & Procedures Certificates, which are required to be submitted by AXA's Management Committee members, Chief Financial Officers and certain other senior executives pursuant to which each of these executives is required to review the Group's Universal Registration Document and formally certify (i) the accuracy and completeness of the information in the Annual Report with respect to the companies under his/her responsibility, and (ii) the effectiveness of disclosure controls and procedures and ICOFR at companies under his/her responsibility (with specific disclosure of any significant deficiencies or material weaknesses). In addition, as part of this "sub-certification" process, these executives are required to review and comment on a number of cross-sectional disclosures in the Universal Registration Document relating to risk and other matters;
4. Chief Financial Officer Sign-Off Certificates on the notes to the Consolidated Financial Statements: PBRC provides Chief Financial Officers with the contribution of the entities under their responsibility to the Consolidated Financial Statements in order to facilitate their certification on the accuracy and completeness of the information in the Universal Registration Document of the Group.

For further information, please refer to Appendix I "Management's annual evaluation of the internal control over financial reporting" of this Annual Report.

CONCLUSION

The Group has established a comprehensive system of internal control procedures and mechanisms that management believes appropriate and adapted to its business and the global scale of its operations.

However, all internal control systems, no matter how well designed, have inherent limitations and cannot provide absolute certainty or guarantee against the materialization of risks and control failures. Even systems determined to be effective by the management may not prevent or detect all human errors, all system malfunctions, all fraud or all misstatements and can provide only reasonable assurance.

Own Risk and Solvency Assessment ("ORSA") (1)

POLICY AND GOVERNANCE

Under Solvency II, the Group and certain of its subsidiaries (*i.e.* all insurance and reinsurance entities in the European Economic Area and insurance and reinsurance entities outside the European Economic Area that are within the scope of the Internal Model) are each required to produce an ORSA report which is filed with the applicable national supervisor. At Group level, the Group Chief Risk Officer is responsible for developing the ORSA policy, implementing the ORSA process and coordinating the ORSA reporting.

The ORSA policy defines minimum standards for assessing and reporting own risks and solvency to be applied across the Group. Adherence to this policy is expected to be promoted and monitored by all entity heads of Risk Management Department (Chief Risk Officers).

The Group ORSA report is reviewed annually by the Solvency II Committee and then presented, first, to the ARCC and the Audit Committee of the Board of Directors, and finally to the Board of Directors, which approves the conclusions of the Group ORSA report and authorizes its filing with the ACPR.

Beyond the annual ORSA report, a quarterly assessment is performed to update the Group's risk profile against Risk Appetite limits and adapt management actions accordingly. This information is reported to the Finance Committee of the Board of Directors and to the ARCC which regularly reviews all material audit, risk and compliance issues faced by the Group.

PURPOSE AND CONTENT

ORSA encompasses processes to identify, assess, monitor, manage and report the short to medium term risks to which the Group is exposed and to ensure the adequacy of the level of own funds within the Group solvency targets, taking into account the Group's risk profile, as well as approved risk appetite limits and business strategy. As an important component of the risk management system, it is intended to give a comprehensive and complete vision of the risks embedded in the businesses of the Group on a continuous basis.

ORSA mainly encompasses Risk Management and financial activities, which are organized around the following processes:

- Solvency Capital Requirement ("SCR") & Eligible Own Funds ("EOF") calculation;
- liquidity risk reporting;
- strategic planning and financial projections;
- risk appetite process;
- stress and scenario testing analysis and monitoring; and
- risk assessment and review of strategic risk, reputation risk, regulatory risk and emerging risk.

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The ORSA report provides an assessment on:

- the overall solvency needs through the measurement of quantifiable risks considering risk mitigation actions implemented in current economic context and approved business strategy detailed in the 2018-2020 strategic plan and within approved risk appetite limits. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. This is supported by the Enterprise Risk Management system, including the identification, monitoring and management of non-quantifiable risks;
- the compliance, on a continuous basis, with (i) regulatory capital requirements, through the assessment of the ability to meet capital requirements using the approved Internal Model, in compliance with the Solvency II regulatory standard, as well as (ii) requirements regarding technical provisions. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. Also, the extensive use of the Internal Model outputs for key decision-making processes provides a feedback loop for improving the modelling according to the evolution of the risk profile;
- the significance with which the risk profile of the AXA Group deviates from the assumptions underlying the SCR calculated on the basis of the Internal Model. Extensive validation tests are performed to assess the relevance of the Internal Model and the model error. Limitations of the Internal Model and evolution plan resulting from the validation activities are presented.

Internal Model [(1)]

For more information on regulatory capital and solvency requirements applicable to the Group, including Solvency II, please refer to Section 6.3 “General Information – Regulation and Supervision” of this Annual Report.

The Group has developed a robust economic capital model since 2007. The internal model of the Group (the “Internal Model”) is used in its risk management systems and decision-making processes. The ACPR has approved the use by the Group of its Internal Model to calculate its SCR under Solvency II. The Internal Model encompasses the use of AXA Group’s economic capital model on all material entities, except entities that were part of the XL Group we acquired in 2018 (“XL entities”). The Solvency capital requirement in respect of the entities that were part of the XL Group (“XL entities”) as at December 31, 2019 was calculated in accordance with the Solvency II standard formula, while December 31, 2018 was relying on the equivalence regime, based on the Bermudian Standard Formula SCR, plus a 5% add-on required by the AXA’s lead supervisor (ACPR), as a transitional measure. Subject to prior approval of the ACPR, the Group intends as soon as December 31, 2020 to extend its Internal Model to XL entities.

AXA continues to review regularly the scope, underlying methodologies and assumptions of the Internal Model and will adjust its SCR accordingly. In addition, AXA’s Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any major change to the Internal Model would be subject to the prior approval of the ACPR, which may require adjustments to the level of SCR. In addition, the Group monitors EIOPA’s work program which, through its objectives, is also expected to continue to carry out consistency reviews of European insurers’ internal models. Such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups, as well as changes to internal models and Solvency II capital requirements.

The Group’s main goal in using its Internal Model as opposed to the Solvency II standard formula is to better reflect the Group’s risk profile in its SCR. This is reflected through several objectives:

- taking into account local specificities – The Group is a global company, and caters to a wide range of insurance markets with a variety of products offered targeting certain demographics and with differing risk exposures. It is therefore appropriate, to the extent possible, to calibrate stresses specific for these risk profiles and to allow for the benefits of diversification of risks which arise as a result of being spread over these markets;
- addressing shortcomings inherent to the standard formula – based on its expertise, the Group can improve on the approach of the standard formula (which is naturally constrained by its general scope and which does not cover all measurable risks) and have models more appropriate to the scope of the Group; and

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

- allowing for better evolution of the model over time – as the Group's experience increases, business expands to new markets and product innovations create different risks to consider, the flexibility of an internal model allows the specificities of these developments to be reflected.

The Internal Model is based on a common definition of risks used consistently throughout the Group. It aims to ensure that the Company risk mapping is comprehensive and is followed in a consistent way across the Company and that efficient procedures and reporting are in place so that roles and responsibilities are allocated to identify, measure, monitor, manage and report key risks.

The Group risk grid [(1)] aims to identify all material risks applicable to the Company's insurance businesses. The Internal Model is intended to capture all material risks to which the Group is exposed from the risk assessment performed at sub-risk level to the overall aggregation of risk categories.

The underlying methodologies and assumptions used in the economic capital model are regularly reviewed to ensure that they accurately reflect the AXA Group's risk profile and new methods are developed and integrated regularly (in accordance with the Internal Model change policy).

The SCR, calculated on the basis of the Internal Model, represents the value at risk of Group EOF at the 99.5th percentile over a one-year horizon. In other words, the Solvency Capital Requirement is the capital needed to sustain an extreme shock likely to occur with a 0.5% probability (*i.e.* a 1 in 200 years event). It aims at including all measurable risks (market, credit, insurance and operational) and reflecting the Group's diversified profile.

In addition to the risks that impact the SCR through the Internal Model calculation, the Group also monitors its liquidity risk, reputation risk, strategic risk and regulatory risks as well as emerging threats.

AXA GROUP SOLVENCY II RATIO

In addition to the SCR assessment, which intends to cover all quantifiable risks to which the Group is exposed (insurance, financial, and operational risks), the AXA Group performs sensitivity analyses of its Solvency II ratio to material risks and events.

These analyses quantify, for instance, the potential impact on the AXA Group's Solvency II ratio of (i) financial shocks on corporate bond and sovereign spreads, on interest rates, and on equity and (ii) a wide range of shocks reflecting historical stress events (such as the 2008-2009 financial crisis, the 2011 financial crisis, the 1918 Spanish flu and the 1999 Lothar & Martin storms).

These sensitivity analyses do not take into account preemptive management actions that might be taken to mitigate the effects of the defined shocks, nor indicate a probability of occurrence, but, are designed:

- to demonstrate that the AXA Group Solvency ratio is resilient to a wide range of shocks;
- to ensure through the risk appetite framework that the management reviews and acknowledges the risks that arise in their company, understands the consequences of an adverse development of these risks, and have action plans that can be implemented in case of unfavorable developments; and
- to verify the robustness of the Internal Model.

The Solvency II ratio as of December 31, 2019, published on February 20, 2020 was estimated at 198% [(2)], compared to 193% as of December 31, 2018 and remains within AXA's target range of 170%-220%.

(1) *The Group risk grid is designed to identify all risks applicable to AXA businesses. Risk categories are further split into sub-risks. The risk assessment is performed at the sub-risk level. The risk grid is regularly reviewed and validated at Group level.*

(2) *The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock. In compliance with the ACPR's decision, from January 1, 2019, entities that were part of the XL Group ("XL entities") have been fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement has been calculated using the Solvency II standard formula. Subject to prior approval of the ACPR, the Group intends to extend its internal model to XL entities as soon as December 31, 2020. For additional information, please refer to Section 4.2 "Internal Control and Risk Management - Internal Model". The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be on May 14, 2020.*

INTERNAL MODEL GOVERNANCE

At Group level, the governance bodies involved in the Internal Model governance are as follows:

- the Board of Directors reviews the Internal Model, and authorizes the application to the ACPR for approval of major changes to the Internal Model;
- the Audit, Risk and Compliance Committee; and
- the Solvency II Committee.

At Group level, the Internal Model is reviewed, tested and approved on an ongoing basis by the Solvency II Committee. The Solvency II Committee is supported by risk technical working groups reviewing changes proposed to the Internal Model and presenting conclusions of these diligences to the Solvency II Committee. The Solvency II Committee also reviews the Internal Model validation and model change processes, and liaises with local governance. It also reviews the conclusions of the regular validation activities.

INTERNAL MODEL VALIDATION

The Group has implemented and documented a validation process of its Internal Model to monitor its performance and continued adequacy. This process and associated governance are documented in the Group validation policy, endorsed by the ARCC.

The Group validation policy is supplemented by local validation policies specifying the local validation activities and responsibilities.

Validation does not only apply to the quantitative aspects of the model (input data, theory & methodology, parameters & assumptions, data, results) but also encompasses the qualitative aspects of the model: expert judgment, documentation, model governance, use test, systems/IT.

Risk Management performs regular integrated validation activities, described in the Internal Model validation policy, mostly organized around:

- validation of the model structure, modelling choices, parameters and assumptions; and
- validation of the Solvency Capital Requirement calculation and results.

These tasks are performed mostly within the Risk Management Departments in charge of the model, through controls and validation activities using validation tools such as sensitivity tests, back testing, scenario testing, and stability analysis and any other relevant activity.

These validation procedures are complemented by independent challenge and validation of assumptions, key parameters and results through Committees (including assumptions Committees, calibration Committees and clearance Committees) intended to provide an adequate level of expertise and seniority.

In particular, Group Risk Management teams provide independent testing of the local model choices, local parameters, assumptions or calibration as well as local results.

Apart from this fully integrated validation, sanctioned by the Group Chief Risk Officer's review and sign-off, a comprehensive independent review process has been defined and implemented to provide adequate comfort to AXA Group Management and Board of Directors that the model and its outputs meet a "fit for purpose" standard.

The independent reviews are performed by the following two internal teams:

- IFC teams, at local and Group level, responsible for assessing the effectiveness of internal control framework over Solvency II, on the basis of the testing of processes and controls over the EOF and STEC, at least annually; and
- Internal Model Review ("IMR") team, a Group team responsible for the in-depth actuarial review of the model under local teams' responsibility, the conception and methodology when locally developed, and the local implementation of the Group principles where relevant. IMR controls are performed on a 3-year rolling basis, independently from closing agenda.

Both IMR and IFC are fully independent from the development, the governance and the processing of the Internal Model.

At the end of the annual validation process, the Board of Directors is provided with a report summarizing the conclusions of the internal review by Risk Management and the conclusion of the independent review by IMR and IFC as well as a review by an independent third party.

Governance of investment strategy and asset & liability management (ALM)

The AXA Group, as an insurance group, follows an investment strategy mainly driven by Asset & Liability Management ("ALM"). The overall objectives of all investment decisions made within the Group are to meet its obligations and commitments to policyholders, to protect the solvency of the Group's entities, and to generate superior return over time.

GROUP AND LOCAL GUIDANCE ON INVESTMENTS

The Group Chief Investment Officer (Group CIO) heads the Group-wide community of local insurance companies CIOs, the central Investment & ALM department and reports to the Group Chief Risk and Investment Officer. His role includes aligning AXA's investment strategy with the broader strategy of the Group, fostering closer cooperation amongst local entities, enhancing investment expertise and methodology, and steering investment decisions.

Local investment & ALM activities are steered by local CIOs. Local CIOs manage local portfolios, aiming at an optimized risk-return ratio, maintain reporting lines to the Group, and manage close relationships with asset managers and local stakeholders. Moreover, they are responsible for the investment performance and for implementing and executing a sound Asset Liability Management.

GROUP AND LOCAL GOVERNANCE BODIES

In order to efficiently coordinate local and global investment processes, decisions within the Group's investment community are taken by two main governance bodies:

- the Group Investment Committee, which is co-chaired by the Group Chief Risk and Investment Officer and the Group Chief Financial Officer. This Committee defines the Group's investment strategy, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance; and
- the Group Financial Risk Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk and Investment Officer. The Group Chief Investment Officer is also member of this Committee (please refer to the paragraph "Audit Risk and Compliance Committee" above).

At the entity level, each insurance company has a local Investment and ALM Committee whose terms of reference are approved by the local Executive Committees.

These committees are responsible for, inter alia, defining the entity's Strategic Asset Allocation, approving and monitoring investments, meeting local compliance obligations and reviewing the participation in investment proposals syndicated by the Group, as well as local investment proposals.

ALM STUDIES AND STRATEGIC ASSET ALLOCATION

ALM aims to match assets with the liabilities generated by the sale of insurance policies. The objective is to define the optimal asset allocation so that all liabilities can be met with the highest degree of confidence while maximizing the expected investment return.

ALM studies are performed by the Investment & ALM department with the support of internal asset managers when appropriate and a second opinion is provided by the Risk Management Department. They use methodologies and modelling tools that develop deterministic and stochastic scenarios, embedding policyholders' behavior considerations for the liabilities, financial market evolution for the assets and taking into account existing interaction between the two. This process aims at maximizing expected returns given a defined level of risk. Furthermore, a series of additional constraints are taken into account, such as Solvency II economic capital model considerations, earnings stability, protection of the solvency margin, preservation of liquidity, as well as local and consolidated capital adequacy and requirement.

ALM constraints are also taken into account when new insurance products are being designed as part of the product approval process (see Section 4.6 "Insurance risks – Product approval" of this Annual Report).

At the entity level, the strategic asset allocation issued from the ALM study must be reviewed by local Risk Management, and verified against predefined risk appetite limits, before being approved by the local Investment and ALM Committee.

INVESTMENT APPROVAL PROCESS

Investment opportunities, like non-standard investments, new strategies or new structures, are subject to an Investment Approval Process ("IAP") in line with the third pillar of the Group Risk Management principles which provides for a systematic second opinion on key processes. The IAP ensures key characteristics of the investment are analyzed, such as risk and return expectations, experience and expertise of the investment management teams, as well as accounting, tax, legal and reputational issues.

The IAP is completed at Group level for any significant investment, depending on the investment size and the number of entities participating in it. The successful completion of an IAP is done after the production of a second independent opinion by Group Risk Management. The IAP is used and completed at local level to cover local regulatory characteristics (including tax and statutory accounting).

Local IAP is also run for investments in new asset classes for local entities under the same principles.

GOVERNANCE FRAMEWORK FOR DERIVATIVES

Products involving hedging programs based on derivative instruments are designed with the support of dedicated teams at AXA Investment Managers and AXA SA. In a similar way, this set-up ensures that all entities benefit from technical expertise, legal protection and good execution of such transactions within the following governance framework for derivatives.

Derivative strategies are reviewed by local Investment and ALM Committees. In addition, there is a segregation of duties between those responsible for making investment decisions, executing transactions, processing trades and instructing the custodian. This segregation of duties aims in particular at avoiding conflicts of interest.

The market risks arising from derivatives are regularly monitored taking into account the Group's various constraints (such as risk appetite and Internal Model).

Such monitoring is designed to ensure market risks, arising from cash or derivative instruments, are properly controlled and remain within approved limits.

Legal risk is addressed by defining a standardized master agreement. The Group's business units may trade derivatives only if they are covered by legal documentation which complies with the requirements set out in the Group standards. Any change to certain mandatory provisions defined in the Group standards must be approved by GRM.

Additionally, there is a centralized counterparty risk policy. GRM has established rules on authorized counterparties, minimum requirements regarding collateral and counterparty exposure limits.

The operational risk related to derivatives is measured and managed in the context of the Group's global operational risk framework. Furthermore, execution and management of derivatives are centralized within dedicated teams, reducing the AXA Group's operational risk.

Valuation Risk is also addressed through the use of dedicated teams, within the Group's asset managers and banks. They independently counter-valuate the derivatives positions so as to achieve appropriate accounting, payment and collateral management. They also challenge the prices proposed by counterparties in the event that the applicable AXA entity wishes to initiate, terminate or restructure derivatives. Such capacity in pricing requires strong expertise, which relies on rigorous market analysis and the ability to follow the most up-to-date market developments for new derivatives instruments.

INVESTMENT AND ASSET MANAGEMENT

For a large proportion of its assets, the Group utilizes the services of asset managers to invest in the market:

- local AXA companies assign the day-to-day management of their asset portfolios primarily to AXA's Asset Management subsidiaries, *i.e.* AXA Investment Managers and Architas. Local CIOs continuously monitor, analyze, and challenge asset managers' performances; and
- in order to benefit from a more asset-specific and/or geographical expertise, the Group may also decide to invest through external asset managers. In such event, thorough due diligence analyses are performed by the Investment and the Risk Management communities and a continuous monitoring is implemented at both Group and Local levels.

4.3 MARKET RISKS

Market risks: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Market-related risks" in Section 4.1 "Risk Factors" of this Annual Report.

AXA Group is exposed to financial market risks through its core business of financial protection (*i.e.* insurance) and through the financing of its activities as part of its equity and debt management.

The market risks to which Life & Savings (L&S) and Property & Casualty (P&C) portfolios are exposed arise from a variety of factors including:

- a decline in market returns may cause us to accelerate amortization of deferred acquisition costs, value of business in-force and other intangibles;
- a decline in returns on assets (linked to a sustained fall in yields on fixed income investments or to lower equity markets) could reduce investment margins on General Account products or fees on Unit-Linked contracts and impact the performance of asset managers;
- a change in yields on fixed-income investments (linked to changes in interest rates or in credit spreads) affects the market value of investments and liabilities and could impact adversely the Group's solvency position, and increase policyholder's surrenders due to competitive pressures;
- a decline in asset market value (relating, for example, to equity, real estate, or alternatives, etc.) could adversely impact the Group's solvency position, as well as available surplus;
- a change in foreign-exchange rates would have limited impact for the operating units since foreign-currency commitments are matched to a large extent by assets in the same currency or covered by hedges, but it could affect the earnings contribution in euros;
- furthermore, Health and Property & Casualty activities are subject to inflation which may increase the compensation payable to policyholders, so that the actual payments may exceed the associated reserves set aside. This risk can be significant for long-tail businesses but is managed through regular pricing adjustments or specific protections against peaks of inflation.

The Group policies implemented to manage these risks are tailored to each product type and the risks relating to it.

The main market risks to which the AXA Group is exposed are the following:

- interest-rate risk, spread risk and equity risk related to the operating activities of Group subsidiaries;
- exchange-rate risk related to the operating activities of Group subsidiaries; and
- risks relating to the management of holding companies' exposure to foreign currency exchange rate fluctuations and debt.

AXA Group's exposure to market risks is covered by AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph "Internal Model" in Section 4.2 "Internal Control and Risk Management" of this Annual Report and is taken into account in AXA's Liquidity Risk Management framework (please refer to Section 4.5 "Liquidity Risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal Control and Risk Management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset & Liability Management, aims to meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal Control and Risk Management" of this Annual Report).

Local operating units have the primary responsibility for managing their market-related risks, while abiding by the risk framework defined at Group-level, in terms of limits/thresholds and standards. This approach aims to allow reacting swiftly in an accurate and targeted manner to changes in financial markets, political and economic environments in which the Group operates.

A wide variety of risk management techniques are used to control and mitigate the market risks to which the Group is exposed. These techniques, used primarily in all operating subsidiaries, include:

- local risk appetite governance and processes, including functional limits on market risks defined locally and approved by the local Board or Executive Committee;
- Asset & Liability Management (ALM), *i.e.* defining an optimal strategic asset allocation with respect to the liabilities' structure in order to reduce the risk to a desired level;
- a disciplined investment process, requiring for any sophisticated investment a formal thorough analysis by the Investment department, and a second opinion by Risk Management;
- hedging of financial risks when they exceed the tolerance levels set by the Group. Operational management of derivatives is based on stringent rules and is mainly performed by AXA SA for the holding company activities and Group asset managers, AXA Investment Managers for operating units;
- a regular monitoring of the financial risks on the Group Solvency ratio; and
- reinsurance which also offers solutions to mitigate certain financial risks.

As regards the market risks relating to the management of holding companies' foreign exchange and interest rates exposure, the following Risk Management measures have been defined and implemented.

For the purpose of optimizing the financial management and control of financial risks linked to AXA SA and its sub-holding companies, the Group Corporate Finance and Treasury department has defined a methodology to monitor and assess financial risks.

The policy on the management of holding companies' interest rate risk aims at monitoring and limiting the potential medium-term variation in interest expenses and consequently at partially protecting future levels of interest expenses against movements in interest rates. Regarding foreign exchange risk, the implemented policy's objective is to limit variations in net foreign currency-denominated assets resulting from movements in exchange rates. The purpose of the policy is therefore to protect partially or in full the value of AXA's net foreign-currency investments in its subsidiaries and thus reduce the variability of Group consolidated shareholders' equity against currency fluctuations, but also of other key indicators such as liquidity, gearing and solvency ratio at Group level. In 2020, the Company has adjusted the protection of its net foreign-currency investments in its main subsidiaries outside the Eurozone to focus it on near term expected cash flows. These adjustments have allowed to maintain a similar level of protection on key financial indicators.

AXA regularly monitors its exchange rate hedging strategy and will continue to review its effectiveness and the potential need to adapt it taking into account impacts on earnings, value, solvency, gearing ratio and liquidity.

The Group Corporate Finance and Treasury department is in charge of producing reporting data that consolidate interest rate, foreign exchange and liquidity risk exposures, as well as the interest expenses of AXA SA and its sub-holdings. This reporting also includes medium-term forecasts.

Synthetic reports, including information about hedging strategies, are sent to and reviewed by the Finance Committee of AXA's Board of Directors five times a year.

Focus on main market risks and sensitivity analyses

INTEREST RATES & EQUITY RISKS RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

AXA Group performs sensitivity analyses to estimate its exposure to movements in interest rates and equity markets. These analyses quantify the potential impact on the Group of positive and adverse changes in financial markets.

AXA Group analyzes sensitivities to movements in interest rates and equity markets looking at two different measures:

- sensitivities of the Group Eligible Own Funds ("EOF"), as described below;
- sensitivities of Group Solvency ratio (please refer to Section 4.2 "Internal Control and Risk Management" of this Annual Report [1].

Eligible Own Funds represent the amount of economic capital available to absorb losses under stress events. The EOF are the surplus of assets over liabilities derived from the Solvency II balance sheet.

AXA Group Risk Management is monitoring EOF sensitivities and the EOF is derived from IFRS equity.

The following table presents the reconciliation between IFRS Shareholders' equity to Group EOF:

RECONCILIATION IFRS SHAREHOLDERS' EQUITY TO GROUP EOF *(in Euro billion)*	2019
IFRS SHAREHOLDERS' EQUITY [(a)]	**69.9**
Net unrealized capital gains not included in Shareholders' equity	5.6
Elimination TSS/TSDI	(6.7)
Elimination Intangibles	(32.3)
o/w Goodwill	*(17.7)*
o/w DAC	*(9.7)*
o/w VBI	*(1.3)*
o/w Others	*(3.7)*
IFRS TANGIBLE NET ASSET VALUE [(a)]	**36.5**
Dividends to be paid	(3.5)
Technical provision adjustments	8.5
o/w Risk Margin	*(11.8)*
o/w BEL adjustment	*20.3*
Other adjustments	(0.7)
UNRESTRICTED TIER 1	**40.8**
Restricted Tier 1 + Tier 2	18.1
Tier 3	0.5
GROUP ELIGIBLE OWN FUNDS [(b)]	**59.4**

(a) Group share.
(b) Including minority interests.

(1) Only information contained in Section 4.2 "Internal Control and Risk Management" of this Annual Report and referred to in Note 4 "Financial and Insurance Risks Management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The main elements of the reconciliation from the €69.9 billion of IFRS shareholders' equity to the €36.5 billion of IFRS TNAV are as follows:

- addition of €5.6 billion of net unrealized gains and losses on assets not reflected in IFRS shareholders' equity;
- deduction of €6.7 billion of undated deeply subordinated notes and of undated subordinated notes included in IFRS shareholders' equity; and
- elimination of €32.3 billion of intangible assets net of unearned revenues and fee reserves, taxes and policyholder bonuses.

IFRS TNAV increased by €11.2 billion mainly driven by (i) higher IFRS shareholder's equity and (ii) the disposal of Equitable Holdings, Inc. This metric however reflects the IFRS accounting value of liabilities and not their economic value which is better reflected within Solvency II EOF.

The main elements of the reconciliation between the IFRS TNAV and the Group EOF Unrestricted Tier 1 are as follows:

- deduction of €3.5 billion of foreseeable dividends to be paid to shareholders in 2020;
- addition of €8.5 billion reflecting the Solvency II technical provision adjustments corresponding to the adjustment from IFRS reserves to best estimate liabilities (€+20.3 billion) and the risk margin (€-11.8 billion); and
- other adjustments between IFRS TNAV and Group EOF Unrestricted Tier 1 (€-0.7 billion).

Group EOF are then the sum of Unrestricted Tier 1, Restricted Tier 1, Tier 2 and Tier 3.

Information on the Group EOF is disclosed in the "Embedded Value & Solvency II Own Funds Report 2019" which is available on AXA Group website www.axa.com.

The sensitivities of the EOF to changes in major economic assumptions were calculated as follows for the 2019 values:

- **upward shift of 50 basis points in reference rates** simulates a sudden shock to the initial conditions. This means changes to: 1) the current market values of fixed-interest assets, with related possible changes to projected capital gains/losses and/or fee revenues, 2) future reinvestment rates for all asset classes, and 3) discount rates. The change is applied to the reference interest rates, including the volatility adjuster where applied in the base case. Inflation rates, the volatility on interest rates and the Ultimate Forward Rates are not changed;
- **downward shift of 50 basis points in reference rates** is the same as above but with a shift downward;
- **25% higher value of equity markets** simulates a shock to the initial conditions for equities only. Listed equities and private equity values including the impact of equity hedges are shocked. This means changes to current market values of all these equities excluding hedge funds, with related possible changes to projected capital gains/losses and/or fee revenues;
- **25% lower value of equity markets:** same methodology as mentioned above assuming a decrease.

L&S EOF sensitivities	2019 EOF *(in Euro million)*	2019 EOF *(in percentage)*
Closing amount	39,501	100%
Interest rates +50bps	1,926	5%
Interest rates -50bps	(2,549)	-6%
Equity markets +25%	2,804	7%
Equity markets -25%	(2,897)	-7%

P&C EOF sensitivities	2019 EOF *(in Euro million)*	2019 EOF *(in percentage)*
Closing amount	34,989	100%
Interest rates +50bps	(368)	-1%
Interest rates -50bps	425	1%
Equity markets +25%	1,238	4%
Equity markets -25%	(1,134)	-3%

All sensitivities are presented net of tax, and where applicable, net of policyholders' participation.

2019 interest rate sensitivities for Life & Savings business (% of L&S EOF) of 5% to upward 50 bps and -6% to downward 50 bps show an asymmetry mainly driven by guaranteed interest rates having higher value when interest rates decrease, while higher reinvestment returns would need to be shared with policyholders limiting shareholders' gains in a higher rate environment. However, this classical pattern is not followed everywhere, as for certain type of business with significantly low interest rate guarantees, the EOF behaves more like a portfolio of fixed-income assets. In addition, higher interest rates affect the value both positively through higher investment rate and negatively through lower starting value of fixed income assets and higher discount rates for future profits. For different product types these interactions produce different results.

2019 interest rate sensitivities for Property & Casualty business (% of P&C EOF) of -1% to upward 50 bps and 1% to downward 50 bps reflect mainly the impacts on fixed-income assets, offset by discount on liabilities.

2019 equity market sensitivities for Life & Savings business (% of L&S EOF) of 7% to 25% higher value and -7% to 25% lower value reflect mainly the impact of guarantees and profit-sharing rules, along with some hedging programs to limit potential losses. The impacts of equity market value changes can come from General Account exposures or from changing asset balances impacting future fee revenue on separate account business.

2019 equity market sensitivities for Property & Casualty business (% of P&C EOF) of 4% to 25% higher value and -3% to 25% lower value reflect the impacts on equities including derivatives on equities.

EXCHANGE-RATE RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

A 10% change in foreign exchange rate as at December 31, 2019 and December 31, 2018 between euro and main functional currencies of the Group (USD, JPY and CHF) would have had the following impacts on Shareholders' equity Group share and underlying earnings Group share:

2019

(in %)	Shareholders' equity Group share		Underlying Earnings Group share	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	2%	-2%	2%	-2%
Japanese Yen	1%	-1%	1%	-1%
Swiss Franc	1%	-1%	1%	-1%

2018

(in %)	Shareholders' equity Group share		Underlying Earnings Group share	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	3%	-3%	1%	-1%
Japanese Yen	1%	-1%	1%	-1%
Swiss Franc	1%	-1%	1%	-1%

In the insurance companies, which accounted for 90% of Group assets at December 31, 2019 (91% in 2018), assets and liabilities with foreign currency exposure are generally naturally matched or hedged.

- **France:** 32% of Group assets at the end of 2019 (24% in 2018):

In France, AXA was exposed to exchange-rate risk for a total amount of €22,994 million at the end of 2019 (€19,424 million in 2018) held both directly and indirectly through investment funds partly invested in foreign currencies (US Dollar: €18,743 million versus €16,134 million in 2018, Pound Sterling: €2,618 million versus €2,781 million in 2018 and Japanese Yen: €1,327 million versus €248 million in 2018). This exposure allows AXA France to diversify its investments and enable policyholders to benefit from the performance of international financial markets. AXA France offsets its exposure to exchange-rate risk by using foreign exchange forwards and other derivatives (notional of €20,406 million versus €15,632 million in 2018).

- **Europe:** 34% of Group assets at the end of 2019 (30% in 2018):

Switzerland

In Switzerland, AXA entities are exposed to exchange-rate risk through their investments in foreign currencies (mainly Euro and US Dollar) due to limited investment possibilities in the Swiss market. A major portion of the exposure is hedged back into Swiss Francs with foreign exchange swaps, options and forwards. At the end of 2019, Switzerland foreign exchange exposure amounted to €16,751 million (€24,473 million in 2018) which represented 27% of total assets (28% of total assets in 2018), of which €11,971 million were hedged (€21,838 million in 2018).

Germany

In Germany, AXA held €10,945 million investments denominated in foreign currencies at the end of 2019 (€9,417 million in 2018) both directly and indirectly through investment funds with the aim of diversifying its investments and taking advantage of foreign markets' performance. These investments were mainly denominated in US Dollar (€8,500 million *versus* €7,363 million in 2018) and in Pound Sterling (€1,242 million *versus* €1,232 million in 2018). AXA Germany controls and limits its exchange-rate risk by using foreign exchange forwards for a notional amount of €7,059 million (notional €6,701 million in 2018), currency swaps for a notional amount of €1,003 million (notional €853 million in 2018), foreign exchange collars for a notional amount of €1,703 million (notional €1,194 million in 2018) and congruent coverage (matching assets and liabilities denominated in the same currency) for €17 million (€29 million in 2018).

Belgium

In Belgium, AXA held investments in foreign currency for €2,875 million in 2019 both directly and indirectly through physical assets. These investments are mainly in US Dollar for €1,953 million and in Pounds Sterling for €340 million. The exchange-rate exposure on Assets is hedged for €2,353 million using mainly foreign exchange forwards, Cross Currency Swaps and Collar options strategies.

United Kingdom & Ireland

In the United Kingdom, AXA is exposed to exchange-rate risk through its AXA Insurance and AXA PPP Healthcare subsidiaries, which operate in Pound Sterling, and through AXA Ireland which operates in Euro. It has diversified its investment portfolios in line with Asset & Liability Management objectives. As at December 31, 2019, AXA UK held investments denominated in foreign currencies for €4,209 million (€4,078 million in 2018) mainly in US Dollar (€2,278 million), with further UK exposure to the Euro (€1,313 million) and exposure to Pound Sterling (€303 million) in Ireland. This exposure is held both directly and indirectly through investment funds (CLO funds, Alternative Credit funds, Assets Backed Securities, Commercial Real Estate loans and other investment funds). Of this exposure, €3,728 million are hedged through foreign exchange forwards, options or cross currency swaps, with a further €304 million of exposure hedging liabilities held within the business.

Spain

In Spain, AXA entities held investments in foreign currency for €913 million in 2019 (€907 million in 2018), directly and indirectly through physical assets. These investments are mainly in US Dollar €778 million (€760 million in 2018). Exchange-rate risk exposure is hedged for a notional amount of €846 million using mainly foreign exchange forwards, currency swaps and collars.

Italy

In Italy, AXA held investments in foreign currency for €1,234 million in 2019 (€1,111 million in 2018) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €1,018 million (€913 million in 2018). The overall exchange risk exposure is managed within the FX limits approved in the correspondent Local Investment Committees. Unhedged FX exposure amounts to €168 million (€158 million in 2018).

- **United States:** 0% of Group assets at the end of 2019 (21% in 2018):

Equitable Holdings, Inc. have been deconsolidated in 2019 (see Note 3 "Consolidated statement of income by segment" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

- **Asia:** 12% of Group assets at the end of 2019 (8% in 2018):

Japan

In Japan, AXA entities may invest when relevant outside the Japanese market in order to diversify and optimize investments and enhance returns. At the end of 2019, the total assets denominated in foreign currencies held both directly and indirectly through investment funds (mainly US Dollar) represented an amount of €9,517 million (€9,799 million in 2018) excluding assets backing unit-linked contracts. The corresponding exchange-rate risk was fully hedged through the use of derivatives.

Hong Kong

AXA Hong Kong holds investments denominated in foreign currencies €21,434 million (€14,921 million in 2018), both in directly and indirectly through investment funds.

These investments are mainly in US Dollar €20,180 million (€14,064 million in 2018), partly in congruence to the technical liabilities denominated in US dollar (€8,434 million) and the remaining in order to take advantage of the US bond market which is more developed than the HK bond market one notably in terms of liquidity and available maturities. Exchange-rate risk exposure is hedged using foreign exchange forwards and cross currency swap for a notional amount of €8,873 million (€5,684 million in 2018).

- **International:** 6% of Group assets at the end of 2019 (5% in 2018):

AXA entities held investments denominated in foreign currencies for €3,744 million in 2019 (€3,384 million in 2018) both directly and indirectly through investment funds which are mainly denominated in US Dollar €2,281 million (€2,071 million in 2018). In particular, Mexico has its exchange-rate risk exposure mostly under congruent coverage, matching assets and liabilities denominated in the same currency. Besides, Singapore and Colombia have their exchange-rate risk exposure hedged (through forwards, cross currency swaps, and forex options for Singapore, and through forwards for Colombia).

- **AXA XL:** 8% Group assets at the end of 2019 (7% in 2018):

XL Group

For the majority of XL Group's business, assets and liabilities are denominated in US Dollar. For business written in currencies other than in US Dollar, the risk is managed primarily by matching assets and liabilities in each currency. Asset positions in certain currencies, in particular Canadian Dollar and Swiss Franc, are hedged back to US Dollars using foreign exchange forwards with a notional amount of €727 million at the end of 2019 (€796 million in 2018).

AXA Corporate Solutions Assurance

In the course of its business, AXA Corporate Solutions Assurance carries some insurance liabilities denominated in foreign currencies, particularly in US Dollar (€1,144 million at the end of 2019 versus €1,192 million in 2018) and, to a lesser extent, Pound Sterling (€434 million at the end of 2019 versus €397 million in 2018). AXA Corporate Solutions Assurance carries assets denominated in foreign currencies to ensure balance sheet congruence. The congruence between the Company's foreign currency assets and liabilities is regularly adjusted.

- **Transversal and Central Holdings:** 8% of Group assets at the end of 2019 (6% in 2018):

AXA SA & other Central Holdings

Since 2001, AXA SA has adopted a hedging policy on net investments denominated in foreign currencies, which aims at protecting the Group's consolidated shareholders' equity against currency fluctuations, using derivatives instruments and foreign currency debt.

As at December 31, 2019, the main hedging positions of AXA SA were as follows:

	Amount in currency *(in billion)*		Amount in Euro *(in billion)*	
Foreign currency hedging	**2019**	**2018**	**2019**	**2018**
US Dollar	2.8	9.6	2.4	8.4
HK Dollar	11.6	12.4	1.3	1.4
Japanese Yen	96.1	108.5	0.8	0.9
Pound Sterling	1.0	1.0	1.1	1.1
Swiss Franc	4.4	5.8	3.9	5.1

In addition to the foreign exchange rate management performed locally (hedged through Foreign Exchange forward and currency swaps), the Group Corporate Finance and Treasury department steers the global exposure to foreign exchange risk and reports the position five times a year to the Finance Committee of the Board of Directors.

4.4 CREDIT RISK

Credit risk: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance Risk Management" in Part 5 - "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Credit and liquidity-related risks" in the Section 4.1 "Risk factors" of this Annual Report.

Credit risk is defined as the risk that a third party in a transaction will default on its commitments. Given the nature of its core business activities, AXA Group monitors three major types of counterparties, using methods suitable to each type:

- investment portfolios held by the Group's insurance operations (excluding assets backing separate-account products where the financial risk is borne by policyholders) as well as by banks and holding companies;
- receivables from reinsurers resulting from reinsurance ceded by the AXA Group; and
- credit and credit-sensitive exposures on third party obligors stemming from some Group insurance and assumed reinsurance businesses.

AXA Group's exposure to credit risk is covered by AXA Group's Solvency Capital Requirement metric, except for XL entities, as detailed in the paragraph "Internal Model" in the Section 4.2 "Internal Control and Risk Management" of this Annual Report and is taken into account in AXA's liquidity risk management framework (please refer to Section 4.5 "Liquidity risks" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal Control and Risk Management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset & Liability Management, aims to meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal Control and Risk Management" of this Annual Report).

A specific set of limits take into account all AXA Group exposures on a given ultimate shareholder through debt securities, cash, equity, derivatives, reinsurance receivables, insurance and assumed reinsurance commitments. They aim at managing globally the default risk of a given counterparty.

INVESTED ASSETS: A CENTRAL MONITORING OF COUNTERPARTY EXPOSURE

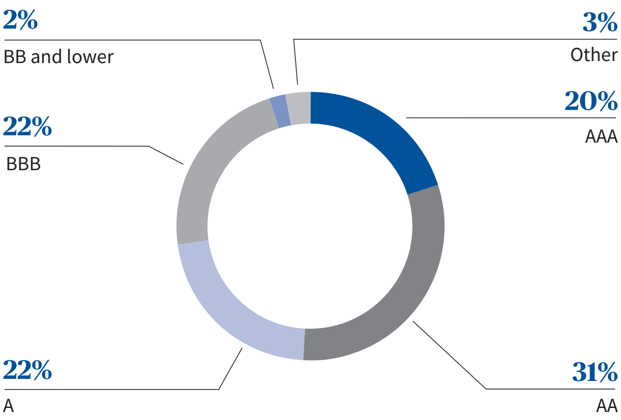
AXA Group concentration risk is monitored by different analyses performed at Group level by issuer and ultimate shareholder, in addition to local procedures and by a set of Group and local issuer limits.

These limits aim at managing the default risk of a given issuer, depending on its rating and on the maturity and seniority of all bonds issued by the issuer and held by the AXA Group (corporate, Government agency and sub sovereign).

On sovereign exposures, specific limits have also been defined on government bonds and government-guaranteed bonds.

Compliance with the limits is ensured by the Group through defined governance. The Group Credit Risk Committee handles, on a monthly basis, the issuer exposure breaches to the Group's limits and determines coordinated actions for excessive credit concentrations. A Group Credit Team reporting to the Group Chief Investment Officer (Group CIO) provides credit analyses independently from Group asset managers, in addition to local CIO teams. The Group Financial Risk Committee is regularly kept informed of the main credit risks.

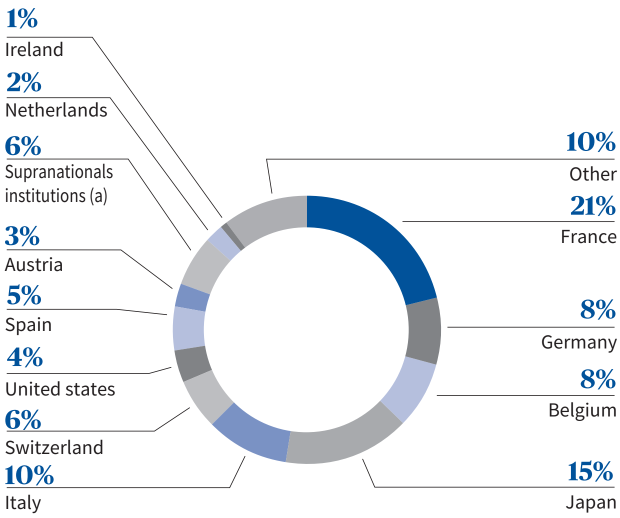
As at December 31, 2019, the breakdown of the debt security portfolio (€429 billion) by credit rating category was as follows:



As at December 31, 2018, the breakdown of the debt security portfolio (€467 billion) by credit rating was: 20% in AAA, 27% in AA, 24% in A, 24% in BBB, 2% in BB and lower, and 3% in other.

Credit risk diversification and analysis policies, particularly using credit ratings, are implemented by Investment Departments and monitored by Risk Management teams.

As at December 31, 2019, the breakdown of Government and Government related bonds fair values (€241 billion) by country was as follows:



CREDIT DERIVATIVES

The AXA Group, as part of its investment and credit risk management activities, uses strategies that involve credit derivatives (mostly Credit Default Swaps or CDS), which are mainly used as an alternative to debt security portfolios, when coupled with government debt securities, but also as a protection on single corporate names or specific portfolios.

As at December 31, 2019, the nominal amount of positions taken through credit derivatives was €18.1 billion [(1)] of CDS (cumulated notional amounts of €4.0 billion protections bought and of €14.2 billion protections sold), which can be broken down as follows:

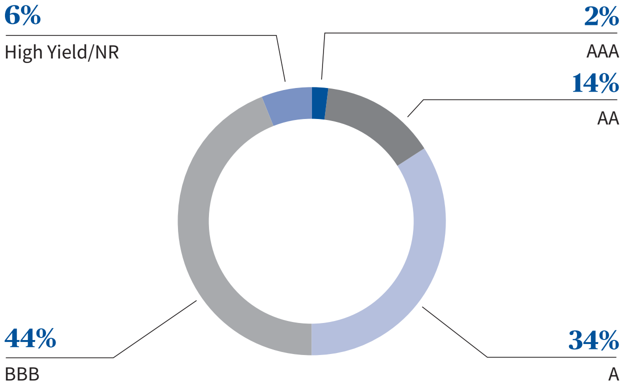
i. €3.94 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;

ii. €0.05 billion of CDS protections bought used to lock the liquidity premium through purchasing bonds and CDS protection on the same name (negative basis trade strategy) mostly in corporate bonds mainly in France (€0.02 billion) and Hong Kong (€0.02 billion);

iii. €14.2 billion of CDS protections sold as an alternative to the direct purchase of a corporate bond mainly by holding government bonds and at the same time selling protection on very good quality names. This type of ALM strategy is often implemented to compensate for the lack of depth or liquidity in some markets in order to take synthetic credit risk.

Limits applied to issuers take into account the credit derivative positions.

As at December 31, 2019, the breakdown of these CDS's underlying debt securities gross exposure by rating was as follows:



Credit risk relating to CDOs is monitored separately, depending on the tranches held, and regardless of the type of assets held (debt securities or credit derivatives).

(1) This figure represents an accounting view i.e. 100% of assets held directly and in consolidated investment funds "Core Investment Portfolios", and excluding credit derivatives in non-consolidated investment funds, in line with Note 20 to the Consolidated Financial Statements. The Group holds €21.0 billion (notional amount) of credit derivatives as total exposure including consolidated investment funds "Satellite Investment Portfolios" (€2.6 billion).

COUNTERPARTY RISK ARISING FROM OVER-THE-COUNTER (OTC) DERIVATIVES

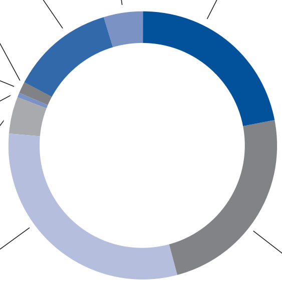
AXA Group actively manages counterparty risk generated by OTC derivatives through a specific Group-wide policy. This policy includes:

- rules on derivative contracts (ISDA, CSA);
- mandatory collateralization;
- a list of authorized counterparties;
- a limit framework and an exposure monitoring process.

Limits are set specifically for each authorized counterparty, based on an internal scoring system. This policy also includes daily collateralization for the majority of the Group's exposure.

The Group Credit Risk Committee approves changes to the above policy and reviews the exposures every month.

As at December 31, 2019, the breakdown of counterparty exposure coming from OTC derivatives by rating was as follows (positive fair value net of collateral received):



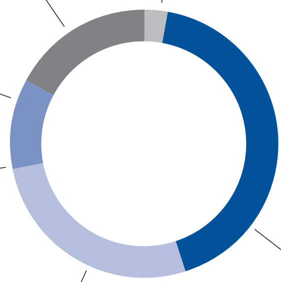
RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

To manage the risk of reinsurers' insolvency, a Security Committee is in charge of assessing reinsurers' quality and acceptable commitments. The Committee is under joint authority of GRM and AXA Global Re. This risk is monitored to oversee the credit reinsurance exposure of the Group and to avoid any excessive exposure to any specific reinsurer. The Group Security Committee meets monthly – and more frequently during renewal periods – and decides on any action to be taken with the aim of limiting AXA Group's exposure to the risk of default by any of its reinsurers.

In addition, the Group summarizes and analyzes its exposure to all reinsurers by factoring in all positions with reinsurers (claims, premiums, reserves, deposits, pledges and security deposits).

The Group's top 50 reinsurers accounted for 83% of reinsurers' share of insurance and investment contract liabilities in 2019 (versus 87% in 2018).

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2019 (€24.3 billion) was as follows:



The "others" caption relates to reserves ceded to reinsurance pools, reserves ceded to reinsurers with which the AXA Group does limited business (not in the top 50) and reinsurers not rated by the main rating agencies.

As at December 31, 2018, the breakdown of reserves ceded to reinsurers (€27.1 billion) by reinsurer rating was: 4% in AAA, 43% in AA, 18% in A, 1% in BBB, 21% in BB and lower and 13% in others.

The decrease in reserves ceded to reinsurers is mainly driven by the deconsolidation of Equitable Holdings, Inc.

CREDIT EXPOSURE STEMMING FROM INSURANCE AND ASSUMED REINSURANCE BUSINESSES

The AXA Group, following the acquisition of XL Group, is also exposed to credit risk through various insurance and assumed reinsurance businesses that either:

- embed a credit component, such as Trade Credit Insurance, Political Risk-Contract Frustration, Surety, Mortgage Reinsurance, or
- are sensitive to credit risk, i.e. there is a strong correlation between a credit event and claims under the (re)insurance cover, such as Directors & Officers (D&O) and Errors & Omissions (E&O).

Among those exposures to ca. 21,000 obligors, the larger ones are reported monthly on a per name basis and are aggregated wherever relevant with exposures coming from other sources, mainly investments, to maintain concentrations under control.

4

Each month, the Group Credit Risk Committee monitors the aggregate ultimate shareholder exposures vs. the risk appetite limits, as well as the contributions of the various credit risk sources including the split by lines of business, reviews potential breaches to the Group limits and remediation plans, and when necessary handles additional capacity requests and allocates capacity between investments and insurance & reinsurance businesses. Group Credit team provides the Group Credit Risk Committee with credit assessments on the biggest exposures or on a case by case basis when required.

Utilizations of Group limits per name are shared with local risk management and business teams, in order to avoid excessive concentrations and breaches.

In addition, all types of credit exposures whether related to assets or liabilities, and for the latter including those arising from a huge number of very small individual exposures (ca. 16,000 obligors with an exposure at risk below USD 10 million), are captured through a credit risk per event approach. It measures the impact of defaults, including rating migration, in a 1 in 20 year credit crisis, and the contribution of each source of credit risk, in particular stemming from insurance and assumed reinsurance businesses. The results are shared with the Group Audit, Risk and Compliance Committee.

The Group Financial Risk Committee is regularly informed of the main credit risks including those related to (re)insurance businesses.

BANK CREDIT ACTIVITIES

At December 31, 2019, total invested assets of banking activities amounted to €14.7 billion (€35.8 billion as at December 31, 2018), the decrease is mainly driven by AXA Bank Belgium that was reclassified into held for sale and for which the disposal process was not finalized at year-end.

AXA Banking operations, based in Belgium, France and Germany, are mostly limited to retail banking activities, distributing simple investment and credit products.

As such, AXA banks' Risk Management policies are based on their stated risk appetite, with the following key principles:

- dedicated counterparty and credit risk functions with appropriate Committees;
- quality sovereign, international institutions and bank counterparties portfolio closely monitored;
- adequacy to Group risk standards; and
- tightly managed market, asset & liability, foreign exchange and interest rate risks including a strict collateral policy.

Credit risk in the banks encompasses:

- retail credit risk, resulting from the commercial activity – sales of mortgages and other type of loans to retail clients and small enterprises. Credit Risk Management is done through careful risk selection (*e.g.* in Belgium "Internal Rating Based" scoring models regularly monitored to ensure a risk selection consistent with each bank's risk appetite) and a regular monitoring of portfolios by product management teams and Risk Management teams;
- other than retail credit risk, resulting from investment activity. This activity is limited with strong control processes in place.

Credit risks are regularly reviewed by the Management Board of each bank, and are subject to regulation. For instance AXA Bank Belgium's internal capital adequacy assessment and strategic planning processes take into account capital required to mitigate all material risks, capital required for expected business growth, liquidity requirements and stress testing results.

The banks aim to meet all regulatory capital obligations.

4.5 LIQUIDITY RISK

Information in this section should be read in conjunction with Section 2.4 "Liquidity and capital resources" of this Annual Report.

The liquidity risk is the uncertainty, emanating from business operations, investments or financing activities, over whether AXA SA and/or an AXA entity will have the ability to meet payment obligations in a full and timely manner, in current or stressed environments. Liquidity risk concerns assets and liabilities as well as their interplay.

Liquidity is a key dimension of the Risk Appetite Framework allowing the AXA Group to ensure that both AXA SA and the local entities have at all times sufficient liquidity buffer to withstand a severe shock. The objective is achieved through the monitoring of the liquidity adequacy across the AXA Group on the basis of a metric called "Excess Liquidity", *i.e.* the difference between liquidity resources and liquidity needs calculated under severe stress conditions and over different time horizons: 1 week, 1 month, 3 months and 12 months.

For each time horizon, the post-stress liquidity resources available and the post-stress liquidity needs (*i.e.* net outflows) to be paid are projected to measure the excess liquidity. The stressed conditions are calibrated so as to reflect extreme circumstances (*e.g.* distressed financial markets, confidence crisis towards the Group, natural catastrophes). The approach is prudent as it is assumed that all events occur simultaneously.

4.6 INSURANCE RISKS

Insurance risks: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Pricing and underwriting-related risks" in Section 4.1 "Risk factors" of this Annual Report.

The Group's insurance subsidiaries are primarily responsible for managing their insurance risks linked to underwriting, pricing and reserving. They are also responsible for taking appropriate actions in response to changes in insurance cycles and to the political and economic environments in which they operate.

In the context of its Property & Casualty (P&C) and Protection & Health businesses operations as described in Section 1.3 "Business overview" of this Annual Report, the AXA Group is exposed to the following main insurance risks, which include:

- premium risk resulting from fluctuations in the timing, frequency and severity of insured events, and relating to:
  - unexpired risks on existing contracts (insufficient premium reserves),
  - mispricing of policies to be written (including renewals) during the period, and
  - expense payments;
- reserve risk resulting from fluctuations in the timing and amount of claim settlements and relating to the insufficiency of claims reserves, which includes:
  - misestimating claims reserves (average payments), and
  - fluctuation of payments around their statistical average;
- catastrophe risks embedding both natural disasters such as climatic events (including windstorms, hurricanes, floods or hailstorms), tectonic ones (earthquakes, volcanoes) and man-made ones, such as nuclear, liability, cyber, conflagration, terrorist attacks.

Life risks also include risks related to mortality, longevity, lapses, disability and pandemics among others. The main risks to which the Life business is exposed are longevity risk and lapse risk, which are both sensitive to changes in interest rates, and could be defined as follows:

- longevity risk is the risk related to the overestimation of mortality rates for business contingent on longevity;
- lapse risk is the risk of experiencing lapses lower (or higher) than expected on a permanent basis for businesses adversely sensitive to a decrease (or an increase) in lapses.

AXA Group's exposure to insurance risks is covered by the AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph "Internal Model" in Section 4.2 "Internal Control and Risk Management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal Control and Risk Management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset & Liability Management, aims to meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal Control and Risk Management" of this Annual Report).

Insurance risks for Life & Savings, Health and Property & Casualty businesses are covered through 4 major processes, defined at Group level but performed jointly by central and local teams:

- implementing a product approval process, which entails risk controls on new products that complement underwriting rules and product profitability analyses;
- optimizing reinsurance strategies in order to limit the Group's peak exposures thereby protecting its solvency by reducing volatility and to mitigate risk within the Group to benefit from diversification;
- reviewing technical reserves including a roll forward analysis; and
- monitoring emerging risks to share expertise within the underwriting and risk communities.

PRODUCT APPROVAL

Group Risk Management (GRM) has defined a set of procedures to approve new products launches. These procedures are adapted and implemented locally, and aim to foster product innovation across the Group while maintaining risks under control. The validation framework relies among others on the results of the Solvency Capital Requirement's assessments, based on the AXA Group's Internal Model, to ensure that new products undergo a thorough approval process before they are brought to market.

In Life & Savings, as well as Health, the Product Approval Process is managed at local level for all traditional products meeting Group's minimum requirements, which allows maintaining time-to-market product launches. For sophisticated products, local entities require Group's approval before launch to ensure all long-term commitments are monitored at Group level and benefit from the Group expertise on enhanced or specific guarantees.

In Property & Casualty, methods are adapted to the underwriting of risks, while maintaining the principle of local decision-making based on a documented approval procedure and using the output of the internal model. The aim is twofold:

- for pre-launch business, the aim is to ensure that new risks underwritten by the Group have been scrutinized before proposing them to customers;
- for post-launch business, appropriate profitability and risk control are performed to verify that the business remains in line with the Group's risk framework.

This framework is part of the Group underwriting policy and ensures that no risks are taken outside the Group tolerances and that value is created by adequate risk pricing.

EXPOSURE ANALYSIS AND RISK ASSESSMENT

AXA Group reviews regularly its exposure to ensure that the risks underwritten are diversified geographically and by lines of business in order to manage risk concentration, and to verify adequacy of reinsurance.

For Life & Savings, Health and Property & Casualty activities, GRM has developed and deployed common models and metrics to consistently measure risks throughout the Group (in particular via its economic capital framework as detailed in Section 4.2 "Internal Control and Risk Management" of the Annual Report). This enables the Group to verify that its exposure complies with consolidated risk appetite limits along the dimensions of earnings, Eligible Own Funds ("EOF"), solvency and liquidity. These tools also contribute substantially to monitoring the major risks (claims frequency deviation, claims severity, reinsurance, pricing consistency, natural and man-made catastrophes, biometric and behavior risks deviations).

This framework is included in the governance set out previously for product development control.

In the Life & Savings, Health businesses, these tools allow for mortality/longevity risks to be analyzed on a multi-country basis. The AXA Group regularly monitors its exposure to these risks (including mortality, longevity and morbidity) and uses the results of this work to optimize its product design and its reinsurance coverage. These exposure analyses are supported by expert risk models in Life & Savings.

Regarding the Property & Casualty exposures, ad hoc concentration risk models (both internal and external for natural catastrophe and internal for man-made catastrophe) are developed to ensure yearly natural catastrophe volatility, coming from events such as windstorm, earthquake, hurricane or typhoon, or catastrophe man-made events, such as cyber or liability ones, are not likely to affect the Group above the set tolerance levels.

Since 2015, the Group has strategically developed a strong in-house expertise of development and validation of natural catastrophe models to cope with their dynamic nature in the context of global climate change.

CEDED REINSURANCE

For the Life & Savings, Health and Property & Casualty operations, reinsurance programs are set up as follows:

- Group's operating entities reinsurance capacity are set in alignment with Group Standards and with their local risk appetite limits considering the risk assessment previously described;
- their risks are modeled through in-depth actuarial analyses conducted on each portfolio; specifically, for Property & Casualty natural catastrophe modelling, via the Group economic capital model, GRM uses several models both internal and external for assessing the risk associated with the main natural perils (storms, floods, earthquakes…).

Reinsurance strategy

Centralization and harmonization of treaty reinsurance purchase is based on the same procedures for both the Life & Savings, Health businesses as for the Property & Casualty activities.

In Life & Savings and Health, reinsurance is mainly used to support local innovation policy for new risks or to cover mass risks (pandemic, earthquake or terrorism).

In order to build adjusted and optimized protection, the Group's operating entities are reinsured by AXA Global Re ("AGRe"). AGRe can place a variable part of the local treaties on the reinsurance market, for regulatory reasons for example. A portion of the risk exposure is retained and mitigated within AGRe through the internal Group covers (including through a pool mechanism for Property) and the remaining part is ceded to external reinsurers.

AGRe is responsible for all Group external cessions. Since the acquisition of the XL Group, AXA XL contributes to placing directly part of its covers under AGRe's delegation and control. 2020 Group reinsurance protections ensure reaching risk appetite as in 2019 and further limit the impacts of volatility (Nat Cat and man-made) induced by frequency of mid-size events. These protections consist of major Group covers (CAT covering direct business and reinsurance business from XL Re, Property Per Risk, International Liability, Marine, Cyber, Motor Third Party Liability and Life) and various AXA XL-dedicated covers which contribute to further decrease the net retention of AXA XL and limit its own volatility (*e.g.* Aviation, US Liability, Political risks).

For Group covers, their structures are designed to adequately protect the Group in compliance with the Group risk appetite framework. In order to protect the Group, specific covers are arranged through either the traditional reinsurance market or the financial one through securitization (cat bonds and Insurance Linked Securities).

As opposed to the other Group covers where the Group retention is kept by AXA Global Re, in 2019, 93.9% of the Property Pool year-end financial result net of external reinsurance protections is retroceded back to local entities, through a pool mechanism managed by AGRe on behalf of those local entities.

Finally, in addition to the analyses described above, AGRe regularly monitors its credit exposure and other AXA entities' credit exposures to reinsurers, to ensure that consolidated limits remain within Group risk tolerance (see Section 4.4 "Credit Risk – Receivables from reinsurers").

TECHNICAL RESERVES

Operational entities specifically monitor their reserve risks. Claims reserves are estimated and booked on a file by file basis by the claims handlers. Additional reserves are also booked by the local entities.

The additional reserves' calculations are initially carried out locally by a two-opinion process, one given by the local Technical or Financial department, the other one by local Risk Management.

Actuaries in charge of assessing reserves use various statistical and actuarial methods. Their assumptions are made following discussions with claims managers, pricing actuaries, underwriters and other specialized departments.

They notably ensure that:

- a sufficient number of operating elements have been scrutinized (including contracts, premiums and claims patterns, claims' handling, and reinsurance effects);
- enough data is available (such as sufficient claims experience or granularity) and adequate to achieve the reserving exercise;
- the technical assumptions and actuarial methodologies are in line with professional practices and sensitivity analyses are performed at least for most significant ones;
- a roll-forward analysis of reserves including merit-rating (boni-mali) back-tests has been performed, the regulatory and economic context references are taken into account and material deviations are explained;
- the operational losses relating to the reserving process have been adequately quantified; and
- the Best Estimate Liabilities have been calculated in accordance with Articles 75 to 86 of the Solvency II Directive and Group guidelines.

In addition, the Solvency II regime requires insurance and reinsurance companies to provide for an effective actuarial function to:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the management and the Board of the reliability and adequacy of the calculation of technical provisions;
- oversee the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the Risk Management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Group Actuarial Function Holder has been set with a specific role to monitor the tasks undertaken by the Group actuarial function stakeholders (notably GRM, PBRC) as well as the local actuarial functions established in insurance entities across the Group.

The Group Actuarial Function Holder reports to the Group Chief Financial Officer, with an administrative reporting line to the Group Chief Executive Officer.

The nomination of the local Actuarial Function Holder must be agreed in advance by the Group Actuarial Function Holder.

The AXA Group Actuarial Function Holder prepares the actuarial function report to inform the management and the Board on their conclusions about the reliability and adequacy of the calculation of technical provisions. This report also provides an overview of the activities undertaken by the actuarial function in each of its areas of responsibility during the reporting period.

The breakdown of the Group's Property & Casualty technical reserves by line of business was as follows:

- 26% at the end of 2019 (26% at the end of 2018) of the Group's Property & Casualty reserves cover Motor insurance business;
- 9% at the end of 2019 (9% at the end of 2018) of the Group's Property & Casualty reserves cover Property insurance business;
- 11% at the end of 2019 (11% at the end of 2018) of the Group's Property & Casualty reserves cover Liability insurance business;
- 7% at the end of 2019 (6% at the end of 2018) of the Group's Property & Casualty reserves cover Specialty insurance business;
- 11% at the end of 2019 (12% at the end of 2018) of the Group's Property & Casualty reserves cover Reinsurance business;
- 36% at the end of 2016 (36% at the end of 2018) cover the other lines of business.

The breakdown of the Group's Life & Savings technical insurance reserves by product type was as follows:

- 18% at the end of 2019 (20% at the end of 2018) of the Group's Life & Savings technical reserves cover separate-account (Unit-Linked) products that do not materially affect AXA's risk exposure. On these products, the underlying financial market performance is mostly passed on to the policyholders. This category also includes products that may provide a stand-alone guarantee on invested capital in the event of death. Overall, they present only a limited market risk for the Group through reduction of shareholders' value;
- 1% at the end of 2019 (11% at the end of 2018) of the Group's Life & Savings technical reserves cover separate-account products with related interest-rate or equity guarantees provided by the insurance companies, called Variable Annuities.
- 20% at the end of 2019 (16% at the end of 2018) cover savings products without guaranteed cash values upon surrender;
- 24% at the end of 2019 (18% at the end of 2018) are related to savings products offering one-year guaranteed rates that are updated every year. The risks arising from a sustained fall in interest rates in the financial markets are limited for these types of products. Hedging programs have been implemented to cover long-term fixed maturities from the risk of an increase in interest rates;
- 35% at the end of 2019 (35% at the end of 2018) cover other products like Protection. These reserves cover surrender guarantees and, in some cases, a guaranteed long-term rate. Related risks are managed in the following ways:
  - products that are not surrender-sensitive are usually backed by fixed-income investments with maturities and interest rates generally sufficient to cover guaranteed benefits, so as to reduce as much as possible the reinvestment risk;
  - derivatives may be used to hedge the risk of a fall (floor) or a rise (cap) in interest rates;
  - other products are managed with the surplus required to cover guarantees.

The Group's Health technical reserves represented 7% of the Group's total technical reserves at the end of 2019 (5% at the end of 2018). Technical reserves for Health Life-like contracts (*i.e.* contracts with long-term guarantees or coverage and/or surrender value) represented 94% of the Group's Health technical reserves at the end of 2019 (stable compared to 2018).

4

4.7 OPERATIONAL RISK

Information in this section should be read in conjunction with the paragraph “Operational and business-related risks” in Section 4.1 “Risk factors” of this Annual Report.

AXA Group has defined a single framework for identifying, quantifying and monitoring the main operational risks that may arise from a failure in its organization, systems, processes and resources or from external events.

Operational risk includes legal risks and excludes risks arising from strategic decisions, as well as reputation risks.

AXA Group’s Operational risk framework provides for the deployment of a common system, dedicated operational risk teams and a common operational risk typology classifying operational risks into seven risk categories: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damages to physical assets; business disruption; and system failures and execution, delivery and process management. Its implementation is not limited to insurance activities. It encompasses all AXA entities, including insurance companies, banking activities, AXA asset managers and internal service providers consistent with AXA policy on operational risk management.

Both quantitative and qualitative requirements are defined:

- across the Group, the most critical operational risks of each entity and a set of stress scenarios are identified and assessed following a forward-looking and expert-opinion approach. These risk scenarios are then used to estimate the capital requirement needed to cover operational risks based on advanced models based on Solvency II principles. The operational Risk Management process is embedded into local governance through senior management validation to ensure that the risk assessment is adequate, appropriate and comprehensive but also to ensure that adequate corrective and pre-emptive actions are defined and implemented in respect of the main risks;
- in addition, a loss data collection process is in place within most companies of the Group in order to track and appropriately mitigate actual operational risk losses. This process is also used as a valuable source of information to back-test the assumptions taken in risk assessments.

A key objective of the AXA Group’s operational risk economic capital model is to understand and reduce losses resulting from operational failures and to define an appropriate risk response strategy for major operational risk scenarios. Entities and Group Operational Risk profiles are presented to local/Group Risk Committees for decisions and actions to be taken.

In 2019, the Group Operational Risk Profile is reasonably well spread out with all seven operational risk categories covered and the main risks being the following:

- transaction capture, execution and maintenance risk is a top risk and relates to process error, failure, and/or misperformance;
- compliance risk due to increases in legislation and regulation remains a major concern and is under the close monitoring of Group Compliance;
- external fraud & system security risk continues also to be a top priority. AXA Group’s exposure to cyber risk is still high with more and more new technology into AXA Group’s products and services. Information on cyber risks should be read in conjunction with the paragraph “Operational and business-related risks” in Section 4.1 “Risk factors” of this Annual Report;

AXA Group’s exposure to operational risk is captured in the AXA Group’s Solvency Capital Requirement as detailed in the paragraph “Internal Model” in Section 4.2 “Internal Control and Risk Management” of this Annual Report.

Specific actions are identified at Group and local levels to mitigate these risks. Also, the implementation of the Internal Control framework will continue to contribute to better embed controls in activities and mitigate the risks.

As regards information risks, AXA has built an Information Risk Management (IRM) practice to enable information risk decisions to be made consistently across the organization and establish sustainable Risk Management capabilities that are integrated with the business.

AXA relies on third-party providers for outsourcing of services at different stages of the value chain. Although relying on partners is a strategic advantage, onboarding a vendor into AXA’s organization requires AXA to assess the risks it might bring, such as regulatory, compliance, IT security, etc.

To protect both business and customers, AXA has decided to reinforce its operational controls and its Risk Management framework of third parties: a dedicated Vendor Risk program was validated by the Operational Audit Risk Compliance Committee (OpARCC) and launched in 2018 in order to enhance the existing AXA control framework. This program is supported by Group functions (Compliance, Data Privacy, Information Security, Operational Resilience, Legal, Reputation and Internal Control), local stakeholders (Chief Risk Officers, Chief Procurement Officers and Insurance Procurement directors) and co-sponsored by Group Risk Management and Group Procurement.

The Vendor Risk Framework defines a set of requirements for each relationship, with a risk-based approach, *i.e.* existing and potential new contracts. After identification of the criticality through pre-determined criteria, an appropriate level of due diligence, minimum requirements and oversight is implemented. Several waves of deployment, aligned with the Group Internal Control Program, have been scheduled between 2019 and beginning of 2021.

For more information on the AXA Group’s risk controls and Risk Management processes, please refer to Section 4.2 “Internal Control and Risk Management” of this Annual Report.

4.8 OTHER MATERIAL RISKS

Strategic risk

A strategic risk is the risk that a negative impact (current or prospective) on earnings or capital, material at the Group level, arises from (a) a lack of responsiveness to industry changes, or (b) adverse business decisions regarding:

- significant changes in footprint, including through disposals or acquisitions;
- changes in product offering and client segmentation;
- changes in distribution model (channel mix including alliances/partnerships, multi-access and digital distribution).

Given the nature of strategic risks, there is no capital charge assessment but a strong strategic Risk Management framework to anticipate and mitigate these risks. Group Risk Management is involved at early stage in major strategic projects (e.g. large M&A projects). The Group governance standards require among other things a risk management second opinion on key processes, including significant transactions and strategic plans. Furthermore, the ORSA report provides an assessment on the overall solvency needs which include the Solvency II ratio projection made until the strategic plan horizon and in stress scenarios as detailed in Section 4.2 "Internal Control and Risk Management - Own Risk and Solvency Assessment ("ORSA")" of this Annual Report.

Reputation risk

Reputation risk is the risk that an event, internal or external, will negatively influence the stakeholders' perception and trust of the Company or where there is a gap between stakeholders' expectation and the Company's behaviors, attitudes, values, actions, or inactions.

Given the nature of reputation risks, there is no capital charge assessment but the AXA Group has defined a global framework with a two-fold approach to reactively protect and proactively identify, monitor, manage and mitigate reputational issues to not only minimize value destruction, but also to build and maintain brand equity and trust among stakeholders.

AXA Group has a Global Reputation Network whose purpose is to implement locally a Reputation Risk Management framework. The objectives of the Reputation Risk Management approach are in line with AXA's overall Enterprise Risk Management approach aiming to develop a reputation risk culture and risk intelligence.

Three main objectives drive the Reputation Risk Management approach:

- proactively manage reputation risks, avoid or minimize negative issues impacting the reputation of AXA and build trust among all of AXA stakeholders;
- define accountability for reputation risks across the organization, at Group and local levels;
- implement a common reputation Risk Management framework throughout the organization.

The implementation of the Reputation Risk Framework encompasses AXA Group activities including insurance, asset management, banking as well as internal service providers.

Emerging risks

Emerging risks are risks which may develop or which already exist and are continuously evolving. Emerging risks are marked by a high degree of uncertainty, as some of them may never even emerge.

Given the nature of emerging risks, there is no capital charge assessment but the AXA Group has established processes to qualify emerging risks which could develop over time and become significant. The emerging risk framework encompasses a network of circa 100 people within the AXA Group (based in insurance, bank, asset management and support function entities such as AXA Group Operations) which allows expertise to be shared within the business and risk communities and ensures adequate underwriting policies are defined.

Emerging risks surveillance is organized through a detection process including watch on scientific publications, court decisions, etc. Risks are monitored and classified within a risk mapping constituted of five sub-groups (environmental, societal, regulatory & political, economic & financial, medical and technological). After prioritization of the monitored risks or after a warning from an entity, a working group is launched on a yearly basis by GRM to review a specific risk and its potential impact in terms of insurance.

Since 2015, an annual Emerging Risks Survey is conducted to collect the views of internal and external stakeholders on the most significant emerging risks for society at large.

By seeking to develop new solutions, acting as an advisor to Risk Management and actively contributing to the overall debate about the issues involved, along with other major market players, AXA Group intends to promote a better understanding and better forecasting of the emerging risks and to support sustainable development.

Regulatory risks

For further information on the regulatory environment in which AXA Group operates including regulatory risks, please refer to the paragraph "Regulatory-related risks" in Section 4.1 "Risk factors" of this Annual Report.

Sustainability risks

For further information on the sustainability risks to which the AXA Group may be exposed, please refer to the paragraph "Sustainability Risk Assessment" in Section 7.1 "Introduction" of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

5

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) **Notes**		**December 31, 2019**	**December 31, 2018**
5	Goodwill	17,776	16,771
6	Value of purchased business in force	1,520	2,087
7	Deferred acquisition costs and equivalent	16,684	26,415
8	Other intangible assets	4,872	5,041
	Intangible assets	**40,852**	**50,313**
	Investments in real estate properties	23,301	20,939
	Financial investments	494,765	525,338
	Assets backing contracts where the financial risk is borne by policyholders [(a)]	72,660	160,176
9	**Investments from insurance activities**	**590,726**	**706,452**
9	**Investments from banking and other activities**	**22,389**	**41,809**
10	**Investments accounted for using the equity method**	**2,437**	**2,929**
14	**Reinsurers' share in insurance and investment contracts liabilities**	**22,970**	**25,751**
	Tangible assets	2,872	1,599
14	Deferred policyholders' participation assets	-	303
19	Deferred tax assets	651	915
	Other assets	**3,524**	**2,817**
	Receivables arising from direct insurance and inward reinsurance operations	27,087	25,259
	Receivables arising from outward reinsurance operations	2,074	1,944
	Receivables - current tax	949	962
	Other receivables	10,329	14,745
11	**Receivables**	**40,439**	**42,911**
5	**Assets held for sale [(b)]**	**35,593**	**26,384**
12	**Cash and cash equivalents**	**21,948**	**31,329**
	TOTAL ASSETS	**780,878**	**930,695**

Note: All invested assets are shown net of related derivative instruments impact.

(a) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(b) As of December 31, 2019, amounts included the assets relating to AXA Bank Belgium, AXA Life Europe and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end. Held for sale classification previously applied for the AXA Wealth Management (HK) Limited portfolio has been unwound.

As of December 31, 2018, amounts included the assets relating to the Group Life portfolio in Switzerland, AXA Life Europe and the AXA Wealth Management (HK) Limited portfolio for which disposal processes were not finalized at year-end.

(in Euro million) Notes		December 31, 2019	December 31, 2018
	Share capital and capital in excess of nominal value	26,126	26,044
	Reserves and translation reserve	39,915	34,244
	Net consolidated income - Group share	3,857	2,140
	Shareholders' equity – Group share	**69,897**	**62,428**
	Minority interests	**4,730**	**10,824**
13	**TOTAL SHAREHOLDERS' EQUITY**	**74,627**	**73,252**
	Subordinated debt	11,294	10,876
	Financing debt instruments issued	1,806	5,096
17	**FINANCING DEBT** [(a)]	**13,101**	**15,971**
	Liabilities arising from insurance contracts	376,253	437,015
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(b)]	56,709	146,058
	Total liabilities arising from insurance contracts	**432,963**	**583,073**
	Liabilities arising from investment contracts with discretionary participating features	36,036	34,225
	Liabilities arising from investment contracts with no discretionary participating features	67	4,837
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	3,139	2,785
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	13,306	11,747
	Total liabilities arising from investment contracts	**52,547**	**53,593**
	Unearned revenue and unearned fee reserves	2,211	2,722
	Liabilities arising from policyholder participation and other obligations	52,766	40,625
	Derivative instruments relating to insurance and investment contracts	(857)	(1,795)
14	**LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS**	**539,630**	**678,219**
15	**Liabilities arising from banking activities** [(a)]	**14,649**	**36,054**
16	**Provisions for risks and charges**	**9,742**	**11,363**
19	**Deferred tax liabilities**	**5,843**	**4,621**
	Minority interests of consolidated investment funds and puttable instruments held by minority interest holders	8,567	6,796
	Other debt instruments issued, notes and bank overdrafts [(a)]	6,249	7,104
	Payables arising from direct insurance and inward reinsurance operations	10,702	10,307
	Payables arising from outward reinsurance operations	11,588	11,488
	Payables – current tax	1,166	940
	Collateral debts relating to investments under lending agreements or equivalent	37,920	32,814
	Other payables	12,735	17,048
18	**Payables**	**88,929**	**86,498**
5	**Liabilities held for sale** [(c)]	**34,357**	**24,718**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**780,878**	**930,695**

(a) Amounts are shown net of related derivative instruments impact.
(b) Includes liabilities arising from contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.
(c) As of December 31, 2019, amounts included the assets relating to AXA Bank Belgium, AXA Life Europe and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end. Held for sale classification previously applied for the AXA Wealth Management (HK) Limited portfolio has been unwound.
As of December 31, 2018, amounts included the assets relating to the Group Life portfolio in Switzerland, AXA Life Europe and the AXA Wealth Management (HK) Limited portfolio for which disposal processes were not finalized at year-end.

5.2 CONSOLIDATED STATEMENT OF INCOME

(in Euro million, except EPS in Euro) **Notes**		**December 31, 2019**	**December 31, 2018**
	Gross written premiums	99,852	96,309
	Fees and charges relating to investment contracts with no participating features	244	249
	Revenues from insurance activities	**100,096**	**96,558**
	Net revenues from banking activities	512	484
	Revenues from other activities	2,924	5,832
21	**Revenues** [(a)]	**103,532**	**102,874**
	Change in unearned premiums net of unearned revenues and fees	**(1,543)**	**(653)**
	Net investment income [(b)]	12,115	16,597
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity [(c)]	1,356	1,982
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss [(d)]	18,475	(13,104)
	of which change in fair value of assets with financial risk borne by policyholders [(e)]	*18,286*	*(10,706)*
	Change in investments impairments [(f)]	(826)	(1,271)
22	**Net investment result excluding financing expenses**	**31,121**	**4,205**
	Technical charges relating to insurance activities [(e)]	(101,484)	(75,069)
23	Net result from outward reinsurance	(1,118)	(285)
	Bank operating expenses	(67)	(70)
25	Acquisition costs	(12,482)	(11,201)
	Amortization of the value of purchased business in force	(644)	(470)
25	Administrative expenses	(10,722)	(10,976)
	Change in goodwill impairment and other intangible assets impairment and amortization	(153)	(6,441)
	Other income and expenses [(g)]	(598)	(109)
	Other operating income and expenses	**(127,269)**	**(104,621)**
	Income from operating activities before tax	**5,840**	**1,805**
10	Income (net of impairment) from investment accounted for using the equity method	504	286
24	Financing debts expenses [(h)]	(720)	(562)
	Net income from operating activities before tax	**5,624**	**1,530**
19	Income tax	(1,419)	(1,474)
	Net operating income	**4,206**	**55**
	Net loss on Group Life portfolio in Switzerland [(i)]	(24)	(428)
	Net consolidated income after tax	**4,181**	**(373)**
	Split between :		
	Net consolidated income - Group share	**3,857**	**2,140**
	Net consolidated income - Minority interests	325	(2,513)
27	**Earnings per share**	**1.51**	**0.79**
	Fully diluted earnings per share	**1.51**	**0.79**

(a) Gross of reinsurance.
(b) Net of investment management costs and including gains/losses from derivatives hedging variable annuities.
(c) Includes impairment releases on investments sold.
(d) Includes realized and unrealized forex gains and losses relating to investments at cost and at fair value through shareholders' equity.
(e) Change in fair value of assets with financial risk borne by policyholders is offset by a balancing entry in technical charges relating to insurance activities.
(f) Excludes impairment releases on investments sold.
(g) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe (see Note 5.3).
(h) Includes net balance of income and expenses related to derivatives on financing debt (nonetheless excludes change in fair value of these derivatives).
(i) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland classified as held for sale.

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro million)	December 31, 2019	December 31, 2018
Reserves relating to changes in fair value through shareholders' equity	7,879	(4,584)
Translation reserves	659	1,553
Items that may be reclassified subsequently to Profit or Loss	**8,538**	**(3,031)**
Employee benefits actuarial gains and losses	(684)	253
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	(13)	31
Items that will not be reclassified subsequently to Profit or Loss	**(697)**	**284**
Net gains and losses recognized directly through shareholders' equity	**7,841**	**(2,747)**
Net consolidated income	**4,181**	**(373)**
Split between:		
Net consolidated income - Group share	**3,857**	**2,140**
Net consolidated income - Minority interests	325	(2,513)
TOTAL COMPREHENSIVE INCOME (CI)	**12,022**	**(3,120)**
Split between:		
Total comprehensive income - Group share	11,278	253
Total comprehensive income - Minority interests	744	(3,373)

Amounts are presented net of tax, policyholders' participation and other shadow accounting related movements. Tax, policyholder participation and related effects are further detailed in the Notes to the Consolidated Financial Statements.

5

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in Euro million, except for number of shares and nominal value)	Share Capital				
	Number of shares *(in thousands)*	Nominal value *(in Euro)*	Share Capital	Capital in excess of nominal value	Treasury shares
Shareholders' equity opening January 1, 2019	**2,424,917**	**2.29**	**5,553**	**21,894**	**(1,038)**
Capital	(7,222)	2.29	(17)	-	-
Capital in excess of nominal value	-	-	-	(227)	-
Equity - share based compensation	-	-	-	40	-
Treasury shares	-	-	-	-	286
Others reserves - transaction on treasury shares	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-
Financial expenses - Undated subordinated debt	-	-	-	-	-
Others (including impact on change in scope) [(b)]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**(7,222)**	**2.29**	**(17)**	**(187)**	**286**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses	-	-	-	-	-
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2019	**2,417,695**	**2.29**	**5,537**	**21,706**	**(752)**

Note: Amounts are presented net of impacts of shadow accounting and its effects on policyholder participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (TSS, TSDI) (see Note 13.1.1).

(b) Including changes in ownership interest in consolidated subsidiaries.

(c) Includes the first time application impact of IFRS 16 Leases (€-68 million in Group share) and IFRIC 23 Uncertainty over Income Tax Treatments (€-111 million in Group share). AXA has chosen to adopt this standard and this interpretation retrospectively through the cumulative effect approach with an adjustment to the opening balance of retained earnings in 2019. Therefore there is no restatement of comparative information for the year 2018.

Attributable to shareholders						
Other reserves						
Reserves relating to the change in fair value of financial instruments available for sale	Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)	Other [a]	Translation reserves	Undistributed profits and other reserves [c]	Shareholders' equity - Group share	Minority interests
11,566	**302**	**6,776**	**(2,395)**	**19,770**	**62,428**	**10,824**
-	-	-	-	-	(17)	-
-	-	-	-	-	(227)	-
-	-	-	-	-	40	-
-	-	-	-	-	286	-
-	-	0	-	-	0	-
-	-	-	-	-	-	(614)
-	-	(253)	-	-	(253)	-
-	-	-	-	(194)	(194)	-
(0)	0	-	(0)	(255)	(255)	(6,224)
-	-	-	-	(3,189)	(3,189)	-
(0)	**0**	**(253)**	**(0)**	**(3,638)**	**(3,809)**	**(6,838)**
7,762	(106)	-	-	-	7,656	223
-	-	113	344	-	457	202
-	-	-	-	(679)	(679)	(5)
-	-	-	-	(13)	(13)	0
-	-	-	-	3,857	3,857	325
7,762	**(106)**	**113**	**344**	**3,165**	**11,278**	**744**
19,328	**196**	**6,636**	**(2,050)**	**19,297**	**69,897**	**4,730**

5

	Share Capital				
(in Euro million, except for number of shares and nominal value)	**Number of shares** *(in thousands)*	**Nominal value** *(in Euros)*	**Share Capital**	**Capital in excess of nominal value**	**Treasury shares**
Shareholders' equity opening January 1, 2018	**2,425,236**	**2.29**	**5,554**	**20,904**	**(1,060)**
Capital	(319)	2.29	(1)	-	-
Capital in excess of nominal value	-	-	-	951	-
Equity - share based compensation	-	-	-	39	-
Treasury shares	-	-	-	-	22
Others reserves - transaction on treasury shares	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-
Financial expenses - Undated subordinated debt [b]	-	-	-	-	-
Others (including impact on change in scope) [c]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**(319)**	**2.29**	**(1)**	**990**	**22**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses	-	-	-	-	-
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2018	**2,424,917**	**2.29**	**5,553**	**21,894**	**(1,038)**

Note: Amounts are presented net of impacts of shadow accounting and its effects on policyholder participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (TSS, TSDI) (see Note 13.1.1).

(b) Including changes in ownership interest in consolidated subsidiaries without losing control.

(c) Includes the first time application impact of IFRS 15 Revenue from Contracts with Customers. AXA has chosen to adopt the new standard through the cumulative effect approach meaning the cumulative effect was recognised as an adjustment to the opening balance of retained earnings in 2018.

Attributable to shareholders						
Other reserves						
Reserves relating to the change in fair value of financial instruments available for sale	**Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)**	**Other [(a)]**	**Translation reserves**	**Undistributed profits and other reserves**	**Shareholders' equity - Group share**	**Minority interests**
15,992	**272**	**7,318**	**(4,142)**	**24,773**	**69,611**	**5,656**
-	-	-	-	-	(1)	-
-	-	-	-	-	951	-
-	-	-	-	-	39	-
-	-	-	-	-	22	-
-	-	(0)	-	-	(0)	-
-	-	-	-	-	-	607
-	-	(665)	-	-	(665)	-
-	-	-	-	(222)	(222)	-
(0)	0	-	0	(4,562)	(4,562)	7,935
-	-	-	-	(2,998)	(2,998)	-
(0)	**0**	**(665)**	**0**	**(7,783)**	**(7,436)**	**8,542**
(4,426)	30	-	-	-	(4,396)	(188)
-	-	123	1,747	-	1,869	(317)
-	-	-	-	608	608	(355)
-	-	-	-	31	31	0
-	-	-	-	2,140	2,140	(2,513)
(4,426)	**30**	**123**	**1,747**	**2,779**	**253**	**(3,373)**
11,566	**302**	**6,776**	**(2,395)**	**19,770**	**62,428**	**10,824**

5

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2019	December 31, 2018
Operating income including discontinued operations before tax	**5,624**	**1,530**
Net amortization expense [a]	**1,376**	**849**
Change in goodwill impairment and other intangible assets impairment [b]	115	6,323
Net change in deferred acquisition costs and equivalent	(1,944)	(1,738)
Net increase/(write back) in impairment on investments, tangible and other intangible assets	819	1,250
Change in fair value of investments at fair value through profit or loss	(19,130)	12,596
Net change in liabilities arising from insurance and investment contracts [c]	22,226	(7,235)
Net increase/(write back) in other provisions [d]	507	(9)
Income (net of impairment) from investment accounted for using the equity method	(497)	(286)
Adjustment of non cash balances included in the operating income before tax	**3,472**	**11,750**
Net realized investment gains and losses	(644)	(1,384)
Financing debt expenses	706	561
Adjustment for reclassification to investing or financing activities	**62**	**(823)**
Dividends recorded in profit or loss during the period	(2,993)	(3,489)
Investment income & expense recorded in profit or loss during the period [e]	(10,117)	(13,951)
Adjustment of transactions from accrued to cash basis	**(13,110)**	**(17,440)**
Net cash impact of deposit accounting	(98)	(374)
Dividends and interim dividends collected	3,411	3,541
Investment income [e]	15,122	18,613
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(4,214)	(4,130)
Net operating cash from banking activities	(250)	235
Change in operating receivables and payables	562	(597)
Net cash provided by other assets and liabilities [f]	(114)	(3,603)
Tax expenses paid	(978)	(663)
Other operating cash impact and non cash adjustment	(627)	(405)
Net cash impact of transactions with cash impact not included in the operating income before tax	**12,813**	**12,617**
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**8,861**	**7,634**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(242)	(9,725)
Disposal of subsidiaries and affiliated companies, net of cash ceded	293	71
Net cash related to changes in scope of consolidation	**51**	**(9,654)**
Sales of debt instruments [f]	49,538	64,654
Sales of equity instruments and non consolidated investment funds [f] [g]	18,498	20,072
Sales of investment properties held directly or not [f]	2,194	2,718
Sales and/or repayment of loans and other assets [f] [h]	20,307	26,105

(in Euro million)	December 31, 2019	December 31, 2018
Net cash related to sales and repayments of investments (f) (g) (h)	**90,537**	**113,550**
Purchases of debt instruments (f)	(61,226)	(65,577)
Purchases of equity instruments and non consolidated investment funds (f) (g)	(20,165)	(19,250)
Purchases of investment properties held direct or not (f)	(4,644)	(3,338)
Purchases and/or issues of loans and other assets (g) (h)	(19,660)	(21,370)
Net cash related to purchases and issuance of investments (f) (g) (h)	**(105,696)**	**(109,535)**
Sales of tangible and intangible assets	75	15
Purchases of tangible and intangible assets	(462)	(462)
Net cash related to sales and purchases of tangible and intangible assets	**(388)**	**(447)**
Increase in collateral payable/Decrease in collateral receivable	187,972	119,885
Decrease in collateral payable/Increase in collateral receivable	(183,141)	(115,923)
Net cash impact of assets lending/borrowing collateral receivables and payables	**4,831**	**3,962**
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	**(10,665)**	**(2,124)**
Issuance of equity instruments	(62)	957
Repayments of equity instruments	(2,045)	(530)
Transactions on treasury shares	(17)	(5)
Dividends payout	(3,268)	(3,413)
Interests on undated subordinated debts paid	(301)	(338)
Acquisition/sale of interests in subsidiaries without change in control	(51)	3,688
Net cash related to transactions with shareholders	**(6,335)**	**359**
Cash provided by financial debts issuance	145	5,685
Cash used for financial debts repayments	(781)	(1,652)
Interests on financing debt paid (i)	(588)	(530)
Net interest margin of hedging derivatives on financing debt	(9)	56
Net cash related to Group financing	**(676)**	**3,560**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**(7,011)**	**3,919**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**0**	**0**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 (j)	**30,556**	**23,196**
Net cash provided by operating activities	8,861	7,634
Net cash provided by investing activities	(10,665)	(2,124)
Net cash provided by financing activities	(7,011)	3,919
Net cash provided by discontinued operations	0	0
Impact of change in consolidation method and of reclassifications as held for sale (k)	(943)	(4,025)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	471	1,956
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 (j)	**21,269**	**30,556**

(a) Includes premiums/discounts capitalization and relating amortization, amortization of investment and owner occupied properties (held directly).
(b) Includes impairment and amortization of intangible assets booked in the context of business combinations.
(c) Includes impact of reinsurance and change in liabilities arising from contracts where the financial risk is borne by policyholders.
(d) Mainly includes change in provisions for risks & charges, for bad debts/doubtful receivables and change in impairment of assets held for sale.
(e) Includes gains/losses from derivatives hedging variable annuities.
(f) Includes related derivatives.
(g) Includes equity instruments held directly or by consolidated investment funds as well as non consolidated investment funds.
(h) Includes sales/purchases of assets backing insurance & investment contracts where the financial risk is borne by policyholders.
(i) Includes net cash impact of interest margin relating to hedging derivatives on financing debt.
(j) Net of bank overdrafts.
(k) As of December 31, 2019, amounts included the assets relating to AXA Bank Belgium, AXA Life Europe and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end. Held for sale classification previously applied for the AXA Wealth Management (HK) Limited portfolio has been unwound.
As of December 31, 2018, amounts included the assets relating to the Group Life portfolio in Switzerland, AXA Life Europe and the AXA Wealth Management (HK) Limited portfolio for which disposal processes were not finalized at year-end.

Cash and cash equivalents are presented in Note 12.

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles

1.1 GENERAL INFORMATION

AXA SA, a French *société anonyme* (the "Company" and together with its consolidated subsidiaries, "AXA" or the "Group"), is the holding (parent) company of an international financial services group focused on financial protection. AXA operates principally in Europe, the Americas, Asia and Africa. The list of the main entities included in the scope of AXA's consolidated financial statements is provided in Note 2 of the Notes to the consolidated financial statements.

AXA is listed on Euronext Paris Compartiment A.

These consolidated financial statements including all Notes were set by the Board of Directors on March 13, 2020.

1.2 GENERAL ACCOUNTING PRINCIPLES

AXA's consolidated financial statements are prepared as of December 31.

The consolidated financial statements are prepared in compliance with IFRS and interpretations of the IFRS Interpretations Committee that are endorsed by the European Union before the balance sheet date with a compulsory date of January 1, 2019. The Group does not use the "carve out" option allowing not to apply all hedge accounting principles required by IAS 39.

IFRS REQUIREMENTS ADOPTED ON JANUARY 1, 2019

IFRS 16 – Leases

IFRS 16 – Leases, published on January 13, 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, *i.e.* the customer ("lessee") and the supplier ("lessor"). Under the previous standard, IAS 17, a lessee had to classify its leases as operating leases or financial leases. Leases of the Group were mainly classified as operating leases, meaning leases payments were accounted for as expenses and off balance sheet commitments were disclosed. Under the IFRS 16 model, a lessee is required to recognize (i) assets and liabilities for all leases and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. Lessors continue to classify and account for their leases as (i) operating leases with recognition of the underlying assets; or (ii) finance leases by derecognizing the underlying asset and recognition of a net investment, similar to the previous IAS 17 requirements. The cumulative effect of initially applying IFRS 16 totaled €68 million and was recognized as a negative adjustment to the opening balance of retained earnings on January 1, 2019. There is no restatement of comparative data.

Within the Group, this new standard mainly impacts property leases for offices. It increased assets by €2.3 billion and liabilities by €2.4 billion as of January 1, 2019. The difference with the amount of lease commitments given as of December 31, 2018 (€2.6 billion) mainly results from the discount impact, as the lease liability is calculated as the present value of future lease payments. At the transition date, discount rates for leases denominated in Euro range from -0.20% to 2.009% depending on their duration.

As at December 31, 2019, lease liability and lease asset (called "right-of-use") respectively amounted to €1.6 billion and €1.4 billion. The evolution compared to January 1, 2019 is mainly explained by the deconsolidation of Equitable Holdings, Inc. ("EQH"). As permitted by the standard, lease payments related to short-term leases (*i.e* leases with a term of less than 12 months) and low-value assets are directly recognized as an expense.

In December 2019, the IFRIC (IFRS Interpretations Committee) issued a decision on the determination of the lease term for some contracts, in particular contracts of indefinite duration, or concluded for an initial term, and renewable by tacit agreement. The IFRIC clarified that to determine the enforceable duration of the lease, an entity must take into account all of the economic aspects of the contract and not limit the analysis to contractual termination payments. Within the Group, this decision applies mainly to some real estate leases located in France and more particularly to "baux 3-6-9". The duration of these leases is being analyzed. The impact of this decision will be accounted for in 2020 but is not expected to be material.

IFRIC 23 – Uncertainty over tax treatment

IFRIC 23 - Uncertainty over tax treatment published on June 7, 2017 clarifies how to account for income tax when it is unclear whether the tax authority will accept the tax treatment applied in the tax return. The cumulative effect of initially applying IFRIC 23 totaled €111 million and was recognized as a negative adjustment to the opening balance of retained earnings on January 1, 2019. Moreover, IFRIC 23 requires Uncertain Tax Position (UTP) to be presented as current and deferred taxes. Therefore, the amount of UTP existing at January 1, 2019, (€862 million) was reclassified from provisions for risks and charges to current and deferred taxes. As at December 31, 2019, UTP amounted to €385 million; the evolution compared to January 1, 2019, is mainly explained by the deconsolidation of EQH.

Amendments to IAS 39, IFRS 9 and IFRS 7 related to Phase 1 of the IBOR reform

Amendments to IAS 39, IFRS 9 and IFRS 7 – Temporary exceptions from applying specific hedge accounting requirements, related to Phase 1 of the IBOR reform were issued in September 2019 and endorsed by the European Union on January 15, 2020. They should be applied for annual periods starting from January 1, 2020, but earlier application as of December 31, 2019 is permitted.

These amendments provide temporary reliefs from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform and introduce corresponding disclosure requirements. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9.

The key reliefs provided by the amendment relate to the following hedge accounting requirements:

- risk components remain clearly identifiable for fair value hedges;
- “highly probable” requirements remain for cash flow hedges;
- recycling of the cash flow hedging reserve from other comprehensive income to profit or loss;
- prospective assessments (economic relationship or expected to be ‘highly effective’) and IAS 39 retrospective effectiveness test.

AXA has decided to early adopt the amendments to IAS 39 and IFRS 7 as of December 31, 2019, for hedging relationships directly impacted by the IBOR reform qualified as fair value hedges and cash flow hedges to ensure the prospective assessments and highly probable requirements are still met given the uncertainty arising from the transition to the new reformed interest rates. The early adoption of the amendments has no material impact on the Group’s consolidated financial statements as of December 31, 2019.

Derivative instruments involved in aforementioned hedges are interest rate derivatives and foreign exchange derivatives like interest rate swaps, forward interest rate swaps, bond and foreign exchange forwards and cross currency swaps.

The main interest rate benchmarks used by those hedges are Euribor, libor USD, libor GBP, libor JPY, hibor HKD, libor CHF.

Nominal amounts of derivative instruments affected by the IBOR reform (*i.e.* interest rate derivatives and currencies derivatives involved in fair value hedge accounting relationships and cash flow hedge accounting relationships under IAS 39) are presented in Note 20.2.

In 2020, the IBOR project of the IASB enters into Phase 2 with the objective to provide useful information about the effects of the transition to alternative benchmark rates on an entity’s financial statements and support preparers in applying the requirements of the IFRS Standards during IBOR reform. AXA has initiated a group wide project that covers all areas impacted by the IBOR reform.

Other amendments and interpretations

The application of the amendments below as of January 1, 2019 had no material impact on the Group’s consolidated financial statements.

Amendments	Publication date	Topic
IAS 28 – Long-term Interests in Associates and Joint Ventures	October 12, 2017	Clarification that a company applies IFRS 9 (IAS 39 for insurers having opted for IFRS 9 deferral approach) to long-term interests in an associate or joint venture to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).
Annual Improvements to IFRS 2015 – 2017 Cycle	December 12, 2017	Collection of amendments to IFRS in response to issues that are not part of a major project.
IAS 19 – Employee Benefits Plan Amendment, Curtailment or Settlement	February 7, 2018	The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. Indeed, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Amendments also clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

STANDARDS AND AMENDMENTS PUBLISHED BUT NOT YET EFFECTIVE

IFRS 17 – Insurance contracts

IFRS 17 – Insurance contracts, published on May 18, 2017, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts: (i) embedded derivatives, if they meet certain specified criteria, (ii) distinct investment components, and (iii) distinct performance obligations to provide non-insurance goods and services. These components should be accounted for separately in accordance with the related standards.

The standard defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability. Indeed, IFRS 17 requires to identify portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. Afterwards, each portfolio of insurance contracts issued shall be divided into three groups:

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- and the remaining contracts in the portfolio.

Moreover, contracts that are issued more than one year apart should not be in the same group.

IFRS 17 requires a current measurement model, where the general model is based on the following "building blocks":

- the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (*i.e.* discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM).

The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. However, the CSM cannot be negative, so negative changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (*i.e.* discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the Group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as "direct participating contracts"). A contract has a direct participation feature if it meets all three requirements below:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

This assessment of whether the contract meets these criteria is made at inception of the contract and not revised subsequently, except in case of substantial modification of the contract.

For these contracts, the CSM is adjusted (i) for changes in the variable fee (entity's share in the change of value of underlying items that corresponds to the revenue of the insurer), (ii) for the time value of money, and (iii) for effect of changes in financial risks not arising from underlying items (such as options and guarantees).

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized as insurance revenue at the closing date. However, the general model remains applicable for the measurement of incurred claims.

In terms of presentation, the amounts recognized in the statement of financial performance have to be disaggregated into:

- an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (*i.e.* incurred claims and other incurred insurance service expense); and
- insurance finance income or expenses.

In the beginning of March 2020, the Staff of the IASB proposed to defer the IFRS 17 effective date to annual reporting periods beginning on or after January 1, 2023.

The Staff also proposed to extend the expiry date of the temporary exemption from applying IFRS 9 offered to qualifying insurers (see below) to annual periods beginning on or after January 1, 2023. This would mean that qualifying insurers could apply both standards for the first time simultaneously.

These proposals remain subject to the IASB approval and should be confirmed through amendments.

The standard has to be applied retrospectively unless impracticable, in which case two options are possible:

- either the modified retrospective approach: based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications of requirements are applied to the extent their full retrospective application is not possible, but still with the objective to achieve the closest outcome to retrospective application possible; or
- the fair value approach: the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 and the fulfilment cash flows (any negative difference would be recognized in retained earnings at the transition date).

The standard has not yet been endorsed by the European Union. The implementation of IFRS 17 and the assessment of its potential impact on the Group's consolidated financial statements are in progress.

IFRS 9 – Financial instruments

IFRS 9 - Financial instruments, published on July 24, 2014, has replaced IAS 39. The new standard addresses the following items related to financial instruments:

- classification and measurement: IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI"). If both i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale, and ii) the contractual terms of cash flows are SPPI, the financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale. Assets not fitting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss. Additionally, for financial liabilities that are measured as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss;
- impairment: the impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition;
- hedge accounting: IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The new requirements apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

The implementation of IFRS 9 and the assessment of its potential impact on the Group's consolidated financial statements, in combination with IFRS 17, are in progress.

The published effective date of IFRS 9 is January 1, 2018.

However, amendments to IFRS 4 - Insurance Contracts: Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17) becomes effective. The amendments introduced two alternative options:

(1) apply a temporary exemption from implementing IFRS 9 until the earlier of (i) the effective date of IFRS 17; or (ii) annual reporting periods beginning on or after January 1, 2021. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and that have not applied IFRS 9 previously; or

(2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before IFRS 17 is implemented. During the interim period, additional disclosures are required.

The Group has determined that it is eligible for the temporary exemption option (1). The eligibility conclusion is based on an analysis of the percentage of the total consolidated carrying amount of liabilities connected with insurance activities relative to the total consolidated carrying amount of all liabilities, which indicates AXA's activities are predominately connected with insurance. Indeed, the amount of its insurance liabilities determined as of December 31, 2015 represent more than 90% of its total consolidated carrying amount of all liabilities. Consequently, the Group has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard, as mentioned above with the IASB proposal. The amendments permitting the temporary exemption are effective for annual periods beginning on or after January 1, 2018. Disclosures related to financial assets required during the deferral period are included in the Group's consolidated financial statements.

As mentioned above, the IASB, following a recommendation of its Staff, could decide to extend the expiry of the temporary exemption from applying IFRS 9 to annual periods beginning on or after January 1, 2023, in order to enable qualifying insurers to adopt IFRS 9 and IFRS 17 simultaneously.

In addition, amendments to IFRS 9 - Financial instruments: prepayment features with negative compensation, published on October 12, 2017, and endorsed by the European Union change the initial IFRS 9, in regards of the classification of financial assets with prepayment features that may result in negative compensation.

Other amendments and interpretations

The following amendments and interpretation are not expected to have a material impact on the Group's consolidated financial statements:

Amendments and interpretations	Publication date	Effective for annual periods beginning on or after	Topic
Conceptual Framework	March 29, 2018	January 1, 2020 *	The revised conceptual framework includes: ■ a new chapter on measurement; ■ guidance on reporting financial performance; ■ improved definitions of an asset and a liability, and guidance supporting these definitions; and ■ clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
IFRS 3 – Business combination Definition of business	October 22, 2018	January 1, 2020 *	The amendments: ■ confirm that a business must include inputs and a process; ■ narrow the definitions of a business; and ■ add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
IAS 1 – Presentation of financial statements & IAS 8 – Accounting policy changes Definition of "material"	October 31, 2018	January 1, 2020 *	The amendments clarify the definition of "material" and how it has to be applied by adding in the definition the clarifications that were included so far in other IFRS standards.

** With earlier application being permitted (subject to conditions in some cases) but not elected by the Group.*

PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions. It requires a degree of judgment in the application of the Group accounting principles described below. The main balance sheet captions concerned are goodwill (in particular impairment tests described in paragraph 1.7.1), intangible assets acquired in a business combination, the value of acquired business in force, deferred acquisition costs and equivalent, certain assets accounted at fair value, deferred tax assets, liabilities relating to the insurance business, pension benefit obligations and balances related to share-based compensation. The principles set out below specify the measurement methods used for these items. These methods, along with key assumptions where required, are discussed in greater depth in the notes relating to the asset and liability items concerned where meaningful and useful.

As recommended by IAS 1, assets and liabilities are generally classified globally on the balance sheet in increasing order of liquidity, which is more relevant for financial institutions than a classification between current and non-current items. As a standard practice for insurance companies, expenses are classified by destination in the income statement.

All amounts in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and in the Notes are expressed in Euro million.

1.3 CONSOLIDATION

1.3.1 Scope and basis of consolidation

Companies in which AXA exercises control are subsidiaries. They are fully consolidated from the date on which control is transferred to AXA. Under IFRS 10, AXA controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Only substantive rights (*i.e.* the holder must have the practicability to exercise them) and rights that are not protective shall be considered. AXA can have power with less than a majority of the voting rights of an investee, in particular through:

- the proportion of ownership with regards to the other investors;
- potential voting rights;
- a contractual arrangement between the investor and other vote holders;
- rights arising from other contractual arrangements; or
- a combination of these indicators.

Under IFRS 11, companies over which AXA exercises a joint controlling influence alongside one or more third parties are joint ventures and are accounted for under the equity method.

Companies in which AXA exercises significant influence are accounted for under the equity method. Under IAS 28, significant influence is presumed when AXA directly or indirectly holds 20% or more of the voting rights. Significant influence can also be exercised through an agreement with other shareholders.

Under the equity method, AXA's share of equity investments' post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in reserves is stated under "Other reserves".

Investment funds and real estate companies are either fully consolidated or accounted for under the equity method, depending on which conditions of IFRS 10/IFRS 11/IAS 28 listed above they satisfy. Fees received by asset managers are also taken into account in the assessment of the exposure to variability of returns. For fully consolidated investment funds, minority interests are recognized at fair value and shown as liabilities in the balance sheet if the companies' instruments can be redeemed at any time by the holder at fair value. Investment funds accounted by equity method are shown under the balance sheet caption "Financial investments".

Some companies in which AXA exercises control, a joint controlling influence or a significant influence are excluded from the scope of consolidation as they are not material with respect to the Group's Consolidated Financial Statements. These are mainly investment funds.

1.3.2 Business combinations and subsequent changes in the Group ownership interest

In accordance with the option made available by IFRS 1 First-time adoption of IFRS, business combinations prior to 2004 were not restated with respect to French accounting principles in force at the time.

VALUATION OF ASSETS ACQUIRED AND LIABILITIES ASSUMED OF NEWLY ACQUIRED SUBSIDIARIES AND CONTINGENT LIABILITIES

Upon first consolidation, all assets, liabilities and contingent liabilities (unless they are not present obligations) of the acquired company are estimated at their fair value. However, in compliance with an exemption permitted by IFRS 4, liabilities related to life insurance contracts or investment contracts with discretionary participating features are maintained at the carrying value prior to the acquisition date to the extent that this measurement basis is consistent with AXA's accounting principles. The fair value of acquired business in force relating to life insurance contracts and investment contracts with discretionary participating features is recognized as an asset corresponding to the present value of estimated future profits emerging on acquired business in force at the date of acquisition (also referred to as value of acquired business in force or VBI and reflecting the difference between the fair value and the carrying value of the liabilities). The present value of future profits takes into consideration the cost of capital and is estimated using actuarial assumptions based on projections made at purchase date but also using a discount rate that includes a risk premium.

Investment contracts with no discretionary participating features do not benefit from the exemption permitted by IFRS 4 in Phase I of the IASB's insurance project such as described above, under which the fair value of acquired liabilities is booked through the recognition of an asset corresponding to the value of acquired business in force. Liabilities relating to investment contracts with no discretionary participating features are measured directly at fair value. In accordance with IAS 39, the fair value of these contracts cannot be less than surrender value when they contain a demand feature.

Other identifiable intangible assets such as the value of customer relationships should be recognized. The value of customer relationships intangible represents the value of future cash flows expected from renewals and the cross-selling of new products to customers known and identified at the time of the acquisition. These projections include assumptions regarding claims, expenses and financial revenues, or they can be estimated on the basis of the New Business Value. In line with accounting practices in force before the adoption of IFRS, which may continue to be applied under IFRS 4, future premiums relating to acquired business may be recognized in the "Value of acquired business in force" item.

To the extent that these other intangible assets can be estimated separately, they can also be measured by looking at the purchased marketing resources that will allow to generate these future cash flows. The nature of the intangible assets recognized is consistent with the valuation methods used when purchasing the acquired entity.

In the context of a business combination, only restructuring costs that can be measured reliably and which correspond to an existing liability of the acquired company prior to the acquisition date are included in restructuring provisions recognized in the acquired company's balance sheet at acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group.

Purchase consideration includes any contingent element (adjustment in the acquisition price conditional upon on one or more events). In the estimate of the contingent element, attention is paid to use assumptions that are consistent with the assumptions used for the valuation of intangible assets such as VBI. For business combinations that occurred before January 1, 2009, any contingent element was included in the cost of the combination to the extent the adjustment was probable and could be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of the business combination continues to be adjusted accordingly, taking account of the impact in terms of additional goodwill and/or adjustments of the valuation of acquired assets and liabilities. For business combinations on or after January 1, 2009, any change to the estimate of the contingent element between the acquisition date and the amount actually subsequently paid is recognized in the income statement.

Direct transaction costs related to a business combination are charged in the income statement when incurred.

In step acquisitions, any previous minority interest held by the Group is measured at fair value and the resulting adjustment is recognized through net income. Similarly, when an additional purchase changes the control from significant influence or joint control to control, any investment pre-existing in a former associate/joint venture is re-measured to its fair value with the gain or loss through net income (consequently also resulting in a new goodwill).

According to a decision taken for each acquisition, any minority interest may be measured at fair value or at its proportionate interest in the acquiree's identifiable net assets.

GOODWILL

Goodwill is measured as the excess of (i) the aggregate of the consideration transferred, the amount of any minority interest in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree over (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising from the acquisition of a foreign entity is recorded in the local currency of the acquired entity and is translated into Euro at the closing date.

If the cost of acquisition is less than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, the difference is directly recorded in the consolidated statement of income.

Adjustments can be made to goodwill within twelve months of the acquisition date, if new information becomes available to complete the initial accounting. In this case, comparative information is presented as if the initial accounting had been completed from the acquisition date.

If, after the period of twelve months, a deferred tax asset, initially considered as not recoverable, finally meets the recognition criteria, the corresponding tax benefit is recorded in the consolidated statement of income without a corresponding adjustment in goodwill.

Goodwill is allocated to cash generating units corresponding to (i) the companies acquired or portfolios of business acquired according to their expected profitability, and (ii) the entities already within the AXA Group that will benefit from the synergies of the combination with the activities acquired. This allocation of goodwill is used both for segment reporting and for impairment testing.

PURCHASE AND SALE OF MINORITY INTERESTS IN A CONTROLLED SUBSIDIARY

Purchase and sale transactions of minority interests in a controlled subsidiary that do not change the conclusion of control are recorded through shareholders' equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income.

PUT OVER MINORITY INTERESTS

When control over a subsidiary is acquired, a put option may be granted to minority shareholders. However, the recognition of the puttable instruments as a liability depends on the contractual obligations.

When the contract involves an unconditional commitment exercisable by the option holder, it is recognized as a liability. Since the balancing entry to this liability is not specified by current IFRS, the Group's method is to (i) reclassify minority interests from equity to liability, (ii) re-measure this liability at the present value of the option price, and (iii) recognize the difference either as an increase in goodwill for puts existing before January 1, 2009, or as a decrease in equity (Group share) for a put granted after January 1, 2009, to the extent there is no immediate transfer of risks and rewards. Similarly, subsequent changes in the liability are recorded against goodwill for puts existing before January 1, 2009, and against equity (Group share) for puts granted after that date.

INTRA-GROUP TRANSACTIONS

Intra-group transactions, including internal dividends, payables/receivables and gains/losses on intra-group transactions are eliminated:

- in full for controlled subsidiaries; and
- to the extent of AXA's interest for entities consolidated by equity method.

The effect on net income of transactions between consolidated entities is always eliminated. However, in case of a loss, an impairment test is performed, in order to assess whether an impairment of the underlying item has to be booked.

In the event of an internal sale of an asset that is not intended to be held on the long term by the Group, deferred tax is recognized as the current tax calculated on the realized gain or loss is eliminated. The income statement impact of the potential policyholders' participation resulting from this transaction is also eliminated, and a deferred policyholders' participation asset or liability is posted to the statement of financial position.

In addition, the transfer of consolidated shares, between two consolidated subsidiaries but held with different ownership percentages, should not impact the Group net income. The only exception would be any related tax and policyholders' participation recorded in connection to the transaction, which are maintained in the consolidated financial statements. These transfers also have an impact on Group shareholders' equity (with a balancing entry recorded in minority interests). This impact is identified in the "other" changes of the consolidated statement of shareholders' equity.

1.4 FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS AND TRANSACTIONS

The consolidated financial statements are presented in Euro million, the Euro being the Group's presentational currency.

The results and financial position of all Group entities that have a functional currency (*i.e.* the currency of the primary economic environment in which the entity operates) different from the Group presentational currency are translated as follows:

- assets and liabilities of entities in a functional currency different from Euro are translated at the closing exchange rate;
- revenues and expenses are translated at the average exchange rate over the period;
- all resulting foreign exchange differences are recognized as a separate component of equity (translation differences).

At the local entity level, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied as explained in paragraph 1.10.

As mentioned in paragraph 1.3.2, goodwill arising on the acquisition of a foreign entity is recorded in the local currency of the acquired entity and is translated into Euro at the closing date.

Foreign exchange differences arising from the translation of a net investment in a foreign subsidiary, borrowings and other currency instruments qualifying for hedge accounting of such investment are recorded in shareholders' equity under translation differences and are recycled in the income statement as part of the realized gain or loss on disposal of the hedged net investment.

Foreign exchange differences arising from monetary financial investments available for sale are recognized as income or expense for the period in respect of the portion corresponding to amortized cost. The residual translation differences relating to fair value changes are recorded in shareholders' equity, like for non-monetary items such as equity securities.

Regarding the cumulative amount of the exchange differences related to disposed business, the Group applies the step-by-step consolidation method (IFRIC 16).

1.5 FAIR VALUE MEASUREMENT

The Group applies the IFRS 13 fair value hierarchy as described below for all assets and liabilities where another IFRS requires or permits fair value measurement or disclosures about fair value measurement in the Notes. Principles below address mostly assets given the nature of the activities of the Group.

1.5.1 Active market: quoted price

Fair values of assets and liabilities traded on active markets are determined using quoted market prices when available. An instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis between a willing seller and a willing buyer. For financial instruments traded in active markets, quotes received from external pricing services represent consensus prices, *i.e.* using similar models and inputs resulting in a very limited dispersion.

The fair value amounts of assets and liabilities for which fair value is determined in whole directly by reference to an active market are disclosed as level 1 in the Notes to the financial statements.

1.5.2 Active versus inactive markets – financial instruments

Financial instruments are considered as being quoted in an active market when:

- quotes that represent consensus are regularly provided by external pricing services with limited dispersion; and
- prices are readily available.

Liquidity may be defined as the possibility to sell or dispose of the asset in the ordinary course of business within a certain limited time period at approximately the price at which the investment is valued. Liquidity for debt instruments is assessed using a multi-criteria approach including the number of quotes available, the place of issuance and the evolution of the widening of bid ask spreads.

A financial instrument is regarded as not quoted in an active market:

- if there is little observation of transaction prices as an inherent characteristic of the instrument;
- when there is a significant decline in the volume and level of trading activity;
- in case of significant illiquidity;
- if observable prices cannot be considered as representing fair value because of dislocated market conditions.

Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or indicative of a change in the conditions prevailing in certain markets.

1.5.3 Assets and liabilities not quoted in an active market

Fair values of assets and liabilities that are not traded in an active market are estimated using:

- external and independent pricing services; or
- valuation techniques.

Fair values of assets and liabilities that are not traded in active market mainly based on observable market data are disclosed as level 2 in the Notes to the financial statements. Fair values mainly not based on observable market data are disclosed as level 3 in the Notes.

- No active market: use of external pricing services.

External pricing services may be fund asset managers in the case of non-consolidated investments in funds or brokers. To the extent possible, the Group collects quotes from external pricing providers as inputs to measure fair value. Prices received may form tight clusters or dispersed quotes which may then lead to the use of valuation techniques. The dispersion of quotes received may be an indication of the large range of assumptions used by external pricing providers given the limited number of transactions to be observed or reflect the existence of distress transactions. In addition, given current market conditions since the financial crisis and the persistency of complete inactivity of some markets since then, many financial institutions closed their desks dedicated to structured assets deals and are no longer in a position to deliver meaningful quotes.

- No active market: use of valuation techniques.

The objective of valuation techniques is to arrive at the price at which an orderly transaction would take place between market participants (a willing buyer and a willing seller) at the measurement date. Valuation techniques include:

  - market approach: the consideration of recent prices and other relevant information generated by market transactions involving substantially similar assets or liabilities;
  - income approach: use of discounted cash flow analysis, option pricing models, and other present value techniques to convert future amounts to a single current (*i.e.* discounted) amount;
  - cost approach: the consideration of amounts that would currently be required to construct or replace the service capacity of an asset.

Valuation techniques are subjective in nature and significant judgment is involved in establishing fair values. They include recent arm's length transactions between knowledgeable willing parties on similar assets if available and representative of fair value and involve various assumptions regarding the underlying price, yield curve, correlations, volatility, default rates and other factors. Unlisted equity instruments valuation is based on cross checks using different methodologies such as discounted cash flows techniques, price earning ratios multiples, adjusted net asset values, taking into account recent transactions on instruments which are substantially the same if concluded at arm's length between knowledgeable willing parties, if any. The use of valuation techniques and assumptions could produce different estimates of fair value. However, valuations are determined using generally accepted models (discounted cash flows, Black & Scholes models, etc.) based on quoted market prices for similar instruments or underlyings (index, credit spread, etc.) whenever such directly observable data are available and valuations are adjusted for liquidity and credit risk.

Valuation techniques may be used when there is little observation of transaction prices as an inherent characteristic of the market, when quotes made available by external pricing providers are too dispersed or when market conditions are so dislocated that observed data cannot be used or need significant adjustments. Internal mark to model valuations are therefore normal market practices for certain assets and liabilities inherently scarcely traded or exceptional processes implemented due to specific market conditions.

- Use of valuation techniques in dislocated markets.

The dislocation of certain markets may be evidenced by various factors, such as very large widening of bid ask spreads which may be helpful indicators in understanding whether market participants are willing to transact, wide dispersion in the prices of the small number of current transactions, varying prices over time or among market participants, inexistence of secondary markets, disappearance of primary markets, closing down of dedicated desks in financial institutions, distress and forced transactions motivated by strong needs of liquidity or other difficult financial conditions implying the necessity to dispose of assets immediately with insufficient time to market the assets to be sold, and large bulk sales to exit such markets at all costs that may involve side arrangements (such as sellers providing finance for a sale to a buyer).

In such cases, the Group uses valuation techniques including observable data whenever possible and relevant, adjusted if needed to develop the best estimate of fair value, including adequate risk premiums or develops a valuation model based on unobservable data representing estimates of assumptions that willing market participants would use when prices are not current, relevant or available without undue costs and efforts: in inactive markets, transactions may be inputs when measuring fair value, but would likely not be determinative and unobservable data may be more appropriate than observable inputs.

1.6 SEGMENT REPORTING

The segmental analysis provided in AXA's Annual Report and Financial Statements reflects operating business segments. It is based on six geographies (France, Europe, Asia, AXA XL, the United States and International) and the seventh segment comprises transversal entities as well as the Corporate Center and other central Holdings.

1.7 INTANGIBLE ASSETS

1.7.1 Goodwill and impairment of goodwill

Goodwill is considered to have an indefinite useful life and is therefore not amortized but subject to a regular test for impairment. Impairment tests are performed at least annually. Impairment of goodwill is not reversible.

AXA performs an impairment test of goodwill by cash generating unit, using valuation approaches that rely on parameters such as market indicators, market value of assets, market value of liabilities and future operating profits, derived on the basis of operational and economic assumptions in order to determine any significant adverse changes that might lead to the non-recoverability of the goodwill. Compliant with IAS 36, within each cash generating unit, a comparison is made between net book value and the recoverable value (equal to the higher of fair value less costs to sell and value in use). Value in use consists of the net assets and the value placed on expected future earnings from existing and new business. For Life & Savings segment, the value of future expected earnings is estimated on the basis of embedded value models or similar calculations for other activities. Fair value less costs to sell is determined in compliance with IFRS 13 fair value as described in paragraph 1.5.

An impairment loss is recognized for a cash generating unit if, and only if, the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units.

Fair value approach is based on risk neutral valuation techniques taking into account:

- the current shareholders' net asset value plus the future profitability of the business in force:
  - the current shareholders' net asset value is adjusted to take into account any difference between the basis of cash flows projections used in the value of business in force calculations and IFRS,
  - the profitability of business in force is determined using the embedded value methodology, which is an industry-wide and specific valuation approach, consistent with the principle of discounted earnings, as the value of business in force is represented by the discounted value of future earnings from the in-force portfolios. The Group uses however both market consistent risk neutral approaches, aligned with fair-value calculations, and traditional discounted cash flows projections;
- the profitability of future new business:
  - the value of future new business is computed either on the basis of multiples of a standardized year of new business

5

contribution (present value of projected future distributable profits generated from business written in a year) or on a projection of each of the expected annual future earnings when multiples are not appropriate. The determination of the future earnings arising from the new business relies upon the use of operational and economic assumptions, both of which are compliant with the requirements of the different regulatory frameworks.

The recoverable value of the Life & Savings segment is first assessed on a risk free basis (basic test) and then on the basis of illustrative investment assumptions suitable for a traditional embedded value approach if the recoverable value determined for the basic test is lower than the carrying amount.

The value in use approach is built upon cash flow projections based on the business plans approved by AXA management covering up to five years and discounted using a risk adjusted rate. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

1.7.2 Value of purchased life insurance business in force (VBI)

The value of purchased insurance contracts and investment contracts with discretionary participating features recognized in a business combination (see paragraph 1.3.2) is amortized as profits emerge over the life of the contracts' portfolio. In conjunction with the liability adequacy test (see paragraph 1.14.2), VBI is subject to annual recoverability testing based on actual experience and expected changes in the main assumptions.

1.7.3 Deferred Acquisition Costs (DAC) relating to insurance contracts and investment contracts with discretionary participating features – rights to future management fees, also known as deferred origination costs (DOC) relating to investment contracts with no discretionary participating features

The incremental direct costs of acquiring a portfolio of insurance contracts and investment contracts with discretionary participating features, primarily related to the selling, underwriting and initiating the insurance contracts in a portfolio, are deferred by recognizing an asset, Deferred Acquisition Costs (DAC). In Property & Casualty segment, DAC are amortized over the terms of the policies, as premium is earned. For Life & Savings segment, the asset is amortized based on the estimated gross profits emerging over the life of the contracts. This asset is tested for recoverability and any amount above future estimated gross profits is expensed. DAC are also tested through the liability adequacy test (see paragraph 1.14.2).

For investment contracts with no discretionary participating features, a similar asset is recognized, *i.e.* rights to future management fees, also known as Deferred Origination Costs (DOC) (see Note 7) but limited to incremental costs directly attributable to the provision of investment management services. This asset is amortized by taking into account projections of fees collected over the life of the contracts. The amortization of DOC is reviewed at each closing date to reflect changes in assumptions and experience. This asset is also tested for recoverability.

DAC and DOC are reported gross of unearned revenues and fees reserves. These unearned revenues and fees reserves are separately recognized as liabilities and are amortized over the contract term using the same amortization approach as the one used for DAC and DOC.

1.7.4 Unearned revenues reserves

Revenues received at contract inception to cover future services are deferred and recognized in the income statement using the same amortization pattern as the one used for deferred acquisition costs.

1.7.5 Other intangible assets

Other intangible assets include software developed for internal use for which direct costs are capitalized and amortized on a straight-line basis over the assets' estimated useful lives.

They also include customer relationships intangibles as well as distribution agreements recognized as a result of business combinations. If these assets have a finite useful life, they are amortized on a straight-line basis over their estimated life. In all cases, they are subject to impairment tests, at each closing for assets with a finite useful life and at least annually for other assets. In the event of a significant decline in value, an impairment is booked corresponding to the difference between the value on the balance sheet and the higher of value in use and fair value less costs to sell.

1.8 INVESTMENTS FROM INSURANCE, BANKING AND OTHER ACTIVITIES

Investments include investment in real estate properties and financial instruments including equity instruments, debt instruments and loans.

1.8.1 Investment in real estate properties

Investment in real estate properties (excluding investment in real estate properties totally or partially backing liabilities arising from contracts where the financial risk is borne by policyholders) is recognized at cost. The properties components are depreciated over their estimated useful lives, also considering their residual value if it may be reliably estimated.

In case of unrealized loss over 15%, an impairment is recognized for the difference between the net book value of the investment property and the fair value of the asset based on an independent valuation. Furthermore, at the level of each reporting entity, if the cumulated amount of unrealized losses under 15% (without offsetting with unrealized gains) represents more than 10% of the cumulated net cost of real estate assets, additional impairment is booked on a line-by-line approach until the 10% threshold is reached.

If, in subsequent periods, the appraisal value rises to at least 15% more than the net carrying value, previously recorded impairment is reversed to the extent of the difference between i) the net carrying value and ii) the lower of the appraisal value and the depreciated cost (before impairment).

Investment in real estate properties that totally or partially backs liabilities arising from contracts where the financial risk is borne by policyholders is recognized at fair value with changes in fair value through profit or loss.

1.8.2 Financial instruments classification

Depending on the intention and ability to hold the invested assets, financial instruments are classified in the following categories:

- assets held to maturity, accounted for at amortized cost;
- assets held for trading and assets designated as at fair value with change in fair value through profit or loss;
- available for sale assets accounted for at fair value with changes in fair value recognized through shareholders' equity;
- loans and receivables (including some debt instruments not quoted in an active market) accounted for at amortized cost.

At inception, the option to designate financial investments and liabilities at fair value with change in fair value recognized through income statement is mainly used by the Group for the following financial instruments:

- financial investments when electing the fair value option allows the Group to solve accounting mismatch, and in particular:
  - assets backing liabilities arising from contracts where the financial risk is borne by policyholders,
  - assets included in hedging strategies set out by the Group for economical reasons but not eligible for hedge accounting as defined by IAS 39,
  - debt held by structured bond (primarily Collateralized Debt Obligations) funds controlled and consolidated by the Group;
- portfolios of managed financial investments whose profitability is valued on a fair value basis: mainly securities held by consolidated investment funds, managed according to the Group Risk Management policy ("Satellite Investment Portfolio", see definition below).

In practice, assets held through consolidated investment funds are classified:

- either as assets of the "Core Investment Portfolios" which include assets backing liabilities arising from insurance and investment contracts, managed according to AXA's Assets and Liabilities strategy; or
- as assets of the "Satellite Investment Portfolios", reflecting the strategic asset allocation based on a dynamic asset management aimed at maximizing returns.

Underlying financial instruments held in the "Core Investment Portfolios" are classified as available for sale with change in fair value through shareholders' equity unless involved in a qualifying hedge relationship or more broadly when electing the fair value option reduces accounting mismatch. As specified above, the financial instruments held in the "Satellite Investment Portfolios" are accounted for at fair value with changes in fair value recognized through income statement.

Assets designated as available for sale, trading assets, investments designated as at fair value through profit or loss and all derivatives are measured at fair value, *i.e.* the amount for which an asset could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The Group applies the IFRS 13 fair value hierarchy.

Loans which are not designated under the fair value option are accounted at amortized cost using the effective interest rate method.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

AXA assesses at each balance sheet date whether a financial asset or a group of financial investments at (amortized) cost or designated as available for sale should be impaired. A financial asset or group of financial investments should be impaired when there is objective evidence of impairment as a result of one or more events and this event has an impact on the estimated future cash flows of the assets that can be reliably estimated.

For debt instruments classified as "held to maturity" or "available for sale", an impairment based respectively on future cash flows discounted using the initial effective interest rate or on fair value is recorded through the income statement if future cash flows may not be fully recoverable due to a credit event relating to the instrument issuer. A downgrade of an entity's credit rating is not, of itself, evidence of impairment. If the credit risk is eliminated or improves, the impairment may be reversed. The amount of the reversal is also recognized in the income statement.

For equity instruments classified as available for sale, a significant or prolonged decline in the fair value below its carrying value is considered as indication for potential impairment, such as equity instruments showing unrealized losses over a 6 months period or more (prior to the closing date), or unrealized losses in excess of 20% of the net carrying value at the closing date. If such evidence exists for an available for sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment on that financial asset already booked in the income statement – is removed from shareholders' equity and an impairment is recognized through the income statement.

Equity instruments impairment recognized in the income statement cannot be reversed through the income statement until the asset is sold or derecognized.

Impairment testing for loans available for sale is based on the present value of expected future cash flows, discounted at the loan's effective interest rate (down to the loan's observable market price), or on the fair value of the collateral.

For financial investments accounted for at amortized cost, including loans and assets classified as "held to maturity" or assets designated as "Loans and receivables", the impairment test is first performed at the asset level. A more global test is then performed on groups of assets with similar risk profile.

Methods for calculating the net book value of assets sold (average cost, first-in first-out, etc.) depend on local Assets and Liabilities Management (ALM) strategies as these strategies have been set up to take into account specific commitments to policyholders. These methods may differ within the Group provided that they are used consistently at each entity level.

1.8.3 Repurchase agreements and securities lending

The Group is party to repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. Since substantially all of the risks and rewards of the financial assets remain with the Group over the entire lifetime of the transaction, the Group does not derecognize the financial assets. The proceeds of the sale are reported separately. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

Additionally, the Group is party to total return swaps under which financial assets are sold to a counterparty with a corresponding agreement. Cash flows equal to those of the underlying assets will be remitted to the Group in exchange for specified payments taking into account any increase or decline in the fair value of the assets. This results in substantially all of the risks and rewards of the financial assets remaining with the Group. As such, the Group does not derecognize the financial assets.

The Group is also party to reverse repurchase agreements under which financial assets are purchased from a counterparty, subject to a simultaneous agreement to return these financial assets at a certain later date, at an agreed price. If substantially all of the risks and rewards of the securities remain with the counterparty over the entire lifetime of the agreement of the transaction, the securities concerned are not recognized as financial assets of the Group. The amounts of cash disbursed are recorded under financial investments, except for transactions arising from banking activities, which are recorded as separate assets. Interest income on reverse repurchase agreements is accrued over the duration of the agreements.

1.9 ASSETS BACKING LIABILITIES ARISING FROM CONTRACTS WHERE THE FINANCIAL RISK IS BORNE BY POLICYHOLDERS

Assets backing liabilities arising from insurance or investment contracts where the financial risk is borne by policyholders are presented in a separate aggregate of the balance sheet so that they are shown in a symmetrical manner to the corresponding liabilities. This presentation is considered more relevant for the users and consistent with the liquidity order recommended by IAS 1 for financial institutions, since the risks are borne by policyholders, whatever the type of assets backing liabilities (investment in real estate properties, debt instruments or equity instruments, etc.). Details of these assets are provided in the Notes.

1.10 DERIVATIVE INSTRUMENTS

Derivatives are initially recognized at fair value at purchase date and are subsequently re-measured at their fair value. Unrealized gains and losses are recognized in the statement of income unless they relate to a qualifying hedge relationship as described below. The Group designates certain derivatives as either: (i) hedging of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge), or (ii) hedging of highly probable expected future transactions (cash flow hedge), or (iii) hedging of net investments in foreign operations.

The Group documents, at inception, the hedge relationship, as well as its Risk Management hedging objectives and strategy. The Group also documents the hedge effectiveness, both at inception and on an ongoing basis, indicating the actual or expected efficiency level of the derivatives used in hedging transactions in offsetting changes in the fair values or cash flows of hedged underlying items.

FAIR VALUE HEDGE

Changes in the fair value of derivatives designated and qualifying as fair value hedge are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability. Therefore, the gain or loss relating to any ineffective portion is directly recognized in the income statement.

CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedge is recognized in shareholders' equity. The gain or loss relating to any ineffective portion is recognized in the income statement. Cumulative gain or loss in shareholders' equity is recycled in the income statement when the hedged underlying item impacts the profit or loss for the period (for example when the hedged future transaction is recognized). When a hedging instrument reaches its maturity date or is sold, or when a hedge no longer qualifies for hedge accounting, the cumulative gains or losses in shareholders' equity are released in profit or loss when the initially hedged future transaction ultimately impacts the income statement.

NET INVESTMENT HEDGE

The accounting of net investments in foreign operations hedge is similar to the accounting of cash flow hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholders' equity; the gain or loss relating to the ineffective portion is recognized in the income statement. Cumulative gains and losses in shareholders' equity impact the income statement only on disposal of the foreign operations.

DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING

Changes in the fair value of all other derivative instruments that do not qualify for hedge accounting are recognized in the income statement. Given IAS 39 constraints, only a few hedges are eligible to hedge accounting provisions described above. However, most of the derivatives used by the Group are purchased with a view to hedge or for example to use such instruments as an alternative to gain exposure to certain asset classes through "synthetic positions". See Note 20.

The Group holds financial investments that also include embedded derivatives. Such embedded derivatives are separately recorded and measured at fair value through profit or loss if the impact is deemed material.

For the statement of financial position, derivatives are presented alongside the underlying assets or liabilities for which they are used, regardless of whether these derivatives meet the criteria for hedge accounting.

The purpose and condition of the use of derivatives within the Group are detailed in Note 20.

1.11 ASSETS/LIABILITIES HELD FOR SALE AND ASSETS/LIABILITIES INCLUDING DISCONTINUED OPERATIONS

These comprise assets, particularly buildings or operations, intended to be sold or discontinued within twelve months. Subsidiaries held for sale remain within the scope of consolidation until the date on which the Group loses effective control. The assets and activities (assets and liabilities) concerned are measured at the lower of net carrying value and fair value net of selling costs. They are presented in separate asset and liability items on the balance sheet. The liabilities of subsidiaries (excluding shareholders' equity) held for sale are entered separately on the liability side of the consolidated balance sheet, with no netting against assets.

In the event of a discontinuation of operations representing either a business line, a main and distinct geographical region or a subsidiary acquired solely with a view to reselling, their after-tax contribution is stated on a separate line of the income statement. For comparison purposes, the same applies to the presentation of income statements relating to previous periods that are included in the financial statements. This separate line also includes the post-tax gain/loss recognized on the disposal of the discontinued operation at the date of loss of control.

1.12 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits while cash equivalents are short-term, liquid investments that are readily convertible to cash and which are subject to low volatility.

1.13 SHARE CAPITAL AND SHAREHOLDERS' EQUITY

1.13.1 Share capital

Ordinary shares are classified in shareholders' equity when there is no obligation to transfer cash or other assets to the holders.

Additional costs (net of tax) directly attributable to the issue of equity instruments are shown in shareholders' equity as a deduction to the proceeds.

1.13.2 Undated subordinated debt

Undated subordinated debt and any related interest charges are classified either in shareholders' equity (in the "other reserves" aggregate) or as liabilities depending on contract clauses without taking into consideration the prospect of redemption under economic constraints (*e.g.* step up clauses or shareholders' expectations).

1.13.3 Compound financial instruments

Any financial instrument issued by the Group with an equity component (for example certain options granted to convert the debt instrument into an equity instrument of the Company) and a liability component (a contractual obligation to deliver cash) is classified separately on the liability side of the balance sheet with the equity component reported in Group shareholders' equity (in the "other reserves" aggregate) and the liability component reported in financing debt. Gains and losses relating to redemptions or refinancing of the equity component are recognized as changes to shareholders' equity.

1.13.4 Treasury shares

Treasury shares and any directly related costs are recorded as a deduction to consolidated shareholders' equity. Where treasury shares are subsequently sold or reissued, any consideration received is included in consolidated shareholders' equity, net of any directly related costs and tax effects.

However, treasury shares held by controlled investment funds backing contracts where the financial risk is borne by policyholders are not deducted as all risks and income resulting from holding these shares are attributable to policyholders.

1.13.5 Preferred shares

Preferred shares issued by the Group are recorded as equity when there is no contractual obligation to redeem and there is no contractual obligation to deliver cash or other financial asset.

1.14 LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS

1.14.1 Contracts classification

The Group issues contracts that transfer an insurance risk or a financial risk or both.

Insurance contracts, including assumed reinsurance contracts, are contracts that carry significant insurance risks. Such contracts may also transfer financial risk from the policyholders to the insurer. Investment contracts are contracts that carry financial risk with no significant insurance risk.

A number of insurance and investment contracts contain discretionary participating features. These features entitle the contract holder to receive additional benefits or bonuses on top of these standard benefits:

- they are likely to represent a significant portion of the overall contractual benefits;
- their amount or timing is contractually at the discretion of the Group; and
- they are contractually based on the performance of a group of contracts, the investment returns of a financial asset portfolio or the Company profits, a fund or another entity that issues the contract.

In some insurance or investment contracts, the financial risk is borne by policyholders. Such contracts are usually Unit-Linked contracts.

The Group classifies its insurance and investment contracts into six categories:

- liabilities arising from insurance contracts;
- liabilities arising from insurance contracts where the financial risk is borne by policyholders;
- liabilities arising from investment contracts with discretionary participating features;
- liabilities arising from investment contracts with no discretionary participating features;
- liabilities arising from investment contracts with discretionary participating features where the financial risk is borne by policyholders; these relate to Unit-Linked contracts or multi-funds contracts containing a non-Unit-Linked fund with discretionary participating features; and
- liabilities arising from investment contracts with no discretionary participating features where the financial risk is borne by policyholders.

1.14.2 Insurance contracts and investment contracts with discretionary participating features

Except where IAS 39 applies, according to IFRS 4, recognition and derecognition are based on the AXA accounting policies existing prior to IFRS and are described below, except for the elimination of equalization provisions, selective changes as permitted by IFRS 4 (see below) and the extension of shadow accounting.

The main characteristics of the accounting principles applied prior to IFRS and retained after the conversion to IFRS are as follows:

- reserves must be sufficient;
- life reserves cannot be discounted using a discount rate higher than prudently estimated expected assets yield;
- acquisition costs are deferred to the extent recoverable and amortized based on the estimated gross profits emerging over the life of the contracts;
- Property & Casualty claims reserves represent estimated ultimate costs. Post claims reserves are generally not discounted, except in limited cases (a detail of discounted reserves is shown in Note 14.10).

PRE-CLAIMS RESERVES

Unearned premiums reserves of non-life insurance contracts represent the *prorata* portion of written premiums that relates to unexpired risks at the closing date.

For traditional life insurance contracts (that is, contracts with significant mortality or morbidity risk), the future policy benefits reserves are calculated on a prospective basis according to each country's regulation provided methods used are consistent with the Group's policies and using assumptions on investment yields, morbidity/mortality and expenses.

Changes in reserves are booked if there are impacts caused by a change in the mortality table.

Future policy benefits reserves relating to investment contracts with discretionary participation features (previously called "savings contracts" in AXA's accounting principles) that carry low mortality and morbidity risk are generally calculated using a prospective approach based on discount rates usually set at inception with reserves similar to the retrospective approach (*i.e.* "account balance" methodology).

The discount rates used by AXA are less than or equal to the expected future investment yields (assessed on prudent basis).

Part of the policyholders participation reserve is included in future policy benefits reserves, according to contractual clauses.

Except when these guarantees are covered by a Risk Management program using derivative instruments (see next paragraph), guaranteed minimum benefits reserves relating to contracts where the financial risk is borne by policyholders (insurance contracts because they include such guarantees or investment contracts with discretionary participating features), are built over the life of the contract based on a prospective approach: the present value of future benefit obligations to be paid to policyholders in relation to these guarantees is estimated on the basis of reasonable scenarios. These scenarios are based on assumptions including investment returns, volatility, surrender and mortality rates. This present value of future benefit obligations is reserved as fees are collected over the life of the contracts.

Some guaranteed benefits such as Guaranteed Minimum Death or Income Benefits (GMDB or GMIB), or certain guarantees on return proposed by reinsurance treaties, are covered by a Risk Management program using derivative instruments. In order to minimize the accounting mismatch between liabilities and hedging derivatives, AXA has chosen to use the option allowed under IFRS 4.24 to re-measure its provisions: this revaluation is carried out at each account closing based on guarantee level projections and considers interest rates and other market assumptions. The liabilities revaluation impact in the current period is recognized through income, symmetrically with the impact of the change in value of hedging derivatives. This change in accounting principles was adopted on the first time application of IFRS on January 1, 2004, for contract portfolios covered by the Risk Management program at that date. Any additional contract portfolios covered by the Risk Management program after this date are valued on the same terms as those that applied on the date the program was first applied. These contracts were mainly subscribed by Equitable Holdings, Inc. that has no longer been within the consolidation scope of the Group since November 2019.

POST CLAIMS RESERVES

Claims reserves (life and non-life contracts)

The purpose of claims reserves is to cover the ultimate cost of settling an insurance claim. Claims reserves are generally not discounted, except in cases such as disability annuities.

Claims reserves include the claims incurred and reported, claims incurred but not reported (IBNR) as well as claims handling costs. Claims reserves are based on historical claims data, current trends, actual payment patterns for all insurance business lines as well as expected changes in inflation, regulatory environment or anything else that could impact amounts to be paid.

Shadow accounting and Deferred policyholders Participation Asset (DPA) or Liability (DPL)

In compliance with the option in IFRS 4, shadow accounting is applied to insurance and investment contracts with discretionary participating features. Shadow accounting includes adjustments to technical liabilities, policyholders participation, other obligations, deferred acquisition costs and value of business in force to take into account unrealized gains or losses on insurance liabilities or assets in the same way as it is done for a realized gain or loss of invested assets.

For example, for contracts with discretionary participating features, shadow accounting consists in recognizing policyholders participation in unrealized capital gains and losses. Thus, when an unrealized gain is recognized, a deferred participating liability (DPL) is recorded. In case of an unrealized loss, a deferred participating asset (DPA) should be recognized only to the extent that its recoverability as defined below is highly probable. Deferred participating liabilities and assets are calculated using an appropriate long-term participation rate based on a contractual, regulatory and constructive obligation to allocate a percentage of gains/losses to policyholders.

Jurisdictions where participating business is significant are Switzerland (for group insurance policies), Germany and France where the minimum is set to 90%, 90% and 85% respectively, of a basis which may include not only financial income but also other components. Participating business is less prevalent in Japan.

DPL is fully recognized in the liabilities. As a consequence, there is no component recognized as an equity component and AXA does not need to ensure the liability recognized for the whole contract is not less than the amount that would result from applying IAS 39 to the guaranteed element.

When a net unrealized loss (unrealized change in fair value, impairment, expense related, …) is accounted, a deferred participating asset (DPA) may be recognized only to the extent that it is highly probable that it can be charged to policyholders, by entity, in the future. This could be the case if the DPA can be offset against future participation either directly through deduction of the DPL from future capital gains or the DPL netted against value of businesses in force or indirectly through deduction of future fees on premiums or margins.

Unrealized gains and losses on assets classified as trading or designated at fair value through profit and loss, along with any other entry impacting the income statement and generating a timing difference, are accounted for through the income statement with a corresponding shadow entry adjustment also in the statement of income. The shadow accounting adjustments relating to unrealized gains and losses on assets available for sale (for which change in fair value is taken to shareholders' equity) are booked through shareholders' equity.

Recoverability tests and liability adequacy test (LAT)

Deferred participation

When a net deferred participation asset is recognized, the Group uses liquidity analyses performed by the entities to assess the capacity to hold assets showing unrealized loss position, if any, generating such debits. The Group then performs projections to compare the value of assets backing policyholders' contracts with expected payments to be made to policyholders.

Liability adequacy test

In addition, at each balance sheet date, liability adequacy tests are performed in each consolidated entity in order to ensure the adequacy of the contract liabilities net of related DAC and VBI assets and deferred policyholders' participation asset. To perform these tests, entities group contracts together according to how they have been acquired, are serviced and have their profitability measured. Entities use current best estimates of all future contractual cash flows as well as claims handling and administrative expenses, and take into account guarantees and investment yields relating to assets backing these contracts:

- such tests are based on the intention and capacity of entities to hold financial assets according to various sets of scenarios, excluding the value of new business;
- they include projections of future investments sales according to estimated surrender patterns; and
- they determine the extent to which resulting gains/losses may be allocated/charged to policyholders, *i.e.* profit sharing between policyholders and shareholders.

These tests therefore measure the capacity to charge estimated future losses to policyholders on the basis of the assessment of the holding horizon and potential realization of losses among unrealized losses existing at closing date.

Contract specific risks directly related to the contracts (insurance risk, asset return risk, inflation risk, persistency, adverse selection, etc.) are also considered.

Depending on the type of business, the future investment cash flows and discounting may be based on a deterministic best estimate rate, with corresponding participation, or in the case of Guaranteed Minimum Benefits, stochastic scenarios. Testing is performed either by a comparison of the reserve booked net of related assets (DAC, VBI, etc.) directly with discounted cash flows, or by ensuring that the discounted profit net of participation from release of the technical provisions exceeds net related assets.

Any identified deficiency is charged to the income statement, initially by respectively writing off DPA, DAC or VBI, and subsequently by establishing a LAT provision for losses arising from the liability adequacy test for any amount in excess of DPA, DAC and VBI. For non-life insurance contracts, an unexpired risk provision is recognized for contracts on which the premiums are expected to be insufficient to cover expected future claims and claims expenses.

Embedded derivatives in insurance and investment contracts with discretionary participating features

Embedded derivatives that meet the definition of an insurance contract or correspond to options to surrender insurance contracts for a set amount (or based on a fixed amount and an interest rate) are not separately measured. All other embedded derivatives are bifurcated and booked at fair value when material (with change in fair value recognized through income statement) if they are not considered as closely related to the host insurance contract and/or do not meet the definition of an insurance contract.

Embedded derivatives meeting the definition of an insurance contract are described in Note 14.11.

1.14.3 Investment contracts with no discretionary participating features

In accordance with IAS 39, these contracts are accounted for using "deposit accounting", which mainly results in not recognizing the cash flows corresponding to premiums, benefits and claims in the statement of income (see "Revenue recognition" paragraph below). These cash flows shall rather be recognized as deposits and withdrawals.

This category includes mainly Unit-Linked contracts that do not meet the definition of insurance or investment contracts with discretionary participating features. For these Unit-Linked contracts, the liabilities are valued at current unit value, *i.e.* on the basis of the fair value of the financial investments backing those contracts at the balance sheet date together with rights to future management fees, also known as Deferred Origination Costs (DOC, described in paragraph 1.7.3).

UNEARNED FEES RESERVES

Fees received at inception of an investment contract with no discretionary participating features to cover future services are recognized as liabilities and accounted in the income statement based on the same amortization pattern as the one used for deferred origination costs.

1.15 REINSURANCE

The Group assumes and cedes reinsurance in the normal course of business. Assumed reinsurance refers to the Group's acceptance of certain insurance risks that other companies have underwritten. Ceded reinsurance refers to the transfer of insurance risk, along with the related premiums, to other reinsurers who will assume the risks. Indeed, in the normal course of business, the Group seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk assumed in various areas of exposure with other insurers or reinsurers.

When these contracts meet the insurance contracts classification requirements, transactions relating to reinsurance are accounted for in the balance sheet and income statement in a similar way to direct business transactions in agreement with contractual clauses. Reinsurance premiums ceded are expensed (and any commissions recorded thereon are earned) on a monthly pro-rata basis over the period the reinsurance coverage is provided. Ceded unearned reinsurance premiums represent the portion of premiums ceded applicable to the unexpired term of policies in force. Reinstatement premiums ceded are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully expensed when recognized. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Provisions are made for estimated unrecoverable reinsurance.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognizes that impairment loss in the income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

If the Group determines that reinsurance contracts do not meet the insurance contracts definition and/or principally transfers financial risk, the agreement is recorded using the deposit method of accounting. Deposits received are included in payables and deposits made are included within receivables. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted as appropriate.

1.16 FINANCING DEBT

Financing debt issued to finance the solvency requirements of operational entities or to acquire a portfolio of contracts is isolated in a specific aggregate of the statement of financial position and is accounted for at amortized cost.

1.17 OTHER LIABILITIES

1.17.1 Income taxes

The current income tax expense (benefit) is recorded in the income statement on the basis of local tax regulations.

Deferred tax assets and liabilities emerge from temporary differences between the accounting and fiscal values of assets and liabilities, and when applicable from tax loss carry forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences taking into account the existence of tax groups and any legal or regulatory requirements on the limits (in terms of amounts or timing) relating to the carry forwards of unused tax credits. The recoverability of deferred tax assets recognized in previous periods is re-assessed at each closing.

In particular, a deferred tax liability is recognized for any taxable temporary difference relating to the value of shares in a consolidated company held, unless the Group controls at what date the temporary difference will reverse and it is probable that the temporary difference will not reverse in the foreseeable future. If a Group company decides to sell its stake in another consolidated entity, the difference between the carrying value and the tax value of these shares for the company that holds them leads to the recognition of deferred tax (including as part of a business combination when the Group as the buyer intends to sell or carry out internal restructuring of the shares following the acquisition). The same approach applies to dividend payments that have been voted or deemed likely, to the extent that a tax on dividends will be due.

Deferred taxes for taxable temporary differences relating to tax deductible goodwill are recognized to the extent they do not arise from the initial recognition of goodwill. These deferred taxes are only released if the goodwill is impaired or if the corresponding consolidated shares are sold.

The measurement of deferred tax liabilities and deferred tax assets reflects the expected tax impact, at the balance sheet date. That would follow the way the Group expects to recover or settle the carrying amount of its assets and liabilities. When income taxes are calculated at a different rate if dividends are paid, deferred taxes are measured at the tax rate applicable to undistributed profits. The income tax consequences of dividends are only accounted when a liability to pay the dividend is recognized.

1.17.2 Pensions and other post-retirement benefits

Pensions and other post-retirement benefits include the benefits payable to AXA Group employees after they retire (retirement compensation, additional pension benefit, health insurance). In order to meet those obligations, some regulatory frameworks have allowed or enforced the set up of dedicated funds (plan assets).

Defined contribution plans: payments are made by the employer to a third party (*e.g.* pension trusts). These payments free the employer of any further commitment, and the obligation to pay acquired benefits to the employees is transferred. The contributions paid by the employer are recorded as an expense in the income statement and no liability needs to be recorded once contributions are made.

Defined benefit plans: an actuarial assessment of the commitments based on each plan's internal rules is performed. The present value of the future benefits paid by the employer, known as the DBO (Defined Benefit Obligation), is calculated annually on the basis of long-term projections of rate of salary increase, inflation rate, mortality, staff turnover, pension indexation and remaining service lifetime. The amount recorded in the balance sheet for employee defined benefit plans is the difference between the present value of the Defined Benefit Obligation and the market value at the balance sheet date of the corresponding invested plan assets after adjustment for any minimum funding requirement or any asset ceiling effect. If the net result is positive, a provision is recorded under the provision for risks and charges heading. If the net result is negative, a prepaid pension asset is recorded in the balance sheet but not more than its recoverable amount (asset ceiling). Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in shareholders' equity (in Other Comprehensive Income) in full in the period in which they occur. Similarly, the actual return on assets and any change in asset ceiling, excluding the net interest income on assets, is recognized in shareholders' equity. The regular impact in the income statement mainly relates to the current service cost (annually accruing employee benefit) and the net interest on the amount recorded in the opening balance sheet (unwinding of discount applied to the net liability/asset at start of the annual period, taking into account contributions and benefits payments during the period). Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment to a defined benefit plan. It is recognized totally and immediately in the income statement when incurred. Gains and losses on the settlement of a defined benefit plan also have an impact in the income statement when the settlement occurs.

It should be noted that, all cumulative past actuarial gains and losses on all employee benefit plans were recognized in retained earnings as of January 1, 2004, AXA Group's transition date.

1.17.3 Share-based compensation plans

The Group's share-based compensation plans are predominantly settled in equities.

All equity-settled share-based compensation plans are accounted for at fair value at the date they were granted and the fair value is expensed over the vesting period.

Cash-settled share-based compensation plans are recognized at fair value, which is remeasured at each balance sheet date with any change in fair value recognized in the statement of income.

The AXA Shareplan issued under a specific French regulatory framework includes a traditional and a leveraged formula (with an application subject to specific local regulations within the Group).

The cost of the traditional formula of Shareplan is valued according to the specific guidance issued in France by the ANC *(Autorité des Normes Comptables)*. The cost of the leveraged formula plan is valued by taking into account the five-year lock-up period for the employees (as in the traditional plan) but adding the value of the advantage granted to the employees by enabling them to benefit from an institutional derivatives-based pricing instead of a retail pricing.

1.18 PROVISIONS FOR RISKS, CHARGES AND CONTINGENT LIABILITIES

1.18.1 Restructuring costs

Restructuring provisions other than those that may be recognized on the balance sheet of an acquired company on the acquisition date are recorded when the Group has a present obligation evidenced by a binding sale agreement or a detailed formal plan whose main features are announced to those affected or to their representatives.

1.18.2 Other provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the provision can be reliably estimated.

Provisions are not recognized for future operating losses. The same applies to contingent liabilities, except if identified at the time of a business combination (see paragraph 1.3.2).

Provisions are measured at management's best estimate, at the balance sheet date, of the expenditure required to settle the obligation, discounted at the market risk-free rate of return for long term provisions.

1.19 REVENUE RECOGNITION

1.19.1 Gross written premiums

Gross written premiums correspond to the amount of premiums written by insurance and reinsurance companies on business incepted in the year with respect to both insurance contracts and investment contracts with discretionary participating features, net of cancellations and gross of reinsurance ceded. For reinsurance, premiums are recorded on the basis of declarations made by the ceding company, and may include estimates of gross written premiums. Any subsequent differences arising on such estimates are recorded in the period they are determined. For multi-year reinsurance treaties which are payable in annual installments, generally, only the initial annual installment is included as premiums written at policy inception due to the ability of the reinsured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the multi-year term.

Reinstatement premiums are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully earned when recognized.

Retroactive loss portfolio transfer contracts are evaluated to determine whether they meet the established criteria for reinsurance accounting, and, if so, at inception, written premiums are fully earned and corresponding losses and loss expense recognized. The contracts can cause significant variances in gross premiums written, net premiums written, net premiums earned, and net incurred losses in the years in which they are written.

1.19.2 Fees and revenues from investment contracts with no discretionary participating features

Amounts collected as premiums from investment contracts with no discretionary participating features are reported as deposits net of any loadings and policy fees. Revenues from these contracts consist of loadings and policy fees relating to underwriting, investment management, administration and surrender of the contracts during the period. Front-end fees collected corresponding to fees for future services are recognized over the estimated life of the contract (see "Unearned fees reserves" paragraph 1.14.3).

1.19.3 Deposit accounting

Investment contracts with no discretionary participating features fall within the scope of IAS 39. Deposit accounting applies to these contracts, which involves the following:

- the Group directly recognizes the consideration received (apart from potential fees) as a deposit financial liability rather than as revenues;
- claims paid are recognized as withdrawals with no posting in the income statement apart from potential fees.

1.19.4 Unbundling

The Group unbundles the deposit component of contracts when required by IFRS 4, *i.e.* when both the following conditions are met:

- the Group can measure separately the "deposit" component (including any embedded surrender option, *i.e.* without taking into account the "insurance" component);
- the Group accounting methods do not otherwise require the recognition of all obligations and rights arising from the "deposit" component.

No such situation currently exists within the Group. In accordance with IFRS 4, the Group continues to use the accounting principles previously applied by AXA to insurance contracts and investment contracts with discretionary participating features. According to these principles, all rights and obligations related to contracts are recognized.

1.19.5 Change in unearned premiums reserves net of unearned revenues and fees

Changes in unearned premium reserves net of unearned revenues and fees include both the change in the unearned premiums reserve reported as a liability (see "Unearned premiums reserves" in paragraph 1.14.2) and the change in unearned revenues and fees. Unearned revenues and fees correspond to upfront charges for future services recognized over the estimated life of insurance and investment contracts with discretionary participating features (see "Unearned revenues reserves" in paragraph 1.14.2) and investment contracts with no discretionary participating features (see paragraph 1.14.3 "Unearned fees reserves").

1.19.6 Net revenues from banking activities

Net revenues from banking activities comprise all revenues and expenses from banking operations, including interest expenses not related to financing, banking fees, capital gains and losses on sales of financial assets, changes in the fair value of assets under the fair value option and related derivatives.

They exclude bank operating expenses and change in bad debt provisions, doubtful receivables or loans, which are recorded in "Bank operating expenses".

1.19.7 Revenues from other activities

Revenues from other activities mainly include:

- commissions received and fees for services relating to Asset Management activities;
- insurance companies revenues from non-insurance activities, notably commissions received on the sales or distribution of financial products; and
- rental income received by real estate management companies.

Revenue is recognized when the Group satisfies a performance obligation by transferring a service to a customer. In particular, as asset management entities of the Group deliver investment management services to their clients, revenue for providing this service may theoretically occur over-time, with a time-based measure of progress, which is relevant as the service is provided continuously over the contract period. However, according to IFRS 15, revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a result, as management fees and performance fees received by the Group are generally calculated based on a percentage of assets under management (AUM), they are considered as variable considerations, which are subject to market volatility and are recognized only when uncertainty is resolved.

1.19.8 Net investment result excluding financing expenses

Net investment result includes:

- investment income from investments other than from banking activities, net of depreciation expense on real estate investments (depreciation expense relating to owner occupied properties is included in "administrative expenses"); this item includes interest received calculated using the effective interest method for debt instruments and dividends received on equity instruments;
- investment management expenses (excluding financing debt expenses);
- realized investment gains and losses net of releases of impairment following sales;
- the change in unrealized gains and losses on invested assets measured at fair value through profit or loss; and
- the change in impairment of investments (excluding releases of impairment following sales).

In respect of banking activities, interest income and expenses are included in the "Net revenue from banking activities" (see paragraph 1.19.6).

1.20 SUBSEQUENT EVENTS

Subsequent events relate to events that occur between the balance sheet date and the date when the financial statements are authorized for issue:

- such events lead to an adjustment of the Consolidated Financial Statements if they provide evidence of conditions that existed at the balance sheet date;
- such events result in additional disclosures if indicative of conditions that arose after the balance sheet date, and if relevant and material.

Note 2 Scope of consolidation

2.1 CONSOLIDATED COMPANIES

2.1.1 Main fully consolidated companies

	Change in scope	December 31, 2019		December 31, 2018	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
AXA SA and Other Holdings					
France					
AXA		Parent company		Parent company	
CFP Management		100.00	100.00	100.00	100.00
AXA Group Operations SAS		100.00	100.00	100.00	100.00
Société Beaujon		100.00	100.00	100.00	100.00
AXA China		100.00	100.00	100.00	100.00
AXA Asia		100.00	100.00	100.00	100.00
AXA US Holding	Merged with XL Group	-	-	100.00	100.00
France					
AXA France IARD		99.92	99.92	99.92	99.92
AXA France Vie		99.77	99.77	99.77	99.77
AXA Protection Juridique		98.52	98.44	98.52	98.44
Avanssur		100.00	100.00	100.00	100.00
AXA France Participations		100.00	100.00	100.00	100.00
Genworth Financial European Group Holdings		100.00	100.00	100.00	100.00
Financial Assurance Company Limited (Genworth)	Merged with AXA France Vie	-	-	100.00	99.77
Financial Insurance Company Limited (Genworth)	Merged with AXA France IARD	-	-	100.00	99.92
AXA Banque		100.00	99.89	100.00	99.89
AXA Banque Financement		65.00	64.93	65.00	64.93
Europe					
Germany					
AXA Versicherung AG		100.00	100.00	100.00	100.00
AXA Lebensversicherung AG		100.00	100.00	100.00	100.00
Deutsche Ärzteversicherung		100.00	100.00	100.00	100.00
AXA Krankenversicherung AG		100.00	100.00	100.00	100.00
Kölnische Verwaltungs AG für Versicherungswerte		100.00	100.00	100.00	100.00
AXA Konzern AG		100.00	100.00	100.00	100.00
AXA Bank AG		100.00	100.00	100.00	100.00
Roland Rechtsschutz-Versicherungs-AG		60.00	60.00	60.00	60.00
United Kingdom & Ireland					
Guardian Royal Exchange Plc		100.00	99.98	100.00	99.98
AXA UK Plc		100.00	99.98	100.00	99.98

5

	Change in scope	December 31, 2019 Voting rights percentage	December 31, 2019 Group share of interests	December 31, 2018 Voting rights percentage	December 31, 2018 Group share of interests
AXA Equity & Law Plc		99.96	99.96	99.96	99.96
AXA Insurance UK Plc		100.00	99.98	100.00	99.98
AXA PPP Healthcare Limited		100.00	99.98	100.00	99.98
Architas Multi-Manager Limited		100.00	100.00	100.00	100.00
AXA Insurance Limited		100.00	99.98	100.00	99.98
AXA Life Europe Limited		100.00	100.00	100.00	100.00
Spain					
AXA Seguros Generales, S. A.	Relution	99.92	99.92	99.90	99.90
AXA Aurora Vida, S.A. de Seguros	Relution	99.84	99.84	99.83	99.83
Switzerland					
AXA Life		100.00	100.00	100.00	100.00
AXA-ARAG Legal Assistance		66.67	66.67	66.67	66.67
AXA Insurance		100.00	100.00	100.00	100.00
Italy					
AXA Assicurazioni e Investimenti		100.00	100.00	100.00	100.00
AXA MPS Vita		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Danni		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Financial		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
Belgium					
Ardenne Prévoyante		100.00	100.00	100.00	100.00
AXA Belgium SA		100.00	100.00	100.00	100.00
AXA Holdings Belgium		100.00	100.00	100.00	100.00
Yuzzu SA (previously Touring Assurances SA)		100.00	100.00	100.00	100.00
Asia					
National Mutual International Pty Ltd.		100.00	100.00	100.00	100.00
Japan					
AXA Holdings Japan	New company	98.70	98.70	-	-
AXA Life Insurance	Relution	100.00	98.70	98.69	98.69
AXA Non Life Insurance Co. Ltd.	Relution	100.00	98.70	100.00	98.69
Hong Kong					
AXA China Region Limited		100.00	100.00	100.00	100.00
AXA General Insurance Hong Kong Ltd.		100.00	100.00	100.00	100.00
China					
AXA Tianping	From Equity Method to Full Consolidation	100.00	100.00	-	-
Indonesia					
MLC Indonesia		100.00	100.00	100.00	100.00
Thailand					
AXA Insurance Public Company Limited		99.47	99.47	99.47	99.47
South Korea					
Kyobo AXA General Insurance Co. Ltd.		99.71	99.71	99.71	99.71

	Change in scope	December 31, 2019		December 31, 2018	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
AXA XL					
XL Group [(a)]		100.00	100.00	100.00	100.00
AXA Corporate Solutions Assurance (sub group)	Merged with XL Group	-	-	98.75	98.75
AXA Art	Merged with XL Group	-	-	100.00	100.00
United States					
Equitable Holdings, Inc. (previously AXA America Holdings, Inc.)	Disposal	-	-	59.25	59.25
AXA Equitable Life Insurance Company	Disposal	-	-	100.00	59.25
AB (sub group)	Disposal	-	-	65.16	38.61
International					
AXA Mediterranean Holding SA		100.00	100.00	100.00	100.00
AXA Bank Belgium (sub group)		100.00	100.00	100.00	100.00
Colombia					
AXA Colpatria Seguros		51.00	51.00	51.00	51.00
AXA Colpatria Seguros de vida		51.00	51.00	51.00	51.00
Morocco					
AXA Assurance Maroc		100.00	100.00	100.00	100.00
AXA Al Amane Assurance		100.00	100.00	100.00	100.00
AXA Holding Maroc S.A.		100.00	100.00	100.00	100.00
Turkey					
AXA Hayat ve Emeklilik A.S.		100.00	100.00	100.00	100.00
AXA Sigorta AS		92.61	92.61	92.61	92.61
AXA Turkey Holding W.L.L		100.00	100.00	100.00	100.00
The Gulf Region					
AXA Cooperative Insurance Company		50.00	34.00	50.00	34.00
AXA Insurance B.S.C.c.		50.00	50.00	50.00	50.00
Greece					
AXA Insurance A.E.		99.98	99.98	99.98	99.98
Mexico					
AXA Seguros S.A. de C.V.		100.00	100.00	100.00	100.00
Luxembourg					
AXA Assurances Luxembourg		100.00	100.00	100.00	100.00
AXA Assurances Vie Luxembourg		100.00	100.00	100.00	100.00
AXA Luxembourg SA		100.00	100.00	100.00	100.00
Czech Republic & Slovakia					
AXA Czech Republic Pension Funds	Relution	100.00	100.00	99.99	99.99
AXA Czech Republic Insurance		100.00	100.00	100.00	100.00
AXA Slovakia		100.00	100.00	100.00	100.00
Poland					
AXA Poland		100.00	100.00	100.00	100.00
AXA Poland Pension Funds		100.00	100.00	100.00	100.00
AXA Ubezpieczenia TUIR S.A		100.00	100.00	100.00	100.00

(a) XL Group mainly operates in the United States, the United Kingdom, Bermuda, Switzerland, France, Ireland, Singapore, germany, Australia and Canada.

		December 31, 2019		December 31, 2018	
	Change in scope	Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Singapore					
AXA Financial Services Singapore pte Ltd.		100.00	100.00	100.00	100.00
AXA Life Insurance Singapore		100.00	100.00	100.00	100.00
AXA Insurance Singapore		100.00	100.00	100.00	100.00
Malaysia					
AXA Affin General Insurance Berhad		50.00	50.00	50.00	50.00
India					
AXA India Holding		100.00	100.00	100.00	100.00
Other					
AXA Investment Managers (sub group)	Dilution	97.58	97.57	97.80	97.73
AXA Global Re		100.00	100.00	100.00	100.00
AXA Assistance SA (sub group)		100.00	100.00	100.00	100.00
Colisée Ré		100.00	100.00	100.00	100.00

Main changes in scope of consolidation are detailed in Note 5.

CONSOLIDATED INVESTMENT FUNDS AND REAL ESTATE COMPANIES

As of December 31, 2019, investment funds represented a total of €128,129 million invested assets (€117,337 million at the end of 2018), corresponding to 287 investment funds mainly in France, Japan, Germany, Switzerland and Belgium.

In most investment funds (particularly open-ended investment funds), minority interests are presented as liabilities under "Minority interests of consolidated investment funds". As of December 31, 2019, minority interests in consolidated investment funds amounted to €8,567 million (€6,799 million as of December 31, 2018). Minority interests related to consolidated investment funds and real estate companies that are classified in shareholder's equity amounted to €2,848 million as of December 31, 2019 (€3,269 million as of December 31, 2018).

As of December 31, 2019, 26 consolidated real estate companies corresponded to a total of €17,876 million invested assets (€12,798 million at the end of 2018) mainly in France, Germany, Switzerland and Japan.

MAIN SUBSIDIARIES WITH MINORITY INTERESTS

As regards main subsidiaries with minority interests (other than investment funds and real estate companies):

- the financial information of Equitable Holdings, Inc. (no longer consolidated within AXA Group as of December 31, 2019) is available in Part II – Item 8. Financial Statements and Supplementary Data of its Annual Report for the year ended December 31, 2019, which is filed with the SEC;
- summarized financial information of AXA MPS is as follows (including AXA and external share but excluding goodwill related to AXA's holdings and before intercompany eliminations with other companies of the Group):

(in Euro million)	December 31, 2019 AXA MPS	December 31, 2018 AXA MPS
Net consolidated income - Minority Interests	89	68
Minority interests	1,190	1,044
Dividends paid to minority interests	(19)	(84)
Cash and cash equivalents	378	184
Total investments	29,236	25,985
Other assets	1,683	1,780
Total Assets	**31,297**	**27,949**
Liabilities arising from insurance & investment contracts	28,018	24,983
Other Liabilities	899	878
Total Liabilities (excluding shareholders' equity)	**28,917**	**25,861**
Total Revenues	3,837	3,312
Net Income	**178**	**136**
Other Comprehensive Income	154	(156)
Total Comprehensive Income	**332**	**(20)**

Excluding minority interests related to consolidated investment funds and real estate companies that are classified in shareholders' equity, these minority interests represent 49% of minority interests of the Group as of December 31, 2019 (1% as of December 31, 2018).

2.1.2 Main investments in companies accounted for using the equity method

Companies accounted for using the equity method listed below exclude investment funds and real estate entities:

		December 31, 2019		December 31, 2018	
	Change in scope	Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
France					
Neuflize Vie		39.98	39.98	39.98	39.98
Asia					
Philippines AXA Life Insurance Corporation		45.00	45.00	45.00	45.00
Krungthai AXA Life Insurance Company Ltd.		50.00	50.00	50.00	50.00
ICBC-AXA Life Insurance Co., Ltd.		27.50	27.50	27.50	27.50
PT AXA Mandiri Financial Services		49.00	49.00	49.00	49.00
AXA Tianping	From Equity Method to Full Consolidation	-	-	50.00	50.00
AXA SPDB Investment Managers Company limited	Dilution	39.00	38.05	39.00	38.11
International					
Reso Garantia (RGI Holdings S.a.r.l.) (Russia)		39.34	39.34	39.34	39.34
Bharti AXA Life (India)		49.00	49.00	49.00	49.00
Bharti AXA General Insurance Company Limited (India)		49.00	49.00	49.00	49.00
AXA Middle East SAL (Lebanon)	Dilution	50.99	50.99	51.00	51.00
AXA Mansard Insurance plc (Nigeria)	Dilution	76.48	76.48	77.79	77.79
Other					
AXA Investment Managers Asia Holdings Private Limited	Dilution	49.00	47.81	49.00	47.89
Kyobo AXA Investment Managers Company Limited	Dilution	50.00	48.79	50.00	48.86

Main changes in scope of consolidation are detailed in Note 10.

5

INVESTMENT FUNDS AND REAL ESTATE ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2019, real estate companies accounted for using the equity method amounted to €154 million invested assets (€157 million at the end of 2018) and investment funds accounted for using the equity method amounted to €7,782 million invested assets (€4,979 million at the end of 2018), mainly in the United Kingdom, Ireland, France, Belgium and Germany.

2.2 UNCONSOLIDATED STRUCTURED ENTITIES

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when relevant activities are directed by means of contractual arrangements. Structured entities often have a narrow and well-defined objective or restricted activities.

The Group does not hold significant interests in unconsolidated insurance/reinsurance structured entities.

Furthermore, given its insurance business, the Group holds direct investments in corporates of various sectors, such as debt instruments, equity securities and loans. These investments are not designed to be done in structured entities and the whole Group's exposure is reflected on the consolidated balance sheet.

In addition, the Group holds interests in investment funds including real estate companies. Some of these funds are fully consolidated or accounted for using the equity method (see Note 2.1.). Other funds are not consolidated because they are not controlled or under significant influence. By nature, and notably because of the power of decision usually given to the asset managers (internal or external to AXA), most of these funds are structured entities.

As investor, AXA's interests in unconsolidated funds are limited to the investments held. These ones are fully recognized in the consolidated balance sheet. Depending on the nature of its investment, AXA receives interests or dividends and can realize capital gains or losses in case of sale. These investments are subject to impairment testing as any financial asset.

The Group's asset manager companies also receive fees for the services they provide when they manage investment funds. Some unconsolidated funds managed by the Group are partially or fully held by external investors.

Information on these unconsolidated investment funds are provided in different sections of this Annual Report:

- Section 1.1 "Key figures": AXA's total assets under management including assets managed on behalf of third parties;
- Section 2.3 "Activity report";
- Section 5.6 "Notes to the consolidated financial statements":
  - Note 9 "Investments" with the breakdown of investments and detail on non-consolidated investment funds in Note 9.8,
  - Note 22 "Net investment result excluding financing expenses".

Note 3 Consolidated statement of income by segment

AXA's Chief Executive Officer (CEO), acting as chief operating decision maker, is a member of the Board of Directors. He is assisted by a Management Committee in the operational management of the Group and by a group of senior executives, the so-called Partners' Group, in developing and implementing any strategic initiatives. The financial information related to AXA's business segments and Holding companies reported to the Board of Directors twice a year is consistent with the presentation provided in the consolidated financial statements.

The results of operating activities and non-operating activities are presented on the basis of seven segments: France, Europe, Asia, AXA XL, the United States, International, and Transversal & Central Holdings.

As a consequence of the loss of control of AXA Group over Equitable Holdings, Inc. ("EQH") as of March 31, 2019, the United States contribution to the consolidated financial statements was reported:

- as fully consolidated from January 1, 2019, to March 31, 2019;
- in "income from investment accounted for using the equity method" from April 1, 2019, to November 13, 2019;
- as financial investment available for sale from November 13, 2019, to December 31, 2019, following the loss of the significant influence of AXA over EQH.

It includes Life & Savings activities in the United States, Asset Management services offered by AB, and US holdings.

As of December 31, 2019, the CEOs supervising the other main geographies (respectively CEO of AXA France, CEO of AXA in Europe, CEO of AXA in Asia, CEO of AXA XL, CEO of International) are members of the Management Committee.

Key transversal entities and Central Holdings are managed alongside these geographies.

France: The France market consists of Life & Savings and Property & Casualty activities, AXA Banque France and France holdings.

Europe: The Europe market consists of Life & Savings and Property & Casualty activities in Switzerland, Germany, Belgium, United Kingdom & Ireland, Spain and Italy. The German bank and the holding companies in these countries are also included. The direct and traditional entities are reported within their respective countries.

Asia: The Asian market consists of Life & Savings activities in Japan, Hong Kong and Asia High Potentials (Thailand, Indonesia, China and the Philippines) as well as Property & Casualty activities in Hong Kong and Asia High Potentials (Thailand and China). The Asia-Direct entities (Japan and South Korea) and the Asia holdings are also included.

AXA XL: The AXA XL market mainly consists of Property & Casualty activities at XL Group, as well as AXA Corporate Solutions Assurance and AXA Art. XL holdings are also included.

International: The International market consists of Life & Savings and Property & Casualty activities in 14 countries within Europe, Middle East, Africa & Latin America as well as in Singapore, Malaysia and India. AXA Bank Belgium and holding companies in these countries are also included.

Transversal & Central Holdings: includes transversal entities namely AXA Investment Managers, AXA Assistance, AXA Liabilities Managers, AXA Global Re, AXA Life Europe, as well as AXA SA and other Central Holdings.

The intersegment eliminations include only operations between entities from different countries and operating activities. They mainly relate to reinsurance treaties, assistance guarantees recharging, asset management fees and interests on loans within the Group.

In this document, "Insurance" covers the three insurance activities: Life & Savings, Property & Casualty and Health.

3.1 CONSOLIDATED STATEMENT OF INCOME BY SEGMENT

	December 31, 2019									
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Transversal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insurance* [(a)]
Gross written premiums	26,242	34,207	9,849	18,856	3,321	6,644	1,519	(785)	99,852	*99,852*
Fees and charges relating to investment contracts with no participating features	1	128	39	-	-	76	-	-	244	*244*
Revenues from insurance activities	**26,243**	**34,334**	**9,888**	**18,856**	**3,321**	**6,720**	**1,519**	**(785)**	**100,096**	***100,096***
Net revenues from banking activities	170	12	-	-	-	318	-	12	512	-
Revenues from other activities	6	338	-	0	1,007	67	1,967	(461)	2,924	*1,040*
Revenues	**26,419**	**34,685**	**9,888**	**18,856**	**4,328**	**7,104**	**3,486**	**(1,234)**	**103,532**	***101,136***
Change in unearned premiums net of unearned revenues and fees	**34**	**(188)**	**(39)**	**(1,193)**	**(11)**	**(173)**	**(6)**	**34**	**(1,543)**	***(1,543)***
Net investment income [(b)]	4,534	4,996	1,429	1,098	(375)	536	(32)	(71)	12,115	*10,856*
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	561	808	315	120	(9)	8	(449)	2	1,356	*1,803*
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(c)]	5,094	822	1,219	(112)	11,139	310	0	2	18,475	*19,317*
of which change in fair value of assets with financial risk borne by policyholders	*4,921*	*1,431*	*1,293*	-	*9,926*	*257*	*458*	*1*	*18,286*	*18,286*
Change in investments impairment	(268)	(170)	(43)	(27)	-	(10)	(308)	-	(826)	*(504)*
Net investment result excluding financing expenses	**9,920**	**6,456**	**2,921**	**1,078**	**10,754**	**845**	**(788)**	**(66)**	**31,121**	***31,473***
Technical charges relating to insurance activities	(28,799)	(30,644)	(9,490)	(12,700)	(13,600)	(4,727)	(1,927)	403	(101,484)	*(101,484)*
Net result from outward reinsurance	(132)	(347)	(124)	(801)	93	(266)	132	327	(1,118)	*(1,118)*
Bank operating expenses	(15)	(5)	-	-	-	(47)	-	-	(67)	-
Acquisition costs	(3,057)	(4,001)	(1,241)	(2,123)	(319)	(1,316)	(521)	96	(12,482)	*(12,482)*
Amortization of the value of purchased business in force	-	(60)	(24)	(557)	(0)	(3)	-	-	(644)	*(644)*
Administrative expenses	(1,657)	(2,666)	(586)	(2,034)	(742)	(877)	(2,655)	494	(10,722)	*(7,740)*
Change in goodwill impairment and other intangible assets impairment	-	(47)	(17)	(47)	(7)	(35)	(1)	-	(153)	*(146)*
Other income and expenses [(d)]	(26)	(34)	(25)	(9)	(113)	(541)	454	(304)	(598)	*(220)*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Include net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe (see Note 5.3).
(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

	December 31, 2019									
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Intersegment eliminations	Total	*of which Insurance* [(a)]
Other operating income and expenses	**(33,685)**	**(37,804)**	**(11,508)**	**(18,270)**	**(14,689)**	**(7,811)**	**(4,519)**	**1,016**	**(127,269)**	***(123,835)***
Income from operating activities before tax	**2,688**	**3,149**	**1,261**	**472**	**382**	**(34)**	**(1,826)**	**(251)**	**5,840**	***7,231***
Income (net of impairment) from investment accounted for using the equity method	11	-	210	(2)	174	89	22	-	504	*425*
Financing debt expenses	(2)	(47)	(13)	(164)	(52)	(17)	(676)	251	(720)	*(43)*
Net income from operating activities before tax	**2,697**	**3,101**	**1,457**	**306**	**504**	**38**	**(2,480)**	**-**	**5,624**	***7,613***
Income tax	(753)	(657)	(246)	(133)	(39)	(145)	554	-	(1,419)	*(920)*
Net operating income	**1,945**	**2,444**	**1,211**	**173**	**465**	**(107)**	**(1,926)**	**-**	**4,206**	***6,693***
Net loss on Group Life porfolio in Switzerland [(e)]	-	(24)	-	-	-	-	-	-	(24)	*(24)*
Net consolidated income after tax	**1,945**	**2,420**	**1,211**	**173**	**465**	**(107)**	**(1,926)**	**-**	**4,181**	***6,668***
Split between:										
Net consolidated income - Group share	**1,940**	**2,318**	**1,204**	**173**	**321**	**(169)**	**(1,932)**	**-**	**3,857**	**6,408**
Net consolidated income - Minority interests	4	102	7	-	143	62	7	-	325	*260*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Include net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe (see Note 5.3).
(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

	December 31, 2018 restated [(a)]									
(in Euro million)	**France**	**Europe**	**Asia**	**AXA XL**	**United States**	**Interna-tional**	**Transversal & Central Holdings**	**Interseg-ment eli-minations**	**Total**	***of which Insurance*** [(b)]
Gross written premiums	25,118	36,288	8,966	6,298	12,508	6,177	1,450	(497)	96,309	*96,309*
Fees and charges relating to investment contracts with no participating features	1	130	36	-	-	82	-	-	249	*249*
Revenues from insurance activities	**25,119**	**36,418**	**9,002**	**6,298**	**12,508**	**6,259**	**1,450**	**(497)**	**96,558**	***96,558***
Net revenues from banking activities	124	23	-	-	-	327	-	11	484	-
Revenues from other activities	6	259	1	-	4,089	62	1,951	(536)	5,832	*1,877*
Revenues	**25,249**	**36,700**	**9,003**	**6,298**	**16,598**	**6,648**	**3,401**	**(1,023)**	**102,874**	***98,435***
Change in unearned premiums net of unearned revenues and fees	**(47)**	**(109)**	**(199)**	**(222)**	**12**	**(128)**	**34**	**6**	**(653)**	***(653)***
Net investment income [(c)]	4,630	5,851	1,401	396	3,514	556	301	(51)	16,597	*15,338*
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	579	1,157	142	68	(30)	37	26	3	1,982	*1,953*
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(d)]	(2,872)	(1,358)	(843)	(81)	(7,613)	(26)	(311)	(1)	(13,104)	*(12,871)*
of which change in fair value of assets with financial risk borne by policyholders	*(2,558)*	*(942)*	*(785)*	-	*(6,109)*	*(29)*	*(280)*	*(2)*	*(10,706)*	*(10,706)*
Change in investments impairment	(480)	(456)	(140)	(61)	(39)	(63)	(31)	-	(1,271)	*(1,193)*
Net investment result excluding financing expenses	**1,857**	**5,193**	**560**	**322**	**(4,167)**	**503**	**(15)**	**(49)**	**4,205**	***3,228***
Technical charges relating to insurance activities	(20,126)	(31,555)	(6,449)	(4,854)	(6,778)	(4,281)	(1,302)	276	(75,069)	*(75,069)*
Net result from outward reinsurance	(249)	(342)	(72)	123	7	(228)	276	200	(285)	*(285)*
Bank operating expenses	(9)	(6)	-	-	-	(56)	-	-	(70)	-
Acquisition costs	(2,919)	(3,922)	(1,139)	(935)	(602)	(1,237)	(483)	35	(11,201)	*(11,201)*
Amortization of the value of purchased business in force	-	(23)	(35)	(408)	(1)	(3)	-	-	(470)	*(470)*
Administrative expenses	(1,421)	(2,540)	(490)	(609)	(2,895)	(869)	(2,588)	436	(10,976)	*(6,649)*
Change in goodwill impairment and other intangible assets impairment	-	(41)	(16)	(12)	(6,335)	(37)	(1)	-	(6,441)	*(1,898)*
Other income and expenses	(8)	(26)	(90)	(3)	(339)	60	479	(181)	(109)	*(194)*
Other operating income and expenses	**(24,732)**	**(38,456)**	**(8,290)**	**(6,699)**	**(16,942)**	**(6,651)**	**(3,618)**	**766**	**(104,621)**	***(95,766)***
Income from operating activities before tax	**2,328**	**3,329**	**1,074**	**(300)**	**(4,500)**	**372**	**(198)**	**(299)**	**1,805**	***5,244***

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(c) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(d) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

	December 31, 2018 restated [a]									
(in Euro million)	**France**	**Europe**	**Asia**	**AXA XL**	**United States**	**Interna-tional**	**Transversal & Central Holdings**	**Interseg-ment eli-minations**	**Total**	***of which Insurance* [b]**
Income (net of impairment) from investment accounted for using the equity method	20	(6)	119	(3)	-	137	20	-	286	*274*
Financing debt expenses	2	(23)	-	(62)	(173)	(18)	(588)	299	(562)	*(3)*
Net income from operating activities before tax	**2,349**	**3,301**	**1,193**	**(365)**	**(4,673)**	**492**	**(766)**	**-**	**1,530**	***5,515***
Income tax	(709)	(691)	(200)	(81)	53	(89)	244	-	(1,474)	*(942)*
Net operating income	**1,640**	**2,609**	**993**	**(447)**	**(4,620)**	**402**	**(522)**	**-**	**55**	***4,573***
Net loss on Group Life portfolio in Switzerland [e]	-	(428)	-	-	-	-	-	-	(428)	*(428)*
Net consolidated income after tax	**1,640**	**2,181**	**993**	**(447)**	**(4,620)**	**402**	**(522)**	**-**	**(373)**	***4,145***
Split between:										
Net consolidated income - Group share	**1,635**	**2,106**	**986**	**(428)**	**(1,986)**	**355**	**(527)**	**-**	**2,140**	***4,549***
Net consolidated income - Minority interests	5	75	7	(18)	(2,634)	47	5	-	(2,513)	*(404)*

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

(b) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.

(c) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.

(d) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.

(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

Note 4 Financial and insurance Risk Management

All of the following paragraphs form an integral part of the Group financial statements. They appear in Section 4 "Risk Factors and Risk Management" and Section 2.4 "Liquidity and capital Resources" of this Annual Report:

4.1 RISK MANAGEMENT ORGANIZATION

Please refer to pages 179 to 184 of Section 4.2 "Internal control and Risk Management" subsections "Risk management and Internal Control Organization", "Financial reporting, disclosure, controls and procedures" and "Conclusion".

4.2 MARKET RISKS (INCLUDING SENSITIVITY ANALYSIS)

Please refer to pages 192 to 196 of Section 4.3 "Market risks", subsections "Interest rates & equity risks related to the operating activities of Group subsidiaries" and "Exchange-rate risk related to the operating activities of Group subsidiaries".

4.3 CREDIT RISK

Please refer to pages 197 to 200 of Section 4.4 "Credit risk" subsections "Invested assets: A central monitoring of counterparty exposure", "Credit derivatives", "Counterparty risk arising from over-the-counter (OTC) derivatives", "Receivables from reinsurers: rating processes and factors" and "Bank credit activities".

4.4 INSURANCE RISK

Please refer to pages 203 to 205 of Section 4.6 "Insurance risks", subsections "Product approval", "Exposure Analysis", "Ceded Reinsurance" and "Technical reserves".

4.5 LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 83 to 88 of Section 2.4 "Liquidity and capital resources" subsections "Liquidity, sources and needs for Group operating subsidiaries", "Liquidity position", "Uses of funds", "Impact of regulatory requirements" and "Subsequent events after December 31, 2019 impacting AXA's liquidity".

Note 5 Goodwill

5.1 GOODWILL

An analysis of goodwill by cash generating unit is presented in the table below:

	December 31, 2019			December 31, 2018		
(in Euro million)	Gross value	Accumulated impairment	Net value	Gross value	Accumulated impairment	Net value
France	**225**	**-**	**225**	**225**	**-**	**225**
France Life & Savings	57	-	57	57	-	57
France Property & Casualty	168	-	168	168	-	168
Europe	**5,328**	**-**	**5,328**	**5,148**	**-**	**5,148**
Germany Life & Savings	190	-	190	147	-	147
Germany Property & Casualty	992	-	992	918	-	918
Spain Life & Savings	393	-	393	393	-	393
Spain Property & Casualty	613	-	613	613	-	613
Switzerland Life & Savings	168	-	168	162	-	162
Switzerland Property & Casualty	225	-	225	217	-	217
Italy Life & Savings	424	-	424	424	-	424
Italy Property & Casualty	356	-	356	356	-	356
Belgium Life & Savings	296	-	296	296	-	296
Belgium Property & Casualty	563	-	563	563	-	563
UK & Ireland Life & Savings	18	-	18	17	-	17
UK & Ireland Property & Casualty	1,090	-	1,090	1,042	-	1,042
Asia	**3,530**	**(79)**	**3,451**	**2,784**	**(77)**	**2,707**
AXA Tianping	662	-	662	-	-	-
Japan Life & Savings	1,958	(79)	1,879	1,904	(77)	1,827
Hong Kong Life & Savings	571	-	571	547	-	547
Hong Kong Property & Casualty	198	-	198	194	-	194
Others	141	0	141	139	-	139
AXA XL	**7,615**	**-**	**7,615**	**7,479**	**-**	**7,479**
United States	**-**	**-**	**-**	**7,682**	**(7,682)**	**0**
International	**717**	**0**	**717**	**780**	**0**	**780**
Life & Savings	221	-	221	220	-	220
Property & Casualty	497	0	497	492	0	492
AXA Bank Belgium	-	-	-	68	-	68
Others	-	-	-	-	-	-
Transversal & Central Holdings	**440**	**(0)**	**440**	**432**	**(0)**	**432**
AXA Investment Managers	389	-	389	381	-	381
AXA Assistance	51	(0)	51	51	(0)	50
TOTAL	**17,855**	**(79)**	**17,776**	**24,529**	**(7,758)**	**16,771**

Note: Goodwill related to entities accounted for using the equity method is not presented in this table (see Note 10).

The total goodwill Group share amounted to €17,695 million as of December 31, 2019 and €16,691 million as of December 31, 2018.

Consistent with IAS 36, each unit or group of units to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes within the Group and is never larger than an operating segment as defined by IFRS 8 such as presented in Note 3.

5

5.2 CHANGE IN GOODWILL

5.2.1 Goodwill – change in gross value

(in Euro million)	Gross value January 1, 2019	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes	Gross value December 31, 2019
France	225	-	-	-	-	225
Europe [(a)]	5,148	-	-	63	117	5,328
Asia	2,784	665	-	71	10	3,530
AXA XL	7,479	-	-	136	-	7,615
United States	7,682	-	(7,820)	139	-	-
International [(b)]	780	-	-	5	(68)	717
Transversal & Central Holdings	432	-	-	8	-	440
TOTAL	**24,529**	**665**	**(7,820)**	**422**	**59**	**17,855**

(a) Increase in the valuation of a contingent consideration corresponding to a buyout of minorities interest (€+117 million) related to the business combination occurred in 2006 (see Note 31).
(b) Related to AXA Bank Belgium disposal process (see Note 5.3.3).

(in Euro million)	Gross value January 1, 2018	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes	Gross value December 31, 2018
France	225	-	-	-	-	225
Europe	5,143	-	-	5	-	5,148
Asia	2,603	-	-	181	-	2,784
AXA XL	35	7,354	-	91	-	7,479
United States	7,313	-	-	369	-	7,682
International	805	-	-	(25)	-	780
Transversal & Central Holdings	427	0	-	4	-	432
TOTAL	**16,551**	**7,354**	**-**	**624**	**-**	**24,529**

5.2.2 Goodwill – change in impairment

(in Euro million)	Cumulative impairment January 1, 2019	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other Changes	Cumulative impairment December 31, 2019
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	77	-	-	2	-	79
AXA XL	-	-	-	-	-	-
United States	7,682	-	(7,820)	139	-	-
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**7,758**	**-**	**(7,820)**	**141**	**-**	**79**

(in Euro million)	Cumulative impairment January 1, 2018	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other Changes	Cumulative impairment December 31, 2018
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	71	-	-	6	-	77
AXA XL	-	-	-	-	-	-
United States	1,089	6,329	-	264	-	7,682
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**1,161**	**6,329**	**-**	**269**	**-**	**7,758**

METHODOLOGY BY UNIT

For most Life & Savings businesses Cash Generating Units ("CGUs") recoverability of goodwill is assessed using a fair value approach. For AXA Belgium, the recoverability of the goodwill is assessed using the value in use approach. Both approaches are described in Note 1.

For the CGUs within the Property & Casualty business segment recoverability of goodwill is also assessed using the value in use approach, as described in Note 1. For AXA Investment Managers ("AXA IM") the recoverability of the goodwill is based on a fair value derived from market information, such as the price to earnings ratio of peers, and the earnings expected for the year corresponding to the CGU's scope. The fair value is then compared to the carrying amount to assess the goodwill recoverability.

MAIN ASSUMPTIONS

For the cash generating units (CGUs) within the Property & Casualty business segment, the value in use approach uses cash flow projections based on business plans approved by management covering up to three years and discounted using a risk adjusted rate. Cash flows beyond that period are extrapolated using sustainable perpetual growth rates assumed to be achievable over the long term to derive a terminal value. The earnings included in the business plan of each CGU are agreed with AXA Management and defined locally considering best estimate operating assumptions, including expenses and loss ratios, investment income, economic capital, premium rates and taxes, all compliant with the various standards and the requirements of supervisory authorities, when applicable.

The discount rates used for the valuation have been derived using the Capital Asset Pricing Model (CAPM) which includes assumptions for risk-free interest rates, equity risk premiums, insurance activity beta and leverage ratio that are consistent with the view of AXA's Management for the specific market(s) in which the CGU operates. For the main CGUs discount rates range from 3.0% to 7.4% in 2019, compared to a range of 5.6% to 8.4% in 2018, and growth rates, applied beyond the strategic plan horizon, where applicable, vary from 0.0% to 4.4%, compared to a range of 2.4% to 4.2% in 2018.

For Life & Savings CGUs, recoverable amounts are calculated using a risk neutral approach, relying on European Embedded Value (EEV) techniques, that are industry specific and widely used. The EEV represents the excess of the market value of assets over the market value of liabilities. The market value of the liabilities is based on best estimate liabilities which are the probability weighted average of future cash flows adjusted to allow for the time value of money, using the relevant term structure of the risk-free interest rates, as well as for deviations related to the cost of non-hedgeable, *i.e.* non-financial, risks.

The calculation of the best estimate liabilities involves the use of operational and economic assumptions. Operational assumptions include demographic factors, such as mortality, morbidity and lapse/surrender rates, expenses allowance and taxes, all compliant with the requirements of supervisory authorities. Future cash flows are discounted using reference rates that are compliant with EIOPA specifications of using swap rates adjusted for credit and volatility risk. The table below shows the adjustments in basis points by currency:

Reference Yield Curve *(in bps)*	EUR	GBP	USD	JPY	CHF	HKD
Volatility adjustment (added)	7	15	32	3	6	32
Credit risk adjustment (deducted)	10	11	13	10	10	15

5

In the case of AXA Belgium, the recoverable value has been derived using a Traditional Embedded Value (TEV) methodology equivalent to a real world approach where the risk allowance is implicit to the discount rate as the projected cash flows are not risk-adjusted. The discount rate used to determine the recoverable value of AXA Belgium was 4.5% as opposed to 5.3% used in 2018 following the drop in interest rates.

ALL CASH-GENERATING UNITS (CGU)

The results of cash flow projections exceed the carrying amount of each related cash-generating unit or group of units.

For all cash-generating units, to the extent that the valuation of securities and interest rate levels remain low for prolonged periods of time, or volatility and other market conditions stagnate or worsen, new business volumes and profitability together with the value of the in-force portfolio are likely be negatively affected. In addition, the future cash flow expectations from both the in-force and new business and other assumptions underlying management's current business plans could be negatively impacted by other risks to which the Group's business is subject. For each CGU, sensitivity analyses were performed with regards to the discount rate: an increase of 0.5% in the discount rate would not lead to an impairment loss for any of the CGUs as the recoverable amount for each CGU would still exceed its carrying value.

However, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment of these assets in the foreseeable future.

5.3 OTHER INFORMATION RELATING TO GOODWILL, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

5.3.1 AXA Tianping acquisition

On December 13, 2019, AXA completed the acquisition of the remaining 50% stake (1) in AXA Tianping Property & Casualty Insurance Company Ltd. ("AXA Tianping") from its domestic shareholders. Total cash consideration amounted to RMB 4.6 billion (2) (or €590 million (3) (4)).

AXA Tianping was accounted for using the equity method until December 31, 2019, and starting that date the entity is fully consolidated in AXA Group's financial statements. The impact of a full consolidation of AXA Tianping activities between December 13, 2019, and December 31, 2019, was deemed immaterial with respect to the AXA Group's consolidated income. Therefore, the acquisition balance sheet was prepared on the basis of December 31, 2019 figures.

Additionally, the result of discontinuing the equity method participation was €+38 million, corresponding to the recycling of other comprehensive income and currency translation adjustment.

Acquired assets and liabilities were adjusted to fair value in the opening balance sheet and integrated within Consolidated Financial Statements at year-end based on IFRS accounting policies. In accordance with IFRS 3 Business combinations, adjustments can be made within twelve months of the acquisition date if new information becomes available to complete the initial accounting.

ASSETS AND LIABILITIES FAIR VALUED AT THE ACQUISITION DATE:

(in Euro million)	At the acquisition date
Deferred acquisition costs and equivalent	141
Other intangible assets	101
Investments	791
Deferred tax asset	28
Other assets	588
TOTAL ASSETS (EXCLUDING GOODWILL)	**1,622**
Liabilities arising from insurance and investment contracts	812
Other liabilities	308
TOTAL LIABILITIES	**1,120**
Net asset value before goodwill	**502**
Goodwill	**665**
TOTAL CONSIDERATION (4)	**1,167**

(1) AXA acquired the initial 50% stake in AXA Tianping in February 2014. At the acquisition date of the remaining stake, the initial participation has a fair value of €541 million.

(2) This includes an immediate cash consideration of RMB 3.5 billion (€450 million), and a payment of RMB 1.1 billion (€146 million) deferred by 12 months from completion. The deferred payment replaces the capital reduction of AXA Tianping RMB 1.5 billion (€193 million) communicated at the time of the signing of the transaction. It does not include a Net Investment Hedge of €36 million which is also considered as part of the total consideration transferred.

(3) EUR 1 = RMB 7.8009 as of December 12, 2019 (Source: Bloomberg).

(4) Total consideration transferred amounted to €1,167 million, including the fair value of the initial participation for €541 million and the costs related to a Net Invesment Hedge costs for €36 million.

AXA Tianping acquisition led to the recognition of a goodwill of €665 million.

At the date of the acquisition, other intangible assets include €82 million representing the value of the commercial relationships built by AXA Tianping with non-exclusive agencies. This value is estimated based on the expected cash flows generated by the new customers by considering the average renewal rate of the existing commercial relationships of non-exclusive agencies and a market growth rate assumption based on the last 4 years.

These intangible assets are amortized over a useful life expected to be 15 years.

AXA TIANPING IFRS REVENUES AND NET INCOME FOR 2019

2019 revenues and net income for the acquired AXA Tianping assuming the acquisition took place as at January 1, 2019 respectively was estimated to be €881 million and €-11 million, respectively.

These figures are estimates based on IFRS guidelines. This information is not necessarily indicative of the results that could have been achieved within the AXA Group if the acquisition had actually taken place on January 1, 2019. In particular, the information does not factor in any synergy, nor does provide an indication of future results.

5.3.2 Equitable Holdings, Inc.

MARCH 25 SECONDARY COMMON STOCK OFFERING OF EQUITABLE HOLDINGS, INC. AND RELATED SHARE BUYBACK

On March 25, 2019, AXA completed a secondary public offering of 40,000,000 shares (the "Offering"), at a public offering price of USD 20.50 per share, of its US subsidiary, Equitable Holdings, Inc. ("EQH") and the sale to EQH of 30,000,000 shares at the per share price paid by the underwriters in the Offering. In addition, the underwriters exercised in full the over-allotment option to purchase an additional 6,000,000 EQH shares.

Net proceeds [1] amounted to USD 1.5 billion or €1.3 billion [2], corresponding to the sale of 76,000,000 EQH shares in the Offering, the full exercise of the over-allotment option granted to the underwriters and the Share Buyback. Following this sale, AXA's ownership in EQH decreased from 60.1% [3] [4] to 48.3% [4].

The reduction of its voting rights below 50% combined with the reduction of its Board membership to a minority share led to the loss of control of AXA over EQH, while continuing to retain a significant influence over its residual shareholding of EQH. As a result, AXA:

- deconsolidated EQH and accounted for its remaining ownership in EQH using the equity method; and
- reclassified the equity component of the Mandatory Exchangeable Bonds from non-controlling interests to financial liability (valued at €614 million).

The Offering and the Share Buyback resulted in a negative net income impact of €-598 million as detailed in the table below:

(in Euro million)	
Net proceeds	1,341
Fair value of retained stake in EQH	4,330
Total Fair value	**5,671**
Consolidated book value	6,269
NET LOSS UPON DECONSOLIDATION	**(598)**
of which revaluation at fair value of retained stake	*(1,165)*
of which other comprehensive income recycling	*1,232*

Employee benefits actuarial losses were reclassified from other comprehensive income to retained earnings for €-512 million.

(1) Net of underwriting discounts and commissions.

(2) EUR 1 = USD 1.1297 as of March 22, 2019 (Source: Bloomberg).

(3) EQH's issued and outstanding common stock as of March 7, 2019, was comprised of 521,051,204 shares.

(4) Including the shares to be delivered on redemption of the mandatory exchangeable bonds into EQH shares, issued by AXA in May 2018.

At the date of the transaction, the retained stake in EQH was adjusted to its fair value. The table below presents the assets and liabilities on a 100% basis fair valued at this date, resulting in a carrying amount of the EQH under the equity method amounting to €4,330 million:

(in Euro million)	At the acquisition date
Intangible assets	9,701
Investments	182,473
Other assets	15,731
TOTAL ASSETS	**207,905**
Liabilities arising from insurance and investment contracts	180,484
Provisions for risks and charges	1,714
Other liabilities	16,742
TOTAL LIABILITIES	**198,940**
Net asset value (100%)	**8,965**
Net asset value - Group share (48.3%)	**4,330**

Intangible assets mainly relate to value of business inforce and are amortized over the life of the portfolio of contracts.

JUNE 7 SECONDARY OFFERING OF EQUITABLE HOLDINGS, INC.'S COMMON STOCK (INCLUDING GREEN SHOE)

On June 7, 2019, AXA completed a secondary public offering of 40,000,000 shares of EQH's common stock and further 6,000,000 shares from the full exercise of the over-allotment option granted to the underwriters.

Net proceeds [(1)] to AXA, corresponding to the sale of 46,000,000 EQH shares, amounted to USD 959 million or €850 million [(2)]. Following this transaction, AXA's ownership in EQH decreased from 48.3% [(3) (4)] to 38.9% [(3) (4)].

The net gain of the sale amounted to €2 million as detailed below:

(in Euro million)	
Net proceeds	850
Consolidated book value	848
NET INCOME RESULT	**2**
of which other comprehensive income recycling	*61*

Employee benefits actuarial losses were reclassified from other comprehensive income to retained earnings for €-4 million.

(1) Net of underwriting discounts and commissions.

(2) EUR 1 = USD 1.1293 as of June 6, 2019 (Source: Bloomberg). Greenshoe: EUR 1 = USD 1.1219 as of July 5, 2019 (Source: Bloomberg).

(3) Including the shares to be delivered on redemption of the bonds mandatorily exchangeable into EQH shares, issued by AXA in May 2018.

(4) EQH's issued and outstanding common stock as of May 9, 2019, comprised 491,138,042 shares.

NOVEMBER 13 SECONDARY OFFERING OF EQUITABLE HOLDINGS, INC.'S COMMON STOCK

On November 13, 2019, AXA completed the sale of 144,000,000 shares [1] of common stock of EQH to Goldman Sachs, as the sole underwriter in a registered public offering of those shares (the "Offering").

As part of the Offering, EQH repurchased 24,000,000 of the 144,000,000 shares of common stock from the underwriter at the per share purchase price paid by the underwriter to AXA in the Offering.

The completion of the Offering resulted in net proceeds to AXA of USD 3.1 billion or €2.9 billion [2], corresponding to a net price [3] of USD 21.80 per share.

At the date of the transaction, the retained stake of EQH was adjusted to its fair value and classified as equity instruments available for sale. This remaining stake is mainly related to the Mandatorily Exchangeable Bonds that will be repaid in 2021.

(in Euro million)

Net proceeds	2,850
Fair value of retained stake in EQH	934
Total Fair value	**3,784**
Consolidated book value	3,639
NET GAIN UPON DECONSOLIDATION	**145**
of which revaluation at fair value of retained stake	*(105)*
of which other comprehensive income recycling	*629*

Employee benefits actuarial losses were reclassified from other comprehensive income to retained earnings for €15 million.

5.3.3 AXA Bank Belgium disposal

On October 25, 2019, AXA entered into an agreement to sell its Belgian banking operations, AXA Bank Belgium, to Crelan Bank ("Crelan").

Under the terms of the agreement, AXA will sell 100% of AXA Bank Belgium to Crelan for a total consideration of €620 million, comprised of (i) a total cash consideration of €540 million [4], and (ii) the transfer to AXA Belgium of 100% of Crelan Insurance (valued at €80 million), the insurance company of Crelan, providing protection insurance linked to loans originated by Crelan.

In addition, AXA Belgium will take a 9.9% minority equity stake [5] in Crelan NV [6] and AXA Bank Belgium, investing a total of €90 million, which will be fully funded by the purchase by Crelan, for €90 million, of the contingent convertible bonds previously issued by AXA Bank Belgium to AXA Group.

The major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2019
Investments	25,243
Other assets	639
Cash and cash equivalents	1,020
TOTAL ASSETS HELD FOR SALE	**26,902**

(1) As of November 5, 2019, EQH's issued and outstanding common stock comprised 489,329,559 shares.

(2) EUR 1 = USD 1.1011 as of November 12, 2019 (Source: Bloomberg).

(3) Net of underwriting discounts and commissions.

(4) Subject to price adjustment at closing.

(5) Crelan has a call option to purchase the Crelan NV and AXA Bank Belgium shares held by AXA.

(6) Crelan NV is Crelan's banking subsidiary.

LIABILITIES

(in Euro million)	December 31, 2019
Financing debt	18
Liabilities arising from banking activities	25,807
Other liabilities	516
TOTAL LIABILITIES HELD FOR SALE	**26,341**

As of December 31, 2019, the other comprehensive income of invested assets in the scope of the transaction amounted to €+15 million.

As of December 31, 2019, the transaction is expected to result in a loss of €-590 million, some assets were impaired with the following allocation: goodwill for €-68 million, other intangible assets for €-17 million and investments for €-505 million. These impairments are included in the amounts above.

5.3.4 Group life portfolio transformation in Switzerland

On April 10, 2018, AXA entered into an agreement with its main occupational benefits foundations [1] to convert their business model from a full-value insurance [2] model to a semi-autonomous model [3]. As at December 31, 2018, the operations affected by these disposals were treated as held for sale in AXA consolidated financial statements. On January 1, 2019, AXA Switzerland completed the transformation and most of the related assets and liabilities have been transferred to the occupational Foundations during the first half of 2019.

Besides, during 2019, AXA Switzerland entered in agreement with additional small occupational benefit foundations to convert their business model from a full insurance value to a semi-autonomous model on July 1, 2019 and January 1, 2020. Assets and liabilities were classified as held for sale in AXA's Consolidated Financial Statements as of December 31, 2019.

As such, the major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2019
Investments	2,041
Cash and cash equivalents	262
TOTAL ASSETS HELD FOR SALE	**2,303**

LIABILITIES

(in Euro million)	December 31, 2019
Liabilities arising from insurance and investment contracts	2,303
TOTAL LIABILITIES HELD FOR SALE	**2,303**

As of December 31, 2019, the other comprehensive income of invested assets in the scope of the transaction was nil.

As of December 31, 2019, the consolidated statement of income included an impact of €-24 million.

(1) Collective group pensions schemes, which are managed by an independent Board.

(2) Contract covering the whole offer: guaranteed savings and annuity benefits, death and disability benefits, and administration services.

(3) Contract covering death and disability benefits, and administration services.

5.3.5 AXA Life Europe disposal

On August 1, 2018, AXA received an irrevocable offer from Cinven for the sale of AXA Life Europe. The sale is expected to take place in the first semester of 2020. The completion of the transaction is subjected to customary closing conditions, including the regulatory approvals that were not yet received as of December 31, 2019. Given these circumstances, the held for sale classification was therefore extended beyond one year.

As of December 31, 2019, the major classes of assets liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2019
Other intangible assets	207
Investments	5,606
Other assets	146
Cash and cash equivalents	708
TOTAL ASSETS HELD FOR SALE	**6,667**

LIABILITIES

(in Euro million)	December 31, 2019
Liabilities arising from insurance and investment contracts	5,241
Other liabilities	468
TOTAL LIABILITIES HELD FOR SALE	**5,709**

As of December 31, 2019, the other comprehensive income of invested assets and currency translation adjustment in the scope of the transaction amounted to €+91 million.

As the transaction is expected to result in a loss of €-89 million, in addition to the €-18 million recognized as of December 31, 2018, other intangible assets were impaired.

Note 6 Value of purchased business in-force

6.1 VALUE OF PURCHASED LIFE BUSINESS IN-FORCE

The change in Value of Life Business In-force ("VBI") was as follows:

(in Euro million)	2019	2018
Gross carrying value as of January 1	6,172	5,926
Accumulated amortization and impairment	(4,614)	(3,857)
Shadow accounting on VBI	(159)	(178)
Net carrying value as of January 1	**1,399**	**1,891**
Capitalization	-	-
Capitalized interests	59	70
Amortization and impairment for the period [a]	(183)	(649)
Changes in VBI amortization, capitalization and impairment	**(124)**	**(579)**
Change in shadow accounting on VBI	(3)	27
Currency translation and other changes	26	52
Acquisitions and disposals of subsidiaries and portfolios	76	9
Net carrying value as of December 31	**1,376**	**1,399**
Gross carrying value as of December 31	6,199	6,172
Accumulated amortization and impairment	(4,656)	(4,614)
Shadow accounting on VBI	(167)	(159)

(a) In 2018, amount mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

6.2 VALUE OF PURCHASED NON-LIFE BUSINESS IN-FORCE

The change in Value of non-life Business In-force ("VBI") was as follows:

(in Euro million)	2019	2018
Gross carrying value as of January 1	1,093	-
Accumulated amortization and impairment	(405)	-
Net carrying value as of January 1	**687**	**-**
VBI Capitalization	-	-
Capitalized interests	-	-
Changes in amortization excluding impacts of assumptions unlocking	(557)	(408)
Changes in VBI amortization and capitalized interests	**(557)**	**(408)**
Currency translation	15	12
Acquisitions of subsidiaries (manual consolidation sub group only)	-	-
Disposal of subsidiaries (manual consolidation sub group only)	-	-
Acquisitions and disposals of portfolios and other changes	-	1,083
Acquisitions and disposals of subsidiaries and portfolios [a]	**-**	**1,083**
Net carrying value as of December 31	**145**	**687**
Gross carrying value as of December 31	1,113	1,093
Accumulated amortization and impairment	(969)	(405)

(a) In 2018, amount related to the acquisition of the XL Group.

Note 7 Deferred acquisition costs and equivalent

7.1 BREAKDOWN OF DEFERRED ACQUISITION COSTS (DAC) AND EQUIVALENT

(in Euro million)	December 31, 2019	December 31, 2018
Deferred Acquisition Costs relating to Life & Savings [(a)]	13,534	23,798
Deferred Origination Costs [(b)]	592	625
Shadow accounting on DAC	(1,227)	(488)
Deferred Acquisition Costs and equivalent relating to Life & Savings	**12,899**	**23,934**
Deferred Acquisition Costs and equivalent relating to Property & Casualty	**3,785**	**2,481**
Deferred Acquisition Costs and equivalent	**16,684**	**26,415**

(a) Applicable to Life & Savings insurance contracts and investment contracts with discretionary participation features according to IFRS 4. Amounts are net of accumulated amortization.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).

7.2 ROLLFORWARD OF DEFERRED ACQUISITION COSTS AND EQUIVALENT

Changes in Deferred Acquisition Costs and equivalent were as follows:

	December 31, 2019		December 31, 2018	
(in Euro million)	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]
Deferred Acquisition Costs and equivalent net carrying value as of January 1	**25,791**	**625**	**22,183**	**698**
Amortization and impairment for the period of Life DAC	(1,572)	(92)	(1,700)	(140)
Capitalized interests for the period of Life DAC	599	24	916	26
DAC and similar costs capitalization for the period of Life DAC	1,718	25	2,130	26
Change in Non-Life DAC	1,304		464	
Changes in amortization, capitalization and impairment	**2,049**	**(43)**	**1,809**	**(88)**
Change in shadow accounting on DAC	(1,020)	-	1,300	-
Currency translation and other changes	352	10	803	13
Disposals of subsidiaries and portfolios [(c)]	(11,079)	0	(303)	1
Deferred Acquisition Costs and equivalent net carrying value as of December 31	**16,092**	**592**	**25,791**	**625**
of which shadow accounting on DAC	*(1,227)*	-	*(488)*	-
TOTAL	**16,684**		**26,415**	

(a) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).
(c) In 2019, the amount includes the deconsolidation of Equitable Holdings, Inc.

5

7.3 DEFERRED ACQUISITION COSTS AND EQUIVALENT, NET OF AMORTIZATION, UNEARNED REVENUE RESERVES AND UNEARNED FEE RESERVES

The value of Deferred Acquisition Costs and equivalent for insurance business, net of amortization, unearned revenue reserves and unearned fee reserves, was as follows:

	December 31, 2019		December 31, 2018	
(in Euro million)	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]
Deferred Acquisition Costs and equivalent	**16,092**	**592**	**25,791**	**625**
of which shadow DAC	*(1,227)*	-	*(488)*	-
Unearned revenues and unearned fees reserves	**1,883**	**328**	**2,464**	**258**
of which shadow unearned revenues reserves	*(352)*	-	*(278)*	-
DAC net of unearned revenues and unearned fees reserves	**14,209**	**264**	**23,327**	**367**
TOTAL	**14,472**		**23,693**	

(a) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).

Note 8 Other intangible assets

8.1 BREAKDOWN OF OTHER INTANGIBLE ASSETS

Other intangible assets represented €4,872 million net value as of December 31, 2019, and mainly included:

(in Euro million)	Gross value	Accumulated amortization	Accumulated impairment	Net Value December 31, 2019	Net Value December 31, 2018
Software capitalized	3,036	(1,977)	(21)	1,038	1,132
Intangible assets recognized in business combinations and other business operations	5,139	(1,385)	(27)	3,728	3,747
Other intangible assets	587	(479)	(1)	107	161
Total other intangible assets	**8,762**	**(3,842)**	**(49)**	**4,872**	**5,041**

8.2 BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

		December 31, 2019				December 31, 2018			
(in Euro million)	Transaction Year	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value
AXA Tianping	2019	82	-	-	82	-	-	-	-
XL Group Property & Casualty	2018	1,704	(58)	-	1,646	1,659	(11)	-	1,647
Poland Property & Casualty	2015	71	(23)	-	47	70	(18)	-	52
Asia Property & Casualty	2012	166	(119)	-	47	162	(100)	-	62
Greece Life & Savings	2007	43	(7)	(24)	11	43	(6)	(24)	12
Greece Property & Casualty	2007	77	(51)	-	26	77	(47)	-	30
AXA MPS (Italy) Life & Savings	2007 & 2008	592	-	-	592	592	-	-	592
AXA MPS (Italy) Property & Casualty	2007 & 2008	347	-	-	347	347	-	-	347
Switzerland Life & Savings	2006	188	(122)	-	66	181	(109)	-	72
Switzerland Property & Casualty	2006	625	(458)	-	167	603	(420)	-	183
Germany Property & Casualty	2006	92	(54)	-	38	92	(49)	-	43
Belgium Property & Casualty	2006	67	(37)	-	30	67	(34)	-	33
Spain Property & Casualty	2006	247	(235)	-	12	247	(231)	-	16
AXA Investment Managers	2005	190	(9)	-	181	180	(8)	-	172
Others		650	(211)	(2)	437	698	(209)	(2)	487
TOTAL		**5,139**	**(1,385)**	**(27)**	**3,728**	**5,016**	**(1,242)**	**(27)**	**3,747**

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,936 million (net carrying value) assets with indefinite useful life.

The amortization period for intangible assets recognized in business combinations with a finite useful life ranges from 10 to 20 years.

8.3 CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	2019	2018
Net value as of January 1	**3,747**	**2,184**
Acquisition during the period [(a)]	109	1,672
Amortization allowance	(146)	(118)
Impairment allowance	-	(2)
Disposal during the period	(0)	(8)
Purchase decreases following adjustments	-	-
Currency impact	53	20
Other changes	(34)	-
Closing net value as of December 31	**3,728**	**3,747**

(a) In 2019, mainly includes €101 million related to the acquisition of AXA Tianping (see Note 5.3.1).
In 2018, mainly includes €1,656 million related to the acquisition of the XL Group.

5

Note 9 Investments

9.1 BREAKDOWN OF INVESTMENTS

Each investment item is presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) except derivatives related to macro-hedges which are shown separately. Detailed effects of derivatives are also provided in Note 20.3.

	Insurance		
(in Euro million)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost [(a)]	31,395	21,679	3.67%
Investment in real estate properties designated as at fair value through profit or loss [(b)]	1,622	1,622	0.27%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**33,017**	**23,301**	**3.94%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	383,232	383,232	64.87%
Debt instruments designated as at fair value through profit or loss [(c)]	22,274	22,274	3.77%
Debt instruments held for trading	117	117	0.02%
Debt instruments (at cost) that are not quoted in an active market [(d)]	11,271	10,901	1.85%
Debt instruments	**416,894**	**416,525**	**70.51%**
Equity instruments available for sale	18,400	18,400	3.11%
Equity instruments designated as at fair value through profit or loss [(b)]	9,563	9,563	1.62%
Equity instruments held for trading	1	1	0.00%
Equity instruments	**27,965**	**27,965**	**4.73%**
Non consolidated investment funds available for sale	8,612	8,612	1.46%
Non consolidated investment funds designated as at fair value through profit or loss [(b)]	6,286	6,286	1.06%
Non consolidated investment funds held for trading	32	32	0.01%
Non consolidated investment funds	**14,930**	**14,930**	**2.53%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**15,132**	**15,132**	**2.56%**
Macro-hedge and other derivatives	**249**	**249**	**0.04%**
Sub total Financial instruments (excluding Loans)	**475,169**	**474,800**	**80.38%**
Loans held to maturity	-	-	-
Loans available for sale	-	-	-
Loans designated as at fair value through profit or loss [(b)]	-	-	-
Loans held for trading	-	-	-
Loans at cost [(e)]	21,011	19,965	3.38%
Macro-hedge and other derivatives	-	-	-
Loans	**21,011**	**19,965**	**3.38%**
Total Financial instruments	**496,180**	**494,765**	**83.76%**
Assets backing contracts where the financial risk is borne by policyholders	**72,660**	**72,660**	**12.30%**
INVESTMENTS	**601,857**	**590,726**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**529,197**	**518,066**	**87.70%**

(a) Includes infrastructure and forests investments.
(b) Assets measured at fair value under the fair value option.
(c) Includes assets measured at fair value notably under the fair value option.
(d) Eligible to the IAS 39 Loans and receivables measurement category.
(e) Mainly relates to mortgage loans and policy loans.

December 31, 2019					
Investments as per Consolidated Statement of Financial Position					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
3,431	3,309	14.78%	34,826	24,987	4.08%
-	-	-	1,622	1,622	0.26%
-	-	-	-	-	-
3,431	**3,309**	**14.78%**	**36,448**	**26,609**	**4.34%**
-	-	-	-	-	-
2,218	2,218	9.91%	385,450	385,450	62.87%
93	93	0.41%	22,367	22,367	3.65%
-	-	-	117	117	0.02%
-	(0)	0.00%	11,271	10,901	1.78%
2,311	**2,311**	**10.32%**	**419,205**	**418,836**	**68.31%**
2,582	2,582	11.53%	20,983	20,983	3.42%
572	572	2.56%	10,136	10,136	1.65%
0	0	0.00%	1	1	0.00%
3,155	**3,155**	**14.09%**	**31,119**	**31,119**	**5.08%**
76	76	0.34%	8,687	8,687	1.42%
24	24	0.11%	6,310	6,310	1.03%
-	-	-	32	32	0.01%
99	**99**	**0.44%**	**15,029**	**15,029**	**2.45%**
232	**232**	**1.03%**	**15,363**	**15,363**	**2.51%**
(110)	**(110)**	**-0.49%**	**139**	**139**	**0.02%**
5,687	**5,687**	**25.40%**	**480,856**	**480,487**	**78.37%**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,483	13,393	59.82%	34,494	33,359	5.44%
0	0	0.00%	0	0	0.00%
13,483	**13,393**	**59.82%**	**34,494**	**33,359**	**5.44%**
19,170	**19,080**	**85.22%**	**515,350**	**513,845**	**83.81%**
-	**-**	**-**	**72,660**	**72,660**	**11.85%**
22,601	**22,389**	**100.00%**	**624,458**	**613,114**	**100.00%**

5

(in Euro million)	Insurance Fair value	Insurance Carrying value	Insurance % (value balance sheet)
Investment in real estate properties at amortized cost [(a)]	28,461	19,504	2.76%
Investment in real estate properties designated as at fair value through profit or loss [(b)]	1,435	1,435	0.20%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**29,896**	**20,939**	**2.96%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	394,649	394,649	55.86%
Debt instruments designated as at fair value through profit or loss [(c)]	36,059	36,059	5.10%
Debt instruments held for trading	210	210	0.03%
Debt instruments (at cost) that are not quoted in an active market [(d)]	9,346	9,193	1.30%
Debt instruments	**440,264**	**440,111**	**62.30%**
Equity instruments available for sale	15,131	15,131	2.14%
Equity instruments designated as at fair value through profit or loss [(b)]	7,815	7,815	1.11%
Equity instruments held for trading	43	43	0.01%
Equity instruments	**22,990**	**22,990**	**3.25%**
Non consolidated investment funds available for sale	7,425	7,425	1.05%
Non consolidated investment funds designated as at fair value through profit or loss [(b)]	5,361	5,361	0.76%
Non consolidated investment funds held for trading	250	250	0.04%
Non consolidated investment funds	**13,036**	**13,036**	**1.85%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**14,864**	**14,864**	**2.10%**
Macro-hedge and other derivatives	**744**	**744**	**0.11%**
Sub total Financial instruments (excluding Loans)	**491,897**	**491,745**	**69.61%**
Loans held to maturity	-	-	-
Loans available for sale	0	0	0.00%
Loans designated as at fair value through profit or loss [(b)]	-	-	-
Loans held for trading	-	-	-
Loans at cost [(e)]	34,087	33,592	4.76%
Macro-hedge and other derivatives	-	-	-
Loans	**34,087**	**33,593**	**4.76%**
Total Financial instruments	**525,985**	**525,338**	**74.36%**
Assets backing contracts where the financial risk is borne by policyholders	**160,176**	**160,176**	**22.67%**
INVESTMENTS	**716,056**	**706,452**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**555,881**	**546,276**	**77.33%**

(a) Includes infrastructure investments.
(b) Assets measured at fair value under the fair value option.
(c) Includes assets measured at fair value notably under the fair value option.
(d) Eligible to the IAS 39 Loans and Receivables measurement category.
(e) Mainly relates to mortgage loans and policy loans.

December 31, 2018					
Investments as per Consolidated Statement of Financial Position					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
1,581	1,495	3.58%	30,042	20,999	2.81%
-	-	-	1,435	1,435	0.19%
-	-	-	-	-	-
1,581	**1,495**	**3.58%**	**31,477**	**22,434**	**3.00%**
-	-	-	-	-	-
4,184	4,184	10.01%	398,833	398,833	53.30%
183	183	0.44%	36,242	36,242	4.84%
343	343	0.82%	553	553	0.07%
938	938	2.24%	10,284	10,131	1.35%
5,648	**5,648**	**13.51%**	**445,912**	**445,759**	**59.57%**
1,466	1,466	3.51%	16,597	16,597	2.22%
562	562	1.34%	8,377	8,377	1.12%
19	19	0.05%	62	62	0.01%
2,047	**2,047**	**4.90%**	**25,036**	**25,036**	**3.35%**
98	98	0.23%	7,523	7,523	1.01%
311	311	0.74%	5,672	5,672	0.76%
193	193	0.46%	443	443	0.06%
602	**602**	**1.44%**	**13,639**	**13,639**	**1.82%**
169	**169**	**0.40%**	**15,033**	**15,033**	**2.01%**
59	**59**	**0.14%**	**803**	**803**	**0.11%**
8,526	**8,526**	**20.39%**	**500,423**	**500,271**	**66.86%**
-	-	-	-	-	-
-	-	-	0	0	0.00%
-	-	-	-	-	-
-	-	-	-	-	-
33,608	31,789	76.03%	67,696	65,381	8.74%
0	0	0.00%	0	0	0.00%
33,609	**31,789**	**76.03%**	**67,696**	**65,381**	**8.74%**
42,134	**40,315**	**96.42%**	**568,119**	**565,652**	**75.60%**
-	**-**	**-**	**160,176**	**160,176**	**21.41%**
43,715	**41,809**	**100.00%**	**759,772**	**748,261**	**100.00%**

5

9.2 INVESTMENT IN REAL ESTATE PROPERTIES

Investment in real estate properties includes buildings owned directly and through consolidated real estate entities.

Breakdown of the carrying value and fair value of investment in real estate properties at amortized cost, including the impact of all derivatives, except derivatives related to macro-hedges which are shown separately, is as follows:

	December 31, 2019					December 31, 2018				
(in Euro million)	Gross value	Amorti-zation	Impairment	Carrying value	Fair value	Gross value	Amorti-zation	Impairment	Carrying value	Fair value
Investment in real estate properties at amortized cost										
Insurance [(a)]	24,300	(1,536)	(981)	21,783	31,499	21,918	(1,624)	(752)	19,542	28,499
Other activities	3,309	-	(0)	3,309	3,431	1,495	-	(0)	1,495	1,581
All activities excluding derivatives	**27,609**	**(1,536)**	**(981)**	**25,092**	**34,930**	**23,413**	**(1,624)**	**(752)**	**21,037**	**30,080**
Impact of Derivatives				(104)	(104)				(38)	(38)
Total for all activities including derivatives				**24,987**	**34,826**				**20,999**	**30,042**

(a) Includes infrastructure and forests investments.

Change in impairment and amortization of investment in real estate properties at amortized cost (all activities), is as follows:

	Impairment - Investment in real estate properties		Amortization - Investment in real estate properties	
(in Euro million)	2019	2018	2019	2018
Value as of January 1	**752**	**568**	**1,624**	**2,114**
Increase for the period	373	305	241	170
Write back following sale or repayment	(52)	(74)	(164)	(22)
Write back following recovery in value	(28)	(47)	-	-
Others [(a)]	(64)	(0)	(165)	(638)
Value as of December 31	**981**	**752**	**1,536**	**1,624**

(a) Includes changes in the scope of consolidation and the impact of changes in exchange rates.

9.3 UNREALIZED GAINS AND LOSSES ON FINANCIAL INVESTMENTS

Including the effect of derivatives, unrealized capital gains and losses on financial investments, when not already reflected in the income statement, are broken down as follows:

INSURANCE

(in Euro million)	December 31, 2019					December 31, 2018				
	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	330,522	383,232	383,232	57,208	4,498	360,667	394,649	394,649	41,324	7,342
Debt instruments (at cost) that are not quoted in an active market	10,888	11,271	10,901	445	62	9,192	9,346	9,193	224	71
Equity instruments available for sale	13,524	18,400	18,400	4,962	86	13,341	15,131	15,131	2,275	485
Non-consolidated investment funds available for sale	7,758	8,612	8,612	920	66	6,774	7,425	7,425	741	90

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

OTHER ACTIVITIES

(in Euro million)	December 31, 2019					December 31, 2018				
	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	2,133	2,218	2,218	89	4	4,228	4,184	4,184	93	137
Debt instruments (at cost) that are not quoted in an active market	(0)	-	(0)	0	-	938	938	938	-	0
Equity instruments available for sale	1,766	2,582	2,582	819	3	1,030	1,466	1,466	451	15
Non consolidated investment funds available for sale	74	76	76	2	0	96	98	98	2	-

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

TOTAL

(in Euro million)	December 31, 2019 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	December 31, 2018 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	332,655	385,450	385,450	57,297	4,502	364,895	398,833	398,833	41,417	7,479
Debt instruments (at cost) that are not quoted in an active market	10,888	11,271	10,901	445	62	10,131	10,284	10,131	224	71
Equity instruments available for sale	15,290	20,983	20,983	5,782	89	14,371	16,597	16,597	2,726	500
Non consolidated investment funds available for sale	7,832	8,687	8,687	922	66	6,870	7,523	7,523	744	90

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

See also Note 9.9.1 "Breakdown of financial investments subject to impairment".

9.4 DEBT INSTRUMENTS AND LOANS

9.4.1 Debt instruments by type of issuer

The table below sets out the debt instruments portfolio by issuer type, excluding macro-hedging derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges). Details of the effect of derivatives are also provided in Note 20.3.

(in Euro million)	December 31, 2019 Carrying value	December 31, 2018 Carrying value
Government and government like debt instruments	232,680	231,059
Other debt instruments issued by government related	16,755	17,064
Corporate debt instruments [(a)]	171,668	199,752
Other debt instruments [(b)]	178	156
Hedging derivatives and other derivatives	(2,445)	(2,272)
TOTAL DEBT INSTRUMENTS	**418,836**	**445,759**

(a) Includes debt instruments issued by companies in which a State holds interests.
(b) Mainly includes fixed maturity investment funds.

Additional information on the credit risk associated with debt instruments is provided in Note 4 "Financial and insurance Risk Management".

9.4.2 Loans from activities other than insurance

The table below sets out the loans portfolio other than insurance activities, excluding macro-hedging derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

(in Euro million)	December 31, 2019 Fair value	Carrying value	December 31, 2018 Fair value	Carrying value
Mortgage loans	10,097	10,013	28,213	26,594
Other loans	3,287	3,281	5,309	5,109
Total Banking loans	**13,383**	**13,293**	**33,522**	**31,703**
Loans from activities other than insurance and banks	100	100	86	86
Total excluding the impact of derivatives	**13,483**	**13,393**	**33,608**	**31,789**
Derivatives impact	0	0	0	0
TOTAL	**13,483**	**13,393**	**33,609**	**31,789**

9.5 CONTRACTUAL MATURITIES OF DEBT INSTRUMENTS AND LOANS AND EXPOSURE TO INTEREST RATE RISK

The table below sets out the contractual maturities of debt instruments held by the Group. Effective maturities may differ from those presented, mainly because some assets include clauses allowing early redemption, with or without penalty or duration extension features. In some cases, the effect of derivatives (detailed in Note 20.3) modifies the maturity profile of assets presented below.

Debt instruments (at cost) that are not quoted in an active market and loans and debt instruments backing contracts where the financial risk is borne by policyholders are excluded from the table below. Most of the debt instruments and loans held by the Group are fixed-rate instruments (*i.e.* exposed to fair value interest rate risk).

	December 31, 2019 Net carrying amount by maturity						December 31, 2018 Net carrying amount by maturity					
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value exclu-ding deriva-tives	Impact of Deri-vatives	Total Carrying value inclu-ding deriva-tives	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value exclu-ding deriva-tives	Impact of Deri-vatives	Total Carrying value inclu-ding deriva-tives
Debt instruments	19,948	82,768	307,677	410,393	(2,458)	407,935	27,337	102,793	307,771	437,901	(2,272)	435,628
Loans [(a)]	5,160	12,029	21,263	38,452	(46)	38,406	7,747	22,759	41,296	71,801	(447)	71,354
Total Financial investments exposed to interest rate risk	**25,107**	**94,797**	**328,940**	**448,844**	**(2,504)**	**446,340**	**35,083**	**125,552**	**349,067**	**509,702**	**(2,720)**	**506,982**
Of which Financial investments exposed to fair value interest rate risk	*23,701*	*86,591*	*309,788*	*420,080*			*32,586*	*112,885*	*327,949*	*473,420*		

(a) Including Summary Consolidated Investment funds - Loans.

9.6 EXPOSURE TO PRICE RISK

Including the effect of derivatives (also detailed in Note 20.3) and equity instruments of real estate companies, the breakdown by industry of equity instruments owned across the Group is as follows:

(in Euro million)	Financial	Consu-mer goods & Services	Energy	Com-munica-tions	Indus-trial	Basic Mate-rials	Techno-logy	Other	Total value excluding derivatives	Effect of Derivatives	Total value including derivatives
Equity instruments as of December 31, 2019	11,492	8,240	682	1,455	3,197	1,230	2,202	2,635	31,134	(14)	31,119
Equity instruments as of December 31, 2018	8,978	6,637	741	1,290	2,550	932	1,453	2,490	25,072	(35)	25,036

9.7 TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Group is part of repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. While substantially all of the risks and rewards of the financial assets remain with the Group over the entire lifetime of the transaction, the Group does not derecognize the financial assets. The proceeds of the sale are reported separately. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

Additionally, the Group is party to total return swaps where financial assets are sold to a counterparty with an agreement in which the Group retains substantially all the risk and rewards of the financial instruments. Therefore, the Group doesn't derecognize the assets.

The breakdown of transferred financial assets/liabilities not qualifying for derecognition was as follows:

	December 31, 2019			December 31, 2018		
(in Euro million)	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt instruments - Loans & Receivables	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt instruments - Loans & Receivables
Carrying value of assets	**10**	**48,025**	**48**	**12**	**40,772**	**64**
Carrying value of associated liabilities [(a)]	**-**	**38,827**	**50**	**-**	**35,658**	**66**

(a) Amounts do not include securities received as collateral to securities lending transactions if such collateral is not recognized under the terms of the agreement because the risks and rewards have not been transferred to the Group (detailed in Note 29).

9.8 NON-CONSOLIDATED INVESTMENT FUNDS

The detail of "non-consolidated" investment funds breakdown was as follows:

	December 31, 2019			December 31, 2018		
	Fair value [(a)]			Fair value [(a)]		
(in Euro million)	Insurance	Other activities	Total	Insurance	Other activities	Total
Non-consolidated investment funds mainly holding equity securities	2,728	15	2,743	2,605	470	3,075
Non-consolidated investment funds mainly holding debt instruments	5,628	10	5,638	3,897	41	3,939
Other non-consolidated investment funds	6,541	75	6,616	6,511	90	6,602
Non-consolidated investment at cost	-	-	-	-	-	-
Derivatives related to non-consolidated investment funds	33	-	33	23	-	23
TOTAL	**14,930**	**99**	**15,029**	**13,036**	**602**	**13,639**

(a) Amounts are presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) except derivatives related to macro-hedges which are shown separately.

The amortized cost of non-consolidated investment funds available for sale was as below:

- funds mainly holding equity securities: €1,815 million in 2019 compared to €1,566 million in 2018;
- funds mainly holding debt instruments: €2,986 million in 2019 compared to €2,702 million in 2018;
- other funds: €3,033 million in 2019 compared to €2,603 million in 2018.

9.9 FINANCIAL INVESTMENTS SUBJECT TO IMPAIRMENT

9.9.1 Breakdown of financial investments subject to impairment

Each investment item is presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

	December 31, 2019					December 31, 2018				
(in Euro million)	Cost before impairment and revaluation to fair value (a)	Impairment	Cost after impairment but before revaluation to fair value (b)	Revaluation to fair value (c)	Carrying value	Cost before impairment and revaluation to fair value (a)	Impairment	Cost after impairment but before revaluation to fair value (b)	Revaluation to fair value (c)	Carrying value
Debt instruments available for sale	332,674	(19)	332,655	52,795	385,450	364,973	(78)	364,895	33,938	398,833
Debt instruments (at cost) that are not quoted in an active market (c)	10,890	(2)	10,888	13	10,901	10,131	(0)	10,131	1	10,131
Debt instruments	**343,564**	**(21)**	**343,543**	**52,808**	**396,351**	**375,104**	**(78)**	**375,025**	**33,939**	**408,964**
Equity instruments available for sale	**17,856**	**(2,566)**	**15,290**	**5,693**	**20,983**	**17,104**	**(2,733)**	**14,371**	**2,226**	**16,597**
Non consolidated investment funds available for sale	**8,570**	**(739)**	**7,832**	**856**	**8,687**	**7,785**	**(915)**	**6,870**	**654**	**7,523**
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	0	-	0	-	0
Loans at cost (d)	33,522	(118)	33,404	(45)	33,359	65,999	(199)	65,800	(419)	65,381
Loans	**33,522**	**(118)**	**33,404**	**(45)**	**33,359**	**65,999**	**(199)**	**65,800**	**(419)**	**65,381**
TOTAL	**403,512**	**(3,444)**	**400,069**	**59,312**	**459,380**	**465,991**	**(3,925)**	**462,066**	**36,400**	**498,466**

(a) Asset value including impact of discounts/premiums and accrued interests, but before impairment and revaluation to fair value of assets available for sale.
(b) Asset value including impairment, discounts/premiums and accrued interests, but before revaluation to fair value of assets available for sale.
(c) Revaluation to fair value for instruments at cost related to the application of hedge accounting.
(d) Including policy loans.

9.9.2 Change in impairment on financial investments

(in Euro million)	January 1, 2019	Increase for the period [(a)]	Write back following sale or repayment	Write back following recovery in value	Other [(b)]	December 31, 2019
Impairment - Debt instruments	78	3	(36)	(0)	(24)	21
Impairment - Equity instruments	2,733	412	(647)	-	69	2,566
Impairment - Non-consolidated investment funds	915	69	(331)	-	85	739
Impairment - Loans	199	46	(14)	(49)	(64)	118
TOTAL	**3,925**	**529**	**(1,028)**	**(49)**	**66**	**3,444**

(a) Includes the impairment of the participation in non-consolidated subsidiaries for €245 million.
(b) Mainly relates to changes in the scope of consolidation and the impact of changes in exchange rates.

(in Euro million)	January 1, 2018	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [(a)]	December 31, 2018
Impairment - Debt instruments	243	53	(220)	(0)	2	78
Impairment - Equity instruments	2,280	764	(295)	-	(16)	2,733
Impairment - Non-consolidated investment funds	1,084	186	(41)	-	(314)	915
Impairment - Loans	228	49	(3)	(60)	(16)	199
TOTAL	**3,837**	**1,052**	**(560)**	**(60)**	**(344)**	**3,925**

(a) Mainly relates to changes in the scope of consolidation and the impact of changes in exchange rates.

9.10 FAIR VALUE OF INVESTMENTS

9.10.1 Fair value of Investments recognized at fair value

The breakdown by valuation method of investments recognized at fair value including derivatives (also detailed in Note 20.3 and Note 20.5), but excluding the assets backing contracts where the financial risk is borne by policyholders is as follows:

	December 31, 2019					December 31, 2018				
	Assets quoted in an active market excluding derivatives	Assets not quoted in an active market or no active market excluding derivatives				Assets quoted in an active market excluding derivatives	Assets not quoted in an active market or no active market excluding derivatives			
(in Euro million)	Fair value determined directly by reference to active market excluding derivatives (level 1)	Fair value mainly based on observable market data excluding derivatives (level 2)	Fair value mainly not based on observable market data excluding derivatives (level 3)	Total excluding deriva-tives	Total including deriva-tives	Fair value determined directly by reference to active market excluding derivatives (level 1)	Fair value mainly based on observable market data excluding derivatives (level 2)	Fair value mainly not based on observable market data excluding derivatives (level 3)	Total excluding deriva-tives	Total including deriva-tives
Debt instruments	294,967	92,439	661	388,068	385,450	315,367	84,894	877	401,138	398,833
Equity instruments	16,590	2,129	2,278	20,997	20,983	12,168	1,843	2,624	16,635	16,597
Non-consolidated investment funds	1,243	5,082	2,345	8,670	8,687	1,272	4,781	1,464	7,517	7,523
Loans	-	(0)	-	(0)	(0)	0	0	(0)	0	0
Financial investments and loans available for sale	**312,801**	**99,650**	**5,284**	**417,734**	**415,120**	**328,807**	**91,518**	**4,964**	**425,290**	**422,954**
Investment in real estate properties	-	1,622	0	1,622	1,622	-	1,435	-	1,435	1,435
Debt instruments	13,355	7,528	1,304	22,187	22,367	26,681	8,262	1,126	36,069	36,242
Equity instruments	3,288	970	5,877	10,136	10,136	2,790	700	4,885	8,375	8,377
Non-consolidated investment funds	330	3,562	2,402	6,295	6,310	409	3,216	2,031	5,656	5,672
Other assets held by consolidated investment funds designated as at fair value through profit or loss	1,634	6,560	7,181	15,375	15,363	1,135	6,765	7,125	15,025	15,033
Loans	-	-	-	-	(0)	-	-	-	-	-
Financial investments and loans designated as at fair value through profit or loss	**18,607**	**20,243**	**16,764**	**55,615**	**55,798**	**31,014**	**20,378**	**15,167**	**66,560**	**66,759**
Debt instruments	84	54	-	138	117	512	181	0	694	553
Equity instruments	1	-	-	1	1	43	-	19	62	62
Non-consolidated investment funds	0	32	-	32	32	197	245	0	443	443
Loans	-	1	-	1	1	-	-	-	-	-
Financial investments and loans held for trading	**85**	**86**	**1**	**172**	**151**	**753**	**427**	**19**	**1,198**	**1,059**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**331,493**	**119,979**	**22,049**	**473,521**	**471,069**	**360,574**	**112,323**	**20,151**	**493,048**	**490,771**

Methods applied to determine the fair value of investments measured at fair value in the financial statements are described in Note 1.5. The Group applies the IFRS 13 fair value hierarchy.

ASSETS CLASSIFICATION

Fair values determined in whole directly by reference to an active market relate to prices which are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency which represent actual and regularly occurring market transactions on an arm's length basis, *i.e.* the market is still active. Such assets are categorized in the level 1 of the IFRS 13 fair value hierarchy.

Level 2 and 3 assets are investments which are not quoted in an active market or for which there is no active market. Fair values for level 2 and 3 assets include:

- values provided by external parties which:
  - are readily available including last transaction prices but relate to assets for which the market is not always active, or
  - are provided at the request of the Group by pricing services and which are not readily publicly available;
- assets measured on the basis of valuation techniques including a varying degree of assumptions supported by market transactions and observable data.

The common characteristic of level 2 and 3 assets is that their markets are considered as inactive. Their value is generally based on mark to market basis, except when there is no market or when the market is distressed, in which case a mark to model approach is used. Assets not quoted in an active market which are marked to market mainly using observable inputs are classified in level 2. Assets not quoted in an active market for which fair value determination is not mainly based on observable inputs are classified as level 3. For all assets not quoted in an active market/no active market and for which a mark to model approach is used, the classification between level 2 and level 3 depends on the proportion of assumptions used supported by market transactions and observable data (market observable inputs):

- assumed to be used by pricing services or;
- used by the Group in the limited cases of application of mark to model valuations.

a) Fair values determined in whole directly by reference to an active market (level 1)

Since the 2008 financial crisis, a significant volatility related to corporate spreads has been observed leading to transfers between level 1 and 2 with both yield and bid ask spreads widening and narrowing from one closing to another. Since 2010, this volatility has also been experienced on European government bonds with yields and bid ask spreads widening significantly leading to transfers from level 1 to level 2 and then also subsequent sustained improved market liquidity for certain government issuers resulting in transfers back to level 1 from level 2. As of December 31, 2018, Irish, Portuguese and Spanish government bonds were transferred from level 2 to level 1. Indeed, a sustained improvement has been observed over the previous years and current year on the market indicators especially on bid/ask spreads of these sovereign bonds reflecting an increased market liquidity of these securities.

As of December 31, 2019, €6,431 million of invested assets were transferred from level 2 to level 1 and €8,192 million were transferred from level 1 to level 2, primarily in corporate bonds.

b) Fair values of assets not quoted in an active market – no active markets (level 2 and level 3)

OVERVIEW OF THE NATURE OF SUCH INVESTMENTS

Amounts presented in level 2 and 3 represent a variety of circumstances. A financial instrument is regarded as not quoted in an active market if there is little observation of transaction prices as an inherent characteristic of the instrument, when there is a significant decline in the volume and level of trading activity, in case of significant illiquidity or if observable prices cannot be considered as representing fair value because of dislocated market conditions. Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or be indicative of a change in the conditions prevailing in certain markets.

The identification of level 3 assets among assets not quoted in an active market involves a significant level of judgment. The following are considered as observable: inputs provided by external pricing services, information observable obtained from specialized data providers, rating agencies, external surveys. The extent to which such data are external to the Group and not assessed by internal valuation teams is one of the main criteria applied in assessing whether data are observable or not. Should those data be significantly adjusted or would they be outdated because of the lack of newly available factors, such inputs would be deemed unobservable. Another area of judgment is the assessment of the significance of an input against the fair value measurement in its entirety. As a result, a different cut between observable and unobservable data and variances in the weighting of the significance of each input against the fair value measurement in its entirety could produce a different categorization.

Assets such as certain unquoted debt instruments, some instruments issued on private markets such as private equity instruments or private loans were always considered as not quoted in active markets as an inherent characteristic of these investments and were included as assets not quoted in active markets/no active markets in all periods presented. Valuations are based either on external pricing providers or internal models using techniques commonly used by market participants. Valuation teams make the maximum use of current transaction prices (if any) and observable data but some of the underlying sectors to which the investments relate may be so particular that significant adjustments are performed or unobservable data are used. Private equity funds of funds are measured on the basis of the latest net asset values of funds provided to the Group.

TRANSFER IN AND OUT OF THE LEVEL 3 CATEGORY AND OTHER MOVEMENTS

From January 1, 2019 to December 31, 2019, the amount of level 3 assets increased by €1.9 billion to €22.1 billion, representing 4.7% of the total assets at fair value (4.1% in 2018 *or* €20.2 billion).

Main movements related to level 3 assets to be noted were the following:

- €4.1 billion of new investments;
- €0.1 billion of change in unrealized gains and losses;
- €0.8 billion of net asset transfers in and out of level 3 and foreign exchange fluctuation impact;
- €-3.2 billion of asset sales, redemptions and settlements mainly of debt instruments, equity securities and non-consolidated investment funds accounted as available for sale and of equity securities, non-consolidated investment funds, other assets held by controlled investment funds and debt instruments accounted as fair value through profit or loss.

A majority of assets classified in level 3 corresponds to private investments, in particular private equity assets.

9.10.2 Fair value of Investments recognized at amortized cost

	December 31, 2019					December 31, 2018				
	Assets quoted in an active market	Assets not quoted in an active market or no active market					Assets not quoted in an active market or no active market			
(in Euro million)	Fair value determined directly by reference to active market (level 1)	Fair value mainly based on observable market data (level 2)	Fair value mainly not based on observable market data (level 3)	Total excluding derivatives	Total including derivatives	Fair value determined directly by reference to active market (level 1)	Fair value mainly based on observable market data (level 2)	Fair value mainly not based on observable market data (level 3)	Total excluding derivatives	Total including derivatives
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held to maturity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in real estate properties at amortized cost	-	34,477	454	34,930	34,826	-	29,660	420	30,080	30,042
Debt instruments at cost (loans & receivables)	332	6,365	4,560	11,257	11,271	221	7,340	2,722	10,283	10,284
Loans at amortized cost	30	20,365	14,144	34,539	34,493	48	31,214	36,880	68,143	67,696
Financial investments and loans at amortized cost	**362**	**61,207**	**19,158**	**80,727**	**80,590**	**269**	**68,214**	**40,022**	**108,506**	**108,021**
TOTAL FAIR VALUE OF INVESTED ASSETS AT AMORTIZED COST	**362**	**61,207**	**19,158**	**80,727**	**80,590**	**269**	**68,214**	**40,022**	**108,506**	**108,021**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

5

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. Specifics to the valuation of investments are further described in Note 9.10.1 and the same principles apply to the fair value of investments at amortized cost.

Generally fair values of investments in real estate properties cannot be determined *via* reference to quotes of an active market from an exchange market or service provider and no property is therefore categorized in level 1. However, AXA's investments in real estate properties are mostly physically located within liquid markets with identical or comparable asset sales. Given the regulatory environment, some real estate properties located in markets like France are valued by experts using very similar approaches leading to very limited dispersion in prices, with a majority of market inputs themselves homogeneous in terms of sources and values. Hence, the Group, consistently with the policy described in Note 1.5 which notably considers, for assets not quoted in an active market, the weight of observable inputs in the valuation, concludes that the fair value calculations, which are based on valuations performed by qualified property appraisers mainly based on market observable inputs, are considered as level 2 fair values. However, as described in Note 1.5 and Note 9.10.1, the assessment of the significance of an input against the fair value measurement in its entirety involves judgment and a different weighting could produce a different categorization.

The fair values of debt instruments and loans at cost are determined with consideration of market inputs to the extent possible. For level 2 instruments, the fair value is mainly derived using valuation techniques based upon observable market interest rate curves. For level 3 instruments, the fair values of debt instruments and loans at cost are determined by valuation techniques using limited observable market data.

9.11 INVESTMENTS BACKING CONTRACTS WHERE THE FINANCIAL RISK IS BORNE BY POLICYHOLDERS

	Fair value (a)	
(in Euro million)	**December 31, 2019**	**December 31, 2018**
Investment in real estate properties	4,185	3,560
Equity instruments & non-consolidated investment funds	59,767	145,396
Debt instruments	7,998	10,375
Others	709	845
TOTAL INSURANCE ACTIVITIES	**72,660**	**160,176**

(a) Fair value equals carrying value.

Financial assets included in these investments are valued at fair value through profit or loss under the fair value option.

9.12 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9

9.12.1 Solely Payment of Principal and Interest (SPPI) test

As mentioned in Note 1.2 "General accounting principles", in the context of IFRS 9 implementation, the Group has determined that it is eligible for the temporary exemption option, introduced by the amendment to IFRS 4 Insurance contracts, until the earlier of annual reporting periods beginning on or after January 1, 2022. During this deferral period, additional disclosures related to SPPI criterion and to credit risk exposure are required.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding *i.e.* cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the result of the SPPI test for the assets not currently designated as at fair value through profit and loss, with a split between Insurance and Other activities.

Each investment item is presented gross of tax and excluding the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) and the potential impact resulting from the application of the future IFRS 17 standard on insurance contracts that will avoid accounting mismatches in particular for contracts eligible to the variable fee approach measurement model.

INSURANCE

	December 31, 2019				December 31, 2018			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	3,713	(7)	382,137	18,528	4,782	(179)	392,053	(9,051)
Debt instruments (at cost) not quoted in an active market	30	-	11,226	208	-	-	9,345	(69)
Equity instruments available for sale	18,415	2,887	-	-	15,170	(2,564)	-	-
Non-consolidated investment funds available for sale	8,594	(99)	-	-	7,419	(242)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	130	-	19,232	220	97	-	28,874	(380)
TOTAL	**30,882**	**2,781**	**412,595**	**18,955**	**27,466**	**(2,985)**	**430,272**	**(9,500)**

OTHER ACTIVITIES

(in Euro million)	December 31, 2019				December 31, 2018			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	5	-	2,213	49	3	-	4,298	(64)
Debt instruments (at cost) not quoted in an active market	-	-	-	-	-	-	938	-
Equity instruments available for sale	2,582	403	-	-	1,466	228	-	-
Non-consolidated investment funds available for sale	76	-	-	-	98	(13)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	1	-	13,399	8	8	-	33,973	30
TOTAL	**2,664**	**403**	**15,612**	**57**	**1,575**	**215**	**39,209**	**(34)**

TOTAL

(in Euro million)	December 31, 2019				December 31, 2018			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	3,717	(7)	384,350	18,577	4,786	(179)	396,351	(9,114)
Debt instruments (at cost) not quoted in an active market	30	-	11,226	208	-	-	10,283	(69)
Equity instruments available for sale	20,997	3,290	-	-	16,635	(2,337)	-	-
Non-consolidated investment funds available for sale	8,670	(100)	-	-	7,517	(254)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	131	-	32,631	227	105	-	62,847	(350)
TOTAL	**33,546**	**3,183**	**428,207**	**19,012**	**29,041**	**(2,771)**	**469,481**	**(9,534)**

9.12.2 Credit risk exposure

The tables below set out the gross carrying amount and the fair value (excluding the impact of derivatives) information on credit risk exposure for financial assets that pass the SPPI test:

For debt instruments, the credit risk information is available by rating grades [1].

(in Euro million)	December 31, 2019 Gross Carrying Amount of debt instruments that pass the SPPI test							December 31, 2018 Gross Carrying Amount of debt instruments that pass the SPPI test						
	AAA	**AA**	**A**	**BBB**	**BB and lower**	**Other**	**Total**	**AAA**	**AA**	**A**	**BBB**	**BB and lower**	**Other**	**Total**
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	73,072	97,419	76,944	74,530	2,579	5,803	330,346	80,997	98,087	84,834	88,036	4,310	5,535	361,800
Debt instruments (at cost) not quoted in an active market	221	2,606	621	3,301	441	3,667	10,858	76	1,699	1,086	2,278	411	4,581	10,131
Total Gross Carrying amount of Debt instruments that pass the SPPI test	**73,293**	**100,025**	**77,565**	**77,831**	**3,020**	**9,470**	**341,204**	**81,073**	**99,786**	**85,921**	**90,313**	**4,721**	**10,117**	**371,931**

(in Euro million)	December 31, 2019 Fair value of debt instruments that pass the SPPI test							December 31, 2018 Fair value of debt instruments that pass the SPPI test						
	AAA	**AA**	**A**	**BBB**	**BB and lower**	**Other**	**Total**	**AAA**	**AA**	**A**	**BBB**	**BB and lower**	**Other**	**Total**
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	82,435	124,004	84,965	84,176	2,611	6,160	384,350	86,520	118,467	89,844	91,777	4,141	5,602	396,351
Debt instruments (at cost) not quoted in an active market	226	2,635	638	3,491	454	3,782	11,226	68	1,734	1,101	2,316	414	4,651	10,283
Total Fair value of Debt instruments that pass the SPPI test	**82,661**	**126,639**	**85,603**	**87,667**	**3,065**	**9,941**	**395,576**	**86,587**	**120,201**	**90,945**	**94,093**	**4,555**	**10,253**	**406,634**

For loans, the credit risk information is available through three categories: rating grades, range of probability of default (range of PD) and scoring which is issued by AXA banking entities and past due information.

(1) These are external ratings corresponding to the average of the three main rating agencies, which are S&P, Fitch and Moody's.

(in Euro million)	December 31, 2019 Gross Carrying Amount of loans that pass the SPPI test				December 31, 2018 Gross Carrying Amount of loans that pass the SPPI test			
	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	2,842	12,469	16,309	31,619	13,393	31,549	15,796	60,738
Total Gross Carrying amount of loans that pass the SPPI test	**2,842**	**12,469**	**16,309**	**31,619**	**13,393**	**31,549**	**15,796**	**60,738**

(in Euro million)	December 31, 2019 Fair value of loans that pass the SPPI test				December 31, 2018 Fair value of loans that pass the SPPI test			
	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	2,829	12,405	17,397	32,631	13,077	33,175	16,594	62,847
Total Fair value amount of loans that pass the SPPI test	**2,829**	**12,405**	**17,397**	**32,631**	**13,077**	**33,175**	**16,594**	**62,847**

Below are detailed the gross carrying value and the fair value of loans that pass the SPPI test for which the credit risk is based on:

A) RATING GRADES:

Loans at cost	December 31, 2019 Gross carrying value of loans that pass the SPPI test	December 31, 2019 Fair value of loans that pass the SPPI test	December 31, 2018 Gross Carrying value of loans that pass the SPPI test	December 31, 2018 Fair Value of loans that pass the SPPI test
AAA	0	0	2,989	2,893
AA	677	679	7,934	7,739
A	1,103	1,112	1,247	1,255
BBB	1,057	1,034	1,196	1,170
BB and lower	0	0	23	17
Other	4	4	4	4
Total amount of loans that pass the SPPI test and for which the credit risk information is based on ratings	**2,842**	**2,829**	**13,393**	**13,077**

B) RANGES OF PROBABILITY OF DEFAULT (1-YEAR PD):

Loans at cost	December 31, 2019 Gross Carrying value of loans that pass the SPPI test	December 31, 2019 Fair Value of loans that pass the SPPI test	December 31, 2018 Gross Carrying value of loans that pass the SPPI test	December 31, 2018 Fair Value of loans that pass the SPPI test
0% < PD < 0.35%	5,577	5,577	21,346	22,694
0.35 < PD < 3.78%	5,551	5,550	8,177	8,524
3.78 < PD < 10.00%	1,020	1,019	1,035	1,077
PD > 10.00%	96	84	485	506
Default	224	174	506	373
Total amount of loans that pass the SPPI test and for which credit risk information is based on scoring	**12,469**	**12,405**	**31,549**	**33,175**

C) PAST DUE INFORMATION:

Loans at cost	December 31, 2019 Gross Carrying value of loans that pass the SPPI test	December 31, 2019 Fair Value of loans that pass the SPPI test	December 31, 2018 Gross Carrying value of loans that pass the SPPI test	December 31, 2018 Fair Value of loans that pass the SPPI test
Current	16,225	17,326	15,689	16,498
0-30 days past due	14	13	41	42
31-60 days past due	5	6	5	5
61-89 days past due	2	2	6	6
90 days and more past due	62	50	56	43
Total amount of loans that pass the SPPI test and for which credit risk is provided on the basis of past due information	**16,309**	**17,397**	**15,796**	**16,594**

Note 10 Investments accounted for using the equity method

10.1 BREAKDOWN OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	171	-	11	-	(32)	150
Philippine AXA Life Insurance Corporation	83	-	30	5	(3)	114
Krungthai AXA Life Insurance Company Ltd.	224	-	83	27	(0)	334
ICBC-AXA Assurance Co., Ltd.	481	-	59	1	39	579
PT AXA Mandiri Financial Services	67	-	44	4	(15)	100
Bharti AXA Life	116	-	(0)	(1)	10	125
Bharti AXA General Insurance Company Limited	25	-	1	(0)	13	39
Reso Garantia	553	-	81	46	12	692
Kyobo AXA Investment Managers Company Limited	34	-	4	(1)	(4)	34
AXA SPDB Investments Managers Company Limited	122	-	16	0	(8)	131
AXA Tianping [(b)]	542	0	(5)	2	(539)	-
AXA Mansard Insurance plc (P&C including Assur African Holding)	77	-	4	1	3	86
AXA Mansard Insurance plc (L&S)	27	-	2	1	3	33
XL Group	352	-	-	7	(360)	-
Equitable Holdings, Inc. [(c)]	-	0	174	75	(249)	0
Other	56	(1)	2	0	(38)	20
TOTAL	**2,929**	**(1)**	**504**	**169**	**(1,165)**	**2,437**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.

(b) From December 31, 2019, AXA Tianping is fully consolidated within AXA Group (see Note 5.3.1).

(c) Includes the initial recognition of the retained stake accounted for using the equity method for €+4,330 million and its deconsolidation for €-4,579 million embedding the residual retained stake reclassified as Avaivable for Sale instruments for €-934 million (see Note 5.3.2).

	2018					
(in Euro million)	**January 1**	**Acquisitions & disposals**	**Contribution to net income**	**Currency translation impact**	**Other changes [(a)]**	**December 31**
Neuflize Vie	170	-	9	-	(8)	171
Philippine AXA Life Insurance Corporation	76	-	20	0	(13)	83
Krungthai AXA Life Insurance Company Ltd.	181	-	32	12	0	224
ICBC-AXA Assurance Co., Ltd.	413	-	41	(2)	30	481
PT AXA Mandiri Financial Services	52	-	35	(0)	(21)	67
Bharti AXA Life	105	-	9	(4)	6	116
Bharti AXA General Insurance Company Limited	25	-	1	(1)	(0)	25
Reso Garantia	500	-	123	(58)	(11)	553
Kyobo AXA Investment Managers Company Limited	33	-	4	0	(3)	34
AXA SPDB Investments Managers Company Limited	32	-	15	(1)	75	122
Natio Assurance	45	(54)	10	-	(1)	-
AXA Tianping	549	-	(8)	(2)	3	542
AXA Mansard Insurance plc (P&C including Assur African Holding)	74	-	0	3	(0)	77
AXA Mansard Insurance plc (L&S)	24	-	4	1	(2)	27
Roland Rechtsschutzversicherung	45	(0)	2	-	(48)	-
XL Group	-	450	-	7	(104)	352
Other	56	-	(6)	1	4	56
TOTAL	**2,381**	**396**	**289**	**(45)**	**(93)**	**2,929**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.

10.2 MAIN JOINT VENTURES

Financial information for main joint ventures is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

	December 31, 2019		December 31, 2018	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tianping	Krungthai AXA Life Insurance Company Ltd.	AXA Tianping
Cash and cash equivalents	117	-	108	188
Total assets (including cash and cash equivalents)	**10,287**	**-**	**7,543**	**1,407**
Financing debts	-	-	-	-
Total liabilities (including financing debts but excluding shareholders' equity)	**9,619**	**-**	**7,095**	**949**
Net assets	**669**	**-**	**448**	**457**
Revenues	1,671	881	1,536	800
Change in unearned premiums net of unearned revenues and fees	(7)	(40)	1	89
Net investment result excluding financing expenses	1,241	42	43	40
Other operating income and expenses	(2,700)	(910)	(1,503)	(941)
Financing debt expenses	-	-	-	-
Income tax expense or income	(39)	16	(14)	(5)
Net income	**166**	**(11)**	**63**	**(17)**
Other Comprehensive Income	54	-	23	4
Total Comprehensive Income	**220**	**-**	**87**	**(12)**
Dividends received by AXA from the joint venture	**-**	**-**	**-**	**-**

As of December 31, 2019, the Group share of interest in Krungthai AXA Life Insurance Company Ltd. was 50.0%. Additionally, AXA Tianping, which was previously held by AXA for 50.0%, is fully consolidated within AXA Group from December 31, 2019 (see Note 5.3.1).

A reconciliation of the summarized financial information to the carrying amount of the joint ventures is as follows:

	December 31, 2019		December 31, 2018	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tianping	Krungthai AXA Life Insurance Company Ltd.	AXA Tianping
Net assets as presented above	669	-	448	457
Group share in net assets	334	-	224	229
Goodwill	-	-	-	313
Carrying value	334	-	224	542

Under IAS 39, all financial assets of Krungthai AXA Life Insurance Company Ltd. are accounted for at fair value through profit and loss and consequently the SPPI test (Solely Payments of Principal and Interest) is not applicable.

10.3 MAIN ASSOCIATES

Financial information for main associates is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

(in Euro million)	December 31, 2019		December 31, 2018	
	Reso Garantia	ICBC-AXA Assurance Co., Ltd.	Reso Garantia	ICBC-AXA Assurance Co., Ltd.
Total assets	**3,763**	**20,711**	**2,745**	**15,199**
Total liabilities (excluding shareholders' equity)	**2,478**	**18,604**	**1,780**	**13,449**
Net assets	**1,285**	**2,107**	**966**	**1,750**
Revenues	1,462	7,014	1,438	4,319
Net income	**206**	**213**	**312**	**148**
Other Comprehensive Income	113	143	(112)	107
Total Comprehensive Income	**318**	**356**	**199**	**255**
Dividends received by AXA from the associate	**-**	**-**	**-**	**-**

A reconciliation of the summarized financial information to the carrying amount of the associates is as follows:

(in Euro million)	December 31, 2019		December 31, 2018	
	Reso Garantia	ICBC-AXA Assurance Co., Ltd.	Reso Garantia	ICBC-AXA Assurance Co., Ltd.
Net assets as presented above	1,285	2,107	966	1,750
Group share of net assets	506	579	380	481
Goodwill	186	-	173	-
Impairment of associate	-	-	-	-
Carrying value	692	579	553	481

Reso Garantia already applies IFRS 9.

Disclosures about the temporary exemption from IFRS 9 for ICBC-AXA Assurance Co., Ltd.

The table below sets out the result of the SPPI test (Solely Payment of Principal and Interest) for the assets not currently designated as at fair value with change in fair value through income statement as of December 31, 2019. The amounts exclude the impact of derivatives.

	December 31, 2019				December 31, 2018			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	-	-	3,388	28	-	-	2,047	213
Debt instruments (at cost) not quoted in an active market	783	-	1,919	-	888	-	1,992	-
Equity instruments available for sale	941	39	-	-	371	(43)	-	-
Non-consolidated investment funds available for sale	757	133	-	-	1,036	(69)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	1,106	-	2,488	-	1,131	-	1,606	-
TOTAL	**3,588**	**172**	**7,795**	**28**	**3,426**	**(112)**	**5,645**	**213**

This Note excludes investment funds and real estate companies accounted for using the equity method, which are presented as financial investments (Note 9).

Note 11 Receivables

	December 31, 2019				December 31, 2018			
(in Euro million)	Gross value	Impairment	Carrying value	Fair value	Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	2,651	(2)	2,650	2,650	3,315	(2)	3,313	3,313
Current accounts receivables from other Companies	2,369	(8)	2,361	2,361	1,928	(4)	1,923	1,923
Receivables from policyholders, brokers and general agents	16,349	(512)	15,837	15,837	14,941	(511)	14,431	14,431
Premiums earned not yet written	6,239	-	6,239	6,239	5,592	-	5,592	5,592
Receivables arising from direct insurance and inward reinsurance operations	**27,608**	**(521)**	**27,087**	**27,087**	**25,776**	**(517)**	**25,259**	**25,259**
Deposits and guarantees	0	-	0	0	5	-	5	5
Receivables from reinsurers	2,141	(67)	2,074	2,074	2,002	(65)	1,937	1,937
Receivables from brokers and general agents	0	(0)	0	0	5	(3)	3	3
Receivables arising from outward reinsurance operations	**2,141**	**(67)**	**2,074**	**2,074**	**2,012**	**(68)**	**1,944**	**1,944**
Current tax receivables	**949**	**-**	**949**	**949**	**962**	**-**	**962**	**962**
Employee benefits & related	1,442	(0)	1,442	1,442	1,507	(0)	1,507	1,507
Other deposits	2,658	-	2,658	2,658	1,845	-	1,845	1,845
Others	6,300	(71)	6,229	6,229	12,226	(833)	11,393	11,393
Other receivables	**10,400**	**(71)**	**10,329**	**10,329**	**15,578**	**(833)**	**14,745**	**14,745**
TOTAL RECEIVABLES	**41,099**	**(660)**	**40,439**	**40,439**	**44,328**	**(1,417)**	**42,911**	**42,911**

Note 12 Cash and cash equivalents

	December 31, 2019	December 31, 2018
(in Euro million)	Carrying value [(a)]	Carrying value [(a)]
Arising from insurance activities	16,427	25,972
Arising from banking activities	1,072	1,220
Arising from other activities	4,450	4,137
Cash and cash equivalents [(b)]	**21,948**	**31,329**

(a) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(b) Including €783 million deposits in the central banks in 2019 and €905 million in 2018.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(in Euro million)	December 31, 2019	December 31, 2018
Cash and cash equivalents	21,948	31,329
Bank overdrafts [(a)]	(679)	(773)
Cash and cash equivalents [(b)]	**21,269**	**30,556**

(a) Included in "Other debt instruments issued and bank overdrafts".
(b) The "Cash and cash equivalents" item excludes cash backing contracts where the financial risk is borne by policyholders (Unit-Linked contracts).

The tables above exclude cash held by consolidated investment funds in the "Satellite Investment Portfolio", as defined in Note 1.8.2.

As of December 31, 2019, total consolidated net cash and cash equivalents amounted to €21,269 million, net of €679 million bank overdrafts classified under "Other debt instrument issued and bank overdrafts" in the consolidated statement of financial position.

Net cash and cash equivalents decreased by €9,287 million compared to 2018 mainly in:

- Switzerland (€-5,354 million) due to higher surrenders in the context of Group Life portfolio disposal;
- the United States (€-4,094 million) due to the deconsolidation of Equitable Holdings, Inc.;
- France (€-1,354 million) mainly due to regular insurance activities (€-1,885 million), partly offset by a temporary cash position invested in money market funds (€+417 million).

It was partly offset by:

- AXA SA (€+1,373 million) mainly from the proceeds coming from the disposal of Equitable Holdings, Inc. shares and dividends received, partly offset by the dividends paid to the shareholders, and the repayment of loans made by the operating entities;
- Belgium (€+264 million) mainly due to the repayment of an intra-group loan.

Regarding the consolidated statement of cash flows presented in the primary financial statements, net cash provided by operating activities amounted to €+8,861 million in 2019, compared to €7,634 million in 2018.

Net cash used in investing activities amounted to €-10,665 million in 2019, mainly reflecting:

- €-15,158 million of net cash used in purchases and sales of financial invested assets;
- €+4,831 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash used in investing activities amounted to €-2,124 million in 2018, mainly reflecting:

- €-9,247 million of net cash used in the acquisition of the XL Group;
- €+4,015 million of net cash used in purchases and sales of financial invested assets;
- €+3,962 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash relating to financing activities amounted to €-7,011 million in 2019, mainly driven by:

- the repayment of preference shares (€-1,086 million) related to the XL Group;
- subordinated debt issued (€+145 million) the repayment of financing debt (€-559 million) and undated subordinated debt in 2019 (€-253 million);
- dividends payments of €-3,268 million.

Net cash relating to financing activities amounted to €+3,919 million in 2018, mainly driven by:

- the sale of interests in subsidiaries without change in control (€+4,097 million), mostly related to the partial disposal of Equitable Holdings, Inc.;
- subordinated debt issued (€+5,685 million), the repayment of financing debt (€-1,681 million) and undated subordinated debt in 2018 (€-665 million);
- dividends payments of €-3,414 million.

Note 13 Shareholders' equity and minority interests

13.1 IMPACT OF TRANSACTIONS WITH SHAREHOLDERS

The Consolidated Statement of changes in Equity is presented as a primary financial statement.

13.1.1 Change in shareholders' equity Group share in 2019

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2019, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €375 million from the employee share offering of 17.8 million shares in December 2019;
- a capital increase of €67 million due to the exercise of stock options;
- share-based payments for €40 million;
- a capital decrease of €683 million corresponding to 29.3 million shares in order to eliminate the dilutive effect of employee share offering of 17.8 million shares and other share-based compensation schemes of 11.5 million shares (AXA SA's stocks options and performance shares plans).

TREASURY SHARES

As of December 31, 2019, the Company and its subsidiaries owned 31.3 million AXA shares, representing 1.3% of the share capital, a decrease of 10.3 million shares compared to December 31, 2018.

As of December 31, 2019, 1.4 million treasury shares backing contracts where financial risk is borne by policyholders held in consolidated investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €18 million and their market value €36 million at the end of December 2019.

As of December 31, 2019, the carrying value of treasury shares and related derivatives amounted to €752 million. There was no AXA shares held by consolidated Mutual funds other than those backing contracts where financial risk is borne by policyholders.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

As described in the accounting principles, undated subordinated debt instruments issued by the Group do not qualify as liabilities under IFRS.

Undated subordinated debt instruments are classified in shareholders' equity and valuated at their historical value or their closing value as regards exchange rates. The corresponding foreign exchange differences are cancelled out through the translation reserve.

In 2019, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-253 million from repayment of undated subordinated debt;
- €+113 million from foreign exchange rate fluctuations;
- €-194 million from interest expenses related to the undated subordinated debt (net of tax).

As of December 31, 2019 and December 31, 2018, undated subordinated debt recognized in shareholders' equity broke down as follows:

(in million)	December 31, 2019 Value of the undated subordinated debt *(in currency of issuance)*	December 31, 2019 Value of the undated subordinated debt *(in Euro million)*	December 31, 2018 Value of the undated subordinated debt *(in currency of issuance)*	December 31, 2018 Value of the undated subordinated debt *(in Euro million)*
October 29, 2004 – €375 M 6.0%	375	375	375	375
December 22, 2004 – €250 M 6.0%	250	250	250	250
January 25, 2005 – €250 M 6.0%	250	250	250	250
July 6, 2006 – £350 M 6.7%	350	411	350	391
December 14, 2006 – US$ 750 M 6.4%	750	665	750	652
October 16, 2007 – £700 M 6.8%	-	-	219	243
November 7, 2014 – €984 M 3.941%	984	981	984	981
November 7, 2014 – £724 M 5.453%	724	848	724	806
May 20, 2014 – €1,000 M – 3.9%	1,000	997	1,000	997
January 22, 2013 – US$850 M, 5.5%	850	751	850	737
Undated notes – €625 M, variables rates	625	625	625	625
Undated notes – JPY 27,000 M, 3.3%	27,000	221	27,000	215
Undated notes – US$ 375 M, variables rates	375	334	375	328
TOTAL		**6,708**		**6,849**

Undated subordinated debt often contains the following features:

- early redemption clauses (calls) at the Group's option, giving AXA the ability to redeem on certain dates the principal amount before settlement and without penalty, and;
- interest rate step-up clauses with effect at different contractual given dates.

DIVIDENDS PAID

On May 6, 2019, Shareholders' Meeting, shareholders approved a dividend distribution of €1.34 per share corresponding to €3,189 million with respect to the 2018 financial year.

13.1.2 Change in shareholders' equity Group share in 2018

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2018, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €1,016 million from the merger of AXA France Assurance took over by AXA SA;
- a capital increase of €329 million from the employee share offering of 15.4 million shares in December 2018;
- a capital increase of €38 million due to the exercise of stock options;
- share-based payments for €39 million;
- a capital decrease of €429 million corresponding to 18.4 million shares in order to eliminate the dilutive effect of share-based compensation schemes (AXA SA's stocks options, performance shares plans and share plan).

TREASURY SHARES

As of December 31, 2018, the Company and its subsidiaries owned 41.6 million AXA shares, representing 1.7% of the share capital, a decrease of 0.2 million shares compared to December 31, 2017.

As of December 31, 2018, 1.9 million treasury shares backing contracts where financial risk is borne by policyholders held in consolidated investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €33 million and their market value €35 million at the end of December 2018.

As of December 31, 2018, the carrying value of treasury shares and related derivatives was €1,038 million. There was no AXA shares held by consolidated Mutual funds other than those backing contracts where financial risk is borne by policyholders.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

In 2018, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-665 million from repayment of undated subordinated debt;
- €+123 million from foreign exchange rate fluctuations;
- €-222 million from interest expenses related to the undated subordinated debt (net of tax).

DIVIDENDS PAID

On April 26, 2018, Shareholders' Meeting, shareholders approved a dividend distribution of €1.26 per share corresponding to €2,998 million with respect to the 2017 financial year.

13.2 COMPREHENSIVE INCOME FOR THE PERIOD

The Statement of Comprehensive Income, presented as primary financial statements, includes net income for the period, the reserves relating to the change in fair value of available for sale financial instruments, the translation reserve, and actuarial gains and losses on employee benefit obligations.

13.2.1 Comprehensive income for 2019

RESERVES RELATED TO CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS INCLUDED IN SHAREHOLDERS' EQUITY

The increase of gross unrealized gains and losses on assets available for sale totaled €+22,669 million, of which a €+18,756 million increase in unrealized capital gains on debt securities driven by the decrease in interest rates.

The following table shows the reconciliation between gross unrealized gains and losses on available for sale financial assets and the corresponding reserve recognized in shareholders' equity:

(in Euro million)	December 31, 2019	December 31, 2018
Gross unrealized gains and losses [(a)]	**61,244**	**38,575**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholder participation and other obligations	(34,196)	(22,154)
Shadow accounting on Deferred Acquisition Costs [(b)]	(876)	(210)
Shadow accounting on Value of purchased Business In force	(167)	(159)
Unallocated unrealized gains and losses before tax	**26,005**	**16,052**
Deferred tax	(6,174)	(4,189)
Unrealized gains and losses net of tax – assets available for sale	**19,831**	**11,863**
Unrealized gains and losses net of tax (100%) – equity accounted companies	56	(32)
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% – TOTAL	**19,887**	**11,831**
Minority interests' share in unrealized gains and losses [(c)]	**(255)**	**(42)**
Translation reserves [(d)]	(303)	(223)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**19,328**	**11,566**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves and held for sale activities.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

On December 31, 2019, most of the unrealized gains on assets available for sale were related to Life & Savings activities.

In jurisdictions where participating business represents an important portion of contracts in force and where required minimum local policyholders' share in the entities' results (limited to investment result or not) are significant, the reconciliation between gross unrealized gains and losses on available for sale financial assets and the corresponding net reserve recognized in shareholders' equity were as follows as of December 31, 2019:

	December 31, 2019			
(in Euro million)	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings	Belgium Life & Savings
Gross unrealized gains and losses [(a)]	**21,095**	**10,465**	**3,753**	**6,307**
Less unrealized gains and losses attributable to:				
Shadow accounting on policyholders' participation and other obligations	(15,886)	(8,984)	(2,530)	(2,927)
Shadow accounting on Deferred Acquisition Costs [(b)]	(303)	-	(122)	(79)
Shadow accounting on Value of purchased Business In force	-	-	(93)	(2)
Unallocated unrealized gains and losses before tax	**4,906**	**1,482**	**1,008**	**3,299**
Deferred tax	(1,253)	(474)	(186)	(760)
Unrealized gains and losses (net of tax) – assets available for sale	**3,653**	**1,008**	**821**	**2,540**
Unrealized gains and losses net of tax – equity accounted companies	16	-	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% – TOTAL	**3,669**	**1,008**	**821**	**2,540**
Minority interests' share in unrealized gains and losses [(c)]	**(9)**	**0**	**-**	**(1)**
Translation reserves [(d)]	0	-	(208)	(0)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**3,660**	**1,008**	**613**	**2,539**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

The change in reserves related to changes in fair value of available for sale financial instruments included in shareholders' equity as of December 31, 2019 and December 31, 2018, broke down as follows:

(in Euro million)	December 31, 2019	December 31, 2018
Unrealized gains and losses (net of tax) 100%, opening	**11,831**	**16,194**
Transfer in the income statement on the period [(a)]	(187)	(874)
Investments bought in the current accounting period and changes in fair value	8,593	(3,715)
Foreign exchange impact	217	289
Change in scope and other changes	(567)	(62)
Unrealized gains and losses (net of tax) 100%, closing	**19,887**	**11,831**
Minority interests' share in unrealized gains and losses [(b)]	**(255)**	**(42)**
Translation reserves [(c)]	**(303)**	**(223)**
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(d)]	**19,328**	**11,566**

(a) Transfer induced by disposal of financial assets, impairment write-back following reevaluation, or transfer of expenses following impairment charge during the period, and debt instruments discount premium impacts.
(b) Including foreign exchange impact attributable to minority interests.
(c) Group share.
(d) Including unrealized gains and losses on assets held for sale operations.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movements was €+659 million (of which €+457 million from Group share and €+202 million from minority interests) as at December 31, 2019.

The change in Group share translation reserves €+457 million was mainly driven by Switzerland (€+391 million), the UK & Ireland (€+248 million), the United States (€+204 million), Hong Kong (€+113 million) and International (€+107 million), partly offset by the deconsolidation of Equitable Holdings, Inc. (€-1,014 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-684 million (of which Group share was €-679 million and minority interests were €-5 million) as of December 31, 2019.

The negative impact in equity arising from employee defined benefits obligation was mainly explained by an overall decrease in discount rate assumptions used to value liabilities in the Eurozone but also in the United Kingdom and Switzerland partially offset by gains on plan assets backing the defined benefit obligation mainly in the United Kingdom and Switzerland.

Additional information on pension benefits is provided in Note 26.2.

13.2.2 Comprehensive income for 2018

RESERVE RELATED TO CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS INCLUDED IN SHAREHOLDERS' EQUITY

The decrease of gross unrealized gains and losses on assets available for sale totaling €11,702 million, of which €8,971 million decrease in unrealized capital gains on debt securities, mainly driven by corporate spreads widening, and to a lower extent by interest rates increase in the United States.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movements was €+1,553 million (of which €+1,869 million from Group share and €-317 million from minority interests) as at December 31, 2018.

The change in Group share translation reserves €1,869 million was mainly driven by Japan (€+495 million), Switzerland (€+404 million), the United States (€+368 million), Asia (€+175 million), partly offset by International (€-79 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €+253 million (of which Group share was €+608 million and minority interests were €-355 million) as of December 31, 2018.

The positive impact in equity arising from employee defined benefits obligation was mainly explained by:

- an overall increase in discount rate assumptions used to value liabilities in different countries (an increase in discount rate per reference to financial conditions entails a decrease in defined benefit obligation thus, a gain on liabilities);
- an update of longevity assumptions in Switzerland (adoption of the latest Continuous Mortality Investigation Projection Model – CMI);

It was partly offset by:

- losses on plan assets backing the defined benefit obligation mainly in the United Kingdom, the United States and Switzerland.

Additional information on pension benefits is provided in Note 26.2.

13.3 CHANGE IN MINORITY INTERESTS

Under IFRS, minority interests in most investment funds in which the Group invests consist of instruments that holders can redeem at will at fair value, and qualify as a liability rather than shareholders' equity item.

13.3.1 Change in minority interests for 2019

The €6,094 million decrease in minority interests to €4,730 million was driven by transactions with minority interests' holders and comprehensive income:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+325 million,
  - employee benefits actuarial gains and losses €-5 million,
  - reserves relating to changes in fair value through shareholders' equity for €+223 million,
  - foreign exchange movements for €+202 million;

- transactions with minority interests' holders mainly included:
  - decrease in minority interests as a consequence of the deconsolidation of Equitable Holdings, Inc. for €-5,172 million (see Note 5.3.2),
  - reclassification of the equity component of the Mandatory Exchangeable Bonds to financing debt for €-614 million (see Note 5.3.2),
  - redemption of AXA XL preferred shares for €-1,086 million,
  - dividend payout to minority interests' holders for €-156 million,
  - minority interests qualified as equity resulting from the consolidation of a new investment fund and capital addition to existing consolidated investment funds for €+191 million.

13.3.2 Change in minority interests for 2018

The €5,168 million increase in minority interests to €10,824 million was driven by transactions with minority interests' holders and comprehensive income:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €-2,513 million,
  - employee benefits actuarial gains and losses €-355 million,
  - reserves relating to changes in fair value through shareholders' equity for €-188 million,
  - foreign exchange movements for €-317 million;
- transactions with minority interests' holders mainly included:
  - increase in minority interests following the IPO and the Second Offering of Equitable Holdings, Inc. for €+6,463 million,
  - equity component of Mandatory Exchangeable Bonds for €+607 million,
  - XL Group preferred shares for €+1,025 million,
  - dividend payout to minority interests' holders for €-428 million,
  - minority interests qualified as equity resulting from the consolidation of a new investment fund and capital addition to existing consolidated investment funds for €+532 million.

Note 14 Liabilities arising from insurance and investment contracts

In this Note, Health is not reported separately from Life & Savings and Property & Casualty lines of business.

14.1 BREAKDOWN OF LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

14.1.1 Segment breakdown of liabilities arising from insurance and investment contracts (gross and reinsurers' share)

	December 31, 2019							
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Total Insu-rance
Insurance liabilities (A)	157,890	150,179	62,721	48,669	-	11,591	1,912	432,963
Investment liabilities (B)	11,960	35,744	2,167	-	-	2,677	-	52,547
Other liabilities (C) [(a)]	19,439	30,287	3,727	0	-	667	(0)	54,120
Total insurance and investment liabilities (D = A+B+C)	**189,290**	**216,209**	**68,615**	**48,669**	**-**	**14,935**	**1,912**	**539,630**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,975	1,210	707	15,141	-	1,198	(260)	22,970
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**184,315**	**214,999**	**67,908**	**33,528**	**-**	**13,737**	**2,172**	**516,660**

(a) Other liabilities comprised unearned revenue and unearned fee reserves, liabilities arising from policyholders' participation and other obligations, and derivatives instruments relating to insurance and investment contracts.

	December 31, 2018							
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Total Insu-rance
Insurance liabilities (A)	149,939	153,272	56,141	45,689	165,179	10,917	1,936	583,073
Investment liabilities (B)	10,384	33,982	2,035	864	3,910	2,417	-	53,593
Other liabilities (C) [(a)]	14,633	23,706	2,863	0	(172)	516	5	41,552
Total insurance and investment liabilities (D = A+B+C)	**174,956**	**210,961**	**61,039**	**46,553**	**168,917**	**13,850**	**1,942**	**678,219**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,563	1,258	251	13,641	5,251	1,057	(270)	25,751
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**170,392**	**209,703**	**60,788**	**32,913**	**163,667**	**12,794**	**2,211**	**652,468**

(a) Other liabilities comprised unearned revenue and unearned fee reserves, liabilities arising from policyholders' participation and other obligations, and derivatives instruments relating to insurance and investment contracts.

14.1.2 Breakdown of liabilities arising from insurance and investment contracts (gross and reinsurers' share)

	December 31, 2019			December 31, 2018		
(in Euro million)	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Liabilities arising from insurance contracts	267,454	108,800	376,253	333,688	103,327	437,015
Liabilities arising from insurance contracts where risk is borne by policyholders	56,709	-	56,709	146,058	-	146,058
Total insurance liabilities (A)	**324,163**	**108,800**	**432,963**	**479,746**	**103,327**	**583,073**
Liabilities arising from investment contracts with discretionary participating features	36,036	-	36,036	34,225	-	34,225
Liabilities arising from investment contracts with no discretionary participating features	67	-	67	3,973	864	4,837
Liabilities arising from investment contracts where the financial risk is borne by policyholders	16,444	-	16,444	14,532	-	14,532
Total investment liabilities (B)	**52,547**	**-**	**52,547**	**52,729**	**864**	**53,593**
Unearned revenue and unearned fee reserves	2,211	-	2,211	2,711	10	2,722
Liabilities arising from participation	52,465	301	52,766	40,367	259	40,625
Derivative instruments	(1,098)	241	(857)	(1,984)	189	(1,795)
Other liabilities (C)	**53,578**	**542**	**54,120**	**41,094**	**458**	**41,552**
Total insurance and investment liabilities (D = A+B+C)	**430,288**	**109,342**	**539,630**	**573,569**	**104,650**	**678,219**
Reinsurers' share in insurance contracts liabilities	7,417	15,438	22,855	12,280	13,358	25,637
Reinsurers' share in insurance contract liabilities relating to policyholders' participation	1	18	18	1	22	23
Reinsurers' share in liabilities arising from investment contracts	97	-	97	91	-	91
Total reinsurers' share in insurance and investment contracts liabilities (E)	**7,515**	**15,456**	**22,970**	**12,371**	**13,380**	**25,751**
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURERS' SHARE (F = D-E)	**422,774**	**93,887**	**516,660**	**561,198**	**91,270**	**652,468**

14.2 LIABILITIES ARISING FROM INSURANCE CONTRACTS (GROSS AND REINSURERS' SHARE)

Liabilities arising from insurance contracts, including those where the financial risk is borne by policyholders, as disclosed in the total (A) of Note 14.1.1, were split by as follows:

	December 31, 2019			December 31, 2018		
(in Euro million)	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Future policy benefit reserves	245,175	107	245,282	311,915	102	312,017
Unearned premiums reserves	920	21,472	22,392	836	19,091	19,927
Claims reserves [(a)]	13,948	81,689	95,637	14,054	78,703	92,757
of which IBNR	*4,741*	*30,814*	*35,554*	*5,050*	*29,474*	*34,524*
Liability adequacy test reserves	-	-	-	-	-	-
Other reserves [(c)]	7,410	5,532	12,942	6,884	5,431	12,315
Liabilities arising from insurance contracts (A)	**267,454**	**108,800**	**376,253**	**333,688**	**103,327**	**437,015**
of which measured at current assumptions [(c)]	*226*	-	*226*	*14,123*	-	*14,123*
Future policy benefit reserves	56,608	-	56,608	145,889	-	145,889
Claims reserves [(a)]	101	-	101	93	-	93
of which IBNR	*1*	-	*1*	*2*	-	*2*
Other reserves	0	-	0	76	-	76
Liabilities arising from insurance contracts where the financial risk is borne by policyholders (B)	**56,709**	**-**	**56,709**	**146,058**	**-**	**146,058**
Sub-total Liabilities arising from insurance contract (C = A+B)	**324,163**	**108,800**	**432,963**	**479,746**	**103,327**	**583,073**
Reinsurers' share in future policy benefit reserves	4,689	(7)	4,681	9,525	(6)	9,519
Reinsurers' share in unearned premiums reserves	50	3,157	3,208	49	2,705	2,754
Reinsurers' share in claims reserves [(a)]	1,977	12,277	14,254	2,072	10,670	12,742
of which IBNR	*29*	*5,945*	*5,975*	*49*	*5,143*	*5,192*
Reinsurers' share in other reserves	702	10	712	633	(11)	622
Reinsurers' share in liabilities arising from insurance contracts (D)	**7,417**	**15,438**	**22,855**	**12,280**	**13,358**	**25,637**
Reinsurers' share in liabilities arising from insurance contracts where the financial risk is borne by policyholders (E)	**0**	**-**	**0**	**0**	**-**	**0**
Sub-total Reinsurers' share in liabilities (F = D+E)	**7,418**	**15,438**	**22,855**	**12,280**	**13,358**	**25,638**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURERS' SHARE (G = C-F)	**316,745**	**93,362**	**410,107**	**467,466**	**89,970**	**557,436**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholder participation (see Note 14.9), and derivative instruments (see Note 20.4) are excluded from the table above.
Reinsurers' share in insurance contracts liabilities relating to policyholders' participation (€18 million in 2019 and €23 million in 2018), as well as derivative instruments (none in 2019 and 2018) are excluded from the table above.

(a) Includes reserves for claims handling expenses.

(b) Notably includes non-life annuities mathematical reserves.

(c) See Note 1.14.2 "Reserves measured according to the option offered by IFRS 4.24" for selective re-measurement of reserves at current market assumptions.

5

14.3 LIABILITIES ARISING FROM INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

The following table shows a breakdown of liabilities arising from investment contracts including those where the financial risk is borne by policyholders, as disclosed in the sub total (B) of Note 14.1.1:

(in Euro million)	December 31, 2019	December 31, 2018
Future policy benefit reserves	35,739	33,937
Unearned premiums reserves	0	0
Claims reserves [(a)]	295	285
Liability adequacy test reserves	-	-
Other reserves	3	3
Liabilities arising from investment contracts with discretionary participating features (A)	**36,036**	**34,225**
of which measured at current assumptions [(b)]	-	-
Future policy benefit reserves	57	3,963
Claims reserves [(a)]	9	10
Other reserves	0	865
Liabilities arising from investment contracts with no discretionary participating features (B)	**67**	**4,837**
Future policy benefit reserves	16,434	14,519
Claims reserves [(a)]	11	13
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders (C)	**16,444**	**14,532**
Sub-total liabilities arising from investment contract (D = A+B+C)	**52,547**	**53,593**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features (E)	**93**	**88**
Reinsurers' share in liabilities arising from investment contracts with no discretionary participating features (F)	**-**	**-**
Reinsurers' share in liabilities arising from investment contracts where the financial risk is borne by policyholders (G)	**3**	**3**
Sub-total Reinsurers' share (H = E+F+G)	**97**	**91**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS – NET OF REINSURERS' SHARE (I = D-H)	**52,451**	**53,502**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholders' participation (see Note 14.9), and derivative instruments (see Note 20.4), are excluded from the table above.
Reinsurance's share in investments contracts liabilities relating to policyholders' participation (none in 2019 and 2018), as well as derivatives instruments (none in 2019 and 2018) are excluded from the table above.

(a) Includes reserves for claims handling expenses.

(b) See Note 1.14.2 "Reserves measured according to the option opened by IFRS 4.24" for selective re-measurement of reserves at current market assumptions.

14.4 CHANGE IN CLAIMS RESERVES FOR PROPERTY & CASUALTY (INSURANCE CONTRACTS)

14.4.1 Change in gross of reinsurance claims reserves

The table below gives information on change in reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2019 Property & Casualty	2018 Property & Casualty
Claims reserves as of January 1	75,782	48,445
Claims handling cost reserves as of January 1	2,921	1,396
Gross claims reserve as of January 1 [(a)]	**78,703**	**49,841**
Current year charge	31,850	25,116
Loss reserves development (prior years)	(368)	(709)
Total claims expenses [(b)]	**31,482**	**24,407**
Claims payments (current year)	(19,683)	(12,900)
Claims payments (prior years)	(10,282)	(10,335)
Claim payments [(b)]	**(29,964)**	**(23,235)**
Change in scope of consolidation and change in accounting method	**500**	**27,430**
Impact of foreign currency fluctuation	**967**	**338**
Claims reserves as of December 31	79,129	75,782
Claims handling cost reserves as of December 31	2,559	2,921
Gross claims reserves as of December 31 [(a)]	**81,689**	**78,703**

(a) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €5.5 billion in 2019 and €5.3 billion in 2018.
(b) Excluding claims handling expense reserves.

14.4.2 Change in reinsurers' share in claims reserves

The table below gives information on change in reinsurers' share in claims reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2019 Property & Casualty	2018 Property & Casualty
Reinsurers' share in claims reserves as of January 1	**10,670**	**3,952**
Reinsurers' share in total claims expenses	5,232	3,109
Reinsurers' share in claims payments	(3,939)	(2,536)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	47	6,014
Impact of foreign currency fluctuation	267	138
Reinsurers' share in claims reserves as of December 31	**12,277**	**10,670**

14.5 CHANGE IN LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS – LIFE & SAVINGS

14.5.1 Change in liabilities arising from insurance and investment contracts – Gross of reinsurance

The table below gives detailed information on change in liabilities arising from insurance and investment contracts in Life and Savings presented in Note 14.2 (C):

	2019			2018		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Technical reserves as of January 1 [(a)]	**479,746**	**52,729**	**532,475**	**494,615**	**51,995**	**546,610**
Collected premiums net of loadings on premiums (+)	36,084	7,601	43,684	48,423	5,421	53,844
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(41,002)	(5,936)	(46,939)	(52,390)	(5,190)	(57,581)
Unit-Linked technical reserves value adjustment (+/-)	17,047	857	17,903	(10,344)	(791)	(11,135)
Change in reserves relating to technical and actuarial items (+/-) [(b)]	6,341	630	6,971	6,130	880	7,011
Transfers following technical reserves/ contract reclassification	(2)	7	5	19	(19)	-
Change in scope of consolidation, portfolio transfers and change in accounting principles	(179,942)	(3,547)	(183,488)	(19,828)	111	(19,717)
Impact of foreign currency fluctuation	5,891	207	6,098	13,121	321	13,442
Technical reserves as of December 31 [(a)]	**324,163**	**52,547**	**376,710**	**479,746**	**52,729**	**532,475**

(a) Includes: future policy benefit reserves (including shadow accounting reserves), unearned premium reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefit reserves. Excludes: unearned revenue and unearned fee reserves, liabilities from policyholder participation.

(b) Notably includes interests credited and policyholder participation credited to reserves, fees on account balance and investment management fees and change in reserves relating to other technical and actuarial items.

In 2019, the effect of the change in scope of consolidation amounted to €183,488 million, mainly due to the deconsolidation of Equitable Holdings, Inc. (€182,152 million) and the classification as held for sale of additional small occupational benefit foundations in 2019 in Switzerland (€2,212 million), partly offset by the unwinding of held for sale classification of AXA Wealth Management (HK) Limited in Hong Kong (€702 million).

In 2018, the effect of the change in scope of consolidation amounted to €19,717 million, mainly due to the classification in held for sale due to the planned sale of Group Life portfolio in Switzerland (€17,111 million) as well as AXA Life Europe (€5,108 million), partly offset by the acquisition of the XL Group (€3,064 million).

14.5.2 Change in reinsurers' share in liabilities arising from insurance and investment contracts

The table below gives detailed information on change in reinsurer's share in liabilities arising from insurance and investment contracts in Life & Savings presented in Note 14.2 (F) and Note 14.3 (H).

(in Euro million)	2019 Insurance contracts	2019 Investment contracts	2019 Total	2018 Insurance contracts	2018 Investment contracts	2018 Total
Reinsurers' share in technical reserves as of January 1 [(a)]	**12,280**	**91**	**12,371**	**8,272**	**69**	**8,342**
Reinsurers' share in collected premiums net of loadings on premiums (+)	1,740	12	1,752	1,110	25	1,135
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(1,442)	(17)	(1,459)	(872)	(17)	(889)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) [(b)]	(387)	10	(377)	913	12	925
Change in scope of consolidation and change in accounting principles [(c)]	(4,948)	-	(4,948)	2,651	-	2,651
Impact of foreign currency fluctuation	175	1	176	206	1	207
Reinsurers' share in technical reserves as of December 31 [(a)]	**7,418**	**97**	**7,514**	**12,280**	**91**	**12,371**

(a) Includes: future policy benefit reserves (including shadow accounting reserves), unearned premium reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefit reserves. Excludes: unearned revenue and unearned fee reserves, liabilities from policyholder participation.
(b) Notably includes interests credited and policyholder participation credited to reserves, fees on account balance and investment management fees and change in reserves relating to other technical and actuarial items.
(c) In 2019, mainly included the deconsolidation of Equitable Holdings, Inc.
In 2018, mainly included the acquisition of the XL Group.

14.6 LIABILITIES ARISING FROM INVESTMENT CONTRACTS BY ACCOUNTING METHOD

The table below gives detailed information on liabilities arising from investment contracts presented in Note 14.3 (D):

(in Euro million)	Carrying value December 31, 2019	Carrying value December 31, 2018
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features measured according to existing accounting policies [(a)] [(d)]	36,036	34,225
Investment contracts with Discretionary Participation Features measured with current assumptions [(b)]	-	-
Investment contracts with no Discretionary Participation Features measured according to existing accounting policies	67	4,837
(Unit-Linked) – Liabilities arising from contracts where financial risk is borne by policyholders:		
Investment contracts with Discretionary Participation Features measured according to existing accounting policies [(a)] [(c)]	3,139	2,785
Investment contracts with no Discretionary Participation Features measured at current unit value [(d)]	13,306	11,747
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**52,547**	**53,593**

Note: This information is presented net of the impact of derivatives, which is described in Note 20.4.1.
(a) In accordance with IFRS 4 which allows, under certain conditions, to continue to use a previous accounting policy for liabilities arising from contracts with discretionary participating features.
(b) See Note 1.14.2 "Reserves measured according to IFRS 4.24" option which allows to evaluate certain portfolios with current assumptions.
(c) & (d) As Unit-Linked contracts reserves are measured on the basis of held asset units fair value ("current unit value"). Only the valuation of related assets is different:
- *for Unit-Linked contracts with a discretionary participating feature (c), an asset representing the deferred acquisition costs is recognized in continuity with previous accounting policies;*
- *for Unit-Linked contracts with no discretionary participating feature (d), an asset representing the rights to future management fees is recognized in accordance with IFRS 15 (Rights to future management fees also known as Deferred Origination Costs "DOC") – see Note 1.7.3 and Note 7.*

The recognition of investment contracts with discretionary participating features is subject to IFRS 4, which allows, under certain conditions, the use of accounting principles applied prior to the adoption of IFRS. However, these contracts must be treated in accordance with IFRS 7 with regards to the disclosures to be provided in the Notes to the financial statements. IFRS 7 requires the disclosure of fair value or value ranges for these contracts, unless the Group cannot reliably measure the participating features.

In the context of the current IFRS 4, the IASB acknowledged the difficulties involved in the recognition and the measurement of discretionary participating features included in insurance or investment contracts. The IASB issued guidance to measure fair value but with no principles addressing policyholder participation features. It would therefore be premature to interpret this definition before the implementation guidance of the future standard IFRS 17 (see Note 1.2) clarified it.

Therefore, too many uncertainties remain outstanding to define how to determine the fair value of participating contracts. As a result, fair value or value ranges for investment contracts with discretionary participating features cannot be reliably disclosed.

14.7 LOSS RESERVE DEVELOPMENT TABLE

The loss reserve development table shows movements in loss reserves between 2009 and 2019, based on previously applied accounting standards. All contracts concerned are insurance contracts as defined by IFRS.

The first line labelled “Gross reserves for unpaid claims and claims expenses developed initially at the booking date” represents the loss reserves developed in the Group’s balance sheet on the reporting date for the year indicated in the column heading. For example, the amount of €44,470 million appearing in the first line of the table in the 2009 column represents all loss reserves developed in all years of occurrence prior to and including 2009, recognized on the Group’s balance sheet as of December 31, 2009.

The second line titled “Gross reserves for unpaid claims and claims expenses developed in 2019 adjusted for changes in exchange rates and scope of consolidation” indicates the amount that would have been developed initially at the booking date, had the exchange rates for the current year been used (for reserves recognized by AXA Group entities that do not use the Euro as their functional currency) and assuming an identical scope of consolidation to that used for the last diagonal of the table.

The first section of the table entitled “Cumulative payments” shows, for a given column N, the cumulative amount of payments related to years of occurrence prior to and including N, made since December 31 of year N-1.

The second part of the table entitled “Reserve re-estimated” shows, for a given column N, an estimate of the final cost of liabilities carried as of December 31 of year N in respect of all years of occurrence prior to and including N, at each future period end. The final cost estimate varies year on year as information relating to losses still outstanding becomes more reliable.

The surplus (shortfall) of the initial reserve with respect to the re-estimated (gross) final cost for each year represents, for a given year N, the difference between the amount shown in the second line (gross reserves for unpaid claims and claims expenses developed in 2019 adjusted for changes in exchange rates and scope of consolidation) and the amount shown in the final diagonal under “Reserve re-estimated”.

Loss reserve development table: Property and Casualty

The data prior to 2015 does not present the impact of the new segmentation.

(in Euro million)	2009	2010	2011 [(a)]	2012	2013 [(b)]	2014	2015 [(c)]	2016	2017	2018	2019
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	**44,470**	**46,367**	**45,946**	**46,440**	**47,031**	**49,868**	**51,965**	**53,286**	**52,973**	**82,134**	**85,201**
Gross reserves for unpaid claims and claims expenses developed in 2019 adjusted for changes in exchange rates and scope of consolidation	**46,943**	**45,201**	**45,819**	**46,646**	**47,768**	**49,863**	**51,183**	**52,771**	**52,664**	**83,751**	**85,201**
Cumulative payments at:											
One year later	9,483	8,953	9,183	9,361	9,422	10,111	9,621	10,755	10,960	18,402	
Two years later	13,360	13,016	12,841	13,315	13,727	13,388	14,871	15,157	14,435		
Three years later	16,078	15,330	15,911	16,284	15,299	16,682	17,190	17,776			
Four years later	17,684	18,012	18,331	17,000	18,077	18,802	19,894				
Five years later	19,741	19,775	18,328	19,505	19,631	20,447					
Six years later	20,845	19,305	20,610	20,917	21,362						
Seven years later	20,815	21,208	21,812	22,314							
Eight years later	21,506	22,527	23,069								
Nine years later	23,375	23,673									
Ten years later	27,543										
Reserve re-estimated at:											
One year later	44,814	44,518	44,971	45,394	47,707	49,716	51,097	50,821	51,695	82,665	
Two years later	41,973	42,904	43,412	44,479	46,051	46,359	46,773	45,736	47,113		
Three years later	41,301	41,782	42,449	43,953	44,106	43,899	43,516	44,269			
Four years later	40,250	40,769	42,013	41,813	41,841	41,152	42,404				
Five years later	39,653	40,674	40,122	40,308	39,049	40,275					
Six years later	39,684	38,907	38,424	37,385	37,744						
Seven years later	38,079	37,136	35,974	36,125							
Eight years later	35,379	34,917	34,706								
Nine years later	33,833	33,497									
Ten years later	36,187										
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves: [(d)]											
Amount	10,756	11,704	11,113	10,521	10,024	9,588	8,778	8,501	5,552	1,086	
Percentages	22.9%	25.9%	24.3%	22.6%	21.0%	19.2%	17.2%	16.1%	10.5%	1.3%	

(a) Following the disposal of Canadian operations, amounts in its respect were not reported for the current year while previously disclosed amounts were unchanged.
(b) The comparative information related to previous periods was restated for the implementation of IFRS 10 and 11.
(c) Amounts prior to 2015 contains the Life & Savings entities historically reported in the International Insurance segment.
(d) It is not appropriate to extrapolate future redundancies or future deficiencies based on the loss reserves development presented in the table, as conditions and trends that have affected development of the liability in prior periods may not necessarily occur in the future periods. Redundancy or deficiency disclosed includes forex impact between one year and the next.

Gross and net of reinsurance loss reserve development table: AXA XL

	Gross		Net	
(in Euro million)	2018	2019	2018	2019
Reserves for unpaid claims and claims expenses developed initially at the booking date	**34,527**	**36,136**	**25,613**	**26,025**
Reserves for unpaid claims and claims expenses developed in 2019 adjusted for changes in exchange rates and scope of consolidation	**35,327**	**36,136**	**26,027**	**26,025**
Cumulative payments at:				
One year later	9,288		6,686	
Reserve re-estimated at:				
One year later	35,933		25,875	
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves:				
Amount	(606)		153	
Percentages	(1.7%)		0.6%	

Reconciliation between developed reserves and recognized claims reserves

The table below gives a reconciliation between developed reserves and total recognized claims reserves for the claims reserves and other reserves arising from insurance contracts as disclosed in Note 14.2:

(in Euro million)	December 31, 2019 Carrying value	December 31, 2018 Carrying value
Gross claims and other reserves developed		
Property & Casualty [(a)]	85,201	82,134
■ of which future policy benefit annuity reserves	*4,943*	*4,830*
■ of which construction reserves (PSNEM)	*1,858*	*1,946*
Total Gross claims and other reserves developed	**85,201**	**82,134**
Other reserves non developed [(b)]	**2,021**	**2,000**
TOTAL GROSS CLAIMS RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY	**87,222**	**84,134**

(a) Total gross claims and other reserves developed are presented on the basis of the loss reserves development table.
(b) Includes reserves inward reinsurance (€1,043 million in 2019, €1,033 million in 2018).

14.8 ASBESTOS

AXA continues to receive claims from policies written in prior years asserting damages from asbestos-related exposures.

There is considerable uncertainty as to the future cost of asbestos claims. The ultimate cost of claims is very much dependent on legal factors that are difficult to predict with any certainty. It is common to have issues of allocation of responsibility among parties, as well as involvement of multiple insurers and multiple policy periods. This causes considerable coverage issues.

AXA actively conducts its exposure to asbestos claims by using its unit specialized in non-life run-offs: AXA Liabilities Managers. Claims are managed by dedicated teams of experts who use a variety of claims payment including settlements, policy buy-backs and, in certain cases, litigation. In addition, they focus specifically on final resolutions of exposures, either through commutations or other solutions.

The calculation of reserves for asbestos risks raises specific difficulties as conventional reserving techniques cannot be used for evaluating IBNR. AXA evaluates the future cost of those claims using a range of specific methods based either on exposure analysis, frequency/cost projections or reserving benchmarks. Asbestos reserves are reviewed on a yearly basis to ensure that they adequately reflect the latest claims experience, as well as legal and economic developments. Consistent with AXA's reserving practices, and despite the particularly long-tail nature of those risks, reserves for asbestos are undiscounted.

Due to the uncertainty surrounding asbestos claims, it is not possible to determine their future cost with the same degree of certainty as for other types of claims. Although AXA considers its reserves for asbestos claims to be adequate, it is possible that, under some adverse scenarios, they may turn out to be insufficient to cover future losses.

At year-end 2019, key data relating to asbestos claims were as follows:

	2019		2018	
(in Euro million)	Gross	Net	Gross	Net
Evolutions of reserves				
Claims reserves at end of year	515	381	560	432
of which Reported claims	*130*	*96*	*164*	*129*
of which IBNR claims	*385*	*285*	*397*	*303*
Reserves adequacy ratios				
3-Year survival ratio excluding commutations [(a)]	16 years	17 years	15 years	15 years
IBNR/Case Reserves	295%	298%	242%	236%
Cumulative Payments to date/Projected Ultimate Cost	74%	73%	71%	69%

(a) Reserves at the end of the year/Average yearly payments over the last 3 years (excluding commutations).

AXA total reserves for asbestos exposure (net of reinsurance) decreased by 12% to €381 million at year-end 2019. This decrease was mainly driven by the re-estimation of the ultimate liability on AXA XL Asbestos following settlement with a large claimant and a full review of claims with favorable court decisions.

14.9 LIABILITIES AND ASSETS ARISING FROM POLICYHOLDER PARTICIPATION AND OTHER OBLIGATIONS

The following table shows liabilities and assets arising from policyholder participation and other obligations as of December 31, 2019:

(in Euro million)	December 31, 2019	December 31, 2018
Policyholder participation reserves	9,637	9,421
Policyholder deferred participation liabilities and other obligations	43,128	31,205
TOTAL LIABILITIES ARISING FROM POLICYHOLDER PARTICIPATION AND OTHER OBLIGATIONS	**52,766**	**40,625**
Total Assets arising from policyholder participation	**-**	**(303)**

The deferred policyholder participation and other obligations liabilities and deferred policyholder participation assets include the impact of shadow accounting (see definition in Note 1.14.2) mainly in relation to unrealized gains and losses on invested financial assets available for sale as described in Note 13.2.1, but also with regard to other temporary differences not necessarily linked to financial assets. Note 13.2.1 also contains a focus on jurisdictions with significant portions of participating business and where required minimum local policyholders' share in the entities' results are significant. This Note discloses for such jurisdictions unrealized gains and losses related to available for sale investments and related shadow accounting adjustments. The increase in deferred policyholders' participation liabilities mainly relates to an increase in unrealized gains on assets available for sale in France and Germany.

14.10 PAYMENT, SURRENDER PROJECTIONS, INSURANCE AND INVESTMENT CONTRACT LIABILITIES DISCOUNT RATES

In the tables presented in Note 14.10.1 and 14.10.2, liabilities arising from Life & Savings and Property & Casualty insurance contracts and investment contracts exclude contracts where the financial risk is borne by policyholders. These liabilities are not exposed to interest rate or duration risk, except Unit-Linked contracts with performance guarantees. In addition, as far as liquidity risk is concerned, entities hold Unit-Linked assets backing the corresponding liabilities arising from these contracts. Occasional mismatches result mainly from administrative timing differences in the processing of day-to-day operations.

14.10.1 Payment and surrender projections

The table below shows the breakdown of projected payments and surrenders related to insurance and investment contracts (excluding contracts where the financial risk is borne by policyholders). Actual maturities may differ significantly from the estimates set out below, mainly because some of the contracts contain a surrender option controlled by the policyholder that may reduce their duration.

The projections shown below cannot be compared with the reserves carried on the balance sheet and are higher than the published balance sheet figures because they represent expected cash flows without the impact of discounting. They are also shown net of inflows of periodical premiums payable by policyholders.

The figures shown in the first line of the table below represent estimated undiscounted cash outflows in connection to death, incapacity and disability claims, surrenders, annuities, minimum guaranteed benefits for Unit-Linked contracts, Property & Casualty and Health claims, net of premiums due from policyholders under contracts in-force. These cash flows are based on assumptions regarding mortality, incapacity and disability, surrender and settlement frequency for Property & Casualty businesses, which are consistent with past experience. They are gross of reinsurance. Given the strong use of estimates, it is likely that actual payments will differ.

(in Euro million)	2019				2018			
	12 months or less	More than 1 year up to 5 years	More than 5 years	Total	12 months or less	More than 1 year up to 5 years	More than 5 years	Total
Liabilities arising from insurance and investment contracts	38,210	82,102	456,171	576,483	32,792	87,403	513,163	633,358
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*13,727*	*48,243*	*295,810*	*357,780*	*14,481*	*57,692*	*354,384*	*426,557*

14.10.2 Insurance and investment contract liabilities – discount rates

The table hereafter and related comments exclude contracts where the financial risk is borne by policyholders (Unit-Linked contracts).

The general principles for establishing insurance liabilities are set out in Note 1 of the consolidated financial statements. Liabilities are based on estimates, and one of the key assumptions used in these estimates is the discount rate.

As shown in the table below, as at December 31, 2019: 84% of Life & Savings reserves (excluding Unit-Linked contracts) were discounted, of which 11% were subject to a revision of the discount rate and 73% retained the rate set at inception, subject to the liability adequacy test described in Note 1.

By convention, contracts with zero guaranteed rates are deemed undiscounted, except for products offering guaranteed rates updated annually and for one year: these contracts are presented in discounted reserves. Reserves for savings contracts with non-zero guaranteed rates are discounted at the technical restatements at closing and mainly consist of reserves for guarantees (Guaranteed Minimum Death Benefits, etc.).

In Property & Casualty business, most reserves (94% as of December 31, 2019) are not discounted, with the exception of disability annuities and workers' compensation liabilities that are deemed structured settlements and where the discount rate is revised regularly. Undiscounted reserves are not sensitive to interest rate risks in the financial statements.

The rates presented in the table below are weighted average rates for all the portfolios under consideration. For contracts with guaranteed rates that are revised annually, rates are considered at the closing date. The risk factors associated with policyholders contracts are set out in Note 4.

Discount rates are qualified as locked-in when those used in the first recognition of the technical liabilities remain unchanged in the subsequent years and are qualified as unlocked when updated in subsequent years.

(in Euro million)	December 31, 2019		December 31, 2018	
	Carrying value	Average discount rate %	Carrying value	Average discount rate %
Life & Savings – Locked-in discount rate [a]	221,065	1.93%	262,164	1.80%
Life & Savings – Unlocked discount rate	33,515	2.61%	59,282	2.73%
Life & Savings – Undiscounted reserves	48,977	-	50,511	-
Sub-total Life & Savings	**303,557**	**-**	**371,881**	**-**
Non Life – Locked-in discount rate [a]	4,614	3.15%	4,924	3.16%
Non Life – Unlocked discount rate	2,095	2.77%	1,568	2.22%
Non Life – Undiscounted reserves	102,091	-	97,703	-
Sub-total – Non Life	**108,800**	**-**	**104,195**	**-**
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**412,357**	**-**	**476,077**	**-**

Amounts are presented excluding the impact of derivatives on insurance and investment contracts (presented in Note 20.4) and excluding liabilities related to unearned revenues and fees, and to policyholders' participations.
(a) Subject to liability adequacy tests.

This following table shows the reconciliation of previous table with the Consolidated Statements of financial position (section 5.1).

(in Euro million)	December 31, 2019	December 31, 2018
Liabilities arising from insurance contracts (as per Note 14.2)	376,253	437,015
Liabilities arising from investment contracts with discretionary participating features (as per Note 14.3)	36,036	34,225
Liabilities arising from investment contracts with no discretionary participating features (as per Note 14.3)	67	4,837
TOTAL	**412,357**	**476,077**

In accordance with IFRS 7, the Group discloses, in Note 4 of its Consolidated Financial Statements, quantitative sensitivities of the Group "AFR" (as defined in the Section 4.3. "Market risks") to interest risk and equity price risk.

The estimated impact of the unlocking of discount rates relating to Life & Savings reserves was €274 million reserve increase in 2019 (compared to €634 million reserve increase in 2018) gross of policyholders' participation, tax impacts and other shadow accounting impacts and was included in the income statement of the period. This decrease is mainly driven by the deconsolidation of Equitable holdings, Inc.

14.10.3 Major business areas

The tables in Note 21 set out the Group's major insurance business areas and reflect the Group's high degree of diversification.

14.11 EMBEDDED DERIVATIVES MEETING THE DEFINITION OF AN INSURANCE CONTRACT

AXA sells insurance contracts that contain a variety of options and guarantees for contract-holders. These features are described in Note 4. They are not embedded derivatives which AXA reports separately at fair value because:

- many of the features would be considered clearly and closely related to the host contract; and
- many of the features would themselves qualify as insurance contracts under IFRS 4.

This Note describes the features that are embedded derivatives and meet the definition of an insurance contract on a stand-alone basis. The primary features can be divided into two main categories: Guaranteed Minimum Death Benefits (GMDB) or Guaranteed Minimum Income Benefits (GMIB) offered on Unit-Linked contracts and guaranteed annuity purchase rates. As of December 2019, the AXA Group exposure to these liabilities was residual as a consequence of the loss of control on Equitable Holdings, Inc.

GMDB features provide a guaranteed death benefit which may be higher than the contract account balances of the Unit-Linked contract, depending on performance of the Unit-Linked assets. GMIB features provide a guaranteed lifetime annuity which may be elected by the contract-holder after a stipulated waiting period, and which may be larger than what the contract account balance could purchase at then-current annuity purchase rates.

The risk of GMDB and GMIB features to AXA are related to the unhedged portion of the benefits and to the policyholder behavior becoming materially different from the expected behavior. Reserves are established for these features on the basis of actuarial assumptions related to projected benefits and related contract charges. The determination of estimated GMDB and GMIB liabilities is based on models which involve numerous estimates and subjective judgments, including those regarding expected market rates of return and volatility, policyholder behavior assumptions and GMIB election rates. There can be no assurance that ultimate experience will not differ

5

from management's estimates. In addition to providing for risk through establishing reserves, AXA also manages the risk through a combination of reinsurance programs and active financial Risk Management programs including derivatives.

Guaranteed annuity purchase rates provide contract-holders with a guarantee that at a future date the accumulated balance on their contract will be sufficient to purchase a lifetime annuity at currently defined rates. The risk to AXA in these features is either that longevity will improve significantly so that contract-holders electing to exercise this benefit will live longer than assumed in the guaranteed purchase rates, or that investment returns during the payout period will be lower than assumed in the guaranteed purchase rates. Reserves are established for these features on the basis of actuarial assumptions related to projected benefits and related contract charges. The determination of this estimated liability is based on models which involved numerous estimates and subjective judgments, including those regarding expected rates of return and volatility, policyholders' behavior assumptions, mortality, and benefit election rates. There can be no assurance that ultimate experience will not differ from management's estimates. In addition to providing for risk through establishing reserves, AXA also manages these risks through asset-liability management programs including derivatives to protect against a decline in interest rates.

Note 15 Liabilities arising from banking activities

15.1 BREAKDOWN OF LIABILITIES ARISING FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2019		December 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Banking liabilities issued at fair value – Retail customers	772	772	2,125	2,125
Retail customers	4,298	4,303	21,560	21,561
Corporate customers	7,000	7,026	5,272	5,285
Interbanking refinancing	1,869	1,870	1,517	1,518
Refinancing with central banks	774	774	1,371	1,371
Other liabilities arising from banking activities	-	-	4,436	4,490
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(64)	(64)	(227)	(227)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**14,649**	**14,680**	**36,054**	**36,124**

The fair value option is used to measure the fair value through profit or loss of certain banking liabilities. As of December 31, 2019, the carrying value and fair value amount and the related contractual amount due at maturity for such liabilities were €772 million and €715 million respectively (€2,125 million and €1,997 million as of December 31, 2018), including the Euro Medium Term Notes.

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. The valuation method of liabilities arising from banking activities excluding derivatives (detailed in Note 20.5) are as follows:

- banking liabilities issued at fair value – Retail customers (€772 million as of December 31, 2019): values are based upon market prices that are available in active markets and are considered as level 1 fair values;
- retail customers (€4,298 million as of December 31, 2019) and Corporate customers (€7,000 million as of December 31, 2019) are not traded in active markets and quoted prices are not available. Given the short maturities of main liabilities arising from banking activities (see Note 15.2), the carrying amounts may be considered as reasonable proxies for fair values. Thus, the fair value of amounts displayed above for these instruments are considered to be level 3 fair values;
- interbanking refinancing (€1,869 million as of December 31, 2019):
  - €1,500 million as of December 31, 2019 (nil as of December 31, 2018): values are based upon market prices that are available in active markets and are considered as level 1 fair values,
  - €369 million as of December 31, 2019 (€1,517 million as of December 31, 2018): mainly based on non-observable market data inputs and are considered to be level 3 fair values;
- other liabilities arising from banking activities (€4,436 million as of December 31, 2018) related to bonds issued with fair values mainly based on observable market data inputs. As such, the fair values of these liabilities were considered as level 2 instruments.

As of December 31, 2019, debt relating to investments under lending agreements and equivalent in banking activities amounted to €188 million and €431 million as of December 31, 2018.

15.2 BREAKDOWN BY MATURITY

The table below sets out the contractual maturities of liabilities arising from banking activities. These contractual maturities are mostly classified under the category "12 months or less". Consequently, the difference between maturities based on contractual cash flows in comparison with the carrying values is not significant:

	December 31, 2019				December 31, 2018			
	Carrying value by contractual maturity				Carrying value by contractual maturity			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value
Banking liabilities issued at fair value – Retail customers	-	237	535	772	129	1,004	991	2,125
Retail customers	4,198	95	6	4,298	21,432	120	8	21,560
Corporate customers	5,372	1,429	199	7,000	3,248	1,834	190	5,272
Interbanking refinancing	57	87	1,726	1,869	1,360	19	139	1,517
Refinancing with central banks	54	720	-	774	-	1,371	-	1,371
Other liabilities arising from banking activities	-	-	-	-	554	2,378	1,504	4,436
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	-	(12)	(53)	(64)	(21)	(169)	(37)	(227)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**9,680**	**2,556**	**2,413**	**14,649**	**26,702**	**6,557**	**2,795**	**36,054**

Note 16 Provisions for risks and charges

16.1 BREAKDOWN OF PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges included the following items:

(in Euro million)	December 31, 2019	December 31, 2018
Employee benefits	8,409	8,716
Share-based compensation	102	118
Sub-total employee benetifs and share-based compensation	**8,511**	**8,834**
Restructuring provisions	108	307
Lawsuits contingency provisions	143	278
Other provisions for risks and charges [(a)]	980	1,943
Sub-total others	**1,231**	**2,528**
TOTAL PROVISIONS FOR RISKS AND CHARGES	**9,742**	**11,363**

(a) As of January 1, 2019, Uncertain Tax Positions amounted to €862 million were reclassified from "Other provisions for risks and charges" to "Payables-current tax" and "Deferred tax assets".

Provisions relating to employee benefits and share-based compensations are commented in Note 26 "Employees".

As of December 31, 2019, the "Other provisions for risks and charges" amounted to €980 million, mainly driven by France (€281 million), AXA SA (€207 million), Switzerland (€173 million) and Germany (€116 million).

16.2 CHANGE IN PROVISIONS FOR RISKS AND CHARGES (EXCLUDING EMPLOYEE BENEFITS AND SHARE-BASED COMPENSATION)

Changes in provisions for risks and charges (excluding employee benefits and share-based compensation) are set out below:

(in Euro million)	2019	2018
Carrying value as of January 1	**2,528**	**2,728**
Financial cost related to unwind	0	1
Impact of change in scope of consolidation and other changes [(a)]	(1,152)	106
Increase in provisions	508	498
Write back after use	(154)	(258)
Write back after final cost review	(534)	(589)
Impact of foreign exchange fluctuations	34	42
Carrying value as of December 31	**1,231**	**2,528**

(a) As of January 1, 2019, Uncertain Tax Positions that amounted to €862 million were reclassified from "Other provisions for risks and charges" to "Payables-current tax" and "Deferred tax assets".

Note 17 Financing debt

17.1 FINANCING DEBT BY ISSUANCE

	Carrying value	
(in Euro million)	**December 31, 2019**	**December 31, 2018**
AXA	**9,794**	**9,358**
Subordinated Notes, 5.25% due 2040 (€)	1,300	1,300
Subordinated Notes, 5.125% due 2043 (€)	1,000	1,000
US registered redeemable subordinated debt, 8.60% 2030 (US$)	1,183	1,064
US registered redeemable subordinated debt, 7.125% 2020 (£)	382	363
Subordinated debt, 5.625% due 2054 (£)	882	838
Derivatives relating to subordinated debts [(a)]	(99)	(324)
Subordinated debt, 3.375% due 2047 (€)	1,500	1,500
Undated Subordinated Notes, US$ 850M, 4.5%	757	742
Subordinated Notes, 5.125% due 2047 (US$)	890	873
Subordinated Notes, 3.25% due 2049 (€)	2,000	2,000
AXA XL	**1,400**	**1,385**
Subordinated Notes, 4.45% due March 2025 (US$)	445	437
Subordinated Notes, 5.5% due March 2045 (US$)	455	448
Subordinated Notes, 3.25% due June 2047 (€)	500	501
AXA Bank Belgium	**-**	**26**
Subordinated debt maturity below 10 years fixed rate	-	11
Undated Subordinated debt fixed rate	-	16
AXA Italy	**67**	**67**
Subordinated Notes, EURIBOR 6 months +81 bps	67	67
Other subordinated debt (under €100 million)	**33**	**39**
Subordinated debt	**11,294**	**10,876**
AXA	**1,268**	**622**
Debt component of bonds mandatorily exchangeable into shares of Equitable Holdings, Inc.	-	122
Bonds mandatorily exchangeable into shares of Equitable Holdings, Inc.	768	-
Euro Medium Term Note, due 2028	500	500
AXA XL	**289**	**607**
Senior Notes, 6.25% due May 2027 (US$)	-	322
Senior Notes, 5.25% due December 2043 (US$)	289	285
AXA Financial	**-**	**3,594**
Senior Notes, 7% due 2028	-	305
Senior Notes, 3.9% due 2023	-	694
Senior Notes, 4.35% due 2028	-	1,300
Senior Notes, 5% due 2048	-	1,295
AXA UK Holdings	**-**	**168**
GRE: Loan Notes, 6.625% due 2023	-	168
AXA Switzerland	**146**	**-**
Deferred payment for the acquisition of Tianping, due 2020 (in CNY)	146	-
Other financing debt instruments issued (under €100 million)	**104**	**104**
Other financing debt instruments issued (under €100 million)	104	104
Derivatives relating to other financing debt instruments issued [(a)]	-	(1)
Financing debt instruments issued	**1,806**	**5,096**
TOTAL FINANCING DEBT [(b)]	**13,101**	**15,971**

(a) Hedging instruments in accordance with IAS 39 and economic hedge derivatives not eligible for hedge accounting.
(b) Excluding accrued interest on derivatives.

Derivative instruments hedging financing debt (included in the table above) are commented in Note 20.

5

For the sensitivity to movements in interests rates, please refer to page 192 of the "Interest rates & Equity risk related to the operating activities of Group subsidiaries" Section 4.3 Market risks.

The table below sets out the reconciliation of financing debt and undated subordinated debt with the statement of cash flows (excluding the impact of derivatives):

(in Euro million)	January 1, 2019	New debt issued [(a)]	Repayments [(b)]	Currency translation adjustment	Others [(c)]	December 31, 2019
Subordinated debt	11,200	-	(25)	237	(18)	11,393
Financing debt	5,096	145	(503)	97	(3,029)	1,806
Preferred shares	1,025	-	(1,086)	61	-	-
Undated subordinated debt	6,849	-	(253)	113	-	6,708
TOTAL	**24,169**	**145**	**(1,868)**	**508**	**(3,047)**	**19,908**

(a) Debt related to the acquisition of Tianping amounted to €145 million (see Note 5.3.1).

(b) Mainly driven by AXA XL preferred shares for €1,086 million, AXA XL senior debt for €330 million, AXA SA undated subordinated debt for €253 million and UK senior debt for €172 million.

(c) Mainly related to Equitable Holdings, Inc. deconsolidation for €3,659 million partly offset by Mandatory Exchangeable Bonds reclassified from non-controlling interests for €614 million.

(in Euro million)	January 1, 2018	New debt issued	Repayments	Currency translation adjustment	Others [(a)]	December 31, 2018
Subordinated debt	7,742	2,000	(18)	100	1,377	11,200
Financing debt	1,055	3,356	(994)	103	1,576	5,096
Preferred shares	-	-	(372)	-	1,397	1,025
Undated subordinated debt	7,391	(0)	(665)	123	-	6,849
TOTAL	**16,188**	**5,356**	**(2,049)**	**325**	**4,350**	**24,169**

(a) Debt from the acquisition of the XL Group including €1,377 million subordinated debt, €1,576 million financing debt and €1,397 million preferred shares.

17.2 FAIR VALUE MEASUREMENT OF FINANCING DEBT

	December 31, 2019		December 31, 2018	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Subordinated debt at cost	11,393	13,243	11,200	11,749
Derivatives on subordinated debt [(a)]	(99)	(99)	(324)	(324)
Subordinated debt	**11,294**	**13,144**	**10,876**	**11,425**
Financing debt instruments issued at cost	1,806	2,011	5,096	4,937
Derivatives on financing debt instruments issued	-	-	(1)	(1)
Financing debt instruments issued	**1,806**	**2,011**	**5,096**	**4,936**
FINANCING DEBT	**13,101**	**15,155**	**15,971**	**16,361**

(a) Hedging instruments in accordance with IAS 39 and economic hedge derivatives which are not acting as hedge under IAS 39.

The Group does not hold any financing debt designated as at fair value through profit or loss (fair value option or trading instruments).

Information on the fair value figures presented in this Note is provided in addition to information on carrying values and should be used with caution. On the one hand, these estimates are based on closing date parameters such as interest rates and spreads, which fluctuate over time, and resulting in instantaneous values, and on the other hand because there are multiple possible methods to derive these estimates.

Data used when calculating the fair value of financing debt are period-end market data that reflect (i) interest rates by currency, (ii) AXA's average spread by maturity and currency, distinguishing subordinated and senior debt, and (iii) options included in issued contracts, such as issuer redemption options.

The fair value of financing debt as of December 31, 2019, excluding accrued interests, was €15,155 million, including related hedging derivative instruments. The fair value decreased by €1,206 million compared to December 31, 2018, mainly driven by the deconsolidation of Equitable Holdings, Inc. (€3,413 million) partly offset by AXA SA (€2,329 million) driven by the decrease in interest rates during the period. The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. The fair value amounts are mainly based on observable market data inputs and are therefore considered as level 2 fair value.

17.3 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the maturities based on contractual cash flows of financing debt (including the impact of derivatives detailed in Note 20.1). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

Maturity and interest-rate risk exposure

	Contractual cash flows of financing debt by contractual maturity as of December 31			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total contractual cash flows
2019	1,105	3,377	20,655	25,137
2018	697	3,649	27,426	31,772

Note 18 Payables

18.1 BREAKDOWN OF PAYABLES

(in Euro million)	Carrying value December 31, 2019	Carrying value December 31, 2018
Minority interests of consolidated investment funds	**8,567**	**6,796**
Other debt instruments issued, notes and bank overdrafts	**6,249**	**7,104**
Debts relating to investments under total *return swap agreement ("TRS")*	3,616	4,365
Other debt instruments issued, notes and bank overdrafts excluding TRS (a)	2,633	2,739
Payables arising from direct insurance and inward reinsurance operations	**10,702**	**10,307**
Deposits and guarantees	1,446	564
Current accounts payables to other insurance companies	628	781
Payables to policyholders, brokers and general agents	8,628	8,962
Payables arising from direct outward reinsurance operations	**11,588**	**11,488**
Deposits and guarantees	1,775	1,808
Current accounts payable to other companies	9,812	9,677
Other payables arising from direct outward reinsurance operations	1	4
Payable – current tax position	**1,166**	**940**
Collateral debts relating to investments under lending agreements and equivalent (b)	**37,920**	**32,814**
Other payables	**12,735**	**17,048**
TOTAL PAYABLES	**88,929**	**86,498**

(a) Other activities than banking operations.
(b) Excludes collateral debts relating to investments under lending agreements and equivalent in banking activities (see Note 15).

The "Minority interests of consolidated investment funds" caption is the counterparty of assets recognized on the different lines of the consolidated balance sheet for the share not held by the Group in consolidated investment funds. Movements in this caption both depend on the changes in the Group's ownership and the changes in fair value of these funds.

Minority interests in funds under this caption amounted to €8,567 million as of December 31, 2019, an increase of €1,771 million compared to December 31, 2018, mainly coming from France.

"Collateral debts relating to investments under lending agreements and equivalent" amounted to €37,920 million as of December 31, 2019, an increase of €5,106 million compared to December 31, 2018, mainly in France (€+3,069 million), Switzerland (€+1,205 million), Germany (€+499 million) and Belgium (€+440 million).

18.2 OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS (OTHER THAN FINANCING DEBT) BY ISSUANCE

Other debt instruments issued, notes and bank overdrafts (other than financing debt) by issuance are described below:

	Carrying value	
(in Euro million)	**December 31, 2019**	**December 31, 2018**
AB	**-**	**456**
Short term commercial paper, 4.3%	-	456
Other	**93**	**48**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**93**	**505**
AXA Financial	**-**	**262**
AXA Financial (Delayed draw term loan, 3 month LIBOR + 1.125%, due 2021 (US$)	-	262
AXA Life Insurance Japan	**154**	**150**
Collateralized debt – JPY Libor 3M + 4 bps annual interest – maturity March 27, 2021	154	150
Real estate investment funds	**1,663**	**342**
Other	**45**	**706**
Other debt (other than financing debt) – owed to credit institutions	**1,862**	**1,460**
Bank overdrafts	**679**	**773**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS EXCLUDING TRS	**2,633**	**2,739**

As of December 31, 2019, other debt instruments issued and bank overdrafts excluding total return swap agreement ("TRS") amounted to €2,633 million, a decrease of €106 million compared to December 31, 2018.

18.3 FAIR VALUE MEASUREMENT OF OTHER DEBT INSTRUMENTS ISSUED AND BANK OVERDRAFTS (OTHER THAN FINANCING DEBT)

The fair value of other debt instruments issued and bank overdrafts excluding total return swap agreement ("TRS") was €2,633 million as of December 31, 2019. Among the elements included in the preceding table, fair value is only calculated for other debt instruments issued.

Such fair values are mainly based on observable market data input (see Note 1.5 for a description of observable data) and are therefore classified as level 2 instruments.

18.4 PAYABLES ARISING FROM DIRECT INSURANCE, INWARD REINSURANCE OPERATIONS AND DIRECT OUTWARD REINSURANCE OPERATIONS

As of December 31, 2019, payables arising from direct insurance and inward reinsurance operations as disclosed in the Note 18.1, amounted to €10,702 million, an increase of €395 million compared to December 31, 2018, mainly related to AXA XL.

As of December 31, 2019, payables arising from direct outward reinsurance operations amounted to €11,588 million, an increase of €100 million compared to December 31, 2018 as the increase in insurance business was offset by Equitable Holdings, Inc. deconsolidation.

Payables arising from direct insurance, inward reinsurance and direct outward reinsurance operations are measured at amortized cost.

18.5 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of other debt instruments (excluding the impact of derivatives which is detailed in Note 20.1). These maturities are mostly "12 months or less", therefore the difference between maturities based on contractual cash flows or based on carrying values is not significant. Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2019			
	Carrying value of other debt instrument by contractual maturity			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Debts relating to investments under total return swap agreement ("TRS")	347	2,490	780	3,616
Other debt instruments issued, notes and bank overdrafts excluding TRS – Carrying value	697	270	1,666	2,633
Collateral debts relating to investments under a lending agreement or equivalent	28,233	7,594	2,093	37,920

	December 31, 2018			
	Carrying value of other debt instrument by contractual maturity			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Debts relating to investments under total return swap agreement ("TRS")	-	426	3,939	4,365
Other debt instruments issued, notes and bank overdrafts excluding TRS – Carrying value	1,425	314	999	2,739
Collateral debts relating to investments under a lending agreement or equivalent	25,433	7,381	-	32,814

Note 19 Tax

19.1 TAX EXPENSE

19.1.1 Breakdown of tax expense between current and deferred tax

The income tax charge was split as follows:

(in Euro million)	December 31, 2019	December 31, 2018
Current income tax	1,375	1,070
Deferred income tax	43	404
TOTAL INCOME TAX FROM CONTINUED OPERATIONS	**1,419**	**1,474**
TOTAL INCOME TAX FROM LOSS ON GROUP LIFE PORTFOLIO IN SWITZERLAND	**(6)**	**(110)**
TOTAL INCOME TAX	**1,412**	**1,364**

19.1.2 Tax proof

The reconciliation between the theoretical tax charge (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge was as follows:

(in Euro million)	December 31, 2019	December 31, 2018
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	5,120	1,243
Notional tax rate	34.43%	34.43%
Notional tax charge	**1,763**	**428**
Impact of rates difference on notional tax charges	(487)	311
Impact of change in tax rates	(74)	(82)
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	7	11
Impact of differences in tax rates and tax bases	**(555)**	**240**
Tax losses of prior years used in the current year without DTA recognized previously	(24)	(20)
Deferred tax assets recognized on tax losses of prior years	(65)	(9)
Deferred tax assets not recognized on tax losses of the year	76	79
Derocognition of deferred tax assets on tax losses of prior years [(a)]	21	4
Tax losses impact	**9**	**52**
Impact of permanent differences	**277**	**848**
Adjustments of tax relating to prior years	(45)	(122)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) [(a)]	(36)	1
Other	5	27
Impact of adjustments, decrease in value and other items	**(76)**	**(95)**
EFFECTIVE TAX CHARGE	**1,419**	**1,474**
EFFECTIVE TAX RATE *(%)*	**27.70%**	**118.59%**

(a) Derecognition of Deferred Tax Assets (DTA) arising on tax losses is shown in "Tax losses impact".

Effective tax rate stood at 28% in 2019 *versus* 119% in 2018. Excluding the exceptional goodwill impairment of the United States (€6,328 million), the effective tax rate would have stood at 22% in 2018. The change relates to:

- **impact of rate differences on notional tax charges** (€-798 million) corresponding to the difference between the blended tax (expected tax calculated at each entity level with the applicable standard rate) and the tax calculated using the 34.43% French tax rate applicable to the Company. This tax rate is composed of a basic tax rate (33.33%) and a social contribution (1.1%). The blended standard rate was 25% in 2019 and 59% in 2018. Excluding the impact of the above-mentioned exceptional goodwill impairment, the blended rate would have been 27% in 2018;
- **impact of permanent differences** (€-571 million) mainly representing the impact in some countries of non-taxable dividends and realized capital gains on equity instruments, partly compensated by non-deductible impairment on financial assets and realized capital losses on equity instruments. In 2019, the impact was mainly driven by the losses following the deconsolidation of Equitable Holdings, Inc. and the negative impact of the AXA Bank Belgium reclassification in held for sale. In 2018, the impact was mainly driven by the goodwill impairment in Equitable Holdings, Inc.

19.2 DEFERRED TAX

In the table below, the net deferred tax position corresponds to the difference between Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) carried on the Group's consolidated statement of financial position. Note that the breakdown of DTA/DTL disclosed in these tables corresponds to the deferred tax before the netting that occurs for balance sheet presentation purposes as required by IAS 12. Net deferred tax balances are broken down as follows:

	December 31, 2019			December 31, 2018
(in Euro million)	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
Value of Business In-force	0	275	(274)	(355)
Deferred Acquisition Costs	118	1,340	(1,222)	(3,144)
Other intangible assets (including Goodwill)	67	662	(595)	(700)
Real estate	297	268	29	157
Financial assets	1,618	16,253	(14,635)	(10,635)
Technical reserves	11,976	2,978	8,997	7,807
Provision for risks and charges	238	167	71	39
Pensions and other employees benefits	1,511	94	1,417	1,577
Tax losses carried forward	808	0	807	1,008
Other	498	258	239	541
TOTAL DEFERRED TAX BY NATURE	**17,132**	**22,297**	**(5,165)**	**(3,706)**
of which deferred tax through Profit and Loss	*8,033*	*8,078*	*(45)*	*(603)*
of which deferred tax through reserves relating to the change in fair value of financial instruments available for sale and financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	*8,150*	*14,310*	*(6,160)*	*(4,186)*
of which deferred tax through other equity reserves	*949*	*(91)*	*1,040*	*1,082*

As of December 31, 2019, the €17,132 million DTA were mainly related to entities located in France (€6,969 million), Germany (€4,028 million), Switzerland (€1,678 million), Belgium (€939 million), Japan (€655 million) and Italy (€645 million).

(in Euro million)	December 31, 2019	December 31, 2018
Deferred tax assets	651	915
Deferred tax liabilities	5,843	4,621
Net deferred tax position including Uncertain tax positions	**(5,192)**	**(3,706)**
Deferred tax – Uncertain Tax Positions [(a)]	(27)	(0)
Net deferred tax position excluding Uncertain tax positions	**(5,165)**	**(3,706)**

(a) In 2018, prior to the reclassification done in the context of the first application of IFRIC 23 on January 1st 2019, the Uncertain Tax Positions were presented in provisions for risks and charges in Note 16.

The change from net liability position €-3,706 million in 2018 to €-5,165 million in 2019 mainly came from the increase in unrealized capital gains on fixed-income assets and the deconsolidation of Equitable Holdings, Inc.

	2019	2018
(in Euro million)	Net deferred tax	Net deferred tax
January 1	**(3,706)**	**(4,947)**
Movements through profit or loss	(41)	(404)
Movements through shareholders' equity [(a)]	(1,762)	1,399
Forex impact	(66)	(158)
Change in scope and other variations	409	404
December 31	**(5,165)**	**(3,706)**

(a) The movements through shareholders' equity mainly concern net investment hedge in the Company, revaluation to fair value of financial investments through shareholders' equity and employee benefits actuarial gains and losses.

Recognized deferred tax assets (DTA) on tax loss carried forward by maturity and expiration date

The tables below are broken down by (i) in the first part the maturity by which the Group expects to use the DTA accounted at year-end and the corresponding tax losses carried forward, (ii) in the second part, the "expiration date" of the DTA, *i.e.* the latest date at which the Group could use them.

The €17,132 million DTA included €808 million of DTA on tax losses carried forward as of December 31, 2019, of which €410 million for the French Tax Group.

	2019									
	DTA maturity date 1 year	**DTA maturity date 2 years**	**DTA maturity date 3 years**	**DTA maturity date 4 years**	**DTA maturity date 5 years**	**DTA maturity date 6 years**	**DTA maturity date between 7 and 11 years**	**DTA maturity date > 11 years**	**No maturity date**	**Total**
(in Euro million)	**Expected date of use**									
DTA recognized on tax losses carried forward	**298**	**220**	**168**	**23**	**22**	**18**	**39**	**21**	**-**	**808**
Corresponding carry forward losses	1,086	896	721	95	87	72	207	115	10	3,290
	Latest date of possible use									
DTA recognized on tax losses carried forward	**11**	**14**	**1**	**1**	**6**	**5**	**5**	**84**	**681**	**808**
Corresponding carry forward losses	51	70	6	7	24	22	23	396	2,691	3,290

As of December 31, 2018, the €3,706 million net DTL position included €15,932 million DTA of which €1,008 million DTA on tax losses carried forward of which €509 million for the French Tax Group.

	2018									
	DTA maturity date 1 year	**DTA maturity date 2 years**	**DTA maturity date 3 years**	**DTA maturity date 4 years**	**DTA maturity date 5 years**	**DTA maturity date 6 years**	**DTA maturity date between 7 and 11 years**	**DTA maturity date > 11 years**	**No maturity date**	**Total**
(in Euro million)	**Expected date of use**									
DTA recognized on tax losses carried forward	**230**	**257**	**195**	**153**	**117**	**24**	**24**	**9**	**-**	**1,008**
Corresponding carry forward losses	939	1,032	826	620	472	123	84	48	2	4,145
	Latest date of possible use									
DTA recognized on tax losses carried forward	**2**	**0**	**4**	**1**	**1**	**2**	**66**	**148**	**783**	**1,008**
Corresponding carry forward losses	6	0	22	5	7	10	311	693	3,091	4,145

Unrecognized deferred tax assets (DTA)

The amount of potential DTA, which has not been recorded in the accounts as of December 31, 2019 as considered unrecoverable, amounted to €635 million (€764 million in 2018) of which:

- €505 million concerned unrecognized DTA on €2,392 million tax losses carried forward (€556 million DTA on €2,771 million tax losses carried forward in 2018). The major part of these losses occurred in countries where losses can be carried forward without time limit (€1,890 million in 2019 and €2,154 million in 2018);
- €130 million related to other unrecognized deferred tax assets (€207 million in 2018).

5

19.3 CURRENT TAX

(in Euro million)	December 31, 2019	December 31, 2018
Receivables – Current tax	949	962
Payables – Current tax	1,166	940
Net current tax position including Uncertain Tax Positions	**(217)**	**22**
Current tax – Uncertain Tax Positions [(a)]	(358)	-
Net current tax position excluding Uncertain Tax Positions	**140**	**22**
Group tax receivables and payables	(36)	413
Current tax position including Group tax position	**105**	**435**

(a) In 2018, prior to the reclassification done in the context of the first application of IFRIC 23 on January 1st 2019, the Uncertain Tax Positions were presented in provisions for risks and charges in Note 16.

The rollforward of current tax position (excluding Uncertain Tax Positions) is broken down as follows:

	2019	2018
(in Euro million)	Net current tax	Net current tax
January 1	**435**	**446**
Cash payment in the period	993	662
Movements through profit or loss	(1,519)	(1,033)
Movements through shareholders' equity [(a)]	257	328
Forex impact	(3)	11
Change in scope and other variations	(58)	23
December 31	**105**	**435**

(a) The movements through shareholders' equity mainly concern the tax impact related to subordinated loans.

The table above includes current payables net of current receivables towards the tax administrations. It also includes some receivables and payables with non-consolidated entities members of a tax group which are classified in "other receivables" and "other payables".

19.4 UNCERTAIN TAX POSITIONS

The Uncertain Tax Positions was split as follows:

(in Euro million)	December 31, 2019
Current income tax – Uncertain Tax Positions	358
Deferred income tax – Uncertain Tax Positions	27
TOTAL INCOME TAX – UNCERTAIN TAX POSITIONS	**385**

As at December 31, 2018 the Uncertain Tax Positions reported in provisions for risks and charges (Note 16.1) amounted to €862 million. The main changes in 2019 resulted from the €111 million opening adjustment done in the context of the first application of IFRIC 23 and from the deconsolidation of Equitable Holdings, Inc.

As of December 31, 2019, the Uncertain Tax Positions were mainly driven by Germany (€147 million) and AXA XL (€84 million).

Uncertain tax treatments are determined separately at entity level. For these positions considered as probably not accepted by tax authorities, the assessment of the uncertainty is determined based on the most likely amount in a range of possible outcomes.

Note 20 Derivative instruments

This Note covers all types of derivatives including derivative instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2) which are recognized at fair value in accordance with the IFRS hierarchy as described in Note 1.5, but excluding derivative instruments that meet the definition of shareholders' equity instruments (see Note 13 for details).

20.1 DERIVATIVE INSTRUMENTS: MATURITIES, NOTIONAL VALUES AND FAIR VALUES

	Maturity of notional amount as of December 31, 2019 (a)			Notional amount		Positive fair value		Negative fair value		Net fair value	
(in Euro million)	<1 year	1 to 5 years	>5 years	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest rates derivatives	38,722	74,337	93,012	206,070	200,324	5,797	5,448	5,385	4,441	412	1,007
Equity derivatives	11,082	3,454	4,214	18,750	43,387	300	2,763	78	1,104	223	1,660
Currencies derivatives	138,574	8,451	10,612	157,637	166,873	2,785	4,192	4,606	6,487	(1,820)	(2,295)
Credit derivatives	3,970	11,559	2,612	18,140	16,215	210	182	113	46	97	136
Other derivatives	1,145	3,147	7,613	11,905	31,108	297	656	718	845	(421)	(189)
TOTAL	**193,492**	**100,948**	**118,063**	**412,503**	**457,907**	**9,390**	**13,240**	**10,900**	**12,922**	**(1,509)**	**318**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.
(a) By convention, notional amounts are displayed in absolute value, and exclude potential netting out.

Main reasons for the evolution in the use of derivatives (mostly interest rates, currencies and equity derivatives) are detailed in Note 20.2.

20.2 DERIVATIVE INSTRUMENTS BY IAS 39 TYPE OF HEDGE

Derivative instruments are broken down as follows:

	December 31, 2019									
	Derivative instruments used in fair value hedging relationship		Derivative instruments used in cash flow hedging relationship		Derivative instruments used in hedges of net investment in a foreign operation		Macro-hedges and other derivative instruments not qualifying under IAS39 but generally used as economic hedges		Total	
(in Euro million)	Notional amount (a)	Fair value	Notional amount (a)	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives (a)	38,291	(679)	15,789	416	-	-	151,990	675	206,070	412
Equity derivatives	1,004	53	-	-	-	-	17,746	170	18,750	223
Currencies derivatives (a)	3,388	19	8,898	(458)	5,998	(30)	139,353	(1,351)	157,637	(1,820)
Credit derivatives	24	(0)	-	-	-	-	18,116	97	18,140	97
Other derivatives	287	(25)	6,133	(38)	-	-	5,485	(357)	11,905	(420)
TOTAL	**42,994**	**(632)**	**30,820**	**(80)**	**5,998**	**(30)**	**332,690**	**(766)**	**412,503**	**(1,509)**

This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.
(a) Notional amounts impacted by the IBOR reform: as mentioned in Note 1.2, the IAS 39 amendment ensures prospective assessments and highly probable requirements are maintained in the context of the transition to the new benchmark rates.

5

	December 31, 2018									
	Derivative instruments used in fair value hedging relationship		Derivative instruments used in cash flow hedging relationship		Derivative instruments used in hedges of net Investment in a foreign operation		Macro-hedges and other derivative instruments not qualifying under IAS 39 but generally used as economic hedges		Total	
(in Euro million)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	52,686	(780)	4,334	306	-	-	143,304	1,481	200,324	1,007
Equity derivatives	1,170	49	-	-	-	-	42,217	1,610	43,387	1,660
Currencies derivatives	4,521	25	6,725	(392)	12,919	(200)	142,708	(1,728)	166,873	(2,295)
Credit derivatives	140	(2)	-	-	-	-	16,075	137	16,215	136
Other derivatives	287	(22)	4,526	(82)	-	-	26,294	(86)	31,108	(189)
TOTAL	**58,804**	**(729)**	**15,585**	**(168)**	**12,919**	**(200)**	**370,599**	**1,415**	**457,907**	**318**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.

As of December 31, 2019, the notional amount of all derivative instruments totalled €412.5 billion (€457.9 billion at the end of 2018). Their net fair value amounted to €-1,509 million as of December 31, 2019 (€+318 million at the end of 2018), comprised of the fair value of derivatives on invested assets (€-2,280 million and €-1,800 million at the end of 2018 – see Note 20.3) and the fair value of derivatives on liabilities (€-917 million and €-2,285 million at the end of 2018 – see Note 20.4).

AXA uses derivatives primarily to hedge various risks stemming from both sides of the balance sheet in the context of its Asset Liability Management (ALM) strategy in insurance companies, as well as holdings and banks. Notional amount of such hedging strategies amounted to €430.6 billion as of December 31, 2019 (€443.6 billion at the end of 2018) and were mainly used to:

- manage interest rate exposures on fixed maturity investments, long-term debt and guaranteed interest rates on insurance contracts;
- reduce foreign-currency exposures on foreign-currency denominated investments and liabilities;
- manage liquidity positions (including the ability to pay benefits and claims when due) in connection with Asset Liability Management and local regulatory requirements for insurance and banking operations;
- limit equity risk;
- limit credit risk about certain investments in corporate debt instruments.

AXA also uses derivatives as an alternative to gain exposure to certain asset classes through "synthetic positions", for example, holding cash and equity futures instead of physical equities. Another example is the combination of government bonds and credit default swaps (CDS) as a synthetic position and an alternative to the direct purchase of a corporate bond. These schemes do not add any specific risks compared with other investment assets.

The notional amount of derivatives which is used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments most certainly overstates the level of activity and does not directly measure risk as it greatly exceeds the possible credit and market loss that could arise from such transactions. It does not represent the amounts that are effectively exchanged by the parties, and thus is not a measure of the Group's exposure to derivative instruments. For example, the Group is exposed to credit risk in respect of its counterparties to the derivative instruments but is not exposed to credit risk on the entire notional amounts. AXA actively manages counterparty risk generated by derivatives through a specific group-wide policy. This policy includes a limit framework and an exposure monitoring process. Limits are specifically set for each authorized counterparty, based on an internal scoring system. This policy also includes daily to weekly collateralization for the majority of the Group's exposure. The total net collateral given communicated for all derivative instruments including those related to derivatives held within investment funds of the "Satellite Investment Portfolio" (see Note 1.8.2) was €2.6 billion as of December 31, 2019 (€-0.5 billion at the end of 2018). This net total includes amounts recognized in the Consolidated Statement of Financial Position and unrecognized commitments received or given disclosed in Note 29.

The market turmoil that started in 2008 highlighted increasing importance of Risk Management and led to additional hedging activity over the 2008-2012 period. Since then, AXA has continued the use of derivatives to hedge risks, increasing or decreasing derivative positions in accordance with AXA's governance framework for derivatives.

In particular, hedging activities are one of the most important instruments to decrease the risk of the options and guarantees that are embedded in most Life & Savings products and in some Property & Casualty products; they also lead to a reduction of the capital requirements for those business activities under Solvency II. The various policies that AXA applies with reference to the use of derivatives and hedging instruments, include a close monitoring of its hedging strategy and associated risks as part of a Systemic Risk Management Plan (SRMP), approved by the Management Committee and the Board of Directors, in the context of the policy measures that apply to Global Systemically Important Insurers (GSII).

For further detail on Asset Liability Management governance, please refer to page 188 of Section 4.2. "Internal control and Risk Management".

In 2019, the use of derivatives within the Group decreased overall by €45 billion in terms of notional amount for the main reasons listed below (see also details in Note 20.2.1.):

- notional amount of equity derivatives decreased by €24.6 billion notably explained by the deconsolidation of Equitable Holdings, Inc.;
- notional amount of other derivatives decreased by €19.2 billion notably explained by the deconsolidation of Equitable Holdings, Inc.;
- notional amount of currency derivatives decreased by €9.2 billion mainly explained as a result of the model transformation of the Swiss Group Life business, the deconsolidation of Equitable Holdings, Inc. and the classification of AXA Bank Belgium as held for sale.

It was partly offset:

- notional amount of interest rates derivatives increased by €5.7 billion mainly driven by the additional hedges of duration gap, the increase within investment funds of the "Satellite Investment Portfolio" partly offset by the deconsolidation of Equitable Holdings, Inc. and the classification of AXA Bank Belgium as held for sale.
- notional amount of credit derivatives increased by €1.9 billion explained by the increase within investment funds of the "Satellite Investment Portfolio.

In the tables above, the column "Macro-hedges and other derivative instruments" includes derivatives that do not qualify for hedge accounting under IAS 39, but whose objective is nevertheless to provide economic hedging of a risk, with the exception notably of certain credit derivatives. They also include "macro-hedging" derivatives as defined by the IASB in IAS 39.

As of December 31, 2019, the notional amount of hedging derivative instruments as defined by IAS 39 (fair value hedge, cash flow hedge and net investment hedge) of the Group was €79.8 billion *versus* €87.3 billion at the end of 2018. The net fair value recorded was €-742 million as of December 31, 2019, *versus* €-1,097 million at the end of 2018.

20.2.1 Interest rate derivative instruments

The AXA Group's primary interest rate exposure is related to contracts with guaranteed benefits and the risk that the value of the financial assets purchased with the consideration received from the contract holders is insufficient to fund the guaranteed benefits and expected discretionary participation payable to them. To hedge against potential adverse market conditions, derivative strategies are used to reduce the risk arising from the guarantee liability over time.

As of December 31, 2019, the notional amount of interest rate derivative instruments totalled €206.1 billion (€200.3 billion at the end of 2018). Their net fair value as of December 31, 2019 amounted to €412 million (€1,007 million at the end of 2018). AXA mainly uses (i) interest rate swaps (62.8% of total notional amount of interest rate derivative instruments), (ii) interest rate options (18%), and (iii) futures and forwards (10%).

These instruments are mainly used to:

- manage duration gap and/or hedge convexity risk between assets and liabilities on the General Account as a part of Asset Liability Management strategies mainly in France for €64.9 billion (versus €61.5 billion at the end of 2018), Japan for €17.9 billion at the end of 2019 (versus €17.3 billion at the end of 2018), Germany for €15.3 billion at the end of 2019 (versus €12.6 billion at the end of 2018) and in Switzerland for €5.8 billion at the end of 2019 (versus €5.4 billion at the end of 2018);
- minimize the cost of Group debt and limit volatility of financial charges, mainly in the Company, with notional amount of €37.7 billion at the end of 2019 (versus €30.9 billion at the end of 2018), mainly due to the management of its interest rate derivatives in a context of low interest rate environment;
- hedge interest rate risk and interest volatility risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, with notional amount of €3.3 billion at the end of 2019 (versus €25.4 billion at the end of 2018). The decrease is mainly related to the deconsolidation of Equitable Holdings, Inc. (versus €20.8 billion at the end of 2018);
- hedge interest rate risk exposures arising in the context of its ordinary banking activities, in order to manage an interest rate exposure between its interest-earning assets and interest-bearing liabilities mainly by interest rate swaps. There is no longer significant amount in this category following the classification as held for sale of AXA Bank Belgium (€21.7 billion at the end of 2018).

20.2.2 Equity derivative instruments

As of December 31, 2019, the notional amount of equity derivative instruments amounted to €18.7 billion (€43.4 billion at the end of 2018). Their net fair value amounted to €223 million as of December 31, 2019 (€1,660 million at the end of 2018). AXA mainly uses (i) equity option contracts (71% of total notional amount of equity derivative instruments), (ii) equity swaps (19%), and (iii) equity futures and forwards (10%).

These instruments are mainly used to:

- hedge the exposure to equity risk, mainly in the Company €6.1 billion in 2019 (€4.6 billion in 2018) to support Group Solvency;
- hedge equity risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, which amounted to €0.1 billion at the end of 2019 (€5.9 billion at the end of 2018). The decrease is mainly related to the deconsolidation of Equitable Holdings, Inc. (€5.8 billion at the end of 2018);

- hedge the exposure to equity risk within the General Account assets, protecting policyholders' investments and their guaranteed liability over time, mainly in Switzerland (notional amount of €4.2 billion in 2019 compared with €3.8 billion in 2018).

20.2.3 Currency derivative instruments

The Group has entered into different currency instruments to reduce its exposure to foreign currency risk. Currency derivative instruments represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

As of December 31, 2019, the notional amount of currency derivative amounted to €157.6 billion *versus* €166.9 billion at the end of 2018. Their market value was €-1,820 million *versus* €-2,295 million at the end of 2018. AXA mainly uses (i) currency future and forward contracts (55% of total notional amount of currency derivative instruments), (ii) currency option contracts (26%), and (iii) currency swaps (18%).

One of the main objectives of currency derivatives instruments is to limit variations in net foreign currency-denominated assets resulting from movements in exchange rates in order to protect partially or in full the value of AXA's net foreign-currency investments in its subsidiaries and thus reduce the variability of Group consolidated shareholders' equity against currency fluctuations, but also of others key indicators such as liquidity, gearing and solvency ratios. Notional amount of derivatives used by the Company to hedge the foreign currency exposure decreased from €36.0 billion at the end of 2018 to €34.6 billion at the end of 2019.

Currency derivative instruments are also used to hedge foreign exchange mismatch between assets and liabilities in insurance subsidiaries of the Group. While most of the operating units' commitments are matched by assets denominated in the same currency, some entities may invest in foreign currency denominated assets to diversify their investments. This is the case mainly in (i) Switzerland using such contracts to hedge exchange rate risk arising from their investments in equities and debt instruments denominated in non-CHF currencies (mainly Euro and US Dollar) with a total notional amount of €29.4 billion at the end of 2019 *versus* €48.0 billion at the end of 2018, and (ii) Japan using future and forward foreign currency contracts to hedge exchange-rate risk arising from its investments in fixed-maturity debt instruments denominated in non JPY currencies with a total notional amount of €17.2 billion at the end of 2019 *versus* €13.2 billion at the end of 2018.

A description of exchange-rate risk related to the operating activities of Group subsidiaries and the Company is included in Section 4.3 Market Risks with amounts of exposures to exchange-rate risk and corresponding hedges.

In accordance with IAS 21 and IAS 39, the translation difference relating to these debt instruments used in operational entities is recognized in profit or loss and offsets most of the change in market value of associated derivative instruments, which is also recognized in profit or loss.

20.2.4 Credit derivative instruments

The Group, as part of its investment and credit Risk Management activities, uses strategies that involve credit derivatives, which consist mainly of Credit Default Swaps (CDS). These instruments are used as an alternative to corporate bonds portfolios, when coupled with government debt instruments, but also as a protection on single names or specific portfolios.

As of December 31, 2019, the notional amount of credit derivatives held by the Group was €18.1 billion compared to €16.2 billion at the end of 2018 (including the instruments held within investment funds of the "Satellite Investment Portfolio" (€2.6 billion); see Note 1.8.2).

Credit derivative instruments are mainly used to:

- hedge credit risk involving the purchase of CDS as a protection mainly on single corporate names or specific portfolios starting from a certain level of losses through tranches instruments (notional amount of €3.9 billion at the end of 2019 *versus* €1.8 billion at the end of 2018);
- enhance the return mainly on government bonds portfolios by holding government bonds and at same time selling protection on very good quality names as an alternative to the direct purchase of a corporate bond. This type of ALM strategy is implemented to compensate for the lack of depth or liquidity in some markets by taking a synthetic credit risk (notional amount of €14.2 billion at the end of 2019 *versus* €14.3 billion at the end of 2018).

20.3 EFFECT OF HEDGING ON FINANCIAL INVESTMENTS

The impact of derivative instruments is presented in the consolidated statement of financial position within their related underlying financial assets (and liabilities see Note 20.4). The table below sets out the impact of derivative instruments on the related underlying assets.

	December 31, 2019								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]
Investment in real estate properties	**23,405**	**(104)**	**23,301**	**3,309**	**-**	**3,309**	**26,714**	**(104)**	**26,609**
Debt instruments	418,972	(2,447)	416,525	2,308	3	2,311	421,280	(2,445)	418,836
Equity securities	27,979	(14)	27,965	3,155	-	3,155	31,133	(14)	31,119
Non-consolidated investment funds	14,897	33	14,930	99	-	99	14,997	33	15,029
Other investments [d]	15,146	(15)	15,132	232	-	232	15,375	(12)	15,363
Macro-hedge and other derivatives	(172)	421	249	1	(111)	(110)	0	139	139
TOTAL FINANCIAL INVESTMENTS	**476,823**	**(2,023)**	**474,800**	**5,795**	**(108)**	**5,687**	**482,786**	**(2,299)**	**480,487**
Loans	**20,005**	**(40)**	**19,965**	**13,400**	**(6)**	**13,393**	**33,405**	**(46)**	**33,359**
Assets backing contracts where the financial risk is borne by policyholders	**72,659**	**1**	**72,660**	**-**	**-**	**-**	**72,633**	**25**	**72,660**
TOTAL INVESTMENTS	**592,892**	**(2,166)**	**590,726**	**22,503**	**(114)**	**22,389**	**615,537**	**(2,425)**	**613,114**

(a) Carrying value, i.e. net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(b) Including macro-hedge and other derivatives.
(c) Carrying value (see (a)), including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(d) Other investments held through consolidated investment funds designated as at fair value through profit or loss.

	December 31, 2018								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [(a)]	Impact of derivative instruments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instruments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instruments [(b)]	Net book value including effect of derivatives [(c)]
Investment in real estate properties	**20,977**	**(38)**	**20,939**	**1,495**	**-**	**1,495**	**22,472**	**(38)**	**22,434**
Debt instruments	442,267	(2,156)	440,111	5,764	(116)	5,648	448,031	(2,272)	445,759
Equity securities	23,025	(35)	22,990	2,047	-	2,047	25,072	(35)	25,036
Non-consolidated investment funds	13,013	23	13,036	602	-	602	13,615	23	13,639
Other investments [(d)]	14,847	17	14,864	169	-	169	15,016	17	15,033
Macro-hedge and other derivatives	(150)	894	744	1	59	59	(149)	952	803
TOTAL FINANCIAL INVESTMENTS	**493,002**	**(1,257)**	**491,745**	**8,583**	**(57)**	**8,526**	**501,585**	**(1,315)**	**500,271**
Loans	**33,565**	**27**	**33,593**	**32,263**	**(474)**	**31,789**	**65,829**	**(447)**	**65,381**
Assets backing contracts where the financial risk is borne by policyholders	**160,176**	**(0)**	**160,176**	**-**	**-**	**-**	**160,176**	**(0)**	**160,176**
TOTAL INVESTMENTS	**707,720**	**(1,268)**	**706,452**	**42,341**	**(532)**	**41,809**	**750,061**	**(1,800)**	**748,261**

(a) Carrying value, i.e net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(b) Including macro-hedge and other derivatives.
(c) Carrying value (see (a)), including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(d) Other investments held through consolidated investment funds designated as at fair value through profit or loss.

20.4 EFFECT OF HEDGING ON LIABILITIES

The impact of derivative instruments is presented in the balance sheet within their related underlying financial liabilities (and assets see Note 20.3). The tables below set out the impact of derivative instruments on the related underlying liabilities:

	December 31, 2019			December 31, 2018		
(in Euro million)	Carrying value excluding effect of hedging value	Impact of derivative instru-ments	Carrying value including effects of derivatives	Carrying value excluding effect of hedging value	Impact of derivative instru-ments	Carrying value including effects of derivatives
Liabilities arising from insurance contracts	376,253	(982)	375,271	437,015	(812)	436,204
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	56,709	-	56,709	146,058	(0)	146,058
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS	**432,963**	**(982)**	**431,980**	**583,073**	**(812)**	**582,262**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**52,547**	**(101)**	**52,446**	**53,593**	**(73)**	**53,520**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**227**	**227**	**-**	**(910)**	**(910)**
Subordinated debt	11,393	(99)	11,294	11,200	(324)	10,876
Financing debt instruments issued	1,806	-	1,806	5,096	(1)	5,096
Financing debt owed to credit institutions	-	-	-	-	-	-
FINANCING DEBT [(a)]	**13,199**	**(99)**	**13,101**	**16,295**	**(324)**	**15,971**
Liabilities arising from banking activities	**14,713**	**(64)**	**14,649**	**36,281**	**(227)**	**36,054**
PAYABLES	**87,409**	**103**	**87,512**	**86,436**	**61**	**86,498**
TOTAL DERIVATIVES		**(917)**			**(2,285)**	

(a) Financing debts are disclosed in the balance sheet net of the impact of derivatives. As a result, the amount showing in the column "value including effect of derivatives" is their carrying value.

As of December 31, 2019, derivatives related to banking liabilities shown in Note 15 are used to hedge interest rate risk exposures in the context of ordinary banking activities, in order to achieve an appropriate interest rate spread between its interest earning assets and interest bearing liabilities. Related hedged assets are disclosed in Note 9.4.2 and liabilities in Note 15.

20.5 BREAKDOWN OF DERIVATIVE INSTRUMENTS BY VALUATION METHOD

	December 31, 2019				December 31, 2018			
	Instruments quoted in an active market	Instruments not quoted in an active market – No active market			Instruments quoted in an active market	Instruments not quoted in an active market – No active market		
(in Euro million)	Fair value determined directly by reference to an active market (Level 1)	Fair value mainly based on observable market data(Level 2)	Fair value mainly not based on observable market data (Level 3)	Total	Fair value determined directly by reference to an active market (Level 1)	Fair value mainly based on observable market data (Level 2)	Fair value mainly not based on observable market data (Level 3)	Total
Net value of derivative instruments – assets (A)	**(1,337)**	**(1,088)**	**0**	**(2,425)**	**(1,165)**	**(802)**	**(0)**	**(1,966)**
Derivative instruments relating to insurance and investment contracts	(6)	(850)	-	(857)	7	(1,802)	-	(1,795)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	(99)	-	(99)	-	(324)	-	(324)
Derivatives on liabilities arising from banking activities and payables	3	36	-	39	3	(170)	1	(166)
Net value of derivative instruments – liabilities (B)	**(4)**	**(913)**	**-**	**(917)**	**10**	**(2,295)**	**1**	**(2,285)**
Net fair value (C= A-B)				**(1,509)**				**318**

Principles applied by the Group in order to proceed with the classification of financial instruments into the IFRS 13 fair value hierarchy categories and the fair value hierarchy applicable to such instruments are described in Note 1.5. Same principles apply as far as derivatives instruments are concerned.

The Group mitigates counterparty credit risk of derivative instruments by contractually requiring collateral for most derivative contracts. As of December 31, 2019, the adjustment to the fair value of derivatives for non-performance risk was not material.

Note 21 Information by segment

For more information about the Group's segments identification, please refer to page 247 to 251 of Note 3 "Consolidated statement of income by segment".

21.1 TOTAL REVENUES

21.1.1 Revenues by segment

(in Euro million)	December 31, 2019	December 31, 2018 restated [a]
France	26,182	25,175
Europe	34,415	36,508
Asia	9,860	8,973
AXA XL	18,741	6,287
United States	4,297	16,483
International	7,078	6,535
Transversal & Central Holdings	2,959	2,913
TOTAL [b]	**103,532**	**102,874**
of which direct premiums	*87,822*	*89,160*
of which reinsurance assumed	*12,030*	*7,149*
of which fees and charges on investment contracts with no participation features	*244*	*249*
of which revenues from other activities (including revenues from banking activities)	*3,436*	*6,316*

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).
(b) Net of intercompany eliminations.

Given the Group's scale and diversity, none of its clients accounts for more than 10% of its business.

21.1.2 Revenues from non-insurance contracts

Revenues from non-insurance contracts including revenues from other activities (€2,924 million), fees & charges relating to investment contracts with no participating features (€244 million), and commissions from banking activities (€146 million) correspond to the following types of services:

	December 31, 2019					
(in Euro million)	Investment management service	Distribution of financial product	Administration services	Assistance	Other	Total
France	6	1	-	-	68	74
Europe	156	28	73	47	126	430
Asia	39	-	-	-	-	39
AXA XL	-	-	-	-	0	0
United States	569	334	11	-	63	977
International	125	9	18	-	47	198
Transversal & Central Holdings	1,198	(0)	-	352	46	1,596
TOTAL	**2,092**	**371**	**102**	**400**	**349**	**3,315**
of which recognized over time	*1,645*	*93*	*12*	*280*	*207*	*2,238*
of which recognized at a point in time	*447*	*278*	*90*	*119*	*142*	*1,077*

	December 31, 2018 restated [(a)]					
(in Euro million)	Investment management service	Distribution of financial product	Administration services	Assistance	Other	Total
France	6	1	-	-	59	66
Europe	109	35	71	14	133	361
Asia	38	-	-	-	-	38
AXA XL	-	-	-	-	0	0
United States	2,678	968	38	-	291	3,975
International	110	37	3	-	46	197
Transversal & Central Holdings	1,151	0	2	319	109	1,582
TOTAL	**4,091**	**1,042**	**115**	**333**	**638**	**6,219**
of which recognized over time	*3,309*	*389*	*13*	*254*	*355*	*4,321*
of which recognized at a point in time	*782*	*653*	*102*	*79*	*283*	*1,899*

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

21.2 TOTAL ASSETS

(In Euro million)	December 31, 2019	December 31, 2018 restated [a]
France	250,645	225,332
Europe	264,196	271,080
Asia	89,942	76,378
AXA XL	64,127	61,117
United States	0	193,220
International	44,243	41,951
Transversal & Central Holdings	67,726	61,617
TOTAL [b] [c]	**780,878**	**930,695**

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

(b) Net of intercompany eliminations and after deduction of the value related to the shares eliminated in consolidation.

(c) Including assets held for sale.

21.3 OTHER INFORMATION BY LINE OF BUSINESS

21.3.1 Life & Savings (including Health)

	December 31, 2019			December 31, 2018		
(In Euro million)	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts
Protection	16,145	135,925	900	21,494	180,938	3,292
G/A Savings	12,991	150,824	35,253	12,398	158,109	30,917
Unit-Linked	8,051	51,177	3,508	14,141	144,939	3,131
Health	9,935	34,199	0	9,385	31,734	51
Funds & Others	309	5,129	0	297	4,739	0
Sub-total	**47,430**	**377,254**	**39,662**	**57,714**	**520,459**	**37,391**
Fees and charges relating to investment contracts with no participating features [a]	264		13,372	257		15,719
Fees, commissions and other revenues	559			1,472		
TOTAL	**48,253**	**377,254**	**53,034**	**59,444**	**520,459**	**53,110**

(a) Relates to liabilities arising from investment contracts without discretionary participation features including contracts where the financial risk is borne by policyholders.

5

21.3.2 Property & Casualty (including Health)

(In Euro million)	Gross revenues		Liabilities arising from insurance contracts	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Personal lines	**18,524**	**17,814**	**28,835**	**27,377**
Motor	10,215	9,966	18,765	17,713
Property Damage	4,029	3,916	3,368	3,295
Liability	407	399	909	932
Health	1,829	1,694	1,390	1,241
Other Personal lines	2,044	1,838	4,403	4,196
Commercial lines	**34,269**	**21,093**	**80,474**	**77,208**
Motor	3,708	3,568	6,210	5,766
Property Damage	5,511	4,100	7,021	6,847
Liability	2,190	2,193	10,330	10,329
Health	2,237	1,977	1,085	983
Specialty	4,940	1,794	8,777	7,811
Reinsurance	4,489	1,093	11,319	11,695
Other Commercial lines	11,193	6,368	35,733	33,777
Other	**89**	**84**	**33**	**65**
TOTAL	**52,883**	**38,991**	**109,342**	**104,650**
of which fees, commissions and other revenues	*461*	*392*	-	-

21.4 NET REVENUES FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2019	December 31, 2018
Net interests revenues	426	391
Net commissions	86	93
Net revenues from banking activities	**512**	**484**

Note 22 Net investment result excluding financing expenses

Net investment result (excluding financing expenses) from the financial assets of insurance companies and companies in other business segments (excluding revenues from the financial assets of banks included in net revenues from banking activities) was as follows:

	December 31, 2019				
(in Euro million)	Net investment income [(a)]	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	Change in investment impairments	Net investment result
Investment in real estate properties at amortized cost	1,085	632	-	(345)	1,372
Investment in real estate properties as at fair value through profit or loss	48	-	64	-	112
Investment in real estate properties	**1,133**	**632**	**64**	**(345)**	**1,485**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	9,645	455	336	(2)	10,435
Debt instruments designated as at fair value through profit or loss [(b)]	366	-	596	-	962
Debt instruments held for trading	87	-	192	-	279
Non-quoted debt instruments (amortized cost)	247	(0)	-	(1)	245
Debt instruments	**10,345**	**455**	**1,124**	**(3)**	**11,921**
Equity instruments available for sale	550	524	7	(412)	669
Equity instruments designated as at fair value through profit or loss [(c)]	455	-	140	-	595
Equity instruments held for trading	1	-	31	-	32
Equity instruments	**1,006**	**524**	**178**	**(412)**	**1,296**
Non-consolidated investment funds available for sale	234	146	(16)	(69)	294
Non-consolidated investment funds designated as at fair value through profit or loss	294	-	87	-	381
Non-consolidated investment funds held for trading	1	-	23	-	24
Non consolidated investment funds	**528**	**146**	**95**	**(69)**	**700**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**82**	**-**	**17**	**-**	**99**
Loans held to maturity	-	-	-	-	-
Loans available for sale	-	-	-	-	-
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	640	1	-	0	641
Loans	**640**	**1**	**-**	**0**	**641**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**18,286**	**-**	**18,286**
Derivative instruments	**(1,286)**	**-**	**(657)**	**-**	**(1,943)**
Investment management expenses	**(533)**	**-**	**-**	**-**	**(533)**
Other	**200**	**(400)**	**(633)**	**3**	**(831)**
NET INVESTMENT RESULT	**12,115**	**1,356**	**18,475**	**(826)**	**31,121**

(a) Includes gain/losses from derivatives hedging variable annuities.
(b) Includes debt instruments held by consolidated investment funds, designated as at fair value through profit or loss.
(c) Includes equity instruments held by consolidated investment funds, designated as at fair value through profit or loss.

(in Euro million)	December 31, 2018				
	Net investment income [(a)]	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	Change in investment impairments	Net investment result
Investment in real estate properties at amortized cost	888	574	0	(258)	1,204
Investment in real estate properties as at fair value through profit or loss	57	-	21	-	78
Investment in real estate properties	**945**	**574**	**21**	**(258)**	**1,281**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	10,796	58	(321)	(53)	10,480
Debt instruments designated as at fair value through profit or loss [(b)]	981	-	(933)	-	48
Debt instruments held for trading	18	-	(10)	-	8
Non quoted debt instruments (amortized cost)	220	(2)	-	-	218
Debt instruments	**12,015**	**57**	**(1,264)**	**(53)**	**10,754**
Equity instruments available for sale	653	1,253	(116)	(764)	1,026
Equity instruments designated as at fair value through profit or loss [(c)]	551	-	143	-	694
Equity instruments held for trading	3	-	1	-	4
Equity instruments	**1,206**	**1,253**	**28**	**(764)**	**1,723**
Non consolidated investment funds available for sale	324	144	27	(186)	310
Non consolidated investment funds designated as at fair value through profit or loss	288	-	2	-	290
Non consolidated investment funds held for trading	13	-	(26)	-	(13)
Non consolidated investment funds	**626**	**144**	**3**	**(186)**	**587**
Other assets held *by* consolidated investment funds designated as at fair value through profit or loss	**107**	**-**	**(35)**	**-**	**72**
Loans held to maturity	-	-	-	-	-
Loans available for sale	-	-	-	-	-
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	1,112	2	-	(10)	1,104
Loans	**1,112**	**2**	**-**	**(10)**	**1,104**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**(10,706)**	**-**	**(10,706)**
Derivative instruments	**689**	**-**	**(1,321)**	**-**	**(632)**
Investment management expenses	**(625)**	**-**	**-**	**-**	**(625)**
Other	**503**	**(47)**	**170**	**0**	**626**
NET INVESTMENT RESULT	**16,579**	**1,982**	**(13,104)**	**(1,271)**	**4,186**

(a) Includes gain/losses from derivatives hedging variable annuities.
(b) Includes debt instruments held by consolidated investment funds, designated as at fair value through profit or loss.
(c) Includes equity instruments held by consolidated investment funds, designated as at fair value through profit or loss.

Net investment income is presented net of impairment charges on directly-owned investment properties, and net of amortization of debt instruments premiums/discounts. All investment management fees are also included in the aggregate figure.

Net realized gains and losses relating to investment at cost and at fair value through shareholders' equity include write back of impairment following investment sales.

Net realized gains and losses and change in fair value of investments designated as at fair value through profit or loss consist mainly of:

- adjustments relating to investments backing contracts where the financial risk is borne by policyholders which are offset by an adjustment of related policyholder reserves, as there is a full pass through of the performance of held assets to the individual contract holder;
- changes in the fair value of investments designated as at fair value through profit or loss held by funds of the "Satellite Investment Portfolios" as defined in Note 1.8.2;
- changes in fair value of underlying hedged items in fair value hedges (as designated by IAS 39) or "natural hedges" (*i.e.* underlying assets designated as at fair value through profit or loss part of an economic hedge not eligible for hedge accounting as defined by IAS 39).

The changes in investment impairments for available for sale assets include impairment charges on investments, and release of impairments only following revaluation of the recoverable amount. Write back of impairments following investment sales are included in the net realized capital gains or losses on investments aggregate.

Note 23 Net result of reinsurance ceded

Net result of reinsurance ceded was as follows:

	December 31, 2019								
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Inter-seg-ment elimina-tions	Total
Premiums ceded and unearned premiums ceded	(1,701)	(841)	(737)	(5,925)	(124)	(851)	(58)	692	(9,544)
Claims ceded (including change in claims reserves)	1,401	381	465	4,399	215	422	79	(312)	7,050
Commissions received from/paid to reinsurers	168	113	148	725	2	163	111	(53)	1,376
NET RESULT OF REINSURANCE CEDED	**(132)**	**(347)**	**(124)**	**(801)**	**93**	**(266)**	**132**	**327**	**(1,118)**

	December 31, 2018 restated (a)								
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Inter-seg-ment elimina-tions	Total
Premiums ceded and unearned premiums ceded	(1,324)	(759)	(547)	(2,220)	(1,046)	(793)	(72)	457	(6,303)
Claims ceded (including change in claims reserves)	957	327	387	2,021	1,046	443	241	(231)	5,191
Commissions received from/paid to reinsurers	117	90	88	322	7	122	107	(26)	828
NET RESULT OF REINSURANCE CEDED	**(249)**	**(342)**	**(72)**	**123**	**7**	**(228)**	**276**	**200**	**(285)**

(a) Restated: reclassification of German and Japanese activities of AXA Life Europe (previously reported as part of Germany and Japan respectively) into AXA Life Europe (included in Transversal & Central Holdings).

5

Note 24 Financing debt expenses

As of December 31, 2019, financing debt expenses, which include income and expenses relating to hedging derivative instruments on financing debt, amounted to €720 million (€562 million as of December 31, 2018) mainly in the Company: for €445 million (€387 million as of December 31, 2018).

Note 25 Expenses by type

25.1 ACQUISITION EXPENSES

	December 31, 2019				December 31, 2018
(in Euro million)	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses – gross [(a)]	14,335	(0)	(96)	14,239	12,514
Change in deferred acquisition expenses and equivalents [(b)]	(1,757)	-	-	(1,757)	(1,312)
NET ACQUISITION EXPENSES	**12,578**	**(0)**	**(96)**	**12,482**	**11,201**

(a) Includes all acquisition expenses relating to insurance and investment contracts before capitalization/amortization of deferred acquisition expenses and equivalents.
(b) Change (capitalization and amortization) in deferred acquisition expenses relating to insurance and investment contracts with discretionary participation features and changes in net rights to future management fees relating to investment contracts with no discretionary participation features.

25.2 EXPENSES BY TYPE

	December 31, 2019				December 31, 2018
(in Euro million)	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses – gross	14,335	0	(96)	14,239	12,514
Claims handling expenses	2,877	-	(36)	2,840	2,433
Investment management expenses	296	(11)	(21)	263	170
Administrative expenses	7,926	3,290	(494)	10,722	10,976
Banking expenses	-	67	-	67	91
Increase/write back of tangible assets amortization	0	-	-	0	0
Other income/expenses [(a)]	197	96	304	598	49
TOTAL EXPENSES BY DESTINATION	**25,632**	**3,442**	**(343)**	**28,730**	**26,233**
Breakdown of expenses by type					
Staff expenses	6,761	1,384	(1)	8,144	8,471
Outsourcing and professional services	1,038	325	(30)	1,333	1,095
IT expenses	1,444	271	153	1,868	1,663
Charges relating to owner occupied properties	543	193	(1)	736	740
Commissions paid	12,968	434	(316)	13,086	11,389
Other expenses [(a)]	2,877	835	(149)	3,563	2,875

(a) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe (see Note 5.3).

Expenses increased by €2,498 million compared to December 31, 2018. On a constant exchange rate basis, expenses increased by €1,950 million mainly from:

- AXA XL (€+3,853 million) mainly due to the full impact in 2019 of the acquisition of the XL Group completed on September 12, 2018;
- International (€+662 million) mainly due to the loss related to the expected disposal of AXA Bank Belgium (€+568 million);
- Europe (€+266 million) notably in Germany (€+258 million) mainly from the impact in 2019 of the consolidation of Roland Rechtsschutz starting from October 1, 2018, and the United Kingdom & Ireland (€+72 million) from business growth and investments in transformation programs;
- France (€+245 million) mainly due to higher commissions on premiums resulting from volume growth in Life & Savings and higher staff costs to enhance service quality;
- Transversal (€+132 million) notably from AXA Life Europe (€+122 million) due to the loss related to the expected disposal, and AXA Assistance (€+85 million) as a result of higher commissions from a change in business mix and higher investments to improve customer experience and simplification;
- Asia (€+117 million) mainly in Japan (€+100 million) notably from higher acquisition costs given volume growth in Health and Protection with Unit-Linked.

This is partly offset by the United States (€-3,329 million), only contributing to 3 months of operations on the expenses of the Group following the deconsolidation of Equitable Holdings, Inc. [(1)] as of March 31, 2019.

Note 26 Employees

26.1 BREAKDOWN OF STAFF EXPENSES

(in Euro million)	December 31, 2019	December 31, 2018
Wages and benefits	5,761	6,202
Social contributions	828	900
Employee benefits expenses	714	634
Share based compensation	159	326
Other staff expenses and employees' profit sharing [(a)]	681	408
TOTAL STAFF EXPENSES	**8,144**	**8,471**

(a) Including redundancies and early retirement expenses (triggering event = set up of the plan), and profit sharing with employees in France.

26.2 EMPLOYEE BENEFITS

26.2.1 Defined contribution plans

The cost of the contributions paid was recognized as an expense in the income statement, and amounted to €236 million in 2019 (€183 million in 2018). The 2019 cost included €82 million of expenses for defined contribution plans in force at AXA XL (€17 million in 2018 for the three months since the acquisition date).

26.2.2 Defined benefit plans

AXA operates various defined post-employment benefit plans mainly in the United Kingdom, Germany, Switzerland, France and Belgium.

The defined benefit pension plans within AXA are mostly final salary pension plans or based on a cash balance formula, which provide benefits in the form of a guaranteed level of lump-sum payable at retirement age or pension payable for life. The level of benefits is generally based on members' length of service and their salary in the final years leading up to retirement.

In Switzerland, the benefit plan is a Swiss contribution-based plan classified as a defined benefit plan under IAS 19 because of guarantees, risks related to the mortality and disability coverage.

In the United Kingdom and Germany, pensions in payment are generally updated in line with the retail price index or inflation, as opposed to other countries where pensions do not necessarily receive inflationary increases once in payment.

(1) For further information, please refer to Note 3 "Consolidated statement of income by segment" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

Most of the defined benefit pension plans are funded through long-term employee benefit funds or covered by insurance policies or Mutual funds.

Benefit payments in the United Kingdom and Switzerland are from trustee-administered funds and plan assets held in trusts are governed by local regulations and practices. The Board of trustees, generally composed of representatives of the Company and plan participants in accordance with the respective plan's regulations is responsible for governance of the plans including investment decisions and contribution schedules in order to meet the existing minimum funding requirement or funding regime objective.

In France and Belgium, benefit payments are managed by insurance companies or Mutual funds.

In the United Kingdom, the main defined benefit plan was closed to new members on August 31, 2013, and members who were part of defined benefit sections had the option to participate in the defined contributions sections.

Following the acquisition of XL Group which became AXA XL and the full consolidation of Roland Rechtsschutz in 2018, AXA assumed liabilities and plan assets associated with defined benefit plans sponsored by those entities in the United Kingdom, the United States and Germany. Main pension plans are closed to new entrants, partially funded, governed by local regulations and trustees. AXA XL also maintains deferred cash awards which are qualified as other long-term benefits under IAS 19.

As the result of the loss of control of AXA over Equitable Holdings, Inc. ("EQH"), all pensions and other defined benefit plans sponsored by EQH, including AB, have been deconsolidated as at March 31, 2019.

26.2.3 Significant actuarial assumptions

The assumptions used to value defined benefit plans are consistent with the economic and financial conditions in the countries where they are located. The weighted-average financial assumptions used by AXA for pension plans in the main regions and countries were as follows:

DECEMBER 2019 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2019						
Discount rate	0.9%	0.1%	1.9%	3.2%	0.6%	6.3%
Salary increase for future years	2.4%	1.7%	N/A	N/A	2.3%	3.8%
Inflation rate	1.8%	1.0%	2.0%	2.5%	0.0%	3.7%

DECEMBER 2018 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2018						
Discount rate	1.7%	0.8%	2.8%	4.1%	0.5%	8.0%
Salary increase for future years	2.5%	1.7%	N/A	6.3%	2.3%	3.5%
Inflation rate	1.8%	1.1%	2.2%	2.5%	0.0%	3.7%

For any given plan, the discount rate is determined at the closing date by using market yields for the corresponding currency on high quality corporate bonds with consideration of AA-rated bonds and depending on the plan's duration and the maturity profile of the defined benefit obligation.

Significant demographic assumptions used by AXA are mortality tables in the measurement of the Group's obligations under its defined benefit schemes. These assumptions are often set based on actuarial advice in accordance with published statistics and experience in each country. Translated into averages remaining life expectancy at retirement age (between 60 and 65 in average), the mortality assumptions would give:

- 22.80 years for male and 25.39 years for female retiring at end of December 2019;
- 23.63 years for male and 26.20 years for female retiring at end of December 2029 (*i.e.* 10 years after the reporting date).

26.2.4 Statement of financial position/balance sheet information

The table below presents the change in benefit obligation and the change in plan assets associated with pension plans and other benefit plans sponsored by AXA, together with the separate assets and the balance sheet position.

	Pension benefits		Other benefits		Total	
(in Euro million)	2019	2018	2019	2018	2019	2018
Change in benefit obligation						
Defined Benefit Obligation at the beginning of the year	19,754	20,497	622	566	20,376	21,062
Current service cost	241	230	145	41	386	271
Interest cost	273	306	5	16	278	322
Employee contributions	68	65	-	-	68	65
Plan amendments and curtailments [(a)]	(9)	(0)	(1)	(11)	(10)	(11)
Experience (gains) and losses	(18)	92	0	(0)	(17)	92
Actuarial (gains) and losses arising from changes in demographic assumptions [(b)]	(106)	(158)	(0)	(3)	(107)	(161)
Actuarial (gains) and losses arising from changes in financial assumptions [(c)]	2,073	(579)	21	(31)	2,094	(610)
Benefits paid by plan assets and by separate assets	(511)	(636)	(1)	(1)	(512)	(637)
Benefits directly paid by the employer	(283)	(300)	(116)	(44)	(399)	(344)
Settlements	(1)	(216)	-	-	(1)	(216)
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(d)]	(2,605)	161	(447)	67	(3,052)	228
Other	6	4	(1)	-	5	4
Foreign exchange impact	589	288	6	22	596	311
Defined Benefit Obligation at the end of the year (A)	**19,469**	**19,754**	**234**	**622**	**19,703**	**20,376**
Change in plan assets						
Fair value of plan assets at the beginning of year	12,139	12,420	5	5	12,145	12,425
Interest income on plan assets	193	217	0	0	193	217
Actual return on plan assets, excluding interest income	967	(279)	0	(0)	967	(279)
Employer contributions [(e)]	149	236	-	-	149	236
Employee contributions	60	55	-	-	60	55
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(d)]	(2,144)	72	-	-	(2,144)	72
Benefits paid by plan assets	(406)	(515)	-	-	(406)	(515)
Amounts paid in respect of settlements	(1)	(226)	-	-	(1)	(226)
Other	-	(11)	-	-	-	(11)
Foreign exchange impact	506	171	-	-	506	171
Fair value of plan assets at the end of the year (B)	**11,465**	**12,139**	**6**	**5**	**11,470**	**12,145**
Change in separate assets						
Fair value of separate assets at the beginning of year	1,233	1,281	-	-	1,233	1,281
Interest income on separate assets	13	12	-	-	13	12
Actual return on separate assets, excluding interest income	54	(36)	-	-	54	(36)
Employer contributions	73	73	1	1	74	74
Employee contributions	7	11	-	-	7	11
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	1	14	-	-	1	14
Benefits paid by separate assets	(105)	(121)	(1)	(1)	(106)	(122)
Other	-	-	-	-	-	-
Fair value of separate assets at the end of the year	**1,276**	**1,233**	**-**	**-**	**1,276**	**1,233**
Change in the cumulative effect of asset ceiling						
Cumulative effect of asset ceiling at the beginning of the year	19	17	-	-	19	17
Interest cost on asset ceiling	1	0	-	-	1	0
Changes in the asset ceiling, excluding the interest cost	12	1	-	-	12	1
Foreign exchange impact	2	(0)	-	-	2	(0)
Cumulative effect of asset ceiling at the end of the year	**33**	**19**	**-**	**-**	**33**	**19**
Funded status						
Funded status (B)-(A)	(8,005)	(7,614)	(228)	(617)	(8,233)	(8,231)
Cumulative impact of asset ceiling	(33)	(19)	-	-	(33)	(19)
Liability and asset recognized in the statement of financial position (excluding separate assets)						
Net position (excluding separate assets)	(8,037)	(7,633)	(228)	(617)	(8,266)	(8,250)
Fair value of separate assets at the end of the year	1,276	1,233	-	-	1,276	1,233
Net balance sheet position (including separate assets)	**(6,761)**	**(6,400)**	**(228)**	**(617)**	**(6,990)**	**(7,017)**

(a) In 2019, this amount included plan amendment effects in Switzerland and Germany, and a restructuring plan in France. In 2018, this amount mainly reflected a plan amendment in Belgium.

(b) In 2019, actuarial gains pertaining to changes in demographic assumptions resulted mainly from the update for the latest CMI mortality projections model in the United Kingdom.

(c) In 2019, actuarial losses pertaining to changes in financial assumptions resulted mainly from the overall decrease in discount rate assumptions used to value liabilities.

(d) In 2019, this amount mainly reflected the deconsolidation of benefit obligation and plan assets associated with defined benefit plans sponsored by Equitable Holdings, Inc. as at March 31, 2019. In 2018, this amount comprised the additional benefit obligation and plan assets in connection with the AXA XL acquisition and the consolidation of Roland Rechtsschutz.

(e) Amounts are mainly related to plan assets contributions in Switzerland, the United Kingdom and Ireland.

Benefits classified in “Other benefits” include post-retirement benefits other than pensions, principally health care benefits for retirees, pre-retirement benefits and deferred cash awards.

A surplus (including minimum funding requirement effect) is recognized to the extent that it is recoverable, either through future contribution reductions or a refund to which AXA has an unconditional right, including the ability to use the surplus to generate future benefits.

26.2.5 Pension and other benefits expense

The annual expense for employee pension and other benefits recorded in the income statement (included in Note 26.1.), for the years ended December 31, 2019 and 2018 is presented below:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Pension and other benefits expense						
Current service cost	241	230	145	41	386	271
Plan amendments and curtailments	(9)	(0)	(1)	(11)	(10)	(11)
Settlement gains or losses	0	10	-	-	0	10
Other	8	15	(1)	-	8	15
Total service cost	**240**	**255**	**144**	**30**	**383**	**285**
Interest cost on the defined benefit obligation	273	306	5	16	278	322
Interest income on plan assets	(193)	(217)	(0)	(0)	(193)	(217)
Interest income on separate assets	(13)	(12)	-	-	(13)	(12)
Interest cost on asset ceiling	1	0	-	-	1	0
Net interest cost/income	**67**	**78**	**5**	**16**	**72**	**94**
DEFINED PENSION AND OTHER BENEFITS EXPENSE (SERVICE COST + NET INTEREST COST/ INCOME)	**307**	**332**	**149**	**46**	**455**	**378**

The calculation of the periodic pension cost is based on a “spot rate approach” or “full yield approach” that involves the use of separate discount rates of the yield curve, to determine the related service cost, interest cost and interest income on assets associated to each discounted cashflow or segregated subsets of the plan’s obligation.

26.2.6 Change in the liability (net of plan assets but excluding separate assets and assets within the insurance General Accounts backing employee benefits) recognized in the statement of financial position

Consistently with IAS 19, the statement of financial position liability reflects the funded status (liabilities net of plan assets and cumulative impact of asset ceiling), excluding Separate Assets and Assets within the insurance General Accounts that are backing employee benefits.

DESCRIPTION OF THE RELATIONSHIP BETWEEN SEPARATE ASSETS (OR REIMBURSEMENT RIGHT) AND RELATED OBLIGATIONS

Separate Assets amounted to €1,276 million as of December 31, 2019 (€1,233 million as of December 31, 2018) mainly in France and Belgium. This represents the fair value of assets backing Defined Benefit Obligations covered by both (i) insurance policies written within the Group that provide direct rights to the employees, and (ii) insurance policies with related parties that are outside the scope of consolidation. Under these circumstances, these assets are not considered as Plan Assets that would be deducted from the pensions’ Defined Benefit Obligation (DBO), but represent reimbursement rights accounted for as Separate Assets under IAS 19. Insurance assets or liabilities (within the Group) and pension obligations remain on the balance sheet.

Similarly in some other countries (mainly in Switzerland), although non-transferable insurance policies related to Defined Benefits Obligation between entities within the Group are effectively backed by General Account assets (available to general creditors in case of bankruptcy), they are not taken into consideration in the pension assets disclosures.

IAS 19 considers liabilities net of Plan Assets on the one hand and Separate Assets and a part of Swiss assets on the other hand separately, while economically, Separate Assets and a part of Swiss assets should be considered as backing the Defined Benefit Obligation like any other Plan Assets (which are presented in Note 26.2.8) and deducted from the Defined Benefit Obligation.

The presentation required by IAS 19 seems to imply that such DBOs are not covered by corresponding assets.

Consistently with IAS 19 requirements, the roll-forward of the statement of financial position liability from January 1, 2019, to December 31, 2019, shown below only captures the evolution of the liability recorded in the Group's statement of financial position net of Plan Assets and does not include Separate Assets and Swiss assets included in the Insurance General Account liabilities (which are presented in Note 26.2.8). The table below shows the detailed roll-forward of the statement of financial position liability, with the Separate Assets added at each year end.

	Pension benefits		Other benefits		Total	
(in Euro million)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Change in the liability recognized in the statement of financial position						
Statement of financial position liability at the beginning of the year	(7,633)	(8,094)	(617)	(560)	(8,250)	(8,654)
Pension and other benefits expense	(307)	(332)	(149)	(46)	(455)	(378)
Adjustment due to separate assets	(75)	14	-	-	(75)	14
Employer contributions	149	236	-	-	149	236
Benefits directly paid by the employer	283	300	116	44	399	344
Benefits paid by separate assets	105	121	1	1	106	122
Net transfer (In)/Out (including acquisitions, disposals and reclassifications)	461	(89)	447	(67)	908	(156)
Actuarial gains and losses recognized in OCI	(937)	329	(20)	34	(957)	362
Other	-	-	-	-	-	-
Foreign exchange impact	(85)	(117)	(6)	(22)	(91)	(139)
Statement of financial position liability at the end of the year	**(8,037)**	**(7,633)**	**(228)**	**(617)**	**(8,266)**	**(8,250)**
Fair value of separate assets at the end of the year	1,276	1,233	-	-	1,276	1,233
Net balance sheet position at the end of the year	**(6,761)**	**(6,400)**	**(228)**	**(617)**	**(6,990)**	**(7,017)**

26.2.7 Sensitivity analysis of the Defined Benefit Obligation (DBO): gross of all assets

A description of the risk that pension schemes are exposed to is presented in Note 26.2.10. The sensitivity analysis for significant actuarial assumptions showing how the Defined Benefit Obligation (totaling €19,703 million as of December 31, 2019 and €20,376 million as of December 31, 2018) would have been affected by changes in the relevant actuarial assumption that is reasonably possible for year ended as of December 31, 2019, and 2018 is presented below:

	2019		2018	
	Effect of 0.50% increase	**Effect of 0.50% decrease**	**Effect of 0.50% increase**	**Effect of 0.50% decrease**
Discount rate	-6.9%	7.9%	-6.2%	7.0%
Salary growth rate	0.9%	-0.8%	0.8%	-0.6%
Inflation rate	3.6%	-3.3%	3.1%	-2.9%

5

One year increase in the life expectancy (derived from adjusted mortality rates) would result in an increase of 3.6% of the Defined Benefit Obligation.

The sensitivity analysis are performed plan by plan using the projected unit credit method (same than the method applied when calculating the defined benefit obligation recognized in the statement of financial position) and are based on a change in an assumption while all other assumptions remain constant.

26.2.8 Near-term cash flows (benefits paid and employer contributions)

FUNDING POLICY AND FUNDING ARRANGEMENTS THAT AFFECT FUTURE CONTRIBUTIONS

In the United Kingdom, the Pensions Act 1995 legislation governs pension funds and the Pensions Act 2004 introduced regulations on the funding of defined benefit pension arrangements and several other measures. Central to the funding regime are the Statutory Funding Objective (SFO) which is a requirement that the Scheme has appropriate and adequate assets to meet its technical provisions and the Statement of Funding Principles (SFP) which is a document prepared by the Trustees which sets out their policy for ensuring that the SFO is met. As part of the actuarial valuation, the appropriate level of future contributions to be paid to the pension plan is determined and a schedule of contributions is prepared by the Trustees of the pensions scheme following discussions with the entity. This includes a 10-year recovery plan to ensure that the Statutory Funding Objective (SFO) is met. The contributions for the recovery plan are based on the actuarial valuation performed every three years. However, the schedule of contributions may change more frequently if significant events occur in the year.

In Switzerland and Belgium, entities should fund the cost of the entitlements expected to be earned on at least a yearly basis where contributions are determined as a percentage of pensionable salaries depending on the age-class of the beneficiaries.

In Switzerland, the presentation of the pension liability reflects the fact that the assets covering a large part of the retirees do not qualify as pension assets defined under IAS 19 (not taken into consideration in the pension assets disclosures as described in Note 26.2.6) because managed internally by the insurance company and not handled by a third party. However, legally, the sole purpose of these assets is the coverage of the liabilities of the pension fund. This means that under statutory (and legal) requirements, the pension fund of AXA Switzerland is not underfunded and therefore there is no requirement of additional contributions from AXA.

In France, voluntary regular employer annual contributions are made to Separate Assets, with an objective of the coverage ratio remaining within a targeted range of the total defined benefit obligation after consideration of the yearly predetermined service cost.

In Germany, there is no requirement to fund employee defined benefit obligation.

In summary, considering both the Swiss case (and other entities in a similar case) and Separate Assets, the net economic situation of the funding for defined benefit plans is the following:

	Pension benefits		Other benefits		Total	
(in Euro million)	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Statement of financial position liability [(a)]	(8,037)	(7,633)	(228)	(617)	(8,266)	(8,250)
Assets other than plan assets [(b)]	2,723	2,701	-	-	2,723	2,701
Net economic position	**(5,314)**	**(4,932)**	**(228)**	**(617)**	**(5,542)**	**(5,549)**

(a) Amounts representing the defined benefit obligation less plan assets adjusted for assets not recoverable by asset ceiling impact.

(b) Amounts including separate assets or right to reimbursements and other assets managed within the Group but not taken into consideration in the pension disclosures as described in Note 26.2.6.

ESTIMATED EMPLOYER CONTRIBUTIONS TO THE PLAN FOR THE NEXT ANNUAL REPORTING PERIOD

The estimated amount of 2020 employer contributions for pension benefits is €228 million (€205 million estimated in 2018 for 2019).

ESTIMATED FUTURE BENEFITS TO BE PAID BY THE ASSETS OR THE EMPLOYER

(in Euro million)	Pension benefits	Other benefits
2020	859	122
2021	828	86
2022	800	45
2023	837	4
2024	882	4
Five years thereafter	4,415	18
From year N+11 until the last benefit payments is paid	18,919	62

These estimated future contributions and benefits expected to be paid are subject to uncertainty as they will be notably driven by economics of future years.

26.2.9 Asset mix of plan assets

As pension liabilities have a long-term nature, a mix of equity instruments, debt instruments, investment funds and real estate investments is used in Plan Assets.

The following tables disclose the fair values of Plan Assets and their level within the fair value hierarchy for the defined benefit plans of AXA Group as at December 31, 2019, and 2018, respectively (fair value hierarchy principles as described by the Group are described in Note 1.5):

	Total Group			United Kingdom			Switzerland			Other		
December 31, 2019	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total
Equity instruments	8.8%	0.1%	8.9%	0.1%	0.2%	0.3%	22.2%	0.0%	22.2%	10.6%	0.0%	10.6%
Debt instruments	43.2%	0.0%	43.2%	59.2%	0.0%	59.2%	15.2%	0.0%	15.2%	53.4%	0.0%	53.4%
Other [(a)]	11.4%	36.5%	47.9%	5.0%	35.5%	40.5%	20.5%	42.2%	62.7%	15.0%	21.0%	36.0%
TOTAL	**63.4%**	**36.7%**	**100.0%**	**64.3%**	**35.7%**	**100.0%**	**57.9%**	**42.2%**	**100.0%**	**79.0%**	**21.0%**	**100.0%**
TOTAL *(in Euro million)*	**7,266**	**4,204**	**11,470**	**4,106**	**2,282**	**6,388**	**2,341**	**1,706**	**4,047**	**817**	**218**	**1,035**

(a) The other category of plan assets mainly includes investment funds.

	Total Group			United Kingdom			Switzerland			Other		
December 31, 2018	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total
Equity instruments	11.0%	0.1%	11.1%	0.1%	0.3%	0.4%	18.5%	0.0%	18.5%	22.8%	0.0%	22.8%
Debt instruments	48.3%	0.0%	48.3%	58.0%	0.0%	58.0%	21.8%	0.0%	21.8%	61.2%	0.1%	61.3%
Other [(a)]	12.8%	27.9%	40.6%	2.3%	39.4%	41.7%	32.8%	26.9%	59.7%	8.8%	7.1%	15.9%
TOTAL	**72.0%**	**28.0%**	**100.0%**	**60.3%**	**39.7%**	**100.0%**	**73.1%**	**26.9%**	**100.0%**	**92.8%**	**7.2%**	**100.0%**
TOTAL *(in Euro million)*	**8,741**	**3,404**	**12,145**	**3,405**	**2,242**	**5,647**	**2,581**	**950**	**3,531**	**2,754**	**213**	**2,967**

(a) The other category of plan assets mainly includes investment funds.

26.2.10 Management of risks specific to the Group arising from defined benefit plans

Local operating entities and trustees have the primary responsibility for managing the risks that plans are exposed to through a defined benefit plan, in accordance with local legislation if any and the risk framework defined at local level.

Defined benefit plans expose AXA mainly to market investment risk, interest rate risk, inflationary risk and longevity risk:

- a decline in asset market value (equity, real estate, alternatives etc.) will immediately increase the balance sheet liability and the near-term cash flows for countries where there is minimum funding requirements;
- a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the value of the plans' bonds; and
- an increase in inflation rate or an increase in life expectancy will result in higher plan liabilities thus, an increase in future employer contributions in countries where there are minimum funding requirements.

INVESTMENT POLICIES AND STRATEGIES USED BY ENTITIES/TRUSTEES TO MANAGE RISKS

In most countries, Trustees or Investment Committees set the general investment policies and guidelines regarding the allocation of plan assets in accordance with the long-term horizon of the benefit plans. The investment strategy is reviewed regularly, following actuarial valuations of the funded benefit plans.

The investment positions are managed within an Asset Liability Management (ALM) framework defining an optimal strategic allocation with respect to the liabilities structure. The management of the assets notably includes liquidity management, diversification of each asset type so that the failure of any specific investment does not present a material risk to the plans, and implementation of hedging programs.

In 2015, the UK pension scheme entered into a longevity swap transaction with the aim of economically hedging longevity risk inherent within the pensioner population of the Scheme. In 2019, the scheme entered into another longevity swap, covering pensioner members that retired prior to April 1, 2019. Moreover, caps on inflationary increases were in place to protect the plan against extreme inflation in the United Kingdom.

26.2.11 Statement of financial position/balance sheet reconciliation

(in Euro million)	December 31, 2019	December 31, 2018
Net position (excluding separate assets) [(a)]	(8,266)	(8,250)
(assets)/liabilities held for sale [(b)]	169	-
Other liabilities	(233)	(426)
TOTAL [(c)]	**(8,329)**	**(8,676)**

(a) Net position (excluding separate assets) for pension benefits and other benefits as reported in Note 26.2.6.
(b) Included in the net position above (related to AXA Bank Belgium) classified in separate asset and liability items on the statement of financial position.
(c) It corresponds to a liability of €8,409 million as of December 31, 2019 (€8,716 million as of December 31, 2018) included in the statement of financial position under the caption "provision for risks and charges", and an asset of €79 million included in the statement of financial position under the caption "other receivables".

26.3 SHARE-BASED COMPENSATION

All figures are gross of tax.

(in Euro million)	2019	2018
Cost by plan		
AXA SA stock options	**3.2**	**3.4**
■ 2014 grants	0.1	0.3
■ 2015 grants	0.4	0.6
■ 2016 grants	0.8	1.0
■ 2017 grants	1.2	1.1
■ 2018 grants	0.8	0.4
■ 2019 grants	-	-
AXA stock options for EQH	**0.6**	**0.3**
■ 2015 AXA SA grants	0.1	0.1
■ 2016 AXA SA grants	0.2	0.1
■ 2017 AXA SA grants	0.3	0.1
■ 2018 AXA SA grants	-	-
■ 2019 AXA SA grants	-	-
AXA Group Shareplan	**3.5**	**3.0**
■ Classic Plan	0.5	0.3
■ Leverage Plan	2.9	2.7
AXA Performance Shares (in France)	**58.2**	**45.8**
■ 2015 grants	-	5.3
■ 2016 grants	8.1	15.0
■ 2017 grants	19.9	16.4
■ 2018 grants	19.2	9.0
■ 2019 grants	11.0	-
AXA International Performance Shares plans and Performance Units	**71.9**	**59.2**
■ 2015 grants	11.6	15.4
■ 2016 grants	15.7	16.5
■ 2017 grants	17.4	17.8
■ 2018 grants	14.8	7.3
■ 2019 grants	12.4	-
AXA Retirement Performance Shares	**15.1**	**14.0**
EQH Share-based compensation instruments	**1.3**	**(0.1)**
■ AXA Financial TSARs/SARs	0.9	0.1
■ AXA Financial Restricted Shares and PARS	0.4	(0.2)
AXA Investment Managers Performance Shares	**14.6**	**25.4**
AB Share-based compensation instruments	**16.6**	**158.8**
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**185.1**	**309.7**

The cost includes the expenses from share-based compensation instruments issued by the Group as well as by AXA subsidiaries.

The share-based compensation instruments listed above are mostly composed of instruments settled in equity but include also instruments settled in cash. The unit cost of the equity settled instruments does not vary for a given plan while the cash settled instruments unit cost is updated at each closing.

The total charge is amortized over the vesting period and adjusted at each future closing date for the difference between actual and expected lapse to take into account actual service conditions and actual non-market performance conditions.

A detail of each of the major plans and the associated cost is presented in Note 26.3.1 and Note 26.3.2.

5

26.3.1 Share-based compensation instruments issued by the Group

AXA SA STOCK OPTIONS

Since 2019, AXA SA stock options have not been granted. Previously, executive officers and other key employees were granted options on AXA ordinary shares under employee stock option plans. These options were either subscription options involving newly issued AXA ordinary shares or purchase options involving AXA treasury shares. While the precise terms and conditions of each option grant may vary, options were (i) granted at a price not less than the average closing price of the ordinary share on the Paris Stock Exchange during the 20 trading days preceding the date of grant, (ii) valid for a maximum term of ten years, and (iii) vest in instalments of 33.33% per year on each of the third, fourth and fifth anniversaries of the grant date.

Since 2013, for all beneficiaries, the vesting of the final instalment has been subject to the fulfilment of the market performance conditions regarding the performance of the AXA shares compared to the STOXX Insurance Index ("SXIP").

All options granted to the members of the Management Committee have been subject to the fulfilment of this market-based performance condition.

The following table shows AXA SA stock options status:

	Options *(in million)*		Weighted exercise price *(in Euro)*	
	2019	**2018**	**2019**	**2018**
Options AXA				
Outstanding on January 1	**20.0**	**23.1**	**19.38**	**18.79**
Granted	-	2.7	-	21.60
Exercised	(4.2)	(2.6)	15.75	14.51
Cancelled and expired	(0.6)	(3.3)	17.04	20.11
Outstanding as of December 31	**15.2**	**20.0**	**20.48**	**19.38**

The number of outstanding options and the number of exercisable options among the outstanding options are shown below by maturity date. The vesting of the grants in 2015, 2016 and 2017 to the employees of Equitable Holdings, Inc. was accelerated after the loss of control of AXA over EQH.

	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
Expiry year of options *(in million)*	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
2019	-	0.8	-	0.8
2020	0.5	1.7	0.5	1.7
2021	1.2	2.0	1.2	2.0
2022	0.5	0.8	0.5	0.8
2023	0.7	1.1	0.7	1.1
2024	1.7	2.2	1.7	1.3
2025	2.5	2.8	1.7	0.5
2026	2.6	2.9	1.0	-
2027	2.7	3.0	0.3	-
2028	2.7	2.7	-	-
2029	-	-	-	-
TOTAL AXA	**15.2**	**20.0**	**7.6**	**8.3**

	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
Options AXA	**Number** *(in million)*	**Exercise price** *(in Euro)*	**Number** *(in million)*	**Exercise price** *(in Euro)*
Price range				
€6.48 – €12.96	0.5	12.22	0.5	12.22
€12.97 – €19.44	4.1	16.30	4.1	16.30
€19.45 – €25.92	10.6	22.49	3.0	22.56
€6.48 – €25.92	**15.2**	**20.48**	**7.6**	**18.52**

The fair value of AXA SA stock options was calculated using the Black & Scholes option pricing model. The effect of expected early exercise was taken into account through the use of an expected life assumption based on historical data. AXA SA share price volatility is estimated on the basis of implied volatility, which was checked against an analysis of historical volatility to ensure consistency. The expected AXA SA dividend yield was based on the market consensus. The risk-free interest rate was based on the Euro Swap Rate curve for the appropriate term.

There was no grant in 2019. The option pricing assumptions and fair value at grant date for plans issued before 2019 are shown below:

	2018	2017	2016	2015
Assumptions				
Dividend yield	5.79%	6.50%	6.60%	6.39%
Volatility	20.72%	25.05%	26.60%	23.68%
Risk-free interest rate	0.72%	0.55%	0.36%	0.99%
Expected life *(in years)*	8.6	8.5	8.5	8.8
Weighted average fair value per option at grant date *(in Euro)*	1.21	1.81	1.80	1.42

The total cost has been amortized over the vesting period and a nil estimated pre-vesting lapse rate was applied over the remaining vesting period. On that basis, the expense recognized in profit or loss for the year ended December 31, 2019 was €3.9 million (€3.7 million for the year ended December 31, 2018).

AXA GROUP SHAREPLAN

AXA offers its employees the opportunity to become shareholders through a special employee share offering. In countries that meet the legal and fiscal requirements, two investment options are available: the traditional plan and the leveraged plan.

The traditional plan allows employees to purchase, through a personal investment, AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on the country) with a discount of 20%. The shares are held within the Group Company Savings Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable laws). Employees are subject to the share price evolution, up or down, as compared to the subscription price.

The leveraged plan allows employees to purchase, on the basis of 10 times their personal investment, AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on the country) with a discount. The shares are held within the Group Company Savings Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable laws). Employees' personal investment is guaranteed by a bank, and employees also benefit from a portion of the share appreciation, calculated on the basis of the non-discounted reference price. At the end of the 5 years holding period, the employees can, depending on their residence country, do any one of the following: (i) receive the cash value of their investment, (ii) receive the value of their investment in the form of AXA shares, or (iii) transfer their assets invested in the leveraged plan into the traditional plan.

The cost of this plan is valued taking into account the five-year lock-up period, as recommended by the ANC (*Autorité des Normes Comptables*). The ANC approach values the restricted shares through a replication strategy whereby the employee would sell the restricted shares forward at the end of the lock-up period, borrow enough money to buy unrestricted shares immediately, and uses the proceeds of the forward sale together with dividends paid during the lock-up period to finance the loan. For the leveraged plan, the cost also includes the opportunity gain implicitly provided by AXA by enabling its employees to benefit from an institutional price for derivatives as opposed to a retail price.

In 2019, AXA offered its employees to subscribe to a share offering, at a price of €18.30 per share for the traditional plan (discount of 20% to the reference price of €22.87 representing the average over the twenty trading days ending on the date preceding the Chief Executive Officer's decision setting the definitive terms of the operation) and at a price of €21.73 per share for the leverage plan (discount of 4.99% to the reference price). A total of 17.8 million new shares were issued, increasing the share capital by €375 million. This offering represented a total cost of €3.5 million taking into account the five-year lock-up period.

In 2019, the cost of the lock-up period was measured at 19.32% for the traditional plan and 4.98% for the leveraged plan (due to different discounts). In addition to the lock-up cost, the opportunity gain offered to the employees under the leveraged plan was measured at 0.90%.

The table below shows the main features of the plan, the amounts subscribed, valuation assumptions, and the cost of the plan for 2018 and 2019:

	2019		2018	
	Traditional	**Leveraged**	**Traditional**	**Leveraged**
Plan maturity *(in years)*	5	5	5	5
[A] Discount to face value	20.00%	4.99%	20.00%	5.85%
Reference price *(in Euro)*	22.87		23.19	
Subscription price *(in Euro)*	18.30	21.73	18.56	21.83
Amount subscribed by employee *(in Euro million)*	63.5	31.2	39.8	29.0
Total amount subscribed *(in Euro million)*	63.5	311.7	39.8	289.9
Total number of shares subscribed *(in million shares)*	3.5	14.3	2.1	13.3
Interest rate on employee loan	6.74%	6.83%	6.73%	6.87%
5-year risk-free rate (euro zone)	-0.64%		0.16%	
Dividend yield	8.16%		6.83%	
Early exit rate	2.15%		1.77%	
Interest rate for borrowing securities (repo)	-0.15%		-0.20%	
Retail/institutional volatility spread	N/A	1.24%	N/A	1.26%
[B] Cost of the lock-up for the employee	19.32%	4.98%	19.40%	5.85%
[C] Opportunity gain	N/A	0.90%	N/A	0.89%
Total cost for AXA = [A] – [B] + [C] (as a percentage of the reference price)	**0.68%**	**0.91%**	**0.60%**	**0.89%**
TOTAL COST FOR AXA *(in Euro million)*	**0.54**	**2.95**	**0.30**	**2.73**

OTHER SHARE-BASED COMPENSATION

AXA Performance Shares

Performance Shares are granted to executive officers and other key employees mainly in France. These Performance Share plans are equity-settled award plans subjected to a non-market performance criteria and have a three years vesting period.

In 2019, the valuation was based on a market price of €23.12 per share at grant date and an estimate 5% pre-vesting lapse rate per year. The grant date average fair value of Performance Shares granted in 2019 was €16.39 (€14.06 for 2018 grants).

The total cost of Performance Shares recognized was €58.2 million as of December 31, 2019 (€45.8 million as of December 31, 2018).

AXA Performance Units and International Performance Shares

AXA issues Performance Units and International Performance Shares to executive officers and other key employees mainly outside France.

The Performance Units plans, granted until 2012 outside the United States and until 2017 to the eligible employees of Equitable Holdings, Inc. were mainly cash-settled plans subjected to a non-market performance criteria.

Since 2013, AXA has established common terms and conditions for the attribution of "International Performance Shares" to eligible employees. Under the International Performance Shares (PSi) plan, beneficiaries of Performance Shares have the right to receive at the settlement date, a certain number of AXA shares based on the achievement of performance criteria defined by AXA and vesting period. The performance period is currently three years. The vesting period (service condition) is between three and four years. However, as opposed to Performance Units, under the International Performance Shares plan, the settlement will be made in shares rather than in cash (except where the settlement in shares is impossible for legal or other reasons).

The total cost of the International Performance Shares and Performance Units recorded as of December 31, 2019, was €71.9 million in earnings (€59.2 million as of December 31, 2018).

AXA Retirement Performance Shares

As voted by the Shareholders' Meeting of April 24, 2019, AXA's Board of Directors is authorized to grant retirement performance shares to designated senior executives in France. Under this plan, beneficiaries of Performance Shares have the right to receive at the settlement date, a certain number of AXA shares based on the achievement of a performance condition related to the average AXA Group Solvency II ratio calculated during the performance period of three years.

For the grants from 2016 to 2018, after the three years performance period, the performance shares definitively acquired are subject to (i) an additional restriction on transfer period of two years following the performance period, and (ii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell their shares for diversification purposes (following the three-year performance period and two-year restriction on transfer period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

5

From 2019 grants, the restriction on the two years transfer period is no longer applicable.

The total cost of the Performance Shares Retirement recorded as of December 31, 2019, was €15.1 million in earnings, gross of tax (€14.0 million as of December 31, 2018).

26.3.2 Share-based compensation instruments issued by AXA subsidiaries

Main share-based compensation plans issued by AXA subsidiaries are described below:

AXA INVESTMENT MANAGERS SHARE-BASED COMPENSATION PLANS

AXA Investment Managers grants Performance Shares to certain key employees as part of its overall LTI policy that also includes DIP (Deferred Incentive Plan). The Investment Managers Performance Shares incentive plan is a long-term award plan in which participants are allocated AXA Investment Managers shares or, more specifically rights to acquire shares upon completion of a specified vesting period depending on applicable local regulations, and subject to fulfilment of certain performance conditions. The performance condition is based on the achievement of Actual AXA Investment Managers Underlying earnings Group share *versus* budgeted and/or investment performance conditions.

The total cost of AXA Investment Managers Performance Shares recorded as of December 31, 2019, amounted to €14.6 million in earnings (€25.4 million as of December 31, 2018), gross of tax.

AB SHARE-BASED COMPENSATION PLANS

AB grants restricted AB Holding units and options to acquire AB Holding units, which are valued and booked according to IFRS principles.

The deferred awards under AB Incentive Compensation Award Plan are in the form of restricted AB Holding units or cash which are granted to certain key employees.

AB also awarded restricted Holding units in connection with certain employee and separation agreements.

For the period from January 1, 2019 to the deconsolidation of Equitable Holdings, Inc. including AB as at March 31, 2019, the cost for AB share-based compensation plans amounted to €16.6 million (€158.8 million in 2018), gross of tax.

26.4 COMPENSATION OF MANAGEMENT AND OFFICERS

Compensation costs/expenses:

- short-term benefits: compensation paid to members of the Management Committee in 2019 totaled €22.6 million (€20.8 million in 2018), including fixed salary, bonuses, directors' fees, benefits in kind and other short-term benefits;
- share-based compensation: the expense recognized in 2019 in respect of share-based compensation granted by AXA SA to Management Committee members was €9.8 million (€7.4 million in 2018);
- post-retirement benefits: the estimated cost to the Group of providing defined benefit pensions and other post-retirement benefits to members of the Management Committee for the current year of service measured in accordance with IAS 19 amounted to €3.2 million in 2019 (€2.7 million in 2018).

26.5 SALARIED WORKFORCE

At December 31, 2019, the Group employed 99,843 salaried people on a full-time equivalent basis (104,065 at the end of December 2018).

The decrease in salaried employees by 4,222 in 2019 was mainly driven by the United States (-7,959) from the deconsolidation of Equitable Holdings, Inc. It was partially offset by China (+2,988) following the full consolidation of AXA Tianping in the Group Consolidated Financial Statements as of December 31, 2019.

Note 27 Net income per ordinary share

The Group calculates a basic net income per ordinary share and a diluted net income per ordinary share:

- the calculation of the basic net income per ordinary share assumes no dilution and is based on the weighted average number of outstanding ordinary shares during the period;
- the calculation of diluted net income per ordinary share takes into account shares that may be issued as a result of stock option plans. The effect of stock option plans on the number of fully diluted shares is taken into account only if options are considered to be exercisable on the basis of the average stock price of the AXA share over the period.

Net income per ordinary share takes into account interest payments related to undated subordinated debt classified in shareholders' equity.

(in Euro million) [(a)]		December 31, 2019	December 31, 2018
Net income Group share		**3,857**	**2,140**
Undated subordinated debt financial charge [(b)]		(253)	(262)
Net income including impact of undated subordinated debt	**A**	**3,603**	**1,878**
Weighted average number of ordinary shares (net of treasury shares) – opening		2,383	2,383
Increase in capital (excluding stock options exercised) [(c)]		2	1
Stock options exercised [(c)]		2	1
Treasury shares [(c)]		10	1
Capital increase/decrease		(13)	(4)
Weighted average number of ordinary shares	**B**	**2,383**	**2,383**
BASIC NET INCOME PER ORDINARY SHARE	**C = A /B**	**1.51**	**0.79**
Potentially dilutive instruments:			
■ Stock options		2	3
■ Other		4	4
Fully diluted – weighted average number of shares [(d)]	**D**	**2,389**	**2,389**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**E = A/D**	**1.51**	**0.79**

(a) Except for number of shares (million of units) and earnings per share (Euro).
(b) As of December 31, 2019, it includes financial charges of €9 million related to Mandatory Exchangeable Bonds for only the first three months of 2019 and €51 million related to preferred shares.
As of December 31, 2018, it includes financial charges of €23 million related to Mandatory Exchangeable Bonds and €17 million related to preferred shares.
(c) Weighted average.
(d) Taking into account the impact of potentially dilutive instruments.

In 2019, net income per ordinary share attributable to continuing operations stood at €1.51 on a basic and fully diluted basis.

In 2018, net income per ordinary share attributable to continuing operations stood at €0.79 on a basic and fully diluted basis.

Note 28 Related-party transactions

In 2019, the Company was party to the following transactions with related parties which may be deemed to have been material to AXA or the related party in question or unusual in their nature or conditions.

28.1 RELATIONSHIPS WITH THE MUTUELLES AXA

The Mutuelles AXA (AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle, hereafter the "Mutuelles AXA") are two mutual insurance companies engaged respectively in the Property & Casualty insurance business and Life & Savings insurance business in France. On December 31, 2019, the Mutuelles AXA collectively owned 14.45% of the Company's outstanding ordinary shares representing 24.21% of the voting rights.

Each Mutuelle AXA is supervised by a board of directors elected by delegates representing policyholders. Certain members of the Company's Executive Management and Board of Directors serve as directors or executive officers of the Mutuelles AXA.

The Mutuelles AXA and two of the Company's French insurance subsidiaries engaged in the Property & Casualty insurance business and Life & Savings insurance business, AXA France IARD and AXA France Vie respectively (the "Subsidiaries"), are parties to an agreement pursuant to which they provide a full range of management services to manage the insurance operations and portfolios of the Mutuelles AXA. The agreement includes provisions designed to ensure the legal independence and protection of the respective client portfolios of the Mutuelles AXA and these Subsidiaries. Certain costs and charges (excluding commissions) are allocated between the Subsidiaries and the Mutuelles AXA through an economic interest grouping (*groupement d'intérêt économique*) or "GIE".

The Property & Casualty insurance business generated in France by insurance brokers is mainly underwritten through co-insurance and reinsurance arrangements between AXA Assurances IARD Mutuelle and AXA France IARD. Aggregate written premiums under these agreements amounted to €2,241 million in 2019 (of which €2,094 million was attributed to AXA France IARD).

28.2 *GROUPEMENT D'INTÉRÊT ÉCONOMIQUE* (GIE)

From time to time the Company enters into GIEs with certain of its subsidiaries. GIEs are intercompany partnerships, governed by French law, created to perform various common services for their members and to allocate associated costs and expenses among their members. The allocation of costs and expenses invoiced to GIE members is based on various agreed criteria including particular activity drivers. The GIEs of which the Company was a member during 2019 covered a variety of common services including services performed by the Group's central functions (GIE AXA) for the benefit of AXA Group companies (*e.g.* finance, accounting and reporting, tax, legal, internal audit, human resources, procurement, information systems, risk management, cash management). Expenses invoiced by these GIEs to the Company and its subsidiaries are generally invoiced at cost and are included in the consolidated expenses reflected in Note 25 "Expenses by type" to the Company's consolidated financial statements. Expenses invoiced by the GIE AXA to its members in 2019 and 2018 amounted to respectively €265 million and €255 million.

28.3 LOANS/GUARANTEES/CAPITAL CONTRIBUTIONS, ETC.

The Company has given numerous commitments, including financing commitments, guarantees given to financial institutions and customers, pledged assets, collateralized commitments and letters of credit. For a description of these commitments and guarantees, see Note 29 "Contingent assets and liabilities and unrecognized contractual commitments" to the Group's Consolidated Financial Statements.

Certain of these guarantees are given by the Company for the benefit of its subsidiaries and affiliates for various business purposes including to promote development of their business (*e.g.* to facilitate acquisitions, integration of acquired businesses, distribution arrangements, off-shoring arrangements, internal restructurings, sales or other disposals of assets or businesses, sales or renewals of products or services or similar transactions), to support their credit ratings, and/or to promote efficient use of the Group's capital resources. In this context, the Company may guarantee repayment of loans or other obligations of its subsidiaries to third parties, or provide other types of guarantees to support its subsidiaries' obligations. The beneficiaries of these guarantees are generally required to compensate the Company at a negotiated rate based on prevailing market rates for guarantees with similar conditions. In addition, from time to time, the Company may provide comfort letters or similar letters to rating agencies and/or regulators in support of its subsidiaries and affiliates for various business purposes, including facilitating specific transactions, achieving target rating levels and, more generally, helping to develop the business of these subsidiaries.

Commitments granted by the Company to its subsidiaries are disclosed in Appendix III of this Annual Report "AXA parent Company financial statements: Subsidiaries and participating interests".

The Company may enter into various types of transactions with its subsidiaries and affiliates from time to time for various business purposes including (i) in connection with liquidity, solvency and capital management initiatives designed to promote efficient use and fungibility of the Group's capital resources or (ii) to finance their business operations and/or to promote the development of their business (*e.g.* to facilitate acquisitions, integration of acquired businesses, distribution arrangements, internal restructurings, or similar transactions). These transactions may involve loans or other types of credit arrangements, capital contributions, acquisitions or sales of assets, securities or other financial instruments (including swaps or other types of derivatives), securitization transactions, and/or other types of arrangements or transactions to which the Company may be a direct party and/or guarantor. The Company may also from time to time borrow from its subsidiaries for various business purposes. These transactions are generally carried out on arms-length terms and conditions with loans bearing interest at floating rates that generally reflect prevailing market rates at the respective dates such loans were originated.

28.4 KEY MANAGEMENT AND DIRECTORS

To the best of the Company's knowledge, based on information reported to it:

- on December 31, 2019, there were no loans outstanding from the Group to the Company's two corporate officers or to any member of the Company's Board of Directors;
- various members of the Company's Board of Directors as well as various other executive officers and directors of other AXA Group companies may, from time to time, purchase insurance, wealth management or other products or services offered by AXA in the ordinary course of its business. The terms and conditions of these transactions are substantially similar to the terms and conditions generally available to the public or to AXA employees in general. In addition, certain members of the Board of Directors are corporate officers, directors or have interests, directly or indirectly, in companies that may have agreements or enter into transactions from time to time with AXA Group entities including extensions of credit, loans, purchases of securities (for their own account or for third parties), underwriting of securities and/or furnishing of other types of services or goods. These agreements or deals are generally fully negotiated and performed on arm's length terms and conditions.

Note 29 Contingent assets and liabilities and unrecognized contractual commitments

29.1 BREAKDOWN OF COMMITMENTS RECEIVED

(in Euro million)	December 31, 2019	December 31, 2018
Financing commitments	**11,305**	**16,311**
Customers	-	-
Credit institutions	11,305	16,311
Guarantee commitments	**26,487**	**25,936**
Credit institutions	7,242	4,330
Customers	19,245	21,605
Other	**14,056**	**39,385**
Pledged securities and collaterized commitments	10,759	32,625
Letters of credit	277	2,762
Other commitments	3,020	3,998
TOTAL	**51,848**	**81,631**

Commitments received by AXA totaled €51,848 million at the end of 2019, and decreased by €29,783 million compared to the end of 2018, mainly due to a decrease in pledged assets and collaterals mostly following the held for sale classification of AXA Bank Belgium for €22,320 million and the deconsolidation of Equitable Holdings, Inc. for €6,014 million (notably impacting letters of credit (€2,425 million), and pledge assets and collaterals (€2,517 million)).

These commitments can be broken down as follows:

Financing commitments received totaled €11,305 million at the end of 2019, and mainly consisted of:

- credit facilities received by holdings for €9,058 million mainly at AXA SA (€8,468 million);
- commitment lines granted to AXA XL (€1,874 million) and Japan (€373 million) as part of their operations.

Guarantee commitments received totaled €26,487 million at the end of 2019, (i) guarantees from customers related to mortgage loans €12,935 million received mainly at Switzerland (€10,359 million), AXA Banque France (€1,997 million) and Belgium (€574 million), (ii) €7,038 million guarantees related to loans mainly at AXA Banque France (€6,951 million), and (iii) €6,310 million other guarantees received from customers, mainly at AXA Banque France (€6,308 million).

Pledged securities and collateralized commitments received totaled €10,759 million at the end of 2019:

- security reverse repurchase agreements and similar operations totaled €4,988 million mainly in Germany (€2,340 million), France (€1,707 million) and Japan (€483 million);
- collaterals for reinsurance operations totaled €3,509 million mainly in France (€2,583 million), AXA Global Re (€653 million) and AXA XL (€196 million);
- collateral for derivatives totaled €2,262 million mainly in Germany (€1,010 million), France (€491 million), Belgium (€359 million), and Spain (€167 million).

Letters of credit received totaled €277 million at the end of 2019 mainly related to from AXA Global Re (€156 million) and Turkey (€93 million) due to letter of credits related to reinsurance transactions.

Other commitments received totaled €3,020 million at the end of 2019, mainly related to mortgages received as guarantees to debt instruments received by Germany (€706 million), France (€600 million), Japan (€540 million), Italy (€416 million) and Belgium (€365 million).

29.2 BREAKDOWN OF COMMITMENTS GIVEN

	December 31, 2019					December 31, 2018
	Expiring date					
(in Euro million)	12 months or less	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Total
Financing commitments	**953**	**314**	**144**	**19**	**1,429**	**3,530**
Customers	953	314	144	19	1,429	3,508
Credit institutions	-	-	-	-	-	22
Guarantee commitments	**3,967**	**588**	**834**	**1,191**	**6,580**	**11,796**
Credit institutions	21	573	817	565	1,976	7,915
Customers	3,946	15	17	626	4,604	3,881
Other	**46,136**	**16,320**	**3,876**	**12,896**	**79,228**	**66,115**
Pledged securities and collaterized commitments	40,287	8,921	2,177	6,941	58,326	46,131
Letters of credit	1,762	5	535	73	2,374	133
Other commitments [a]	4,087	7,394	1,165	5,883	18,528	19,852
TOTAL	**51,055**	**17,222**	**4,854**	**14,106**	**87,237**	**81,441**

(a) Includes future minimum payments for operating leases.

Commitments given totaled €87,237 million at the end of 2019, increasing by €5,796 million compared to the end of 2018, mainly due to an increase of €12,195 million in pledged securities and collateralized commitments, and €2,241 million in letters of credit partly offset by a decrease of €5,216 million in guarantees commitments and €2,101 million in financing commitments.

These commitments can be broken down as follows:

Financing commitments given totaled €1,429 million at the end of 2019 and only consisted of financing loans commitments to customers granted at AXA Banque France (€970 million) and Germany (€434 million).

Guarantee commitments given totaled €6,580 million at the end of 2019 and consisted of (i) other guarantees given to customers for €3,988 million mainly at Germany (€3,859 million), and (ii) guarantee commitments given to credit institutions related to loans for €1,976 million at AXA SA (€1,744 million).

Pledged securities and collateralized commitments given totaled €58,326 million at the end of 2019:

- security repurchase agreements and similar operations totaled €46,963 million mainly in France (€21,455 million), Japan (€8,335 million), Belgium (€5,737 million), Hong Kong (€4,025 million), Switzerland (€2,729 million), Spain (€538 million) and AXA XL (€370 million);
- pledged assets and collaterals for reinsurance operations totaled €6,851 million mainly in AXA XL (€5,658 million) and France (€1,099 million);
- pledged assets and collaterals for derivatives instruments totaled €3,167 million mainly in Japan (€1,359 million), France (€883 million), Germany (€394 million) and Belgium (€258 million);
- other pledged assets/collaterals totaled €1,344 million mainly from AXA Banque France (€1,308 million).

Letters of credit given totaled €2,374 million at the end of 2019 and were mainly from AXA XL (€2,274 million).

Other commitments given totaled €18,528 million at the end of 2019 and mainly consisted of:

- €8,821 million commitments to private equity funds mainly in France (€3,956 million), Germany (€2,066 million), Japan (€1,315 million), Switzerland (€901 million), Hong Kong (€338 million) and AXA XL (€122 million);
- €5,511 million commitments to invested assets other than real estate funds or private equity funds mainly in Belgium (€1,896 million), Germany (€1,795 million), France (€976 million), the United Kingdom & Ireland (€390 million) and Japan (€340 million);
- €1,314 million commitments to Real Estate funds mainly in Germany (€599 million) and France (€558 million);

- €1,052 million commitments related to Group insurance contracts mainly from AXA SA (€947 million);
- €777 million commitments to insurance protection funds and other regulatory requirements in Germany (€391 million), AXA SA (€333 million) and Turkey (€54 million).

29.3 OTHER AGREEMENTS

29.3.1 Partial disposal of UK Life & Savings operations

AXA has guaranteed the liabilities and obligations of AXA UK in connection with the sale, in 2010, of part of its Life & Savings insurance business to Resolution Ltd. This includes the potential liability of AXA UK under customary warranties and indemnities given by AXA UK to Resolution Ltd. in connection with this transaction.

29.3.2 Employee and director indemnification obligations

In addition to other employment-related obligations, various AXA subsidiaries are required to indemnify their employees and directors against certain liabilities and costs that they may incur from time to time in performing activities within the scope of their duties. These activities may include, for example, service as a director, officer, agent, general partner, or in a similar capacity for (i) an AXA Group company other than the employee's principal employer or (ii) a company outside the AXA Group where service is at the request of (or for the benefit of) the Group (*e.g.* joint ventures, partnerships, or special-purpose investment Companies or funds). The potential amount of compensation relating to commitments covered by these obligations cannot be evaluated with any certainty.

29.3.3 Supports provided without having a contractual or constructive obligation to do so

The Group did not provide any material support without having a contractual or constructive obligation to do so to structured entities during the period.

29.4 OTHER ITEMS: RESTRICTION ON DIVIDEND PAYMENTS TO SHAREHOLDERS

Certain AXA subsidiaries and joint ventures, principally insurance companies, are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise.

In most cases, the amounts available for distribution from AXA's insurance subsidiaries and joint ventures are limited to net income for the year and retained earnings calculated in accordance with the statutory accounting policies used by the subsidiaries to prepare their local financial statements. Further restrictions may be imposed by the local insurance regulators in countries where AXA operates. In some cases, amounts available for distribution are also subject to regulatory capital adequacy tests or the approval of an independent actuary or subject to individual provisions contained in a company's by laws.

In accordance with European Union directives, insurance companies with their registered office in a European Union member country are required to maintain minimum solvency ratios which must be supported by eligible elements. AXA's insurance operations in countries outside the European Union are also subject to local capital adequacy and solvency margin regulations.

AXA SA is exposed to foreign currency fluctuations notably stemming from its Non-Euro participations. The aim of the hedging programs of the Company is to protect the shareholder value while managing the associated costs.

Note 30 Fees paid to Statutory Auditors

30.1 STATUTORY AUDITORS

Incumbent auditors

PRICEWATERHOUSECOOPERS AUDIT

63, rue de Villiers – 92208 Neuilly-sur-Seine Cedex, represented by Mrs. Bénédicte Vignon and Mr. Grégory Saugner, first appointed on February 28, 1989. The current appointment is for a term of 6 years, until the General Shareholders' Meeting called to approve the financial statements for the fiscal year 2023.

Membership in a professional body

PricewaterhouseCoopers Audit is registered as an independent auditor with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

MAZARS

61, rue Henri Regnault – 92400 Courbevoie, represented by Messrs. Jean-Claude Pauly and Maxime Simoen, first appointed on June 8, 1994. The current appointment is for a term of 6 years, until the General Shareholders' Meeting called to approve the financial statements for the fiscal year 2021.

Membership in a professional body

Mazars is registered as an independent auditor with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate auditors

Mr. Patrice Morot: 63, rue de Villiers – 92208 Neuilly-sur-Seine, first appointed on April 25, 2018. The current appointment is for a period of 6 years, until the Annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2023.

Mr. Emmanuel Charnavel: 61, rue Henri Regnault – 92400 Courbevoie Cedex, first appointed on April 27, 2016. The current appointment is for a period of 6 years, until the Annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2021.

30.2 FEES PAID TO STATUTORY AUDITORS

The table below distinguishes the fee amounts paid by AXA to each of the Statutory Auditors in charge of auditing the Group's financial statements between the fees for the legal mission of Statutory Auditors of the statements and for other services.

	PwC (PricewaterhouseCoopers)							
	2019				2018			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	France	Rest of the world	Total	%	France	Rest of the world	Total	%
Statutory audit and certification of local and consolidated financial statements	**5**	**24**	**29**	**72%**	**5**	**38**	**43**	**76%**
AXA SA	3	-	3	6%	3	-	3	4%
Integrated subsidiaries globally	2	24	26	65%	3	38	41	71%
Other (a)	**5**	**6**	**11**	**28%**	**4**	**10**	**14**	**24%**
AXA SA	4	-	4	10%	3	-	3	5%
Integrated subsidiaries globally	1	6	7	18%	1	10	11	19%
TOTAL	**10**	**30**	**40**	**100%**	**9**	**48**	**57**	**100%**

(a) *Fees for other services paid to Statutory Auditors mainly relate to (i) other insurance assignments – agreed upon procedures on financial information, insurance services over regulatory information, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.*

	Mazars							
	2019				2018			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	France	Rest of the world	Total	%	France	Rest of the world	Total	%
Statutory audit and certification of local and consolidated financial statements	**3**	**6**	**9**	**70%**	**3**	**7**	**9**	**68%**
AXA SA	1	-	1	6%	1	-	1	5%
Integrated subsidiaries globally	2	6	9	64%	2	7	9	63%
Other [(a)]	**2**	**2**	**4**	**30%**	**2**	**2**	**4**	**32%**
AXA SA	1	-	1	7%	1	-	1	10%
Integrated subsidiaries globally	1	2	3	23%	1	2	3	21%
TOTAL	**4**	**9**	**13**	**100%**	**5**	**9**	**14**	**100%**

(a) Fees for other services paid to Statutory Auditors mainly relate to (i) other insurance assignments – agreed upon procedures on financial information, insurance services over regulatory information, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.

External audit fees are also paid by certain Affiliates and Mutual funds which are not required to be included in the table above.

Note 31 Litigation

With respect to all significant litigation matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we establish a reserve and record an estimated loss for the expected outcome of the litigation. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope.

31.1 MATTERS DIRECTLY CONCERNING AXA SA

AXA SA is involved in lawsuits, investigations and other actions arising in the various jurisdictions where it does business, including the following:

In 2007, AXA SA completed the squeeze out of the minority shareholders at two German subsidiaries, AXA Konzern AG ("AKAG") and Kölnische Verwaltungs-AG für Versicherungswerte ("KVAG"). Following the effective date of these squeeze out transactions in July 2007, certain former AKAG and KVAG shareholders brought proceedings in Germany alleging that the cash compensation offered by AXA SA was not adequate. In the first half of 2016, an initial expert valuation report was delivered to the court based on recent precedents in other German minority buy-out transactions and recommending a significant increase in the cash compensation to be paid to minority shareholders. In addition, interest will be payable on any additional amount finally decided. AXA SA appointed an independent expert to challenge this report and submitted its statement in February 2017. A court-appointed expert provided a revised report in response to AXA's expert in November 2018.

A first instance decision was issued in December 2019. The court decided that the AKAG and KVAG valuation compensation should be increased by approximately 22% of the amount paid by AXA in 2007. The decision requires AXA to make a further payment of approximately €116 million as at December 2019 which amount was significantly less than the increase proposed by the court appointed expert. The minority shareholders have appealed the decision and AXA counter appealed. Annual interest will accrue in the amount of €3.14 million *per annum* while the appeal is pending. The appeal determination could take several years. Consequently, the precise financial impact of this matter cannot be estimated with any certainty at this time.

In 2015, AXA SA acquired Financial Insurance Company Limited ("FICL") and Financial Assurance Company Limited ("FACL") from Genworth Financial Inc. ("Genworth"). Pursuant to the sale and purchase agreement (the "SPA") Genworth agreed to indemnify AXA SA on demand for 90% of certain costs related to complaints alleging misselling of payment protection insurance underwritten by FICL and FACL. Following a claim for indemnification for misselling losses under the SPA which has not been satisfied, in December 2017, AXA SA filed a lawsuit in the United Kingdom against Genworth for breach of contract. In December 2019, AXA obtained a first instance judgement in its favour. Genworth has appealed that judgement, but this appeal will not postpone a hearing to determine the amount of damages to be awarded which is scheduled for June 2020.

31.2 MATTERS CONCERNING AXA SUBSIDIARIES

AXA and its subsidiaries are involved in various legal actions and proceedings of a character normally incidental to their business including claims litigation arising in connection with the Group's insurance business and litigation arising from the Group's Asset Management business.

In addition, several AXA subsidiaries are involved in lawsuits (both class action and individual), investigations, and other actions arising in the various jurisdictions where they do business, including the United States.

A number of lawsuits have been filed against insurers in the United States and elsewhere involving the scope and interpretation of policies, insurers' sales practices, alleged misconduct or misrepresentation, alleged failure to properly supervise agents, compensation of intermediaries, product features, fees or performance as well as numerous other matters. Some of these actions have resulted in the award of substantial judgements against insurers (including material amounts of punitive damages) or in substantial settlements. In certain jurisdictions, juries have broad discretion in awarding punitive damages. AXA's United States subsidiaries are involved in these types of litigations as well as regulatory inquiries, investigations or actions with respect to these and a wide variety of other matters related to the ownership or management of real estate, asset or investment activities, corporate transactions, employee benefit disputes, alleged discrimination in employment practices, as well as other matters.

Some of the litigations described above have been brought on behalf of various alleged classes of claimants, and certain of the claimants in these actions seek significant or unspecified amounts of damages, including punitive damages.

31.2.1 Other litigation

AXA FRANCE

A class action was brought against AXA France and AGIPI (a French insurance association) on October 28, 2014 by a French consumer association, CLCV. This action alleges that AXA France and AGIPI breached their contractual obligation to maintain a 4.5% interest rate on certain life insurance contracts (CLER) subscribed by policyholders prior to June 1995. The class action complaint cites seven individual cases and is brought on behalf of all similarly situated policyholders. AXA France believes that it has strong defenses to these claims and is defending this matter vigorously.

AXA XL DIVISION

Enedis (formerly ERDF, a subsidiary of Électricité de France, the primary electric utility in France) has notified claims for coverage under a professional liability policy underwritten by AXA Corporate Solutions Assurance, which was merged into XL Insurance Company SE on December 31, 2019 ("AXA XL Division"). The underlying liabilities in question arise out of a series of lawsuits (more than 500 individual suits) brought against Enedis by local electricity producers in France engaged in production of solar/green energy. These local producers allege financial losses due to Enedis' delay in processing their applications to be connected to the public grid within the statutory period, resulting in their inability to profit from attractive buyback rates under certain French government Decrees promulgated in 2006 and 2010 (the "Decrees"). AXA XL Division was joined to proceedings, as insurer, in over 200 cases. AXA XL Division pleaded the illegality of the Decrees as its defense and in September 2016, the Court of Appeal of Versailles referred the question as to the legality of the Decrees to the European Court of Justice ("ECJ") which rendered a decision in favor of the arguments raised in March 2017. In March 2019, the French Supreme Court upheld the decision of the ECJ. Lower courts continue to dismiss cases based on the above rulings.

RBS has notified claims for coverage to AXA XL Division under general liability policies covering the years 2001-2004. AXA XL Division insured the primary layer (up to £5 million per claim or series of related claims) under these policies. RBS seeks coverage for potential liabilities arising out of three class actions brought against NatWest (an RBS subsidiary) between 2005-2007 in New York Federal Court under the US Anti-Terrorism Act for aiding and abetting terrorism due to certain accounts it maintained. NatWest succeeded in having this case dismissed in March 2013 on a summary judgment motion but in 2014 this was overturned and the case was remanded to the court of first instance who granted NatWest's motion for summary judgment and dismissed the claims under the US Anti-Terrorism Act. AXA XL Division is not a party to this litigation. The plaintiffs appealed the Court's decision and a decision is not expected before the end of 2020. In the event the appellate court reverses the summary judgment decision, the exposure, if any, of AXA XL Division in this matter cannot be reasonably estimated at this time and will depend on a variety of factors including (i) the ultimate outcome of the litigation for NatWest and, in the event of an adverse outcome, (ii) the number of deemed separate incidents that would trigger coverage, and (iii) whether certain policy exclusions apply.

In addition to the various matters noted above, AXA and certain of its subsidiaries are involved in numerous legal actions and proceedings arising out of transactions involving the acquisition or sale of businesses or assets, mergers or other business combination transactions, the establishment or dissolution of joint ventures or other partnerships, public exchange or tender offers, buy-outs of minority interests or similar types of transactions ("M&A Transactions"). In connection with M&A Transactions, AXA and its subsidiaries from time to time:

- are involved in legal actions or other claims brought by purchasers, joint venture partners, shareholders or other transaction parties asserting claims for damages on various theories (including misrepresentation, failure to disclose material information, failure to perform contractual duties, breach of fiduciary duties), seeking contractual indemnification, or otherwise seeking to impose liability on AXA and/or its subsidiaries; and/or
- benefit from contractual rights to indemnification from third party sellers or other transaction counterparties that are designed to protect the Group against existing or potential future litigation exposures or other types of contingent liabilities of the acquired businesses or assets. These indemnities generally constitute unsecured obligations of the indemnifying party and, consequently, their value may be substantially impaired or rendered worthless in the event of the bankruptcy or insolvency of the indemnifying party.

AXA and certain of its subsidiaries are also involved in tax assessment negotiations and/or active litigation with tax authorities over contested assessments or other matters in a number of jurisdictions including in France. These actions or assessments arise in a variety of circumstances including matters in connection with M&A, restructuring or financing transactions as well as in the ordinary course of business.

Over the past several years a number of jurisdictions, including France and Belgium, have enacted legislation that permits corporate entities to be charged with criminal offences. The standard for attributing criminal conduct by corporate officers and employees to corporate entities is not clearly defined in many of these jurisdictions and government prosecutors and judges have broad discretion in this area. In recent years, complaints against or indictments of corporate entities for alleged criminal offences have become increasingly common and certain AXA Group companies have been the subject of penal complaints and/or indictments from time to time including in Belgium and France. While a criminal complaint against or indictment of a corporate entity may not pose material financial risk, it has broad potential implications for a regulated financial institution like AXA both from a reputation point of view and from a regulatory perspective because a criminal conviction can have potentially far reaching negative implications for AXA Group companies engaged in regulated businesses around the world (including for their ability to obtain or maintain licenses to engage in certain types of regulated business activities such as Asset Management, insurance and banking).

Beyond litigation risks of the type described above, AXA and its subsidiaries are subject to comprehensive regulation in the various jurisdictions where they do business. In this context, AXA and its subsidiaries are subject, from time to time, to examinations, investigations, enforcement proceedings and other actions by regulatory and law enforcement authorities (involving civil and/or penal matters) as well as to proposed changes in law and/or regulation that may significantly impact their business and results of operations. For additional information on these matters as well as other risks and contingent liabilities affecting the Group and its business, please see Section 4.1 "Risk Factors" and Section 6.3 "General Information" of this Annual Report and Note 29 "Contingent assets and liabilities and unrecognized contractual commitments" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, Management believes that the ultimate resolutions of the matters described above are not likely to have a material adverse effect on the consolidated financial position of the Group, taken as a whole. In addition, as of December 31, 2019, to the Company's knowledge, there were no other governmental, judicial or arbitration proceedings, either pending or threatened, that may have, or have had a significant impact on the financial situation or profitability of the Company or the Group over the past 12 months. However, due to the nature of such lawsuits and investigations and the frequency of large damage awards and regulatory sanctions in certain jurisdictions (particularly the United States) that bear little or no relation to actual economic damages incurred by plaintiffs or the underlying regulatory violations, Management cannot make an estimate of loss, if any, or predict whether these matters, individually or in the aggregate, will have a material adverse effect on the Group's consolidated results of operations in any particular period.

Note 32 Subsequent events

AXA to sell its operations in Central and Eastern Europe [1] for €1.0 billion

On February 7, 2020, AXA entered into an agreement with UNIQA Insurance Group AG ("UNIQA") to sell its operations in Poland, Czech Republic and Slovakia.

Under the terms of the agreement, AXA would sell 100% of its Life & Savings, Property & Casualty and Pension businesses in Central and Eastern Europe for a total cash consideration of €1,002 million, representing an implied 12.4x 2019 P/E multiple [2].

The completion of the transaction is expected to result in a positive impact on AXA Group's Solvency II ratio of ca. 2 points. No significant net income impact is expected for AXA Group from this transaction.

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to be finalized during the 4th quarter of 2020.

COVID-2019 outbreak

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus, now called COVID-19 by the World Health Organization ("WHO"), has been reported worldwide. Initially reported in the province of Hubei in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including South Korea, Iran, Italy, France, the United Kingdom and the United States, and new cases and fatalities are reported daily. Furthermore, it is currently not possible to know or to predict the extent to which the current levels of reported cases reflect the actual transmission of the virus within populations, and accordingly the scale of the pandemic may be significantly larger than is presently recorded.

The spread of COVID-19 has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the global travel and hospitality industries, and in global trade and supply chains more broadly; has resulted in decreased economic activity and lowered estimates for future economic growth; has created severe strains on local, national and supra-national medical and healthcare systems and institutions; and has caused global financial markets to experience significant volatility and the worst downturn since the 2008 financial crisis.

AXA and each of its regulated entities has or is in the process of establishing plans to address how it will manage the effects of the outbreak, and assess disruptions and other risks to its operations. These include the protection of employees, sustaining our services to clients and other stakeholders and ensuring effective processes are in place to communicate and execute such plans.

Although no material claims have been reported at this stage, AXA is closely monitoring the Group's exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, especially on new business volumes, (iii) the extent of insurance coverage impacted, including Life, Health, Protection and Property & Casualty insurance and reinsurance cover (following, for example, increased business interruptions, travel and event cancellations and higher medical costs), and (iv) change in asset prices and financial conditions (including interest rates).

Information in this section should be read in conjunction with the paragraph "Pricing and Underwriting-related risks" in Section 4.1 "Risk Factors" of this Annual Report.

5

(1) Includes AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji SA (P&C business), AXA Życie Towarzystwo Ubezpieczeń SA (L&S business) and AXA Powszechne Towarzystwo Emerytalne SA (Pension business) in Poland, and AXA pojišťovna a.s. (P&C business), AXA životni pojišťovna a.s (L&S business) and AXA penzijni společnost a.s. (Pension business) in Czech Republic, together with their subsidiaries and branches in Slovakia. AXA XL's and AXA Partners' operations in the three countries are not within the scope of this transaction.

(2) Price/2019 IFRS Net income (including the 2019 IFRS Net income of Czech Republic and Slovakia P&C operations which are not consolidated in AXA Group's financial statements).

5.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Statutory Auditors' Report consolidated financial statements

For the year ended December 31, 2019

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of AXA SA for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in Note 1.2 to the consolidated financial statements relating to the impacts regarding the first application of the IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" standards. Our opinion is not modified with respect to this matter.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of Life & Savings future policy benefit reserves including deferred acquisition costs
(See Notes 1.7.3, 1.14.2, 4.4 and 14 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2019, the Group has recorded material Life & Savings liabilities arising from insurance contracts (€267,454 million) and liabilities arising from investment contracts with discretionary participation features (€36,036 million), where risks are born by the group, as described in Notes 14.2 and 14.3 to the consolidated financial statements. The primary assumptions that must be made as part of the valuation include assumptions about mortality, longevity, lapses, morbidity, disability and costs as well as economic assumptions such as interest rates and equity market performance. As described in Notes 1.14.2 and 4.4 to the consolidated financial statements, measurements of Life & Savings technical reserves are as follows: ■ For life and protection insurance contracts, the future policy benefit reserves relating to these contracts are generally measured based on a prospective basis using assumptions on investment yield, mortality, longevity, lapses, morbidity and expenses. ■ Some of these reserves, in particular Protection and Health products, include contracts with surrender guarantees and, in some cases a guaranteed long-term rate or long-term guarantees. ■ For investment contracts with discretionary participation features, future policy benefits reserves are generally calculated using a prospective approach based on discount rates usually set at inception. Assumptions used are generally locked-in at inception, and for some Life & Savings reserves are based on unlocked discount rates as stated in note 14.10.2. At each closing, the Company uses a Liability Adequacy Test to determine that technical reserves are sufficient, and that deferred acquisition costs are recoverable. Liability Adequacy Test is based on current best estimates of all future contractual cash flows that are valued using complex actuarial models and involve a significant degree of judgment. Certain changes in these assumptions could result in material impact to the valuation of these liabilities and assets. Accordingly, we deemed the valuation of the future policy benefit reserves covering these contracts to be a key audit matter.	Our audit approach to the risk relating to the valuation of these liabilities and assets in the Life & Savings line of business was as follows: ■ We assessed the compliance of the methodology with current accounting standards. ■ We updated our knowledge of the methodologies for measuring future policy benefit reserves covering these contracts as well as the models used to calculate the reserves and evaluated their appropriateness. ■ We assessed the IT systems used to process the technical data and integrate that data into the accounting system. ■ We assessed the design of the control system and tested the effectiveness of the controls we deemed key to our audit. ■ We tested, on a sample basis and based on our risk assessment, the calculation models applied to estimate the future cash flows used to determine the future policy benefit reserves and for the liability adequacy tests. ■ We applied procedures to test the reliability of the underlying data used in the models and reserve calculations. ■ We evaluated the reasonability of the assumptions used by management and the sensitivity of the models to the assumptions. ■ We applied analytical procedures with a view to identifying and analyzing any material unusual and/or unexpected changes. Finally, we assessed the adequacy of the disclosures in the financial statements.

Measurement of claim reserves in the Property & Casualty line of business
(See Notes 1.14.2 and 14 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2019, the Group had recorded claim reserves of €81,689 million, as described in Note 14.2 to the consolidated financial statements. As stated in Note 1.14.2 to the consolidated financial statements, these reserves correspond to the estimated ultimate cost of settling an insurance claim. They include claims incurred and reported, claims incurred but not reported (IBNR) as well as claims handling costs. These reserves are calculated using statistical and actuarial methods, on the basis of historical claims data and patterns, and use assumptions to estimate ultimate claims cost. For some line of business, these estimates require a high degree of judgment, and the assumptions selected may have a significant impact on the ultimate claims cost of these reserves at the end of the reporting period as the inherent uncertainty is higher. This is especially the case for Property & Casualty lines of business that are considered long-tail such as general and professional liability, worker's compensation, and other specialty lines. In addition, estimates of loss from natural catastrophe events and large man-made losses, including business written or reinsured through AXA XL, are more difficult to project as they are less frequent but can be of higher severity. Accordingly, due to these inherent uncertainties to calculate the estimates, we deemed the measurement of claim reserves in the Property & Casualty line to be a key audit matter.	Our audit approach to the risk relating to the valuation of claim reserves was as follows: ■ We assessed the compliance of the methodology applied by the Group with current accounting standards. ■ We evaluated and tested the internal control environment relating to: - the management of claims and, in particular, the measurement of reserves on a case-by-case basis; - the process of calculating the ultimate cost (assumptions, judgments, data, methods, compliance with the applicable accounting principles and methods), including any second opinions supplied by Risk Management with respect to technical reserves; - the IT systems used to process the technical data and integrate that data into the accounting system. ■ We applied procedures to test the reliability and the completeness and accuracy of the underlying data. ■ We applied procedures (including monitoring the change in loss ratios) to analyse the significant changes that took place over the reporting period. ■ We assessed the outcome of the accounting estimates made the previous year with a view to assessing the reliability of the process used by management to calculate these estimates. ■ Our work also consisted in assessing the statistical methods and actuarial inputs applied, as well as of the assumptions used, with respect to the applicable regulations, market practices, and the economic and financial context of the AXA Group taking into account contrary and corroborating evidence. ■ Focusing on those classes of business where reserve estimates present a higher risk of uncertainty and judgement, we undertook an independent evaluation of the reserves for certain insurance risk categories with a view to providing a basis for our professional judgment and our assessment of the estimates used by the Group. Finally, we assessed the adequacy of the disclosures in the financial statements.

Measurement of the recoverable amount of goodwill
(See Notes 1.3.2, 1.7.1 and 5 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2019, the Group's statement of financial position showed goodwill with a net carrying amount of €17,776 million (including €7,615 million related to the AXA XL cash generating unit (CGU)). As stated in Note 1.3.2 to the consolidated financial statements, goodwill corresponds to the excess of the consideration of the business combination over the net identifiable assets acquired and liabilities assumed on the acquisition date. Goodwill is allocated to the CGUs of the activities into which that business was incorporated. An impairment test of goodwill, as stated in Note 1.7.1 to the consolidated financial statements, is performed at least once a year to ensure that the net carrying amount does not exceed the recoverable amount and there is no impairment. The recoverable amount corresponds to the higher of fair value less costs to sell and value in use. As stated in Note 5 to the consolidated financial statements, value in use calculations are based on the following main assumptions: ■ cash flow projections based on business plans ■ discount rates, and ■ long-term growth rates thus, requiring significant judgment from management. This is especially the case for the AXA XL CGU. Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter.	Our audit approach to the risk relating to recoverability of goodwill was as follows: ■ We assessed the compliance of the methodology applied by the Group with current accounting standards and its implementation; ■ We also applied procedures to test that: - the projected future cash flows are consistent with management's most recent estimates, as calculated during the budget process; - the assumptions made with respect to projected future cash flows are reasonable in terms of the economic and financial context of the CGU and, by assessing the reasons for differences between projected and actual performances, that the process by which the estimates were calculated is reliable. ■ We performed sensitivity analysis around the key assumptions to ascertain that selected adverse changes to key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. We assessed the adequacy of the disclosures in the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements, reminded that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by article L. 356-23 of the French Insurance Code (Code des assurances).

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of Statutory Auditors

We were appointed as statutory auditors of AXA SA by the Shareholders' Meetings held on February 28, 1989 (PricewaterhouseCoopers Audit) and on June 8, 1994 (Mazars). As at December 31, 2019, PricewaterhouseCoopers Audit and Mazars were in the thirty-first and in the twenty-sixth consecutive year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatements that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, March 19, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit		MAZARS	
Bénédicte Vignon	Grégory Saugner	Jean-Claude Pauly	Maxime Simœn

5

This page was intentionally left blank.

SHARES, SHARE CAPITAL AND GENERAL INFORMATION

6

6.1 AXA SHARES

The principal trading market for AXA ordinary shares is Euronext Paris (Compartment A). Since the delisting of AXA ADRs (American Depositary Receipts representing American Depositary Shares ("ADS"), each representing one AXA ordinary share) from the New York Stock Exchange on March 26, 2010, AXA ADRs have traded on the US over-the-counter ("OTC") market and are listed on the OTC QX platform under the symbol AXAHY.

Trading on Euronext Paris

In France, AXA ordinary shares are included in the principal index published by Euronext Paris, the CAC 40 Index, which comprises the 40 most capitalized and actively traded shares on Euronext Paris. AXA ordinary shares are also included in Euronext 100, the index representing Euronext's blue chip companies based on market capitalization and liquidity and in EURO STOXX 50, the blue chip index comprised of the 50 most highly capitalized and most actively traded equities of the main industry sectors of the eurozone. In addition, AXA ordinary shares are also included in STOXX® Europe 600 Insurance, the insurance sector index for European companies and in the EURO STOXX Sustainability 40, the index representing the largest sustainability leaders in the eurozone in terms of long-term environmental, social and governance criteria.

The table below sets forth, for the periods indicated, the reported high and low prices (intraday) in Euro for AXA ordinary shares on Euronext Paris:

Calendar period	Intraday High *(in Euro)*	Intraday Low *(in Euro)*
2018		
Third quarter	23.7	20.5
Fourth quarter	23.9	18.4
2019		
First quarter	23.0	18.4
Second quarter	23.9	21.7
Third quarter	24.0	20.5
Fourth quarter	25.4	22.2
Annual	25.4	18.4
2019 and 2020		
August 2019	23.2	20.5
September 2019	23.4	20.8
October 2019	24.4	22.2
November 2019	25.4	23.6
December 2019	25.4	24.1
January 2020	25.6	23.7
February 2020	25.6	20.7

6.2 SHARE CAPITAL

Capital ownership

On December 31, 2019, AXA's fully paid up and issued share capital amounted to €5,536,521,831.67 divided into 2,417,695,123 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1, 2019.

To the best of the Company's knowledge, the table below summarizes the ownership of its issued outstanding ordinary shares and related voting rights on December 31, 2019:

	Number of shares	% of capital ownership	% of voting rights [(a)]
Mutuelles AXA [(b)]	349,441,956	14.45%	24.21%
Employees and agents	103,450,594	4.28%	6.09%
Treasury shares held directly by the Company	31,102,295	1.29%	[1.09%] [(c)]
Treasury shares held by Company subsidiaries [(d)]	240,194	0.01%	[0.01%] [(c)]
General public	1,933,460,084	79.97%	68.60%
TOTAL	**2,417,695,123 [(e)]**	**100%**	**100%**

(a) In this table, voting rights' percentages are calculated on the basis that all outstanding ordinary shares are entitled to voting rights, notwithstanding the fact that certain of these shares may be deprived of voting rights by law or otherwise (for example, treasury shares are deprived of voting rights under French law).

(b) AXA Assurances IARD Mutuelle (11.57% of capital ownership and 19.33% of voting rights) and AXA Assurances Vie Mutuelle (2.88% of capital ownership and 4.88% of voting rights).

(c) These shares will be entitled to vote when they cease to be treasury shares (e.g. upon their sale or other transfer to an unaffiliated third party).

(d) Treasury shares as indicated in Note 13 "Shareholders' equity and minority interests" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(e) Source: Euronext Notice of January 9, 2020.

AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle (the "Mutuelles AXA") are parties to agreements pursuant to which they have stated their intention to collectively vote their shares in AXA. As part of these agreements, the Mutuelles AXA have established a Strategy Committee (*Comité de Coordination Stratégique)* composed of certain directors from their respective Boards. The Strategy Committee has elected amongst its members Mr. François Martineau and Mr. Philippe Guerand as co-chairmen. It is generally consulted on all significant matters relating to the Mutuelles AXA including their collective shareholding in AXA and overall relationship with the Company and the AXA Group.

To the best of the Company's knowledge, no shareholder held more than 5% of the Company's share capital or voting rights on December 31, 2019 except as indicated in the table above.

Certain of the Company's shares are entitled to double voting rights as described in Section 6.3 – "General information – Voting rights" of this Annual Report. Of the Company's 2,417,695,123 outstanding ordinary shares on December 31, 2019, 440,314,817 shares entitled their holders to double voting rights as of that date.

6

SIGNIFICANT CHANGES IN CAPITAL OWNERSHIP

Significant changes in the Company's share capital ownership between December 31, 2017 and December 31, 2019 are set forth in the table below:

	On December 31, 2019 (a)				On December 31, 2018 (a)				On December 31, 2017 (a)			
	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)
Mutuelles AXA (b)	349,441,956	14.45%	692,059,674	24.21%	349,083,119	14.40%	691,850,894	24.16%	342,767,775	14.13%	685,535,550	23.97%
Employees and agents	103,450,594	4.28%	174,037,495	6.09%	125,932,806	5.19%	182,434,659	6.37%	129,418,305	5.34%	196,680,918	6.88%
Treasury shares held directly by the Company	31,102,295	1.29%	[31,102,295] (c)	[1.09%] (c)	41,245,315	1.70%	[41,245,315] (c)	[1.44%] (c)	41,395,855	1.71%	[41,395,855] (c)	[1.45%] (c)
Treasury shares held by Company subsidiaries (d)	240,194	0.01%	[247,342] (c)	[0.01%] (c)	368,439	0.02%	[375,587] (c)	[0.01%] (c)	413,421	0.02%	[420,569] (c)	[0.01%] (c)
General public	1,933,460,084	79.97%	1,960,563,134	68.60%	1,908,286,947	78.69%	1,947,968,800	68.02%	1,911,240,395	78.81%	1,935,625,200	67.69%
TOTAL	**2,417,695,123 (e)**	**100%**	**2,858,009,940**	**100%**	**2,424,916,626**	**100%**	**2,863,875,255**	**100%**	**2,425,235,751**	**100%**	**2,859,658,092**	**100%**

(a) In this table, voting rights' percentages are calculated on the basis that all outstanding ordinary shares are entitled to voting rights, notwithstanding the fact that certain of these shares may be deprived of voting rights by law or otherwise (for example, treasury shares are deprived of voting rights under French law).
(b) AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle.
(c) These shares will be entitled to vote when they cease to be treasury shares (e.g. upon their sale or other transfer to an unaffiliated third party).
(d) Treasury shares as indicated in Note 13 "Shareholders' equity and minority interests" in Part 5 – "Consolidated Financial Statements" of this Annual Report.
(e) Source: Euronext Notice of January 9, 2020.

On December 31, 2019, to the best of the Company's knowledge based on the information available to it, the Company had 11,466 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2019 BY AXA INVOLVING ITS OWN SHARES

In connection with the share repurchase programs approved by AXA's shareholders during their Shareholders' Meetings held on April 25, 2018 (resolution 18) and April 24, 2019 (resolution 11) and pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*), (i) 26,420,747 AXA shares were repurchased (for the purposes of (a) hedging free grants of shares to employees of the Group or (b) cancelling them in order to neutralize the dilutive impact of shares issued in connection with equity compensation arrangements and employee share plan offerings) for an average weighted gross unit price per share of €22.53, and (ii) no AXA shares were sold between January 1 and December 31, 2019.

As a result, on December 31, 2019, the total number of AXA treasury shares, all allocated for hedging or cancellation purposes, was 31,102,295 (or 1.29% of AXA's share capital at that date). The booking value of these 31,102,295 treasury shares on December 31, 2019 is €725,811,332.64. These shares were acquired for an aggregate purchase price of €595,187,973.10 (with a par value of €2.29 per share).

Furthermore, for information purposes, it should be noted that on December 31, 2019, the total number of treasury shares held by Company subsidiaries was 240,194 (or 0.01% of AXA's share capital at that date). The booking value of these 240,194 treasury shares on December 31, 2019 is €7,055,000.

EMPLOYEE SHAREHOLDERS

Shareplan

Since 1993, the AXA Group has promoted employee shareholding by offering each year to its employees an opportunity to become shareholders through a share capital increase reserved exclusively to them ("Shareplan").

By virtue of the authorization granted by the Shareholders' Meeting of April 24, 2019, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the Shareplan 2019 program. The shareholders waived their preferential subscription rights so that this offering could be made exclusively to Group employees (Shareplan 2019).

In countries that met the legal, regulatory and tax requirements to participate in Shareplan, two investment options were offered to the Group employees in 2019:

- the traditional plan, offered in 38 countries;
- the leveraged plan, offered in 37 countries.

The traditional plan allowed employees to subscribe through a personal investment to AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on countries) with a 20% discount. The shares are held within the Group Company Savings Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable law). Employees are subject to the share price evolution, up or down, as compared to the subscription price.

At the end of the 5 year holding period, the employees can, depending on their country of residence, do any one of the following: (1) receive the cash value of their investment; (2) receive the value of their investment in the form of AXA shares; or (3) transfer their assets invested in the leveraged plan into the traditional plan.

The leveraged plan in 2019 allowed employees to subscribe, on the basis of 10 times their personal investment, in AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on their countries of residence) with a 4.99% discount. These shares are held within the Group Company Savings Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable law). Employees' personal investment is guaranteed by a bank, and employees also benefit from a portion of the share appreciation, calculated on the basis of the non-discounted reference price.

Mutual funds (FCPE) with direct voting rights have been created since 2005 to allow beneficiaries, in most cases, to directly exercise their voting rights during the Company's Shareholders' Meetings.

The Shareplan 2019 program was carried out through a capital increase that took place in November 2019. Approximately 26,000 employees took part in the Shareplan 2019 program, representing approximately 24% of eligible employees:

- the total amount invested was over €375 million, as follows:
  - €64 million in the traditional plan, and
  - €312 million in the leveraged plan;
- a total of approximately 18 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1, 2019.

On December 31, 2019, AXA employees and agents held 4.28% of the share capital and 6.09% of the voting rights. These shares are owned through Mutual funds (FCPE) or directly either in the form of ordinary shares or ADS.

Transactions involving AXA's share capital

On December 31, 2019, AXA's share capital was comprised of 2,417,695,123 ordinary shares, each with a par value of €2.29. All these shares were fully paid up and non-assessable and began earning dividends on January 1, 2019.

The following table sets forth changes in the number of shares from January 1, 2017 to December 31, 2019:

Date	Transaction	Number of shares issued or cancelled	Issue or merger premium *(in Euro)*	Number of shares after the transaction	Amount of share capital after the transaction *(in Euro)*
2017	Share capital reduction by cancellation of shares	(4,247,422)	(93,006,551)	2,420,901,708	5,543,864,911
	Exercise of stock options	3,077,495	41,047,758	2,423,979,203	5,550,912,375
	New equity issue reserved for employees of AXA (*SharePlan 2017*)	19,558,841	394,238,574	2,443,538,044	5,595,702,121
	Share capital reduction by cancellation of shares	(23,272,226)	(531,851,334)	2,420,265,818	5,542,408,723
	Exercise of stock options	4,969,933	73,161,594	2,425,235,751	5,553,789,870
2018	Share capital reduction by cancellation of shares	(2,935,769)	(63,784,085)	2,422,299,982	5,547,066,959
	Exercise of stock options	1,047,114	14,226,407	2,423,347,096	5,549,464,850
	New equity issue reserved for employees of AXA (*SharePlan 2018*)	15,423,549	290,581,688	2,438,770,645	5,584,784,777
	Share capital reduction by cancellation of shares	(15,423,549)	(323,167,103)	2,423,347,096	5,549,464,849
	Exercise of stock options	1,569,530	17,745,639	2,424,916,626	5,553,059,074
2019	Share capital reduction by cancellation of shares	(1,644,442)	(35,703,764)	2,423,272,184	5,549,293,301
	Share capital reduction by cancellation of shares	(9,804,700)	(212,073,425)	2,413,467,484	5,526,840,538
	Exercise of stock options	1,494,925	18,617,056	2,414,962,409	5,530,263,917
	New equity issue reserved for employees of AXA (*SharePlan 2019*)	17,815,616	332,631,486	2,432,778,025	5,571,061,677
	Share capital reduction by cancellation of shares	(17,815,616)	(368,227,901)	2,414,962,409	5,530,263,917
31/12/2019	Exercise of stock options	2,732,714	38,290,141	2,417,695,123	5,536,521,832

Fully diluted capital on December 31, 2019

The following table indicates the Company's fully diluted share capital, assuming that the maximum number of new shares is issued following the exercise of all outstanding stock options.

	Fully diluted capital
Ordinary shares issued on December 31, 2019 [(a)]	2,417,695,123
Stock options	15,154,663
Maximum total number of shares	2,432,849,786

(a) Source: Euronext Notice of January 9, 2020.

Financial authorizations

FINANCIAL AUTHORIZATIONS VALID AS OF DECEMBER 31, 2019

AXA's authorizations to issue shares or other types of securities as at December 31, 2019 are summarized in the tables below:

issues with preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro)*	Term	Expiry date
Capitalization of reserves, earnings or premiums	–	1 billion [(a)]	26 months	June 24, 2021
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise [(b)]	6 billion [(c)]	2 billion [(d)]	26 months	June 24, 2021

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) The aggregate nominal value of debt instruments associated with the issue of securities with or without preferential subscription rights may not exceed the global upper limit of €6 billion.
(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

Issues without preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro or in percentage of the share capital)*	Term	Expiry date
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise [(a)]	6 billion [(b)]	550 million	26 months	June 24, 2021
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(c)]	18 months	October 24, 2020
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(c)]	18 months	October 24, 2020
Performance shares (*actions de performance*) [(d)]	–	1% [(e)]	38 months	June 24, 2022
Performance shares (*actions de performance*) [(d) (g)]	–	0.40% [(e)]	38 months	June 24, 2022
Shares issued in connection with the exercise of stock options	–	1% [(f)]	38 months	June 26, 2020

(a) Including the issue of ordinary shares or securities (i) in the event of private investments or through public offers, (ii) in the event of public exchange offers initiated by the Company, (iii) in consideration for contributions-in-kind for up to 10% of the Company's share capital, or (iv) as result of securities issued by subsidiaries of AXA.
(b) The aggregate nominal value of debt instruments associated with the issue of securities with or without preferential subscription rights may not exceed the global upper limit of €6 billion.
(c) Common and independent ceiling.
(d) Existing shares and/or newly issued shares.
(e) At the date on which performance shares are granted by the Board of Directors.
(f) At the date on which stock options are granted by the Board of Directors.
(g) Dedicated to retirement plans.

NEW FINANCIAL AUTHORIZATIONS

The following authorizations to issue shares or securities giving a claim to ordinary shares of the Company and will be submitted to the Shareholders' Meeting on April 30, 2020:

Issues without preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro)*	Term	Expiry date
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(a)]	18 months	October 30, 2021
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(a)]	18 months	October 30, 2021

(a) Common and independent ceiling.

USE OF THE FINANCIAL AUTHORIZATIONS IN 2019

Equity issue reserved for employees

Please see paragraph "Employee shareholders" of Section 6.2 of this Annual Report.

Performance shares

In 2019, by virtue of the authorizations granted by the shareholders at the Shareholders' Meeting of April 24, 2019 (resolutions 23 and 24) respectively 2,961,225 performance shares and 571,909 performance shares dedicated to retirement plans were granted by the AXA Board of Directors.

6.3 GENERAL INFORMATION

AXA is a *société anonyme* (a public limited company) organized under the laws of France, and is the publicly traded parent company of the AXA Group. The Company's registered office is located at 25, avenue Matignon, 75008 Paris, France and its telephone number is +33 (0) 1 40 75 57 00. AXA SA was incorporated in 1957 but the origin of its activities dates to 1852. The Company's corporate existence will continue, subject to dissolution or prolongation, until December 31, 2059. The Company is registered with the Paris Trade and Companies Register (*Registre du commerce et des sociétés*) under number 572 093 920. AXA's legal entity identifier (LEI) is F5WCUMTUM4RKZ1MAIE39.

The following documents may be consulted at the AXA Group Legal Department (25, avenue Matignon, 75008 Paris, France) until the filing of AXA's next Universal Registration Document with the AMF: (i) the Bylaws of the Company, (ii) the reports or other documents prepared by any expert at the Company's request which are (in whole or in part) included or referred to in this Universal Registration Document, and (iii) AXA SA's financial statements and Consolidated Financial Statements for each of the three financial years preceding the publication of this Universal Registration Document. These documents are also available on AXA's website and, more specifically, at the following links for the Bylaws of the Company (https://group.axa.com/en/about-us/governance-overview) and the documents referred to in (ii) and (iii) (https://group.axa.com/en/investor/annual-and-interim-reports).

Regulation and Supervision

AXA is engaged in regulated business activities on a global scale through numerous operating subsidiaries. The Group's principal business activities of (re)insurance and Asset Management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. AXA SA, the ultimate parent holding company of the AXA Group, is also subject to extensive regulation as a result of its listing on Euronext Paris and its direct and indirect shareholding in numerous regulated insurance and Asset Management subsidiaries. Given that the AXA Group is headquartered in Paris, France, this supervision is based to a significant extent on European Union directives and regulations and on the French regulatory system. AXA's principal regulators in France are the AMF, which is the financial markets regulator, and the *Autorité de contrôle prudentiel et de résolution* (the "ACPR"), which is the insurance and financial services regulator.

INSURANCE AND REINSURANCE OPERATIONS

While the extent and nature of regulation varies from country to country, most jurisdictions in which AXA's (re)insurance subsidiaries operate have laws and regulations governing distribution practices, standards of solvency, levels of capital and reserves, permitted types and concentrations of investments, and business conduct to be maintained by (re)insurance companies, as well as agent licensing, approval of policy forms and, for certain lines of insurance, approval or filing of rates. In certain jurisdictions, regulations limit sales commissions, fees and certain other marketing expenses that may be incurred by the insurer and impose product suitability and disclosure requirements. In general, insurers are required to file detailed annual financial statements with their supervisory agencies in each of the jurisdictions in which they do business. Such agencies may conduct regular or unexpected examinations of the (re)insurers' operations and accounts and request additional information from the (re)insurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed (re)insurer. This holding company legislation typically requires periodic disclosure, reporting concerning the corporation that controls the licensed insurer and other affiliated companies, including prior approval (or notice) of transactions between the (re)insurer and other affiliates such as intra-group transfers of assets and payment of dividends by the controlled (re)insurer. In addition, such legislation generally provides that any direct or indirect acquisition of "control" of our (re)insurance subsidiaries domiciled in a given jurisdiction will be subject to the prior approval of the insurance regulatory authorities in such jurisdiction; the definition of "control" for such purposes generally includes any direct or indirect acquisition of shares or other instruments representing more than a 9.9% voting interest, and would include the acquisition of shares of AXA SA as an insurance holding company. In general, these regulatory schemes are designed to protect the interests of policyholders rather than shareholders. For additional information, see the paragraph "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

REGULATORY CAPITAL AND SOLVENCY REQUIREMENTS

The Company's (re)insurance subsidiaries are subject to regulatory capital requirements in the jurisdictions where they do business, which are designed to monitor capital adequacy and to protect policyholders. While the specific regulatory capital requirements (including the definition of admitted assets and methods of calculation) vary between jurisdictions, an insurer's required regulatory capital can be impacted by a wide variety of factors, including, but not limited to, business mix, product design, sales volume, invested assets, liabilities, reserves and movements in the capital markets, including interest rates and financial markets. Regulatory capital requirements may increase, possibly significantly, during periods of declining financial markets and/or lower interest rates.

In recent years, the European Union has implemented a regulatory regime for European insurers which became effective on January 1, 2016, following the adoption of Directive 2009/138/EC of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance, as amended (the "Solvency II Directive") and the regulations promulgated thereunder (together with the Solvency II Directive, "Solvency II"). Solvency II was implemented into French law beginning in 2015. Solvency II is designed to implement solvency requirements that better reflect the risks that (re)insurance companies face and build a supervisory system that is consistent across all EU Member States. Solvency II is based on three pillars: (1) Pillar 1 consists of the quantitative requirements around own funds, valuation rules for assets and liabilities and solvency capital requirements; (2) Pillar 2 sets out qualitative requirements for the governance and Risk Management of insurers, as well as for the effective supervision of insurers, including the requirement for insurers to submit an Own Risk and Solvency Assessment ("ORSA"); and (3) Pillar 3 introduces an enhanced reporting and disclosure regime, pursuant to which subject insurance undertakings headquartered in the European Union are required to prepare the Regular Supervisory Report ("RSR"), to be submitted by the undertaking to the competent national regulator on a regular basis as determined by the regulation, and the Solvency and Financial Condition Report ("SFCR"), to be made publicly available on an annual basis. Solvency II covers, among other matters, valuation of assets and liabilities, the treatment of insurance groups, the definition of capital and the overall level of required capital. A key aspect of Solvency II is that assessment of the Group's risks and capital requirements is aligned more closely with economic capital methodologies and allows the use of either a standard model or an insurer's own internal economic capital model (to permit a better understanding of the actual risks and Risk Management of the insurer) to calculate the Solvency Capital Requirement ("SCR"), subject in the latter case to the approval of the insurer's lead regulator.

Solvency II provides for two separate levels of solvency capital requirements: (i) the Minimum Capital Requirement ("MCR"), which is the amount of own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk should the (re)insurance companies be allowed to continue their operations, and (ii) the SCR, which corresponds to a level of eligible own funds that enables (re)insurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

The ACPR has approved the use by AXA of its internal model (the "Internal Model") to calculate its SCR under Solvency II. The Solvency II ratio of the Group as of December 31, 2019, published on February 20, 2020, was estimated at 198% [(1)], compared to 193% as of December 31, 2018, and remains within AXA's target range of 170-220%. The Group maintained eligible own funds in excess of its SCR at all times during 2019.

AXA continues to regularly review the scope, underlying methodologies and assumptions of the Internal Model, and will adjust its SCR accordingly. In addition, AXA's Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any significant change to the Internal Model would be subject to the prior approval of the ACPR which may require adjustments to the level of SCR.

For more information on the Internal Model, please refer to Section 4.2 "Internal control and Risk Management – Internal Model" of this Annual Report. For further information on AXA's SCR, Internal Model and other Solvency II disclosures, please refer to the AXA Group's SFCR for the year ended December 31, 2018, available on AXA's website (www.axa.com). AXA Group's SFCR for the year ended December 31, 2019 is expected to be published on May 14, 2020, on the same website.

In the event of a failure by a (re)insurance company or an insurance holding company to meet applicable regulatory capital requirements (including the MCR and the SCR, as applicable), insurance regulators generally have broad authority to require or take various regulatory actions, including limiting or prohibiting the issuance of new business, prohibiting payment of dividends or other shareholder distributions, and/or putting a company into rehabilitation or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry, set forth in Order no. 2017-1608 of November 27, 2017 and its various implementing measures (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as AXA SA, and (re)insurance companies, including prohibiting payment of dividends, ordering portfolio transfers, establishing temporary bridge institutions and imposing a temporary stay on early termination rights. Under the French Resolution Framework, French major insurance groups, such as the AXA Group, are required to prepare and file with the ACPR a pre-emptive recovery plan (*plan préventif de rétablissement*) covering insurance holding companies, insurance and reinsurance

(1) The Solvency II ratio is estimated primarily based on the Internal Model calibrated based on an adverse 1/200 years shock. As in previous disclosures, all AXA US entities are taken into account assuming US equivalence. The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be published on May 14, 2020. As from January 1st, 2019, entities that were part of the XL Group ("XL entities") have been fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's SCR has been calculated using the Solvency II standard formula. Subject to the prior approval of the ACPR, the Group intends as soon as year-end 2020 to extend its Internal Model to XL entities.

subsidiaries thereof, and any other entity of such groups, providing key services (*services indispensables*) thereto, and to ensure that such recovery plan remains up-to-date thereafter.

In addition, there are continuing discussions regarding the development of recovery and resolution frameworks and strategies in the insurance industry, as the FSB and the International Association of Insurance Supervisors ("IAIS") are currently developing guidance on effective recovery and resolution tools and strategies for the insurance industry, and the European Insurance and Occupational Pensions Authority ("EIOPA") is working towards harmonization and strengthening of recovery and resolution frameworks within the EU and cross-border coordination between EU competent authorities in this respect.

While EIOPA continues to issue regulations and guidelines under Solvency II, the European Commission and EIOPA are currently reviewing Solvency II, including regarding insurance group supervision and the consistency of European insurers' internal models. Such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups, as well as changes to internal models and Solvency II capital requirements. Most recently, on October 15, 2019, EIOPA published its third consultation paper on the review of the Solvency II framework, which covers nineteen topics, including group supervision, solvency capital requirements and the use of the volatility adjustment for the calculation of technical provisions. Comments on this paper were due by January 15, 2020 and EIOPA is expected to issue its opinion in June 2020.

In connection with Solvency II, on September 22, 2017, the European Union and the United States signed the "Bilateral Agreement between the European Union and the United States of America on Prudential Measures Regarding Insurance and Reinsurance" (the "Covered Agreement") which sets out principles governing the imposition of Group capital and supervisory standards for insurance groups headquartered in an EU Member State or the United States with operations in both. Following approval by the European Parliament on March 1, 2018 and the European Council on March 20, 2018, the Covered Agreement entered into force on April 4, 2018 and will be fully implemented within five years from its signing date. Pursuant to the Covered Agreement, the AXA Group will remain subject to group supervisory and capital requirements, as currently provided under Solvency II, with AXA's US insurance subsidiaries remaining subject to local requirements. The Covered Agreement also addresses various regulatory information-sharing and reporting matters, as well as EU/US reinsurance market issues.

In addition, following the acquisition of the XL Group in 2018, AXA has been managing, through Catlin Underwriting Agencies Limited, Syndicate 2003, one of Lloyd's largest syndicates. As a result, AXA is exposed to a variety of Lloyd's-related regulatory matters, such as the Council of Lloyd's wide discretionary powers to regulate members of Lloyd's, vary the method by which the capital solvency ratio is calculated, or impose additional or special levies on members.

For further information on the risks related to regulatory capital requirements, see the paragraph "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position" in Section 4.1 "Risk Factors" of this Annual Report.

IAIS AND INTERNATIONALLY ACTIVE INSURANCE GROUP ("IAIG") STATUS

The IAIS has developed several sets of supervisory requirements and actions applicable to the insurance industry: (i) insurance core principles ("ICPs"), which are intended to apply to the supervision of all insurers and insurance groups, regardless of size or importance; (ii) the Common Framework ("ComFrame"), which builds and expands on the standards and guidance set forth in the ICPs to establish supervisory standards and guidance focusing on the effective group-wide supervision of IAIGs, as well as a globally comparable risk-based measure of capital adequacy of IAIGs, the Insurance Capital Standard (the "ICS"); and (iii) policy measures for global systemically important insurers ("GSIIs") and an assessment methodology for designating GSIIs. From 2013 to 2016, the FSB, in consultation with the IAIS and national authorities, annually published a list of GSIIs, which included AXA in each of such years.

On November 14, 2019, the IAIS adopted the ComFrame, which includes the version 2.0 of the ICS. As part of the IAIS implementation schedule, ICS 2.0 is first subject to a five-year monitoring period, starting in January 2020, during which IAIGs can be asked by their supervisors to compute an ICS, on a voluntary basis, for confidential reporting and discussion in supervisory colleges. The end objective for the IAIS is to have the ICS implemented in all jurisdictions as a group-wide prescribed capital requirement for IAIGs after the monitoring period. On November 14, 2019, the IAIS also adopted a holistic framework for the assessment and mitigation of systemic risk in the insurance sector (the "Holistic Framework"), in lieu of the previous individual GSII designation mechanism, which will be implemented starting in 2020.

The Holistic Framework comprises a set of enhanced supervisory measures and powers of intervention (*e.g.*, ongoing supervisory requirements, applied to insurers, enhanced macroprudential surveillance, crisis management and recovery planning), which are embedded within certain ICPs and ComFrame materials, an annual global monitoring exercise by the IAIS (at individual insurer and sector-wide levels), as well as implementation assessment activities aimed at assessing and mitigating the potential build-up of systemic risk in the global insurance sector. The Holistic Framework moves away from the previous binary approach, in which a set of pre-determined policy measures applied to only a small group of identified GSIIs, to an approach promoting a proportionate application of an enhanced set of supervisory policy measures and powers of intervention for macroprudential purposes to a broader portion of the insurance sector.

The IAIS will however continue to use risk factors similar to those used in the past to identify GSIIs, to assess potential systemic risk at individual insurers as part of its global monitoring exercise and systemic risk assessment. In addition, many of the enhanced supervisory measures reflected in the Holistic Framework are similar to and derived from the enhanced policy measures the IAIS had formerly adopted for application to GSIIs only. In light of the development and adoption of the Holistic Framework by the IAIS, the FSB has decided to continue suspending the annual identification of GSIIs as from the beginning of 2020. In November 2022, the FSB will review the need to either discontinue or re-establish an annual identification of GSIIs based on the initial implementation of the Holistic Framework.

AXA will continue to monitor the development of the Holistic Framework, ICPs and ComFrame and expects the regulatory landscape with respect to (re)insurance and financial markets to continue to evolve in 2020 and beyond with further legislative and regulatory initiatives.

For additional information, see paragraphs "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position", "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" and "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

ASSET MANAGEMENT & BANKING ACTIVITIES

AXA Investment Managers and other AXA Asset Management entities are subject to extensive regulation in the various jurisdictions in which they operate. These include, in Europe, Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers, and Directive 2009/65/EC of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), and their various implementing regulations and transposition measures. In addition AXA's investment management operations in the United States are subject to regulation by the SEC.

These regulations are generally designed to safeguard client assets and ensure adequacy of disclosures concerning investment returns, risk characteristics of invested assets in various funds, suitability of investments for client investment objectives and risk tolerance, as well as the identity, regulatory approvals and qualifications of the investment manager. These regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in business for specific periods, the revocation of the registration as an investment company, censures and/or fines.

The European Union (Regulation (EU) No. 648/2012 of July 4, 2012, also referred to as the European Market Infrastructure Regulation – "EMIR") and the US regulations (principally the Dodd-Frank Act), as amended from time to time, set several requirements and prescriptive guidelines for derivatives which impact operations, liquidity and credit Risk Management for derivatives. AXA's asset managers and banks, which manage derivatives on behalf of various AXA Group affiliates (including on behalf of AXA), are currently operating in conformity with these rules, in line with the Group's financial risk framework.

In addition, certain AXA entities must comply with revised obligations on capital resources for banks and certain investment firms, including Directive 2013/36/EU of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended "CRD"), and Regulation (EU) No. 575/2013 of June 26, 2013 on prudential requirements for credit institutions and investment firms, as amended, which set forth specific capital, governance and remuneration requirements (as amended "CRR"). On June 27, 2019, Directive (EU) 2019/878 of May 20, 2019 ("CRD II") and Regulation (EU) 2019/876 of May 20, 2019 ("CRR II"), which respectively amend CRD and CRR, entered into force. CRD II and CRR II further implement the Basel III framework by amending various CRD and CRR provisions regarding, *e.g.* holding company rules, leverage ratios, large exposures, liquidity, market risk and counterparty credit risk, as well as reporting and disclosure requirements (including on remuneration).

Most provisions of CRD II will have to be transposed into national law by EU Member states by December 28, 2020, while most CRR II requirements will be applicable from June 28, 2021.

Moreover, certain AXA entities are subject to Directive 2014/65/EU of May 15, 2014 on markets in financial instruments (as amended, "MiFID II") and Regulation (EU) No. 600/2014 on markets in financial instruments, as amended (together with MiFID II, and the various regulations promulgated thereunder, the "MiFID II Package") which entered into force in 2018. The MiFID II package has been designed to better integrate the European Union's financial markets and increase cross-border investments, market transparency and investor protection, imposes a wide variety of new requirements including with respect to trading/clearing of certain derivatives on organized platforms, regular reporting with respect to derivatives positions and certain other types of financial instruments, enhanced governance and investor protection standards, restrictions and/or prohibitions on certain types of compensation arrangements or other monetary inducements to firms providing independent investment advice and greater regulation of structured products and other complex financial instruments.

The reforms introduced by the MiFID II Package significantly impacted EU securities and derivatives markets. The MiFID II Package may also be revised in the future, including as a result of implementing regulations, transposition laws and regulatory guidance enacted or issued in connection therewith, and any such modification or revision may have an adverse impact on our business, results of operations and financial condition.

Furthermore, some AXA entities are directly or indirectly subject to Regulation (EU) No. 1286/2014 of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (as amended, the "PRIIPs Regulation") which entered into force in 2018, the objective of which is to enhance retail investor protection by standardizing the information through predefined key information documents. While the PRIIPs Regulation already started impacting insurance undertakings, banks and asset managers, its revision is under consideration by the EU Commission in order to reach better convergence with other EU regulations.

For additional information, see the paragraph "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

OTHER SIGNIFICANT LEGISLATIVE AND REGULATORY FRAMEWORKS

EU data protection reform

The EU Data Protection Reform, which was adopted in 2016 and entered into force in 2018, establishes a comprehensive framework governing the protection and processing of personal data in the private and public sectors, which includes the GDPR.

The main principles of the GDPR include (i) the strengthening of citizens' fundamental rights, giving them more control over their personal data and making it easier for them to access it, (ii) an increased harmonization of the applicable law across the European Union and a "one-stop-shop" that will streamline cooperation between the data protection authorities on issues with implications for all the European Union, and (iii) a stronger enforcement regime, under which data protection authorities will be able to fine companies which do not comply with EU rules up to 4% of their global annual turnover. The GDPR applies to both EU and non-EU companies, if the latter are offering goods and services or monitoring the behavior of individuals in the European Union. As (re)insurance companies need an EU license for providing insurance services in the European Union, the GDPR applies primarily, in the insurance and reinsurance sector, to companies operating in the European Union.

In France, the EU Data Protection Reform has been transposed by Law No. 2018-493 regarding personal data protection, which entered into force on May 25, 2018, and various implementing measures, including Decree No. 2018-687 of August 1, 2018.

For further information concerning data protection, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 4.1 "Risk Factors" of this Annual Report.

Personal data transfers to the United States

Following invalidation in 2015 of the European Commission's Safe Harbor Decision by the European Union Court of Justice, which allowed for the transfer of personal information for commercial purposes from companies in the European Union to companies in the United States which had signed up to the US Department of Commerce "Safe Harbor Privacy Principles," transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with US companies and binding corporate rules for transfers within a multinational corporate group. While a new safe harbor, referred to as the "EU-US Privacy Shield," was adopted in July 2016, banks and insurance companies are generally not currently eligible to register on the EU-US Privacy Shield list, and the AXA Group has accordingly been relying on the above-mentioned mechanisms to transfer personal data from the Company or its EU-based affiliates to its banking and insurance affiliates based in the United States. For further information concerning transatlantic data transfers, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 4.1 "Risk Factors" of this Annual Report.

Executive compensation

Solvency II sets out the remuneration policy principles and governance requirements to be implemented by European insurers and specifies that the companies subject to Solvency II must adopt a written remuneration policy compliant with a number of principles set out in the Delegated Regulation (EU) 2015/35 of October 10, 2014 which promotes sound and effective Risk Management and does not encourage risk-taking that exceeds the risk tolerance limits of the Company. In this context, AXA has reviewed and formalized its existing Group remuneration policy, identified the individuals responsible for managing and having an impact on the Group's overall risk profile, and defined a consistent approach to manage remuneration of individuals in charge of control functions. AXA's Compensation & Governance Committee is in charge of overseeing the design of the remuneration policy and remuneration practices, their implementation and operation.

Since 2008, there have been a variety of proposals with respect to executive compensation practices at financial institutions including from the FSB and other regulatory bodies. Certain of these proposals have been embodied in regulation or legislation, while others remain best practice recommendations.

In 2009, the FSB published the "Principles for Sound Compensation Practices", together with implementation standards. Among the matters covered in these standards and principles are a variety of mechanisms (including minimum recommended deferrals of cash bonuses, greater use of long-term equity grants rather than cash as a form of compensation, minimum vesting/deferral periods, and performance criteria for vesting of long-term awards) that are designed to ensure an appropriate alignment of interests between (i) Executive Management and certain employees (such as traders) who can have a potentially significant impact on the nature and duration of risks incurred, (ii) the Company and (iii) shareholders. The FSB's principles were supplemented by additional guidance published by the FSB in 2018, which has been developed in the form of recommendations regarding improvements in compensation practices and tools that could be used to reduce misconduct risk and address misconduct incidents.

These principles and standards are reflected in a variety of regulations and legislative initiatives that have been enacted over the past few years in various jurisdictions where the Group does business. While these restrictions are often aimed primarily at the banking sector and do not apply uniformly to the Group across the various jurisdictions where it does business, the Group has largely aligned its global executive compensation practices with these standards and principles, and conducts regular reviews of its compensation practices and policies in light of these standards as well as applicable legal and regulatory requirements. The application of these principles and standards may vary among the different actors in the financial sector (such as banks, insurers, asset managers, private equity funds, hedge funds) and across the various jurisdictions where the Group does business, which may give rise to certain competitive issues for the Group, including by affecting the Group's ability to attract and retain top-rate talents.

Evolution of accounting standards

Policyholders' liabilities are currently accounted for according to IFRS 4, which generally allows the use of a wide variety of accounting practices for insurance contracts, reflecting different national accounting requirements, and the continuation of accounting policies applied prior to conversion to IFRS. On May 18, 2017, the International Accounting Standards Board ("IASB") issued the IFRS 17 – Insurance Contracts, which will replace IFRS 4, finalizing a long-standing project of the IASB to develop a single, consistent approach to the accounting for insurance contracts. In particular, IFRS 17 requires insurance obligations to be accounted for using current values, instead of historical costs. Subject to adoption by the European Union, IFRS 17 is scheduled to become effective for annual periods beginning on or after January 1, 2021.

In parallel with IFRS 17, the Group will apply the IFRS 9 – Financial Instruments. The published effective date of IFRS 9 was January 1, 2018. However, given the interaction between financial assets and insurance liabilities, the IASB issued amendments to IFRS 4 allowing, under certain criteria, entities issuing insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until the effective date of IFRS 17, but no later than January 1, 2021. Those amendments were adopted by the European Union on November 3, 2017. The Group is eligible for this temporary exemption and has decided to apply it.

In the beginning of March 2020, the staff of the IASB proposed to defer the IFRS 17 effective date to annual reporting periods beginning on or after January 1, 2023. The staff also proposed to extend the expiry date of the temporary exemption from applying IFRS 9 offered to qualifying insurers to annual periods beginning on or after January 1, 2023. This would mean that qualifying insurers could apply both standards for the first time simultaneously. These proposals remain subject to the IASB approval and should be confirmed through amendments.

The implementation of these two standards within the Group is in progress and Management is currently assessing the impact of their adoption.

Climate change and sustainable finance initiatives

There are various initiatives at the French, EU and international levels with respect to climate change and sustainable finance, which generally aim at proposing reforms to and potential changes affecting (i) investment activities, (ii) disclosure requirements, such as the recently adopted Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector or Regulation (EU) 2019/2089 amending the Benchmark Regulation as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks, or (iii) requirements relating to the inclusion of environmental, social and governance considerations in insurance and Asset Management products and advice. In particular, EIOPA has been working towards the integration of sustainability considerations into the prudential and conduct framework for (re)insurance undertakings and insurance distributors. EIOPA released its technical advice to the EU Commission on the integration of sustainability risks and factors in the delegated acts under the Solvency II Directive and Directive (EU) 2016/97 of January 20, 2016 on insurance distribution (as amended, the "IDD") on April 30, 2019, as well as its opinion on sustainability within the Solvency II framework on September 30, 2019. Those or similar initiatives are expected to continue in 2020 and could result in new or additional requirements for financial institutions.

For further information on climate change, please refer to Section 7.3 "Climate change and biodiversity" of this Annual Report.

Reform and potential changes to reference rates and indices (benchmarks)

Regulatory authorities have also proposed reforms to and potential changes affecting interest rate, equity, foreign exchange rate and other types of indices (also known as "benchmarks"). In particular, Regulation (EU) 2016/1011 of June 8, 2016 (as amended, the "Benchmark Regulation"), which entered into force on January 1, 2018, imposed additional requirements on the provision of financial market-related benchmarks, the contribution of input data to a benchmark and the use of benchmarks within the EU.

Several interbank market benchmarks have been designated as critical benchmarks under the Benchmark Regulation, including Libor, Euribor and Eonia, and their related benchmark methodologies have been made subject to review. Certain critical benchmarks might be discontinued in the future, including, Eonia, which is currently expected to cease being published on January 3, 2022, and Libor, as it is likely that contributing banks will cease providing submissions for the calculation of Libor after 2021.

We are closely following industry and regulatory developments with respect to the potential impacts of future benchmark changes, which could have implications for our capital models, Risk Management efforts, investment strategies and product design, amongst others.

Evolution of the compliance regulatory and litigation environment

The Group's (re)insurance, Asset Management and banking operations are subject to an increasing number of legislative and regulatory initiatives designed to increase consumer protection in the sector of financial services. In the European Union, initiatives related to the financial sector include in particular the IDD, MiFID II and the PRIIPs Regulation. Similar initiatives are under review (or in the course of implementation) in other jurisdictions where the Group operates and are likely to increase operational compliance costs to ensure point-of-sale compliance.

The IDD supersedes the Insurance Mediation Directive and is designed to improve consumer protection by ensuring that all distributors of insurance products operate on a level playing field. The main provisions of the IDD relate to enhanced professional requirements (*e.g.*, continuing training and development for distributors), conduct of business rules, conflicts of interest (relating to fees, commissions and bonuses), increased disclosure and transparency and extensive product governance requirements. It also includes additional requirements for the sale of insurance products with investment elements in order to ensure that policyholders receive a similar level of protection as buyers of retail investment products regulated under MiFID II (*e.g.*, when providing advice, distributors have to assess whether the insurance-based investment product is suitable for the customer).

The IDD entered into force on October 1, 2018, while MiFID II and the PRIIPs Regulation entered into force at the beginning of January 2018. In October 2019, ESMA, EIOPA and the European Banking Authority have issued a consultation on amendments to the PRIIPs Regulation. Subject to endorsement procedures and an adequate implementation period for market participants, the amendments proposed in the consultation could become applicable to existing packaged retail and insurance-based investment products in the course of 2021.

Finally, financial crime compliance programs of financial institutions (anti-money laundering, anti-corruption and international sanctions compliance) continue to be a major focus of regulatory and law enforcement authorities with increasingly significant penalties imposed for compliance failures. In particular, French Law No. 2016-1691 of December 9, 2016 on transparency, fight against corruption and modernization of the economy, known as "Sapin II", which entered into force on June 1, 2017, introduces new requirements for all large French companies and corporate groups, such as the Group, including the establishment of internal procedures to prevent and detect acts of corruption and influence peddling committed in France and abroad. Sapin II also established a new French anti-corruption agency (*Agence française anticorruption*), which was given strengthened supervisory and enforcement powers.

In light of this and other initiatives in respect of compliance requirements, Management believes that the complexity and risks for international financial institutions like AXA in this area will likely continue to increase, and that compliance costs will also increase accordingly.

The litigation environment in which the Group operates also continues to evolve. In continental Europe, the introduction of class actions, including in France in 2014, has, and is likely to continue to, increase litigation risks and costs for insurers, asset managers and other financial institutions. Most recently, on April 11, 2018, the EU Commission proposed a directive on representative actions for the protection of the collective interests of consumers, as part of its 'New Deal for Consumers' initiative. This proposed directive aims at enabling qualified entities to seek remedy through representative actions against infringements of provisions of EU law in a variety of areas (including data protection and financial services), in order to provide an effective and efficient way of protecting the collective interests of consumers. The EU Parliament adopted this proposed directive in March 2019, and the EU Council adopted a general approach with respect to such proposed directive on November 28, 2019. Trilateral negotiations among EU institutions are expected to commence in 2020.

For additional information, please see "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" and Section 4.8 "Other material risks – Regulatory risks" of this Annual Report.

AXA Group Tax Policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues.

The taxes AXA pays are an important part of its wider economic and social impact and play a key role in the development of countries where it operates (1). AXA regards it as a critical element of its commitment to grow in a sustainable, responsible and socially inclusive way.

AXA also squares its responsibilities as a co-operative, compliant taxpayer in each and every country in which it operates, with the need to support competitive business growth – serving all its stakeholders including investors, suppliers and employees.

TAX ASPECTS IN RELATION TO AXA AS A MULTINATIONAL COMPANY

The AXA Group's approach to tax issues

In the countries where it operates, AXA is both a tax payer and a tax collector, given that many specific taxes are levied on (re) insurance policies and collected from our customers as part of the insurance and Asset Management revenues while others are remitted to the various state and federal administrations around the world.

The tax function is organized within the Group to ensure full compliance with all tax legislation in the countries where AXA operates. In addition to the Group Tax Department based in France, all key operational entities/countries/geographic zones have a tax team in charge of ensuring that tax regulations are well understood and fully satisfied by the entities.

As a part of the global internal risk assessment, a specific tax internal control program is implemented. These controls must be reported and documented by each team in scope to ensure full compliance.

A Tax Code of Ethics, agreed between Group Tax Department and local tax teams, highlights the key principles guiding the actions of the various tax teams:

- to remain up to date with respect to applicable laws and regulations;
- to comply with tax laws and regulations;
- to maintain a good relationship with the local tax authorities;
- and not to engage in aggressive tax driven transactions that could compromise the good reputation of the Group.

The satisfaction of this Code of Ethics is a prerequisite of the activities performed by all AXA tax teams. In this respect, a bi-annual tax review process of each key entity or business line is performed by the Group Tax Department in connection with each local team. During these reviews, specific attention is given to tax audits and associated tax risks as well as market positions on tax matters that may impact AXA. These reviews offer a global framework for the tax teams to identify, analyze, control, and report tax risks.

6

(1) The list of the Group's main subsidiaries and participating interests is available in Appendix III "AXA parent company financial statements" of this Annual Report. The legal organizational chart of the Group is also published on the Company's website (www.axa.com).

In addition, an International Tax Committee composed of various senior tax executives within AXA tax teams meets every quarter to ensure consistency in approach on some technical topics, as well as agreements on guidelines connected to specific items.

As an international group operating in several countries, the AXA Group is subject to various tax regimes and regulations and takes into account any changes in tax law. AXA is specifically vigilant about the changes that could result in higher tax expenses and payments, higher compliance costs or that may affect the AXA Group's tax liability, return on investments and business operations. In particular, please see the paragraph "Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations" in Section 4.1 "Risk Factors" of this Annual Report.

When considering how AXA entities structure commercial arrangements, tax implications are analyzed in parallel with other consequences such as capital efficiency and legal and regulatory aspects when deciding between potential alternative arrangements.

AXA has no licensed insurance or operating business activities in the countries specifically identified as non-cooperative jurisdictions [(1)] under French and European rules, except in Panama and Oman. The presence in these two countries is purely driven by operational purposes.

In Oman, AXA has been acting locally for several years through one insurance operating branch of its Bahrain insurance subsidiary. It employs circa 130 people there to achieve this business. AXA holds two operating companies in Panama employing circa 150 people at the end of 2018. AXA has decided to close its subsidiary providing assistance services to local customers and/or travelers, but keeps a non-consolidated health claim processing center in the country. As a result, the number of employees locally has decreased to circa 45 people at the end of 2019.

More globally, AXA does not use non cooperative jurisdictions to avoid taxes on operational activities performed elsewhere.

Any presence in countries in which AXA operates with tax rates lower than France are driven by business operations. With the acquisition of the XL Group in September 2018, AXA now has a material presence and substance in Bermuda with nearly 200 employees working for AXA XL there. Despite the fact that Bermuda is a low-tax jurisdiction, it is a center of expertise and one of the key location of the worldwide reinsurance market. It is not considered as a non-cooperative jurisdiction according to the French and European Union laws. This presence is mainly driven by local capital management regulation enabling flexibility on the required capital for reinsurance activities and AXA supports the Economic Substance legislation recently enacted in this country. This situation will in no way change how the AXA Group is managed on the tax side. AXA will continue to tax its operations in the various countries where operational profits are made.

Disclosure on tax matters and information on taxes connected with the Group's activities in each country

The consolidated financial statements are prepared in compliance with IFRS standards (as disclosed in Note 1 "Accounting principles" in Part 5 – "Consolidated Financial Statements" of this Annual Report). Accounting for income taxes recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of the entity's assets and liabilities, as required by IAS 12 (see Note 1.17.1 "Income taxes" in Part 5 – "Consolidated Financial Statements" of this Annual Report).

The Consolidated Financial Statements present the reconciliation between the theoretical tax charge and the effective tax charge under IFRS. All differences are fully explained (see Note 19 "Tax" in Part 5 – "Consolidated Financial Statements" of this Annual Report). It should be noted that in many jurisdictions where AXA operates, the income and capital gains on savings-products benefit from a favorable tax treatment, also when such products are included in life insurance products. This leads to a lower effective tax rate for life insurance companies.

In addition to the details reported around the Group effective tax rate, AXA reports substantial information on the impacts of any change in local tax regulations on its business, as well as details of the tax burden per line of business and per country. AXA's income tax expenses/benefits are extensively disclosed in the Annual Report and are broken down by business segment and country. For each, a dedicated paragraph provides a comment about the line related to Tax Income (see Section 2.3 "Activity Report – Underlying earnings, adjusted earnings and net income Group share" of this Annual Report).

(1) The list of non-cooperative jurisdictions under French tax rules is given by a ministerial decree dated January 6, 2020 and is composed of the following countries: Anguilla, American Samoa, Bahamas, British Virgin Islands, Fiji, Guam, Oman, Panama, Samoa, Seychelles, Trinidad and Tobago, US Virgin Islands and Vanuatu. Pursuant to Article 238-0 A of the French Code général des impôts, this list includes the states and jurisdictions on the blacklist set out in Annex I to the conclusions adopted by the Council of the European Union on December 5, 2017, as updated from time to time (the most recent version of this list was published on November 14, 2019, and is composed of American Samoa, Fiji, Guam, Oman, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu).

Lastly, AXA reported in 2019 for the first time a Tax Transparency Report where it discloses a lot of information around its tax footprint in its key geographies, as well as key principles of its tax policy. This Report is available on axa.com at the end of the AXA Group Tax Policy page. AXA will update this Report annually and the next version will be available by July 2020.

TAX ASPECTS OF ACTIVITIES AND PRODUCTS OFFERED BY THE GROUP

Activities of the Group

The Group's activities are subject to strict regulations and rigorous control in each territory in which AXA operates. In addition to these regulations, AXA has developed a set of detailed internal standards that applies to all Group entities that are managed or controlled by AXA, regardless of the activities undertaken by the entity or its ownership structure.

According to these internal standards, CEOs must ensure that staff are fully conversant, and comply with applicable laws, mandatory Codes of Conduct, rules and regulations (including applicable tax laws and regulations) relevant to their area of operations.

This means that local senior management must appreciate the tax implications of the activities in their entity. The main considerations are:

- compliance with the taxation of employees in the territory in which they are employed;
- compliance with the taxation of business undertaken in the territory (including levies and sales taxes); and
- cross-border tax issues.

A specific focus on transfer pricing is made in application of these standards, to ensure that the pricing of our intra-group activities is consistent with the OECD "arm's length" principle as well as with local transfer pricing rules to pay adequate tax on profits where the value is created.

In particular, Chief Financial Officers must ensure that (re) insurance policies entered into represent a true transfer of risk and that their status as (re)insurance contracts could not be subject to challenge. Business between Group companies must be transacted at market prices where a market price exists, or in the absence of market prices, must be supported by formally documented justification for the charge made.

Products offered by the Group

AXA products are not designed to allow or encourage tax evasion. The Group has set up a validation framework to ensure that new products undergo a thorough approval process before they go to market.

The local decision to launch a new product must result from a documented approval process that complies with the AXA Group's standards in terms of product features, pricing, asset-liability management and aspects related to legal, compliance, regulatory, accounting and reputation.

Moreover, AXA has established strict policies regarding its cross-border activities and knowledge of its customers, in order to ensure that our products and services are not misused for money laundering or tax evasion purposes and are governed by specific rules according to which cross-border life insurance proposals must be presented to the Group Tax and Compliance Departments for validation.

While all Group entities must in any case comply with local regulation, the Group Tax Department can veto a product if this product is not compliant with internal rules.

Pursuant to Council Directive (EU) 2018/822, AXA may, as a provider of investments and savings products, have tax reporting obligations with respect to certain cross-border products it designs or implements. In particular, certain investments and savings products with no particular tax motive may be reportable under the above-mentioned Directive.

Bylaws

Certain material provisions of applicable French law, in force at the filing date of this Annual Report, and of the Company's Bylaws are summarized below. Copies of AXA's Bylaws are available at the Paris Trade and Companies Register (*Registre du commerce et des sociétés du Tribunal de commerce de Paris*) and on the Company's website (axa.com).

CORPORATE PURPOSE

Pursuant to Article 3 of its Bylaws, AXA's corporate purpose is generally to:

- acquire all types of ownership interests in any French or foreign company or business, including insurance companies;
- acquire, manage and sell all listed or unlisted shares and securities, as well as personal or real estate properties, rights, shares or securities, whether listed or unlisted, that are related to such properties; and
- perform all industrial, commercial, financial, personal or real estate property transactions, directly or indirectly related to any of the foregoing.

MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

In addition to French law provisions, AXA's Bylaws and the Board's Terms of Reference include a number of specific provisions concerning members of the Board of Directors and corporate officers, including the following:

Compensation

The corporate officers of the Company receive compensation in the amount and on conditions set by the Board of Directors, upon proposal of the Compensation & Governance Committee.

Members of the Board of Directors receive a fixed annual directors' fee, the maximum overall amount of which is determined by the Shareholders' Meeting and apportioned by the Board of Directors among its members, pursuant to the rules set forth in the Terms of Reference of the Board of Directors. Notwithstanding the above, the Board's Terms of Reference provide that no directors' fee shall be paid to the Company's management.

For further information, please see Part 3 – "Corporate governance" of this Annual Report.

Age limit

Notwithstanding the term of office for which the Chairman of the Board of Directors is appointed, his/her functions shall terminate, at the latest, at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chairman reaches the age of 70.

Notwithstanding the term of office for which the Chief Executive Officer is appointed, his/her functions shall terminate at the latest at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chief Executive Officer reaches the age of 65. The same rule applies for the Deputy Chief Executive Officers.

An individual aged 70 or older may be appointed or reappointed to the Board of Directors exclusively for a two-year term of office. His/her term of office can be renewed only once.

When the number of Board members aged 70 or older exceeds one-third of the directors in office, the oldest director is deemed to have resigned automatically unless any member of the Board of Directors aged 70 or older voluntarily resigns within three months.

When the permanent representative of a legal entity member of the Board of Directors reaches 70 years old, the legal entity is deemed to have resigned automatically unless it designates a new representative within three months.

Shareholding

In accordance with the Afep-Medef Code and regardless of any statutory obligation of holding shares, the directors, with the exception of directors representing employees, shall personally be shareholders of the Company and own a significant number of shares in the Company; if they do not own such shares at the time they are first appointed, they shall use their directors' fees to acquire AXA shares. Accordingly, the Board of Directors has set for each Board member, whether an individual or a permanent representative of a legal entity to whom directors' fees were paid, the objective of holding, within two years after first being appointed, a number of shares in the Company, the value of which, on the basis of the closing price of the AXA share on December 31 of the preceding fiscal year, shall correspond to an amount at least equivalent to the gross director's fees earned in respect of the previous fiscal year. The shares purchased for the purpose of this holding objective will be held in registered form.

For additional information regarding the Board of Directors and corporate officers of the Company, please see Part 3 – "Corporate governance" of this Annual Report.

RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE SHARES

Voting rights

Each AXA share entitles its holder to one vote at every AXA Shareholders' Meeting, subject to the provisions regarding double voting rights described below. On May 26, 1977, the Shareholders' Meeting decided that each ordinary share fully paid up and held in registered form by the same person for at least two full fiscal years entitled its holder to double voting rights with respect to such share.

In the event of a capital increase by capitalization of existing reserves, profits or premiums, shares granted for free to any shareholder holding shares entitled to double voting rights will also carry double voting rights.

The rights of the holders of double voting rights may only be modified or cancelled upon the decision of an Extraordinary Shareholders' Meeting and after authorization by a special meeting of the holders of these rights.

With the exception of double voting rights, there is currently only one class of shares with equal rights for all shareholders.

Dividends

Upon proposal by the AXA Board of Directors, the shareholders of AXA may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends. If AXA has earned a distributable profit since the end of the previous fiscal year, as reflected in an interim balance sheet certified by its Statutory Auditors, the Board of Directors may distribute interim dividends to the extent of the distributable profit without prior approval of the shareholders. AXA's Bylaws require AXA to distribute any dividends between its shareholders in proportion to their share in the capital.

Under the provisions of AXA's Bylaws, the actual dividend payment date is decided by the Board of Directors.

AXA's Bylaws provide that, the Shareholders' Meeting may grant each shareholder the choice to receive dividends in either cash or additional ordinary shares.

Pre-emptive rights

Under French law, shareholders have preferential subscription rights to subscribe, on a *pro rata* basis, additional ordinary shares (and/or convertible, exchangeable or other securities giving a claim, directly or indirectly, to AXA ordinary shares). This subscription right is transferable and normally trades separately during the subscription period for a capital increase. Issuing additional shares without preferential subscription rights requires the approval of two-thirds of the shareholders attending or represented at an Extraordinary Shareholders' Meeting.

Liquidation rights

If AXA is liquidated, the assets remaining after it pays its debts, liquidation expenses and all prior claims will be used to repay AXA shareholders up to the amount of the liquidation balance and the par value of the shares held by each shareholder. Any surplus will be divided among all shareholders, subject to rights arising, if any, from different classes of shares, in proportion to the rights they own in the Company's share capital.

MODIFICATION OF SHAREHOLDERS' RIGHTS

Under French law, shareholders of a French public company (*société anonyme*) have the power to amend AXA's Bylaws. Such an amendment generally requires the approval of two-thirds of the shareholders attending or represented at an Extraordinary Shareholders' Meeting. However, no such Extraordinary Shareholders' Meetings may decide (i) to increase the liability of the shareholders in respect of the Company or a third party; or (ii) to reduce the individual rights vested in each shareholder (such as voting rights, right to distributable profits of the Company, right to sell one's shares and right to sue the Company).

SHAREHOLDERS' MEETINGS

Shareholders are convened, meet and deliberate in accordance with applicable French laws and AXA's Bylaws.

A notice of meeting must be published in the *Bulletin des annonces légales obligatoires* ("BALO"), at least 35 days before any Shareholders' Meeting (or 15 days in certain specific cases), and must indicate, in particular, the agenda and the proposed resolutions.

At least 15 days (or six days in certain cases) prior to the date set for the meeting on first call, and at least 10 days (or four days in certain cases) before any second call, the Company shall send a final notice containing all the information requested by law by mail to all registered shareholders who have held shares for more than one month prior to the date of this final notice and publish a final notice in a bulletin of legal notices, as well as the BALO.

All shareholders are entitled to attend these meetings, either in person or by proxy, provided that they show valid proof of ID and share ownership as specified under French law. This ownership is justified by a book entry showing the number of shares in the name of the shareholder (or the intermediary for the account), on the second business day preceding the meeting at 0:00 am, Paris time (France), either in the registered share accounts kept by the Company or in the bearer share accounts kept by a qualified intermediary.

In accordance with the provisions of Article L.225-37-4 (9) of the French *Code de commerce*, the conditions for the participation to Shareholders' Meetings are detailed in Article 23 of AXA's Bylaws, which is expressly incorporated by reference herein.

In addition, the information referred to in Article L.225-37-5 of the French *Code de commerce* is made public in the corporate governance report approved by AXA's Board of Directors' and attached to the Board of Directors' report of AXA included in this Annual Report. For further information, please refer to Appendix VII "Corporate governance report – Cross Reference Table" to this Annual Report.

ANTI-TAKEOVER PROVISIONS

There are no French anti-takeover statutes similar to the anti-takeover statutes enacted by certain states in the United States and other jurisdictions. However, a number of French law provisions, in particular those resulting from the Law No. 2014-384 of March 29, 2014 (*visant à reconquérir l'économie réelle*) or from certain provisions of the European Directive of April 21, 2004 (which was implemented in France in 2006) concerning takeover bids, may have certain anti-takeover effects. In the case of AXA, the relevant provisions include, among other things, the existence of AXA shares with double voting rights, which are described above, and specific notification requirements applicable when holdings exceed specified thresholds, as described below.

French law generally requires mergers and certain consolidations to be approved by two-thirds of the shareholders attending or represented at the Extraordinary Shareholders' Meeting convened to decide on such matters.

NOTIFICATION REQUIREMENTS WHEN HOLDINGS EXCEED SPECIFIED THRESHOLDS

Pursuant to Article 7 of AXA's Bylaws, any person, acting alone or jointly, who comes to hold, directly or indirectly through companies it controls within the meaning of Article L.233-3 of the French *Code de commerce*, a number of shares representing 0.5% of the Company's share capital or voting rights, shall notify the Company by registered letter with acknowledgment of receipt within five days from the threshold crossing. This notification shall detail the total number of shares and voting rights held as well as the total number of securities giving a differed claim to the share capital and the potential voting rights attached thereto.

The notification shall be repeated in the conditions stated above each time an additional fraction of 0.5% of the share capital or voting rights is crossed upward or downward.

In the event of failure to comply with the notification requirements described above, shares exceeding the fraction that should have been notified will be deprived of voting rights at Shareholders' Meetings if, at such meetings, the notification failure has been recorded and if one or more shareholders jointly holding at least 5% of the share capital so request. Loss of voting rights shall be applicable in all Shareholders' Meetings that would be held up until two years following proper notification.

CHANGES IN CAPITAL

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions of the Bylaws or the Board's Terms of Reference shall not prevail over changes in the law governing the Company's share capital.

7

CORPORATE RESPONSIBILITY

7.1 INTRODUCTION

This chapter describes AXA Group's Corporate Responsibility (CR) strategy. It includes an extra-financial performance statement that AXA publishes in accordance with the provisions of the EU Directive 2014/95 related to extra-financial reporting [1] and French law [2]. This statement includes the AXA Group's business model and information on its main extra-financial risks related to environmental, social, human rights, tax evasion and corruption issues.

In-depth information on the AXA Group's Corporate Responsibility-related policies and practices is also available in the "Integrated Report", in the online "Group Human Capital Report" [3] and on the AXA Group's website (www.axa.com), in particular in the "Corporate Responsibility" Section.

Sustainable Value Creation

AXA's business is to protect people, goods and assets over the long-term, by better understanding, selecting, quantifying and managing risks.

Operating at the intersection of the economy, finance and society as a whole, our businesses are vectors of innovation, wealth creation and sustainable growth. Indeed, the protection offered by insurance encourages innovation, risk-taking and borrowing, which contributes not only to growth but also to the stability of economic cycles. In this way, AXA contributes to preserving the global financial system through sound risk management and investment proposals with robust and stable returns. Moreover, the collectivization and mutualization of risks and the social protection offered by life insurance and micro insurance generate social cohesion. In doing so, AXA not only contributes to global economic growth, but also to social stability in line with its ambition of "Empowering people to live better". This approach is inherent to AXA business and guides its Corporate Responsibility strategy.

For more information on AXA's business model presented on page 9, please refer to Section 1.3 "Business overview" of this Annual Report.

(1) Directive 2014/95/EU of the European Parliament and of the Council of October, 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial information and information relating to diversity by certain large companies and groups.

(2) Articles L.225-101-1, R.225-105 and R.225-105-1 of the French Commercial Code.

(3) No information, documents or items contained in AXA's 2019 Integrated Report and the 2019 Group Human Capital Report, or available on the Company's website in connection therewith, is incorporated by reference in this Annual Report.

AXA's Corporate Responsibility Strategy

Our Corporate Responsibility (CR) strategy is a key driver of employee engagement, customer trust and brand image. CR is also a risk/opportunity management concern: it enables AXA to reduce certain operational costs and risks, while providing market opportunities in emerging business segments or being factor of innovation by taking better account of social and environmental issues.

In 2019, our Corporate Responsibility strategy has been refocused around 3 priorities:

- Climate Change and the environment: AXA reduces its own carbon footprint and leverages its core business of insurance and investment to better address climate risks, both in the fight against the causes of global warming and in adaptation to its consequences (mitigation and resilience);
- Health risk and disease prevention: as a trusted partner of its clients, drawing on its Risk Management expertise, AXA keeps developing its health risk prevention efforts to achieve positive outcomes for public health, particularly regarding tobacco and the dual epidemics of obesity and diabetes;
- Social inequalities and inclusion: as an insurance company, AXA aims to provide protection and risk prevention to under-served populations in many countries where it operates, thereby contributing to global socio-economic development.

Our corporate responsibility is therefore now structured around these three thematic priorities, and in its implementation, AXA uses the various levers of action related to its expertise and business lines, as well as its international footprint: investments, insurance, but also the responsible use of its data and its partnerships and philanthropic activities.

AXA is also committed to being a responsible employer, striving to keep employee engagement at the heart of its strategy and to create a workplace inspired by its values that fosters diversity and equal opportunity for all, promotes engagement, encourages professional development and supports employee well-being.

AXA's contribution to the sustainable development goals of the united nations

In 2018, the Group developed a strategic thinking framework to identify its themes of commitment that take into account the 17 United Nations Sustainable Development Goals (SDGs). The complete framework is described in the website: sustainabledevelopment.un.org. AXA's approach consists of identifying the major potential causes of engagement based on the SDGs, supplemented by its in-house risk analysis expertise. These potential commitments are then examined using a business filter that enables AXA to invest its efforts on subjects where the Group can make a real impact through its activities.

This process enabled us to select biodiversity loss as an extension of the Group's action against climate change: biodiversity loss is now being accelerated by global warming. In terms of Public Health, the dual epidemics of obesity and diabetes has also been identified as a priority issue for AXA.

In 2019, the Group refined the vision of its contribution to the SDGs, aligning its strategic objectives with the 8 SDGs on which the Group's initiatives have an impact, and validating these orientations by Stakeholder Advisory Committee (see paragraph "Governance and Dialogue with Stakeholders").

AXA's Responsible Corporate strategy thus contributes directly to 8 following SDGs:

Climate and biodiversity	SDG no. 13 – Climate Action	Section 7.3 "Climate change and biodiversity" of this Annual Report is largely dedicated to AXA's action against climate change, which meets the 3 targets of SDG no. 13. "AXA's new Climate strategy", including a strong commitment to align with the 1.5 degree trajectory of the Paris Accord, contributes to target 13.2 (incorporate climate change measures into national policies, strategies and planning). Through the partnerships developed with C40 and UN Habitat, AXA also contributes, *via* its insurance business, to: 1/strengthen, in all countries, resilience and adaptive capacities in the face of climate hazards and climate-related natural disasters (SDG 13.1), and 2/improve education, awareness and individual and institutional capacities with regard to climate change adaptation, mitigation and early warning systems (SDG 13.3).
	SDG no. 14 – Life below water	In 2019, AXA initiated the first actions as part of its new approach to better take biodiversity into account in these activities. The Ocean program developed by its subsidiary AXA XL contributes directly to targets 14.2 (manage and protect marine and coastal ecosystems on a sustainable basis) and 14.3 (minimize ocean acidification and combat its effects). By adhering to the UNPSI-Oceana global declaration, AXA also contributes to target 14.4 (effectively regulate fishing, put an end to overfishing and illegal fishing). The Biodiversity action plan will be further developed during 2020 to refine AXA's contribution to this SDG.
	SDG no. 15 – Life on land	The AXA-WWF report and the creation of the Climate and Biodiversity Impact Fund (described in Section 7.3 "Climate change and biodiversity") as well as the first actions developed within the framework of the WWF partnership initiate AXA's contribution to "mobilize financial resources from all sources and significantly increase them to preserve biodiversity and ecosystems" (SGD 15.a). The Biodiversity action plan will be further developed during 2020 to refine AXA's contribution to this SDG.
	SDG no. 7 – Affordable and clean energy	Our "green" investment target of €24 billion by 2023 as described in Section 7.3 "Climate change and biodiversity" contributes directly to the 7.2 target, which consists in significantly increasing the share of renewable energy in the global energy mix by 2030.
Health and disease prevention	SDG no. 3 – Good health and well-being	AXA's initiatives to exclude the cigarette industry (described in Section 7.3 "Climate change and biodiversity") are in line with the objective of implementing the WHO Framework Convention on Tobacco Control. In addition, AXA's Health initiatives are strongly focused on the prevention of non-communicable diseases, with the *"Beating Obesity and Diabete Initiative* (BODI) and the Unicef partnership described in Section 7.4 "Inclusive Insurance", which aimed at struggling against the dual global epidemic of obesity and diabetes, affecting both mature and emerging countries (SDG 3.4). AXA also contributes to the prevention of road accidents (SDG 3.6).
Social inequalities and inclusion	SDG no. 1 – No poverty	AXA Hearts in Action volunteers provide assistance to people living in extreme poverty and help eradicate the phenomenon, notably through a financial *education* program (SDG 1.1 and 1.2). In addition, the AXA-Care partnership contributes directly to building the resilience of poor people and reducing their exposure to extreme weather events (SDG 1.5). These actions are described in Section 7.4 "Inclusive Insurance".
	SDG no. 5 – Gender equality	For many years now, AXA has been pursuing a proactive diversity and inclusion policy (described in Section 7.2 "Social Information"): ending discrimination against women and girls (SDG 5.1), guaranteeing the equal participation of women in management positions (SDG 5.5). The program "Women in insurance" developed in Section 7.4 "Inclusive Insurance" constitutes the "business" component of the program, providing women with adapted financial protection solutions.
	SDG no. 10 – Reduced Inequalities	Program towards women and emerging customers (described in Section 7.4 "Inclusive Insurance") are also part of SDG 10.2, helping to empower all people and promote their social, economic and political integration, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status.

Corporate Responsibility governance & Stakeholder dialogue

AXA has established a solid governance framework to develop and implement its Corporate Responsibility (CR) strategy. Each year, the Compensation and Governance Committee of the Board of Directors reviews the CR strategy, which is also submitted to the Group Executive Committee, at least once a year, for major decision-making. At the local entity level, a network of Corporate Responsibility Directors is in charge of implementing the CR strategy and promoting best practices. This network is supported by local CR teams.

AXA also relies on its Stakeholder Advisory Committee to better assess issues of future interest. In 2014, AXA created this committee to push forward the Group's role in building a stronger, safer and more sustainable society. Twice a year, it brings together external and influential figures, who are collectively representative of civil society, as well as AXA's Management Committee and members of the Board of Directors.

This group acts as an informal forum for in-depth discussions on the major trends that are shaping the world by addressing "business" and "sustainable" issues. Topics discussed in 2019 included: social inequalities and inclusion, AXA's contribution to the SDGs as well as Group's responsible investment strategy, Climate policy, and AXA XL's Ocean program.

In addition, the November 2019 session was largely devoted to the integration of social and environmental issues into the new AXA Group 2021-2023 Strategic Plan.

More detailed information on the Stakeholder Advisory Committee is available hereafter: www.axa.com/en/about-us/stakeholder-advisory-panel.

It should also be noted that AXA's responsible business strategy and initiatives are presented at least once a year to the Company's social authorities (social partners). Dialogue with NGOs is also regular through meetings or responding to their requests (replies to questionnaires, for instance).

Sustainability Risk Assessment

In accordance with the requirements of Directive 2014/95/EU related to extra-financial reporting, AXA has conducted an internal risk assessment to identify its main "sustainability risks".

APPLIED METHODOLOGY TO MAP SUSTAINABILITY RISKS

The approach implemented is based on collaborative work by Group Risk Management and Corporate Responsibility teams, which consisted in identifying risk factors for each area related to corporate responsibility: social impact, respect for human rights, environmental impact, societal impact and to business behavior. These risks have been revised and assessed by experts according to their frequency and potential impact (financial, human, reputation, operational, environmental). The rating scale from 1 ("Low") to 3 ("High") is the same as for the Group operational risks mapping.

Results were then cross-referenced with the AXA Group Operational Risk Profile (for more information on operational risks, please refer to Section 4.7 "Operational risk" of this Annual Report) as well as AXA's Emerging Risks Survey, which outlines major emerging risks for society at large (for more information on emerging risks, please refer to Section 4.8 "Other material risks"). In order to incorporate external analysis, the most significant risks were also compared to the Dow Jones Sustainability Index' assessment.

In order to update non-financial risk assessment carried out in 2018, results were reviewed by the Group departments initially involved: Group Corporate Responsibility, Group Risk Management, Group Human Resources, Group Emerging Customers, Group Compliance, Group Procurement, Group Public Affairs, Group Investor Relations, Group Tax, and Group Legal. In addition, following the acquisition of the XL Group in September 2018, CR and Risk teams of XL Group have been included in this review. From this year update, the following emerged:

- the consideration of UN sustainable development objectives no longer as a risk but as a framework for strategic thinking developed in the paragraph "AXA's contribution to UN sustainable development objectives";
- the split of environmental risk into two distinct risks related to climate change: both AXA's impact on climate change and the impact of climate change on the business;
- the consideration of biodiversity as an emerging risk despite a stable rating compared to 2018;
- fair business practices-related issues have been removed from the list of AXA main CSR risks and are treated as "other issue" outside of the extra-financial regulated framework.

This approach led to identify main non-financial risks and corresponding mitigation policies been implemented with key performance indicators.

The non-financial risk mapping has been approved by Group Operational Risks Committee (OPARCC).

2019 UPDATE RESULTS FOR MAIN NON-FINANCIAL RISKS

Based on this methodology, and in application of article L.225-105-102-1 of the French Commercial Code related to extra-financial reporting, the following main risks have been identified:

- **social risks:** responsible employment practices, social dialogue and working conditions, employee development, talent attraction and retention. See Sections 7.2 "Social Information" and 7.4 "Inclusive Insurance" for further information;
- **Human Rights risks-related:** "inclusive" insurance solutions, customer protection, customer data protection, and preventing human rights violations within our supply chain. More information on these risks can be found in Sections 7.4 "Inclusive Insurance", 7.5 "Business behavior" and 7.6 "Vigilance plan";
- **environmental risks:** climate change related issues (both AXA's impact on climate change and the impact of climate change on AXA's business) are developed in Section 7.3 "Climate change and biodiversity";
- **societal risks issues:** include partnerships and philanthropy and stakeholder engagement practices. See paragraph "Governance and Stakeholder Dialogue" and Section 7.4 "Inclusive Insurance" for more information;
- **risks related to fight against corruption and tax evasion:** see Section 7.5 "Business conduct" and 7.6 "Vigilance Plan".

Other issues have also been identified:

- **fair business practices-related issues:** include ensuring our suppliers and contractors meet CR requirements. See Sections 7.5 "Business behavior" and 7.6 "Vigilance plan" for more information;
- **biodiversity:** AXA has chosen to develop an ambitious biodiversity strategy. Indeed, as explained in Section 7.3, despite suffering from a relatively low attention by investors today, biodiversity-related risks may become a significant area within sustainable finance going forward.

AXA Tianping, our new P&C insurance entity in the Chinese market

AXA Tianping became a fully owned AXA company on December, 13, 2019. However, its commitment to Corporate Responsibility is already deeply rooted, through actions taken around poverty alleviation, health, and the environment. AXA Tianping is an active participant in Insurance Day, a Chinese government initiative to consolidate and amplify insurance company's charitable actions at the national level. Each one of our 25 branches spread across the country participate in community led projects in the form of charitable giving for poverty alleviation (such as the donation of 100,000 RMB to finance a "foster home" for blind children awaiting care and adoption), community actions (including prevention through safe driving), and environmental actions (such as the planting of 34,484 trees in central China, Shaanxi province, in 2019).

In 2019, AXA Tianping had been included in the social reporting for headcount and payroll indicators and excluded from environmental and societal reportings.

Ratings

The Group's environment, social and governance (ESG) performance is evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also included in main international sustainability indices. These ratings are described in further detail in Chapter 1 "The AXA Group" of this Annual Report.

Reporting certification

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third-party, presents in its report, featured in Section 7.5, a reasoned opinion on the compliance of the extra-financial performance statement with the provisions of French regulations (Article R.225-105 of the French Commercial Code) and on the sincerity of the information provided.

Reporting methodology

An assessment of the social, environmental, societal, business behavior and Human Rights impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the French Commercial Code. Definition of key performance indicators are still in progress for issues related to: corruption, responsible procurement, Human rights and consumer protection.

PERIMETER

For perimeters defined below, indicators are fully consolidated, unless otherwise indicated.

Scope of social indicators

The social data provided in Section 7.2 "Social Information" are collected from 256 active entities of the AXA Group, all included in the consolidation scope of AXA (*i.e.* fully consolidated for the preparation of the Consolidated Financial Statements as of December 31, 2019, in other words, subsidiaries in which AXA holds, directly or indirectly, management control).

The scope corresponds to legal entities (companies and/or organizations) which AXA owns, as of the end of year, directly or indirectly with at least 50% of the capital or voting rights. This scope is updated annually following potential acquisitions/mergers or business disposals. 256 active legal entities reported their 2019 social data. Therefore the subsidiaries that were financially consolidated during the reporting year or whose employees were incorporated during the reporting year are included in the 2019 scope. In particular, AXA Tianping has been included in the social reporting for headcount and payroll indicators only.

Scope of environmental indicators

The environmental data provided in Section 7.3 "Climate change and biodiversity – Own operations" are collected from 98 entities, in accordance with the same rules used to define the scope of the social indicators (*i.e.* subsidiaries that are consolidated using the full consolidation method as at December 31, 2019). AXA sites with fewer than 50 FTEs are not included in the data collection, but are part of an extrapolation process. In 2019, environmental indicators were collected for 101,354 FTEs working on AXA sites (unless otherwise indicated) and were then extrapolated, continent by continent, to cover all 121,337 salaried FTEs (all types of contracts) working at AXA Group in average in 2019.

Section 7.3 also describes the manner in which AXA strives to integrate environmental issues into its business, as an insurer and an investor. The perimeter of AXA's responsible investment strategy (which includes climate finance) covers AXA's own assets, while our climate-related insurance activities cover essentially our P&C Commercial lines business.

In particular, AXA Tianping has not been included in the environmental reporting process. This entity is nonetheless gradually being integrated into AXA's policies and processes.

Scope of societal indicators

Our Community Investment Survey, as described in Section 7.4 "Inclusive Insurance", covers 84% of AXA's FTEs. AXA Tianping has not been included in this year scope for societal indicators.

PERIOD

The indicators cover the period from January 1 to December 31, 2019, unless mentioned otherwise. To facilitate their collection and processing, some data may be collected earlier in the year. The data for any remaining months (maximum 6 months) is then estimated in accordance with Group's defined methodology.

DATA COLLECTION

The social data provided in Section 7.2 "Social Information" are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. Social data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There is no estimation or extrapolation made on the data provided. Regarding data published in ratios and percentages, numerator and denominator are realigned for each calculation to exclude entities with empty data points.

As explained above, environmental data is collected from AXA sites with more than 50 FTEs as well as AXA-owned data centers. Environmental data contributors are required to gather all the relevant data into a dedicated reporting tool. For each site, contributors specify whether data has been measured or estimated based on the calculation rules defined in the Group's reporting procedures. In 2019, environmental data was collected for 84% of our total FTEs, and the remaining 16% was extrapolated. Please refer to Section 7.3 "Climate change and biodiversity – Environmental reporting process and verification" as well as perimeter notes below our environmental data table for further information. Environmental data and more generally policies regarding our investments and insurance business are handled by various teams including Group Investment, Group Corporate Responsibility, Group Risk Management and Group Insurance Office.

Regarding societal data, please refer to Section 7.4 "Inclusive Insurance – Corporate philanthropy and engagement". Notably, the number of unique volunteers is an estimate based on local entity knowledge of volunteering activities.

METHODOLOGICAL PRECISIONS AND LIMITATIONS

Reporting on certain indicators may have limitations due to:

- the absence of nationally and/or internationally recognized definitions, concerning the different categories of employment contracts;
- the necessary estimates, the representativeness of the measurements made or the limited availability of external data required for calculations as the required annual update of emission factors;
- the practical procedures for collecting and entering this information.

Therefore, whenever possible, definitions, methodologies and, where applicable, the associated margins of uncertainty are specified for the concerned indicators.

BUSINESS BEHAVIOR: METHODOLOGY AND REPORTING SCOPE

Over the year 2019, AXA has provided in-depth information related to policy and governance of the main risk linked to business behavior. Specific to these, AXA has developed robust internal processes and has implemented necessary policies as well as Key Performance Indicators to measure their effectiveness.

However for some specific risks such as customer protection, prevention of human rights violations within the supply chain and fight against corruption, the current disclosure includes internal policies, framework and due-diligences measures implemented by AXA. These are described in Sections 7.5 "Business Behavior" and 7.6 "Vigilance plan". In line with 2014/95/UE Directive requirements relative to extra-financial reporting, the Group has been working towards the development of Key Performance Indicators for these specific topics as part of its 2019 non-financial disclosure.

USE OF INTERNATIONAL BENCHMARK

In order to develop its Corporate Responsibility strategy and report on its extra-financial performance, AXA voluntarily complies with certain international benchmarks, as described in this chapter. These include, for example, the United Nations SDGs (as developed above) and the Greenhouse Gas Protocol (ghgprotocol.org) for the calculation of CO_2 emissions. Other benchmarks are highlighted in the relevant sections, where appropriate.

7.2 SOCIAL INFORMATION

Foreword

AXA is constantly working on being a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this ambition has meant creating a workplace built on AXA's values, which foster diversity and equal opportunities for all, promote employee participation, encourage professional development and support employee well-being. For additional and more comprehensive information, refer to "About Us" and "Career" pages on www.axa.com.

In accordance with the non-financial reporting Directive 2014/95/EU, the AXA Group has identified three main potential social challenges looking forward:

- not maintaining sustainable and responsible employer practices everywhere through an ambitious employer value proposition, including work conditions and continuous dialogue with our people;
- insufficient growth and development opportunities, limited internal and external employability and skills becoming obsolete in a disrupted business environment;
- not attracting, retaining and managing talents because of inability to build an inclusive and engaging environment.

For further details on the sustainable risk assessment, please refer to Section 7.1.

AXA is committed to analyze those trends, to anticipate and adapt its employer proposition and practices. AXA is targeting the creation of a workplace reflecting the values of the Company, which:

- fosters diversity as it breeds performance and innovation, promotes equal opportunities for all and creates the conditions for everybody to express his/her full potential at work;
- encourages employees' participation in the decision-making process and enable them to take risks;
- provides best in class solutions and opportunities for continuous learning and professional development;
- recognizes merit and people contribution to inspire others to follow the example;
- promotes a culture where people are encouraged to share feedbacks to collectively improve the way of operating together;
- promotes the balance between work and life and safeguards physical and mental health of people at work.

To confirm the relevance of the employer's proposition and its adequate global execution, the Group has established a continuous dialogue with its people who have the responsibility to spot potential misalignments and suggest the management actions to repair. Regular employee engagement surveys are managed across the organization.

Workforce at a glance

AXA's overall salaried workforce on December 31, 2019, was 120,869 employees (open-ended and fixed-term contracts), which represents a decrease of more than 4% compared to 2018. This decrease is mainly due to (i) the disposal of Equitable Holdings, Inc., representing some 7,800 employees, (ii) the finalization of the acquisition of the AXA Tianping entity, representing some 3,000 employees, and (iii) the decrease of AXA's workforce split between the different markets and transversal operations.

HIGHLIGHT & KEY FIGURES: GEOGRAPHICAL FOOTPRINT DISTRIBUTIONS*

Continents	Headcount	Distribution
Europe	69,989	58.0%
Asia-Pacific	31,267	26.0%
Americas	12,460	10.0%
Africa	7,153	6.0%
TOTAL	**120,869**	

* *Open-ended and fixed-term contract headcount.*

In terms of geographies, the footprint of AXA's salaried workforce in 2019 was: 58% in Europe (+1.4 points compared to 2018), 26% in Asia-Pacific and the Middle-East (+3.5 points compared to 2018), 10% in the Americas (-5.2 points compared to 2018) and 6% in Africa (+0.4 point compared to 2018).

For further details on the above figures and a comparison between 2018 and 2019, please refer to the tables at the end of Section 7.2.

Employee relations and work conditions

Maintaining sustainable and responsible employer practices and fostering social dialogue and work conditions are priorities at AXA. Over the past years, AXA, as a mature organization, implemented processes and instances that let the social dialogue and work conditions develop in its different entities globally.

A CONTINUOUS AND ESTABLISHED SOCIAL DIALOGUE

AXA is a United Nation Global Compact signatory and is committed to uphold the right to freedom of association and collective bargaining. Besides, labor-management communications and social dialogue pave the way for the stability required to implement the Group's business development strategy. Each AXA entity, therefore engages with staff and/or their representatives for communications on a regular basis. AXA has also set up a European Works Council (EWC), which extensive role goes beyond regulatory requirements.

ENGAGING PEOPLE AND BUILDING A FEEDBACK CULTURE

AXA is committed to build an environment where the voices of employees are heard, and actions are taken to ensure they remain engaged. AXA uses the short and focused Pulse survey approach to measure its culture and quickly identify areas of improvement.

The frequency has steadily increased from one Pulse survey in 2017 to two in 2018 and three in 2019. AXA, globally measures employee engagement using Employee Net Promoter Score (eNPS). In 2017, this score was -5, in 2018, it was +7, against a balanced target of 0. The Group had a target of reaching 14 by December 2019 which was surpassed by 7 points standing at an eNPS of 21.

For further information on the eNPS and to know more about the eNPS calculation methodology, please refer to the "A new method to collect feedback and measure employee engagement" on www.axa.com.

RESPONSIBLE WORK CONDITIONS RESPECTING WORK-LIFE BALANCE

AXA is committed to helping employees to live a better life, including well-being and work-life balance.

Offering an inspiring and inclusive work environment is a significant part in AXA's overall employee value proposition. The Group is working on building an inclusive workplace environment through the New Way of Working (NWOW) approach: an environment that sustains different forms of flexible work arrangements (teleworking, part-time work, hot desking, desk sharing, flexible hours, compressed work week). In 2019, 32% of AXA salaried employees under open-ended contracts do teleworking (36% of non-sales and 8% of sales salaried forces). In Europe, more than 41% of non-sales salaried workforce with open-ended contract do telework.

SECURED WORK CONDITIONS

As a responsible insurer and employer, it is in AXA's DNA to protect all its personnel as per international best practices, under the legal requirements of "duty of care" and "duty of vigilance" and in three major dimensions:

- "Physical security": protection of employees from intentional threats (crime, terrorism, political and social instability);
- "Health & safety": protection of personnel from hazard and accidents (fire, pandemics, natural disasters, etc.);
- "Crisis management": when an incident requires extraordinary processes to be managed.

The physical security baseline defined by Group Security has been implemented in 90% of the Group as of end 2018 – in line with Group Management Committees objectives.

Learning environment and skills management

In an unpredictable business environment, with the emergence of new risks and competitors, AXA needs to ensure that its business, organization and people are ready to face new challenges. The insurance sector is changing fast as technologies and customers' expectations disrupt the market. Therefore, business and support functions need to constantly adapt to the environment, which opens plenty of opportunities for AXA people to enhance their skills-set. Learning is more than a key lever to enable employees to grow and develop the skills of the future. A lack of career, skills and talent management, in a highly-competitive environment, could impact AXA's competitiveness.

TALENT AND SKILLS MANAGEMENT FRAMEWORKS AIMING AT ATTRACTING KEY TALENTS

AXA ambitions to act on key dimensions of the employee lifecycle:

- Employer brand and value proposition, to continue attracting new critical talents with a strong capability to deliver to ensure AXA's strategy success; AXA Group applies a "pay-for-performance" approach. AXA's policy is to target benefits coverage at a minimum level of the median of the relevant market. Benefits should include pension, healthcare and protection covers.
- AXA established Group-wide mobility policies and processes which allow people to move within the Group and thereby help AXA better source the right people for its business needs. In 2019 the number of international moves supported by the dedicated center of expertise (IMS) remained stable (794 employees supported compared to 785 in 2018).
- Leadership management, to ensure current and future leaders, as well as supporting employees with potential for future growth to get the continuous support they need to lead and transform our business and culture. Through the Organization and Talent Review (OTR) that is in place since 2005, AXA performs a systematic review of the organization structure required by its current business and its future needs;
- Employee development, to offer differentiating learning and development actions to employees.

AN AMBITIOUS AND GLOBAL LEARNING AND DEVELOPMENT OFFER

AXA's learning and development function is dedicated to the progressive transformation of AXA into an adaptive and self-learning organization. The vision of the Group is to help people to continuously learn at any time of their workday, individually and collectively, and to foster new ways of learning: to learn continuously in order to thrive in a constantly changing environment. This ambition is supported by an easily accessible and dedicated digital ecosystem. Following the success of AXA's partnership with Coursera since 2017, AXA is getting into a new partnership with LinkedIn Learning, which platform will allow more people to learn.

After the 2018 "AXA Learning Games" dedicated to learning practices and to support AXA's employees to understand the changing consumer behaviors, a global learning competition, "AXA Learning Week", was launched in 2019 to bring a common understanding of evolving customer needs and expectations. More than 8,030 employees worldwide actively took part to it.

Besides, the AXA Leadership Academy guide our Global Leadership Network members into dedicated Leadership programs. For the rest of AXA learning employees, 574 digital modules are offered on the topics of Leadership, Management and Personal excellence (40,000 short courses were followed in 2019 and over 28,000 were completed).

In 2019, more than 362,000 days (compared to 327,000 days in 2018) have been delivered corresponding to 3.2 learning days on average by employee, compared to 2.7 days in 2018.

Diversity and Inclusion breeding talent and innovation

To tackle tomorrow's challenges, AXA aims at setting and enriching an environment and culture, which values diversity and inclusion, for all employees. AXA's workforce should reflect the diversity of the markets in which AXA operates, and the middle and top management play a central role in reaching those objectives. Indeed, AXA Group is convinced that diversity and inclusion management are key levers to breed talent and innovation within the organization and to remain a top player of the market.

DIVERSITY AND INCLUSION AMBITION, AND FOCUS ON GENDER BALANCE

As diversity and inclusion are recognized as important drivers to breed talent and innovation, attract and retain the best talents and remain the preferred employer of the market, AXA promotes diversity through its recruitment, learning and development and talent management processes. AXA's leaders act as advocates for those commitments and are committed to support the Group to (i) reach gender balance across all levels of the organization, (ii) raise awareness on disability and (iii) maintain the momentum on the inclusion of LGBT+ community.

At the end of 2019, women made up over 54% of AXA's sales and non-sales workforce and held 31% (+2 points compared to 2018) of all Executives sales and non-sales positions. Since 2009, AXA has been tracking representation of women among its Top Senior Executives' population.

The priority is to reach gender parity by 2023 among Top Senior Executives' population. When we implemented the Global Leadership Network in early 2019, women represented 30% of this population. By the end of 2019, we had reached 32%. AXA has focused on several actions:

- ask top management to play a more active role to foster gender diversity – diversity objectives are set to all Top Senior Executives with a clear focus on gender diversity. Diversity in teams is a shared goal for AXA's 300 Top Senior Executives (the Global Leadership Network – GLN). Management Committee and Partners members were involved in a sponsorship initiative launched until December 2019 targeting 30 talents: 23 women (among them 83% are in operational roles) and 7 men (among them 86% are in operational roles). This sponsorship initiative is a component of two different programs feeding the pipeline of future leaders:
  - launched in 2014, the "Group Sponsorship Tandem" program (GSTP) was designed to develop female talent across the Group. In 2019, we ran the 5th wave of this program, involving 16 talented women, each one being sponsored by a Group Management Committee or Partners Group member. Among the participants to the five successive waves of the GSTP, 35% have a GLN position,
  - launched in 2017, the "Global Executive Development" (GEDP) program was a 2-year program built for executives, women and men, who have the potential to grow into key global leadership positions. 55% (40% of women) of GEDP participants are now holding a GLN role;
- strengthen gender balanced talent pipelines and succession plans: AXA entities have been requested to set up local targets of female representation at local Executive Committee level (some 300 people) and executive level (more than 3,000 people);
- design the innovative AXELERATE learning solution to support 10,000 managers worldwide in the transformation journey, with the aim to equip them with key collaboration skills and modern networking leadership skills. The roll-out of this solution was finalized in 2019;
- hire and promote talented women at leadership levels – AXA applies gender equality in recruitment processes. For each opened Senior position, the shortlisted applicants are at least one man and one woman. Recruiter managers are key players in that domain.

At the end of 2019, the gender diversity within leadership teams was the following:

HIGHLIGHT & KEY FIGURES: AXA'S LEADERSHIP TEAMS GENDER DIVERSITY

	Management Committee		Partners Group		Top Senior Executives	
	2019	2018	2019	2018	2019	2018
Women	15%	9%	23%	17%	32%	32%
Men	85%	91%	77%	83%	68%	68%
TOTAL	**13**	**11**	**47**	**36**	**263**	**150**

AXA is committed to reach gender parity amongst senior executives by the end of 2023.

The Management Committee assists the Chief Executive Officer in the operational management of the Group.

The Partners Group is composed of the members of the Management Committee and approximately thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in the definition and implementation of key strategic initiatives.

The GLN was launched in 2019, replacing the network of GSEs (Global Senior Executives). The network is made up of CEO and Executive Committees of AXA's largest markets, growth engines and major transversal entities, as well as senior leaders from the corporate functions, markets and some country CEOs. This structure has been built to leverage the Group of Top Senior Executives who are critical to drive AXA's transformation over the coming years.

For more information on AXA's D&I policy in top management, please refer to the "Reaching gender balance across the organization" page on www.axa.com.

AXA, GLOBALLY COMMITTED WITH CIVIL SOCIETY ABOUT DIVERSITY AND INCLUSION

As a responsible company, AXA wants to support civil society and Non-Governmental Organizations. By partnering with associations and external organizations, the Group contributes to a better society and learns from others to educate and to improve the inclusion initiatives that are put in place within the Company.

In March 2019, as a result of AXA employees' engagement to the #HeForShe campaign launched on International Women's Day, AXA donated €20,000 to Plan International, to support girls' education through programs run in Cameroon and in Togo.

On December 3, 2019, AXA shared its commitment to the Valuable 500, a global movement putting disability inclusion on the business leadership agenda.

Finally, AXA continues reinforcing its partnership with LGBT+ organizations to raise awareness across the Group and extend its network in those communities.

GROUP SOCIAL INDICATORS

Workforce [(a)]

Headcount (number of persons) as of December 31	2019		Evolution	2018		2017	
Total headcount of salaried workforce (open-ended and fixed-term contract)	**120,869**	**emp.**	**-4.0%**	**125,934**	**emp.**	**116,514**	**emp.**
Headcount of salaried workforce with open-ended contract	**115,070**	**emp.**	**-3.9%**	**119,780**	**emp.**	**111,588**	**emp.**
■ Proportion of men	46.4	%		46.6	%	46.6	%
■ Proportion of women	53.6	%		53.4	%	53.4	%
Headcount of salaried non-sales force	**98,883**	**emp.**	**-3.9%**	**102,843**	**emp.**	**95,447**	**emp.**
All Executives	3,172	emp.		3,583	emp.	3,255	emp.
■ Proportion of men	69.0	%		71.0	%	70.6	%
■ Proportion of women	31.0	%	+2.0pts	29.0	%	29.4	%
All Professionals	46,611	emp.		48,504	emp.	14,828	emp.
■ Proportion of men	53.9	%		54.9	%	57.4	%
■ Proportion of women	46.1	%	+1.0pt	45.1	%	42.6	%
Associates	49,100	emp.		50,756	emp.	77,364	emp.
■ Proportion of men	37.0	%		36.0	%	42.7	%
■ Proportion of women	63.0	%		64.0	%	57.3	%
Headcount of salaried sales force	**16,187**	**emp.**	**-4.4%**	**16,937**	**emp.**	**16,141**	**emp.**
■ Proportion of men	49.2	%		49.4	%	50.8	%
■ Proportion of women	50.8	%	+0.2pt	50.6	%	49.2	%
Headcount of salaried workforce with fixed-term contract	**5,799**	**emp.**		**6,154**	**emp.**	**4,926**	**emp.**
■ Non-sales force	4,321	emp.		4,752	emp.	4,282	emp.
■ Sales force	1,478	emp.		1,402	emp.	644	emp.

Full-Time Equivalents (headcount converted into full-time equivalents)	2019		Evolution	2018		2017	
Average FTE of salaried workforce	**110,701.9**	**fte**	**-4.4%**	**115,768.5**	**fte**	**106,928.6**	**fte**
Average FTE of salaried non-sales force	94,558.6	fte		99,134.4	fte	91,109.7	fte
■ All Executives	3,133.2	fte		3,657.6	fte	3,203.2	fte
■ All Professionals	44,744.6	fte		46,263.1	fte	14,804.2	fte
■ Associates	46,680.7	fte		49,213.7	fte	73,102.3	fte
Average FTE of salaried sales force	16,143.3	fte		16,634.1	fte	15,818.9	fte
Average FTE of temporary non-salaried staff	**10,634.8**	**fte**		**8,586.9**	**fte**	**8,399.9**	**fte**
■ Non salaried temporary staff and contingent workers	7,594.0	fte		5,768.1	fte	5,784.9	fte
■ Trainees/Apprentices	3,040.8	fte		2,818.8	fte	2,615.0	fte

Profile of employees	2019		Evolution	2018		2017	
Average age of salaried workforce	**40.5**	**yrs**	**- 0.7%**	**40.8**	**yrs**	**40.9**	**yrs**
■ Non-sales force	40.4	yrs		40.7	yrs	40.8	yrs
■ Sales force	41.2	yrs		41.4	yrs	41.4	yrs
Average length of service of salaried workforce	**10.3**	**yrs**		**10.4**	**yrs**	**10.8**	**yrs**
■ Non-sales force	10.6	yrs		10.7	yrs	11.3	yrs
■ Sales force	8.1	yrs		8.2	yrs	8.3	yrs
Disability (open-ended and fixed-term contract)							
Number of employees with disabilities – concerns entities operating in France only	760	emp.		743	emp.	770	emp.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

Workforce Dynamics [a]

Movements	2019		Evolution	2018		2017	
Movements of salaried workforce							
Net headcount evolution (entries versus departures)	-8,369	emp.		707	emp.	-2,176	emp.
■ Entries	17,199	emp.	-11.9%	19,533	emp.	16,766	emp.
■ Departures	25,568	emp.	+35.8%	18,826	emp.	18,942	emp.
Movements of salaried non-sales force							
Net headcount evolution (entries versus departures)	-6,891	emp.		234	emp.	-1,729	emp.
Entries	13,538	emp.	-10.7%	15,165	emp.	13,302	emp.
■ Number of external recruitments (including re-hires)	11,603	emp.		13,218	emp.	11,467	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,882	emp.		1,915	emp.	1,637	emp.
■ Number of entries following mergers and acquisitions	53	emp.		32	emp.	198	emp.
Departures	20,429	emp.	+36.8%	14,931	emp.	15,031	emp.
■ Number of resignations	8,418	emp.		9,460	emp.	8,332	emp.
■ Number of economic/collective layoffs	1,213	emp.		1,352	emp.	1,894	emp.
■ Number of individual layoffs	1,735	emp.		2,028	emp.	1,847	emp.
■ Number of retirements/pre-retirements	1,244	emp.		1,769	emp.	1,538	emp.
■ Number of departures due to external transfers [b]	7,636	emp.		129	emp.	1,252	emp.
■ Number of other departures	183	emp.		193	emp.	168	emp.
Movements of salaried sales force							
Net headcount evolution (entries versus departures)	-1,478	emp.		473	emp.	-447	emp.
Entries	3,661	emp.	-16.2%	4,368	emp.	3,464	emp.
■ Number of external recruitments (including re-hires)	3,567	emp.		4,265	emp.	3,336	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	86	emp.		98	emp.	94	emp.
■ Number of entries following mergers and acquisitions	8	emp.		5	emp.	34	emp.
Departures	5,139	emp.	+31.9%	3,895	emp.	3,911	emp.
■ Number of resignations	3,103	emp.		2,913	emp.	2,752	emp.
■ Number of economic/collective layoffs	117	emp.		122	emp.	82	emp.
■ Number of individual layoffs	410	emp.		500	emp.	490	emp.
■ Number of retirements/pre-retirements	254	emp.		264	emp.	240	emp.
■ Number of departures due to external transfers [b]	1224	emp.		77	emp.	321	emp.
■ Number of other departures	31	emp.		19	emp.	26	emp.
Movements of salaried workforce with fixed-term contract							
Net headcount evolution of salaried non-sales force (entries versus departures)	1,028	emp.		2,212	emp.	1,828	emp.
■ Number of external recruitments	4,842	emp.		5,531	emp.	5,337	emp.
■ Number of fixed-term contracts ended	3,814	emp.		3,319	emp.	3,509	emp.
Net headcount evolution of salaried sales force (entries versus departures)	597	emp.		376	emp.	172	emp.
■ Number of external recruitments	926	emp.		585	emp.	335	emp.
■ Number of fixed-term contracts ended	329	emp.		209	emp.	163	emp.

(a) AXA Tianping (2,988 salaried employees with open-ended contract), AXA Next (38 salaried employees with open-ended contract) and Kamet (352 salaried employees with open-ended contract) businesses did not report the movement indicators.

(b) Salaried workforce who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses, the employee is no longer under a contract with AXA.

Mobility	2019		Evolution	2018		2017	
Internal mobility rate of salaried workforce	**8.2**	**%**	**-0.7pt**	**8.9**	**%**	**10.5**	**%**
■ Non-sales force	8.9	%		9.6	%	11.3	%
■ Sales force	4.2	%		5.0	%	6.1	%

Employee turnover	2019		Evolution	2018		2017	
Turnover rate of salaried workforce	**15.0**	**%**	**-0.6pt**	**15.6**	**%**	**15.4**	**%**
■ Involuntary (layoffs/dismissals)	3.1	%		3.6	%	3.8	%
■ Voluntary (resignations)	10.4	%		10.4	%	9.8	%
■ Other reasons (pre/retirements and miscellaneous)	1.5	%		1.9	%	1.8	%
Turnover rate of salaried non-sales force	**13.3**	**%**	**-1.1pt**	**14.4**	**%**	**14.3**	**%**
■ Involuntary (layoffs/dismissals)	3.0	%		3.6	%	3.9	%
■ Voluntary (resignations)	8.8	%		9.2	%	8.6	%
■ Other reasons (pre/retirements and miscellaneous)	1.5	%		1.9	%	1.8	%
Turnover rate of salaried sales force	**24.9**	**%**	**+2.1pts**	**22.8**	**%**	**22.3**	**%**
■ Involuntary (layoffs/dismissals)	3.4	%		3.7	%	3.6	%
■ Voluntary (resignations)	19.7	%		17.4	%	17.0	%
■ Other reasons (pre/retirements and miscellaneous)	1.7	%		1.7	%	1.7	%

Labour Relations(1)

Working time	2019		Evolution	2018		2017	
Average number of working days	**226.7**	**days**	**-1.1%**	**229.1**	**days**	**227.7**	**days**
Average number of working hours per week	**37.0**	**hrs**	**+0.5%**	**36.8**	**hrs**	**36.9**	**hrs**
■ Full-time employees	38.8	hrs		38.6	hrs	38.0	hrs
■ Part-time employees	26.4	hrs		25.9	hrs	26.6	hrs
Part-time salaried workforce							
■ Proportion of part-time salaried non-sales force	10.2	%		10.0	%	11.1	%
■ Proportion of part-time salaried sales force	4.4	%		3.1	%	2.7	%

(1) *AXA Tianping (2,988 salaried employees with open-ended contract), AXA Next (38 salaried employees with open-ended contract) and Kamet (352 salaried employees with open-ended contract) businesses did not report the labor indicators.*

Absenteeism	2019		Evolution	2018		2017	
Absenteeism rate of salaried workforce	**4.7**	**%**	**+0.0pt**	**4.7**	**%**	**4.7**	**%**
■ Proportion of absences due to sickness	70.3	%		69.7	%	69.9	%
■ Proportion of absences due to work related accidents	2.0	%		1.9	%	2.0	%
■ Proportion of absences linked to maternity/paternity leave	27.7	%		28.4	%	28.1	%
Absenteeism rate of salaried non-sales force	**4.9**	**%**		**4.9**	**%**	**4.9**	**%**
■ Proportion of absences due to sickness	69.8	%		69.7	%	69.5	%
■ Proportion of absences due to work related accidents	1.9	%		1.7	%	1.9	%
■ Proportion of absences linked to maternity/paternity leave	28.3	%		28.6	%	28.6	%
Absenteeism rate of salaried sales force	**3.8**	**%**		**3.5**	**%**	**3.7**	**%**
■ Proportion of absences due to sickness	73.9	%		69.4	%	72.5	%
■ Proportion of absences due to work related accidents	2.8	%		3.4	%	2.9	%
■ Proportion of absences linked to maternity/paternity leave	23.3	%		27.1	%	24.6	%

Compensation

Compensation cost	2019		Evolution	2018		2017	
Compensation cost of salaried workforce [(a)]	**8,152**	**€m**	**-12.1%**	**9,275**	**€m**	**8,501**	**€m**
■ Proportion of fixed pay (related to wages)	81.2	%		77.2	%	76.2	%
■ Proportion of variable pay (related to wages)	18.8	%		22.8	%	23.8	%
Annual gross payroll of salaried non-sales force							
■ Proportion of fixed pay (related to wages)	84.7	%		83.1	%	83.1	%
■ Proportion of variable pay (related to wages)	15.3	%		16.9	%	16.9	%
Annual gross payroll of salaried sales force							
■ Proportion of fixed pay (related to wages)	52.8	%		45.0	%	44.9	%
■ Proportion of variable pay (related to wages)	47.2	%		55.0	%	55.1	%

(a) As per the definition of compensation, it includes the individual fixed pay, the individual variable pay, employer social contribution and collective profit sharing (if any) and excludes equity based compensation (stocks options, performance shares, AXA Miles). On a constant exchange rate basis, total compensation cost increased by 11.2%.

Training[1]

Training days	2019		Evolution	2018		2017	
Number of training days of salaried workforce	**362,448.3**	**days**	**+10.8%**	**327,011.4**	**days**	**330,248.7**	**days**
■ Non-sales force	262,461.7	days		224,034.3	days	226,600.0	days
■ Sales force	99,986.6	days		102,977.1	days	103,648.7	days

Training attendees	2019		Evolution	2018		2017	
Percentage of salaried workforce having received at least one training course	**100.0**	**%**	**+2.2pts**	**97.8**	**%**	**84.2**	**%**
■ Non-sales force	100.0	%		97.6	%	83.5	%
■ Sales force	100.0	%		99.2	%	88.6	%
Average number of training days per salaried workforce	3.2	days		2.7	days	3.1	days
■ Non-sales force	2.7	days		2.2	days	2.5	days
■ Sales force	6.1	days		6.1	days	6.6	days

(1) *AXA Tianping (2,988 salaried employees with open-ended contract), AXA Next (38 salaried employees with open-ended contract) and Kamet (352 salaried employees with open-ended contract) businesses did not report the training indicators.*

7.3 CLIMATE CHANGE AND BIODIVERSITY

As described above in Section 7.1, environmental protection, including the interconnected issues related to climate change and biodiversity loss, is a key concern for the AXA Group as an insurer, investor and a large multinational corporation. This section covers all three dimensions.

AXA's position on climate change and biodiversity

Insurers are well positioned to address climate-related risks. They have claims loss data, as well as models and tools to analyze and project this data. They have a duty to disseminate knowledge about new risks and create adequate insurance products and investments policies. Finally, through their significant investments, they are also well positioned to send the right signals to the investment community and to the specific companies they invest in. This requires both collective efforts and more competitive initiatives:

- investments: green "transition" investments, divestments, carbon neutrality in investment portfolios shareholder engagement, and climate risk analysis (TCFD [1]);
- insurance: underwriting restrictions, "green/sustainable" products;
- operations: environmental footprint management;
- thought leadership, NGO partnerships, academic research.

In addition, several important steps were taken in 2019:

- in May 2019, the AXA Group published recommendations for stronger action on biodiversity risks (https://www.axa.com/en/newsroom/news/how-to-support-the-transition-towards-the-protection-of-biodiversity);
- in November 2019, the Group launched a new phase in its climate strategy, based on four new developments: the "Warming potential" of AXA's investments is to be contained below 1.5°C by 2050, a green investments target doubled to €24 billion by 2023, launching the "Transition Bonds" asset class, and a total exit from the coal industry. This is developed online (https://www.axa.com/en/newsroom/news/new-climate-strategy-2019) and below;
- a new CO_2 emissions target for the 2018-2025 period was defined.

These are developed online and in the following sections.

Investments

This section describes our Responsible Investment (RI) initiatives in line with the voluntary disclosure requirements related to the Taskforce on Climate-related Financial Disclosures (TCFD, which focuses on climate risks) and the mandatory disclosure requirements set out in the French decree implementing Article 173 VI of Law No. 2015-992 of August 17, 2015, on the energy transition for green growth (which focuses more broadly on ESG). This is why the text below extends beyond purely environmental factors. Furthermore, this text is an overview of our more detailed "2020 Climate Risk Report" [2], to be published on www.axa.com in 2Q 2020.

(1) Related to the recommendations from the TaskForce on Climate-related Financial Disclosures: www.fsb-tcfd.org.

(2) No information, document or item contained in AXA's Climate Report/TCFD 2020, or available on the Company's website in connection with the Climate Report/TCFD 2020, is incorporated by reference in this Annual Report.

DEFINITIONS AND GOVERNANCE

AXA defines RI as the integration of Environmental, Social and Governance (ESG) considerations into investment processes, including ownership practices. AXA's conviction is that ESG integration may impact long-term investment performance by offering an enhanced understanding of risk drivers. This conviction is derived from academic research and empirical market data. It is also a way to strive for alignment between our investments and broader CR commitments. AXA developed a comprehensive RI strategy covering the Group's General Account assets and is gradually extending it to its Unit-Linked investments. The process of ESG integration is coordinated centrally, with an active input from our asset managers that include ESG metrics in their investment analysis across asset classes and regions.

AXA's Group-level Responsible Investment Committee (RIC) is chaired by the Group Chief Investment Officer, and includes representatives from AXA's Asset Management entity, Corporate Responsibility, Risk Management and Communication. The RIC reports to the Group Investment Committee, chaired by the Group Chief Financial Officer. In addition, the "ESG Footprint Committee" reviews risks posed by companies or sectors presenting a low ESG performance and/or serious and persistent controversies. AXA's RI policy is supported by the RI Center of Expertise, a transversal working group from AXA's local investment teams interacting with the CR network. In addition, as mentioned in Section 7.1 "Social Information", the Board of Directors and Stakeholder Advisory Panel provide input into the Group's CR strategy.

RESPONSIBLE INVESTMENT STRATEGY

AXA's Responsible Investment strategy, embodied in its Global Responsible Investment policy (published on the Group's website: www.axa.com/en/about-us/responsible-investment), is based on five main pillars:

- developing and integrating ESG, climate and biodiversity-related metrics into investment processes and decision-making, using KPIs and qualitative research across most of our assets;
- excluding sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions (which apply both to investments and insurance) are published on AXA Group website (www.axa.com/en/about-us/responsible-investment) and currently include controversial weapons, coal, oil sands, tobacco, palm oil, and food commodity derivatives;
- investing in green bonds, transition bonds and impact investment funds;
- activating stewardship through voting and engagement on a range of ESG or sustainability issues.

The AXA Group as well as its in-house Asset Management entity AXA IM are signatories of the UN-backed principles for Responsible Investment (UN PRI). AXA launched an online training course on responsible investment in collaboration with the AXA Group's Responsible Investment Center of Expertise and AXA Investment Managers, which is mandatory for the AXA Group's investment community and is also open to all AXA employees.

ESG TOOLS AND METHODOLOGY

AXA tracks its investments' ESG performance by leveraging AXA IM's in-house ESG tool, where cross-asset ESG scores and "impact-type" metrics are developed to help monitor ESG risks, identify areas of improvement, set targets or guide shareholder engagement. This analysis process covers AXA's General Account assets (Sovereign and corporate bonds, equity, property, infrastructure and Commercial Real Estate debt):

- **for corporate issuers (equity and debt):** the ESG assessment focuses on the most material and impactful key ESG issues at sector level, taking into account sector/peer group performance and also factoring an analysis of material controversies;
- **for sovereign issuers:** AXA's ESG scoring uses public data sources such as the World Bank, the OECD, and the UN (e.g. environment, social and political risks), and the criteria are adapted to the development levels of countries;
- **for real assets (direct property, commercial real estate loans and infrastructure debt):** AXA's analysis framework is based on proprietary questionnaires covering criteria such as energy efficiency, environmental certificates, and accessibility.

Finally, "carbon footprinting", which is applied to our equities, corporate Fixed Income and Sovereign Debt assets, complements the ESG metrics. See also further climate-related KPI development in the following section.

CLIMATE RISK METHODOLOGY

As required by the TCFD guidelines and article 173, AXA strives to translate international climate objectives derived from the COP21 Paris Agreement into quantitative investment targets since 2016. In 2019, AXA deepened its work based on methodologies provided by external climate risk experts (Carbon Delta, Beyond Ratings, Trucost), while also using internal "NatCat" models to cover our Real Assets investments. This work covers two broad areas: "transition risks" and "physical risks", as defined by the TCFD and explained in more details below.

"Transition risks": financial risks and "portfolio alignment"

Modelling the extent to which investors may be impacted by shifting market and regulatory trends related to the transition to a low-carbon economy is termed "transition risk". It can be measured in financial risk terms (measured in Euros) or purely "climate impact" terms (measured in temperature rise).

- **Climate risk** (the potential impacts of climate change on AXA's investments): for equity and corporate bonds assets, AXA uses a framework developed by Carbon Delta (acquired by MSCI in 2019) which models transition risk based on "policy-related" risks arising from regulatory efforts to curb carbon emissions and comply with the 2015 Paris Agreement. This top down approach identifies emissions reductions targets by country, sector and company-level targets, applies corresponding carbon price constraints, compensated by future "green revenue" estimates. This approach enables to project companies' potential costs or gains, which are translated into a forward-looking "cost of climate" indicator. For AXA's sovereign portfolios, AXA uses another methodology (developed by Beyond Ratings, acquired by the London Stock Exchange in 2019) to evaluate a comparable "transition risk" metric based on the allocation of carbon budget by countries supporting various warming scenarios, depending on macroeconomic variables such as GDP growth, population growth and energy efficiency;
- **Climate impact** (the potential impacts of AXA's investments on the climate): in 2019, AXA has deepened its investigation of the concept of an "investment temperature". This approach, labelled "warming potential" in Carbon Delta's methodology, captures the climate-related aspects of a company's activities, including its direct and indirect greenhouse gas emissions, technology developments, and "green revenue" opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed to reach global climate target. This produces a "warming potential" indicator per company and sector, and ultimately for AXA's investments.

"Physical" risks: Climate Impacts on AXA's Real Assets portfolio

In addition to the aforementioned "transition" risks, climate change, and in particular, extreme weather events, may impact "real assets" such as real estate. This is termed "physical" risks according to the TCFD guidelines. As an insurer, AXA has a significant amount of claims-related data to conduct a "physical risks" analysis on its real estate portfolio. AXA's Investments and Group Risk Management teams collaborate to evaluate the financial impact of floods and windstorms on the buildings and infrastructure of these portfolios.

Our physical risk assessment for real estate uses "NatCat" models – generally only used to assess the impact of natural catastrophes on insured exposure – combining stochastic events (windstorms, floods, hurricanes) and a geolocalised portfolio of real assets. Specific "destruction rates", which factor location, building/infrastructure type and construction materials are then used to determine potential damage rates and derive a loss for each and every building/infrastructure.

Moreover, for corporate bonds and equities, the costs of "physical risks" have been assessed by modeling the expected financial impacts of extreme weather events on companies' facilities. The physical risk cost estimates factor in vulnerability to business interruption risk and asset damage, based on the exposure of facility locations to extreme weather events.

The analysis of "transition" and "physical" risks is further developed in our 2020 Climate/TCFD report.

2019: a new Carbon neutrality/1.5°C portfolio target

The Paris Agreement's goal to stabilize carbon emissions by 2050 ("carbon neutrality") requires that global warming be kept below +1.5°C compared to preindustrial levels during this century. The "warming potential" described above, which is a forward-looking and dynamic concept, is a relevant answer to this objective insofar as it is similar to a "projected carbon footprint".

Following in-depth analysis of "temperature" methodologies, AXA decided in November 2019 to align its investments with the Paris Agreement, thereby committing to achieve a 1.5°C "warming potential" by 2050.

Our 2019 TCFD-related modelling shows that our investments (corporates and sovereign) have a 3.1°C "warming potential". This is below the market reference of 3.7°C but nonetheless shows that investors are operating in a carbon-intensive economy that is not aligned with the Paris Accord. A vast energy transition effort is required. All companies must evolve, and it is incumbent on investors to identify and support relevant transition strategies.

AXA has therefore decided to join and support the UN-led "Net Zero Asset Owner Alliance", whose objective is aligned with this transition imperative (see below).

ESG AND CLIMATE-RELATED EXCLUSIONS

Certain activities and products are deemed to be inconsistent with our climate strategy and broader CR goals of protecting people over the long term. AXA has developed specific "sector guidelines" which apply both to investments and insurance (see following section). These currently include the following sectors:

- coal and oil sands;
- "controversial weapons" manufacturers that are banned by international conventions (antipersonnel landmines, cluster munitions/cluster bombs chemical, biological and depleted uranium weapons, nuclear weapons proliferation);

- tobacco manufacturers, whose products conflict with our role as one of the world's largest health insurers;
- palm oil producers which do not adhere to this industry's best sustainability practices (notably regarding deforestation, land and labor rights);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities.

In total, AXA's divestments (including new coal-related efforts in 2019 – see below) represent approximately €7.5 billion (coal, tobacco, oil sands, controversial weapons and palm oil, in decreasing order of magnitude, and including XL Group assets).

Climate-related exclusions: coal and oil sands

Carbon emissions will require significant curbing in order to reduce the risk of climate change, which may place business constraints on carbon-intensive industries, leaving some assets "stranded", which in turn may lead to reduced valuations. Current valuation models may not account for such risks adequately. Coal-based power generation is seen as the most risky industry in terms of such "asset stranding".

AXA acted early in May 2015 with a pioneering coal divestment, later strengthened in 2017 with underwriting restrictions, and extended these to our new entity AXA XL in 2018. In November 2019, this approach have been strengthened and complemented with a long-term perspective. AXA now bans investments, for General Accounts and in Unit-Linked assets in fully controlled mandates, in the following companies:

- power generation companies with coal share of power production (energy mix) over 30% and/or coal "expansion plans" producing more than 300 MW (previously: 3,000 MW) and/or over 10 GW of coal-based power installed capacity;
- mining companies with coal share of revenues over 30% and/or with annual coal production over 20 million tons and/or developing new coal mines;
- certain coal industry partners, defined as manufacturers (*e.g.* equipment suppliers) and infrastructure players (*e.g.* port terminals, dedicated railways) developing significant new coal assets;
- in addition to the above restrictions, AXA is now committed to a long-term "exit" strategy reducing exposure to the thermal coal industry to zero by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world, as suggested by the main climate scenarios (such as the IEA "Beyond 2°C" scenario). This approach is applied both to our investments and underwriting (see below) activity.

AXA notably encourages this transition through active shareholder engagement and client communication. In particular, as a shareholder, AXA engages, alone or within specific investor coalitions such as Climate Action 100+, with the companies concerned (whether client or portfolio companies), in order to encourage them to develop and disclose an exit or closure plan.

Because oil sands are also a particularly carbon-intensive form of energy, AXA also divested from the main oil sands producers and from the main associated pipelines players.

GREEN INVESTMENTS

In addition to "temperature" targets and divestments, green investments encourage various sectors to ramp up their climate strategy. In November 2019, having almost achieved previous target, AXA decided to commit to invest €24 billion in green investments by 2023. Green investments are defined as: green bonds, infrastructure debt & equity, impact investments, real estate, and commercial real estate loans. In December 2019, AXA's green investments reached €11.8 billion (€11.3 billion end of 2018).

AXA and the IFC, a member of the World Bank Group focused on the private sector, launched a US$500 million partnership in 2017, supporting an infrastructure fund that will notably finance green infrastructures in emerging countries, including renewable energy, water, green transport and telecoms. At the end of 2019, mandatory loans amount to US$390 million, of which US$120 million has already been financed. Coal and oil-sands related projects are explicitly excluded.

TRANSITION BONDS

Green or climate bonds are a recent but successful instrument designed to support projects with climate or environmental added value. However, it is also important to support carbon intensive players that are actively decarbonizing but have not yet reached the "greenness" that makes these efforts eligible to green bonds. This is why AXA IM developed the concept of "transition bonds" in 2019. In November 2019, AXA announced the launch of a first of its kind "transition bond" in partnership with Crédit Agricole CIB. AXA entirely financed a 100 million euro bond in a private placement where the proceeds will be used to refinance existing commercial loans made by Credit Agricole. In this transaction, the use of proceeds from the bond will be used to finance electricity production shifting from coal to gas, marine transport shifting from heavy fuel to gas, and industrial process improvements. The details of this project are available online and in our 2020 TCFD report. AXA IM is working with peers and policymakers to define acceptable "Transition Bonds principles".

BIODIVERSITY

Biodiversity loss endangers "ecosystemic services", which threatens both society and businesses that depend on them, and in turn investors and insurers that rely on a well-functioning economy. Biodiversity challenge is a natural extension of AXA's climate efforts. Indeed, climate change is severely compounding the destruction of ecosystems all around the world, adding pressures related to drought, ocean acidification, more intense natural catastrophes, etc. AXA's biodiversity strategy currently includes the following developments:

- in May 2019, during the G7 Ministerial meetings, AXA has presented with the WWF the report "Into the Wild – Integrating nature into investment strategies" designed to raise awareness on biodiversity loss and its economic and financial impacts. It presents several recommendations, including the launch of a "TCFD-like" broad-based taskforce to promote the protection and restoration of biodiversity. The report also called on the creation of biodiversity risk metrics adapted to investors, as well as several other developments (see www.axa.com/en/newsroom/news/how-to-support-the-transition-towards-the-protection-of-biodiversity);
- AXA launched its third "Impact Investment" fund during the G7 meetings, with a strong focus on biodiversity protection. This Impact Fund will invest between €150 million and €200 million of AXA capital to fund credible solutions that deliver measurable positive outcomes;
- the AXA Research Fund actively supports academic research on biodiversity risks (see Section 7.4 "Inclusive Insurance");
- AXA XL actively contributes to the Ocean Risk and Resilience Action Alliance (ORRAA), an alliance focused on developing risk management strategies using the experience and expertise of the insurance and broader finance community, to protect ocean biodiversity.

Insurance

GOVERNANCE

Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee, which defines underwriting restrictions. The Group CR team provides a bridge with the RI-related governance. In addition, a dedicated team with Group Risk Management analyses Emerging Risks via a specific framework, tools and local network. These risks, which often relate to long term ESG issues, are monitored and their potential impact assessed within a risk mapping framework (*e.g.* regulatory & legal, environmental, socio & political, economic & financial, medical and technological).

UNDERWRITING RESTRICTIONS

It is inconsistent to commercially support industries that the Group has divested from. Therefore, AXA also restricts insurance coverage for coal and oil sands-related assets (as well as in the other industries mentioned in the previous section), and arctic drilling. Since 2017, the underwriting restrictions ban Property and Construction covers for coal mines, coal plants, oil sands extraction sites or associated pipeline. In November 2019, AXA significantly strengthened these restrictions by adding the following coal-related restrictions at client-level, mirroring divestment criteria:

- any new and existing business, in any line of business is banned for power generation and mining clients developing new coal capacity (defined as developing more than 300 MW of new coal-based power);
- any new and existing business, in any line of business is banned for power generation and mining clients with significant coal business (defined as: power generation clients with more than 30% of coal share of revenues or coal-based energy mix and mining clients with over 20 million tons of coal extracted per year). A long-term target to achieve a "0%" exposure to coal business by 2030 in the European Union and OECD, and 2040 in the rest of the world, is also set;
- a case by case referral process is used to ban or authorize business with coal industry partners (such as equipment suppliers, port terminals, dedicated railways);
- Property and Construction covers are also banned for Oil & Gas extraction in the Arctic Region;
- the above rules do not apply to Employee Benefits (Health, Savings, Life insurance) or to reinsurance treaty. The details of these policies are published on AXA Group's website: https://www.axa.com/en/about-us/responsible-investment.

OUR PRODUCTS

In addition to reorienting its investment strategy, the Group seeks to minimize its "indirect" impact by offering insurance solutions that promote environmentally-friendly behavior. AXA XL underwriters have significant expertise and capacity for insuring clients in the energy industry, with a strong focus on renewable energy. Some local entities also develop Motor and car fleet insurance policies encouraging low CO_2 emission vehicles, home insurance policies encouraging energy efficiency, renewable energy installations, and environmentally friendly claims strategies. AXA Climate offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding). See details page 424.

Climate, biodiversity and ESG-related "outreach" and engagement

SHAREHOLDER ENGAGEMENT

AXA's investment and insurance restrictions are complemented by an active engagement strategy. Indeed, as a shareholder and bondholder, AXA has the possibility to engage with the management of companies in which it invests in order to help catalyze positive change on certain sustainability issues. AXA joined several shareholder coalitions, notably Climate Action 100+, an initiative to engage for 5 years with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.

OUTREACH, MEMBERSHIPS AND PARTNERSHIPS

AXA supports various initiatives related to climate change and environmental protection. These include the following:

- **Net-Zero Asset Owner Alliance** (www.unepfi.org/net-zero-alliance): the NZAOA is a coalition of institutional investors (insurers, pension funds etc.), convened under the auspices of the UN Principles for Responsible Investments, and launched during the 09/2019 UN Climate Summit. Its members collectively commit to transition their investment portfolios to net-zero greenhouse gas emissions by 2050, with united investor action to align portfolios with a 1.5°C scenario. The AXA Group leads the NZAOA's "Methodology" working group;
- **TCFD:** AXA co-presided the global industry-led Task Force on Climate Related Financial Disclosures (TCFD) upon its launch in December 2015. The TCFD was set up by the Financial Stability Board (FSB) and chaired by Michael Bloomberg and Mark Carney (former Governor of the Bank of England, now UN Special Envoy for Climate Action). The TCFD provides guidance on how to disclose climate change risk and opportunities. In 2019, the FSB approved AXA's renewed membership of the TCFD, notably with an ambition to investigate the relevance of "investment temperature" metrics;
- **Climate Finance Leadership Initiative:** the CFLI, which was launched in September 2018 by the UN Secretary General, and is presided by Michael Bloomberg, seeks to develop standardized and securitized investments at scale to tackle climate change;
- **Alliance of CEO Climate Leaders:** this is a group of 50 CEOs set up by the World Economic Forum (Davos) to actively engage in global efforts to create market opportunities for tackling climate change. Its goals are to promote strong climate action including a commitment to reduce carbon emissions, to support the TCFD, to support low-carbon solutions and finance, and to promote adequate regulation. AXA joined in 2018;
- **IDF:** AXA's Chairman presides the Insurance Development Forum since 2018. The IDF brings together the private sector insurers, reinsurers and brokers, together with the World Bank and the United Nations Development Program, with the aim to support the G20 "InsuResilience" objective of insuring 400 million more people in emerging countries by 2020 against climate-related disasters and of improving their climate resilience;
- **Plastic Solutions Investor Alliance:** as part of its engagements to protect biodiversity, in 2019 AXA became a member of the Plastic Solutions Investor Alliance, an international coalition of 25 institutional investors that engage with consumer goods companies on the threat posed by plastic waste and associated pollution.

The Group has signed several NGO partnerships:

- in 2019, the AXA Group signed a three-year partnership with the **WWF France** in order to develop and strengthen its biodiversity strategy. The partnership will include: crafting an industry-led taskforce to develop a biodiversity risk-related guidelines for the financial services industry, developing biodiversity risk and impact metrics, and supporting AXA's Impact Investing work on biodiversity solutions. See "Biodiversity" paragraph above;
- **C40:** during a year-long partnership, AXA and C40 Cities collaborated on a study on infrastructure interdependencies in cities. The purpose of this study was to better understand the progress that cities are making to include infrastructure interdependencies in their adaptation plans, to identify barriers cities face and to provide practical recommendations for how cities can overcome these challenges to improve the resiliency of their networks. The results of the study were published in a report *Understanding infrastructure interdependencies in cities*, which was launched in November 2019;

- **UN Habitat:** in May 2019, at the Global Platform for Disaster Risk Reduction in Geneva, AXA launched the publication Supporting Safer Housing Reconstruction After Disasters – Planning and Implementing Technical Assistance at Scale, the result of our multi-year partnership with UN Habitat. This publication contributes to risk reduction and prevention measures by providing practical and accessible information on technical assistance to all stakeholders involved in housing reconstruction.

AXA has also joined or supported many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and CR: UN PRI, UN PSI (notably supporting its "Pilot project" to adapt the TCFD guidelines to the insurance business), UN Global Compact, CDP, ORSE, EpE, Finance for Tomorrow.

Own operations

AXA also monitors and reduces its direct (operational) environmental footprint.

ENVIRONMENTAL REPORTING PROCESS AND VERIFICATION

AXA has implemented an environmental reporting process and related policies since 2002, in line with 2014/95/EU Directive relative to non-financial reporting.

This process provides standards and controls, supports environmental data collection through an internal reporting tool and promotes transparent reporting of environmental impacts across our operations. It helps us in monitoring and managing our CO_2 footprint, managing our use of natural resources including water and energy, and reducing our waste. Thanks to a network of around 300 dedicated environmental managers in local entities, AXA monitors evolution on its reduction targets, which helps local entities evaluate their own action plans and targets.

AXA's environmental reporting is part of a broader management system that includes internal controls, processes and progress in deploying objectives. The data collected and reported through the reporting process is validated locally by the entity CFOs. In addition, the firm PricewaterhouseCoopers conducts audits at the Group and entity levels to ensure data quality and measure the effectiveness of local environmental management systems. The accuracy of the data and indicators presented is measured by following these steps:

- review of the environmental protocol and reporting procedures at Group and entity level;
- review of data and detailed tests on selected entities to verify the accuracy of the data, and consideration of comments;
- consolidation of data covering all indicators, as well as consistency and control tests performed by the Group and our auditors;
- verification of qualitative information (organization, policies and actions), as well as quantitative information (indicators, sampling techniques). The audit covers all of the entity's data used to feed the environmental information published in this report. The report is included in this chapter.

PERFORMANCE TARGETS

AXA has a target to reduce its carbon emissions covering all greenhouse gas emissions "Scopes [1]":

- Scope 1: emissions from fuel consumed on AXA sites as well as by AXA-owned car fleet;
- Scope 2: emissions from purchased energy (essentially electricity consumed by AXA buildings);
- Scope 3: emissions from business travel and paper consumption. Note: investment-related "indirect" Scope 3 emissions are analyzed in Section 7.3 "Investments".

AXA's initial target for the 2012-2020 period is to reduce CO_2 emissions per Full-Time Employee (FTE) by 25%, broken-down into the following sub-targets:

- -35% power consumption (kwh/FTE) – Scopes 1&2;
- -15% business travel: vehicle fleet (km/FTE) – Scope 1;
- -5% business travel: air and train (km/FTE) – Scope 3;
- -45% office paper (kg/FTE) – Scope 3;
- -50% marketing and distribution paper consumption (kg/client) – Scope 3.

The Group has also set two environmental targets that are unrelated to carbon emissions:

- -15% water consumption;
- 95% of paper must originate from recycled or sustainable sources.

In addition, the Group has set a target to source 100% of its electricity consumed (office sites and AXA-owned data centers) from renewable energy sources by 2025, in line with our "RE100" commitment (RE100 is a coalition of companies pledging to buy 100% of their electricity from renewable sources).

(1) *As defined by the Greenhouse Gas Protocol www.ghgprotocol.org*

7

AXA 2018-2025 CO_2 emissions reduction targets are based on the approach promoted by the "Science Based Targets" (SBT) initiative, which AXA joined in 2015. According to the SBT, targets adopted by companies to reduce greenhouse gas emissions are considered "science-based" if they are in line with the latest climate science expects from companies to meet the goals of the Paris Agreement to limit global warming to well-below 2°C above pre-industrial levels. More specifically, AXA has chosen the "Sectoral Decarbonization Approach" to produce these targets, which have been submitted to SBT as follow:

- 25% reduction in AXA's CO_2 emissions (in absolute terms t.CO_2 eq.) broken down into the following CO_2 emissions reduction sub-targets: -20% from AXA's vehicle fleet emissions, -35% from AXA's power consumption linked to building and data centers, and -15% from AXA's business travel emissions. Our absolute CO_2 emissions target represents a 17% CO_2 emissions reduction per FTE;
- reduce waste by FTE by 15%;
- reduce water consumption by FTE by 15%.

Progress on these targets is described below.

2019 PERFORMANCE OVERVIEW

CO_2 emissions

AXA's CO_2 emissions per FTE related to paper, power, business travel and AXA vehicle fleet per person increased by 9% between 2018 and 2019 and decreased by 32% since 2012 (AXA global 2020 target has thus been achieved ahead of schedule). Emission factors used to calculate CO_2 emissions per FTE have been updated in 2019. When recalculated using the same emission factors as for previous years, CO_2 emissions per FTE related to paper, power, business travel and AXA vehicle fleet per person are stable between 2018 and 2019 and decreased by 38% between 2012 and 2019.

37% of the Group's CO_2 emissions are related to energy consumption, 46% from business travel (air and train), 14% from AXA's vehicle fleet and 4% from paper.

Scope 1 CO_2 emissions

AXA's Scope 1 emissions include CO_2 emissions generated from gas and heating oil burned onsite, as well as fuel used by AXA's car fleets. Scope 1 emissions per FTE was stable between 2018 and 2019 and decreased by 37% since 2012. The decrease of CO_2 emissions related to gas consumption by 6% compared to 2018, is explained by the fact that some entities in Germany released part of occupied buildings. The increase of 21% of CO_2 emissions per FTE related to heating oil consumption in 2019 compared to 2018 is mostly due to power outage from service provider in India resulting into use of diesel generator. In 2019, AXA's car fleet-related CO_2 emissions per FTE were stable compared to 2018.

Scope 2 CO_2 emissions

AXA's Scope 2 emissions per FTE decreased by 7% between 2018 and 2019 and by 55% since 2012. This performance is notably related to the purchase of renewable electricity. In order to calculate our CO_2 emissions from purchased electricity, AXA uses both market-based (electricity supplier energy mix) and location-based (average country energy mix) approaches. For the entities buying renewable electricity and which have electricity consumption data by technology (such as hydro, solar, wind, biomass and geothermal or others based on power generation mix used by their providers), AXA uses a more precise "market-based" approach, thus attributing the corresponding emissions factors to each source type. For entities which do not have information about their energy provider's energy mix, AXA uses a "location-based" approach (with emissions factors provided by the French Environmental Regulatory body ADEME).

Scope 3 CO_2 emissions

AXA's Scope 3 emissions include CO_2 emissions from business travel and paper consumption. In 2019, our Scope 3 CO_2 emissions per FTE increased by 19% compared to 2012 and by 43% between 2018 and 2019, mostly due to emission factors updating. When recalculating data with same emission factors as used in previous year, CO_2 emissions for business travel airplane and train increased by 23% between 2018 and 2019. This increase is mostly due to the integration of the XL Group. For example, XL Group number of kilometers traveled by plane contributed by 36% to AXA Group data.

In addition, AXA also measures the carbon emissions related to its employee commuting, even though such indirect emissions may be considered to be outside of the scope of the Group's responsibilities. In 2019, based on responses collected from 57 entities where AXA employees commuted a total of 1,047 million kilometers, out of which 49% travelled by public transport, 7% by company cars, and 31% by personal vehicles and the rest by foot or bicycle. Employee commuting-related CO_2 emissions per FTE increased by 15% compared to 2018 (representing 0.13 tons eq. CO_2 per FTE). This increase in emissions is linked to an increase of participation rate from AXA employees (from 17% in 2018 to 22% in 2019) allowing more accurate data.

Power Consumption

AXA's power consumption includes the total energy consumed by its corporate sites and data centers during the reporting year. This includes on-site energy consumption for heating and cooling as well as electricity for daily operational activities. In 2019, our total energy mix consisted of electricity (74%), gas (13%), fuel/steam (10%) and chilled water (3%). AXA achieved a 6% decrease in total power consumption by square meters between 2018 and 2019, and a 45% decrease compared to 2012. Our power consumption per FTE decreased by 4% between 2018 and 2019, and by 53% between 2012 and 2019. 64 out of 249 AXA sites included in the environmental reporting benefit from an environmental certificate from building certification programs such as Building Research Establishment Environmental Assessment Methodology (BREEAM), Leadership in Energy and Environmental Design (LEED), HQE etc.

In 2019, 59% of the electricity consumed by AXA originated from renewable energy sources (hydro, wind, solar, geothermal, biomass). AXA's "RE100" target is to reach 100% by 2025. In 2018, the share of renewable energy was 55%. This increase is mainly due to a better knowledge of the energy source.

Business Travel

Business travel per FTE increased by 20% between 2018 and 2019 and by 35% between 2012 and 2019. Business travel trends are closely correlated to our business dynamics, despite the implementation of online collaborative tools which help to reduce business travel, as well as the purchase of carbon credits by certain entities, in particular AXA XL, the largest contributor to this indicator.

Vehicle Fleet

AXA's car fleet consists of sales vehicles and benefits-related vehicles. In 2019, the total distance travelled by the Group's car fleet decreased by 2% compared to 2018. Further, in terms of per FTE usage, there were a decrease of 29% compared to 2012. The Group has implemented car fleet guidelines which define carbon emission limits for all types of vehicles regardless of employee contributions. The guidelines also feature vehicle security standards and promote employee access to "safe and green driving" courses. In 2019, 26% of km travelled by AXA vehicle fleet were by vehicles emitting equal to or less than 100 g of CO_2/km (compared to 4% in 2012), 39% of vehicles emitting equal or less than 101 g-120 g (25% in 2012) and an average emissions rate of 124 g of CO_2/km. Employees are also incentivized to opt for hybrid or electric cars.

Paper

AXA's use of paper concerns office (printing, measured per employee) and marketing & distribution (leaflets, etc., measured per customer). Our office paper consumption per FTE decreased by 12% between 2018 and 2019, and by 59% since 2012 (our global 2020 target has thus been achieved ahead of schedule). Many entities have implemented a printing policy which includes reducing the number of printers and installing an employee badging system to collect all printed documents. In 2019, AXA's marketing and distribution paper consumption per customer decreased by 51% compared to 2018 and by 50% since 2012 (our global 2020 target has thus been achieved ahead of schedule). This recent significant decrease is partly linked to the fact that Equitable Holdings, Inc. is no longer part of AXA Group and that in 2018 it contributed to 39% to total value reported on that indicator.

AXA also strives to increase the volume of paper originating from recycled sources or sustainably managed forests (Group target: 95% of recycled paper by 2020). In 2019, AXA procured 58% of office paper and 72% of marketing and distribution paper from recycled sources. To promote this approach, the Group requires environmentally-friendly office paper as a minimum standard.

Water consumption

AXA's water consumption per FTE decreased by 13% between 2018 and 2019, and by 30% between 2012 and 2019. This decrease in our water consumption is linked to better water management initiatives led by our local entities.

Waste Management

In 2019, AXA's sorted paper for recycling decreased by 29% compared to 2018, and decreased by 57% since 2012. This decrease in the total recycling rate is due to the overall decrease in office paper consumption (see section above). 71% of ink cartridges and toners were recycled. AXA's IT business unit, AXA Group Operations, for which electronic waste is of particular relevance, is a key contributor to this effort, as it ensures compliance with the 2012/19/EU Directive relative to Waste Electronic and Electrical Equipment (WEEE). For example, in 2019, the IT Direction of GIE AXA added second-hand or rebuilt equipment in its catalogue for mobile device.

Unsorted waste increased by 3% between 2018 and 2019, and decreased by 27% since 2012. This is mainly due to the improvement of waste measurement processes in local entities.

2019 GROUP ENVIRONMENTAL PERFORMANCE

	Unit	2019	2018	2017
AXA Group environmental indicators [a]				
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	121,337	124,355	115,328
Net internal area (sites)	m^2	1,629,198	1,705,774	1,777,687
POWER (sites)		-	-	
Power consumption [b]	Mwh	305,484	344,684	363,283
KPI: Power consumption per person	**KWh/FTE**	**2,518**	**2,772**	**3,150**
Evolution compared to previous year		***-25%***	***-21%***	***0%***
TRANSPORTATION				
Business travel: airplane and train [c]	Thousands of km	393,322	336,918	328,523
Business travel: AXA vehicle fleet	Thousands of km	220,173	223,577	266,242
Home/workplace commute (round trip) [d]	Thousands of km	976,840	920,155	932,534
CO_2 EMISSIONS [e]				
CO_2 emissions: onsite power consumption	T. eq CO_2	73,425	80,652	94,756
CO_2 emissions: business travel: airplane and train	T. eq CO_2	90,584	64,948	63,494
CO_2 emissions: business travel: AXA vehicle fleet [f]	T. eq CO_2	27,223	27,287	31,799
CO_2 emissions: paper	T. eq CO_2	7,197	13,056	11,446
KPI: CO_2 emissions resulting from onsite power consumption, paper and business travel (airplane, train, AXA vehicle fleet) per person	**T. eq CO_2/FTE**	**1.64**	**1.50**	**1.75**
Evolution compared to previous year		***-7%***	***-14%***	***0%***
CO_2 emissions: home/workplace commute [g]	T. eq CO_2	123,094	109,389	87,116
WATER				
Water consumption [h]	m^3	850,506	1,003,964	927,017
KPI: Water consumption per person	**m^3/FTE**	**7.01**	**8.07**	**8.04**
Evolution compared to previous year		***-15%***	***0%***	***0%***
PAPER [i]				
Office paper consumption	T	1,384	1,616	1,815
KPI: Office paper consumption per person	**kg/FTE**	**11**	**13**	**16**
Evolution compared to previous year		***-31%***	***-17%***	***0%***
Paper recycled and/or garanteeing sustainable management: office	%	58	58	58
Marketing and distribution paper consumption	T	6,153	12,078	10,220
KPI: Marketing and distribution paper consumption per customer [j]	**kg/customer**	**0.06**	**0.12**	**0.10**
Evolution compared to previous year		***-49%***	***18%***	***0%***
Paper recycled and/or garanteeing sustainable management: marketing & distribution	%	72	41	51
WASTE				
Unsorted waste [k]	T	4,646	4,512	4,301
Sorted paper for recycling	T	2,289	3,223	3,588
Cartridge and/or toners for recycling	%	71	66	0

Data collected from 98 entities. Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in data collection, but are part of extrapolation process.

(a) In 2019, environmental indicators were collected for 101,354 FTEs working on AXA sites (unless otherwise indicated in these footnotes), and were then extrapolated, continent by continent, to cover all 121,337 salaried FTEs (all types of contrat), working at the AXA Group in average in 2019.

(b) Includes electricity, naturalgas, heating oil, steam, chilled water.

(c) This data have been collected from entities representing 97,402 FTEs.

(d) Home/workplace commute estimations are based on an annual online transportation surveu, issued to every AXA salaried employee. This data has been collected from surveys answers by 19,563 FTEs and then extrapolated. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(e) The emission factors specific to each country used for energy, train and air were revised in 2019. Source: Ademe and DEFRA.

(f) The AXA vehicle fleet data was collected from entities representing 101,270 FTEs.

(g) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(h) This data has been collected from entities representing 101,044 FTEs. Some sites in Asia and America are nont equipped with water meters, which prevents accurate measurement and excludes the from the reporting scope before extrapolation. -

(i) Paper data collected from entities representing 101,354 FTEs.

(j) The Group had 107.8 millions customers in 2019.

(k) Unsorted waste data collected from entities 99,128 FTEs.

7.4 INCLUSIVE INSURER

Being a responsible insurer has always been part of AXA's DNA, because of the very nature of our insurance business which is based on the principle of a social safety net by pooling risks, but also because of its Corporate Responsibility strategy that positions it as a company striving for a stronger and safer society. In the previous section, AXA's vision and practices on its Environment pillar has been shared. This section encompasses AXA's practices and key achievements as an inclusive insurer when it comes to the other two pillars, respectively on Health & Disease Management and on Social Inequalities and Inclusion.

Business-related societal initiatives

Beyond investments where AXA has led the way with some pioneer positions in the past such as the divestment from tobacco, the Group is now moving forward on the insurance side as well, through fully fledged business opportunities such as:

- the integration of ESG criteria in its product approval process;
- its Emerging customers and initiatives to foster more resilience;
- its AXA Climate parametric insurance offer;
- its insurance products dedicated to Women;
- its Health and disease prevention projects;
- as well as new initiatives to contribute to a more inclusive economy & growth.

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

In France, demand for responsible products from clients continues to grow. Consequently, back in 2015, AXA France created the "Assurance Citoyenne" ("Citizen Insurance") label, which guarantees that all insurance contracts offer benefits to clients as well as positively impact society. In 2019, this initiative was adapted and deployed on AXA's Savings contracts under the "Épargne citoyenne" ("Citizen Savings") label. These two labels are based on an assessment toolkit built in collaboration with a panel of external stakeholders and audited by an independent third party. Our engagements are communicated through the label's four pillars, which are the following: "Trust" (*e.g.* simple contracts for readability and transparency), "Prevention" (*e.g.* preventive services or financial education to minimize the risks our clients are facing for themselves, their goods and their savings), "Environment" (*e.g.* paperless contract, investment decisions based on environmental impact), and "Fairness" (*e.g.* product accessibility for populations usually excluded from insurance mechanisms, investments in companies which create recruiting opportunities and protect human rights). In 2019, AXA France built every new offer around these engagements and distributed in total 60 different labelled products. Since 2015, 4.9 million labelled contracts have been sold.

EMERGING CUSTOMERS AND INITIATIVES TO FOSTER MORE RESILIENCE

Through the development of its Emerging Customer insurance offer across high-growth markets, AXA addresses social exclusion by enabling vulnerable segments of the population to access insurance services that accompany them in their economic progression and that provide a safety net that prevents them from falling into poverty. This approach is to design products that are simple, fair, and accessible. The products are designed involving co-creation with customers leveraging technology and alternative distribution partners like mobile network operators, banks and microfinance institutions, and remittance companies.

In 2019, AXA's Emerging Customers business covered almost 18 million customers and has continued to develop various partnerships (India, Indonesia, Thailand, Egypt, Malaysia, Morocco). Local AXA entities have also established distribution partnerships in Nigeria (*via* several MFI's), Brazil (*via* a leading retailer), and Mexico (MFI for P&C and credit life insurance to micro-entrepreneurs).

Other examples to foster resilience through more accessible insurance include Mexico: in September 2017, two violent earthquakes hit Oaxaca, one of the poorest and most vulnerable Regions of Mexico. In order to respond to this emergency and to increase the resilience of the population against future catastrophic events, AXA Mexico, in alliance with the public sector and civil society associations, implemented an integrated reconstruction project in the heavily damaged community of Unión Hidalgo and use it as an example to continue insuring Santiago Niltepec.

Those micro-insurances were designed by AXA Mexico to respond to the principal risks faced by the communities and cover the total value of the houses against earthquakes, fires and hydro-meteorological phenomena such as flood or hurricanes. They are free of charge for the beneficiaries for the first 3 years (construction companies pay for it and use it to promote the quality of their work), with the objective to progressively develop an insurance culture, in a region where the insurance penetration is close to 0%. At the term of the 3 years, the extension of this micro-insurance contract is offered voluntarily to the house owner, at a very affordable price.

At end of December 2019, AXA Mexico covers 243 houses in Unión Hidalgo and 287 in Santiago Niltepec for a total of 996,000 Mexican pesos (av. US$53,000).

PARAMETRIC INSURANCE

AXA Climate (formerly AXA Global Parametrics) provides immediate protection to communities facing climate risks in order to prevent them from falling into poverty.

By drawing on the latest advances in technology and data science to protect vulnerable communities from the effects of climate change, AXA Climate provides parametric insurance solutions based on satellite and weather data that triggers quick and automatic payouts within a few days after a natural catastrophe or extreme weather event has struck. AXA Climate is also developing early warning systems using satellite and other weather data to anticipate and initiate contingency planning before a natural catastrophe occurs.

AXA Climate works closely with governments and international organizations to develop public-private partnerships in emerging markets. Public-private partnerships represent 60% of portfolio.

With more than 100 "B to B" clients worldwide, AXA Climate exceeded its 2019 business target. AXA Climate's public clients include all major international sovereign risk pools which provide governments protection against natural disaster risks including tropical cyclone, earthquake, excess rainfall and drought. AXA Climate also works with governments in the agriculture sector to protect farmers against yield losses due to multiple climate risks. AXA Climate supports the national agriculture insurance scheme in India which allows more than 55 million farmers to benefit from agriculture insurance.

Moreover, AXA Climate also works with the public sector on agriculture insurance projects at smaller scale in Senegal, Ivory Coast, Cameroon, Zambia, Ethiopia and Rwanda.

Corporate clients of AXA Climate include also leading industrialists in Europe, agriculture cooperatives, forestry organizations both in Europe and Latin America, and renewable energy companies.

WOMEN IN INSURANCE

Women, particularly in emerging countries, are less well insured than men, despite being a powerful force in the economy. In 2014, AXA commissioned a special report, "SheForShield", which looked at women's attitudes towards insurance, as well as their needs and expectations. As a result, AXA developed the "Women in Insurance" initiative aimed at increasing women's access to insurance products and services that respond to their needs and expectations, in line with our "Payer-to-Partner" vision.

The 3 main focus areas are: women as retail clients, as entrepreneurs and in the distribution force. AXA has developed a dual approach: in mature markets, AXA will empower women to be financially independent, and in emerging markets the objective is to empower women to "live better lives". In 2019, 17 entities included "Women in Insurance" as a strategic priority and 26 products have been developed. This strategy is implemented through our "2020 Women Insurer of Choice" targets:

- 45% of women retail clients;
- 30% of SME clients are women (mirroring the global market opportunity);
- 25% of women in distribution and sales management;
- 40% of women amongst recruits and promotions.

Further, through AXA Research Fund, AXA dedicates €1 million to research to better understand and prevent health and entrepreneurial barriers for women.

Since 2018, AXA is a strategic partner of the Global Women's Forum. The objective is to bring AXA's expertise and influence to collect insights and develop the best practices, solutions and projects to add value to the Forum's on a yearly basis. Through this organization, in 2019, AXA leads the publication of a white paper – Addressing health barriers through technology – highlighting how women still face unequal access to adequate healthcare around the world.

In November 2019, AXA partnered with 50inTech, a global network of entrepreneurs who are committed to the fight for gender equality in the Tech sector. Together, they launched the FemTech 2020 accelerator program. The objective is to identify and accelerate 10 rising FEMTECH female founders through mentoring, learning and networking.

HEALTH AND DISEASE PREVENTION

As announced publicly in May 2016, AXA decided to divest from and end insurance covers for the Tobacco industry. AXA believes that supporting an industry which is the main cause of long-term non-communicable diseases, including cancer, heart disease and chronic respiratory illnesses, is not compatible with our role as one of the world's largest health insurers, and our strategy to become our clients' health risk prevention partner. Sending such a signal to markets and regulators reinforces the development of tobacco controls, which ultimately contribute to improving customers' health, and aligned with the Group's broader CR strategy to promote a stronger and safer society. AXA's Group divestment covers €2.05 billion (including XL Group assets added in 2018): equity assets have been divested immediately, while debt assets are run of gradually. In this perspective, AXA continues to support important anti-tobacco initiatives such as the NGO "Tobacco-Free Portfolios" whose Tobacco-Free Finance Pledge was launched at the UN General Assembly in September 2018 by AXA, BNP Paribas, Natixis and AMP Capital. This pledge aims to "denormalize" relationships between the financial community and the tobacco industry. It is now supported by 128 signatories with total assets under management of US$8.1 trillion. AXA also contributes to this anti-tobacco fight through dedicated awareness campaigns. For the World no tobacco day on May 31, 2019, AXA launched a global awareness campaign #TobaccoFreeMe on the social media with a series of 6 videos. Being one of the world's largest health insurers, AXA's strategy is indeed to become its clients' health risk prevention partner.

INCLUSIVE ECONOMY AND GROWTH

To respond to the growing urge of the population and the public sector that private sector take a more active role in bridging the gap of inequalities, AXA has embarked in 2019 in several coalitions for a more inclusive economy.

Inclusive Economy Coalition

The first one, called "inclusive economy coalition" was launched back on December 18, 2018, when CEOs of major companies in France, including AXA's, signed a commitment in favor of a more inclusive economy and committed to a list of initiatives to complement government measures in favor of purchasing power. This collective commitment is one of the private sector's responses to the social vulnerabilities in France, as each of the signatories belong to sectors of the economy that directly address the concerns expressed by French people (e.g. energy, transports, financial services).

This collective of now 33 companies has set itself three working groups: 1/employment (apprenticeship, integration, training), 2/more accessible products and services, and 3/inclusive purchasing. As far as the first working group is concerned, one of the main commitments of the coalition was a 35% increase in the number of work-study students between 2018 and 2020. In France, AXA recruited 1,927 work-study students in 2019 (+28% vs. 2017). With local associations, AXA also participated in events in various employment areas (Seine St-Denis, Bordeaux, Lyon, Marseille, Rouen, Strasbourg). As a result of these actions, about a hundred candidates were recruited. Finally, to meet the collective objective of +5 million hours of training in 2019 and 2020, AXA provided more than 78,000 days of training to all AXA employees in France.

The second working group worked on inclusive offers proposed individually or in partnerships within the coalition members. With Renault and Total, AXA has launched a first initiative to reinforce access to driving licenses for young people in difficulty and in remote areas where mobility is critical given the lack of public transports. Free all risk insurance has been provided to five cars in "missions locales", reaching 15-20 young people per mission, hence a total of 75-100 people driving each 2,000 km per year (total of 150,000-200,000 insured km). This project which was launched operationally in November 2019 also fosters employee engagement by identifying volunteers among AXA retired employees to supervise the young people among the Partners companies through AXA Hearts in Action.

The third working group wants to make the purchasing power of companies a lever for social inclusion and diversity, for the development of territories, VSE/SMEs and the social and solidarity economy.

Business for Inclusive Growth

At an international scale, AXA also joined the "Business for Inclusive Growth" coalition. This OECD-led coalition of private companies contributes to fighting social inequalities by working closely with policymakers to advance inclusion at both the global and local levels. This initiative was officially launched on August 23, 2019, at the G7 Summit whose theme is "fighting inequalities of all types". This announcement will be followed by a 3-year-program monitored through a Board of CEOs. The scope of this initiative covers the G7, the OECD and African countries with three main deliverables:

- a pledge signed in our head office on promoting equality of opportunities, eliminating gender disparities, reducing spatial inequalities;
- an international incubator hosted at the OECD;
- a global pool of funds hosted by the World Bank.

Through this coalition, AXA aims at scaling up inclusive growth project beyond France, complementing government measures to increase the purchasing power of the lower income people in developed countries and developing social business in our industry that directly addresses constrained expenses (Insurance represents on average 8% of low income Households' constrained expenses).

The AXA projects submitted to the incubator include among others the previously mentioned projects on Emerging Customers, Women and AXA Climate.

Corporate philanthropy and engagement

In line with our Sustainability Risk Assessment (described in Section 7.1 "General Information"), community involvement and corporate philanthropy have been identified as key enablers of AXA's role as a responsible corporate citizen. As a result, AXA has developed and implemented various policies and initiatives, whose alignment with its responsible corporate citizenship strategy has been strengthened in 2019.

COMMUNITY INVESTMENT

As a responsible corporate citizen, AXA strives to play a positive role in society, by sharing our business expertise, by helping to build better understanding of the risks faced by individuals and society at large, and by building a culture that promotes employee volunteering to support the communities in which AXA operates.

In 2019, AXA has profoundly changed its corporate philanthropy policy, with the aim of better integrating it into its CR strategy and increasing its impact. A Corporate Philanthropy Committee has been set up to decide collectively on major partnerships based on precise criteria. The Group aligns its patronage with the three CR pillars: climate and the environment, health and disease prevention, social inequalities and inclusion. Through the Community Investment Guidelines, AXA entities are also encouraged to focus their philanthropic actions around these three pillars.

In 2019, almost 41% of the €45.3 million (€25.7 million in 2018) in donations made by the Group and entities (including the AXA Research Fund) were dedicated to projects on these themes:

Climate and the Environment

- Concerning climate and environment, AXA has been supporting since 2011 the NGO Care, which acts to protect vulnerable populations in the face of climate change. In particular, AXA has supported the Where the Rain Falls program from the outset, which aims to better understand the impact of changes in rainfall (study phase in 8 countries between 2011 and 2013) and to help populations cope through an education and adaptation program (in India and Thailand between 2014 and 2019). As a result, beneficiaries have notably seen an improvement in their agricultural productivity (+60%) and their ability to recover from extreme weather events such as drought and floods (+72%), compared to the situation they experienced before their participation.
- In addition, AXA signed a new global partnership with WWF in 2019 to address climate and biodiversity issues. Through this three-year program, WWF supports AXA in its efforts to ensure that natural capital is better taken into account in all of our activities (see Section 7.3 "Climate change and biodiversity"). In addition, the philanthropy component of this program makes it possible to contribute directly to the preservation of ecosystems in Mexico and New Caledonia. In Mexico, the objective of the program supported is to demonstrate that it is possible to strike a balance between nature conservation, agricultural development and water use through a project to restore degraded forest. In New Caledonia, AXA wanted to support WWF's conservation efforts to strengthen the resilience of coral reef biodiversity, which is now considered one of the most threatened ecosystems on the planet.

Health and disease prevention

- In 2019, the AXA Group has also entered into a new partnership with UNICEF under the "Health and prevention" pillar. In order to respond to the global epidemic of overweight and obesity, this 3-year program allows for action on the ground in the Philippines and Brazil to prevent overweight and obesity from early childhood by promoting healthier eating habits. To reach children aged from 0 to 5, AXA acts on their immediate environment, namely mothers and the health and education professionals around them. Training, communication and advocacy activities with authorities will be implemented by local UNICEF teams. The objective is to support 177,000 children and their mothers in the Philippines and 16,000 in Brazil.
- Prevention is also a component developed by our entities in connection with our insurance business. In 2019, efforts linked to prevention were up to €5.3 million, with two major contributors, France and Spain, developing ambitious programs. Risks related to road accidents are also covered, in connection with our Motor insurance business. France, Spain, Switzerland and Mexico are notably developing awareness campaigns in this area, with an investment of €2 million.

Social Inequalities and Inclusion

- Numerous actions are being carried out around the "Social Inequalities and Inclusion" pillar by all Group entities, particularly through the AXA Atout Cœur volunteer program (see below). 68% of the volunteer activities offered by AXA Atout Cœur and 54% of the sums paid out are destined for projects designed to fight inequality.

The AXA Group also redeployed a policy of cultural and heritage philanthropy in 2019. Indeed, the values of protecting and passing on patrimony are at the heart of the insurance business. Joining forces with major French symbols of international stature, AXA financed the acquisition of a national treasure for the Musée d'Orsay, the restoration of the Salle des États of the Louvre Museum (where the Mona Lisa by Léonard de Vinci is exhibited), and joined forces with the global solidarity that was demonstrated during the dramatic fire at Notre-Dame de Paris in April 2019 (€10 million mobilized for its reconstruction). AXA entities, such as AXA France and AXA XL, are also developing heritage and cultural philanthropy actions, promoting access to heritage and culture for all (priority "social inequalities and inclusion").

AXA RESEARCH FUND

The AXA Research Fund, in line with AXA's societal mission and as part of a scientific philanthropy initiative launched in 2008, aims to support "transformative" research projects that explore solutions to the challenges society faces today. In line with the pillars of corporate responsibility, the AXA Research Fund's work covers the areas of climate and environment, health and socio-economic issues/inclusion. It also develops the transversal pillar of new technologies. The selection of research projects is overseen by an independent Scientific Council.

In 2019, the Fund selected 4 AXA Chairs for a total amount of €4 million (€1 million per project over 5 years). The four selected areas of support are Invasive Species at the University of Paris Sud (France), Explainable Artificial Intelligence and Health with the University of Oxford (UK), Population-Stabilizing Portfolio Effects of Fine-Scale Environmental Variations in Natural Resource Availability to Malaria Vector Mosquitoes at the University of Cork (Ireland) and Communication Technologies and Molecular Information at Koç University (Turkey). The AXA Research Fund also selected a total of 18 post-doctoral fellows on the key topics of Marine Biodiversity (8 projects), Mental Health (6 projects), and Cyber Risk (4 projects) for a total of €2.25 million.

The AXA Research Fund continued to support strong initiatives around women through the Women, Leadership and Entrepreneurship Chair at IEP Paris and was vocal in the field of women's health. In particular, it confirmed its commitment to the research on the issue of equal access to healthcare and solutions to the gender health gap.

For the third consecutive year, the AXA Research Fund has partnered with the Red Cross Foundation to support research in the humanitarian field around the pillars of health and climate change; 8 African researchers were rewarded.

Beyond funding, the AXA Research Fund strengthened its dissemination efforts through two publications – "Silver Age: Aging Better" and "Biodiversity at Risk," that highlight the economic, social and biological problems of ageing and the loss of the natural world.

In September 2019, the AXA Fund and the Foresight Teams came together to integrate the scientific vision with that of future societal trends and to inform our role as responsible insurer more holistically.

EMPLOYEE VOLUNTEERING

AXA Atout Cœur is the international volunteer program for AXA employees, in which they carry out activities on themes that have been aligned in 2019 (when new guidelines were released) with the 3 pillars of AXA's CR strategy. In 2019, nearly 39,000 employees (estimated – almost 34,000 in 2018) donated their time and skills. Contributing entities in 2019 represents 84% of AXA average FTEs.

In total, AXA employees completed 81,200 volunteering acts (66,500 in 2018), which represents more than 284,000 hours (200,700 in 2018) during the year, while working on solidarity projects. A large majority of volunteer hours are performed during working hours (more than 240,000 *versus* 157,000 in 2018).

Through AXA Atout Cœur program, the Group seeks to promote all forms of employee engagement, particularly skills-based philanthropy. In 2019, AXA France continued to develop the "AXA Expérience Solidaire" program: 110 employees volunteered in partner associations (*versus* 47 in 2018). In total, the salaries paid for the 109,300 hours spent on these skills sponsorship missions represent the equivalent of a donation of nearly €7.9 million (*versus* €4.5 million in 2018).

The integration of XL Group brings a positive synergy to the AXA Atout Cœur program in 2019, as the entity has also long been developing volunteer work and skills sponsorship among its employees. XL Group employees contributed to 42,800 volunteer hours, or 15% of the total number of hours in 2019.

Every year, AXA organizes a "Corporate Responsibility Week" (CR Week) that helps to amplify employee mobilization and promote the AXA Atout Cœur program and the diversity of our commitments around the world. In 2019, the estimated number of volunteering acts (on or off the job) reached 33,000 for a total of 93,000 hours in 43 countries. XL Group made a major contribution to the success of this edition of CR Week thanks to its Global Day Of Giving volunteer day (23% of participants and 57% of time spent).

A wide variety of activities were carried out by AXA employees, both during and outside of CR Week: for example, beach clean-ups, tree planting, support for disadvantaged young people or women in difficulty, solidarity races, and solidarity collections of toys or used mobile phones.

7.5 BUSINESS BEHAVIOUR

AXA is committed to conducting its business according to the high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where AXA operates, to earn the continued trust of our clients, shareholders, employees and business partners, but also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

Business ethics

COMPLIANCE & ETHICS GUIDE

AXA's Group Compliance and Ethics Code seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, anti-bribery and Corruption, insider trading, management of confidential information, etc. The Code is available on the Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide). In 2019, a new AXA Group Compliance & Ethics Code was launched. The Code includes some subjects that have become increasingly important in recent years; these include Health & Safety at work, Protection and Responsible use of Customer Data, Engagement with Social Media, Prevention of Discrimination and Harassment and Fair and Professional Treatment of customers. The content and style of the Code has also been revised to make it more accessible and easier to reference.

ANTI-BRIBERY & FIGHT AGAINST CORRUPTION

To prevent this risk of bribery and corruption, AXA Group has introduced a Group ABC Policy that establishes minimum standards for ABC that must be implemented by AXA entities. This policy has been regularly updated to take account of new regulations and most notably the recent French law known as "Sapin II" no. 2016-1691 of December 9, 2016, on transparency, fight against corruption and modernization of economic life. A Group Anti-Bribery Officer has been designated to design and reinforce the global ABC program at Group level and to guide its implementation across AXA. AXA entities have designated local Anti-Bribery Officers to implement their ABC programs in accordance with AXA's policy. Processes and procedures are in place to monitor compliance with AXA ABC standards across the Group.

BUSINESS CONDUCT

The Group's insurance, banking and asset management operations are subject to an increasing number of legislative and regulatory initiatives designed to increase customer protection in the financial services sector. In the European Union, initiatives related to financial service include the Insurance Distribution Directive, MiFID II Directive and the regulation on Key Information Documents for Packaged Retail and Insurance based Investment Products (PRIIPs regulations).

As a result, consumer protection regulations have become an increasingly important area for the financial services sector and AXA has taken significant action to comply with these requirements in each of its businesses operating in the European Union. Similar regulatory developments regarding business conduct are also taking place in many other parts of the world in which AXA operates and similar measures are in place to respond to those and to share experience between businesses facing similar challenges. Compliance risks, specifically business conduct risks, are assessed on an annual basis and the results and any necessary mitigation actions are developed and shared with senior management. Internal Control processes have been developed to ensure controls are effective and cover entities' own operations and those of proprietary sales channels.

Responsible data use and data privacy

In line with AXA's sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure client data is protected.

DATA PRIVACY

AXA has implemented a Group Data Privacy policy with the following objectives:

- to ensure that AXA entities adequately protect the personal and sensitive data of customers and other persons obtained during their business activities;
- to minimize the risk of AXA entities breaching applicable data privacy and protection laws (*e.g.* EU General Data Protection Regulation – GDPR).
- AXA has implemented a Group level team dedicated to data protection, as well as a network of over 100 Data Privacy Officers whose mandate is to ensure the protection of sensitive personal data across the Group.

The information related to AXA's policy and control mechanisms to address data privacy risks are explained in paragraph "Personal data protection" in Section 7.6 "Vigilance plan". Information related to why AXA considers data privacy as a key risk topic is detailed in Sections 4.1 and 6.3.

In addition to our data privacy policies, AXA has developed cybersecurity capabilities. Indeed, security is a competitive advantage. A key success factor for AXA's "Payer-to-Partner" strategy is that customers trust AXA to keep them and their data safe and secure. While social unrest, terrorism, disruptive technologies, unpredictable natural disasters, cyber risk and misuse of information are a reality, it is critical for AXA to remain operational in case of crisis, to protect its customers' data, employees, reputation, and assets. Security at AXA is managed by Group Security and based on three disciplines: Information Security, Operational Resilience and Physical Security & Safety. Data hacking, identity theft, and trading of sensitive information are daily threats, in a context where cyber criminals are becoming more and more professional. AXA has developed and strengthened its capabilities to protect, detect and react to cyber threats, by investing in particular in innovative solutions, advanced technologies and solutions according to the security "by design" principle in order to remain among the best performing companies in terms of security. The deployment of its next-generation security operations center is an illustration of this. Moreover, AXA employees have a key role to play and are fully part of AXA security strategy. To make it an effective "first line of defense", safety training and awareness campaigns are deployed throughout the Group and aimed at all employees.

RESPONSIBLE ARTIFICIAL INTELLIGENCE

AXA is one of the founding member of the French association Impact AI (Artificial Intelligence). Impact AI is a "think and do tank" composed of companies, consulting firms, startups, schools and actors working on Responsible AI with 5 programs of actions, such as analyzing the perception of AI and the development of a "trusted AI", sharing tools for a responsible use of AI, helping people adapt to the digital era, and creating partnerships to foster responsible AI among all types of actors (companies, schools, associations, etc.).

Within this organization, AXA is leading the Impact AI's Responsible AI Committee in charge of contributing to answer to "the trustworthy AI assessment list" from the High-Level Expert group on artificial intelligence (set up by the European Commission). The European Commission has published the "The Ethics Guidelines for Trustworthy Artificial Intelligence": these Guidelines put forward a human-centric approach on AI and list 7 key requirements that AI systems should meet in order to be trustworthy. These requirements will go through a piloting process expected to conclude with the presentation of an AI Policy paper in early 2020.

DATA FOR GOOD

Leveraging the initial "Give Data Back" platform that was, back in 2017, one of the first illustrations of how to share our P&C claims data for free in a prevention perspective, the concept has been replicated in Singapore to explore accident hotspots, as well as in Mexico, where road data is shared with public institutions in order to improve road safety. These two initiatives are still outstanding. In Singapore, by sharing an analysis and consolidation of our claims and policy data for car accidents, users (both customers and non-customers) can better understand the risks on the roads they frequent and how they can avoid car accidents. With the same objective, AXA Mexico have helped Mexico City authorities secure dangerous crossroads through an interactive map and open dataset of car crashes (raw data) available for download for authorities through the International Institute for Data Science website. In 2019, follow-up projects included an impact survey with the National Health Institute on speed areas and bodily injury severity as well as the creation of a super database with a university.

Responsible procurement

Translating AXA's CR strategy and commitments into its management of vendors is a continuous activity for AXA. This alignment means AXA includes CR topics to select and monitor its providers. This approach is articulated around two axes:

- **responsible people & processes:** all the AXA professionals working in a procurement department, in addition to the Group's Code of Professional Conduct, must sign a dedicated and reinforced Code of Ethics which promotes fairness and neutrality, confidentiality and transparency of our sourcing decisions. They also are aware of the AXA CR strategy and the AXA Responsible Procurement policy through awareness sessions given by the network of Responsible Procurement Champions identified in our various entities;
- **responsible vendors:** AXA requires from its vendors to be socially and environmentally responsible through the mandatory inclusion of a "Corporate Responsibility Clause" in all our contracts. It includes in particular complying with the principles of the International Labour Organization (prohibiting the resort to child/forced labor, promoting employee health & safety and freedom of expression, and non-discrimination). In addition, AXA implemented a CR Risk assessment of its suppliers, identified thanks to an internal CR Risks Matrix. Suppliers are thus classified into procurement risk categories and evaluated against five CR criteria (environment, social, product & services end-use impact, suppliers' supply chain, and business integrity). Vendors falling in the highest CR risks categories are asked to share their valid DJSI or EcoVadis scores or even follow an EcoVadis assessment.

Detailed information on our responsible procurement policy and standard is elaborated in AXA's Group Procurement Guidelines. The document is used for supplier selection and management purposes.

Tax policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues. For more information on AXA's Tax policy, please refer to Section 6.3 "General Information", paragraph "AXA Group Tax policy".

Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial information statement included in the management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31st, 2019

To the AXA S.A Annual General Meeting,

In our capacity as Statutory Auditor of AXA S.A, appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended… (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement of which are available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the entity's activities, the description of the social and environmental risks associated with their activities and the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement includes an explanation for the absence of the information required under article L.225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with the entity's activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R.225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the companies included in the scope of consolidation in accordance with article L.233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities which are AXA Partners Columbia, AXA Colpatria Seguros, AXA Hong Kong, AXA General Insurance HK, AXA Partners Mexico, AXA Life Insurance Japan, AXA Direct Japan, AXA General Insurance Japan, AXA Partners Malaysia, AXA Malaysia General Insurance, Bordeaux Pessac, Nanterre – Terrasses 1,2,3, GIE AXA Group Operations France, AXA Group Operations SAS, AXA France (CIS), AXA Insurance UK, XL Catlin Services SE (UK), AXA UK Holding, AXA PPP Healthcare, AXA Polska SA, XL Global Services (US) and covers between 22% and 51% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESSOURCES

Our work was carried out by a team of 10 people between mid-September 2019 and end of March 2020 took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around fifteen interviews with the people responsible for preparing the Statement, representing Group Public Affairs and Corporate Responsibility, Risk Management, Compliance, Tax, Legal, Procurement and Human Resources.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

COMMENTS

Without qualifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

The entity is still working on the presentation of Key Performance Indicators for some of the main CSR risks defined by AXA within its Statement: customer protection, prevention of human rights violations within the supply chain and fight against corruption.

These limitations are explained in the paragraph "Methodology and Reporting Scope: Business Behaviour" Section of the Statement.

Neuilly sur Seine, March 18, 2020

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Bénédicte Vignon	Sylvain Lambert
Partner	Sustainable Development Partner

Appendix: List of the information we considered most important

QUANTITATIVE INFORMATION (AMONG WHICH KEY PERFORMANCE INDICATORS):

- environment: energy consumption, distance covered by business travel and vehicle fleet, CO_2 emission by scope, water consumption, office and marketing paper consumption, waste production, "green" investments;
- human resources: headcounts and distribution, number of external recruitments, number of resignations, number of dismissals, annual gross payroll (fixed and variable), number of training days, absenteeism rate;
- human rights: number of emerging customers, number of entities which adhered to "Binding Corporate Rules";
- social: number of Stakeholder Advisory Panels, cash donations for community investment projects, number of employees who participated to volunteering acts, total hours contributed to volunteering acts;
- corruption and tax evasion: tax expense of the consolidated financial statements.

QUALITATIVE INFORMATION (ACTIONS AND RESULTS):

- environment: information relative to environment and climate change;
- human resources: information relative to employee relations and work conditions, learning environment and skills management, diversity and inclusion;
- human rights: information relative to women in insurance, emerging customers, parametric insurance, business behaviour, responsible data use, responsible procurement;
- social: information relative to stakeholder dialogue, corporate philanthropy and engagement;
- corruption and tax evasion: information relative to corruption and tax policy.

7.6 VIGILANCE PLAN

The AXA Group is committed to promoting and protecting human rights (including fundamental freedoms and the health and safety of persons) as well as the environment in conducting its business.

To comply with the requirements of French law [(1)], AXA has (i) adopted a vigilance plan (the "**vigilance plan**") that sets out safeguards established and implemented by it to identify and prevent serious violations of human rights and environmental abuses and (ii) submitted a report on the application of this vigilance plan during the year 2019 which is included in this section.

The vigilance plan has reinforced an existing internal system that already included a number of tools and procedures implemented within the Group.

Scope of the vigilance plan

The vigilance plan encompasses the activities of AXA Group companies, including intra-group activities and operations, as well as those of contractors and suppliers with whom the AXA Group has an established business relationship.

Given the diversity of the activities of AXA's subsidiaries, contractors and suppliers, the vigilance plan sets out certain guiding principles and AXA-wide policies designed to ensure that they have a common vision of the AXA Group's standards in terms of corporate responsibility, safety, whistleblowing and data protection, and operate accordingly. These common measures do not prevent or restrict AXA from voluntarily taking additional actions in relation to such matters.

Identification and evaluation of risks to human rights and the environment

To ensure that each identified potential risk is covered by a Group policy, AXA conducted an analysis to measure how the AXA Group's activities and operations potentially impact the environment and human rights. According to AXA, the definition of human rights includes fundamental freedoms, health and personal safety.

The work carried out by AXA to establish its mapping of corporate responsibility risks as well as the main non-financial risks identified by the Group is presented in Section 7.1 "Introduction – Sustainability Risk Assessment" of this Annual Report.

HUMAN RIGHTS

The AXA Group considers that its activities could have potential direct and indirect impacts on the human rights of its employees and customers, as well as potential indirect impacts on the human rights of others through relations with (i) corporate customers or (ii) investments in companies that are active in sectors and/or countries with increased risk of human rights violations.

Consequently, in 2017 the AXA Group developed a human rights risk assessment that identified the most relevant risks to human rights that the AXA Group should consider in conducting its business. Risks were identified in areas such as equality before the law and non-discrimination (with respect to minorities), freedom from all forms of forced or compulsory labour, child protection, freedom of association, collective bargaining, the right to just and favourable working conditions, people's freedom and security, the right to be healthy and have an adequate standard of living and the right to privacy. This evaluation ("AXA SA Human rights risk assessment and recommendations to further improve AXA's Human Rights policy") will be reviewed in 2020.

(1) *Law No. 2017-399 of March 27, 2017 relating to the duty of vigilance of parent companies and instructing companies ("devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre") and Article L.225-102-4 of the French Commercial Code.*

ENVIRONMENT

Environmental risks were already identified in the AXA Group's risk mapping, particularly those related to climate change and biodiversity. AXA's direct operations, focusing on financial services, do not generate major impacts on the environment. As a result, AXA's environmental reporting and management processes focus on energy, water and paper consumption, as well as related CO_2 emissions. AXA's global environmental reporting process, which is verified by an independent third-party, allows AXA to (i) evaluate its impact on the environment each year and (ii) identify the risks stemming from its activities for the environment. Please refer to Section 7.3 "Climate Change and biodiversity – Own operations – Environmental reporting process and verification" of this Annual Report for further information on AXA's environmental reporting process.

In addition:

- As an investor, AXA has proactively implemented a Global Responsible Investment Policy and built an analysis framework in order to identify potential indirect impacts on human rights and the environment.
- As a business partner, AXA has implemented processes to identify and assess the risk of human rights violations and environmental risk associated with its use of service providers and suppliers. AXA implemented a Corporate responsibility (CR) Risk assessment for its suppliers who were identified through an internal CR Risks Matrix. Suppliers are classified into Procurement risk categories and evaluated against five CR criteria (environment; social; product & services end-use impact; suppliers' supply chain; and business integrity). Suppliers falling in the highest CR risks categories are annually asked to share their current DJSI or EcoVadis scores or undergo an EcoVadis assessment.

Protection of human rights and the environment

PROTECTION OF HUMAN RIGHTS AND HUMAN RIGHTS POLICY

AXA's human rights policy (the "**human rights policy**"), available on the AXA Group's website (www.axa.com/en/about-us/our-commitment-to-human-rights), aims at preventing the violation of human rights and reflects AXA's commitment to international general and sector-specific standards. The AXA Group is committed to respecting internationally recognized human rights principles as defined by the (i) United Nations Universal Declaration of Human Rights, (ii) core standards of the International Labour Organization and (iii) Guiding Principles on Business and Human Rights (implementation of the United Nations "Protect, Respect and Remedy" Framework or "Ruggie Principles"). The human rights policy describes AXA's commitments as an employer, a responsible business partner, an insurer and an investor as well as how the protection of human rights is implemented at the core of its activities.

Protection of employee human rights

AXA is committed to protecting AXA employees' human rights, specifically the principles of freedom of association, the right to just and favourable working conditions and non-discrimination, through:

- promoting the 10 guiding principles of the UN's Global Compact (with principles 1 & 2 relating to human rights and principles 3 to 6 to labour standards) and encouraging the reporting of breaches to the compliance function;
- setting ambitious Diversity and Inclusion (D&I) targets and initiatives. See further details on Diversity and Inclusion in Section 7.2 "Social Information – Diversity and Inclusion breeding talent and innovation" of this Annual Report;
- the AXA Compliance & Ethics Code, available on the AXA Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide), pursuant to which employees must annually certify the compliance of their activity with the Code.

Please refer to Section 7.2 "Social Information – Employee relations and work conditions – A continuous and established social dialogue" of this Annual Report for further information on AXA employee relations and collective bargaining.

Protection of employee safety, health and security

The AXA Group has implemented safety, health and security standards with which all Group entities must comply in order to protect employees against intentional, health or accident risks related to their business activity. These standards set out:

- processes to identify risks, depending on the specific characteristics of the environment and the activity of each entity;
- proactive and reactive measures to be implemented according to identified risks (information, training, protective measures, incident management procedures and crisis plans);
- a performance measurement, quarterly reported to the AXA Group central team.

See further details in Section 7.2 "Social Information – Employee relations and work conditions – Secured work conditions" of this Annual Report.

Personal data protection

AXA was the first insurance group to adopt privacy-related Binding Corporate Rules, following consultations with European data protection authorities, and constituting an internationally approved data privacy contractual framework for the treatment of customer, employee and other stakeholder personal data. These rules and AXA's Data Privacy Declaration, whereby the Group undertakes not to sell personal data of its customers, are available on the AXA Group's website (www.axa.com/en/about-us/our-commitments).

The AXA Group was committed to implementing the General Data Protection Regulation and had in this respect delivered thirty projects dedicated to data privacy, involving over three hundred people in entities located in sixteen countries. The Group is also implementing similar regulations recently adopted in countries outside the European Union.

See further details in Section 7.5 "Business behaviour – Responsible data use and data privacy – Data privacy".

Integration of human rights into business processes

As an insurer, AXA strives to incorporate Environmental, Social and Governance (ESG) criteria (including those relating to human rights) into its insurance business processes, in line with AXA's commitment to the UN Principles for Sustainable Insurance. Further, underwriting guidelines define prohibited business and integrate AXA's policies (which can be directly or indirectly related to human rights) regulating insurance activities in sectors that represent increased risks.

AXA further seeks to support its customers' rights while preventing or mitigating adverse human rights impacts that may arise from the provision of insurance products and services to corporate customers by:

- ensuring fair treatment of all customers;
- offering products and services which help reduce social exclusion and empower insured people to achieve positive health and safety outcomes;
- providing customers with the means to express and resolve any disputes that may arise with AXA Group companies, notably through dedicated complaints departments.

Please refer to Sections 7.3 "Climate Change and biodiversity – Investments" and 7.4 "Inclusive insurer – Business-related societal initiatives" of this Annual Report for further information on integration of ESG criteria in our products and services.

PROTECTION OF THE ENVIRONMENT AND AXA'S STRATEGY

The AXA Group's Environmental Policy, available on the Group's website (www.axa.com/en/about-us/environmental-policy), describes key actions aimed at reducing AXA's direct and indirect environmental impacts.

In particular, AXA's ambitious environmental targets included in its 2020 environmental strategy are notably focused on the reduction of carbon emissions, one of the main contributors to climate change. AXA's carbon emissions reduction targets for 2018-2025 are based on an approach promoted by the "Science Based targets" initiative. Please refer to Section 7.3 "Climate Change and biodiversity – Investments" of this Annual Report for further details on our policies for the reduction of carbon emissions.

AXA also seeks to minimize its indirect impact on the environment by offering customers insurance and investment solutions that promote environmentally-friendly behaviour.

Certain AXA sites benefit from environmental certificates such as BREEAM, LEED, HQE. Please refer to Section 7.3 "Climate Change and biodiversity – Own operations – 2019 performance overview – Power Consumption" of this Annual Report for further details on AXA's certifications.

Finally, please refer to Section 7.3 "Climate Change and biodiversity" of this Annual Report for further details on AXA's strategy, policy, targets and results with respect to environment protection.

Responsible investment activities

In line with the Group's Responsible Investment Policy, available on the AXA Group's website (www.axa.com/en/about-us/responsible-investment), the Group has designed six sector policies to address investments in particularly sensitive sectors from an ESG perspective. These guidelines cover human rights and environmental concerns (*i.e.* controversial weapons, tobacco, coal, oil sands, palm oil production and soft commodity derivatives), and entities are required to certify compliance annualy.

Moreover, AXA has decided to align its investments with the Paris Agreement, committing to reach a "warming potential" of 1.5°C by 2050.

Please refer to Section 7.3 "Climate Change and biodiversity – Investments" of this Annual Report for detailed information about AXA's responsible investment governance, policy, targets and results.

Responsible procurement activities

The AXA Group ensures that it works with service providers and suppliers that meet AXA standards with respect to human rights and the environment. Please refer to Section 7.5 "Business behaviour – Responsible procurement" of the Annual Report for detailed information.

Alert procedure

The current alert procedure allows all stakeholders (employees, business partners, etc.) to share their concerns and/or report any practice, action or behaviour that they consider inappropriate, illegal, or unethical. Alerts can be made within the relevant entity or sent directly to the Group using a dedicated email address (speak-up@AXA.com) allowing alerts from all geographical areas where the Group conducts business, without restrictions and irrespective of the stakeholders.

The AXA Group examines all alerts received with the objective of ensuring an adequate response (intervention by adequate actors, deployment of immediate corrective actions and/or precautionary measures, investigations etc.). Alerts are handled in accordance with a strict, independent process that includes key stakeholders in the vigilance plan where relevant. The identity of the author of such alert is treated in a confidential manner and cannot be disclosed without his/her consent (except to judicial authorities). AXA has expressly stated that there will be no act of retaliation against anyone who reports actual or suspected misconduct in good faith, or who participated in establishing the facts confirming a misconduct by providing evidence.

Furthermore, all AXA Group companies are required to define internal regulations and other policies governing whistleblowing pursuant to local laws and regulations. In 2019, a global communication campaign, "Speak-up", was launched to refresh employee awareness of both the local and Group alert procedure. The purpose of the campaign was to strengthen the process, and to increase consistency and simplify the process across AXA. Various media were used to broadcast this campaign, increasing its impact and making it available to all, including through newsletters, screen savers, posters, videos, training, formal presentation, etc.

Follow-up and report on the effective implementation of the vigilance plan

In 2019, the AXA Group ensured the implementation of all policies and procedures described in the vigilance plan through the involvement of (i) central teams from the Corporate Responsibility, Procurement, Legal, Compliance, Risk Management and Human Resources Departments and (ii) a network of local correspondents.

REPORTING PROCESS

In 2019, the Group strengthened its efforts to raise awareness on the vigilance plan amongst its entities. Awareness sessions were organized in order to remind entities of the duty of care regulation, as well as the penalties which could be incurred in the event of non-compliance with legal obligations. Correspondents of the Corporate Responsibility network attended these sessions in 2019 and sessions are also scheduled for 2020 within the Procurement network.

In addition, a reporting process for Group entities has been established. Reporting relies on pre-existing procedures and monitoring tools and notably on an internal review conducted by the Corporate Responsibility Department. In 2019, the principal operating entities were asked to conduct an internal risk assessment to identify any gaps with the vigilance plan.

Following this assessment, where gaps were identified as follows, remedial action plans were implemented and include the following:

- the addition of a corporate responsibility clause requiring relevant suppliers to be socially responsible and to comply with the standards referred to above that the Group committed to abide by (including the core standards of the International Labour Organization) in any remaining commercial contracts not including such clause;
- the adjustment of local alert procedures to cover human rights and/or the environment;
- the inclusion of certain high-risk emergency situations (*e.g.*, earthquakes, floods, cyber-attacks) in crisis management guides of entities; and
- designing a remediation plan on the accessibility/security of any entity's premises following an audit by an external consultant.

RESPONSIBLE PURCHASING BUSINESS

In 2018, AXA launched a dedicated Vendor Risk program to reinforce its operational control and Risk Management of third parties. Please refer to Section 4.7 “Operational Risk” of this Annual Report for further information on this program.

In 2019, the AXA Group put together a panel of main suppliers using an approach based on an analysis of supplier risk by purchasing category and volume. Most of the main suppliers were evaluated, including through the specialised evaluation platform EcoVadis. With this assessment, the Group ascertained that very few of its main suppliers had been identified as deficient and any such suppliers have been sent a corrective action plan by EcoVadis. AXA teams have access to the corrective action plan through the platform. The main suppliers of the AXA Group panel can be evaluated by EcoVadis every two years.

The AXA Group is pursuing its committed to implementing these same principles and received a “Platine” score in its last EcoVadis evaluation.

Most contracts entered into or renewed in 2019 included a Corporate Responsibility clause. At the end of 2019, AXA undertook a review of the CR clause in order to ensure that it is consistent with the Group’s policy and the vigilance plan requirements. For further information on the CR clause, please refer to Section 7.5 “Business behaviour – Responsible procurement” of this Annual Report.

INVOLVEMENT OF AXA STAKEHOLDERS

In line with its strong culture of dialogue, AXA has regular discussions with its various stakeholders at different levels. Please refer to Section 7.1 “Introduction – CR governance & Stakeholder dialogue” of this Annual Report for further details about the stakeholder dialogue initiated by AXA.

In order to maintain effective communication between employees and management as well as a constructive social dialogue, the vigilance plan was once again presented to employee representatives in 2019. Through discussions with the Group’s French employee representatives and more particularly with the Social Committee of the French Group Works Council, certain provisions of the vigilance plan have been placed at the heart of the employer-employee dialogue.

The AXA Group strives to strengthen the communication of its vigilance plan to all stakeholders, in particular by making it available on AXA’s website (https://www.axa.com/en/about-us/our-commitment-to-human-rights).

This page was intentionally left blank.

APPENDICES

APPENDIX I MANAGEMENT'S ANNUAL EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The AXA Group's Internal Control Over Financial Reporting (ICOFR) is a process designed under the supervision of the Group Chief Financial Officer (CFO) and assessed under the supervision of the Group Chief Risk Officer (CRO) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements.

Since its delisting from the New York Stock Exchange (NYSE) in March 2010 and its deregistration with the United States Securities and Exchange Commission (SEC) in June 2010, the Group has maintained an annual Internal Financial Control (IFC) program designed to evaluate the effectiveness of AXA Group's ICOFR. AXA's Statutory Auditors provide a reasonable assurance report on AXA Group's ICOFR each year.

The IFC program is based on the Group Internal Control Standard and the Group Internal Control Policy, which include additional specific requirements for the IFC framework.

(a) IFC framework

The IFC framework is based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is designed to define the IFC scope, governance, and principles in order to ensure consistency and quality in AXA Group's financial reporting.

(A.1) IFC SCOPE

The IFC program includes primarily the entities which are individually significant to consolidated financial position or results of operations, as well as the entities which provide significant services to AXA and/or its consolidated subsidiaries (the "Group").

(A.2) IFC GOVERNANCE

Management, including the Group Chief Executive Officer (CEO), is responsible for establishing and maintaining adequate ICOFR.

The IFC program is managed by Group Risk Management and is steered by the Group IFC Committee chaired by the Group CFO and involves the Planning Budgets Results Central (PBRC) department, other relevant AXA departments, and representatives from each in-scope entity. The IFC program and the conclusion of management as to the effectiveness of AXA Group's ICOFR are also reviewed by AXA's Audit Committee.

(A.3) IFC PRINCIPLES

AXA Group's ICOFR includes policies and procedures that provide reasonable assurance that:

- the maintenance of records accurately and fairly reflect the transactions and dispositions of Group assets;
- the transactions are recorded as necessary to permit the preparation of financial statements in accordance with the applicable generally accepted accounting principles;
- the receipts and expenditures are being made only in accordance with the authorization of management and directors of the Group; and
- unauthorized acquisition, use or disposition of Group assets that could have a material effect on the Group's financial statements would be prevented or detected in a timely manner.

In order to assess the effectiveness of ICOFR, financial reporting risks are initially identified at Group level with a focus on identifying those risks that may result in a material misstatement of Consolidated Financial Statements not being prevented or detected in a timely manner. This top-down and risk-based approach enables to identify in-scope entities and processes.

In line with the COSO framework, AXA Group's ICOFR is organized around the following key process categories: Entity-Level Controls (ELC), IT ELC, Financial Statement Closing Process, Business Processes, and IT General Controls.

For every key process category, the in-scope entities (i) document the significant processes and/or controls, as well as the rationale of how the associated risk of material misstatement due to error or fraud can be reduced to an acceptable level, (ii) test the design and operational effectiveness of key controls based on the test plans elaborated with insight into risks, and (iii) remediate identified control deficiencies.

Outstanding control deficiencies are consolidated at Group level to evaluate their impact on Consolidated Financial Statements, compensating controls and other qualitative factors. This evaluation process is designed to identify any control deficiencies that may rise to the level of a material weakness. A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on time.

(A.4) IFC CERTIFICATION

At each year-end, the in-scope entities are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the entity's process owners and culminates with a formal management report from the entity's CFO or another senior executive officer, co-signed by the Risk Management department, stating their conclusion as to the effectiveness of the entity's ICOFR.

This internal certification process across all in-scope entities is designed to assist AXA's management in its evaluation of AXA Group's ICOFR and to support its conclusion as to the effectiveness of AXA Group's ICOFR.

(b) Management's annual evaluation on ICOFR based on the IFC framework

Management conducted an evaluation of the effectiveness of AXA Group's ICOFR in accordance with the IFC framework as described above. Based on this evaluation, management concluded that AXA Group's ICOFR was effective as of December 31, 2019.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or if the degree of compliance with the policies or procedures deteriorates.

(c) Report of the Statutory Auditors on ICOFR

PricewaterhouseCoopers Audit and Mazars have performed audit procedures in order to be able to obtain reasonable assurance as to whether management's conclusion as to the effectiveness of AXA Group's ICOFR based on the IFC framework is fairly stated.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

Report of the Statutory Auditors on internal control over financial reporting

To the Board of Directors of AXA:

As Statutory Auditors of AXA and in response to your request, we have performed audit procedures on AXA and its subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2019, in order to be able to obtain reasonable assurance as to whether AXA's management's assertion that internal control over financial reporting is effective, as included in management's annual evaluation of internal control over financial reporting, is fairly stated.

The Company's management is responsible for maintaining effective internal control over financial reporting and for establishing a statement on its assessment of the effectiveness of internal control over financial reporting as of December 31, 2019. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS accounting principles. The assessment of the effectiveness of internal control over financial reporting is based on criteria established in the Internal Financial Control (IFC) framework, as described in management's annual evaluation of internal control over financial reporting on page 440 of this Annual Report. Our responsibility is to express an opinion on the Company's management's assertion, based on our audit procedures.

We conducted our work in accordance with French professional standards and ISAE 3000 ("Assurance engagements other than audits or reviews of historical financial information"). These standards require that we plan and perform the audit procedures to obtain reasonable assurance about whether AXA management's assertion that internal control over financial reporting is effective, was fairly stated in all material respects. Our audit procedures included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe the evidence gathered is sufficient and appropriate to express our opinion.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or if the degree of compliance with the principles or procedures may deteriorate.

In our opinion, the Company's management's assertion that internal control over financial reporting as of December 31, 2019 is effective, in all material respects, is fairly stated based on the criteria established in the IFC framework.

Neuilly-sur-Seine and Courbevoie, March 19, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit
Bénédicte Vignon - Grégory Saugner

Mazars
Jean-Claude Pauly - Maxime Simoen

APPENDIX II STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I, the undersigned, having taken all reasonable care to ensure that such is the case, hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no material omission likely to render it misleading or inaccurate.

I confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and fairly present the assets and liabilities, the financial position and the profit or loss of the Company and its consolidated subsidiaries, and that the Board of Directors' report presented in page 476 fairly presents the evolution of the business, results and financial position of the Company and its consolidated subsidiaries, and describes the principal risks and contingencies facing the Group.

Paris, March 19, 2020

Thomas Buberl

Chief Executive Officer of AXA

APPENDIX III AXA PARENT COMPANY FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

Net income

Net income for the fiscal year ended December 31, 2019 resulted in a profit of €4,301 million compared to a profit of €307 million for the year ended December 31, 2018. This increase was mainly due to the rise in dividends received from subsidiaries and by the €3,180 million loss on Equitable Holdings, Inc. securities in 2018.

Dividends received from subsidiaries amounted to €5,865 million, *versus* €3,973 million in 2018, representing an increase of €1,892 million, mainly due to:

- dividends from French entities of €1,661 million compared to €1,575 million in 2018;
- dividends paid by the European entities of €2,974 million compared to €1,576 million in 2018, mainly due to the dividends paid by Switzerland, up €1,070 million, thanks to a capital surplus;
- €268 million in dividends paid by the Asian entities compared to €179 million in 2018;
- €962 million in dividends received from other Group entities compared to €643 million in 2018.

Net financial charges, which include interests and similar charges net of income from loans and investments, amounted to €953 million compared to €919 million in 2018, representing an increase of €34 million notably as part of the acquisition of the XL Group.

Operating expenses amounted to €413 million compared to €441 million in 2018.

Capital operations resulted in a loss of €1,084 million in 2019, *versus* a loss of €3,048 million in 2018, broken down as follows:

- €284 million provision for unrealized capital losses relating to hedging derivatives on equity markets;
- €328 million for impairment following the agreement to sell AXA Bank Belgium;
- €201 million in foreign exchange losses, primarily on the US dollar;
- €395 million for payments and additional provisions for internal guarantee in the context of a business litigation.

The corporate income tax benefit amounted to €909 million compared to €762 million in 2018, and included €865 million of tax receivables from members of the tax consolidation group.

BALANCE SHEET

As of December 31, 2019, total assets amounted to €77,458 million, *versus* €79,033 million as of December 31, 2018.

Assets

Intangible assets totaled €329 million and included the AXA brand valued at €307 million, and €21 million related to the capitalization of software expenses.

Investments in subsidiaries, net of valuation allowances, totaled €67,663 million *versus* €71,317 million at year-end 2018, representing a decrease of €3,654 million, reflecting:

- €5,081 million net book value of the 269 million shares in Equitable Holdings, Inc. sold;

  partly offset by:

- €1,296 million in capital increases from the XL Group, primarily related to its debt deleveraging plan.

Receivables from subsidiaries amounted to €1,144 million compared to €774 million at year-end 2018, *i.e.* an increase of €370 million, including a €492 million ($553 million) loan also related to the deleveraging plan of the XL Group.

Tax receivables amounted to €83 million, representing an increase of €56 million mainly due to corporate income tax instalments.

Marketable securities of €726 million represented the repurchase of AXA shares to meet its obligations to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes.

Cash instruments amounted to €448 million and represented the option premiums paid within the context of the purchase of protection on equity markets.

Cash and cash equivalents totaled €2,956 million compared to €1,538 million at the end of 2018, up €1,418 million resulting from the dividends received and the proceeds coming from the disposal of Equitable Holdings, Inc., partly offset by the dividend paid and the repayment of loans made by the operating entities.

Unrealized foreign exchange losses amounted to €3,419 million, including €3,058 million related to the deferred recognition of net foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The €286 million increase *versus* 2018 was primarily due to the recognition in profits of the foreign exchange translation differences on the US dollar, following the disposal of Equitable Holdings, Inc. and the hedge accounting on the Swiss franc.

Liabilities

Shareholders' equity, before net income for the period and after the payment of the dividends relating to the prior fiscal year, stood at €37,151 million, representing a decrease of €241 million, of which €375 million for the capital increase reserved for employees, and €67 million following the exercise of stock options, partly offset by €683 million related to the cancellation of shares bought back.

Other shareholders' equity including the undated super subordinated debts, totaled €3,858 million compared to €4,032 million in 2018, due to a debt repayment of £219 million (or €245 million) and a foreign exchange impact of €75 million.

Provisions for risks and charges amounted to €1,563 million, and mainly included €412 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group, a €220 million provision for exchange-rate risk, a €284 million reserve for unrealized capital losses on equity options, and a €352 million provision for internal guarantees in the context of a business litigation.

Subordinated debt amounted to €13,028 million compared to €12,885 million in 2018, up €143 million, primarily due to an unfavorable foreign exchange rate impact.

Financial debts amounted to €16,389 million from €19,522 million as of December 31, 2018, representing a decrease of €3,133 million reflecting a decrease by €2,322 million from loans granted by Group entities mainly related to the financing of the acquisition of the XL Group as well as a €497 million reduction in margin call under collateral agreements.

Unrealized foreign exchange gains totaled €799 million compared to €1,099 million as of December 31, 2018. reflecting the revaluation of foreign currency denominated assets and liabilities at the closing exchange rates. It decreased mainly due to an unfavorable impact of the sterling pound and the US dollar on debts.

Other information

In accordance with Article L.225-102-1 of the French Commercial Code (*Code de commerce*), disclosures related to the Company's executive compensation appear in Part 3, Section 3.2. "Executive compensation and share ownership" of this Annual Report.

Invoices issued during the period and not paid at the closing date	Payment delay group					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total (1 day and more)
Number of invoices concerned	31	30	-	49	13	92
Total Amount VAT included of invoices concerned *(in Euro)*	21,998,690	1,219,793	-	5,607,764	410,386	7,231,943
Percentage of revenue VAT included of the period	7.94%	0.44%	-	2.02%	0.15%	2.61%

Invoices issued during the period with a delay of payment	Payment delay group					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total (1 day and more)
Number of invoices concerned	265	112	53	31	27	223
Total Amount VAT included of invoices concerned *(in Euro)*	112,759,797	82,002,097	46,811,183	5,840,507	317,701	134,971,488
Percentage of revenue VAT included of the period	40.71%	29.61%	16.90%	2.11%	0.11%	48.73%

Invoices received and not paid at the closing date	Payment delay group					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total (1 day and more)
Number of invoices concerned	6	4	1	0	3	8
Total Amount VAT included of invoices concerned *(in Euro)*	10,075,754	8,252,596	49,131	51,167	370,441	8,723,335
Percentage of the total amount VAT included period purchases (in Euro)	1.51%	1.23%	0.01%	0.01%	0.06%	1.30%

Invoices received and paid with a delay during the period	Payment delay group					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total (1 day and more)
Number of invoices concerned	2025	1114	367	193	393	2,067
Total Amount VAT included of invoices concerned *(in Euro)*	368,273,106	129,230,512	77,846,236	10,926,170	83,156,756	301,159,674
Percentage of the total amount VAT included period purchases (in Euro)	55.01%	19.30%	11.63%	1.63%	12.42%	44.99%

Payment delay used for these calculations is French legal delay (30 days after the invoice issuing day).

Acquisition of equity interests

In 2019, the Company did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Commercial Code.

This page was intentionally left blank.

BALANCE SHEET

Assets

(in Euro million)		December 31, 2019 Gross carrying value	December 31, 2019 Amortizations and provisions	December 31, 2019 Net carrying value	Net carrying value as at December 31, 2018
Fixed assets					
Intangible assets		**376**	**46**	**329**	**333**
Tangible assets					
Land		-	-	-	-
Buildings and other fixed assets		1	-	1	1
Financial assets					
Investments in subsidiaries		69,315	1,652	67,663	71,317
Receivables from subsidiaries		1,145	1	1,144	774
Other financial assets		350	97	253	230
Loans		64	-	64	70
	I	**71,251**	**1,796**	**69,454**	**72,725**
Current assets					
Operating receivables					
Tax receivables		83	-	83	27
Receivables and subsidiaries' current accounts		306	-	306	255
Marketable securities		726	-	726	987
Cash instruments		448	-	448	290
Cash and cash equivalents		2,956	-	2,956	1,538
Prepaid expenses		10	-	10	9
	II	**4,529**	**-**	**4,529**	**3,106**
Prepayments and accrued income					
Deferred charges		325	295	30	40
Bond redemption premiums		26	-	26	29
Unrealized foreign exchange losses		3,419	-	3,419	3,133
TOTAL ASSETS		**79,549**	**2,091**	**77,458**	**79,033**

Liabilities

(in Euro million)		December 31, 2019	December 31, 2018
Shareholders' equity			
Capital			
Ordinary shares		5,537	5,553
Capital in excess of nominal value			
Issue premiums		18,754	18,981
Merger and contribution premiums		2,076	2,076
Reserves			
Legal reserve		557	558
Specific reserves for long term capital gains		2,316	2,316
Other reserves		1,488	1,488
Retained earnings		6,378	9,257
Tax driven provision		45	45
Net income for the financial year		4,301	307
	I	**41,452**	**40,581**
Other shareholders' equity			
Undated subordinated notes		3,858	4,032
	II	**3,858**	**4,032**
Provisions for risks and charges	**III**	**1,563**	**561**
Liabilities			
Subordinated debt		**13,028**	**12,885**
Financial debt		**16,389**	**19,522**
Operating payables			
Tax payables		1	4
Social payables		-	-
Other payables			
Debt on fixed assets		75	75
Other		293	273
Cash instruments		-	-
Deferred income		-	1
	IV	**29,786**	**32,760**
Prepayments and accrued expense			
Unrealized foreign exchange gains		799	1,099
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**77,458**	**79,033**

A

INCOME STATEMENT

(in Euro million)		2019	2018
I. Result on ordinary activities			
Financial & operating revenues			
Dividends received from subsidiaries		5,865	3,973
Revenues on short-term investments		146	187
Other revenues		68	27
	I	**6,079**	**4,187**
Operating expenses			
External expenses and other expenses		(450)	(440)
Tax expenses		(2)	(2)
Payroll and compensation		(15)	(14)
Interest expenses		(1,099)	(1,106)
Allowances for depreciation of buildings and deferred charges		(13)	(13)
	II	**(1,579)**	**(1,575)**
Operating profit	**(III = I + II)**	**4,500**	**2,612**
Contribution on common operations	**IV**	**-**	**-**
FINANCIAL OPERATIONS ON SECURITIES			
Reversals to provisions for marketable securities		-	-
Net income on sale of short-term securities		(23)	-19
Allowances to provisions for marketable securities		-	-
Investment result on securities	**V**	**(23)**	**(19)**
Profit on ordinary activities before tax	**(VI = III + IV + V)**	**4,477**	**2,593**
II. RESULT ON CAPITAL OPERATIONS			
Proceeds from the sale of fixed assets		7,599	4,765
Releases of provisions for risks and charges		6	28
Releases of equity securities provisions		2,076	320
Foreign exchange result		(200)	3
Net book value on the sale of fixed assets		(9,259)	(6,422)
Allowances to provisions for risks and charges		(715)	(32)
Allowances to equity shares provisions		(494)	(2,189)
Exceptional result		(98)	479
	VII	**(1,085)**	**(3,048)**
INCOME TAX BENEFIT/(EXPENSE)	**VIII**	**909**	**762**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII +VIII**	**4,301**	**307**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
1 – CLOSING BALANCE SHEET SUMMARY					
a) Capital – Ordinary shares *(in Euro million)*	5,557	5,554	5,554	5,553	5,536
b) Ordinary shares *(numbers in million)*	2,426	2,425	2,425	2,425	2,418
c) Bonds convertible into ordinary shares *(numbers in million)*	7	7	-	-	-
2 – Income statement summary *(in Euro million)*					
a) Gross revenues before sales tax	2,709	3,608	5,287	4,161	6,011
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	1,079	252	3,799	2,610	4,492
c) Income tax expense/benefit	784	692	1,048	762	909
d) Net after-tax income after depreciation, amortization and releases	1,747	432	4,958	307	4,301
e) Net dividend distribution	2,656	2,808	3,056	3,249	3,457
3 – Per share data *(in Euro)*					
a) After tax income, before depreciation, amortization and releases	0.71	0.31	1.44	0.90	1.57
b) After tax income, after depreciation, amortization and releases	0.72	0.18	2.04	0.13	1.78
c) Net dividend per share [(a)]	1.10	1.16	1.26	1.34	1.43

(a) Dividend proposed at year end 2019 is submitted to the Shareholders' Meeting of April 30, 2020 and based on 2,417,695,123 outstanding ordinary shares.

STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2019	December 31, 2018
CASH INFLOWS		
Profit on ordinary activities before tax	4,476	2,594
Result on capital operations before tax	(1,084)	(3,048)
Income tax expense/benefit	909	762
Changes in reserves and amortization	(557)	1,019
Cash flow for the year	**3,744**	**1,327**
Increases in shareholders' equity	441	368
New borrowings	-	9,489
Sale or decrease in fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	9,440	8,697
TOTAL CASH INFLOWS	**13,625**	**19,881**
CASH OUTFLOWS		
Dividends paid out during the year	3,189	2,998
Reduction in shareholders' equity	683	429
Repayment of financial debt	3,029	1,761
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	5,093	14,956
Expenses amortized over several years	-	37
TOTAL CASH OUTFLOWS	**11,994**	**20,181**
Change in working capital	**1,631**	**(300)**
Short-term equivalents		
Change in:		
■ operating receivables	111	(841)
■ operating payables	(8)	(14)
■ cash and cash equivalent	1,528	555
TOTAL	**1,631**	**(300)**

This page was intentionally left blank.

SUBSIDIARIES AND PARTICIPATING INTERESTS

(in Euro thousand)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
1) Subsidiaries (at least 50%-owned)				
AXA ASIA	8,401,354	388,765	100.00%	8,413,436
21, avenue Matignon – 75008 PARIS	-	-		-
ARCHITAS LIMITED	7	34,479	100.00%	76,851
5 Old Broad Street – EC2N 1AD – LONDON – United Kingdom	-	-		-
AXA PARTNERS HOLDINGS SA	174,952	26,642	100.00%	195,138
6, rue André Gide – 92320 CHATILLON	-	-		-
AXA BANK BELGIUM (ex AXA BANK EUROPE SA)	636,318	506,058	100.00%	915,000
25, Boulevard du Souverain – 1170 BRUXELLES – Belgium	-	-		-
AXA CHINA	461,655	(13,719)	51.00%	235,448
23, avenue Matignon – 75008 PARIS	-	-		-
AXA France VIE	487,725	5,075,556	98.34%	2,525,109
313,Terrasses de l'Arche – 92727 Nanterre - France	-	-		-
AXA France IARD	214,799	2,223,934	99.92%	1,801,832
313,Terrasses de l'Arche – 92727 Nanterre – France	-	-		-
AXA France PARTICIPATIONS	453,966	(21)	100.00%	453,966
313,Terrasses de l'Arche – 92727 Nanterre – France	-	-		-
AXA EQUITY AND LAW PLC	1,208	2,221,506	99.96%	1,133,234
5 Old Broad Street – EC2N 1AD – LONDON – United Kingdom	-	-		-
XL GROUP	-	8,431,157	100.00%	16,285,977
O'Hara House, One Bermudiana Road – Hamilton Bermuda HM 08	-	-		-
AXA GENERAL INSURANCE	193,247	12,437	99.71%	293,728
395-70, Shindaebang-dong, Dongjak-gu – SEOUL – Corée du Sud	-	-		-
AXA GLOBAL RE (ex AXA GLOBAL P&C)	196,723	252,169	100%	490,268
61, rue Mstislav Rostropovitch – 75017 Paris – France	-	-		-
AXA HOLDINGS BELGIUM	453,101	330,130	100.00%	4,493,243
25, Boulevard du Souverain – 1170 BRUXELLES – Belgium	-	-		-
AXA INVESTMENT MANAGERS	52,843	1,237,830	78.96%	1,550,558
Cœur Défense – Tour B – La Défense 4 – 100 Esplanade du	-	-		-
Général de Gaulle – 92932 PARIS LA DEFENSE	-	-		-
AXA LIFE INSURANCE COMPANY	696,792	2,104,652	78.55%	2,384,259
NBF Platinium Tower 1-17-3 Shirokane – Minato-ku	-	-		-
108 – 8020 TOKYO – Japan	-	-		-
AXA LIFE EUROPE	99,970	843,848	100.00%	1,019,424
Wolfe Tone House, Wolfe Tone Street, Dublin 1 – Irlande	-	-		-
ARCHITAS SOLUTIONS	120,000	(112,071)	100.00%	120,000
Wolfe Tone House, Wolfe Tone Street, Dublin 1 – Irlande	-	-		-
AXA MEDITERRANEAN HOLDING	211,477	3,779,929	100.00%	4,485,474
Calle monseñor Palmer numéro 1 – PALMA DE MALLORCA – Îles Baléares	-	-		-

(a) For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.
(b) Consolidated data.

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/ participation	Last closing revenues available [(a)]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
8,413,436	-	-	230,793	203,301	-	December 31, 2019
-	-	-	-	-	-	
76,851	-	-	-	25,354	-	December 31, 2019
-	-	-	-	-	-	
195,138	86,000	-	1,723,822	(18,485)	-	December 31, 2019
-	-	-	-	-	-	
587,000	-	-	729,372	457,623	-	December 31, 2019
-	-	-	-	-	-	
235,448	-	-	-	7	-	December 31, 2019
-	-	-	-	-	-	
2,525,109	-	-	18,878,221	1,008,718	639,067	December 31, 2019
-	-	-	-	-	-	
1,801,832	-	-	7,031,255	736,407	867,956	December 31, 2019
-	-	-	-	-	-	
453,966	-	-	-	9,491	-	December 31, 2019
-	-	-	-	-	-	
1,133,234	-	-	-	254,527	250,457	December 31, 2019
-	-	-	-	-	-	
16,285,977	-	-	16,052,970	3,903	-	December 31, 2019
-	-	-	-	-	-	
293,728	-	-	561,060	10,017	-	December 31, 2019
-	-	-	-	-	-	
490,268	-	-	2,841,065	96,559	2,771	December 31, 2019
-	-	-	-	-	-	
4,493,243	-	-	525,260	523,094	532,404	December 31, 2019
-	-	-	-	-	-	
1,550,558	-	134,000	217,057	183,186	114,501	December 31, 2019
-	-	-	-	-	-	
-	-	-	-	-	-	
2,384,259	-	-	4,849,520	465,610	267,754	December 31, 2019
-	-	-	-	-	-	
-	-	-	-	-	-	
974,524	-	-	2,790	(109,176)	-	December 31, 2019
-	-	-	-	-	-	
12,941	6,000	-	18,575	4,553	-	December 31, 2019
-	-	-	-	-	-	
4,485,474	375,500	331,274	206,597	136,206	201,216	December 31, 2019
-	-	-	-	-	-	

(in Euro thousand)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
AXA GROUP OPERATIONS SAS (ex AXA SERVICES SAS)	38,893	118,101	99.92%	236,406
81, rue Mstislav Rostropovitch – 75017 Paris – France	-	-		-
AXA UK PLC [(b)]	1,802,964	4,661,636	53.12%	4,555,833
5 Old Broad Street – LONDON EC2N 1AD – United Kingdom	-	-		-
AXA VERSICHERUNGEN AG	155,202	1,740,911	100.00%	5,171,327
General Guisan-str,40 – CH-8401 WINTERTHUR – Switzerland	-	-		-
CFP MANAGEMENT	1,300	11,823	100.00%	139,808
21, avenue Matignon – 75008 PARIS	-	-		-
KAMET (ex AXA Matignon 5)	141,360	(17,948)	100.00%	203,990
30, Rue Fortuny – 75017 PARIS	-	-		-
COLISEE RE	95,436	155,668	100.00%	619,892
61, rue Mstislav Rostropovitch – 75017 PARIS	-	-		-
HOLDING VENDOME 3	145	(50)	100.00%	163,015
21, avenue Matignon – 75008 PARIS	-	-		-
AVANSSUR	99,429	89,580	100.00%	367,793
313,Terrasses de l'Arche – 92727 Nanterre – France	-	-		-
SOCIETE BEAUJON	52,537	1,107,436	99.99%	1,375,662
21, avenue Matignon – 75008 PARIS	-	-		-
VINCI BV	1,438,711	799,991	100.00%	4,284,806
Graadt van Roggenweg 500 – Postbus 30800	-	-		-
3503 AP UTRECHT – Netherlands	-	-		-
AXA HOLDING AS	187,645	6,477	16.75%	112,497
Meclisi Mebusan cad n° 15 – Salipazari	-	-		-
34433 ISTANBUL – Turkey	-	-		-
AXA MILLESIMES	107,662	128,171	22.09%	70,396
21-23 avenue Matignon – 75008 Paris – France	-	-		-
AXA KONZERN AG	79,840	1,533,046	34.63%	2,193,018
Colonia Allee, 10-20 – 51067 KOLN – Germany	-	-		-
LOR Matignon	8,538	151,803	27.78%	56,695
100, Esplanade du Général De Gaulle – Cœur Défense Tour B	-	-		-
92400 COURBEVOIE	-	-		-
RGI Holdings	143,045	939,133	39.34%	700,000
51, avenue de la Gare - 1611 Luxembourg	-	-		-
Sub-total A	**17,205,844**	**38,769,059**	**0.00%**	**67,124,083**
B. GENERAL INFORMATION ABOUT OTHER UNITS AND PARTICIPATING INTERESTS	-	-		-
1) Subsidiaries not shown in section A	-	-		-
a) French subsidiaries (total)	-	-		138,956
b) Foreign subsidiaries (total)	-	-		95,348
2) Participating interests not shown in section A	-	-		-
a) in French companies (total)	-	-		8,025
b) in foreign companies (total)	-	-		120,068
TOTAL (A+B)	-	-		**67,486,480**

(a) For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.
(b) Consolidated data.

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/ participation	Last closing revenues available [(a)]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
163,568	101,000	-	-	6,573	-	December 31, 2019
-	-	-	-	-	-	
4,555,833	-	1,410,437	-	292,293	275,257	December 31, 2019
-	-	-	-	-	-	
5,171,327	-	-	3,125,484	1,852,102	1,262,157	December 31, 2019
-	-	-	-	-	-	
13,081	-	-	-	(42)	1,300	December 31, 2019
-	-	-	-	-	-	
104,000	-	-	-	(12,423)	-	December 31, 2019
-	-	-	-	-	-	
189,741	-	-	3,149	22,500	67,573	December 31, 2019
-	-	-	-	-	-	
3,701	-	-	-	(9)	-	December 31, 2019
-	-	-	-	-	-	
367,793	-	-	-	84,794	20,042	December 31, 2019
-	-	-	-	-	-	
1,298,050	-	123,011	35,693	64,680	-	December 31, 2019
-	-	-	-	-	-	
4,284,806	-	-	256,600	256,371	256,600	December 31, 2019
-	-	-	-	-	-	
-	-	-	-	-	-	
112,497	-	-	-	4,049	-	December 31, 2019
-	-	-	-	-	-	
-	-	-	-	-	-	
70,396	-	-	-	5,743	218	December 31, 2019
-	-	-	-	-	-	
2,193,018	-	-	566,616	560,587	157,018	December 31, 2019
-	-	-	-	-	-	
56,695	-	-	-	6,550	-	December 31, 2019
-	-	-	-	-	-	
-	-	-	-	-	-	
700,000	-	-	1,461,639	214,631	-	December 31, 2019
-	-	-	-	-	-	
65,677,492	**568,500**	**1,998,722**	**59,317,538**	**7,349,294**	**4,916,291**	
-	**-**	**-**	**-**	**-**	**-**	
-	**-**	**-**	**-**	**-**	**-**	
76,076	6,000	2,722	-	-	-	
71,383	1,500	-	-	-	9,758	
-	**-**	**-**	**-**	**-**	**-**	
8,025	-	-	-	-	10,433	
78,831	758	-	-	-	13,180	
65,911,807	**576,758**	**2,001,444**	**59,317,538**	**7,349,294**	**4,949,662**	

Notes to the financial statements as at December 31, 2019

Net income

Net income for the fiscal year ended December 31, 2019 resulted in a profit of €4,301 million compared to a profit of €307 million for the year ended December 31, 2018.

1. HIGHLIGHTS

The significant account movements are presented in the tables in these notes.

2. ACCOUNTING PRINCIPLES

2.1. General principles

The financial statements as at December 31, 2019 are prepared and presented in accordance with the provisions of the 2014 Chart of Accounts (regulation ANC n°2014-03 dated June 5, 2014).

Since January 1, 2011, AXA has applied regulation ANC n°2015-05 linked to term financial instrument and hedge operation.

Since January 1, 2005, AXA has applied regulations CRC 2002-10 related to depreciation and amortization of assets (amended by regulations CRC 2003-07 and CRC 2005-09), and CRC 2004-06 related to the definition, recognition and measurement of assets, repealed and replaced by regulation ANC n°2014-03 chapter "*titre II, chapitre I Actifs non financiers*"; application of these regulations has had no impact on the Company's financial statements.

In accordance to regulation CRC 2008-15, repealed and replaced by regulation ANC n°2014-03 chapter "*titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salariés*" (especially Articles 624-15 and 624-16) and chapters "*titre IX, chapitre IV, section 5 Comptes financiers*" (especially Article 945-50) treasury shares are recorded in "Marketable securities". As of December 31, 2019, 31,102,295 shares were allocated to hedging purposes, representing €726 million.

The application of regulations relating to the accounting treatment of stock options (subscription and purchase) and performance shares/units (free shares granted to employees and subject to performance conditions) had no impact on the Company's financial statements (regulation ANC n°2014-03 chapter "*titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salariés*").

Find below a summary of options and performance shares or units shares granted in 2019 and 2018 to members of the Management Committee paid by the Company:

	Year 2019		Year 2018	
(in Euro)	Value of options granted during the year	Value of performance shares and performance units granted during the year	Value of options granted during the year	Value of performance shares granted during the year
TOTAL	-	**5,619,964**	**687,288**	**4,004,072**

Stocks options, performance shares and performance units plans are described in Part 3 – Section 3.2 "Executive compensation and share ownership" of this Universal Registration Document.

2.2. Presentation of the financial statements

BALANCE SHEET

Intangible assets include concessions, patents, brands and software.

Tangible assets include investments in real estate, split between land and buildings, as well as fixtures and fittings.

Financial assets consist in (i) investments in and receivables from subsidiaries and affiliates, and (ii) other financial assets and loans.

Securities are classified using the following criteria:

- investments in subsidiaries and affiliates are securities representing at least 10% of the share capital of the issuing company plus those which the Company deems held for the long term;
- other financial assets comprise securities representing less than 10% of the share capital and which are not investments in subsidiaries and affiliates.

INCOME

The income statement distinguishes between ordinary operations and capital operations:

- ordinary operations include dividends, revenues from other investments, financial expenses, operating expenses and income from transactions in marketable securities;
- capital operations include gains or losses on the disposal of investments in subsidiaries and affiliates and portfolio

management investments, impairment charges and reversals in respect of these securities and related receivables, gains and losses arising from exchange rate movements, charges and reversals of provisions for risks and charges, and exceptional income and expense.

Disposals of investments in subsidiaries and affiliates are measured using the weighted average unit cost method.

To improve the transparency of the financial statements, (i) charges and releases of provisions for exchange rate risk are recognized in foreign exchange result, and (ii) charges and reversals of provisions for tax repayment risk are recognized in income tax benefit/expense.

2.3. Intangible assets

Intangible assets totaled €329 million. They mainly included the AXA brand valued at €307 million and €21 million relating to the capitalization of software expenses.

2.4. Tangible assets

Tangible assets are recognized at acquisition cost or transfer value. Buildings are depreciated using the straight line method over fifty years, and fitting work is depreciated over five or ten years as appropriate.

2.5. Financial assets

Financial assets are measured at acquisition cost or transfer cost. At the balance sheet date, the acquisition cost is compared to the fair value, and the lower of these two values is then recognized in the balance sheet.

The fair value of investments in subsidiaries and affiliates is their going concern value for the firm. This may be determined as a function of (i) their share price, (ii) their shareholders' equity (including unrealized gains) or (iii) prospects for the subsidiary.

This multi-criteria analysis reflects the long-term nature of AXA's ownership in these subsidiaries and excludes factors relating to short-term market volatility. Net book value is compared with the going concern value, which is the value of the assets and expected profits of existing and new business, taking into account the entity's future prospects. The value of future profits is estimated on the basis of calculations of the European Embedded Value of the Life & Savings business published by the Group, or similar calculations for other activities.

For other investments, the fair value is the share price for listed securities and the likely trading value for unlisted securities.

2.6. Receivables

Receivables are measured at nominal value. An impairment provision is charged in the event of risk of non-recovery.

2.7. Marketable securities

At the balance sheet date, the acquisition cost is compared to the fair value, which corresponds to the exit value for SICAV and FCP Mutual funds and to the average share price over the last month before the balance sheet date for the other securities.

2.8. Prepayments and accrued income

Deferred charges correspond to debt issue costs, which are spread over the lifetime of the issue or for a maximum of 10 years when the debt has no predetermined maturity.

2.9. Employee benefits

Employee benefit liability was reviewed and a valuation was carried out, in accordance with the Recommendation ANC n° 2013-02, so as to measure any additional adjustment necessary to ensure the coverage of defined post-retirement benefit obligations and for accounting purposes. The method 1, as defined by this Recommendation has been applied: past service costs are recognized in profit and loss over the vesting period and the expected return on asset is used in developing the net periodic pension cost. Pursuant to this review, the employee benefit liability recognized was nil as at December 31, 2019. Additional information on employees' defined benefit obligations is provided in Note 26.2 of Consolidated Financial Statements.

2.10. Unrealized foreign exchange gains/losses

Foreign currency receivables and liabilities are adjusted at the balance sheet date exchange rate. The matching item for this adjustment is a translation variance asset account when the difference is an unrealized loss, and a translation variance liability account when it is an unrealized gain. These items do not flow through the income statement but a provision for foreign exchange risk is made to recognize unrealized losses relating to the translation variance asset.

When a loan or borrowing generates an unrealized translation loss, but is hedged, a provision for unhedged risk is registered.

2.11. Derivative products

- Interest rate swaps: these transactions are recognized by applying the accrued interest method. A distinction is made in the income statement and balance sheet between income from the principal transaction, which is the subject of the swap, and the net income from the swap transaction. The nominal value of the swaps serving as a basis for interest rate swaps is recognized off-balance sheet;
- Derivative products qualifying as hedges against foreign exchange risk (exchange rate or currency swaps, currency futures) are recognized off-balance sheet as a reciprocal liability and receivable commitment. For currency options, the premium paid on acquisition is recognized as an asset on the balance sheet in the "cash instruments" account. When the option is exercised, the premium is recorded in the income statement. The same is true when the option is not exercised at term. For option sales, a provision for risks and charges is recognized to take into account the unrealized loss. Other derivative instruments are recognized off-balance sheet at their nominal value. Unrealized losses arising from the estimated market value of these financial instruments give rise to recognition of a provision for foreign exchange loss when the hedge accounting cannot be applied;

- Equity derivative products: equity option rights paid or received are posted in a suspense account on payment or receipt of funds. At the balance sheet date, if the option has not been exercised, the rights received, representing possible income, are not recognized in the income statement. A provision is created against rights paid if it is likely, given market trends, that the option will not be exercised. When the option is exercised, this represents an addition to the acquisition price of the underlying instrument and an addition to the sale price when the option is sold.

2.12. Other shareholders' equity

Undated deeply subordinated notes are classified as "Other shareholders' equity" when, like for ordinary shares, there is no contractual obligation to remit cash or any other financial assets.

Other shareholders' equity included the undated deeply subordinated debts (TSS), amounting to €3,858 million compared to €4,032 million in 2018, due to a debt repayment of £219 million (or €245 million) and a foreign exchange impact of €75 million.

2.13. Provisions for risks and charges

The Company is the head of a French tax consolidation regime group. The tax consolidation regime provides that tax savings should be recognized directly in the Company's financial statements. However, a provision for the return of tax savings is recognized when there is a high probability that the benefit will accrue to subsidiaries as a result of the prospect of future taxable income resulting from the Group's strategic planning.

3. NOTES TO THE BALANCE SHEET

3.1. Movements in intangible assets

This account included the AXA brand valued at €307 million and €21 million relating to the capitalization of software expenses.

3.2. Movements in financial assets (before provisions)

(in Euro million)	Gross value at December 31, 2018	Acquisitions	Disposals/ Translation variance and accrued interests	Gross value at December 31, 2019
Investments in subsidiaries [(a)]	74,552	4,018	9,256	69,314
Receivables from subsidiaries [(b)]	775	633	263	1,145
Other financial assets	327	23	-	350
Loans	70	105	111	64
TOTAL	**75,724**	**4,779**	**9,630**	**70,873**

(a) The net decrease of €5,238 million is mainly explained by €6,326 million book value of the shares in Equitable Holdings, Inc. sold.
(b) Increase of €370 million, including a €492 million ($553 million) loan related to the deleveraging plan of the XL Group.

3.3. Movements in provisions for impairment of financial assets

(in Euro million)	Provisions at December 31, 2018	Allowances	Releases	Provisions at December 31, 2019
Investments in subsidiaries [(a)]	3,235	493	2,076	1,652
Receivables from subsidiaries	1	-	-	1
Other financial assets	97	-	-	97
TOTAL	**3,333**	**493**	**2,076**	**1,750**

(a) Net impairments release of €2,076 million of which €1,377 million on Equitable Holdings,Inc. shares sold.

3.4. Statement of receivables by maturity

(in Euro million)	Gross value at December 31, 2019	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	1,145	548	528	69
Tax receivables	83	83	-	-
Loans	64	51	-	13
Miscellaneous receivables and currents accounts with subsidiaries	306	306	-	-
Total	**1,598**	**988**	**528**	**82**

3.5. Miscellaneous receivables and subsidiaries' current accounts

(in Euro million)	
Income receivable	122
Miscellaneous debtors	70
Accrued interest on *swaps*	114
TOTAL	**306**

3.6. Expenses payable over more than one period

(in Euro million)	Gross value at December 31, 2019	Amount amortized at December 31, 2018	Charge and increase for the period	Net value at December 31, 2019
Debts issue expenses	254	214	10	30
Investment acquisition expenses	71	71	-	-
TOTAL	**325**	**285**	**10**	**30**

3.7. Unrealized foreign exchange losses

Unrealized foreign exchange losses amounted to €3,419 million, including €3,058 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The €286 million increase *versus* 2018 was primarily due to the recognition in profits of the foreign exchange translation differences on the US dollar, following the disposal of Equitable Holdings, Inc. shares, and the hedge accounting on the Swiss franc.

3.8. Share capital

The Company's share capital is represented by 2,417,695,123 shares with a par value of €2.29, giving a total value of €5,536,521,832 as at December 31, 2019. These shares were all entirely subscribed and paid with rights from January 1, 2019.

3.9. Movement in shareholders'equity

(in Euro million)	Year ending December 31, 2018	Year ending December 31, 2019
Net income	307	4,301
Per share	0.13	1.78
Movement in shareholders' equity compared to opening balance	(1,737)	870
Per share	(0.72)	0.36
Proposed dividend [(a)]	3,249	3,457
Per share	1.34	1.43

(a) Proposed dividend at year-end 2019 is submitted to Shareholders' Meeting of April 30, 2020.

(in Euro million)	
Equity at December 31, 2018	**40,581**
Capital increase for employees	375
Exercise of equity instruments	67
Shares buyback/cancellation	(683)
Dividends paid out	(3,189)
Net income for the period	4,301
Tax driven provision and others	-
Equity at December 31, 2019	**41,452**

3.10. Other shareholders' equity

Other shareholders' equity includes the undated deeply subordinated debts (TSS), and amounted to €3,858 million compared to €4,032 million in 2018, due to a debt repayment of £219 million (or €245 million) and a foreign exchange impact of €75 million.

(in Euro million)	Value at December 31, 2018	Repayment	Translation variance/ accrued interests	Value at December 31, 2019
Undated deeply Subordinated Notes (nominal)	3,960	(245)	74	3,789
Accrued interests	72	-	(3)	69
TOTAL	**4,032**	**(245)**	**71**	**3,858**

3.11. Provisions for risks and charges

(in Euro million)	Value at beginning of period	Allowances for the period	Releases for the period (provisions used)	Releases for the period (provisions not used)	Value at end of period
Provisions for deferred taxes	396	62	15	-	443
Provision for foreign exchange losses	44	176	-	-	220
Other provisions for risks	121	834	55	-	900
TOTAL [(a)]	**561**	**1,072**	**70**	**-**	**1,563**

(a) Mainly include €412 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group, a €220 million provision for exchange-rate risk, a €284 million reserve for unrealized capital losses on equity options and a €352 million provision for internal guarantees in the context of a business litigation.

3.12. Subordinated debt

(in Euro million)	Value at December 31, 2019	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	221	-	-	221
Undated subordinated Euro Medium Term Notes	2,715	-	-	2,715
Subordinated bonds 5.25% due 2040	1,300	-	-	1,300
Subordinated bonds 5,125% due 2043	1,000	-	-	1,000
Subordinated bonds 4.5% due 2046 *($)*	757	-	-	757
Subordinated bonds 3,375% due 2047	1,500	-	-	1,500
Subordinated bonds 5,625% due 2054 *(£)*	882	-	-	882
Subordinated bonds 5,125% due 2047 *($)*	890	-	-	890
Subordinated bonds 3,337% due 2049	2,000	-	-	2,000
Redeemable subordinated bonds 8.60% due 2030 *($)*	1,113	-	-	1,113
Redeemable subordinated bonds 7,125% due 2020 *(£)*	382	382	-	-
Subordinated EMTN	10	-	10	-
Accrued interests	258	258	-	-
TOTAL	**13,028**	**640**	**10**	**12,378**

Subordinated debt amounted to €13,028 million compared to €12,885 million in 2018, up €143 million, primarily due to an unfavorable foreign exchange rate impact.

The perpetual subordinated notes are undated bonds. The Company has the option of deferring payment of the coupons under certain conditions. Nonetheless, the coupons must be paid when these conditions cease to be met or on redemption of the instruments. When payment is deferred for an extended period, the coupons remain payable by law. Similarly, in the absence of dividends being paid, unpaid coupons accumulated over the years will be recognized as payable upon liquidation, if any. These instruments are classified as debt on the basis of this contractual obligation to pay the coupons.

3.13. Financial debt

(in Euro million)	Value at December 31, 2019	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	500	-	-	500
Bonds	7,602	300	6,279	1,023
Deposits under collateral agreements	-	-	-	-
Loans granted by Group entities	8,188	982	4,217	2,989
Accrued interests	99	99	-	-
TOTAL	**16,389**	**1,381**	**10,496**	**4,512**

Financial debt amounted to €16,389 million *versus* €19,522 million as at December 31, 2018, down €3,133 million reflecting a decrease by €2,322 million on loans granted by Group entities mainly related to the financing of the acquisition of the XL Group, as well as a €497 million reduction in margin call under collateral agreements.

3.14. Statement of operating payables

(in Euro million)	Value at December 31, 2019	Less than 1 year	1 to 5 years
Debt on fixed assets [(a)]	75	75	-
Other payables, including tax and social payables [(b)]	293	293	-
TOTAL	**368**	**368**	**-**

(a) Debt relating to non-current assets totaled €75 million and included shares issued by AXA Life Europe but not yet fully paid.
(b) Of which 185 million of expenses payables.

3.15. Unrealized foreign exchange gains

Unrealized foreign exchange gains totaled €799 million compared to €1,099 million as at December 31, 2018. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rates. It decreased mainly due to an unfavorable impact of the sterling pound and the US dollar on debts.

4. NOTES TO THE STATEMENT OF INCOME

4.1. Executive remuneration

- Directors' fees allocated to members of the Board of Directors €1.7 million.
- Other remuneration (net of recharging) €12.8 million.

The Company had 4 employees and 2 executive officers at the balance sheet date.

4.2. Income tax

(in Euro million)	Income before tax	Tax benefit/ expense*	Net income
Ordinary income [(a)]	4,476	-	4,476
Income from capital operations	(1,084)	-	(1,084)
Income tax expense [(b)]	-	909	909
TOTAL	**3,392**	**909**	**4,301**

** A positive sign indicates tax benefit.*
(a) Dividends received from investments in subsidiaries with more than 5% ownership for more than 2 years are tax-exempt, apart from a share of the costs and charges equal to 5% for non European entities or 1% for European entities.
(b) The corporate income tax benefit amounted to €909 million compared to €762 million in 2018. It mainly included €865 million of tax receivables from members of the tax consolidation group.

5. OFF-BALANCE SHEET COMMITMENTS

(in Euro million)	Notional value (commitments given)	Market value
Financial futures instruments	**80,560**	**(24)**
Foreign exchange Forward	**100**	**-**
Swaps	**56,601**	**(58)**
Interest rate swaps	37,002	321
Cross Currency swaps (long term)	10,162	(313)
Foreign Exchange swaps (short term)	9,437	(66)
Options	**23,859**	**34**
Foreign Exchange Options	16,235	(22)
Equity options	4,032	62
Index options	2,087	-
Swaption	1,500	(6)
Floor	5	-
Other commitments	**Commitments given**	**Commitments received**
Credit facilities (authorized but not drawn)	**933**	**8,468**
Guarantees and securities		
Commitments to buy back shares and bonds from Group entities	-	-
Other commitments	11,216	55
Of which financial guarantees given to Group entities	*8,073*	-

6. SENSITIVITY

By virtue of its business, the Company is mainly exposed to interest rate and exchange rate risks.

The table below shows an estimate of changes in the fair value of debt, loans and hedging instruments in the event of a 1% rise in the interest rate curve or a 10% depreciation of the Euro.

(in Euro million)	Change in fair value	
Sensitivity	Interest rates: +100 bps (1)	Depreciation of the Euro: 10% (2)
Debt (a)	6.2%	6.6%
Derivatives (b)	892.0%	-930.0%
Loans (c)	-0.1%	-8.5%

(a) External and internal debts.
(b) Both eligible and not eligible derivatives to hedge accounting.
(c) External and internal loans.
(1) A 100 bps rise in interest rates leads to a 6.2% improvement in the fair value of debt, a -0.1% deterioration in the fair value of loans, and an improvement of 892% in the fair value of loans.
(2) A 10% depreciation of the Euro leads to a 6.6% improvement in the fair value of debt, a -8.5% deterioration in the fair value of derivatives and a -930% deterioration in the fair value of loans.
The information on fair value presented above should be used with care:

- *since these estimates are based on the use of measurements such as interest rates and spreads at the balance sheet date; such measurements may fluctuate over time;*
- *and because there are a number of possible ways to perform these calculations.*

The information used for calculating the fair value of financing debt is market prices at the end of the period, using (i) market rates for each currency, (ii) AXA's average spread by maturity and for the main currencies, distinguishing subordinated debt and senior debt, and (iii) options included in issue contracts, such as issuer redemption options.

This note does not omit any material commitment or any which might become material in the future.

7. OTHER INFORMATION

None of the transactions operated by related parties, that are still outstanding at year end or that occurred during the course of the year, account for the distinctive characteristics of transactions to be disclosed in accordance with the ANC regulations n° 2014-03 (Article 831-3).

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

MAZARS
61, rue Henri Régnault
92400 Courbevoie

Statutory Auditors' report on the financial statements
(For the year ended December 31, 2019)

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

AXA SA

25, Avenue Matignon

75008 Paris

France

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of AXA SA for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (code de déontologie) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates
(See Notes 2.5 to the financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2019, investments in subsidiaries and affiliates represented €67 663 million, a significant balance sheet item. These investments are initially carried at acquisition cost or their contribution value. At the end of the fiscal year, an impairment allowance is recognized if the value at closing date is less than the acquisition cost. As described in note 2.5 to the financial statements, the value at closing date corresponds to the value in use and is determined by management on the basis of the share price, the equity value (including unrealized gains), or the future prospects of the subsidiary. Estimating the value in use of these types of investments requires a significant degree of judgment from management in terms of selecting the measurement methods, depending on the investment in question, and in determining which data and assumptions should be used to estimate the expected profits when these are taken into account in the valuation. The value of future profits is estimated on the basis of the European Embedded Value (EEV) calculations for the Life & Savings segment published by the Group, or similar calculations for the other activities. Given the inherent uncertainty involved in the use of forecasts (in terms of whether or not they will be achieved) and in the judgment required to assess value in use, we deemed the correct measurement of investments in subsidiaries and affiliates, particularly those based on forward-looking data, to be a key audit matter.	To assess the reasonableness of the estimated value in use of investments in subsidiaries and affiliates, based on the information provided to us, our audit work consisted primarily of verifying that the estimated values determined by management were based on an appropriate measurement method and assumptions, depending on the investment concerned. For valuations based on forecast data: ■ Assess the appropriateness of the methodology and assumptions used with regard to the Solvency II texts and the European Embedded Value principles published by the CFO Forum when the values in use of life and non-life insurance companies are based on these frameworks; ■ For the other entities, obtain the projections for cash flow and operating cash flow for the businesses produced by their respective operational management teams, and: - Check the consistency of the historical data used with the audited financial statements; - Check that the assumptions made are consistent with the economic environment at the closing date and at the date the financial statements were prepared; - Compare projections made in previous periods with actual results in order to assess the reliability of the estimates; - Verify the accuracy of the value in use calculated; - Confirm that the value in use, which is based on projected cash flows, has been adjusted to account for debts; We also verified the recording of provisions for contingencies where the company is exposed to the losses of a subsidiary with negative equity. Finally, we assessed the adequacy of the disclosures in the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code (code de commerce).

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies which are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF STATUTORY AUDITORS

We were appointed as statutory auditors of AXA SA by the Shareholders' Meetings held on February 28, 1989 for PricewaterhouseCoopers Audit and on June 8, 1994 for Mazars. As at December 31, 2019, PricewaterhouseCoopers Audit and Mazars were in the thirty-first and in the twenty-sixth consecutive year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, March 19, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Bénédicte Vignon - Grégory Saugner	Jean-Claude Pauly - Maxime Simœn

APPENDIX IV GROUP EMBEDDED VALUE AND SOLVENCY II OWN FUNDS

The information is disclosed in the "Embedded Value and Solvency II Own Funds report 2019" which is available on AXA's website (www.axa.com).

APPENDIX V GLOSSARY

This glossary includes definitions of non-GAAP financial measures, or alternative performance measures ("APMs"), indicated by an asterisk *, that Management believes are useful to understand the Group's business and analyze the Group's performance. The scope of the following definitions of APMs remains unchanged compared to prior periods, except that the scope of certain definitions was updated to take into account **(i)** the deconsolidation of EQH, and **(ii)** the impact of the issuance by AXA of mandatory exchangeable bonds into shares of EQH (the "MEBs") in May 2018, which were recorded in "shareholders' equity - Minority interests" and "financial debt" and subsequently reclassified from "shareholders' equity" components to financing debt starting 1Q19.

SCOPE AND COMPARABLE BASIS

Split by geography

The split by geography is detailed below:

- **France** (insurance and banking activities, and holdings);
- **Europe**, consisting of:
  - Switzerland (insurance activities),
  - Germany (insurance and banking activities, and holdings),
  - Belgium (insurance activities and holdings),
  - United Kingdom and Ireland (insurance activities and holdings),
  - Spain (insurance activities),
  - Italy (insurance activities);
- **Asia**, consisting of:
  - Japan (insurance activities and holdings),
  - Hong Kong (insurance activities),
  - Asia High Potentials, consisting of:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities),
  - Asia - Direct, consisting of:
    - Direct Japan (insurance activities),
    - Direct South Korea (insurance activities),
  - Asia Holdings;
- **AXA XL**, consisting of:
  - XL Group (insurance activities and holdings) as acquired on September 12, 2018,
  - AXA Corporate Solutions Assurance (insurance activities),
  - AXA Art (insurance activities);
- **United States** (insurance activities, AB and holdings);
- **International**, consisting of:
  - AXA Bank Belgium (banking activities),
  - Brazil (insurance activities and holdings),
  - Colombia (insurance activities),
  - Czech Republic and Slovak Republic (insurance activities),
  - Greece (insurance activities),
  - The Gulf Region (insurance activities and holdings),
  - India (insurance activities and holdings),
  - Lebanon (insurance activities and holdings),
  - Luxembourg (insurance activities and holdings),
  - Malaysia (insurance activities),
  - AXA Mediterranean Holdings,
  - Mexico (insurance activities),
  - Morocco (insurance activities and holdings),
  - Nigeria (insurance activities and holdings),
  - Poland (insurance activities),
  - Russia (Reso) (insurance activities),
  - Singapore (insurance activities and holdings),
  - Turkey (insurance activities and holdings);
- **Transversal & Central Holdings**, consisting of:
  - AXA Investment Managers,
  - AXA Assistance,
  - AXA Liabilities Managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

Current Engines and High Potentials

The split between current engines and high potentials is detailed below:

- **Current Engines:** Belgium, France, Germany, Hong Kong, Italy, Japan, Spain, Switzerland, UK & Ireland, AXA XL, the United States and AB;
- **High Potentials:** Brazil, China, Indonesia, Mexico, the Philippines and Thailand.

Comparable basis for Revenues, Annual Premium Equivalent and NBV Margin

"On a comparable basis" means the following:

- data for the current period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate basis**);
- data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural basis**) and for changes in accounting principles (**constant methodological basis**).

EARNINGS AND CAPITAL

Adjusted Earnings*

Adjusted Earnings represent the net income (Group share) as disclosed in the table set forth on pages 44 to 45 of this Annual Report, before the impact of the following items net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- integration and restructuring costs related to material newly acquired companies as well as restructuring and associated costs related to productivity improvement plans;
- goodwill and other related intangibles;
- exceptional operations (primarily change in scope and discontinued operations); and
- profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder), foreign exchange impacts on assets and liabilities, and derivatives related to invested assets and liabilities.

Derivatives related to invested assets:

- include all foreign exchange derivatives, except the ones related to currency options in earnings hedging strategies which are included in underlying earnings;
- exclude derivatives related to insurance contracts evaluated according to the "selective unlocking" accounting policy; and
- exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities backing General Account and shareholders' funds, for which cost at inception, intrinsic value and pay-off flow through adjusted earnings, and only time value flows through net income when there is no intention to sell the derivatives in the short term (if not, flows through adjusted earnings).

Underlying Earnings*

Underlying Earnings correspond to Adjusted Earnings without the following elements net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- realized gains and losses and change in impairment valuation allowances (on assets not designated under fair value option or trading assets); and
- cost at inception, intrinsic value and pay-off of derivatives used for the economic hedging of realized gains and impairments of equity securities backing General Account and shareholders' funds.

Earnings per share

Earnings per share (**EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and MEBs up to the date of the deconsolidation of EQH), divided by the weighted average number of outstanding ordinary shares.

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and MEBs up to the date of the deconsolidation of EQH), divided by the weighted average number of outstanding ordinary shares, on a diluted basis (*i.e.* including the potential impact of all outstanding dilutive stock options being exercised, performance shares, and conversion of existing convertible debt into shares, provided that their impact is not anti-dilutive).

Underlying Earnings per share* correspond to Underlying Earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and MEBs up to the date of the deconsolidation of EQH), divided by the weighted average number of outstanding ordinary shares.

Return on Equity

The **Return on Equity ("RoE")** is calculated as earnings divided by the weighted average shareholders' equity. The weighted average shareholders' equity is based on opening shareholders' equity adjusted for weighted average impacts of capital flows (including dividends).

- for underlying RoE and adjusted RoE*:
  - reserves relating to the change in the fair value through shareholders' equity are excluded from the average shareholders' equity,
  - undated subordinated debts ("Super Subordinated Debts" TSS/"Undated Subordinated Debts" TSDI) are treated as financing debt, thus excluded from the average shareholders' equity,
  - and earnings include interest charges on TSS/TSDI, on preferred shares, and on shareholders' equity component of the MEBs up to the date of deconsolidation of EQH;
- for net income RoE: calculation is based on consolidated financial statements, *i.e.*
  - average shareholders' equity including undated subordinated debt (TSS/TSDI) and reserves relating to the change in the fair value through shareholders' equity,
  - and net income.

Free Cash Flows

Free Cash Flows are defined as a measure of dividend capacity calculated as the sum of earnings and required capital change.

EOF (Eligible Own Funds)

Surplus derived from a Solvency II balance sheet. It is defined as the excess of market value of assets over best estimate liabilities and Risk Margin as per Solvency II regulation.

Solvency II ratio

This ratio is calculated as per Solvency II, and is equal to the total amount of the Group's Eligible Own Funds ("EOF") divided by the Group's Solvency Capital Requirement ("SCR"). The Solvency Capital Requirement, *i.e.* the denominator of the Solvency II ratio, is set at a level ensuring that insurers and reinsurers are able to meet their obligations towards policyholders and beneficiaries over the next 12 months, with a 99.5% probability. The Solvency Capital Requirement can be calculated either based on the standard formula or an internal model. The Group is using an internal model.

The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's SFCR for the year ended December 31, 2018, available on AXA's website (www.axa.com). In compliance with the ACPR's decision, from January 1, 2019, entities that were part of the XL Group ("XL entities") have been fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's Solvency Capital Requirement has been calculated using the Solvency II standard formula. Subject to prior approval of the ACPR, the Group intends to extend its internal model to XL entities as soon as December 31, 2020.

Debt Gearing*

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed as a percentage. Debt Gearing is used by Management to measure the financial leverage of the Group and the extent to which its operations are funded by creditors as opposed to shareholders. AXA's Debt Gearing is calculated by dividing the gross debt (financing debt and undated subordinated debt) by total capital employed (consolidated shareholders' equity excluding undated subordinated debt and reserves relating to the change in the fair value of financial instruments and of hedge accounting derivatives plus the gross debt). Furthermore, following the deconsolidation of EQH the MEBs were excluded from Debt Gearing.

ACTIVITIES

Insurance

LIFE & SAVINGS HYBRID AND G/A CAPITAL LIGHT PRODUCTS

Hybrid products: Savings products allowing clients to invest in both Unit-Linked and General Account funds.

G/A capital light products: General Account Savings products which, at inception, create more EOF than the economic capital they consume.

LIFE & SAVINGS NET INFLOWS

Life & Savings Net Inflows are defined as the collected premiums (including risk premiums, fees and revenues), net of surrenders, maturities, claims paid and other benefits paid. This definition is applicable to all Life & Savings products as well as Life-like Health products, with the exception of Mutual funds products.

NEW BUSINESS APE (NEW BUSINESS ANNUAL PREMIUM EQUIVALENT)

New business APE represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group share.

NBV (NEW BUSINESS VALUE)

The value of newly issued contracts during the current year. It consists of the present value of future profits after the costs of acquiring business, less **(i)** an allowance for the time value of financial option and guarantees, **(ii)** cost of capital and non-financial risks. AXA calculates this value net of tax.

NBV MARGIN (NEW BUSINESS VALUE MARGIN)

New Business Value Margin is the ratio of:

- New Business Value representing the value of newly issued contracts during the current year; to
- Annual Premium Equivalent.

This ratio represents the profitability of the new business.

MARGIN ANALYSIS

The Margin Analysis is presented on an underlying earnings basis.

Even though the presentation of the Margin Analysis is not the same as the Statement of Income (underlying basis), it is based on the same GAAP measures as used to prepare the Statement of Income in accordance with IFRS.

Underlying investment margin includes the following items:

- net investment income; and
- interests and bonuses credited to policyholders and unallocated policyholder bonuses (and the change in specific reserves purely linked to invested assets returns) related to the net investment income as well as the unwind of the discount rate used in calculating technical reserves.

Underlying fees & revenues include:

- revenues derived from mutual fund sales (which are part of consolidated revenues);
- loadings charged to policyholders (or contractual charges) on premiums of all Life & Savings products;
- loadings on deposits received on all Life & Savings products and fees on funds under management for separate account (Unit-Linked) business;
- deferred income such as capitalization net of amortization of URR (Unearned Revenue Reserve) and UFR (Unearned Fee Reserve); and
- other fee revenues, *e.g.* fees received on financial planning or sales of third party products.

Underlying net technical margin includes the following components:

- mortality and morbidity margin: the difference between income or earned premiums for assuming risk and the cost of benefits and claims charges directly linked to the claims experience or its anticipation (death or disability);
- surrender margin: the difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination;
- GMxB (Variable Annuity guarantees) active financial Risk Management: the net result from GMxB lines corresponding to explicit charges related to these types of guarantees less cost of hedging. It also includes the unhedged business result;
- policyholder bonuses if the policyholders participate in the risk margin;
- ceded reinsurance results;
- other changes in claims and insurance reserves: all the reserve strengthening or release coming from changes in valuation assumptions, claims experience, additional reserves for mortality risk and other technical impacts such as premium deficiencies net of derivatives if any; and
- claims handling costs.

Underlying expenses include the following components:

- acquisition expenses, including commissions and general expenses allocated to new business;
- capitalization of acquisition expenses linked to new business: Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF;
- amortization of Deferred Acquisition Costs (DAC) and net rights to future management fees for investment contracts without DPF, including the impact of interest capitalized;
- administrative expenses; and
- policyholder bonuses if the policyholder participates in the expenses of the Company.

Underlying VBI amortization includes VBI (Value of Purchased Life Business In-force) amortization related to underlying margins.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Life & Savings Margin Analysis as set out below:

- for insurance contracts and investment contracts with Discretionary Participation Features (DPF):
  - gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between “Fees & Revenues” and “Net Technical Margin”,
  - policyholders’ interest in participating contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, *i.e.* primarily “Investment Margin” and “Net Technical Margin”,

- the "Investment margin" represents the net investment result in the Statement of Income and is adjusted to consider the related policyholder participation (see above) as well as changes in specific reserves linked to invested assets' returns and to exclude the fees on (or contractual charges included in) contracts with the financial risk borne by policyholders, which are included in "Fees & Revenues",
- change in URR (Unearned Revenue Reserve – capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues and fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin Analysis;

- for investment contracts without DPF:
  - deposit accounting is applied. As a consequence, fees and charges related to these contracts are presented in the Underlying Statement of Income within Gross Consolidated Revenues on a separate line, and in Margin Analysis in the lines "Fees & Revenues" and "Net Technical Margin",
  - change in UFR (Unearned Fee Reserve - capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues & fees" in the Underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin Analysis.

INSURANCE RATIOS (APPLICABLE TO PROPERTY & CASUALTY, HEALTH AND PROTECTION ACTIVITIES)

Current accident year loss ratio net of reinsurance is the ratio of:

- current year claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on current accident year, excluding for the discounted reserves the unwind of the discount rate used in calculating technical reserves; to
- earned revenues gross of reinsurance.

All accident year loss ratio net of reinsurance is the ratio of:

- all accident years claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on all accident years, excluding the unwind of the discount rate used in calculating technical reserves; to
- earned revenues gross of reinsurance.

Underlying expense ratio is the ratio of:

- underlying expenses (excluding claims handling costs, including changes in VBI amortization); to
- earned revenues gross of reinsurance.

Underlying expenses include two components: expenses (including commissions) related to the acquisition of contracts (with the related **acquisition expense ratio**) and all other expenses excluding claims handling costs (with the related **administrative expense ratio**). Underlying expenses exclude customer intangible amortization, but include the impact from the changes in VBI amortization.

The **Underlying Combined ratio*** is the sum of the all accident year loss ratio and the underlying expense ratio.

Asset Management

Net inflows: Inflows of client money less outflows of client money. Net inflows are used by the Management to measure the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

Underlying cost income ratio is the ratio of:

- general expenses excluding distribution related expenses; to
- gross revenues excluding distribution fees received.

Assets under management (AUM) are defined as the assets whose management has been delegated by their owner to an asset management company such as AXA Investment Managers. AUM only include funds and mandates which generate fees and exclude double counting.

Banking

Operating net banking revenues are disclosed before intercompany eliminations and before realized capital gains/losses or changes in fair value of "fair-value-P&L" assets and hedging derivatives.

APPENDIX VI BOARD OF DIRECTORS' REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the elements required to be included in the Board of Directors' report of AXA established pursuant to Articles L.225-100 *et seq.* of the French Commercial Code (*Code de commerce*).

The following references to the sections of this Annual Report correspond to the components of the Board of Directors' report as approved by the Board of Directors of the Company.

Exhibits

APPENDIX VII CORPORATE GOVERNANCE REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the elements required to be included in AXA's corporate governance report established pursuant to Articles L.225-37 *et seq.* of the French Commercial Code (*Code de commerce*).

The following references to the sections of this Annual Report correspond to the components of the corporate governance report as approved by the Board of Directors of the Company.

APPENDIX VIII COMMISSION DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019 – CROSS-REFERENCE TABLE

Universal Registration Document filed with the *Autorité des marchés financiers* ("AMF") on March 19, 2020.

ANNEX 1 OF COMMISSION DELEGATED REGULATION (EU) 2019/980

Items				Pages
1.			Persons responsible, third party information, experts' reports and competent authority approval	
	1.1		Indication of responsible persons	443
	1.2		Statement by responsible persons	443
	1.3		Statement or report attributed to a person as an expert	n/a
	1.4		Information obtained from third parties	n/a
	1.5		Statement of approval of the Registration Document by the competent authority	n/a
2.			Statutory Auditors	
	2.1		Names and addresses of the auditors, including membership in a professional body	361
	2.2		Resignation, removal or re-appointment of auditors	361
3.			Risk factors	158 to 175
4.			Information about the issuer	
	4.1		Legal and commercial name	380; 390
	4.2		Place and number of registration, and legal entity identifier (LEI)	380
	4.3		Date of incorporation and length of life	380
	4.4		Registered office, legal form, applicable law, country of incorporation, address and phone number of its registered office, and website	1; 380
5.			Business overview	
	5.1		Principal activities	
		5.1.1	Nature of the operations and main activities	21 to 28 and 40 to 43
		5.1.2	New products and/or services	21 to 28
	5.2		Principal markets	30 to 34
	5.3		Important events in the development of the issuer's business	35 to 39
	5.4		Strategy and objectives	8 to 9; 11
	5.5		Degree of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing process	n/a
	5.6		Basis for statements made by the issuer regarding its competitive position	31 to 33
	5.7		Investments	
		5.7.1	Material investments completed	36
		5.7.2	Material investments in progress or for which firm commitments have already been made	n/a
		5.7.3	Significant joint ventures and undertakings	241 to 246; 286-290; 454 to 457
		5.7.4	Environmental issues that may affect the issuer's utilization of the tangible fixed assets	386; 411 to 420

ANNEX 2 OF COMMISSION DELEGATED REGULATION (EU) 2019/980

Items			Pages
1.		Information to be disclosed about the issuer	
	1.1	Information disclosed in accordance with Annex 1 of Commission Delegated Regulation (EU) 2019/980	478 to 480
	1.2	Statement that (a) the universal Registration Document has been filed with the AMF as the competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129; and (b) the universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129	1

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following items are incorporated by reference into this Universal Registration Document:

- the following sections of AXA's Registration Document for the year ended December 31, 2018 (the "2018 DDR"), the French version of which was filed with the AMF on March 11, 2019 under number D.19-0130 and is available on the AMF's website within the AMF's Decisions and Financial Disclosures Database (the "BDIF") https://bdif.amf-france.org/technique/multimedia?docId=a0c912e8-745d-4629-ab1e-2789120dd695&famille=BDIF&bdifId=0310-91.D_D.19-0130:
  - **(a)** Section 2.2 "Operating Highlights" on pages 37 to 44;
  - **(b)** the report of the Board of Directors of AXA for the year ended December 31, 2018, including all sections listed in Appendix VI "Board of Directors' report – Cross-Reference Table" on page 480; and
  - **(c)** Part 5 "Consolidated Financial Statements", which includes AXA's consolidated financial statements for the year ended December 31, 2018 and the Statutory Auditors' report thereon, respectively, on pages 215 to 369 and pages 370 to 376;
- the following sections of AXA's Registration Document for the year ended December 31, 2017 (the "2017 DDR"), the French version of which was filed with the AMF on March 19, 2018 under number D.18-0145 and is available on the AMF's website within the BDIF https://bdif.amf-france.org/technique/multimedia?docId=037df515-e0bf-4744-909f-2733858ff676&famille=BDIF&bdifId=5410-81.D_D.18-0145:
  - **(a)** Section 2.2 "Operating Highlights" on pages 30 to 33;
  - **(b)** the report of the Board of Directors of AXA for the year ended December 31, 2017, including all sections listed in Appendix VI "Board of Directors' report – Cross-Reference Table" on page 438; and
  - **(c)** Part 5 "Consolidated Financial Statements", which includes AXA's consolidated financial statements for the year ended December 31, 2017 and the Statutory Auditors' report thereon, respectively, on pages 187 to 333 and pages 334 to 339;
- the Bylaws of AXA SA, as amended from time to time, are available on the website of the Company (https://group.axa.com/en/about-us/governance-overview).

The non-incorporated parts of the 2017 DDR and the 2018 DDR are either not relevant for investors or covered elsewhere in this Universal Registration Document.

APPENDIX IX ANNUAL FINANCIAL REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the components of the Annual Financial Report (*Rapport Financier Annuel*) referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) as well as in Article 222-3 of the AMF General Regulation.

The following references to sections of this Annual Report correspond to the components of the Annual Financial Report.

NOTES

NOTES

CONTACTS

Readers can address any comments and questions on this document to:

Analysts and Institutional Investors

AXA Group

25, avenue Matignon
75008 Paris – France
Phone: + 33 (0) 1 40 75 48 42
E-mail: investor.relations@axa.com

Individual Shareholders

AXA Group

Retail Shareholders Relations
25, avenue Matignon
75008 Paris – France
Phone: 0 800 43 48 43
(toll-free number from France)
Phone: + 33 (0) 1 40 75 48 43
E-mail: actionnaires.web@axa.com

THIS UNIVERSAL REGISTRATION DOCUMENT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE AT

www.axa.com

on which you will find the aggregate regulated information published by our Company.

Photos: © Raphaël Dautigny, Benjamin Boccas, Antoine Doyen.

This document is printed in compliance with ISO 14001.2004 for an environment management system.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

www.axa.com