Registration Document 2017

ANNUAL FINANCIAL REPORT

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REGISTRATION DOCUMENT

2017 ANNUAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document, the French version of which was filed with the *French Autorité des marchés financiers* ("AMF") on March 19, 2018, in accordance with the provisions of Article 212-13 of its General Regulation (the "Registration Document"), may be used in support of a financial transaction if supplemented by a securities note approved by the AMF. This document has been prepared by the issuer, and its signatories are responsible for its content.

This Registration Document 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 443 of this Registration Document which indicates the relevant sections of this Registration Document corresponding to the items referred to in Article 222-3 of the AMF General Regulation), and (ii) all disclosure matters required to be included in the Board of Directors' report to AXA's Shareholders' Meeting to be held on April 25, 2018, established pursuant to Articles L.225-100 and L.225-100-2 of the French Commercial Code (*Code de commerce*) (the relevant sections of this 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 438 of this Registration Document as well as (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 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 439 of this Registration Document (the "Annual Report").

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 Euronext 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 27 of this Annual Report, and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

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

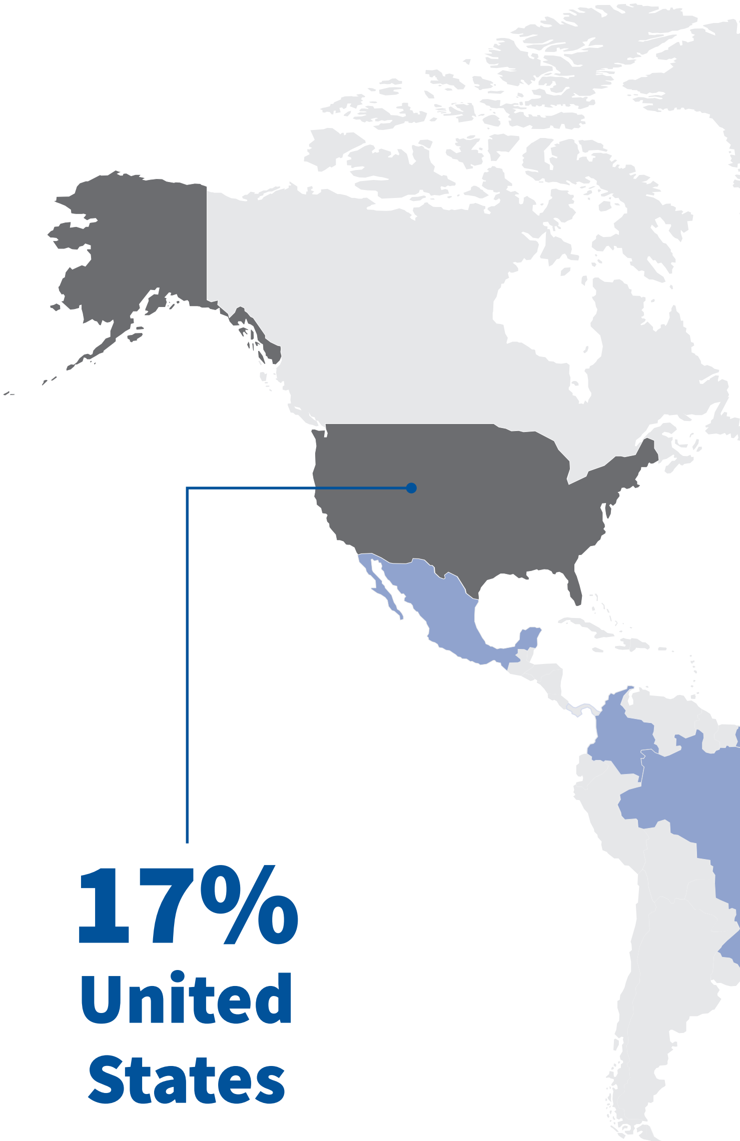
This Annual Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance, and strategy. Forward-looking statements are not statements 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, 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 assumes no obligation to 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.

GROUP PROFILE

>100
MILLION CLIENTS

FIRST GLOBAL INSURANCE
BRAND[1]



AXA is building its future according to a clear strategic view. The Group will continue to shift its portfolio towards preferred segments, favoring products with high frequency customer contacts and innovative additional services. AXA reaffirms its preference for Health, Protection and P&C commercial lines segments.

The new operating model is designed to provide teams with increased empowerment and accountability for their operational performance, making AXA's transformation tangible on the ground, as close as possible to its clients.

6% **TRANSVERSAL ENTITIES**

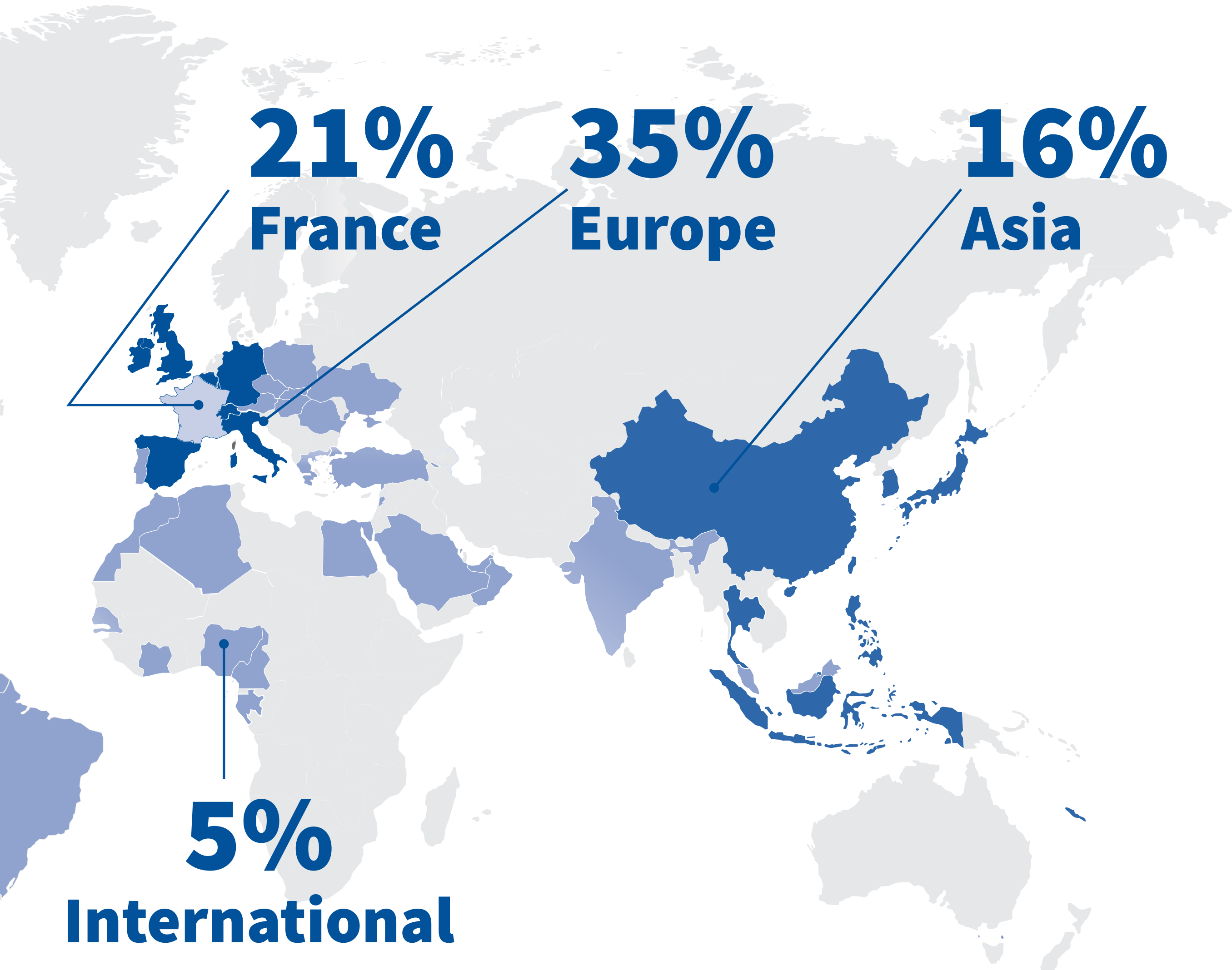
(1) *Interbrand's Best Global Brands ranking 2017.*

STRONG

LOCAL MARKET POSITIONS*

SOLID

BALANCE SHEET
SOLVENCY II RATIO OF 205%



All percentages expressed are underlying earnings contribution (excluding AXA SA and other Central Holdings)

AXA INVESTMENT MANAGERS

AXA CORPORATE SOLUTIONS ASSURANCE

AXA ASSISTANCE

* *AXA ranks within Top 5 in the following countries: France, Switzerland, Belgium, UK & Ireland, Germany, Spain, Hong Kong, Mexico, Thailand and Indonesia.*

FULL YEAR EARNINGS 2017

Revenues	Underlying earnings	Net income
€98.5bn Stable	€6.0bn +7%	€6.2bn +8%

Underlying earnings by geography

France
€1.4bn
+3%

Europe
€2.3bn
+2%

Asia
1.1bn
+7%

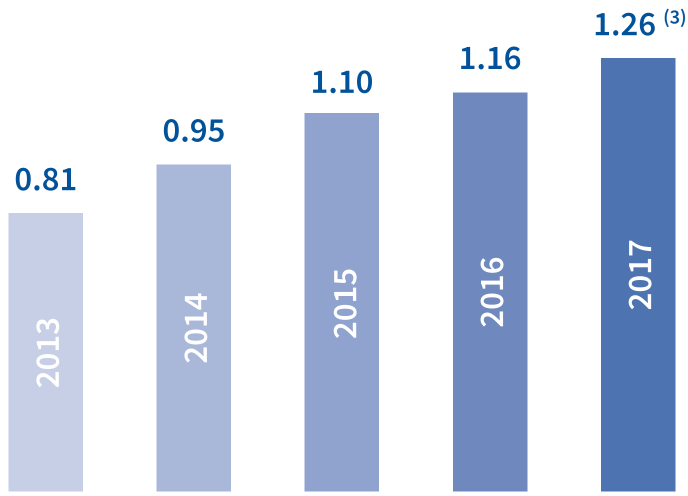
United States
€1.1bn
+ 16%

International
€0.3bn
+20%

AMBITION 2020

Underlying earnings per share	Free cash flows	Adjusted return on equity [2]	Solvency II ratio
+7% 2017 vs. 2016	**€6.3bn** 2017	**14.5%** 2017	**205%** 2017
3% -7% UEPS CAGR [1] 2015-2020	**€28-32bn** Cumulative 2015-2020	**12% -14%** Target range	**170% -230%** Target range

DIVIDEND



+9%

The proposed 2017 dividend, payable in 2018, has increased by a further 9% to €1.26 per share, equivalent to a 49% payout.

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

(2) Adjusted ROE is a non-GAAP financial measure.

(3) Proposed dividend, submitted for approval at the Annual Shareholders' Meeting, April 25, 2018.

CHAIRMAN'S
MESSAGE

2017 was a decisive year for the implementation of AXA's strategy, Ambition 2020, which got off to an excellent start. AXA announced its intention to list a minority stake in AXA's US operations, subject to market conditions, to reduce AXA's exposure to financial risks while strengthening its economic capital position.

AXA also recently acquired Maestro Health Inc., a US digital health benefits administration company, which will accelerate innovation at AXA and reflects AXA's intention to adapt its model from Payer-to-Partner.

The Board of Directors and I are more committed than ever to assisting the new management team assembled by Thomas Buberl with the implementation of Ambition 2020, which has our full support.

Implementation of the AXA Group corporate responsibility strategy continued in 2017. The Group continued to be a forerunner in the fight against global warming, taking a firm stand on the issue as it has done for the past several years. I had the opportunity to work with our teams on the launch of an innovative partnership between AXA and the International Finance Corporation (IFC), a subsidiary of the World Bank that supports climate related infrastructures projects in emerging countries aimed at protecting vulnerable populations.

Further to its decision in 2016 to divest from the tobacco industry, in 2017 AXA sponsored the world's first international investor declaration in support of the World Health Organization Framework on tobacco control and in support of related government action.

AXA also successfully launched health and prevention products to serve the middle class in emerging countries, reaching 8 million policies by the end of 2017.

The Board of Directors will continue to devote significant attention to corporate responsibility matters with a view to contributing to sustainable economic development, taking into account the interests of society as a whole.

Finally, last December, the Board of Directors decided to propose the renewal of my and Thomas Burberl's directorships at the next Shareholders' Meeting, to be held on April 25, 2018, and also announced that it would reappoint Mr. Thomas Buberl as Chief Executive Officer and myself as Chairman of the Board. I am very honored by the confidence that the Board has shown me and welcome the opportunity to continue to work with the Group in the coming years.

On behalf of myself and the Board, I would like to extend my warmest thanks to all Group employees for their commitment and the energy invested during 2017 in implementing this most recent step in the Group's transformation.

Denis Duverne
Chairman of the Board of Directors

CHIEF EXECUTIVE OFFICER'S MESSAGE

2017: the year of strategic decisions

After more than a year as the CEO of AXA, I have the same conviction that our industry is facing unprecedented transformations. New protection needs arise all over the world. Emerging risks linked to cybersecurity and climate change generate and exacerbate these new protection needs, as they do the development of new forms of labor and the soaring healthcare costs in more and more countries.

I am convinced that insurance has a key role to play in this changing environment. The insurance model, based on the diversification and mutualization of risks, brings a formidable and very relevant response to our societies' most acute challenges.

The AXA Group is well positioned to tackle these new challenges. However, and in order to fulfill our promise to empower people to live a better life, we ought to transform ourselves to become the trusted partner of our customers. Among other things, this boils down to simplifying our organization to get closer to the end customer and to stepping up our efforts to innovate and better cater to the evolving needs of our customers.

Simplification and innovation: zooming in on these two topics, 2017 has been a watershed year for AXA. We started to simplify and decentralize our organization to make sure most decisions would be taken at the local entity level, closer to our customers. We also decided to accelerate our efforts to focus on a few preferred segments with strong growth potential, namely Health, Commercial lines P&C and Protection. Focusing on these segments will trigger more frequent and meaningful interactions with our customers, and allow us to become a true partner and life companion in their daily lives. The announcement of the acquisition of XL Group is a key milestone in this strategy, making AXA the number one global P&C Commercial lines player.

We also set up a new business unit dedicated to innovation that falls under my purview, and which mission will be to develop an open innovation ecosystem to launch and scale adjacent services to our current offers. To speed up our efforts, we decided to dedicate 20% of our M&A budget, or about €200 million annually, to innovation.

In addition to these important milestones in our transformation journey, the Group managed to deliver a solid performance last year. In 2017, our earnings went over the €6 billion threshold for the first time in the Group's history. It is a key landmark and achievement for the Group, and I would like to congratulate the great work and dedication of all the AXA employees across the world, who have all contributed to this excellent performance. Further evidence that our business priorities are reflected in our overall performance is that several of our key segments have recorded strong growth figures for 2017, like health insurance, which revenues grew at a healthy 6% last year. With underlying earnings per share up 7%, adjusted earnings at 14.5%, operating free cash flows at €6.3 billion and a solvency ratio up 8 points, at 205%, we have ticked all the boxes and overachieved our financial targets, which confirms our trajectory to achieve our strategic plan Ambition 2020.

These excellent results are also the fruit of a long-term vision and evolution of our industry and expertise and our responsibility in society. This is also the reason why we decided to reinforce our commitments against global warming, by quadrupling our green investments targets, by further divesting €3 billion of our assets from coal producers, and by committing to stop insuring new coal and oil sands producers and associated pipelines – in that regard, the One Planet Summit has been a great opportunity for us to reaffirm our strong will to have a positive impact on the environment.

I would like to thank our more than 100 million clients for their continued trust and all of our employees, agents, and partners who are AXA's heart and image across the world.

Thomas Buberl

Chief Executive Officer

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1

THE AXA GROUP

1 THE AXA GROUP

AXA SA is the holding company of the AXA Group, a worldwide leader in insurance and Asset Management. In 2017, AXA remained the 1st global insurance brand for the 9th consecutive year (1) and AXA Group was the world's largest insurance group (2) with total assets of €870 billion and the world's 10th largest asset manager (3) with total assets under management of €1,439 billion for the year ended December 31, 2017.

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

AXA has five operating activities: Life & Savings, Property & Casualty, Health, Asset Management and Banking. In addition, various holding companies within the Group conduct certain non-operating activities.

Governance and reporting changes

On November 13, 2017, AXA announced a simplification of its operating model designed to empower its subsidiaries to accelerate their transformation and operate as closely as possible to their customers.

To reflect this new operating model, the AXA Group reorganized its governance based on five main geographies (France, Europe, Asia, the US, and International), and a single, refocused Corporate Center (reduced from the previous three-layer model - head office, global business lines, regions). Key transversal entities are managed alongside those five geographies and correspond mainly to AXA Investment Managers, the AXA's core fully-owned Asset Management unit, and AXA Corporate Solutions Assurance, the AXA's entity dedicated to Property and Casualty business for large corporates. As part of this simplification, direct and traditional entities in Europe are reported together within their respective countries to accelerate the synergies between these activities.

In order to fully reflect the above-mentioned changes in the governance of the Group, the financial reporting has been aligned and retroactively restated for the year-ended December 31, 2016 in this Annual Report under the six following segments:

- France (insurance and banking activities, and holdings);
- Europe, consisting in:
  - Switzerland (insurance activities),
  - Germany (insurance activities excluding AXA Art, banking activities and holdings),
  - Belgium (insurance activities and holding),
  - United Kingdom & Ireland (insurance activities and holdings),
  - Spain (insurance activities),
  - Italy (insurance activities and holding);
- Asia, consisting in:
  - Japan (insurance activities),
  - Hong Kong (insurance activities),
  - Asia - Direct, consisting in:
    - AXA Global Direct Japan,
    - AXA Global Direct South Korea,
  - Asia High Potentials, consisting in:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities),
  - Asia Holding;
- United States (insurance activities, AB and holdings);
- International, consisting in:
  - 14 countries (*) within Europe, Middle East, Africa & Latin America, mainly including Turkey, Mexico, Morocco, Czech Republic & Slovak Republic and Luxembourg (insurance activities and holdings),
  - Singapore (insurance activities),
  - Malaysia (insurance activities),
  - India (insurance activities),
  - AXA Bank Belgium;
- Transversal & Central Holdings, consisting in:
  - AXA Investment Managers,
  - AXA Corporate Solutions Assurance,
  - AXA Assistance,
  - AXA Art,
  - AXA Liabilities Managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

(1) *Interbrand's Best Global Brands ranking 2017.*

(2) *Ranking in terms of total assets established by AXA based on information available in 2016 Annual Reports.*

(3) *Ranking in terms of assets under management established by AXA based on information available as of September 30, 2017.*

* *For the full list of countries, refer to the Glossary set forth in Appendix V of this Annual Report.*

1.1 KEY FIGURES

IFRS indicators

The IFRS indicators presented below are derived from the Consolidated Financial Statements for the year ended December 31, 2017.

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, 2017 included in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(in Euro million)	2017	2016
Income Statement Data		
Revenues	98,549	100,193
Net consolidated income - Group share	6,209	5,829

(in Euro million except per share data)	2017	2016
Balance Sheet Data		
Total assets	870,128	892,783
Shareholders' equity - Group share	69,611	70,597
Shareholders' equity per share [(a)]	26.1	25.8
Dividend per share [(b)]	1.26	1.16

(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 €1.26 per share will be proposed at AXA's Shareholders' Meeting that will be held on April 25, 2018. Subject to the Shareholders' Meeting approval, the dividend will be paid out on May 7, 2018, with an ex-dividend date of May 3, 2018.

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)	2017	2016
Annual Premium Equivalent (APE)	6,470	6,600
New Business Value (NBV)	2,787	2,623
Life & Savings Net Inflows [(a)]	3,914	4,445
Property & Casualty Combined Ratio	96.3%	96.4%
Asset Management Net Inflows	19,457	44,784
Underlying earnings Group share [(b)]	6,002	5,688
Adjusted earnings Group share [(b)]	6,457	6,103

(a) Including Life-like Health products.

(b) 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.

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)	2017	2016
AXA		
General Account assets	612,606	628,279
Assets backing contracts with financial risk borne by policyholders (Unit-Linked)	175,003	175,292
Subtotal	**787,609**	**803,571**
Managed on behalf of third parties [(a)]	650,923	625,186
TOTAL ASSETS UNDER MANAGEMENT	**1,438,532**	**1,428,757**

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

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 less interest charges on its outstanding undated debts. In 2015, AXA indicated that it targets to pay aggregate dividends in a general range of 45% to 55% of this amount (representing an increase from the prior indicative range of 40% to 50%). 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 €1.26 per share for the 2017 fiscal year will be proposed to the Shareholders' Meeting to be held on April 25, 2018.

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)*
2013	1,958	2,417,865,471	0.81 [(b)]	0.81 [(b)]	0.81 [(b)]
2014	2,320	2,442,276,677	0.95 [(c)]	0.95 [(c)]	0.95 [(c)]
2015	2,669	2,426,458,242	1.10 [(d)]	1.10 [(d)]	1.10 [(d)]
2016	2,813	2,425,149,130	1.16 [(e)]	1.16 [(e)]	1.16 [(e)]
2017	3,056 [(a)]	2,425,235,751	1.26 [(f)]	1.26 [(f)]	1.26 [(f)]

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 25, 2018.
(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.32 per share for fiscal year 2013.
(c) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.38 per share for fiscal year 2014.
(d) 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.
(e) 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.
(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 25, 2018. The gross amount of dividends will be 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 would then apply to all capital income paid in 2018. 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. €0.50 per share for fiscal year 2017.

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	March 6, 2018	AA-	CreditWatch Negative	A	CreditWatch Negative	A-1
Fitch Ratings	March 6, 2018	AA-	Rating Watch Negative	A	Rating Watch Negative	F1
Moody's Investors Service	March 7, 2018	Aa3	Negative	A2	Negative	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 RobecoSAM research);
- World 120, Eurozone 120 and France 20 (based on Vigeo Eiris research);
- FTSE4GOOD (based on FTSE ESG research).

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

Agency/Organisation	Scores & ratings
RobecoSAM "Dow Jones Sustainability Index" [(a)]	85/100 – Sector average: 47/100 *Percentile ranking*: 99th "Silver *class" category*
Vigeo Eiris	68/100 – Sector leader
FTSE ESG	4/5
Sustainalytics	87/100 – Rank 2/150 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.

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 Tian Ping, 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.

Signing of a partnership with Uber in view of strengthening the protection of independent workers using Uber technology in France.

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.

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.

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.

1.3 BUSINESS OVERVIEW

AXA operates in six segments (France, Europe, Asia, the US, 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 tables below summarize AXA gross revenues (after inter-segment eliminations) by segment for the periods and at the indicated dates.

France

GROSS REVENUES

	Gross revenues [a] Years ended December 31,	
(in Euro million, except percentages)	**2017**	**2016 restated [b]**
TOTAL	**24,475**	**24,557**
Of which:		
Gross written premiums	*24,335*	*24,351*
Other revenues [c]	*140*	*207*

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Include fees and charges related to investment contracts with no participating features, net revenues from banking activities and revenues from other activities.

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.

DISTRIBUTION CHANNELS

AXA 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

	Gross revenues [a] Years ended December 31,			
(in Euro million, except percentages)	2017		2016 restated [b]	
Switzerland	9,797	27%	10,132	27%
Germany	10,672	30%	10,534	28%
Belgium	3,310	9%	3,377	9%
United Kingdom & Ireland	5,130	14%	5,366	14%
Spain	2,365	7%	2,534	7%
Italy	4,719	13%	5,095	14%
TOTAL	**35,992**	**100%**	**37,039**	**100%**
Of which:				
Gross written premiums	*35,629*		*36,673*	
Other revenues [c]	*363*		*366*	

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Include fees and charges related to investment contracts with no participating features, net revenues from banking activities and revenues from other activities.

PRODUCTS AND SERVICES

Except for the United Kingdom and Ireland (where AXA operates only in Property & Casualty and Health), AXA offers 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.

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, aligned distributors or wholesale distributors and partnerships.

Asia

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

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2017		2016 restated [b]	
Japan	4,647	52%	5,161	54%
Hong Kong	3,170	35%	3,172	33%
Asia - Direct	989	11%	1,032	11%
Asia High Potentials	180	2%	177	2%
TOTAL	**8,985**	**100%**	**9,542**	**100%**
Of which:				
Gross written premiums	*8,943*		*9,495*	
Other revenues [c]	*42*		*46*	

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

PRODUCTS AND SERVICES

AXA operates 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 savings, protection and health products, notably including whole life insurance, with or without medical cover, term life insurance as well as other protection and health products (such as disability, cancer). Direct Property & Casualty business focuses on motor insurance as well as other personal insurance products;
- in Hong Kong, AXA distributes individual life insurance (notably traditional whole of life, investment-linked), as well as protection and health products (critical illness). In Property & Casualty, product offer includes traditional general insurance products such as motor, household, group medical as well as commercial insurance;
- in Thailand, Indonesia and the Philippines, AXA offers a broad range of Life & Savings and Health products including whole life, endowment, unit-linked, group term insurance, critical illness and hospital cash products and also develops a traditional Property & Casualty offer;
- in China, AXA primarily distributes motor insurance as well as other general insurance products, and covers the whole range of Life & Savings products;
- in South Korea, Direct business focuses on motor insurance as well as casualty insurance.

DISTRIBUTION CHANNELS

AXA distributes its products through different distribution channels, in particular exclusive and non-exclusive agents, brokers and partnerships. AXA has been developing strong bancassurance partnerships with large international and local financial institutions.

United States

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2017	2016 restated [b]
TOTAL	**16,911**	**16,872**
Of which:		
Gross written premiums	*12,954*	*13,158*
Other revenues [c]	*3,956*	*3,714*

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

PRODUCTS AND SERVICES

AXA offers in the United States a full range of insurance products, including Life Insurance (term life, whole life, universal life…), investment products, retirement products (individual retirement, group retirement) and employee benefits.

AXA also provides, through AB, diversified investment management and related services to individual investors, private clients and to a variety of institutional clients (including AXA and its insurance subsidiaries). AB's offering includes (i) diversified investment management services through separately managed accounts, hedge funds, mutual funds, and other investment vehicles to private clients (such as high net worth individuals and families, trusts and estates, and charitable foundations), (ii) management of retail Mutual funds for individual investors, (iii) management of investments on behalf of institutional clients, and (iv) fundamental research, quantitative services and brokerage-related services in equities and listed options for institutional investors.

DISTRIBUTION CHANNELS

In the United States, AXA distributes its insurance products through several channels, in particular AXA Advisors and Broker dealers.

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, 2017	2016 restated [b]
TOTAL	**7,034**	**6,981**
Of which:		
Gross written premiums	*6,607*	*6,527*
Other revenues [c]	*427*	*455*

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Include fees and charges related to investment contracts with no participating features, net revenues from banking activities and revenues from other activities.

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

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.

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.

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, 2017		2016 restated [b]	
AXA Investment Managers	1,276	25%	1,180	23%
AXA Corporate Solutions Assurance	2,322	45%	2,318	45%
AXA Assistance	1,275	25%	1,276	25%
Others [c]	279	5%	427	8%
TOTAL	**5,152**	**100%**	**5,202**	**100%**
Of which:				
Gross written premiums	3,581		*4,016*	
Other revenues [d]	1,571		*1,186*	

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Others include AXA Art, 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 include (i) Fixed Income and Structured Finance, (ii) Framlington and Rosenberg Equities, (iii) Real Assets and (iv) Multi-Asset Client Solutions.

AXA Corporate Solutions Assurance is the Group subsidiary dedicated to large corporations for Property & Casualty, loss prevention, risk management, underwriting and claims handling and to specialty markets (Marine, Aviation, Space) worldwide.

AXA Assistance is the Group subsidiary providing its customers with assistance services in emergencies and everyday situations. AXA Assistance operates through four business lines (Vehicle, Travel, Health and Home) to offer customer focused services.

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2

ACTIVITY REPORT AND CAPITAL MANAGEMENT

2.1 MARKET ENVIRONMENT

Financial market conditions in 2017

In 2017, financial markets reacted to a number of important political events: elections in France, Germany, the United Kingdom, a referendum in Catalonia, protracted Brexit negotiations, as well as the passing of the US tax reform bill at the end of the year. Eurozone economic activity served up some positive surprises throughout the year, while the US continued its path of monetary policy normalisation in a trend that spread to other central banks, with the European Central Bank (ECB), the Bank of Japan (BoJ) and the Bank of England (BoE), all expected to normalize their accommodative policies over time.

In the United States, economic growth for 2017 continued to improve at 2.2% *versus* 1.6% in 2016. The labour market strengthened further with unemployment dropping to 4.1% at the end of the year, and inflation increased (around 2.1% in 2017 *versus* 1.3% in 2016). This pushed the Federal Reserve (Fed) to increase rates three times during the year, taking them to a range of 1.25%-1.50% at the end of 2017. After periods of uncertainties about policy reforms, the Trump administration delivered its tax reform program in December 2017 which should support economic activity in the years to come.

In Europe, the main election results did not see the rise in populism that some might have feared: the election of Emmanuel Macron in France and the elections in Germany were taken as a relief by investors. In the United Kingdom, Prime Minister Theresa May called for early elections in June, which resulted in a weaker coalition with the Northern Ireland Democratic Unionist Party (DUP). The Eurozone had a particularly strong year and macroeconomic indicators surprised positively throughout 2017. Growth is expected to come in at around 2.2% in 2017 after 1.7% in 2016. The driving force was household consumption and investment, supported by a boost in confidence and low interest rates. The Euro area also benefited from the world trade recovery. The labour market continued to improve gradually, with the unemployment rate falling from 9.7% at the end of 2016 to 8.8% at the end of 2017, the lowest since January 2009. Inflation stood at around 1.5% on average in 2017 *versus* 0.2% in 2016. The European Central Bank began normalizing its monetary policy by announcing a reduction of its asset purchase program in October from €60 billion to €30 billion per month, beginning January 2018. In the United Kingdom, GDP slowed in 2017, recording growth of 1.5% after 2.0% in 2016, while inflation peaked at 2.7% on average in 2017. The depreciation of the Sterling accounted for 0.7%. In this context, the Bank of England raised its key interest rate by 25 basis points in November.

Growth in Japan surprised on the upside (around 1.7% in 2017 after 0.7% in 2016), mainly supported by private investment, as household consumption struggled to rebound. Inflation remained low but should be positive in 2017 at around 0.4% on average (*versus* -0.1% in 2016). The yield curve control measures, introduced in September 2016 by the Bank of Japan, seemed to be bearing fruit with evidence of decoupling with other bond markets.

Chinese growth remained stable in 2017 (6.8% after 6.7% in 2016) as Beijing continues to implement macro-prudential reforms. Brazil and Russia were back to positive growth and are expected to grow at around 1.0% and 1.9% respectively in 2017.

STOCK MARKETS

Equity markets in the United States, Japan and Europe posted gains in 2017. The MSCI World Index increased by 16.3%.

The Dow Jones Industrial Average index increased by 25.1% and the S&P 500 index increased by 19.4% in 2017. The Nikkei index in Tokyo increased by 19.1% and the FTSE 100 index in London increased by 7.6% in 2017. The EUROSTOXX 50 index in the Eurozone increased by 6.5%.

The MSCI G7 index increased by 16.9% and the MSCI Emerging index increased by 27.8%.

The S&P 500 implied volatility index (VIX) decreased from 14.0% on December 31, 2016, to 11.0% on December 31, 2017.

The S&P 500 realized volatility index decreased from 10.2% on December 31, 2016, to 5.6% on December 31, 2017.

BOND MARKETS

In most mature economies, except the US, government bond yields increased since December 31, 2016. The 10-year German Bund yield increased by 22 bps to 0.43%, the French 10-year government bond yield increased by 10 bps to 0.78%, the 10-year Belgium government bond yield increased by 10 bps to 0.64% and the 10-year Swiss government bond yield increased by 4 bps to -0.15%, while the 10-year US T-bond yield decreased by 5 bps to 2.40%.

The 10-year government bond yields increased also in most of the Eurozone peripheral countries: +18 bps to 2.00% in Italy and +18 bps to 1.57% in Spain while it decreased by 301 bps to 4.12% in Greece, by 183 bps to 1.93% in Portugal and by 9 bps to 0.68% in Ireland.

In Europe, the iTRAXX Main spreads decreased by 27 bps to 45 bps compared to December 31, 2016, and the iTRAXX Crossover decreased by 56 bps to 232 bps. In the United States, the CDX Main spread Index decreased by 18 bps to 49 bps.

The Euro interest rates implied volatility index (based on 10x10 Euro swaptions) decreased from 76.3% as of December 31, 2016, to 43.4% as of December 31, 2017.

EXCHANGE RATES

	End of Period Exchange rate		Average Exchange rate	
	December 31, 2017 (for €1)	December 31, 2016 (for €1)	December 31, 2017 (for €1)	December 31, 2016 (for €1)
US Dollar	1.20	1.05	1.13	1.11
Japanese Yen	135	123	127	121
British Sterling Pound	0.89	0.85	0.88	0.82
Swiss Franc	1.17	1.07	1.11	1.09

Market conditions

INSURANCE ACTIVITIES

Current Engines

The **French insurance market** saw steady growth overall, with good momentum on the Individual Protection & Health businesses, and ongoing pressure on price and customer service in retail Property & Casualty. The overall market is benefiting from a positive economic outlook.

In **Europe**, the Property & Casualty market experienced growth. In Belgium, growth was in line with inflation while the market remained competitive. In Spain, growth was boosted by the economic recovery. The Swiss market remained saturated and very competitive with continuing pressure on prices. In Italy, the market was impacted by the continued decrease in average premiums in Motor. In Life & Savings persistently low interest rates continued to weigh, notably in Belgium, Italy and Switzerland. In Spain, the market decreased further as growth in Unit-Linked business was more than offset by the further decrease in clients appetite for G/A products. In Germany, the Health business remained challenged by a decrease in the number of privately insured clients.

In **Japan**, the Life & Savings insurance market declined sharply, negatively impacted by the strong decrease in the Protection and Annuity markets following tariff increases, which was partly offset by the development of tax-efficient savings products for SME in Health.

In **Hong Kong**, the Life & Savings new business sales declined significantly following a strong performance in 2016 and were notably impacted by restrictions put in place for Mainland Chinese visitors. The market is facing increased competition, notably from both Chinese and local players. In Property & Casualty, premiums grew modestly and profitability was impacted by natural catastrophes.

Life insurance sales in the United States were up with growth in both Whole Life and Unit-Linked products. US Variable Annuity sales decreased in the second half of 2017, following the implementation of the first phase of the US Department of Labor rule.

High Potentials

In **Latin America**, the Property & Casualty business experienced a positive trend, with strong growth in Mexico mainly from Non-Motor. The Brazilian market experienced limited growth in the context of the economic recession on-going since 2015.

In **China**, the Life & Savings market still witnessed strong growth but was subject to increased regulatory scrutiny on short-term savings products, as local authorities continued to push Protection at the expense of short-term savings products. In Property & Casualty, the market recorded solid double-digit growth although competition intensified due to the ongoing tariff deregulation. In **Thailand**, the Life & Savings market experienced negative growth due to the low interest rate environment and weak performance in bancassurance. Competition remained active with a few strategic partnerships announced. In **Indonesia**, the Life & Savings market experienced a double-digit growth, supported by the development of single premium products while the Property & Casualty market was supported by tariff increases. In the **Philippines**, the Life & Savings market continued to experience resilient growth, supported by the continuous increase in population and ongoing urbanization.

Rankings and market shares

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

		Life & Savings		Property & Casualty		
		Ranking	Market share (%)	Ranking	Market share (%)	Sources
Current Engines	France	3	8.9	2	14.2	FFA as of December 31, 2017.
	United States Life	19	1.7	n/a	n/a	LIMRA Life sales as of September 30, 2017.
	United States Variable Annuities	3	10.8	n/a	n/a	Morningstar VARDS as of September 30, 2017.
	United Kingdom (incl. Health)	n/a	n/a	2	8.0	UK General Insurance: Competitor Analytics 2017, Verdict Financial, as of December 31, 2016.
	United Kingdom Health	n/a	n/a	2	30.8	LaingBuisson 2017 HealthCover report, as of December 31, 2016.
	Ireland (Republic of Ireland) Motor	n/a	n/a	1	24.0	Insurance Ireland P&C Statistics 2016, as of December 31, 2016.
	Ireland (Northern Ireland) Motor	n/a	n/a	1	27.0	Driver & Vehicle Licensing Authority registered vehicle numbers, as of December 31, 2016.
	Germany	8	3.8	5	5.4	GDV (German association of Insurance companies) as of December 31, 2016.
	Germany Health	4	7.7	n/a	n/a	PKV (Association of German private healthcare insurers) as of December 31, 2016.
	Switzerland	2	26.0	1	13.0	SIA (Swiss Insurance Association) Market share based on statutory premiums and market estimations by the SIA as at January 18, 2018.
	Belgium	3	8.4	1	17.8	Assuralia (Belgium Professional Union of Insurance companies) based on gross written premium as of September 30, 2017.
	Spain	13	1.9	5	5.4	Spanish Association of Insurance Companies. ICEA as of September 30, 2017.
	Italy	6	4.4	6	5.2	Associazione Nazionale Imprese Assicuratrici (ANIA). Ranking and market share as of December 31, 2016.
	Japan	14	1.7	n/a	n/a	Life Insurance Association Japan of Insurance Research Institute (excluding Kampo Life) for the 12 months ended September 30, 2017.
	Japan Health	12	2.6	n/a	n/a	Life Insurance Association Japan of Insurance Research Institute (excluding Kampo Life) for the 12 months ended September 30, 2017.
	Hong Kong	6	4.9	1	8.0	Insurance Authority statistics as of September 30, 2017 based on gross written premiums.
High Potentials	Brazil	n/a	n/a	20	0.2	SUSEP (Superintendência de Seguros Privados) as of December 31, 2016.
	Mexico	9	2.6	3	10.3	AMIS (Asociacion Mexicana de instituciones de Seguros) as of September 30, 2017.
	China	15	1.5	14	0.8	CIRC (China Insurance Regulatory Commission) as of November 30, 2017.
	Indonesia	2	8.6	n/a	n/a	AAJI Statistic as of September 30, 2017 measured on Weighted New Business Premium.
	Philippines	n/a	13.0	n/a	n/a	Insurance Commission as of December 31, 2017 measured on total premium income. Ranking not available.
	Thailand	4	12.4	16	1.6	TLAA (Thai Life Assurance Association) & TGIA (Thai General Insurance Association) statistics report as of November 30, 2017.

ASSET MANAGEMENT

Institutional investors further diversified their portfolios with an increased focus on cost and better alignment of interests. In a market environment characterized by political turbulence and rising interest rates, inflows in Mutual funds have been very dynamic in 2017. Significant inflows confirmed strong appetite for multi-assets and equity strategies, while inflows on fixed income strategies were focused on global currencies, global emerging markets and floating rates.

Responsible investment has become more mainstream and remains on the agenda of institutional investors. This is a growing area of focus for retail and wholesale investors as well.

In the Asset Management market, AXA Investment Managers ranked 19th [1] and AB 34th [1] based on volume of assets under management. On a combined basis, AXA ranked 10th [1].

(1) *Ranking established by AXA based on information available as of September 30, 2017.*

2.2 OPERATING HIGHLIGHTS

GOVERNANCE

New Management Committee

On November 13, 2017, AXA announced a series of appointments to form a new management team to steer its operating model to achieve the objectives of Ambition 2020. The composition of the new Management Committee was made effective from December 1, 2017.

AXA's Board of Directors decided to propose the renewal of Denis Duverne and Thomas Buberl

In preparation for AXA's next Shareholders' Meeting to be held on April 25, 2018, and based on the recommendation of its Compensation and Governance Committee, on December 14, 2017, AXA's Board of Directors unanimously decided to propose to shareholders the renewal of Messrs. Denis Duverne and Thomas Buberl as directors for a period of 4 years.

Should shareholders approve these proposed renewals, the Board of Directors would reappoint Mr. Denis Duverne as Chairman of the Board and Mr. Thomas Buberl as Chief Executive Officer of AXA.

SIGNIFICANT DISPOSALS

AXA completed the sale of its UK P&C Commercial broker Bluefin to Marsh

On January 2, 2017, AXA announced that it had completed the sale of Bluefin Insurance group Ltd ("Bluefin"), its P&C commercial broker in the United Kingdom, to Marsh. AXA recorded an exceptional negative impact of €82 million, accounted for in the 2016 net income.

AXA completed the sale of its Romanian operations to Vienna Insurance Group

On April 28, 2017, AXA announced that it had completed the sale of its Life & Savings insurance operations in Romania to Vienna Insurance Group and exited the Romanian market. Vienna Insurance Group's subsidiaries BCR Life and Omniasig acquired 100% of AXA Life Insurance SA [1].

AXA completed the sale of AXA Life Europe Limited's offshore investment bonds business to Life Company Consolidation Group

On July 3, 2017, AXA announced that it had completed the sale of AXA Life Europe Limited's offshore investment bonds business to Harcourt Life International dac (recently renamed to Utmost Ireland dac), a subsidiary of Life Company Consolidation Group.

AXA to sell its Swiss Privilege franchise in Hong Kong (AXA Wealth Management (HK) Ltd)

On December 22, 2017, AXA announced that it had entered into an agreement with Jeneration Holdings Limited to sell its Swiss Privilege franchise in Hong Kong, AXA Wealth Management (HK) Limited ("AWM").

AWM is a licensed life insurer in Hong Kong, managing individual policies through a network of salaried consultants under the Swiss Privilege brand. In 2016, it represented approximately 2% of AXA Hong Kong's Life & Savings new business APE.

This transaction would be in line with the Group's portfolio simplification, and would allow AXA Hong Kong to focus on its core Life agency and broker channels, while simplifying its corporate structure. AXA remains committed to grow the Life, Health and Property & Casualty businesses in Hong Kong across all customer segments including high net-worth individuals.

The price consideration is HKD 2,200 million (or €237 million [2]) to be fully paid at closing, representing an implied 1.4x EV multiple. The proposed transaction is subject to customary conditions, including the receipt of regulatory approvals, and is expected to be finalized by the end of 2018 or early 2019.

AXA to sell its operations in Azerbaijan

On February 21, 2018, AXA announced it had entered into an agreement with Mr. Elkhan Garibli to sell all its insurance operations in Azerbaijan. Under the terms of the agreement, Mr. Elkhan Garibli would acquire 100% of the non-life entity (AXA MBask Insurance company OJSC).

The parties agreed not to disclose the terms and conditions of the transaction.

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

(1) AXA Life Insurance SA is the AXA Life & Savings operating entity in Romania.

(2) EUR 1 = HKD 9.29 as of December 21, 2017 (Source: Bloomberg).

PARTNERSHIPS AND INNOVATION

AXA and Uber signed a partnership in view of strengthening the protection of independent workers in the digital sector

On July 25, 2017, AXA announced the signing of a partnership with Uber in view of strengthening the protection of independent workers using Uber technology in France.

As part of this innovative partnership, the AXA Group will bring its experience in the protection of independent workers, notably on coverage of medical expenses, disability indemnities, and survivor benefits in case of an accident. For its part, Uber will offer a new protection for free that will enable these independent workers to work flexibly with peace of mind.

CAPITAL/DEBT OPERATIONS/OTHER

AXA Ratings

On March 6, 2018, S&P Global Ratings placed the 'AA-' financial strength rating of AXA's core operating subsidiaries on CreditWatch with negative implications.

On March 6, 2018, Fitch Ratings placed the 'AA-' financial strength rating of AXA's core operating subsidiaries on Rating Watch negative.

On March 7, 2018, Moody's Investors Service affirmed the 'Aa3' insurance financial strength rating of AXA's principle insurance subsidiaries, changing the outook to negative from stable.

AXA announced the successful placement of $1 billion dated subordinated notes due 2047

On January 11, 2017, AXA announced the successful placement of $1 billion of Reg S subordinated notes due 2047 to institutional investors to refinance, in advance, part of its outstanding debt.

The initial coupon has been set at 5.125% per annum. It will be fixed until the first call date in January 2027 and floating thereafter with a margin including a 100 basis points step-up. The notes have been swapped into Euro over 10 years at a rate of 2.80%, corresponding to a 209 basis points spread over swap. Settlement of the notes took place on January 17, 2017.

The notes will be treated as debt from an IFRS perspective and as capital from a regulatory and rating agencies' perspective within applicable limits. The transaction has been structured for the notes to be eligible as Tier 2 capital under Solvency II.

US Department of Labor rule

On April 6, 2016, the US Department of Labor (the "DOL") issued a final rule that significantly expands the range of activities that would be considered to be fiduciary investment advice (the "Fiduciary Rule") under the Employee Retirement Income Security Act of 1974 ("ERISA"). Pursuant to the new regulation, advisors and employees, including those affiliated with AXA US, who provide investment-related information and support to retirement plan sponsors, participants, and Individual Retirement Account ("IRA") holders would be subject to enhanced fiduciary duty obligations and requirements. In February 2017, the DOL was directed by memorandum (the "President's Memorandum") to review the Fiduciary Rule and determine whether the rule should be rescinded or revised, in light of the new administration's policies and orientations. In response, in March 2017, the DOL published a notice soliciting comments on the examination described in the President's Memorandum, which were due in April 2017. In addition, in April 2017, the DOL announced that the applicability date of the Fiduciary Rule was deferred from April 10, 2017, to June 9, 2017. The Fiduciary Rule became partially effective on June 9, 2017, with a special transition period, ending January 1, 2018, for certain of the Fiduciary Rule's requirements. On July 6, 2017, the DOL published a request for information in connection with its examination of the Fiduciary Rule, on which comments were requested by August 7, 2017, at the latest. On November 29, 2017, the DOL extended the special transition period from January 1, 2018, to July 1, 2019, with the primary purpose of considering public comments under the criteria set forth in the President's Memorandum, including whether possible changes and alternatives to exemptions would be appropriate in light of the current comment record and potential input from, and action by, the Securities and Exchange Commission and other regulators.

While the extent and timing of the implementation of the Fiduciary Rule continue to remain uncertain, and are currently subject to judicial challenge, Management continues to evaluate its potential impact on AXA US. If implemented as planned, and unless repealed or meaningfully revised, the new Fiduciary Rule is currently expected to cause adverse changes to the level and type of services provided by AXA US and its affiliated advisors and firms, as well as the nature and amount of compensation and fees such entities receive which may have a significant adverse effect on AXA US's business and operations.

AXA announced its intention to IPO its US operations

On May 10, 2017, AXA announced its intention to list a minority stake of its US operations [1] (expected to consist of its US Life & Savings business and AXA Group's interest in AB) in the first semester of 2018, subject to market conditions. To enhance the capitalization of the US operations ahead of the IPO, about $1 billion of outstanding debt owed by AXA US to AXA Group will be converted into equity. The proceeds of the IPO will be reinvested in the Group's priority lines of business, including Health, Capital-light Savings, Protection and P&C Commercial lines, in line with the Ambition 2020 strategy, and/or potentially

(1) Expected NYSE listing of AXA Equitable Holdings, Inc., which is expected to consist of the AXA US Life & Savings business and the AXA Group's interest in AllianceBernstein LP and AllianceBernstein Holding LP ("AB"). AXA America Corporate Solutions Inc. is not expected to be part of the IPO.

returned to shareholders depending on acquisition opportunities and market conditions.

AXA SA announced filing of AXA US registration statement for initial public offering

On November 13, 2017, AXA SA ("AXA") announced the filing by AXA Equitable Holdings, Inc. ("AEH"), AXA's wholly-owned US holding company, of a registration statement on Form S-1 with the US Securities and Exchange Commission ("SEC") relating to the proposed initial public offering ("IPO") and US listing of AEH common stock. The offering is expected to consist of a minority stake in AEH's common stock, to be sold by AXA as selling stockholder. AXA anticipates that the IPO will occur in the second quarter of 2018. There can be no assurance that the IPO will be completed on the expected timeline or at all.

The shares will be offered by a group of underwriters led by Morgan Stanley & Co. LLC and J.P. Morgan LLC. The number of shares to be offered and the price range for the proposed offering have not yet been determined. When available, copies of the preliminary prospectus relating to the offering may be obtained from: Morgan Stanley & Co. LLC, Attention: Prospectus Department, 180 Varick Street, 2nd Floor, New York, New York 10014 or J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717 Attention: Prospectus Department, or by calling toll-free at (866) 803-9204.

A registration statement relating to the proposed IPO has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. The press release associated does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

AXA SA announced filing of amendment no. 1 to AXA US registration statement for initial public offering

On February 15, 2018, AXA SA ("AXA") announced the filing by AXA Equitable Holdings, Inc. ("AEH"), AXA's wholly-owned US holding company, of Amendment No. 1 to the registration statement on Form S-1 with the US Securities and Exchange Commission ("SEC") relating to the proposed initial public offering ("IPO") and US listing of AEH common stock. The offering is expected to consist of a minority stake in AEH's common stock, to be sold by AXA as selling stockholder. AXA anticipates that the IPO will occur in the second quarter of 2018. There can be no assurance that the IPO will be completed on the expected timeline or at all.

The shares will be offered by a group of underwriters led by Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, with Barclays Capital Inc. and Citigroup Global Markets Inc. also acting as underwriters for the offering. The number of shares to be offered and the price range for the proposed offering have not yet been determined.

A registration statement relating to the proposed IPO has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. The press release associated does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Share repurchase program

In order to meet its obligation to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes (1), as of June 30, 2017, AXA had bought back 37,000,000 shares, and then bought back a further 7,960,944 shares during the second half of the year. These shares will be delivered to the beneficiaries of share-based compensation schemes or canceled, all in accordance with the share repurchase program (2).

Shareplan 2017

On December 4, 2017, AXA announced the results of the AXA Group employee share offering ("Shareplan 2017"), a capital increase reserved to its employees worldwide, which had been launched on August 25, 2017. Over 29,000 employees in 39 countries, representing over 27% of the eligible employees, subscribed to Shareplan 2017.

The aggregate proceeds from the offering amounted to €444 million, for a total of over 19 million newly-issued shares, subscribed at a price of €20.19 for the classic plan and €22.96 for the leveraged plan. The new shares have been created with full rights as of January 1, 2017.

In order to eliminate the dilutive effect of the Shareplan 2017 offering and as announced in its press release published on September 13, 2017, AXA undertook a cancellation of its shares in accordance with its share repurchase program as authorized by the Shareholders' Meeting of April 26, 2017.

Following Shareplan 2017, on December 31, 2017, AXA's employees held 5.34% of the share capital and 6.88% of the voting rights.

The total number of outstanding AXA shares amounted to 2,425,235,751 on December 31, 2017.

(1) Stock-options plans and performance shares plans.

(2) AXA share repurchase program was authorized by the Shareholder's Meeting of April 26, 2017.

SOCIAL AND ENVIRONMENT

AXA accelerates its commitment to fight climate change

On December 12, 2017, AXA announced several new ambitious decisions to accelerate its commitment to fight climate change.

These new decisions concern all the levers that the Group can activate: investments, divestments, and insurance.

INVESTMENTS

In 2015, AXA committed to reach €3 billion in green investments by 2020. Given that this target has already been reached, the Group has decided to quadruple its original target and reach €12 billion green investments by 2020. This accelerated target is twice as high as the recent recommendation from Christiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change and one of the leading architects of the COP21, to invest 1% of assets into green and clean technology by 2020.

DIVESTMENTS

AXA decided two years ago to divest €500 million from the coal industry by targeting companies which derive over 50% of their revenues from coal. The Group has decided to increase its divestment fivefold to reach €2.4 billion, by divesting from companies which derive more than 30% of their revenues from coal, have a coal-based energy mix that exceeds 30%, actively build new coal plants, or produce more than 20 million tonnes of coal per year.

In addition, because oil sands are also an extremely carbon-intensive form of energy and a serious cause of environmental pollution, AXA announced the divestment of over €700 million from the main oil sands producers and associated pipelines, and the discontinuation of further investments in these businesses.

INSURANCE

It would be inconsistent to commercially support industries that the Group is divesting from. Therefore, AXA will stop insuring any new coal construction projects. Similarly, the Group will stop insuring the main oil sands and the associated pipeline businesses.

AXA also leads the European Union High Level Expert group on Sustainable Finance, and supports several coalitions such as the Climate Action 100+ initiative and the United Nations Principles for Responsible Investment (UN PRI).

AXA and the International Finance Corporation (IFC) are launching an innovative $500 million partnership supporting climate related infrastructures projects in emerging countries with private sector funding. There will be no investments in coal and oil sands related projects.

2.3 ACTIVITY REPORT

Activity Indicators

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [(b)]	December 31, 2017/ December 31, 2016 restated [(b) & (c)]
Gross revenues [(a)]	**98,549**	**100,193**	**-0.1%**
France	24,475	24,557	0.0%
Europe	35,992	37,039	-1.4%
Asia	8,985	9,542	-2.6%
United States	16,911	16,872	2.5%
International	7,034	6,981	2.3%
Transversal & Central Holdings	5,152	5,202	0.9%
APE [(d)]	**6,470**	**6,600**	**-0.4%**
France	1,849	1,824	1.7%
Europe	1,034	1,124	-7.5%
Asia	1,510	1,661	-6.2%
United States	1,799	1,732	6.2%
International	278	246	14.9%
Transversal & Central Holdings	-	14	-100.0%
NBV Margin [(e)]	**43.1%**	**39.7%**	**3.5 pt**

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Changes are on comparable basis.
(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 €98,549 million as at December 31, 2017, down 2% compared to December 31, 2016, on reported basis and stable on a comparable basis.

The comparable basis mainly consisted in the adjustment of the foreign exchange rate movements (€+1.5 billion or +1.5 point) mainly due to the appreciation of average Euro exchange rate against USD, GBP, JPY and CHF.

AXA has introduced Health as a separate line of business for activity and underlying earnings indicators. Unless otherwise specified, Life & Savings and Property & Casualty lines of business therefore exclude the Health business.

GROSS REVENUES

Gross revenues were down 2% on a reported basis and stable on a comparable basis to €98,549 million. The growth in *the United States*, *International* and *Transversal & Central Holdings*, was offset by a slowdown in *Europe* and *Asia*.

France gross revenues remained stable at €24,475 million on a comparable basis as the growth in (i) *Health* (€+474 million or +14%) notably reflecting an increase in *Group business* driven by tariff and volume increases in both international and domestic markets, and (ii) *Property & Casualty* (€+39 million or +1%) driven by *Commercial lines* due to higher volumes in assumed business and tariff increases in all segments as well as higher volumes in the Credit & Lifestyle Protection business, and by *Personal lines* mainly stemming from the Direct business, was partly offset by (iii) a slowdown in *Life & Savings* (€-437 million or -3%) mainly in Funds & Other reflecting the non-repeat of a large contract underwritten in December 2016, partly offset by Unit-Linked reflecting higher sales in real estate funds and discretionary mandates, and G/A Savings mainly in *Group business* due to the sale of a large contract in 4Q17.

Europe gross revenues were down 1% (or €-536 million) to €35,992 million on a comparable basis, from:

- *Switzerland* (€-134 million or -1%) to €9,797 million mainly from *Life & Savings* driven by the non-repeat of the sale of a large Group Protection contract in 2016;
- *Germany* (€+138 million or +1%) to €10,672 million mainly from preferred businesses with (i) *Health* mainly due to tariff increases in full benefit insurance and continued growth in the civil service segment and (ii) *Property & Casualty Commercial lines* due to Non-Motor new business in SME and Mid-Market;
- *Belgium* (€-67 million or -2%) to €3,310 million from (i) *Property & Casualty* and *Health* both mainly due to the non-repeat of the one-off booking of a prior year reinsurance contract, and (ii) *Life & Savings* mainly driven by Unit-Linked due to the exit from the Individual Savings business;
- *The United Kingdom & Ireland* (€+72 million or +1%) to €5,130 million from (i) *Property & Casualty* mainly in *Commercial Motor* due to higher new business volumes and tariff increases, partly offset by *Personal Property* reflecting lower volumes following tariff increases and the exit of a scheme, and (ii) *Health* mainly driven by volume growth and tariff increases in the United Kingdom, as well as in Commercial International business;
- *Spain* (€-170 million or -7%) to €2,365 million mainly from *Life & Savings*, in line with the strategy to shift towards capital light products, driven by (i) Protection with Savings mainly due to the non-renewal of two large bank agreements, and (ii) G/A Savings as a consequence of the reduction of interest credited rates, partly offset by (iii) Unit-Linked mainly due to commercial focus;
- *Italy* (€-376 million or -7%) to €4,719 million mainly from (i) *Life & Savings* driven by G/A Savings, partly offset by Unit-Linked, driven by the difficulties faced by Banca Monte dei Paschi di Siena and the commercial focus on the new Unit-Linked products launched in 2H17, partly offset by (ii) *Property & Casualty* driven by *Personal* and *Commercial lines* both from higher volumes from agencies and new broker agreements.

Asia gross revenues were down 3% (or €-249 million) to €8,985 million on a comparable basis, mainly from:

- *Japan* (€-304 million or -6%) to €4,647 million from (i) *Life & Savings* mainly due to lower new business from the G/A capital light *Single Premium Whole Life* product in the context of new regulatory requirements effective late 2016, partly offset by (ii) *Health* mainly due to *Medical Whole Life* products driven by higher inforce revenues and the success of a *New Medical Care* product launched in the third quarter 2017;
- *Hong Kong* (€+78 million or +2%) to €3,170 million from (i) *Life & Savings* from Protection and G/A Savings both due to new business sales and in-force growth, partly offset by Unit-Linked due to the prolonged impact of the regulatory changes and lower single premiums, (ii) *Health* mainly driven by higher volumes in Individual, and (iii) *Property & Casualty* mainly stemming from higher new business;
- *Asia – Direct* (€-26 million or -3%) to €989 million driven by Motor in (i) *South Korea* following the implementation of a new strategy targeting clients with a low risk profile, and (ii) *Japan* mainly due to the non-repeat of a refinement of accounting methodology.

The United States gross revenues were up 2% (or €+413 million) to €16,911 million on a comparable basis:

- *The United States Life & Savings* (€+183 million or +1%) to €14,210 million mainly from Unit-Linked driven by higher sales of non-GMxB Variable Annuity products, partly offset by a decrease in GMxB Variable Annuity sales, and Mutual funds & Other reflecting higher advisory sales from favorable market conditions;
- *AB* (€+230 million or +9%) to €2,700 million mainly driven by higher management fees resulting from favorable product mix and higher average AUM.

International gross revenues were up 2% (or €+165 million) to €7,034 million on a comparable basis, mainly from:

- *Singapore* (€+133 million or +17%) to €895 million mainly due to higher Unit-Linked revenues;
- *Brazil* (€+87 million or +109%) to €180 million mainly driven by new business in *Commercial lines*;
- *Poland* (€+73 million or +15%) to €572 million mainly due to new business in *Personal Motor* and *Commercial lines*;

partly offset by:

- *Turkey* (€-209 million or -20%) to €677 million mainly due to a decrease in Motor Third Party Liability reflecting a change in market conditions following the implementation of a cap on premiums by the government starting from April 12, 2017, as well as the introduction of an insurance pool.

Transversal & Central Holdings gross revenues were up 1% (or €+48 million) to €5,152 million on a comparable basis, mainly from:

- *AXA Investment Managers* (€+111 million or +9%) to €1,276 million driven by higher management, performance and other fees, as well as higher transaction fees;
- *AXA Corporate Solutions Assurance* (€+56 million or +2%) to €2,322 million driven by Marine, Liability and Property mainly from strong business growth in the United Kingdom and Brazil, partly offset by Construction due to actions undertaken to protect the profitability;

partly offset by:

- *AXA Life Europe* (€-134 million or -95%) to €7 million as a result of the decision to stop sales of the *Secure Advantage* product, mainly in the United Kingdom.

ANNUAL PREMIUM EQUIVALENT (1)

New business APE was down 2% on a reported basis and stable on a comparable basis at €6,470 million. The growth in *the United States*, *International* and *France* was more than offset by the slowdown in *Asia* and *Europe*.

France (€1,849 million, 29% of total) up €32 million (+2%) mainly driven by (i) *Unit-Linked* (€+54 million) reflecting higher sales in real estate funds and discretionary mandates as well as in Group Retirement, (ii) *Health* (€+44 million) driven by higher volumes in international markets, and (iii) *G/A Savings* (€+40 million) mainly from Group Retirement due to the sale of a large contract, partly offset by (iv) *Funds & Other* (€-100 million) reflecting the non-repeat of a large contract underwritten in December 2016.

Europe (€1,034 million, 16% of total) down €85 million (-8%) from (i) *Switzerland* (€-36 million) primarily driven by the non-repeat of the sale of a large Group Protection contract in 2016, (ii) *Germany* (€-21 million) reflecting lower new business in G/A traditional business, (iii) *Italy* (€-15 million) mainly from G/A Savings partly offset by Unit-Linked, driven by the difficulties faced by Banca Monte dei Paschi di Siena and the commercial focus on new Unit-Linked products launched in 2H17, and (iv) *Spain* (€-13 million) in line with the strategy to shift towards capital light products.

Asia (€1,510 million, 23% of total) down €103 million (-6%) mainly from (i) *Hong Kong* (€-69 million) driven by Protection with Savings mainly due to a strong competition notably on the short term pay whole of life participating products with attractive policyholder returns, Health mainly reflecting the non-repeat of the sale of a large Group contract in 2016, and Unit-Linked due to the prolonged impact of the regulatory changes, and (ii) *Japan* (€-38 million) mainly due to lower new business in the G/A capital light *Single Premium Whole Life* product in the context of new regulatory requirements effective late 2016.

The United States (€1,799 million, 28% of total) up €107 million (+6%) mainly from *Mutual Funds & Other* reflecting higher advisory sales from favorable market conditions.

International (€278 million, 4% of total) up €37 million (+15%) notably from higher Unit-Linked sales in *Singapore*.

NEW BUSINESS VALUE MARGIN (2)

New Business Value Margin stood at 43.1%, improved by 3.3 points. On a comparable basis, New Business Value Margin improved by 3.5 points mainly driven by more favorable investment assumptions, and a favorable business mix in *Asia* mainly from *China* and *Japan*, partly offset by a less favorable country mix, mainly reflecting lower volume contribution in *Asia*, and higher volume contribution from *the United States*.

(1) 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, 2017	France	Europe	Asia	United States	International	Transversal & Central Holdings
Investment margin	4,647	1,640	1,813	35	543	375	241
Fees & revenues	8,123	2,001	1,158	1,948	2,583	420	14
Net technical margin	11,929	2,909	6,200	768	(424)	1,396	1,080
Expenses	(16,898)	(4,531)	(5,965)	(1,550)	(1,865)	(1,859)	(1,128)
Amortization of value of purchased life business inforce	(42)	-	(25)	(13)	(1)	(3)	-
Underlying earnings before tax from insurance activities	**7,758**	**2,018**	**3,180**	**1,187**	**836**	**330**	**207**
Underlying earnings before tax from other activities	**(2)**	**(7)**	**24**	**(0)**	**556**	**49**	**(623)**
Income tax expenses/benefits	(1,665)	(598)	(807)	(257)	(7)	(91)	95
Income from affiliates and associates	297	20	7	166	-	86	18
Minority interests	(387)	(5)	(78)	(7)	(250)	(37)	(10)
Underlying earnings Group share	**6,002**	**1,429**	**2,326**	**1,089**	**1,135**	**337**	**(313)**
Net capital gains or losses attributable to shareholders net of income tax	455	237	237	23	(60)	(7)	26
Adjusted earnings Group share	**6,457**	**1,666**	**2,563**	**1,111**	**1,075**	**330**	**(288)**
Profit or loss on financial assets (under fair value option) and derivatives	(134)	31	(2)	(59)	96	11	(211)
Exceptional operations (including discontinued operations)	124	(252)	(57)	(0)	268	(22)	187
Goodwill and other related intangible impacts	(90)	-	(44)	(16)	(2)	(27)	(1)
Integration and restructuring costs	(148)	(25)	(25)	(9)	(21)	(16)	(53)
NET INCOME GROUP SHARE	**6,209**	**1,420**	**2,435**	**1,028**	**1,415**	**276**	**(365)**
Property & Casualty Combined Ratio	96.3%	94.6%	94.6%	97.6%	-	101.4%	101.1%
Health Combined Ratio	94.7%	98.7%	96.1%	78.3%	146.9%	101.6%	87.1%
Protection Combined Ratio	96.9%	95.6%	97.0%	86.7%	112.7%	98.4%	-

(in Euro million, except percentages)	December 31, 2016 restated [a]	France	Europe	Asia	United States	International	Transversal & Central Holdings
Investment margin	4,867	1,688	1,968	33	567	357	254
Fees & revenues	8,009	1,771	1,224	1,999	2,650	351	14
Net technical margin	12,295	2,800	6,155	784	91	1,341	1,125
Expenses	(17,360)	(4,328)	(6,134)	(1,651)	(2,385)	(1,757)	(1,105)
Amortization of value of purchased life business inforce	(169)	-	(127)	(28)	(10)	(4)	-
Underlying earnings before tax from insurance activities	**7,641**	**1,931**	**3,085**	**1,137**	**912**	**288**	**288**
Underlying earnings before tax from other activities	**56**	**(2)**	**91**	**(2)**	**499**	**68**	**(598)**
Income tax expenses/benefits	(1,908)	(556)	(792)	(242)	(208)	(80)	(30)
Income from affiliates and associates	239	17	2	160	-	47	12
Minority interests	(340)	(5)	(82)	(7)	(205)	(35)	(7)
Underlying earnings Group share	**5,688**	**1,385**	**2,305**	**1,047**	**998**	**288**	**(335)**
Net capital gains or losses attributable to shareholders net of income tax	415	152	237	19	8	(21)	20
Adjusted earnings Group share	**6,103**	**1,536**	**2,543**	**1,066**	**1,006**	**267**	**(315)**
Profit or loss on financial assets (under fair value option) and derivatives	(118)	27	30	45	(17)	22	(225)
Exceptional operations (including discontinued operations)	387	5	(507)	(0)	973	6	(91)
Goodwill and other related intangible impacts	(89)	-	(47)	(15)	(0)	(24)	(3)
Integration and restructuring costs	(454)	(60)	(310)	(0)	(18)	(29)	(37)
NET INCOME GROUP SHARE	**5,829**	**1,509**	**1,708**	**1,096**	**1,944**	**243**	**(671)**
Property & Casualty Combined Ratio	96.4%	95.0%	95.1%	97.7%	-	101.3%	98.7%
Health Combined Ratio	94.9%	98.7%	96.3%	79.1%	164.8%	102.7%	90.0%
Protection Combined Ratio	97.0%	96.9%	98.3%	85.9%	108.7%	101.1%	-

(a) Restated: as per the new governance.

Alternative Performance Measures

Adjusted earnings, Underlying earnings and Adjusted Return on Equity are Alternative Performance Measures as defined in ESMA's guidelines issued in 2015. A reconciliation from non-GAAP financial measures Underlying earnings and Adjusted earnings to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided in the above tables. Adjusted Return on Equity is reconciled to the financial statements in the table set forth on page 43 of this Annual Report.

ADJUSTED EARNINGS

Adjusted earnings represent the net income (Group share) as disclosed in Part 5 - "Consolidated Financial Statements" 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 changes in scope and discontinued operations);
- 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.

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 involved in 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 (recorded through shareholders' equity as disclosed in Part 5.4 - "Consolidated Statement of Changes in Equity" 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 impact of capital flows (including dividends);
- without reserves relating to the change in the fair value of financial investments available for sale as disclosed in Part 5.4 – "Consolidated Statement of Changes in Equity" of this Annual Report;
- without undated subordinated debt as disclosed in Part 5.6 – "Note 13 Shareholders' Equity and Minority Interests" of this Annual Report.

For further information on those indicators, see the Appendix V Glossary of this Annual Report.

Commentaries on Group Earnings

UNDERLYING EARNINGS

Underlying earnings amounted to €6,002 million, up €314 million (+6%) *versus* 2016 on a reported basis. On a constant exchange rate basis, underlying earnings increased by €424 million (+7%) supported by all geographies.

On a constant exchange rate basis, **underlying earnings before tax from insurance activities** increased by €249 million (+3%) to €7,758 million:

- **Lower investment margin** (€-154 million or -3%) mainly driven by lower reinvestment yields on fixed income assets across geographies, primarily in *Europe* (€-133 million) and *France* (€-47 million), partly offset by *Turkey* (€+46 million) stemming from both higher interest rates and average asset base;
- **Higher fees & revenues** (€+259 million or +3%) primarily from higher Unit-Linked management fees (€+254 million). This growth is driven by (i) *the United States Life & Savings* (€+111 million) mainly driven by favorable equity market conditions, (ii) *France* (€+89 million) mainly reflecting a higher asset base as well as higher average fee bps, and (iii) *Europe* (€+44 million) mostly from *Italy* (€+46 million) mainly due to higher account value on Unit-Linked products as well as higher average fee bps;
- **Lower net technical margin** (€-144 million or -1%) primarily in (i) *the United States* (€-524 million) mainly due to unfavorable actual mortality and morbidity experience as well as model and assumption changes (mostly offset in Deferred Acquisition Costs). This was partly offset by (ii) *Europe* (€+166 million) mainly driven by favorable weather conditions and the non-repeat of terrorist attacks of March 2016 in *Belgium*, the non-repeat of an unfavorable 2016 prior year reserve development in *Germany*, and a favorable prior year reserve development in *Spain* and *Switzerland,* (iii) *France* (€+150 million) mainly driven by *Property & Casualty* from a lower current accident year loss ratio stemming from the cancellation of unprofitable contracts in *Commercial lines* and a favorable prior year reserve development, as well as *Life & Savings* mainly due to a higher profitability in Protection, and (iv) *International* (€+102 million) mainly due to the acquisition of Liberty Ubezpieczenia and the first consolidation of *Property & Casualty* traditional activities in *Poland*, and a favorable business mix combined with a positive volume effect in *Brazil*;

- **Lower expenses** (€+160 million or -1%) primarily in (i) *the United States* (€+479 million) mainly from lower Deferred Acquisition Cost amortization due to both unlocking and reactivity impacts of model changes (mostly offset in net technical margin), and (ii) *Europe* (€+59 million) primarily due to the cost savings program and lower Deferred Acquisition Cost amortization in *Germany*. This was partly offset by (iii) *France* (€-242 million) mainly driven by business growth in *Health* and *Life & Savings*, and (iv) *International* (€-160 million) as a consequence of the acquisition of Liberty Ubezpieczenia and the first consolidation of *Property & Casualty* traditional activities in *Poland*, a less favorable business mix in *Brazil*, and higher commissions in line with the business growth in *Colombia*;
- **Lower VBI amortization** (€+126 million or -74%) primarily in *Europe* (€+102 million) due to the non-repeat of the unfavorable change in interest rate assumptions in *Switzerland* and *Germany*.

On a constant exchange rate basis, **underlying earnings before tax from other activities** decreased by €41 million (-73%) to €-2 million:

- *Europe* (€-68 million or -75%) mainly driven by the non-repeat of an exceptional decrease in pension costs in 2016 in *Germany Holdings*;
- *International* (€-19 million or -28%) mainly due to the decrease in gross revenues at *AXA Bank Belgium*;
- *The United States* (€+69 million or +14%) driven by *AB* from higher gross revenues and staff costs containment initiatives, partly offset by higher promotion and servicing expenses as well as one-off charges linked to the reduction of real estate footprint and vendor termination payment;
- *Transversal & Central Holdings* (€-20 million or -3%):
  - *AXA SA* (€-63 million or -7%) mainly driven by higher financial charges,
  - *AXA Investment Managers* (€+42 million or +13%) as a result of higher gross revenues and an improved underlying cost income ratio reflecting the cost savings program.

On a constant exchange rate basis, **income tax expenses** decreased by €220 million (-12%) to €-1,665 million as higher pre-tax underlying earnings across geographies were more than offset by a lower effective tax rate, the impact of the removal of the 3% French tax on dividends paid to shareholders in 2017 at *AXA SA*, as well as higher positive tax one-offs in *the United States Life & Savings* (€202 million in 2017 *vs*. €164 million in 2016).

On a constant exchange rate basis, **income from affiliates & associates** increased by €50 million (+21%) to €297 million mainly driven by an improved net technical margin at *Reso*, portfolio growth in *the Philippines* and *Thailand* and an improved mix from Asian joint ventures at *AXA Investment Managers*.

On a constant exchange rate basis, **minority interests** increased by €55 million (+16%) to €-387 million mainly driven by *the United States* from *AB* as AXA ownership increased from 63.7% on December 31, 2016, to 64.7% on December 31, 2017.

On a constant exchange rate basis, **the Property & Casualty combined ratio** remained stable at 96.3% as the negative impact from higher natural events (+0.8 point) notably from the earthquakes in Mexico and Harvey, Maria, Irma and Lydia hurricanes, were fully offset by a better claims experience notably in *France* and *International*. Prior year reserve development slightly deteriorated by 0.1 point to -1.2 points.

On a constant exchange rate basis, **the Health combined ratio** improved by 0.3 point to 94.7% supported by an improvement across geographies, notably from growth in *France* and *Europe*, the positive impact of profitability measures in *Indonesia*, in *the Gulf Region* and *Turkey*, as well as *the United States* mainly driven by lower expenses.

On a constant exchange rate basis, **the Protection combined ratio** improved by 0.2 point to 96.9% as the deterioration in *the United States* driven by adverse mortality margin, partly offset by lower expenses due to lower Deferred Acquisition Cost amortization, was more than offset by an improvement in *France*, *Europe* and *International* as a result of a lower loss ratio.

ADJUSTED EARNINGS TO NET INCOME

Net realized capital gains and losses attributable to shareholders amounted to €455 million. On a constant exchange rate basis, net realized capital gains and losses attributable to shareholders increased by €40 million due to:

- €+266 million **lower impairments** to €-127 million mainly driven by equity securities (€+176 million), alternative investments (€+41 million), real estate (€+25 million) and fixed income assets (€+22 million);
- €-24 million **more unfavorable change in intrinsic value** to €-92 million related to equity hedging derivatives;

- €-202 million **lower net realized capital gains** to €674 million mainly driven by fixed income assets (€-248 million to €-65 million), equity securities (€-47 million to €+330 million) and real estate (€-27 million to €+208 million), partly offset by alternative investments (€+118 million to €+201 million).

As a result, **adjusted earnings** amounted to €6,457 million, up €354 million (+6%). On a constant exchange rate basis, adjusted earnings increased by €464 million (+8%).

Net income amounted to €6,209 million, up €380 million (+7%). On a constant exchange rate basis, net income increased by €494 million (+8%) mainly from:

- **higher adjusted earnings** (€+464 million);
- **a less favorable change in the fair value of financial assets and derivatives** net of foreign exchange impacts; down €17 million to €-134 million driven by:
  - the unfavorable change in the fair value of foreign exchange derivatives not eligible for hedge accounting under IAS 39 net of foreign exchange rate movements on investments denominated in foreign currencies, down €191 million to €-152 million,
  - the change in the fair value of interest rate and credit derivatives not eligible for hedge accounting under IAS 39, down €11 million to €-205 million,
  - the change in the fair value of assets accounted for under fair value option driven by equity and private equity funds, up €185 million to €+222 million;
- **lower integration and restructuring costs** (€+302 million) to €-148 million;
- **lower impact from exceptional and discontinued operations** (€-254 million) to €+124 million mainly due to:
  - the non-repeat of major transactions which occurred in 2016: the sale of two real estate properties in New York (€-1.0 billion), partly offset by the disposal of the Life & Savings operations and Bluefin in the United Kingdom (€+0.5 billion),
  - the adverse impact of regulatory changes on annuity legal indexation at AXA France (€-0.2 billion) and the impact of the partial write-off of the net deferred tax asset position in France due to the decrease in the corporate tax rate from 34% to 26% enacted in 2017 and effective in the coming years (€-0.2 billion),
  - the negative impact from the sale of a part of the occupational pensions portfolio in Germany (€-0.1 billion),

  partly offset by:
  - the impact of the revaluation of the net deferred tax liability in the United States (€+0.3 billion) following the decrease in the corporate tax rate from 35% to 21% enacted in December 2017 and effective from 2018 onwards,
  - the one-off benefit from the upcoming reimbursement of the 3% tax on the dividend paid to shareholders on prior years (2013 to 2016) at AXA SA (€+0.3 billion).

Shareholders' equity Group share

As of December 31, 2017, Shareholders' equity Group share totaled €69.6 billion. The movements in Shareholders' equity Group share since December 31, 2016, are presented in the table below:

(in Euro million)	Shareholders' equity Group share
At December 31, 2016	**70,597**
Share Capital	0
Capital in excess of nominal value	(116)
Equity-share based compensation	37
Treasury shares sold or bought in open market	(763)
Change in equity component of compound financial instruments	(95)
Deeply subordinated debt (including accumulated interests charges)	(560)
Fair value recorded in shareholders' equity	1,424
Impact of currency fluctuations	(4,588)
Payment of N-1 dividend	(2,808)
Other	(108)
Net income for the period	6,209
Actuarial gains and losses on pension benefits	405
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	(23)
At December 31, 2017	**69,611**

Shareholder value

EARNINGS PER SHARE ("EPS")

	December 31, 2017		December 31, 2016		December 31, 2017/ December 31, 2016	
(in Euro except ordinary shares in million)	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**
Weighted average number of shares	**2,395**	**2,404**	**2,416**	**2,423**		
Net income (Euro per Ordinary Share)	*2.50*	*2.49*	*2.30*	*2.30*	*8.4%*	*8.4%*
Adjusted earnings (Euro per Ordinary Share)	*2.60*	*2.59*	*2.42*	*2.41*	*7.6%*	*7.6%*
Underlying earnings (Euro per Ordinary Share)	*2.41*	*2.40*	*2.24*	*2.24*	*7.4%*	*7.3%*

RETURN ON EQUITY ("ROE")

(in Euro million)	December 31, 2017	December 31, 2016	December 31, 2017/ December 31, 2016
ROE	**9.3%**	**8.8%**	**0.5 pt**
Net income	6,209	5,829	
Average shareholders' equity	66,433	66,120	
Adjusted ROE	**14.5%**	**13.5%**	**1.0 pt**
Adjusted earnings [(a)]	6,228	5,836	
Average shareholders' equity [(b)]	43,067	43,352	
Underlying ROE	**13.4%**	**12.5%**	**0.9 pt**
Underlying earnings [(a)]	5,773	5,421	
Average shareholders' equity [(b)]	43,067	43,352	

(a) Including an adjustment to reflect net financial charges related to undated debt (recorded through shareholders' equity).
(b) Excluding fair value of invested assets and derivatives and undated debt (both recorded through shareholders' equity).

Segment information

FRANCE

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [(b)]
Gross revenues [(a)]	**24,475**	**24,557**
Life & Savings	13,151	13,611
Property & Casualty	7,307	7,338
Health	3,877	3,404
Other [(c)]	139	205
New business		
APE	1,849	1,824
NBV Margin	34.5%	31.0%
Underlying earnings before tax	**2,011**	**1,928**
Life & Savings	1,007	926
Property & Casualty	908	905
Health	103	100
Other [(c)]	(7)	(2)
Income tax expenses/benefits	(598)	(556)
Minority interests	(5)	(5)
Income from affiliates and associates	20	17
Underlying earnings Group share	**1,429**	**1,385**
Net capital gains or losses attributable to shareholders net of income tax	237	152
Adjusted earnings Group share	**1,666**	**1,536**
Profit or loss on financial assets (under fair value option) and derivatives	31	27
Exceptional operations (including discontinued operations)	(252)	5
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(25)	(60)
NET INCOME GROUP SHARE	**1,420**	**1,509**
Property & Casualty Combined Ratio	94.6%	95.0%
Health Combined Ratio	98.7%	98.7%
Protection Combined Ratio	95.6%	96.9%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities, as well as banking activities and holdings into the Other activities.
(c) Other corresponds to banking activities and holdings.

Gross revenues decreased by €83 million (0%) to €24,475 million. On a comparable basis, gross revenues increased by €10 million (0%):

- **Health** (€+474 million or +14%) to €3,877 million. On a comparable basis, Health gross revenues increased by €474 million (+14%) reflecting an increase in *Group business* (€+449 million) driven by tariff and volume increases in both international and domestic markets as well as in *Individual business* (€+25 million) due to higher renewals;
- **Property & Casualty** (€-30 million or 0%) to €7,307 million. On a comparable basis, Property & Casualty gross revenues increased by €39 million (+1%) driven by *Commercial lines* (€+26 million) due to higher volumes in assumed business and tariff increases in all segments as well as higher volumes in the Credit & Lifestyle Protection business, and *Personal lines* (€+12 million) mainly stemming from the Direct business;

- **Life & Savings** (€-460 million or -3%) to €13,151 million. On a comparable basis, Life & Savings gross revenues decreased by €437 million (-3%) mainly in *Funds & Other* (€-1,067 million) reflecting the non-repeat of a large contract underwritten in December 2016. Adjusting for this large contract, Life & Savings gross revenues increased by 4% mainly driven by *Unit-Linked* (€+413 million) reflecting higher sales in real estate funds and discretionary mandates. Unit-Linked revenues contributed to 40.3% of total Individual Savings revenues, compared to 29.9% on average for the market. *G/A Savings* revenues increased by €217 million mainly in *Group business* due to the sale of a large contract in 4Q17 (€392 million), partly offset by lower revenues in *Individual business*;
- **Other** (€-66 million or -32%) to €139 million. On a comparable basis, Other gross revenues decreased by €66 million (-32%) driven by Banking activities. Operating net banking revenues slightly increased (€+2 million).

APE increased by €25 million (+1%) to €1,849 million. On a comparable basis, APE increased by €32 million (+2%) mainly driven by *Unit-Linked* (€+54 million) reflecting higher sales in real estate funds and discretionary mandates as well as in Group Retirement, *Health* (€+44 million) driven by higher volumes in international markets, and *G/A Savings* (€+40 million) mainly from Group Retirement due to the sale of a large contract in 4Q17 (€51 million), partly offset by *Funds & Other* (€-100 million) reflecting the non-repeat of a large contract underwritten in December 2016.

NBV Margin increased by 3.5 points to 34.5% mainly driven by (i) favorable economic conditions reflecting favorable equity markets, lower interest rate volatilities and lower equity volatilities, (ii) the decrease in the corporate tax rate, and (iii) the positive impact of a change in policyholder behavior assumptions.

Underlying earnings before tax increased by €83 million (+4%) to €2,011 million. On a constant exchange rate basis, underlying earnings before tax increased by €86 million (+4%):

- **Life & Savings** (€+81 million or +9%) to €1,007 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €84 million (+9%) mainly driven by higher Unit-Linked management fees (€+89 million) reflecting a higher asset base and higher average fee bps, as well as higher loadings on premiums (€+63 million) mainly in Protection and Unit-Linked stemming from higher sales. Net technical margin increased by €41 million driven by higher profitability in Protection. This was partly offset by higher commissions (€-82 million) and a lower investment margin (€-21 million) mainly from lower reinvestment yields;
- **Property & Casualty** (€+4 million or 0%) to €908 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €4 million (0%) mainly due to a lower current year loss ratio (-1.0 point) mainly driven by the cancellation of unprofitable contracts in Commercial lines and a favorable prior year reserve development (-0.3 point), partly offset by an increase in expense ratio as well as a lower net investment margin (€-24 million). The natural event charges remained stable;
- **Health** (€+3 million or +3%) to €103 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €3 million (+3%) mainly driven by higher volumes;
- **Other** (€-5 million) to €-7 million. On a constant exchange rate basis, Other underlying earnings before tax decreased by €5 million mainly at AXA France Holding.

Income tax expenses increased by €42 million (+7%) to €-598 million. On a constant exchange rate basis, income tax expenses increased by €42 million (+8%) mainly driven by higher pre-tax underlying earnings.

Underlying earnings increased by €44 million (+3%) to €1,429 million. On a constant exchange rate basis, underlying earnings increased by €47 million (+3%).

Adjusted earnings increased by €129 million (+8%) to €1,666 million. On a constant exchange rate basis, adjusted earnings increased by €132 million (+9%) driven by higher underlying earnings and higher net realized capital gains.

Net income decreased by €89 million (-6%) to €1,420 million. On a constant exchange rate basis, net income decreased by €87 million (-6%) as higher adjusted earnings were more than offset by the adverse impact of regulatory changes on annuity legal indexation (€-206 million) and the impact of the partial write-off of the net deferred tax asset position due to the decrease in the corporate tax rate from 34% to 26% enacted in 2017 and effective in the coming years (€-52 million).

EUROPE

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [(b)]
Gross revenues [(a)]	**35,992**	**37,039**
Life & Savings	15,215	16,315
Property & Casualty	15,633	15,683
Health	5,105	5,004
Other [(c)]	39	37
New business		
APE	1,034	1,124
NBV Margin	56.6%	48.2%
Underlying earnings before tax	**3,204**	**3,177**
Life & Savings	1,127	1,053
Property & Casualty	1,827	1,817
Health	226	216
Other [(c)]	24	91
Income tax expenses/benefits	(807)	(792)
Minority interests	(78)	(82)
Income from affiliates and associates	7	2
Underlying earnings Group share	**2,326**	**2,305**
Net capital gains or losses attributable to shareholders net of income tax	237	237
Adjusted earnings Group share	**2,563**	**2,543**
Profit or loss on financial assets (under fair value option) and derivatives	(2)	30
Exceptional operations (including discontinued operations)	(57)	(507)
Goodwill and other related intangible impacts	(44)	(47)
Integration and restructuring costs	(25)	(310)
NET INCOME GROUP SHARE	**2,435**	**1,708**
Property & Casualty Combined Ratio	94.6%	95.1%
Health Combined Ratio	96.1%	96.3%
Protection Combined Ratio	97.0%	98.3%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities, as well as banking activities and holdings into the Other activities.
(c) Other corresponds to banking activities and holdings.

EUROPE – SWITZERLAND

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [(a)]	**9,797**	**10,132**
Life & Savings	6,727	7,044
Property & Casualty	3,070	3,088
Health	0	-
New business		
APE	259	301
NBV Margin	66.4%	57.9%
Underlying earnings before tax	**1,014**	**952**
Life & Savings	419	351
Property & Casualty	606	601
Health	(11)	-
Income tax expenses/benefits	(202)	(186)
Minority interests	(4)	(4)
Income from affiliates and associates	-	-
Underlying earnings Group share	**809**	**761**
Net capital gains or losses attributable to shareholders net of income tax	55	49
Adjusted earnings Group share	**864**	**810**
Profit or loss on financial assets (under fair value option) & derivatives	(43)	(42)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangible impacts	(28)	(31)
Integration and restructuring costs	-	(2)
NET INCOME GROUP SHARE	**792**	**735**
Property & Casualty Combined Ratio	85.8%	86.2%
Health Combined Ratio	n/a	-
Protection Combined Ratio	97.2%	98.2%
Average exchange rate: € 1.00 = Swiss Franc	*1.11*	*1.09*

(a) Net of intercompany eliminations.

Gross revenues decreased by €335 million (-3%) to €9,797 million. On a comparable basis, gross revenues decreased by €134 million (-1%):

- **Life & Savings** (€-317 million or -5%) to €6,727 million. On a comparable basis, Life & Savings gross revenues decreased by €179 million (-3%) driven by *Protection* (€-166 million) mainly due to the non-repeat of the sale of a large Group contract in 2016, and *G/A Savings* (€-20 million) driven by lower new business;
- **Property & Casualty** (€-18 million or -1%) to €3,070 million. On a comparable basis, Property & Casualty gross revenues increased by €45 million (+1%) mainly driven by *Commercial lines* (€+45 million) due to higher volumes and tariff increases mainly in Workers' Compensation.

APE decreased by €41 million (-14%) to €259 million. On a comparable basis, APE decreased by €36 million (-12%) driven by *Protection* (€-29 million) mainly due to the non-repeat of the sale of a large Group contract in 2016 and lower sales in *Individual Life*.

NBV Margin increased by 8.5 points to 66.4% mainly driven by a favorable financial assumption update as a result of higher interest rates as well as a positive business mix towards *Group Protection.*

Underlying earnings before tax increased by €63 million (+7%) to €1,014 million. On a constant exchange rate basis, underlying earnings before tax increased by €83 million (+9%):

- **Life & Savings** (€+68 million or +19%) to €419 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €77 million (+22%) mainly driven by lower amortization of VBI (€+63 million) mainly due to the non-repeat of model assumption update combined with lower expenses (€+9 million) as well as an improved net technical margin (€+8 million). Investment margin increased by €5 million due to higher distribution from private equity investments;

- **Property & Casualty** (€+5 million or +1%) to €606 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €18 million (+3%) as a higher current year combined ratio (+2.8 points) mainly due to higher natural events, was more than offset by a favorable prior year reserve development (-3.2 points). Investment margin remained stable;
- **Health** (€-11 million) to €-11 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €11 million driven by the investments related to the launch of the business in 2H17.

Income tax expenses increased by €15 million (+8%) to €-202 million. On a constant exchange rate basis, income tax expenses increased by €19 million mainly driven by higher pre-tax underlying earnings.

Underlying earnings increased by €48 million (+6%) to €809 million. On a constant exchange rate basis, underlying earnings increased by €64 million (+8%).

Adjusted earnings increased by €53 million (+7%) to €864 million. On a constant exchange rate basis, adjusted earnings increased by €71 million (+9%) driven by higher underlying earnings as well as higher net realized capital gains.

Net income increased by €57 million (+8%) to €792 million. On a constant exchange rate basis, net income increased by €73 million (+10%) mainly driven by higher adjusted earnings.

EUROPE – GERMANY

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [(b)]
Gross revenues [(a)]	**10,672**	**10,534**
Life & Savings	3,696	3,786
Property & Casualty	3,879	3,836
Health	3,059	2,876
Other [(c)]	39	37
New business		
APE	361	382
NBV Margin	58.2%	43.0%
Underlying earnings before tax	**771**	**782**
Life & Savings	201	186
Property & Casualty	419	387
Health	115	103
Other [(c)]	36	107
Income tax expenses/benefits	(221)	(235)
Minority interests	(1)	(1)
Income from affiliates and associates	7	2
Underlying earnings Group share	**556**	**549**
Net capital gains or losses attributable to shareholders net of income tax	109	61
Adjusted earnings Group share	**665**	**610**
Profit or loss on financial assets (under fair value option) and derivatives	46	18
Exceptional operations (including discontinued operations)	(87)	(3)
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	2	(95)
NET INCOME GROUP SHARE	**621**	**525**
Property & Casualty Combined Ratio	96.0%	97.8%
Health Combined Ratio	96.3%	96.5%
Protection Combined Ratio	97.1%	99.6%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of banking activities and holdings into the Other activities.
(c) Other corresponds to banking activities and holdings.

Gross revenues increased by €138 million (+1%) to €10,672 million. On a comparable basis, gross revenues increased by €138 million (+1%) driven by preferred businesses with Health and *Commercial lines Non-Motor* in Property & Casualty:

- **Health** (€+183 million or +6%) to €3,059 million. On a comparable basis, Health gross revenues increased by €183 million (+6%) mainly due to tariff increases in full benefit insurance and continued growth in the civil service segment;
- **Property & Casualty** (€+43 million or +1%) to €3,879 million. On a comparable basis, Property & Casualty gross revenues increased by €43 million (+1%) driven by *Commercial lines* (€+39 million) due to new business in Non-Motor in SME and Mid-Market;
- **Life & Savings** (€-90 million or -2%) to €3,696 million. On a comparable basis, Life & Savings gross revenues decreased by €90 million (-2%) reflecting lower volumes in *G/A traditional business* (€-118 million) in line with the strategy, as well as lower hybrid products (€-73 million). This was partly offset by strong growth in preferred businesses, namely *Unit-Linked* (€+70 million) and *Pure Protection* (€+30 million).

APE decreased by €21 million (-5%) to €361 million. On a comparable basis, APE decreased by €21 million (-5%) reflecting lower new business in *G/A traditional business* (€-14 million) and lower volume of hybrid products (€-10 million), partly offset by higher sales in *Protection* (€+4 million).

NBV Margin increased by 15.2 points to 58.2% mainly driven by a business mix shift from *G/A traditional business* to *Pure Protection*, as well as a positive evolution in *Health*.

Underlying earnings before tax decreased by €11 million (-1%) to €771 million as the growth across insurance businesses was more than offset by the decrease in Holdings:

- **Property & Casualty** (€+33 million or +8%) to €419 million as a higher current year combined ratio (+0.6 point) driven by higher large losses and natural events, partly offset by a lower expense ratio (-0.6 point) reflecting the impact of the cost savings program, was more than offset by higher prior year reserve results (-2.5 points) mainly due to the non-repeat of an unfavorable 2016 prior year reserve development. This was partly offset by a lower investment margin (€-39 million) mainly from lower reinvestment yields on fixed income assets;
- **Life & Savings** (€+15 million or +8%) to €201 million mainly due to a decrease in expenses driven by lower Deferred Acquisition Cost amortization and a lower VBI amortization from the non-repeat of the unfavorable change in interest rate assumptions, partly offset by a lower investment margin (€-43 million) mainly from lower reinvestment yields on fixed income assets;
- **Health** (€+12 million or +12%) to €115 million mainly driven by profitable growth supported by tariff increases;
- **Other** (€-71 million) to €36 million mainly driven by Holdings (€-73 million) mainly due to the non-repeat of an exceptional decrease in pension costs in 2016.

Income tax expenses decreased by €14 million (-6%) to €-221 million due to higher positive tax one-offs (€+9 million).

Income from affiliates and associates increased by €4 million to €7 million.

Underlying earnings increased by €7 million (+1%) to €556 million.

Adjusted earnings increased by €55 million (+9%) to €665 million mainly driven by higher net realized capital gains.

Net income increased by €96 million (+18%) to €621 million driven by higher adjusted earnings, the non-repeat of restructuring costs and a favorable change in the fair value of economic hedge derivatives not eligible for hedge accounting, partly offset by the negative impact related to the disposal of a part of the occupational pension business.

2

EUROPE – BELGIUM

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**3,310**	**3,377**
Life & Savings	1,178	1,210
Property & Casualty	2,044	2,097
Health	87	70
New business		
APE	56	55
NBV Margin	75.4%	57.9%
Underlying earnings before tax	**531**	**519**
Life & Savings	253	266
Property & Casualty	286	262
Health	(7)	(4)
Other [c]	(2)	(4)
Income tax expenses/benefits	(174)	(160)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**357**	**359**
Net capital gains or losses attributable to shareholders net of income tax	49	107
Adjusted earnings Group share	**406**	**466**
Profit or loss on financial assets (under fair value option) and derivatives	16	34
Exceptional operations (including discontinued operations)	34	0
Goodwill and other related intangible impacts	(4)	(2)
Integration and restructuring costs	23	(149)
NET INCOME GROUP SHARE	**475**	**349**
Property & Casualty Combined Ratio	93.6%	95.0%
Health Combined Ratio	110.2%	108.6%
Protection Combined Ratio	98.2%	100.6%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities and the holding into the Other activities.
(c) Other corresponds to the holding.

Gross revenues decreased by €67 million (-2%) to €3,310 million. On a comparable basis, gross revenues decreased by €67 million (-2%):

- **Property & Casualty** (€-53 million or -3%) to €2,044 million. On a comparable basis, Property & Casualty gross revenues decreased by €17 million (-1%) driven by *Commercial lines* (€-21 million) mainly due to the non-repeat of the one-off booking of a prior year reinsurance contract, partly offset by *Personal lines* (€+4 million) as lower volumes were more than offset by tariff increases;
- **Life & Savings** (€-31 million or -3%) to €1,178 million. On a comparable basis, Life & Savings gross revenues decreased by €31 million (-3%) driven by *Unit-Linked* (€-60 million) due to lower single premiums, mainly on the *Oxylife Invest* hybrid product, in line with the strategy to stop the Individual Savings business, partly offset by *G/A Savings* (€+17 million) driven by pension products for SME and self-employed, and *Protection* (€+11 million), in line with the strategy;
- **Health** (€+18 million or +25%) to €87 million. On a comparable basis, Health gross revenues decreased by €18 million (-17%) due to the non-repeat of the one-off booking of a prior year reinsurance contract, partly offset by an increase in *Group business* due to a new large contract.

APE increased by €1 million (+1%) to €56 million. On a comparable basis, APE increased by €1 million (+1%) mainly from *G/A Savings* (€+9 million) driven by pension products for SME and self-employed, partly offset by *Unit-Linked* (€-4 million) due to lower single premiums, mainly on the *Oxylife Invest* hybrid product, in line with the strategy to stop the Individual Savings business, as well as lower new business in *Group Protection* (€-4 million).

NBV Margin increased by 17.5 points to 75.4% mainly driven by lower acquisition expenses and the positive impact of the decrease in the corporate tax rate.

Underlying earnings before tax increased by €12 million (+2%) to €531 million:

- **Property & Casualty** (€+25 million or +9%) to €286 million mainly due to a lower current year combined ratio (-2.5 points) driven by favorable weather conditions and the non-repeat of terrorist attacks of March 2016, partly offset by an unfavorable prior year result (+1.0 point). Investment margin decreased by €3 million;
- **Other** (€+2 million or +57%) to €-2 million driven by lower expenses in the Holding;
- **Life & Savings** (€-13 million or -5%) to €253 million driven by a lower investment margin (€-39 million) mainly due to the non-repeat of exceptional Mutual funds dividends in 2016, partly offset by a higher net technical margin (€+17 million) mainly due to a more favorable mortality experience, as well as lower expenses (€+9 million) resulting from the cost savings program;
- **Health** (€-3 million or -70%) to €-7 million mainly driven by a higher combined ratio (+1.6 points) mainly from an unfavorable prior year reserve development.

Income tax expenses increased by €14 million (+9%) to €-174 million driven by an exceptional dividend paid to the Group (€-13 million).

Underlying earnings decreased by €2 million (-1%) to €357 million.

Adjusted earnings decreased by €60 million (-13%) to €406 million driven by lower net realized capital gains as well as lower underlying earnings.

Net income increased by €126 million (+36%) to €475 million as lower adjusted earnings and an unfavorable change in the fair value of foreign exchange derivatives not eligible for hedge accounting were more than offset by the non-repeat of restructuring costs combined with the impact of the reduction of the net deferred tax liability position due to the decrease in the corporate tax rate from 34% to 25% enacted in 2017 and effective in the coming years (€+34 million).

EUROPE – UNITED KINGDOM & IRELAND

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**5,130**	**5,366**
Life & Savings	57	70
Property & Casualty	3,372	3,472
Health	1,700	1,824
Underlying earnings before tax	**340**	**375**
Life & Savings	12	3
Property & Casualty	228	280
Health	109	103
Other [c]	(10)	(12)
Income tax expenses/benefits	(58)	(55)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**282**	**320**
Net capital gains or losses attributable to shareholders net of income tax	13	11
Adjusted earnings Group share	**295**	**331**
Profit or loss on financial assets (under fair value option) and derivatives	(32)	21
Exceptional operations (including discontinued operations)	7	(505)
Goodwill and other related intangible impacts	(4)	(5)
Integration and restructuring costs	(22)	(26)
NET INCOME GROUP SHARE	**243**	**(184)**
Property & Casualty Combined Ratio	99.1%	98.1%
Health Combined Ratio	94.9%	95.7%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities and holdings into the Other activities.
(c) Other corresponds to holdings.

Gross revenues decreased by €237 million (-4%) to €5,130 million. On a comparable basis, gross revenues increased by €72 million (+1%):

- **Property & Casualty** (€-100 million or -3%) to €3,372 million. On a comparable basis, Property & Casualty gross revenues increased by €49 million (+1%) in *Commercial lines* (€+86 million) principally in Motor due to higher new business and tariff increases, partly offset by *Personal lines* (€-37 million) mainly in Property reflecting lower volumes following tariff increases and the exit of a scheme, partly offset by growth in Motor in Ireland;
- **Health** (€-124 million or -7%) to €1,700 million. On a comparable basis, Health gross revenues increased by €31 million (+2%) mainly driven by volume growth and tariff increases in the United Kingdom, as well as in Commercial International business;
- **Life & Savings** (€-12 million or -18%) to €57 million. On a comparable basis, Life & Savings gross revenues decreased by €8 million (-12%).

Underlying earnings before tax decreased by €35 million (-9%) to €340 million. On a constant exchange rate basis, underlying earnings before tax decreased by €15 million (-4%):

- **Property & Casualty** (€-52 million or -18%) to €228 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax decreased by €40 million (-14%) as the improvement in the current year combined ratio (-1.7 points) mainly driven by lower natural events in Great Britain and Motor tariff increases to compensate for increases in injury claims costs following the 'Ogden' legislation change, was more than offset by a lower favorable prior reserve development (+2.7 points) reflecting the non-repeat of a favorable prior year reserve development in Direct in 2016 combined with reserves strengthening of Travel business in 2017. Investment margin decreased by €6 million mainly due to higher foreign exchange hedging costs;

- **Health** (€+6 million or +6%) to €109 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €14 million (+13%) driven by higher volumes and an improvement in the combined ratio (-0.8 point) mainly due to tariff increases in Corporate business and an improvement in claims management;
- **Life & Savings** (€+10 million) to €12 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €10 million mainly due to lower expenses;
- **Other** (€+2 million) to €-10 million. On a constant exchange rate basis, Other underlying earnings before tax increased by €1 million at AXA UK Holdings.

Income tax expenses increased by €3 million (+6%) to €-58 million. On a constant exchange rate basis, income tax expenses increased by €6 million (+12%) as lower pre-tax underlying earnings were more than offset by the non-repeat of positive tax one-offs in 2016.

Underlying earnings decreased by €38 million (-12%) to €282 million. On a constant exchange rate basis, underlying earnings decreased by €22 million (-7%).

Adjusted earnings decreased by €36 million (-11%) to €295 million. On a constant exchange rate basis, adjusted earnings decreased by €19 million (-6%) driven by lower underlying earnings, partly offset by higher net realized capital gains.

Net income increased by €428 million to €243 million. On a constant exchange rate basis, net income increased by €442 million as lower adjusted earnings and an unfavorable change in the fair value of derivatives not eligible to hedge accounting were more than offset by the non-repeat of the realized loss relating to the disposal of the Life & Savings operations and Bluefin in the United Kingdom in 2016, and lower restructuring costs.

2

EUROPE – SPAIN

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**2,365**	**2,534**
Life & Savings	571	794
Property & Casualty	1,606	1,568
Health	188	173
New business		
APE	73	86
NBV Margin	84.3%	75.0%
Underlying earnings before tax	**207**	**185**
Life & Savings	61	58
Property & Casualty	131	114
Health	15	13
Income tax expenses/benefits	(48)	(44)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**159**	**140**
Net capital gains or losses attributable to shareholders net of income tax	4	5
Adjusted earnings Group share	**163**	**146**
Profit or loss on financial assets (under fair value option) and derivatives	(2)	13
Exceptional operations (including discontinued operations)	(2)	(1)
Goodwill and other related intangible impacts	(4)	(5)
Integration and restructuring costs	(16)	(28)
NET INCOME GROUP SHARE	**140**	**125**
Property & Casualty Combined Ratio	97.5%	98.9%
Health Combined Ratio	92.8%	93.3%
Protection Combined Ratio	93.0%	94.9%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities.

Gross revenues decreased by €170 million (-7%) to €2,365 million. On a comparable basis, gross revenues decreased by €170 million (-7%):

- **Life & Savings** (€-223 million or -28%) to €571 million. On a comparable basis, Life & Savings gross revenues decreased by €223 million (-28%) in line with the strategy to shift towards capital light products, driven by *Protection with Savings* (€-180 million) mainly due to the non-renewal of two large bank agreements, and *G/A Savings* (€-123 million) as a consequence of the reduction of interest credited rates, partly offset by *Unit-Linked* (€+73 million) mainly due to the commercial focus;
- **Property & Casualty** (€+38 million or +2%) to €1,606 million. On a comparable basis, Property & Casualty gross revenues increased by €38 million (+2%) driven by both *Personal lines* (€+25 million) from Motor (€+26 million) with higher volumes and moderate tariff increases, and *Commercial lines* (€+13 million) with higher volumes and tariff increases across lines of business;
- **Health** (€+15 million or +9%) to €188 million. On a comparable basis, Health gross revenues increased by €15 million (+9%) mainly driven by *Personal lines* with higher volumes and tariff increases.

APE decreased by €13 million (-15%) to €73 million. On a comparable basis, APE decreased by €13 million (-15%) in line with the strategy to shift towards capital light products, driven by *Protection with Savings* (€-16 million) mainly due to the non-renewal of two large bank agreements, and *G/A Savings* (€-12 million) as a consequence of the reduction of interest credited rates, partly offset by *Unit-Linked* (€+9 million) mainly due to the commercial focus.

NBV Margin increased by 9.3 points to 84.3% mainly driven by a business mix shift from *G/A Savings* to *Protection*, in line with the above-mentioned strategy to shift towards capital light products.

Underlying earnings before tax increased by €22 million (+12%) to €207 million:

- **Property & Casualty** (€+18 million or +16%) to €131 million driven by a lower current accident year loss ratio (-0.4 point) due to a favorable claims experience in Commercial lines, despite higher natural events, reflecting management actions to improve profitability, a favorable prior year reserve development (-0.6 point) as well as lower administrative expenses mainly resulting from the cost savings program, partly offset by a lower investment margin (€-6 million) mainly driven by the non-repeat of an exceptional distribution from Mutual funds in 2016;
- **Life & Savings** (€+3 million or +5%) to €61 million mainly driven by a higher investment margin from lower interests credited to policyholders;
- **Health** (€+1 million or +9%) to €15 million mainly driven by a positive volume effect.

Income tax expenses increased by €3 million (+7%) to €-48 million mainly driven by higher pre-tax underlying earnings.

Underlying earnings increased by €19 million (+13%) to €159 million.

Adjusted earnings increased by €18 million (+12%) to €163 million mainly driven by higher underlying earnings.

Net income increased by €15 million (+12%) to €140 million mainly driven by higher adjusted earnings and lower restructuring costs, partly offset by an unfavorable change in the fair value of foreign exchange derivatives not eligible to hedge accounting.

EUROPE – ITALY

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**4,719**	**5,095**
Life & Savings	2,985	3,411
Property & Casualty	1,663	1,622
Health	70	62
New business		
APE	284	300
NBV Margin	34.9%	35.7%
Underlying earnings before tax	**341**	**363**
Life & Savings	181	189
Property & Casualty	156	174
Health	5	0
Other [c]	0	0
Income tax expenses/benefits	(105)	(111)
Minority interests	(72)	(77)
Income from affiliates and associates	-	-
Underlying earnings Group share	**164**	**176**
Net capital gains or losses attributable to shareholders net of income tax	6	4
Adjusted earnings Group share	**170**	**180**
Profit or loss on financial assets (under fair value option) and derivatives	13	(15)
Exceptional operations (including discontinued operations)	(9)	3
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(10)	(10)
NET INCOME GROUP SHARE	**164**	**159**
Property & Casualty Combined Ratio	96.5%	95.8%
Health Combined Ratio	95.1%	99.7%
Protection Combined Ratio	82.9%	80.6%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities and the holding into the Other activities.
(c) Other corresponds to the holding.

Gross revenues decreased by €376 million (-7%) to €4,719 million. On a comparable basis, gross revenues decreased by €376 million (-7%):

- **Life & Savings** (€-426 million or -12%) to €2,985 million. On a comparable basis, Life & Savings gross revenues decreased by €426 million (-12%) mainly from *G/A Savings* (€-815 million), partly offset by *Unit-Linked* (€+376 million) driven by the difficulties faced by Banca Monte dei Paschi di Siena and the commercial focus on new Unit-Linked products launched in 2H17, and *Protection* (€+13 million);
- **Property & Casualty** (€+42 million or +3%) to €1,663 million. On a comparable basis, Property & Casualty gross revenues increased by €42 million (+3%) from *Personal lines* (€+23 million) as a consequence of higher volumes from new agencies and *Commercial lines* (€+18 million) mainly due to higher volumes from agencies and new broker agreements;
- **Health** (€+8 million or +13%) to €70 million. On a comparable basis, Health gross revenues increased by €8 million (+13%) resulting from a strong commercial focus.

APE decreased by €15 million (-5%) to €284 million. On a comparable basis, APE decreased by €15 million (-5%) mainly from *G/A Savings* (€-53 million), partly offset by *Unit-Linked* (€+35 million) driven by the difficulties faced by Banca Monte dei Paschi di Siena and the commercial focus on the new Unit-Linked products launched in 2H17.

NBV Margin decreased by 0.8 point to 34.9% mainly driven by higher volume share of Unit-Linked with lower than average profitability.

Underlying earnings before tax decreased by €22 million (-6%) to €341 million:

- **Property & Casualty** (€-18 million or -10%) to €156 million as the improvement of the current year combined ratio (-1.9 points) driven by the cost savings program and selective underwriting measures was more than offset by a lower positive prior year reserve development (+2.7 points) and a lower investment margin (€-8 million);
- **Life & Savings** (€-9 million or -5%) to €181 million mainly due to lower Unearned Revenue Reserve and Deferred Acquisition Cost amortization (€-24 million) as a consequence of lower *Protected* Unit-Linked surrenders, partly offset by higher Unit-Linked management fees and a higher investment margin (€+4 million) due to the decrease in minimum guaranteed rates;
- **Health** (€+5 million) to €5 million mainly due to higher volumes and improved profitability.

Income tax expenses decreased by €6 million (-5%) to €-105 million mainly driven by lower pre-tax underlying earnings.

Underlying earnings decreased by €12 million (-7%) to €164 million.

Adjusted earnings decreased by €10 million (-6%) to €170 million mainly driven by lower underlying earnings.

Net income increased by €5 million (+3%) to €164 million as lower adjusted earnings and higher exceptional costs related to the renewal of the partnership with Banca Monte dei Paschi di Siena were more than offset by a favorable change in the fair value of derivatives not eligible to hedge accounting.

ASIA

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**8,985**	**9,542**
Life & Savings	5,702	6,153
Property & Casualty	1,313	1,348
Health	1,970	2,041
New business		
APE	1,510	1,661
NBV Margin	70.6%	65.3%
Underlying earnings before tax	**1,187**	**1,135**
Life & Savings	679	639
Property & Casualty	60	57
Health	448	440
Other [c]	(0)	(2)
Income tax expenses/benefits	(257)	(242)
Minority interests	(7)	(7)
Income from affiliates and associates	166	160
Underlying earnings Group share	**1,089**	**1,047**
Net capital gains or losses attributable to shareholders net of income tax	23	19
Adjusted earnings Group share	**1,111**	**1,066**
Profit or loss on financial assets (under fair value option) & derivatives	(59)	45
Exceptional operations (including discontinued operations)	(0)	(0)
Goodwill and other related intangible impacts	(16)	(15)
Integration and restructuring costs	(9)	(0)
NET INCOME GROUP SHARE	**1,028**	**1,096**
Property & Casualty Combined Ratio	97.6%	97.7%
Health Combined Ratio	78.3%	79.1%
Protection Combined Ratio	86.7%	85.9%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities and the holding into the Other activities.
(c) Other corresponds to the holding.

ASIA – JAPAN

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [a]	**4,647**	**5,161**
Life & Savings	3,252	3,715
Health	1,395	1,447
New business		
APE	441	499
NBV Margin	112.1%	98.2%
Underlying earnings before tax	**719**	**682**
Life & Savings	298	259
Health	421	422
Income tax expenses/benefits	(215)	(195)
Minority interests	(7)	(6)
Income from affiliates and associates	-	-
Underlying earnings Group share	**497**	**480**
Net capital gains or losses attributable to shareholders net of income tax	9	19
Adjusted earnings Group share	**506**	**499**
Profit or loss on financial assets (under fair value option) & derivatives	(8)	69
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(2)	-
NET INCOME GROUP SHARE	**497**	**568**
Health Combined Ratio	71.1%	71.7%
Protection Combined Ratio	88.1%	88.8%
Average exchange rate: € 1.00 = Yen	*127*	*121*

(a) Net of intercompany eliminations.

Gross revenues decreased by €514 million (-10%) to €4,647 million. On a comparable basis, gross revenues decreased by €304 million (-6%):

- **Life & Savings** (€-462 million or -12%) to €3,252 million. On a comparable basis, Life & Savings gross revenues decreased by €315 million (-8%) mainly due to lower new business from the G/A capital light *Single Premium Whole Life* product (€-337 million) in the context of new regulatory requirements effective late 2016;
- **Health** (€-52 million or -4%) to €1,395 million. On a comparable basis, Health gross revenues increased by €11 million (+1%) mainly due to *Medical Whole Life* products driven by higher inforce revenues and the success of a *New Medical Care* product launched in the third quarter 2017.

APE decreased by €58 million (-12%) to €441 million. On a comparable basis, APE decreased by €38 million (-8%) mainly due to lower new business from the G/A capital light *Single Premium Whole Life* product (€-33 million) in the context of new regulatory requirements effective late 2016.

NBV Margin increased by 13.9 points to 112.1% mainly driven by tariff increases since April 2017 as well as a more favorable business mix shift towards *Protection*.

Underlying earnings before tax increased by €38 million (+6%) to €719 million. On a constant exchange rate basis, underlying earnings before tax increased by €70 million (+10%):

- **Life & Savings** (€+39 million or +15%) to €298 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €52 million (+20%) primarily driven by lower expenses (€+55 million) mainly as a result of the restructuring of the pension scheme as well as costs containment initiatives, and higher fees & revenues (€+12 million) mainly due to in-force growth, partly offset by a lower net technical margin (€-7 million) mainly due to a less favorable mortality margin;
- **Health** (€-1 million or 0%) to €421 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €18 million (+4%) mainly driven by a higher mortality margin.

Income tax expenses increased by €20 million (+10%) to €-215 million. On a constant exchange rate basis, income tax expenses increased by €30 million (+15%) driven by higher pre-tax underlying earnings as well as the non-repeat of the tax one-off related to the decrease in the corporate tax rate in 1H16.

Underlying earnings increased by €17 million (+4%) to €497 million. On a constant exchange rate basis, underlying earnings increased by €40 million (+8%).

Adjusted earnings increased by €7 million (+1%) to €506 million. On a constant exchange rate basis, adjusted earnings increased by €30 million (+6%) driven by higher underlying earnings, partly offset by lower net realized capital gains.

Net income decreased by €71 million (-12%) to €497 million. On a constant exchange rate basis, net income decreased by €48 million (-9%) as higher adjusted earnings were more than offset by an unfavorable change in the fair value of Mutual funds and interest rate hedging derivatives not eligible for hedge accounting.

ASIA – HONG KONG

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [a]	**3,170**	**3,172**
Life & Savings	2,384	2,374
Property & Casualty	256	247
Health	530	551
New business		
APE	456	536
NBV Margin	63.8%	74.9%
Underlying earnings before tax	**412**	**418**
Life & Savings	367	367
Property & Casualty	19	22
Health	27	29
Income tax expenses/benefits	(20)	(29)
Minority interests	-	-
Income from affiliates and associates	-	-
Underlying earnings Group share	**392**	**389**
Net capital gains or losses attributable to shareholders net of income tax	2	(5)
Adjusted earnings Group share	**393**	**384**
Profit or loss on financial assets (under fair value option) & derivatives	1	6
Exceptional operations (including discontinued operations)	(0)	(0)
Goodwill and other related intangible impacts	(15)	(14)
Integration and restructuring costs	(5)	-
NET INCOME GROUP SHARE	**373**	**375**
Property & Casualty Combined Ratio	96.2%	94.2%
Health Combined Ratio	95.2%	95.0%
Protection Combined Ratio	84.9%	81.8%
Average exchange rate: € 1.00 = Hong Kong Dollar	*8.80*	*8.59*

(a) Net of intercompany eliminations.

Gross revenues decreased by €2 million (0%) to €3,170 million. On a comparable basis, gross revenues increased by €78 million (+2%):

- **Life & Savings** (€+10 million or 0%) to €2,384 million. On a comparable basis, Life & Savings gross revenues increased by €39 million (+2%) from *Protection* (€+150 million) and *G/A Savings* (€+38 million) both due to new business sales and in-force growth, partly offset by *Unit-Linked* (€-149 million) due to the prolonged impact of the regulatory changes and lower single premiums;

- **Health** (€-21 million or -4%) to €530 million. On a comparable basis, Health gross revenues increased by €24 million (+5%) mainly driven by higher volumes in *Individual business*;
- **Property & Casualty** (€+9 million or +4%) to €256 million. On a comparable basis, Property & Casualty gross revenues increased by €15 million (+6%) from *Personal lines* (€+8 million) driven by higher new business in Motor and price increases in Travel, as well as *Commercial lines* (€+7 million) mainly from higher new business in Liability and Workers' Compensation.

APE decreased by €80 million (-15%) to €456 million. On a comparable basis, APE decreased by €69 million (-13%) driven by *Protection with Savings* (€-42 million) mainly due to a strong competition notably on the short term pay whole of life participating products with attractive policyholder returns, *Health* (€-12 million) mainly reflecting the non-repeat of the sale of a large Group contract in 2016, and *Unit-Linked* (€-11 million) due to the prolonged impact of the regulatory changes.

NBV Margin decreased by 11.2 points to 63.8% mainly driven by an unfavorable business mix and higher unit costs as a result of lower sales volume.

Underlying earnings before tax decreased by €6 million (-1%) to €412 million. On a constant exchange rate basis, underlying earnings before tax increased by €4 million (+1%):

- **Life & Savings** stable at €367 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €9 million (+2%) mainly due to higher fees & revenues from gross revenues growth, higher mortality and surrender margins, partly offset by an unfavorable impact from an accounting mismatch;
- **Health** (€-2 million or -7%) to €27 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €1 million (-5%);
- **Property & Casualty** (€-3 million or -15%) to €19 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax decreased by €3 million (-13%) mainly due to a less favorable claims experience in Personal Motor combined with higher losses from natural events in both Personal Motor and Commercial Property.

Income tax expenses decreased by €9 million (-30%) to €-20 million. On a constant exchange rate basis, income tax expenses decreased by €8 million (-28%) as higher pre-tax underlying earnings were more than offset by positive tax one-offs.

Underlying earnings increased by €3 million (+1%) to €392 million. On a constant exchange rate basis, underlying earnings increased by €13 million (+3%).

Adjusted earnings increased by €10 million (+3%) to €393 million. On a constant exchange rate basis, adjusted earnings increased by €20 million (+5%) driven by higher underlying earnings as well as higher net realized capital gains.

Net income decreased by €2 million (0%) to €373 million. On a constant exchange rate basis, net income increased by €8 million (+2%) driven by higher adjusted earnings, partly offset by an unfavorable change in the fair value of financial assets as well as higher restructuring costs.

ASIA – HIGH POTENTIALS

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [a]	**180**	**177**
Life & Savings	66	64
Property & Casualty	72	74
Health	42	39
New business		
APE	613	626
NBV Margin	45.8%	31.0%
Underlying earnings before tax	**4**	**(1)**
Life & Savings	14	13
Property & Casualty	(10)	(3)
Health	(0)	(11)
Income tax expenses/benefits	1	1
Minority interests	0	0
Income from affiliates and associates	166	160
Underlying earnings Group share	**171**	**161**
Net capital gains or losses attributable to shareholders net of income tax	14	8
Adjusted earnings Group share	**185**	**168**
Profit or loss on financial assets (under fair value option) & derivatives	(54)	(29)
Exceptional operations (including discontinued operations)	(0)	-
Goodwill and other related intangible impacts	-	(0)
Integration and restructuring costs	(2)	-
NET INCOME GROUP SHARE	**129**	**139**
Property & Casualty Combined Ratio	115.2%	105.9%
Health Combined Ratio	102.5%	128.7%
Protection Combined Ratio	94.8%	97.0%

(a) Net of intercompany eliminations.

Scope: (i) for gross revenues and combined ratios: Property & Casualty subsidiary in Thailand and non-bancassurance Life & Savings subsidiary in Indonesia, on a 100% share basis; (ii) for APE, NBV, underlying earnings, adjusted earnings and net income: China, Indonesia, Thailand and the Philippines, on a Group share basis.

Gross revenues increased by €3 million (+2%) to €180 million. On a comparable basis, gross revenues increased by €3 million (+2%):

- **Health** (€+3 million or +8%) to €42 million. On a comparable basis, Health gross revenues increased by €3 million (+9%) mainly driven by *Indonesia* (€+2 million) due to in-force growth and *Thailand* (€+2 million) mainly driven by tariff increases in both *Commercial* and *Personal lines*;
- **Life & Savings** (€+1 million or +2%) to €66 million. On a comparable basis, Life & Savings gross revenues increased by €3 million (+4%) in *Indonesia* (€+3 million) mainly driven by *Protection*;
- **Property & Casualty** (€-1 million or -2%) to €72 million. On a comparable basis, Property & Casualty gross revenues decreased by €3 million (-4%) in *Thailand* (€-3 million) driven by lower revenues from *Commercial Property* and *Personal Motor*.

APE decreased by €13 million (-2%) to €613 million. On a comparable basis, APE increased by €3 million (0%):

- *The Philippines* (€+7 million or +17%) to €50 million. On a comparable basis, APE increased by €12 million (+27%) mainly from *Protection* (€+11 million) driven by the strong performance of Unit-Linked products from both bancassurance and agency channels;
- *Indonesia* (€+3 million or +2%) to €133 million. On a comparable basis, APE increased by €6 million (+5%) driven by the launch of a new *Protection* product through agency channel as well as successful marketing initiatives in *Health*;

- *China* (€-22 million or -7%) to €269 million. On a comparable basis, APE decreased by €10 million (-4%) due to lower sales of *traditional G/A Savings* products (€-38 million), partly offset by *Protection* (€+24 million) due to higher sales of a critical illness product;
- *Thailand* (€-1 million or -1%) to €161 million. On a comparable basis, APE decreased by €4 million (-3%) due to lower *Protection with Savings* sales (€-25 million) following the decision to stop sales of a product with low profitability, partly offset by higher *G/A Savings* (€+15 million) and *Unit-Linked* sales (€+3 million) both driven by the launch of new products.

NBV Margin increased by 14.8 points to 45.8%. On a comparable basis, NBV Margin increased by 15.1 points mainly driven by a more favorable business mix and an increase in interest rates in *China*.

Underlying earnings before tax increased by €5 million to €4 million. On a constant exchange rate basis, underlying earnings before tax increased by €6 million:

- **Health** (€+11 million) to €0 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €11 million mainly driven by Indonesia (€+7 million) following the discontinuation of unprofitable products combined with a favorable portfolio growth and Thailand (€+3 million) mainly driven by a lower combined ratio following tariff increases in both Commercial and Personal lines;
- **Life & Savings** (€+1 million) to €14 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €2 million in Indonesia (€+2 million) mainly driven by the launch of a new Protection product combined with a favorable portfolio growth;
- **Property & Casualty** (€-7 million) to €-10 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax decreased by €7 million in Thailand (€-7 million) driven by a higher current year loss ratio due to higher large losses mainly in Commercial Property combined with higher Nat Cat events.

Income tax expenses remained stable at €1 million. On a constant exchange rate basis, income tax expenses remained stable.

Income from affiliates and associates increased by €5 million (+3%) to €166 million. On a constant exchange rate basis, income from associates and affiliates increased by €7 million (+5%):

- *The Philippines* (€+5 million or +30%) to €21 million and *Thailand* (€+5 million or +6%) to €85 million, both mainly from higher fees & revenues combined with a higher investment income, as a result of portfolio growth;
- *Indonesia* (€+2 million or +6%) to €44 million mainly from Unit-Linked management fees due to portfolio growth and positive equity market performance;
- *China* (€-5 million or -25%) to €15 million mainly from financial assumption updates.

Underlying earnings increased by €10 million (+6%) to €171 million. On a constant exchange rate basis, underlying earnings increased by €13 million (+8%).

Adjusted earnings increased by €17 million (+10%) to €185 million. On a constant exchange rate basis, adjusted earnings increased by €20 million (+12%) driven by higher underlying earnings as well as higher net realized capital gains.

Net income decreased by €10 million (-7%) to €129 million. On a constant exchange rate basis, net income decreased by €8 million (-6%) as higher adjusted earnings were more than offset by an unfavorable change in the fair value of financial assets in China and an unfavorable accounting mismatch in Thailand.

UNITED STATES

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**16,911**	**16,872**
Life & Savings	14,154	14,287
Health	57	55
Other [c]	2,700	2,530
New business		
APE	1,799	1,732
NBV Margin	23.4%	21.8%
Underlying earnings before tax	**1,392**	**1,411**
Life & Savings	863	951
Health	(27)	(39)
Other [c]	556	499
Income tax expenses/benefits	(7)	(208)
Minority interests	(250)	(205)
Income from affiliates and associates	-	-
Underlying earnings Group share	**1,135**	**998**
Net capital gains or losses attributable to shareholders net of income tax	(60)	8
Adjusted earnings Group share	**1,075**	**1,006**
Profit or loss on financial assets (under fair value option) & derivatives	96	(17)
Exceptional operations (including discontinued operations)	268	973
Goodwill and other related intangible impacts	(2)	(0)
Integration and restructuring costs	(21)	(18)
NET INCOME GROUP SHARE	**1,415**	**1,944**
Health Combined Ratio	146.9%	164.8%
Protection Combined Ratio	112.7%	108.7%
Average exchange rate: € 1.00 = US Dollar	*1.13*	*1.11*

(a) Net of intercompany eliminations.
(b) Restated: reallocation of AXA Corporate Solutions Life Reinsurance company operations into the Life & Savings activities, as well as Asset Management activities and holdings into the Other activities.
(c) Other corresponds to Asset Management activities and holdings.

UNITED STATES – LIFE & SAVINGS

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [b]
Gross revenues [a]	**14,210**	**14,342**
Life & Savings	14,154	14,287
Health	57	55
New business		
APE	1,799	1,732
NBV Margin	23.4%	21.8%
Underlying earnings before tax	**707**	**795**
Life & Savings	863	951
Health	(27)	(39)
Other [c]	(129)	(117)
Income tax expenses/benefits	145	11
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**852**	**807**
Net capital gains or losses attributable to shareholders net of income tax	(60)	8
Adjusted earnings Group share	**792**	**815**
Profit or loss on financial assets (under fair value option) & derivatives	96	(40)
Exceptional operations (including discontinued operations)	135	973
Goodwill and other related intangible impacts	(2)	(0)
Integration and restructuring costs	(14)	(13)
NET INCOME GROUP SHARE	**1,006**	**1,735**
Health Combined Ratio	146.9%	164.8%
Protection Combined Ratio	112.7%	108.7%
Average exchange rate: € 1.00 = US Dollar	*1.13*	*1.11*

(a) Net of intercompany eliminations.
(b) Restated: reallocation of AXA Corporate Solutions Life Reinsurance company operations into the Life & Savings activities, and holdings into the Other activities.
(c) Other corresponds to holdings.

Gross revenues decreased by €131 million (-1%) to €14,210 million. On a comparable basis, gross revenues increased by €183 million (+1%):

- **Life & Savings** (€-133 million or -1%) to €14,154 million. On a comparable basis, Life & Savings gross revenues increased by €180 million (+1%) mainly from *Unit-Linked* (€+114 million) driven by higher sales of non-GMxB Variable Annuity products, partly offset by a decrease in GMxB Variable Annuity sales, and *Mutual Funds & Other* (€+100 million) reflecting higher advisory sales from favorable market conditions;
- **Health** (€+2 million or +4%) to €57 million. On a comparable basis, Health gross revenues increased by €3 million (+6%).

APE increased by €67 million (+4%) to €1,799 million. On a comparable basis, APE increased by €107 million (+6%) mainly from *Mutual Funds & Other* (€+92 million) reflecting higher advisory sales from favorable market conditions.

NBV Margin increased by 1.6 points to 23.4% mainly driven by the decrease in the corporate tax rate from 35% to 21% enacted in December 2017 and effective from 2018 onwards.

Underlying earnings before tax decreased by €89 million (-11%) to €707 million. On a constant exchange rate basis, underlying earnings before tax decreased by €73 million (-9%):

- **Life & Savings** (€-88 million or -9%) to €863 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax decreased by €69 million (-7%) mainly driven by unfavorable actual mortality and morbidity experience (€-161 million) as well as model and assumption changes (€-81 million) in 2017, partly offset by favorable GMxB hedge margin and higher Unit-Linked management fees reflecting higher average separate account balances;

- **Other** (€-12 million or -11%) to €-129 million. On a constant exchange rate basis, Other underlying earnings before tax decreased by €15 million (-13%) from Holdings mainly driven by lower rental income due to the sale of two real estate properties in New York in 2016;
- **Health** (€+12 million or +31%) to €-27 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €11 million (+29%) mainly driven by lower expenses.

Income tax benefits increased by €134 million to €145 million. On a constant exchange rate basis, income tax benefits increased by €137 million due to lower pre-tax underlying earnings, higher positive tax settlements (€202 million in 2017 *vs*. €164 million in 2016) as well as a lower effective tax rate.

Underlying earnings increased by €45 million (+6%) to €852 million. On a constant exchange rate basis, underlying earnings increased by €64 million (+8%).

Adjusted earnings decreased by €23 million (-3%) to €792 million. On a constant exchange rate basis, adjusted earnings decreased by €5 million (-1%) as higher underlying earnings were more than offset by lower net realized capital gains.

Net income decreased by €729 million (-42%) to €1,006 million. On a constant exchange rate basis, net income decreased by €707 million (-41%) mainly from Holdings due to the non-repeat of the exceptional net capital gains on the sale of two real estate properties in New York, partly offset by the impact of the revaluation of the net deferred tax liability following the decrease in the corporate tax rate from 35% to 21% enacted in December 2017 and effective from 2018 onwards (€+156 million).

UNITED STATES – AB

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [(a)]	**2,700**	**2,530**
Underlying earnings before tax	**685**	**616**
Income tax expenses/benefits	(152)	(220)
Minority interests	(250)	(205)
Income from affiliates and associates	-	-
Underlying earnings Group share	**283**	**191**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**283**	**191**
Profit or loss on financial assets (under Fair Value option) and derivatives	-	23
Exceptional operations (including discontinued operations)	133	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(7)	(5)
NET INCOME GROUP SHARE	**410**	**210**
Average Assets under Management *(in Euro billion)*	469	464
Asset Management fee bps	39.8	37.1
Underlying cost income ratio	71.8%	73.4%
Average exchange rate: € 1.00 = US Dollar	*1.13*	*1.11*

(a) Net of intercompany eliminations. Gross Revenues amounted to €2,816 million before intercompany eliminations as of December 31, 2017.

Assets under Management ("AUM") decreased by €18 billion from December 31, 2016, to €468 billion at the end of December 31, 2017, driven by €-62 billion unfavorable foreign exchange rate impact and €-21 billion change in scope impact related to the transfer of the AXA Japan advisory mandate to AXA IM, partly offset by €+53 billion positive market effects and €+12 billion net inflows mainly from retail clients (€+10 billion).

Management fee bps increased by 2.7 bps to 39.8 bps due to a change in business mix from higher average retail AUM.

Gross revenues increased by €170 million (+7%) to €2,700 million. On a comparable basis, gross revenues increased by €230 million (+9%) mainly driven by higher management fees (€+179 million) resulting from favorable product mix and higher average AUM, higher performance fees (€+57 million) due to favorable market conditions and higher distribution fees (€+25 million) due to higher average AUM in retail mutual funds, partly offset by lower Institutional Research Services fees (€-27 million) due to lower trading volumes in the United States.

Underlying earnings before tax increased by €69 million (+11%) to €685 million. On a constant exchange rate basis, underlying earnings before tax increased by €85 million (+14%) mainly driven by higher gross revenues and staff costs containment initiatives, partly offset by one-off charges linked to the reduction of real estate footprint (€-33 million), higher promotion and servicing expenses (€-32 million), and vendor termination payment (€-18 million).

The underlying cost income ratio decreased by 1.6 points to 71.8%.

Income tax expenses decreased by €68 million (-31%) to €-152 million. On a constant exchange rate basis, income tax expenses decreased by €64 million (-29%) mainly due to the non-repeat of an unfavorable tax one-off (€-66 million).

Underlying earnings and **adjusted earnings** increased by €92 million (+48%) to €283 million. On a constant exchange rate basis, underlying earnings and adjusted earnings increased by €98 million (+51%).

AXA ownership of AB at December 31, 2017, was 64.7%, compared to 63.7% at December 31, 2016.

Net income increased by €200 million (+95%) to €410 million. On a constant exchange rate basis, net income increased by €209 million (+100%) mainly driven by higher adjusted earnings and the impact of the revaluation of the net deferred tax liability following the decrease in the corporate tax rate from 35% to 21% enacted in December 2017 and effective from 2018 onwards (€+148 million).

INTERNATIONAL

(in Euro million, except percentages)	December 31, 2017	December 31, 2016 restated [(b)]
Gross revenues [(a)]	**7,034**	**6,981**
Life & Savings	1,678	1,532
Property & Casualty	3,798	3,808
Health	1,235	1,288
Other [(c)]	323	354
New business		
APE	278	246
NBV Margin	28.0%	21.8%
Underlying earnings before tax	**379**	**356**
Life & Savings	92	72
Property & Casualty	235	230
Health	3	(13)
Other [(c)]	49	68
Income tax expenses/benefits	(91)	(80)
Minority interests	(37)	(35)
Income from affiliates and associates	86	47
Underlying earnings Group share	**337**	**288**
Net capital gains or losses attributable to shareholders net of income tax	(7)	(21)
Adjusted earnings Group share	**330**	**267**
Profit or loss on financial assets (under fair value option) and derivatives	11	22
Exceptional operations (including discontinued operations)	(22)	6
Goodwill and other related intangible impacts	(27)	(24)
Integration and restructuring costs	(16)	(29)
NET INCOME GROUP SHARE	**276**	**243**
Property & Casualty Combined Ratio	101.4%	101.3%
Health Combined Ratio	101.6%	102.7%
Protection Combined Ratio	98.4%	101.1%

(a) Net of intercompany eliminations.
(b) Restated: reallocation of Direct Insurance business into the other Property & Casualty activities, as well as banking activities and holdings into the Other activities.
(c) Other corresponds to AXA Bank Belgium and holdings.

Scope: (i) Mexico, Singapore, Colombia, Turkey, Poland, the Gulf Region, Morocco, AXA Bank Belgium, Malaysia Property & Casualty, Luxembourg, Brazil, the Czech Republic Life & Savings, the Slovak Republic Life & Savings, and Greece 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; (iii) Poland Property & Casualty traditional activities are fully consolidated since January 1, 2017; (iv) AXA Bank Hungary was disposed since November 2, 2016.

In the comments below, the 2016 comparable basis includes the contribution of Poland (acquisition of Liberty Ubezpieczenia and first consolidation of Property & Casualty traditional activities) and excludes the contribution of AXA Bank Hungary.

Gross revenues increased by €53 million (+1%) to €7,034 million. On a comparable basis, gross revenues increased by €165 million (+2%):

- **Life & Savings** (€+147 million or +10%) to €1,678 million. On a comparable basis, Life & Savings gross revenues increased by €158 million (+10%) mainly driven by *Singapore* (€+121 million to €576 million) with higher *Unit-Linked* revenues;
- **Property & Casualty** (€-10 million or 0%) to €3,798 million. On a comparable basis, Property & Casualty gross revenues increased by €23 million (+1%):
  - *Brazil* (€+87 million or +109%) to €180 million mainly driven by new business in *Commercial lines*,
  - *The Gulf Region* (€+75 million or +17%) to €513 million mainly driven by new business in *Commercial Motor*,
  - *Poland* (€+65 million or +19%) to €423 million mainly driven by new business in *Personal Motor* and *Commercial lines*,
  - *Colombia* (€+20 million or +6%) to €369 million mainly driven by new business in *Personal Accident* and *Workers' Compensation*, partly offset by the loss of a large contract in *Commercial Liability*,
  - *Turkey* (€-194 million or -20%) to €620 million mainly due to a decrease in Motor Third Party Liability reflecting a change in market conditions following the implementation of a cap on premiums by the government starting from April 12, 2017, as well as the introduction of an insurance pool,
  - *Malaysia* (€-16 million or -6%) to €239 million from lower sales in a context of fierce market competition;
- **Health** (€-53 million or -4%) to €1,235 million. On a comparable basis, Health gross revenues were stable at €1,282 million, as the loss of large accounts in *the Gulf Region* (€-73 million or -19% to €306 million) was offset by higher revenues in *Mexico* (€+67 million or +12% to €615 million) driven by tariff increases;
- **Other** (€-31 million or -9%) to €323 million. On a comparable basis, Other gross revenues decreased by €16 million (-5%) fully driven by *AXA Bank Belgium* mainly due to a lower commercial margin on current and savings accounts, partly offset by strong sales of Mutual funds as well as a positive change in the fair value of interest rate swaps hedging AXA Banque France loans.

APE increased by €31 million (+13%) to €278 million. On a comparable basis, APE increased by €37 million (+15%):

- *Singapore* (€+25 million or +24%) to €124 million mainly driven by *Unit-Linked* sales;
- *The Czech Republic* and *the Slovak Republic* (€+6 million or +16%) to €45 million mainly driven by higher *Mutual funds* sales;
- *Mexico* (€-6 million or -19%) to €23 million mainly due to lower *Protection* sales with the non-repeat of large Group Protection accounts underwritten in 2016.

NBV Margin increased by 6.2 points to 28.0%. On a comparable basis, NBV Margin increased by 5.9 points mainly driven by an improvement in *Unit-Linked* in *Singapore* and higher weight of Group business with higher margins in *Poland*.

Underlying earnings before tax increased by €23 million (+6%) to €379 million. On a comparable basis, underlying earnings before tax increased by €51 million (+15%):

- **Life & Savings** (€+20 million or +28%) to €92 million. On a comparable basis, Life & Savings underlying earnings before tax increased by €22 million (+31%) mainly driven by (i) Singapore reflecting higher Unit-Linked fees, partly offset by (ii) Poland reflecting higher Deferred Acquisition Cost amortization in line with increased surrenders;
- **Health** (€+17 million) to €3 million. On a comparable basis, Health underlying earnings before tax increased by €17 million mainly driven by the Gulf Region and Turkey reflecting profitability measures on the net technical margin, partly offset by Mexico mainly driven by higher expenses to support the business growth, partly compensated by an improved loss ratio benefiting from tariff increases, and Singapore mainly due to higher expenses;

- **Property & Casualty** (€+5 million or +2%) to €235 million. On a comparable basis, Property & Casualty underlying earnings before tax increased by €31 million (+14%) mainly driven by (i) Turkey with higher investment income (€+46 million) due to both higher interest rates and average asset base, combined with a higher net technical margin mainly driven by lower large losses in Commercial Property, and (ii) Poland from a higher net technical margin in Personal Motor, partly offset by (iii) Singapore due to a lower net technical margin in Personal Motor, and (iv) Mexico mainly driven by Nat Cat events (notably Raboso earthquake of September 19);
- **Other** (€-19 million or -28%) to €49 million. On a comparable basis, Other underlying earnings before tax decreased by €19 million from AXA Bank Belgium (€-13 million to €67 million) mainly due to the decrease in gross revenues, and Holdings (€-6 million).

Income tax expenses increased by €11 million (+14%) to €-91 million. On a comparable basis, income tax expenses increased by €14 million (+17%) mainly driven by higher pre-tax underlying earnings in Turkey.

Income from affiliates and associates increased by €39 million (+83%) to €86 million. On a comparable basis, income from affiliates and associates increased by €29 million (+62%) mainly driven by higher earnings from Reso.

Underlying earnings increased by €49 million (+17%) to €337 million. On a comparable basis, underlying earnings increased by €63 million (+22%).

Adjusted earnings increased by €63 million (+23%) to €330 million. On a comparable basis, adjusted earnings increased by €75 million (+29%) driven by higher underlying earnings as well as higher net realized capital gains.

Net income increased by €33 million (+14%) to €276 million. On a comparable basis, net income increased by €76 million (+36%) mainly driven by higher adjusted earnings, partly offset by a less favorable change in the fair value of Mutual funds and derivatives not eligible for hedge accounting.

TRANSVERSAL & CENTRAL HOLDINGS

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [(a)]	**5,152**	**5,202**
Life & Savings	7	144
Property & Casualty	3,711	3,710
Health	158	167
Other [(b)]	1,276	1,180
Underlying earnings before tax	**(417)**	**(310)**
Life & Savings	(13)	(32)
Property & Casualty	197	303
Health	23	17
Other [(b)]	(623)	(598)
Income tax expenses/benefits	95	(30)
Minority interests	(10)	(7)
Income from affiliates and associates	18	12
Underlying earnings Group share	**(313)**	**(335)**
Net capital gains or losses attributable to shareholders net of income tax	26	20
Adjusted earnings Group share	**(288)**	**(315)**
Profit or loss on financial assets (under fair value option) & derivatives	(211)	(225)
Exceptional operations (including discontinued operations)	187	(91)
Goodwill and other related intangible impacts	(1)	(3)
Integration and restructuring costs	(53)	(37)
NET INCOME GROUP SHARE	**(365)**	**(671)**
Property & Casualty Combined Ratio	101.1%	98.7%
Health Combined Ratio	87.1%	90.0%

(a) Net of intercompany eliminations.
(b) Other corresponds to Asset Management activities and holdings.

AXA INVESTMENT MANAGERS (“AXA IM”)

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [(a)]	**1,276**	**1,180**
Underlying earnings before tax	**353**	**316**
Income tax expenses/benefits	(104)	(96)
Minority interests	(9)	(5)
Income from affiliates and associates	18	11
Underlying earnings Group share	**257**	**225**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**257**	**225**
Profit or loss on financial assets (under Fair Value option) and derivatives	10	8
Exceptional operations (including discontinued operations)	68	36
Goodwill and other related intangibles impacts	(1)	-
Integration and restructuring costs	(12)	(4)
NET INCOME GROUP SHARE	**322**	**265**
Average Assets under Management *(in Euro billion)*	630	595
Asset Management fee bps	17.9	17.7
Underlying cost income ratio	70.8%	72.4%

(a) Net of intercompany eliminations. Gross Revenues amounted to €1,604 million before intercompany eliminations as of December 31, 2017.

Assets under Management (“AUM”) increased by €29 billion from December 31, 2016, to €746 billion at the end of December 31, 2017, driven by €+21 billion positive market effects, €+20 billion positive scope impact mainly related to the transfer of the AXA Japan advisory mandate from AB, €+8 billion net inflows mainly from Third-Party clients (€+9 billion), partly offset by Main Fund (€-1 billion), as well as €-21 billion negative foreign exchange rate impact.

Management fee bps increased by 0.2 bps to 17.9 bps. On a comparable basis, management fee bps increased by 0.3 bps due to a better product and client mix.

Gross revenues increased by €95 million (+8%) to €1,276 million. On a comparable basis, gross revenues increased by €111 million (+9%) driven by higher management, performance and other fees (€+103 million), as well as higher transaction fees (€+8 million).

Underlying earnings before tax increased by €37 million (+12%) to €353 million. On a constant exchange rate basis, underlying earnings before tax increased by €42 million (+13%) as a result of higher gross revenues and an improved underlying cost income ratio reflecting the cost savings program.

The underlying cost income ratio decreased by 1.6 points to 70.8%.

Income tax expenses increased by €8 million (+8%) to €-104 million. On a constant exchange rate basis, income tax expenses increased by €9 million (+9%).

Income from affiliates and associates increased by €7 million (+59%) to €18 million. On a constant exchange rate basis, income from affiliates and associates increased by €7 million (+64%) mainly due to an increase in both AUM and management fee bps in the Chinese joint venture.

Underlying earnings and **adjusted earnings** increased by €32 million (+14%) to €257 million. On a constant exchange rate basis, underlying earnings and adjusted earnings increased by €36 million (+16%).

Net income increased by €58 million (+22%) to €322 million. On a constant exchange rate basis, net income increased by €62 million (+24%) mainly driven by higher adjusted earnings and a positive adjustment to the deferred consideration linked to the disposal of AXA Private Equity in 2013.

AXA CORPORATE SOLUTIONS ASSURANCE

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [a]	**2,322**	**2,318**
Underlying earnings before tax	**78**	**155**
Income tax expenses/benefits	(27)	(32)
Minority interests	(1)	(2)
Income from affiliates and associates	-	-
Underlying earnings Group share	**50**	**122**
Net capital gains or losses attributable to shareholders net of income tax	31	25
Adjusted earnings Group share	**81**	**146**
Profit or loss on financial assets (under fair value option) and derivatives	(36)	4
Exceptional operations (including discontinued operations)	(6)	6
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(0)	(8)
NET INCOME GROUP SHARE	**40**	**149**
Property & Casualty Combined Ratio	104.2%	101.2%

(a) Net of intercompany eliminations.

Gross revenues increased by €4 million (0%) to €2,322 million. On a comparable basis, gross revenues increased by €56 million (+2%) stemming from Marine (€+46 million or +9%), Liability (€+24 million or +5%) and Property (€+17 million or +2%), which are all mainly driven by a strong business growth in the United Kingdom (€+61 million or +31%) and Brazil (€+6 million or +7%), partly offset by Construction (€-41 million or -20%) due to actions undertaken to protect the profitability.

Underlying earnings before tax decreased by €77 million (-50%) to €78 million. On a constant exchange rate basis, underlying earnings before tax decreased by €78 million (-50%) driven by a higher all accident year loss ratio (+2.9 points) mainly due to higher natural events (€80 million in 2017).

Income tax expenses decreased by €5 million (-16%) to €-27 million. On a constant exchange rate basis, income tax expenses decreased by €5 million (-17%) mainly due to lower pre-tax underlying earnings.

Underlying earnings decreased by €71 million (-59%) to €50 million. On a constant exchange rate basis, underlying earnings decreased by €72 million (-59%).

Adjusted earnings decreased by €65 million (-45%) to €81 million. On a constant exchange rate basis, adjusted earnings decreased by €66 million (-45%) driven by lower underlying earnings, partly offset by higher net realized capital gains.

Net income decreased by €109 million (-73%) to €40 million. On a constant exchange rate basis, net income decreased by €109 million (-74%) driven by lower adjusted earnings, higher negative foreign exchange impacts (€-49 million) and the impact of the partial write-off of the net deferred tax asset position due to the decrease in the corporate tax rate from 34% to 26% enacted in 2017 and effective in the coming years (€-4 million).

AXA ASSISTANCE

(in Euro million, except percentages)	December 31, 2017	December 31, 2016
Gross revenues [a]	**1,275**	**1,276**
Property & Casualty	1,117	1,109
Health	158	167
Underlying earnings before tax	**43**	**34**
Property & Casualty	20	17
Health	23	17
Income tax expenses/benefits	(16)	(22)
Minority interests	(0)	0
Income from affiliates and associates	1	1
Underlying earnings Group share	**27**	**13**
Net capital gains or losses attributable to shareholders net of income tax	0	0
Adjusted earnings Group share	**28**	**14**
Profit or loss on financial assets (under fair value option) and derivatives	(7)	(2)
Exceptional operations (including discontinued operations)	(1)	-
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(5)	(17)
NET INCOME GROUP SHARE	**14**	**(5)**
Property & Casualty Combined Ratio	98.7%	99.0%
Health Combined Ratio	87.1%	90.0%

(a) Net of intercompany eliminations.

Gross revenues decreased by €2 million (0%) to €1,275 million. On a comparable basis, gross revenues increased by €14 million (+1%):

- **Health** (€-9 million or -5%) to €158 million. On a comparable basis, Health gross revenues increased by €8 million (+5%) mainly from Central Europe and France;
- **Property & Casualty** (€+7 million or +1%) to €1,117 million. On a comparable basis, Property & Casualty gross revenues increased by €6 million (+1%) from higher volumes in *Non-Motor* (€+13 million) mainly in Home despite large cancellations in Travel, partly offset by lower volumes in *Motor* (€-7 million).

Underlying earnings before tax increased by €9 million (+27%) to €43 million:

- **Health** (€+6 million or +38%) to €23 million driven by lower claims handling costs and higher revenues;
- **Property & Casualty** (€+3 million or +17%) to €20 million driven by an improved all accident year loss ratio due to lower attritional losses in Motor and a positive prior year reserve development in Travel, partly offset by a deteriorated expense ratio due to a higher level of commissions stemming from the business model evolution through large partnerships in Motor and Travel.

Income tax expenses decreased by €5 million (-25%) to €-16 million driven by a lower effective tax rate due to a more favorable country mix.

Underlying earnings increased by €14 million (+104%) to €27 million.

Adjusted earnings increased by €14 million (+104%) to €28 million driven by higher underlying earnings.

Net income increased by €19 million to €14 million driven by higher adjusted earnings combined with lower restructuring costs.

AXA SA

(in Euro million)	December 31, 2017	December 31, 2016
Underlying earnings Group share	**(726)**	**(772)**
Net capital gains or losses attributable to shareholders net of income tax	(0)	(7)
Adjusted earnings Group share	**(727)**	**(779)**
Profit or loss on financial assets (under fair value option) and derivatives	(197)	(247)
Exceptional operations (including discontinued operations)	136	(106)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(35)	-
NET INCOME GROUP SHARE	**(822)**	**(1,133)**

Underlying earnings increased by €46 million to €-726 million mainly driven by the impact of the removal of the 3% French tax on dividends paid to shareholders in 2017.

Adjusted earnings increased by €53 million to €-727 million driven by higher underlying earnings and the absence of impairments in 2017.

Net income increased by €311 million to €-822 million mainly due to higher adjusted earnings, the one-off benefit from the upcoming reimbursement of the 3% tax above-mentioned on prior years (2013 to 2016) and a favorable change in the fair value of interest rate and foreign exchange economic derivatives not eligible for hedge accounting, partly offset by the impact of the partial write-off of the net deferred tax asset position due to the decrease in the corporate tax rate from 34% to 26% enacted in 2017 and effective in the coming years (€-113 million).

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. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

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 (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 borrowings (including debt issued by subsidiaries), (iii) the issuance of ordinary shares and (iv) proceeds from the sale of non-core businesses and assets.

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 AXA France Assurance, AXA Financial, 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 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.

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 during each of the next three years. 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 issues 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 and that the Group Solvency ratio is in line with the level defined in the Group Target Capital framework. However, many Group subsidiaries, particularly AXA's 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" of this Annual Report.

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.

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.

PROPERTY & CASUALTY (INCLUDING 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 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.

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 and AXA Investment Managers.

Liquidity position

In 2017, AXA continued to follow a prudent approach to manage its liquidity risk. At year-end 2017, 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, 2017, AXA's consolidated statement of financial position included cash and cash equivalents of €23.2 billion, net of bank overdrafts of €0.7 billion;
- broad access to various markets *via* standardized debt programs: for example, at the end of 2017, this included a maximum capacity of €6.0 billion of French commercial paper, $2.0 billion of US commercial paper, €17.0 billion under a Euro Medium Term Note ("EMTN") program (of which €14.5bn issued) and €1.5bn of French *titres négociables à moyen terme* (formerly *bons à moyen terme négociables*);
- a debt profile characterized by (i) debt that is mostly subordinated, with a long maturity profile. Over the next two years, €0.9 billion of debt repayments [(1)] are expected out of total financing debt in an amount of €16.2 billion at year-end 2017; and (ii) improvement in the debt ratios (debt gearing [(2)]: 24.8% at year-end 2017, *versus* 26.4% at year-end 2016; interest coverage [(3)]: 14.9x at year-end 2017, *versus* 15.7x at year-end 2016).

(1) *Estimated taking into account the first date of step-up calls on institutionally-placed subordinated debt.*

(2) *Debt gearing is calculated by dividing the gross debt (financing debt and undated subordinated debt) 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).*

(3) *Including interest charge on undated subordinated debt.*

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" [(1)] and Section 4.5 "Liquidity risk" [(2)] of this Annual Report.

At year-end 2017, Group entities held, in the aggregate, more than €232 billion government and related bonds of which €144 billion issued by eurozone countries, which enables them to address local liquidity needs through highly liquid assets. AXA SA also held €11.9 billion of committed undrawn credit lines at year-end 2017. AXA has its own liquidity requirements resulting mainly from solvency needs of Group 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 AXA Group Treasury Department.

In addition, as part of its risk control framework, AXA 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 2017, 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 €7,741 million as of December 31, 2017 (€7,086 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 €9,007 million as of December 31, 2016 (€7,818 million including derivatives), thus showing a decrease of €1,266 million excluding the impact of derivatives.

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

FINANCING DEBT INSTRUMENTS ISSUED

On a consolidated basis, AXA's total outstanding financing debt excluding derivatives amounted to €1,055 million at December 31, 2017 (€1,013 million including derivatives), a decrease of €84 million from €1,139 million at the end of 2016 (€1,109 million including derivatives).

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, 2017, the Group did not owe any financing debt to credit institutions.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2017, other debt instruments issued was equal to €1,608 million, up from €1,191 million at the end of 2016. The increase of €417 million resulted mainly from the issuance of commercial paper by AXA Financial.

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, 2017, other debt owed to credit institutions was equal to €1,435 million (including €702 million of bank overdrafts), increase of €545 million compared to €890 million at the end of 2016 (including €580 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.

(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 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) 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.

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 2017, approximately 19.6 million new shares were issued for a total amount of €444 million. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of such shares to cancel them.

Newly issued shares arising from long term incentive plans (stock options) amounted to 8.05 million shares in 2017. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of such shares to cancel them.

DIVIDENDS RECEIVED FROM GROUP SUBSIDIARIES

Dividends received by the Company from its subsidiaries amounted to €4,990 million in 2017 (€3,521 million in 2016), of which €1,045 million were denominated in currencies other than the Euro (€1,302 million in 2016).

Uses of funds

Interest paid by the Company in 2017 was equal to €1,129 million (€1,078 million in 2016), of which interest on undated subordinated debt of €359 million (€444 million in 2016).

Dividends paid to AXA SA's shareholders in 2017 in respect of the 2016 financial year were equal to €2,808 million, or €1.16 per share, *versus* €1.10 per share paid in 2016 in respect of the 2015 financial year (€2,656 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.

Impact of regulatory requirements

GLOBAL SYSTEMICALLY IMPORTANT INSURER "GSII"

In 2013, the AXA Group was designated a Global Systemically Important Insurer ("GSII"). The framework policy measures for GSIIs include a number of requirements on GSIIs amongst which the requirement to submit a Systemic Risk Management Plan, a Liquidity Risk Management Plan and a Recovery Plan to their Group supervisor.

For additional information, please refer to Section 6.3 "General Information – Regulation and Supervision – Global Systemically Important Insurer (GSII) Designation" (1) of this Annual Report.

REGULATORY CAPITAL REQUIREMENTS

The operating 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 insurance subsidiaries failed to meet minimum regulatory capital requirements, insurance regulators would have broad authority to require or take various regulatory actions. A failure by any of the Group's insurance subsidiaries to meet its minimum regulatory capital requirements or a deterioration of their solvency position that may negatively impact its competitive position may also cause the Company having to provide significant amounts of new capital to such subsidiary, which could adversely affect the Company's liquidity position.

The Group was in compliance with the applicable solvency requirements as of December 31, 2017 and monitors compliance with such requirements on a continuous basis.

(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.*

CAPITAL MANAGEMENT OBJECTIVES

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

- the central target range is between 170% and 230%. Within this central range, AXA intends to (i) maintain its dividend policy which targets a 45% to 55% payout ratio; (ii) neutralize dilution resulting from employee share offerings and stock options exercise; and (iii) maintain investments in business growth;
- above 230% and as solvency increases, flexibility may be added to the dividend payout ratio. Excess capital could also provide some additional flexibility 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 reviewing the dividend payout ratio;
- below 140%, the AXA Group may restrict its growth initiatives, further reduce its appetite for investment risk and reduce dividend payout.

The AXA Group has defined and implemented capital management standards aimed at ensuring 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 to achieve their objectives.

TIERING ANALYSIS OF CAPITAL

Resources under Solvency II represent available financial resources ("AFR") to the Company before the impact of any tiering eligibility restrictions and after consideration of the potential non-availability of certain elements of capital.

Available financial resources 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.

DATED AND UNDATED SUBORDINATED DEBT DESCRIPTION

Dated and undated subordinated notes issued by the Company qualify as available financial resources.

Subordinated notes issued since January 17, 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 foreseen in the Directive 2014/51/EU (Omnibus II) as they were previously eligible under the Solvency I regime and were issued prior to the Solvency II Delegated Regulation.

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* ("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, etc.).

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 of capital held by AXA subsidiaries may apply to cover the Group SCR, the Group considers the following elements:

- whether the own funds are subject to legal or regulatory requirements that restrict the ability of that item 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 for which availability would not be proven are included in the Group own funds as long as as they are eligible for covering the SCR of the entity.

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" [1] of this Annual Report.

Subsequent events after December 31, 2017 impacting AXA's liquidity

A dividend per share of €1.26 will be proposed to the Shareholders' Meeting to be held on April 25, 2018. Subject to the Shareholders' Meeting approval, the dividend will be payable on May 7, 2018, with an ex-dividend date of May 3, 2018.

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

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

2.5 EVENTS SUBSEQUENT TO DECEMBER 31, 2017

AXA accelerates its "Payer-to-Partner" strategy with the acquisition of Maestro Health

On February 28, 2018, AXA announced that it had completed the acquisition of Maestro Health, Inc. ("Maestro Health"), a US health benefit administration digital company. Total consideration for the acquisition amounted to USD 155 million (or €127 million [1]).

Maestro Health provides a digital integrated platform encompassing a full set of health benefit administration services and third-party administrator services for self-insured companies, including care coordination solutions for employees, enabling companies to be more effective in lowering healthcare costs and empowering employees to make better health-related choices.

Founded in 2013, the Chicago-based company has more than 300 employees and targets mid-size and large-size employers across the United States, currently covering over 1 million lives.

This acquisition reflects AXA's continued strong focus on the health business and supports its "Payer-to-Partner" strategy, in line with Ambition 2020, and represents an important step towards building a comprehensive and long-term population health management solution to provide better care at lower cost.

AXA to acquire XL Group: creating the #1 Global P&C Commercial lines insurance platform

On March 5, 2018, AXA announced that it had entered into an agreement to acquire 100% of XL Group Ltd (NYSE: XL), a leading global Property & Casualty Commercial lines insurer and reinsurer with strong presence in North America, Europe, Lloyd's and Asia-Pacific. The merger agreement has been unanimously approved by the Boards of AXA and XL Group. Total consideration for the acquisition would amount to USD 15.3 billion (€12.4 billion [2]), to be fully paid in cash. Under the terms of the transaction, XL Group shareholders will receive USD 57.60 per share [3]. This represents a premium of 33% to XL Group closing share price on March 2, 2018.

Founded in 1986, XL Group is a leader in P&C commercial and specialty lines with an active global network. XL Group generated USD 15 billion of GWP in FY17. It is a growing franchise with a high-quality underwriting platform and a rich and diversified product offering. XL Group is a highly agile company renowned for innovative client solutions and has a comprehensive business model of originating, packaging and selling risks. XL Group has ca. 7,400 colleagues worldwide and has a strong presence across specialty and mid-market segments *via* insurance and reinsurance.

This acquisition is aligned with AXA's Ambition 2020 preferred segments favoring product lines with high frequency customer contacts, quality service and superior technical expertise. XL Group provides both a premier specialty platform complementing and diversifying AXA's existing Commercial lines insurance portfolio, and reinsurance capabilities that will allow AXA an access to enhanced diversification and alternative capital. The combination of AXA's and XL Group's existing position will propel the Group to the #1 global position in P&C Commercial lines with combined 2016 revenues of ca. €30 billion [4] and total P&C revenues of ca. €48 billion [5].

The opportunity to acquire XL Group has led AXA to review its exit strategy from its existing US operations which AXA now expects to accelerate. Together with the planned IPO of AXA's US operations (expected in 1H18 subject to market conditions) and intended subsequent sell-downs, this transaction would gear AXA further towards technical margins less sensitive to financial markets.

The strong complementarities between AXA and XL Group provides opportunities for significant value creation, offsetting the planned US IPO earnings dilution as soon as 2018. It also allows for material capital diversification benefits under the Solvency II framework and a strong return on investment. In this context, AXA also reaffirmed its Ambition 2020 targets.

Completion of the transaction is subject to approval by XL Group shareholders and other customary closing conditions, including the receipt of required regulatory approvals, and is expected to take place during the second half of 2018.

(1) *EUR 1 = USD 1.2233 as of January 19, 2018 (Source: Bloomberg).*

(2) *EUR 1 = USD 1.2317 as of March 2, 2018 (Source: Bloomberg).*

(3) *Completion of the transaction is subject to approval by XL Group shareholders and other customary closing conditions, including the receipt of required regulatory approvals.*

(4) *Include P&C Commercial lines and P&C Commercial Health for comparability purposes with peers.*

(5) *Include P&C Health for comparability purposes with peers.*

2.6 OUTLOOK

AXA remains focused on the delivery of its Ambition 2020 plan and on the transformation of its business model - anticipating the rapidly evolving needs of its customers - and articulated around its preferred segments (Health, P&C Commercial lines and Protection).

This shift in business model is well underway across all major geographies and is set to accelerate with the IPO of the US operations, targeted to take place during the second quarter of 2018, with the redeployment of proceeds through M&A towards preferred segments and/or capital return to shareholders.

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

With its clear Ambition 2020 strategy, a simplified organization focused on fewer countries designed to foster growth across its preferred segments, AXA is well positioned to create lasting shareholder value and offer an attractive return.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STRUCTURE – A BALANCED AND EFFICIENT GOVERNANCE

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 November 2016 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 overtime

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.

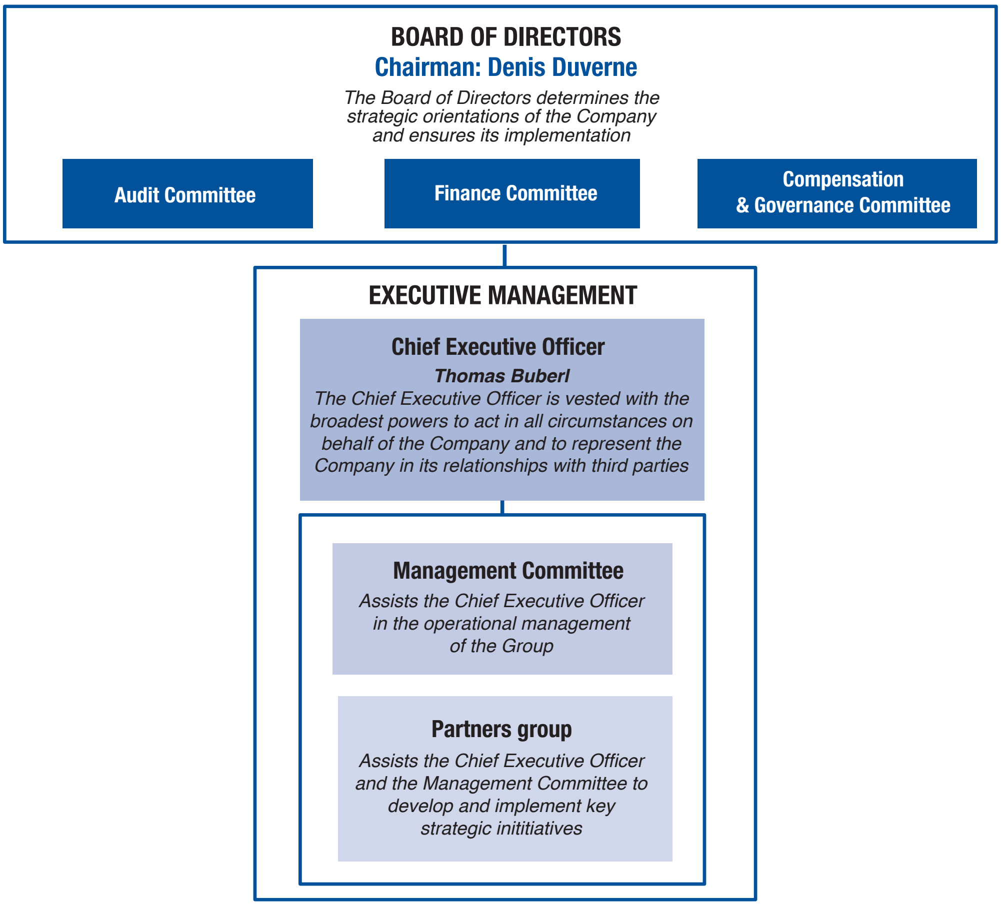
Separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

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.

These decisions reflected the Board's conclusions that splitting the roles of Chairman and Chief Executive Officer was in the best 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. Denis Duverne and Mr. Thomas Buberl 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 as an independent director with regard to the Afep-Medef criteria due to his role as 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

The members of the Board of Directors are appointed by the Shareholders' Meeting for four years.

Given the international profile of the Group, the Board and its Compensation & Governance Committee regularly review the membership of the Board and endeavor to ensure that directors come from diverse backgrounds with different experiences, technical skills, gender, age and nationality.

The Board believes that this diversity fosters open debate within the Board and brings a broader perspective to Board discussions.

On December 31, 2017, the Board of Directors comprised fourteen members: six women and eight men. Seven directors were citizens of countries other than France.

On December 31, 2017

Number of directors

14

Independent director ratio

71%

10 independents directors

Gender balance within the Board of Directors

43%

Men 57%
Women 43%

Diversity

7

directors out of 14 are **non-French nationals –** 7 nationalities are represented on the Board

Directors' average age

60 YEARS OLD

COMPOSITION OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2017

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	Number of AXA shares	First appointment/term of office
Denis Duverne (64) Chairman of the Board of Directors 25, avenue Matignon – 75008 Paris – France French nationality	Chairman of the Board of Directors	1,445,562	April 2010/2018 Annual Shareholders' Meeting
Thomas Buberl (44) Director and Chief Executive Officer 25, avenue Matignon – 75008 Paris – France German nationality	Director and Chief Executive Officer	193,119	September 2016/2018 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (59) Chairman of the Executive Committee and director of Solvay (Belgium) Rue de Ransbeek 310 – 1120 Brussels – Belgium French nationality	Independent director Member of the Compensation & Governance Committee	9,000	October 2012/2019 Annual Shareholders' Meeting
Mrs. Irene Dorner (63) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France British nationality	Independent director Member of the Audit Committee	5,700[a]	April 2016/2020 Annual Shareholders' Meeting
Jean-Martin Folz (70) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France French nationality	Senior Independent Director Chairman of the Compensation & Governance Committee	11,084	May 2007/2019 Annual Shareholders' Meeting
André François-Poncet (58) Chairman of the Management Board of Wendel SE 89, rue Taitbout – 75009 Paris – France French nationality	Independent director Member of the Compensation & Governance Committee Member of the Finance Committee	5,342[b]	December 2016/2018 Annual Shareholders' Meeting
Mrs. Angelien Kemna (60) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France Dutch nationality	Independent director Member of the Audit Committee	5,850	April 2016/2020 Annual Shareholders' Meeting
Mrs. Isabelle Kocher (51) Chief Executive Officer of ENGIE 1, place Samuel de Champlain – 92930 Paris la Défense cedex – France French nationality	Independent director	5,960	April 2010/2018 Annual Shareholders' Meeting
Mrs. Suet Fern Lee (59) Managing Partner of Morgan Lewis Stamford LLC (Singapore) 10 Collyer Quay #27-00 Ocean Financial Centre – Singapore 049315 – Singapore Singaporean nationality	Independent director Member of the Finance Committee	8,000	April 2010/2018 Annual Shareholders' Meeting

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	Number of AXA shares	First appointment/term of office
Stefan Lippe (62) 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 (66) 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
Ramon de Oliveira (63) Managing Director of Investment Audit Practice, LLC (United States) 580 Park Avenue – New York – NY 10065 – United States French nationality	Independent director Chairman of the Finance Committee Member of the Audit Committee	11,300	April 2009/2021 Annual Shareholders' Meeting
Mrs. Deanna Oppenheimer (59) Founder of CameoWorks (United States) 2200 Alaskan Way #210 – Seattle – WA 98121 – United States American and British nationalities	Independent director Member of the Compensation & Governance Committee	9,800	April 2013/2021 Annual Shareholders' Meeting
Mrs. Doina Palici-Chehab (60) Interim Chief Executive Officer of AXA Asia (Hong Kong) [c] 29/F Dorset House Taikoo Place – 979 King's Road - Quarry Bay – Hong Kong German and French nationalities	Director, representing the employee shareholders Member of the Finance Committee	6,740	April 2012/2020 Annual Shareholders' Meeting

(a) On January 16, 2018.
(b) On January 5, 2018.
(c) As of April 1, 2018, Mrs. Doina Palici-Chehab will become Executive Chairman of AXA Corporate Solutions Assurance.

CHANGES TO THE BOARD AT THE 2018 SHAREHOLDERS' MEETING

The Shareholders' Meeting to be held on April 25, 2018 will be asked to vote on (i) the re-appointment of three members of the Board of Directors whose terms of office are ending (Messrs. Denis Duverne, Thomas Buberl and André François-Poncet) and (ii) the appointment of two members of the Board (Mrs. Patricia Barbizet and Mrs. Rachel Duan) to replace Mrs. Isabelle Kocher and Mrs. Suet Fern Lee whose term of office ends at the 2018 Shareholders' Meeting and who informed the Board of Directors of their decision to retire from the Board after two successive directorships.

Subject to the approval of the Shareholders' Meeting of April 25, 2018, the Board of Directors will consequently comprise fourteen members including six women (43%) and ten members considered independent (71%) by the Board of Directors in accordance with the criteria of the Afep-Medef Code.

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 23, 2014
Term expires at the 2018 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, 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. Duverne was the Management Board member in charge of Finance, Control and Strategy. From January 2010 until April 2010, Mr. 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.

Directorships held within the AXA Group

Chairman of the Board of Directors: AXA*
Chairman: AXA Millésimes (SAS)
Director: AllianceBernstein Corporation* (United States)

Directorships 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), AXA Assicurazioni S.p.A. (Italy), AXA Belgium (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

Chief Executive Officer of AXA

Born on March 24, 1973

German nationality

Appointed on September 1, 2016
Term expires at the 2018 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 PhD 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 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 was Chief Executive Officer for Switzerland. From 2012 to April 2016, he was Chief Executive Officer of AXA Konzern AG (Germany). In 2012, he became 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.

Directorships held within the AXA Group

Director and Chief Executive Officer: AXA*

Chairman of the Board of Directors: AXA Financial, Inc. (United States), AXA Equitable Holdings, Inc. (United States) *(formerly AXA America Holdings, Inc.)*, AXA Leben AG (Switzerland), AXA Versicherungen AG (Switzerland),

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

Director or member of the Management Committee: AXA ASIA (SAS), AXA Equitable Life Insurance Company (United States), MONY Life Insurance Company of America (United States)

Directorship held outside 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 Supervisory Board: 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 Supervisory Board: AXA ART Versicherung AG (Germany), AXA Life Insurance Co. Ltd (Japan), Tertia GmbH (Germany)

*(1) The current directorships held by members of the Board of Directors within a listed company are indicated by the following symbol: *.
The 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.

Jean-Pierre Clamadieu

Member of the Board of Directors of AXA

Chairman of the Executive Committee and member of the Board of Directors of Solvay (Belgium)

Born on August 15, 1958

French nationality

Appointed on April 30, 2015
Term expires at the 2019 Shareholders' Meeting

First appointment on October 10, 2012

Member 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 Rhodia and Solvay groups, Mr. Jean-Pierre Clamadieu became Vice-Chairman of the Executive Committee of Solvay and Chairman of the Board of Directors of Rhodia. Since May 2012, Mr. Jean-Pierre Clamadieu has been Chairman of the Executive Committee and member of the Board of Directors of Solvay.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman: Cytec Industries Inc.** (United States)

Director: Faurecia*, Solvay* ** (Belgium)

Directorships held during the last five years

Chairman of the Board of Directors: Rhodia

Chairman & Chief Executive Officer: Rhodia

Director: SNCF

Irene Dorner

Member of the Board of Directors of AXA

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 1982, 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 and 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 appointed 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. On March 1, 2018, Mrs. Irene Dorner was appointed Chair Elect and Non-Executive Director of Virgin Money (United Kingdom).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman: Control Risks Group Holding Ltd (United Kingdom)

Chair Elect and Non-Executive Director: Virgin Money* (United Kingdom)

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

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

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

Honorary Fellow: St. Anne's College, Oxford (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)

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)

Jean-Martin Folz

Member of the Board of Directors of AXA

Companies' director

Born on January 11, 1947

French nationality

Appointed on April 30, 2015
Term expires at the 2019 Shareholders' Meeting

First appointment on May 14, 2007

Senior Independent Director of AXA

Chairman of the AXA Compensation & Governance Committee

Expertise and experience

Mr. Jean-Martin Folz is a graduate of the *École polytechnique* and *ingénieur du Corps des Mines*. Between 1975 and 1978, he has held various French government cabinet positions, his last position being head of cabinet of the Secretary of State for Industry. In 1978, he joined Rhône-Poulenc to run the Saint-Fons plant, and was then promoted to Senior Executive Vice-President of Rhône-Poulenc for the Specialty Chemicals business unit. In 1984, he became Senior Executive Vice-President and then Chairman & Chief Executive Officer of Jeumont-Schneider (a Schneider subsidiary). In 1987, he was appointed Chief Executive Officer of Péchiney and Chairman of Carbone Lorraine (in 1988). In 1991, he became Group Chief Executive Officer of Eridania Béghin-Say and Chairman & Chief Executive Officer of Béghin-Say. Mr. Jean-Martin Folz joined PSA Peugeot Citroën in 1995 and became Chairman of the Management Board in 1997. He left PSA in February 2007. From June 2007 to March 2010, Mr. Jean-Martin Folz was Chairman of the Afep. From November 2011 to September 2013, Mr. Jean-Martin Folz was Chairman of the Board of Directors of Eutelsat Communications. On December 2016, the AXA Board of Directors appointed Mr. Jean-Martin Folz as Senior Independent Director.

Directorships held within the AXA Group

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

Directorships held outside the AXA Group

None

Directorships held during the last five years

Chairman of the Board of Directors: Eutelsat Communications

Director or member of the Supervisory Board: Alstom, Compagnie de Saint-Gobain, Société Générale, Solvay (Belgium)

André François-Poncet

Member of the Board of Directors of AXA

Chairman of the Management Board of Wendel SE

Born on June 6, 1959

French nationality

Appointed on December 14, 2016
Term expires at the 2018 Shareholders' Meeting

First appointment on December 14, 2016

Member of the AXA Finance Committee

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mr. André François-Poncet graduated from the *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 in 1987. 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 Chairman of the Management Board of Wendel SE.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Management Board: Wendel SE* **

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

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

Directorships held during the last five years

Partner: CIAM (Paris)

Chairman and Chief Executive Officer: LMBO Europe SAS

Director: Medica

Angelien Kemna

Member of the Board of Directors of AXA

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 to 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).

Directorship held within the AXA Group

Director: AXA*

Directorship held outside the AXA Group

Director: Railway Pension Investments Ltd ("RPMI") (United Kingdom)

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), Stichting Child and Youth Finance International (the Netherlands), Universiteit Leiden (the Netherlands)

Isabelle Kocher

Member of the Board of Directors of AXA

Chief Executive Officer of Engie

Born on December 9, 1966

French nationality

Appointed on April 23, 2014
Term expires at the 2018 Shareholders' Meeting

First appointment on April 29, 2010

Expertise and experience

Mrs. Isabelle Kocher is a graduate of the *École normale supérieure* (ENS-Ulm), *ingénieur du Corps des Mines* and holds an aggregation in Physics. From 1997 to 1999, she was in charge of budget of Telecommunication and Defense at the French Ministry of Economy. From 1999 to 2002, she was Advisor on Industrial Affairs of the French Prime Minister Office (Lionel Jospin). In 2002, she joined the Suez group. She then held various positions: from 2002 to 2005, at Strategy & Development; from 2005 to 2007, director of Performance and Organisation; from 2007 to 2008, Deputy Chief Executive Officer of Lyonnaise des Eaux. From 2009 to September 2011, Mrs. Isabelle Kocher was Chief Executive Officer of Lyonnaise des Eaux, in charge of the development of activities in Europe. From October 2011 to November 2014, Mrs. Isabelle Kocher was Executive Vice-President, Chief Financial Officer of GDF SUEZ. From November 2014 to April 2016, Mrs. Isabelle Kocher was director, Deputy Chief Executive Officer and Chief Operating Officer of GDF SUEZ, which became ENGIE on April 2015. Since May 3, 2016, Mrs. Isabelle Kocher has been Chief Executive Officer of ENGIE.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chief Executive Officer: ENGIE* **

Chairman: Electrabel** (Belgium)

Director: Suez**

Directorships held during the last five years

Chairman & Chief Executive Officer: Eau et Force

Chief Executive Officer: Lyonnaise des Eaux

Director and Deputy Chief Executive Officer: ENGIE

Executive Vice-President: ENGIE

Vice-Chairman: Electrabel (Belgium)

Director: Arkema France, ENGIE E.S., Sita France, R+i alliance, Safege, Degremont, International Power Ltd (United Kingdom)

Suet Fern Lee

Member of the Board of Directors of AXA

Partner of Morgan Lewis Stamford LLC (Singapore)

Chair of the International Leadership Team of Morgan Lewis & Bockius LLP (United States)

Born on May 16, 1958

Singaporean nationality

Appointed on April 23, 2014
Term expires at the 2018 Shareholders' Meeting

First appointment on April 29, 2010

Member of the AXA Finance Committee

Expertise and experience

Mrs. Suet Fern Lee graduated with a double first in law from Cambridge University in 1980 and qualified as a Barrister-at-Law at Gray's Inn London in 1981. She was admitted to the Singapore Bar in 1982 and has practised law in London and Singapore since then. Since 2000, and until its combination in 2015 with the law firm Morgan Lewis in the United States, she has been founder and managing partner of Stamford Law Corporation, a major law firm in Singapore. She is a member of the Executive Committee of the Singapore Academy of Law, where she also chairs the group on Legal Education and Studies, a member of the Advisory Board to the Law School at Singapore Management University, where she also chairs the Expert Panel Centre of Cross-Border Commercial Law in Asia and a trustee for Nanyang Technological University as well as a Fellow of the Singapore Institute of Directors. She also sits on the Board of the World Justice Project, a global organization for the promotion of the rule of law.

Directorships held within the AXA Group

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

Directorships held outside the AXA Group

Partner: Morgan Lewis Stamford LLC** (Singapore)

Director or member of the Supervisory Board: Rothschild & Co*, Sanofi*, Caldecott Inc. (Cayman Islands), Morgan Lewis & Bockius LLP** (United States), Stamford Corporate Services Pte Ltd** (Singapore), The World Justice Project (United States)

Trustee: Nanyang Technological University (Singapore)

Member of the Accounting Advisory Board: National University of Singapore Business School (Singapore)

Member of the Advisory Board: Singapore Management University School of Law (Singapore)

Member of the Executive Committee: Singapore Academy of Law (Singapore)

Directorships held during the last five years

Chairman: Asian Civilisations Museum (Singapore)

Director: Macquarie International Infrastructure Fund Ltd (Bermuda), National Heritage Board (Singapore), Rickmers Trust Management Pte Ltd (Singapore), Sembcorp Industries Ltd (Singapore)

Stefan Lippe

Member of the Board of Directors of AXA

Co-founder and Chairman of the Board of Directors of YES.com AG *(formerly Yes Europe AG)* (Switzerland)

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 recognised 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 AG renamed as YES.com AG in 2017 and currently serves as Chairman of the Board of Directors of this company. In October 2013, Mr. Stefan Lippe was elected Chairman of the Board of Directors of CelsiusPro AG. Since May 2014, Mr. Stefan Lippe has also been a member of the Supervisory Board of Commerzbank AG.

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 *(formerly Yes Europe 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)

Member of the Supervisory Board: Commerzbank AG* (Germany)

Directorship held during the last five years

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

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 Judicial Organization Code, the reform of the magistrates' and lawyers' training and the revision of the Civil Procedure Code. 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 Managing Partner since 1995.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Managing Partner: Lussan/Société d'avocats

Vice-Chairman and director: Bred Banque Populaire

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

Director: AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, Conservateur Finance**

Directorships held during the last five years

None

Ramon de Oliveira

Member of the Board of Directors of AXA

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

Born on September 9, 1954

French nationality

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 his career in 1977, Mr. Ramon de Oliveira spent 24 years at JP Morgan & Co. From 1996 to 2001, Mr. 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.

Directorships held within the AXA Group

Director: AXA*, AllianceBernstein Corporation* (United States), AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), MONY Life Insurance Company of America (United States)

Directorships held outside the AXA Group

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

Chairman of the Investment Committee: Fonds de Dotation du Musée du Louvre

Vice-Chairman: JACCAR Holdings SA (Luxembourg)

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: The Kauffman Foundation (United States)

Director or member of the Supervisory Board: American Century Companies Inc. (United States), JP Morgan Suisse (Switzerland), MONY Life Insurance Company (United States), Quilvest (Luxembourg), SunGard Data Systems (SDS) (United States), Taittinger-Kobrand USA (United States), The Hartford Insurance Company (United States)

Member of the Investment Committee: The Red Cross (United States)

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Deanna Oppenheimer

Member of the Board of Directors of AXA

Founder of CameoWorks (United States)

Born on April 1, 1958

American and British nationalities

Appointed on April 26, 2017
Term expires at the 2021 Shareholders' Meeting

First appointment on April 30, 2013

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Deanna Oppenheimer graduated from the University of Puget Sound with degrees in political science and urban affairs. She completed the Advanced Executive Programme at the J.L. Kellogg School of Management at Northwestern University. Mrs. Deanna Oppenheimer started her career in Banking at Washington Mutual (United States) in 1985, retiring in March 2005 as President, Consumer Banking. In October 2005, Mrs. Deanna Oppenheimer joined Barclays (United Kingdom) as UK Banking Chief Operating Officer. In December 2005 she became Chief Executive of UK Retail and Business Banking (UK RBB). In recognition of her importance to retail banking at Barclays, she was given the additional title of Vice Chair, Global Retail Banking in 2009 where she shared the UK RBB best practice throughout Europe and Africa. In September 2010, Mrs. Oppenheimer added the role of Chief Executive of Europe Retail and Business Banking. At the end of 2011, she left Barclays. In 2012, Mrs. Deanna Oppenheimer founded the advisory firm CameoWorks (United States). In 2017, Mrs. Deanna Oppenheimer founded BoardReady.io (United States), a start-up that accelerates the diversification of governing boards. On February 2018, Mrs. Deanna Oppenheimer was appointed Chairwoman of Hargreaves Lansdown plc (United Kinddom).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Founder: BoardReady.io (United States), CameoWorks (United States)

Chairman: Hargreaves Lansdown plc* (United Kindgom)

Director: Tesco PLC* (United Kingdom), The Joshua Green Corporation (United States), Vettd (United States), Whitbread plc* (United Kingdom)

Trustee: University of Puget Sound (United States)

Directorships held during the last five years

Director: NCR Corporation (United States), Tesco Personal Finance Group Limited ("Tesco Bank") (United Kingdom), Worldpay (United Kingdom)

Member of the Advisory Board: Brooks Running (United States)

Doina Palici-Chehab

Member of the Board of Directors of AXA

Interim Chief Executive Officer of AXA Asia (Hong Kong)

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 2017 to June 30, 2017, Mrs. Doina Palici-Chehab was Chief Executive Officer of AXA Insurance Pte Ltd (Singapore). Since July 1, 2017, she serves as interim Chief Executive Officer of AXA Asia. She will become, on April 1, 2018, Executive Chairman of AXA Corporate Solutions, AXA Matrix Risk Consultants and AXA ART and will also supervise the development of our Group cyber risk activities. 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 Corporate Solutions Assurance

Chairman of the Supervisory Board: AXA ART Versicherung AG (Germany)

Director, representing the employee shareholders: AXA*

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 Pte Ltd (Singapore), AXA Wealth Management (HK) Limited (Hong Kong), Charter Ping An Insurance Corporation (Philippines), Philippine AXA Life Insurance Company Limited (Philippines), Red Switch Pte. Ltd. (Singapore)

Directorships held outside the AXA Group

None

Directorships held during the last five years

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 MATRIX Risk Consultants India Private Limited (India), Krungthai AXA Life Insurance Public Company Limited (Thailand), AXA Insurance Public Company Limitd (Thailand)

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)

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Directors' independence

Each year, the Board of Directors assesses the independence of each of its members on the basis of the independence criteria 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 as of December 31, 2017.

	Criterion *(the criterion is considered to be met when it is identified by ✔)*	**Denis Duverne**	**Thomas Buberl**	**Jean-Pierre Clamadieu**	**Irene Dorner**
1	Not have been an employee or executive officer of the Company, or an employee, executive officer or director of a consolidated subsidiary during the last five years	0	0	✔	✔
2	Not have cross-directorships	✔	✔	✔	✔
3	Not have significant business relationships	✔	✔	✔	✔
4	Not be related by close family ties to an executive 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 an important shareholder of the Company (holding more than 10% of share capital or voting rights)	✔	✔	✔	✔
Independent director after assessing the Afep-Medef criteria		**0**	**0**	✔	✔

Jean-Martin Folz	André François-Poncet	Angelien Kemna	Isabelle Kocher	Suet Fern Lee	Stefan Lippe	François Martineau	Ramon de Oliveira	Deanna Oppenheimer	Doina Palici-Chehab
0 *	✔	✔	✔	0 *	✔	✔	0 *	✔	0
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	0 **	✔	✔	✔
✔	✔	✔	✔	✔	✔	**0**	✔	✔	**0**

* *The Company considers the fact that certain members of the AXA Board of Directors hold non-executive directorships in one or more Group subsidiaries wholly 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. Martineau is the Chairman of the AXA Mutuals' Strategy Coordination Committee, the Board of Directors concluded that he was no longer independent.*

On February 21, 2018, the AXA Board of Directors determined that, on December 31, 2017, ten of the fourteen Board members were independent after assessing the criteria of the Afep-Medef Code: Mmes Irene Dorner, Angelien Kemna, Isabelle Kocher, Suet Fern Lee and Deanna Oppenheimer and Messrs. Jean-Pierre Clamadieu, Jean-Martin Folz, 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, within the six months following the Shareholders' Meeting to be held on April 25, 2018, two employee directors are expected to be appointed as members of the AXA Board of Directors, in accordance with the terms of appointment to be approved by the shareholders.

The Board of Directors does not have any non-voting members (censors).

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is collectively responsible for determining the strategic orientations of the Company, ensuring their implementation, 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 *dirigeants effectifs* (executives who effectively run the Company as required by Solvency II), and determines their respective compensation;
- convenes Shareholders' Meetings;
- recommends directors for appointment to the Shareholders' Meeting and/or co-opts 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);
- approves non-audit services and recommends the Group's Statutory Auditors for appointment to the Shareholders' Meeting.

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 matters to itself in its Terms of Reference, including the approval of certain material transactions including sales or acquisitions (over €500 million), significant financing operations and other material transactions.

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 must hold, within two years following his/her first appointment, a number of AXA shares with a value at least equal to the director's gross 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 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.

(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.*

In this context, in 2017, 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;
- 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 [1], 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), 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 2017, Mr. Jean-Martin Folz, 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;
- led the selection process (in France and abroad) 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's compensation.

He reported on his activities to the Shareholders' Meetings of April 26, 2017.

BOARD ACTIVITIES IN 2017

In 2017, the Board of Directors met eleven times and scheduled a session without the presence of Executive Management at each Board of Directors' meeting.

In 2017, the Board focused, in particular, on the review of the Group's strategy, examination of the 2016 financial statements and the 2017 half-year financial statements, review of proposed significant acquisitions and disposals, review of the Board Committees' reports, review of the ORSA report and AXA's Internal Model as well as other written policies required under Solvency II, the Group's Recovery Plan, Systemic Risk Management Plan and Liquidity Risk Management Plan, the Group's dividend policy, internal control and Risk Management, approval of non-audit services, the self-assessment of the Board of Directors and the appointment, re-appointment and independence of its Board members.

In March 2017, the Board of Directors held its annual two-day off-site strategy session with presentations by all members of the Management Committee on a variety of key strategic topics related to the implementation of the Group's 2020 Strategic Plan.

In 2017, 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 investment strategy, accounting developments and the Group's emerging client strategy.

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, on a regular basis, entrusted the annual assessment of the Board of Directors to an external consultant.

In 2016, the Board self-assessment was carried out by a consultant (SpencerStuart) which collected each of the individual

(1) *The role of the Senior Independent Director is described in the Board's Terms of Reference which are available on AXA's website.*

director's input, views and suggestions on the Board work and its performance.

In 2017, the self-assessment was conducted internally and each director (except for the Chairman of the Board of Directors and the Chief Executive Officer) responded in writing to a questionnaire and had a meeting with the Chairman of the Board of Directors who obtained their opinion on the participation and contribution of each Board member. The conclusions concerning the personal contribution of each director were then transmitted by the Chairman to each member of the Board during individual interviews.

Each director was also individually interviewed by the Chairman of the Compensation & Governance Committee in order to collect their assessments 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 Chairman of the Compensation & Governance Committee reviewed in detail the conclusions of the Board evaluation, the principal areas identified for improvement and made recommendations to the Board of Directors which were examined and approved at the Board meeting of December 14, 2017.

During this meeting, the members of the Board of Directors expressed a very favorable opinion on the overall functioning of the Board and indicated that the recommendations of the prior review had been largely implemented.

The main identified areas for improvements are: (i) the need to closely monitor the selection of future Board members with the objective to appoint younger directors with recognized skills, particularly in areas such as FinTechs, finance or marketing, (ii) to strengthen the monitoring of the Company's performance measures by regularly providing the directors with a summary of the evolution of certain key performance indicators; (iii) the need to manage the time dedicated to the presentation of topics to the Board of Directors by Executive Management in order to allocate more time to debates, and (iv) to further develop the regular transmission by the Chief Executive Officer to the members of the Board of short information notes on insurance sector-related news or public announcements made by the Company between Board meetings.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2017

In 2017, the Board met eleven times and the average attendance rate was 94%. Board meetings lasted approximately four hours on average.

	Board of Directors		Audit Committee		Finance Committee		Compensation & Governance Committee	
Directors	**Number of atten-dance/ Number of meetings**	**Attendance rate**	**Number of atten-dance/ Number of meetings**	**Atten-dance rate**	**Number of atten-dance/ Number of meetings**	**Atten-dance rate**	**Number of atten-dance/ Number of meetings**	**Attendance rate**
Denis Duverne	11/11	100%	-	-	-	-	-	-
Thomas Buberl	11/11	100%	-	-	-	-	-	-
Jean-Pierre Clamadieu	10/11	91%	-	-	-	-	5/5	100%
Mrs. Irene Dorner	11/11	100%	8/8	100%	-	-	-	-
Jean-Martin Folz	11/11	100%			-	-	5/5	100%
André François-Poncet	11/11	100%			3/3	100%	4/4	100%
Mrs. Angelien Kemna	11/11	100%	8/8	100%	-	-	-	-
Mrs. Isabelle Kocher	9/11	82%	-	-	-	-	-	-
Mrs. Suet Fern Lee	9/11	82%	-	-	5/5	100%	-	-
Stefan Lippe	11/11	100%	8/8	100%	5/5	100%	-	-
François Martineau	11/11	100%	-	-	-	-	-	-
Ramon de Oliveira	11/11	100%	8/8	100%	5/5	100%	-	
Mrs. Deanna Oppenheimer	8/11	73%			-	-	5/5	100%
Mrs. Doina Palici-Chehab	11/11	100%	-	-	5/5	100%	-	-
TOTAL ATTENDANCE RATE		**94%**		**100%**		**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 and the Compensation & Governance Committee are independent directors;
- 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.

The Committees may request external consulting expertise if necessary. They may also invite external participants to attend their meetings.

Each Committee is composed of members with expertise in the relevant areas, and its composition is reviewed regularly by the Board of Directors.

The role 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.

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Audit Committee in 2017 (1)

Composition: Stefan Lippe (Chairman) – Irene Dorner – Angelien Kemna – Ramon de Oliveira

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
8	100%	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, the Group General Secretary, the Group General Counsel 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 Chief Financial Officer, the Global Head of Internal Audit, the Group Chief Risk Officer, the Group Chief Accounting Officer, the Group General Secretary as well as the Statutory Auditors attend each Audit Committee meeting.

Principal activities in 2017

The Committee focused, in particular, on the following issues:

- the 2016 financial statements;
- the 2016 Annual Report (Registration Document);
- the 2017 half-year financial statements;
- the internal control and risk management (reports on the financial and operational risks, on compliance, on litigation, on Group IT security – cyber risk, on the Group's Internal Financial Control (IFC) function, and on the Group's Standards…);
- the risk management, risk appetite and reporting framework;
- the compliance with the Solvency II and ORSA, SFCR and RSR reports;
- the results of internal and external audit work;
- the review, for recommendation to the Board, of the non-audit services provided by the Statutory Auditors;
- the renewal of one of the Statutory Auditors; and
- the internal and external audit plans and resources.

(1) *Information on December 31, 2017.*

Finance Committee in 2017 (1)

Composition: Ramon de Oliveira (Chairman) – André François-Poncet – Suet Fern Lee – Stefan Lippe – Doina Palici-Chehab

Meetings	Attendance	Independent directors
5	100%	80%

Principal responsibilities

The principal missions of the Committee are:

- 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,
- any plan to perform a financial operation of significant size for the AXA Group, except for M&A transactions discussed directly at the Board;
- 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 2017

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 2017 investment strategy;
- Systemic Risk Management Plan;
- Liquidity Risk Management Plan;
- Recovery Plan;
- review of the financial authorizations (guarantees); and
- review of the proposed capital increase reserved for the employees of the AXA Group (Shareplan 2017).

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(1) *Information on December 31, 2017.*

Compensation & Governance Committee in 2017 (1)

Composition: Jean-Martin Folz (Chairman) – Jean-Pierre Clamadieu – André François-Poncet – Deanna Oppenheimer

Meetings	Attendance	Independent directors
5	100%	100%

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 reappointment 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 number of Company stock options or performance shares to be granted to the Chief Executive Officer and the other members of the Management Committee;
  - the amount of directors' fees for the members of the Board of Directors to be submitted to the Shareholders' Meeting,
- 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 stock options or 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 social 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 Group Compliance and Ethics Guide.

Principal activities in 2017

The Committee in particular focused on the following issues:

Compensation issues:

- the compensations paid to the Chief Executive Officer and to the members of the Management Committee;
- the 2017 and 2018 equity allocations (stock options and performance shares) and their performance conditions;
- the grant of performance shares dedicated to retirement to replace the defined benefits supplemental retirement plan for senior executives in France;
- the Group Remuneration policy;
- the "say-on-pay" *ex post* and *ex ante* for the corporate officers; and
- the amount and allocation of the directors' fees.

Governance issues:

- the process of selection of future directors;
- the composition of the Board and its Committees;
- the independence of the members of the Board;
- the self-assessment of the Board of Directors;
- the share ownership requirements for the Chairman, the members of the Board of Directors, the Chief Executive Officer as well as for the members of the Management Committee and Partners group;
- the review of the terms of appointment of the directors representing the employees;
- the emergency succession plan of the Executive Management and the Chairman of the Board of Directors;
- the review of the Organization and Talent Review (OTR) and succession plans;
- the Company's Corporate Responsibility;
- the Diversity & Inclusion strategy; and
- the parametric insurance business.

The Group 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.

(1) *Information on December 31, 2017.*

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

Under French law, 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 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 Board meetings.

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 JANUARY 1, 2018

Name	Principal function within AXA
Thomas Buberl	Group Chief Executive Officer
Gérald Harlin	Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & Chief Financial Officer
George Stansfield	Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary
Benoît Claveranne	Chief Executive Officer International & New Markets
Alban de Mailly Nesle	Group Chief Risk Officer and Head of Group Insurance Office
Mark Pearson	Chief Executive Officer of AXA US
Antimo Perretta	Chief Executive Officer Europe
Jacques de Peretti	Chief Executive Officer of AXA France
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 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 in the context of the Ambition 2020 plan 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 quarterly.

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 to the AXA Board of Directors, is currently an employee of AXA China Region Insurance Company Limited, which is one of AXA's principal Hong Kong 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 and based on the information reported to it, 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, (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 or liquidation, 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, 2015	At December 31, 2016 restated [(a)]	At December 31, 2017
■ France [(b) (c)]	15,941	16,385	15,926
■ United States	7,775	7,596	7,636
■ Europe (including AXA Bank Belgium)	30,106	29,853	29,604
Of which Switzerland [(d)]	3,768	3,765	3,890
Of which Germany [(e)]	8,223	8,034	7,969
Of which Belgium (including AXA Bank Belgium) [(f) (g)]	4,273	4,193	4,019
Of which United Kingdom & Ireland [(h)]	9,312	9,423	9,345
Of which Spain	2,729	2,647	2,599
Of which Italy	1,801	1,791	1,783
■ Asia	7,624	7,799	7,965
Of which Japan [(i)]	2,671	2,743	2,804
Of which Hong Kong [(j)]	1,507	1,581	1,640
Of which Asia – Direct [(k)]	2,559	2,553	2,597
Of which Thailand	489	538	537
Of which Indonesia	398	384	387
■ International (excluding AXA Bank Belgium) [(l)]	13,689	13,915	13,852
■ Transversal & Central Holdings	21,939	22,159	20,744
Of which AXA Investment Managers	2,351	2,424	2,399
Of which Group Management Services [(m)]	1,137	1,175	1,086
Of which AXA Technology Services, AXA Group Solutions, AXA Business Services [(n)]	8,061	7,393	7,061
Of which AXA Corporate Solutions Assurance	1,301	1,464	1,488
Of which AXA Assistance [(o)]	8,557	9,132	8,170
Of which AXA Global Re [(p)]	252	300	263
TOTAL	**97,074**	**97,707**	**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.
(b) A portion of the employees of AXA's French affiliates is included in GIEs.
(c) In 2017, the decrease by 459 in France was driven by the optimization of the replacement rate of retirees.
(d) In 2017, the increase by 125 in Switzerland was mainly driven by the integration of employees from AXA Technology Services.
(e) In 2017, the decrease by 65 in Germany reflected efficiency programs.
(f) Some employees of AXA Bank Belgium provide services in common for both the insurance activities and the banking activities and vice versa. Consequently, the split in employees is not available.
(g) In 2017, the decrease by 174 in Belgium was mainly driven by the restructuring plan announced in September 2016.
(h) In 2017, the decrease by 78 in UK & Ireland was driven by restructuring measures in Architas Solutions.
(i) In 2017, the increase by 61 in Japan was mainly due to the increase in sales staff driven by service expansion.
(j) In 2017, the increase by 59 in Hong Kong was mainly due to business needs.
(k) In 2017, the increase by 44 in Asia – Direct was driven by South Korea due to recruitments in call centers and Japan due to the internalization of IT staff and new recruitments for transformation project and technical related staff.
(l) In 2017, the decrease by 63 in International (excluding AXA Bank Belgium) was mainly driven by AXA Mediterranean Holdings following reorganization and efficiency programs, partly offset by the consolidation of P&C traditional activities in Poland since January 1, 2017.
(m) In 2017, the decrease by 89 in Group Management Services reflected reorganization and efficiency programs.
(n) In 2017, the decrease by 332 was mainly reflecting the transfer of employees from AXA Technology Services to AXA insurance entities.
(o) In 2017, the decrease by 962 in AXA Assistance was mainly driven by the outsourcing of some IT activities, increased reliance on contractors in Mexico, the termination of contracts in Mauritius and Brazil, the closure of Indian offices as well as the implementation of efficiency programs.
(p) In 2017, the decrease by 37 in AXA Global Re was mainly driven by restructuring measures.

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

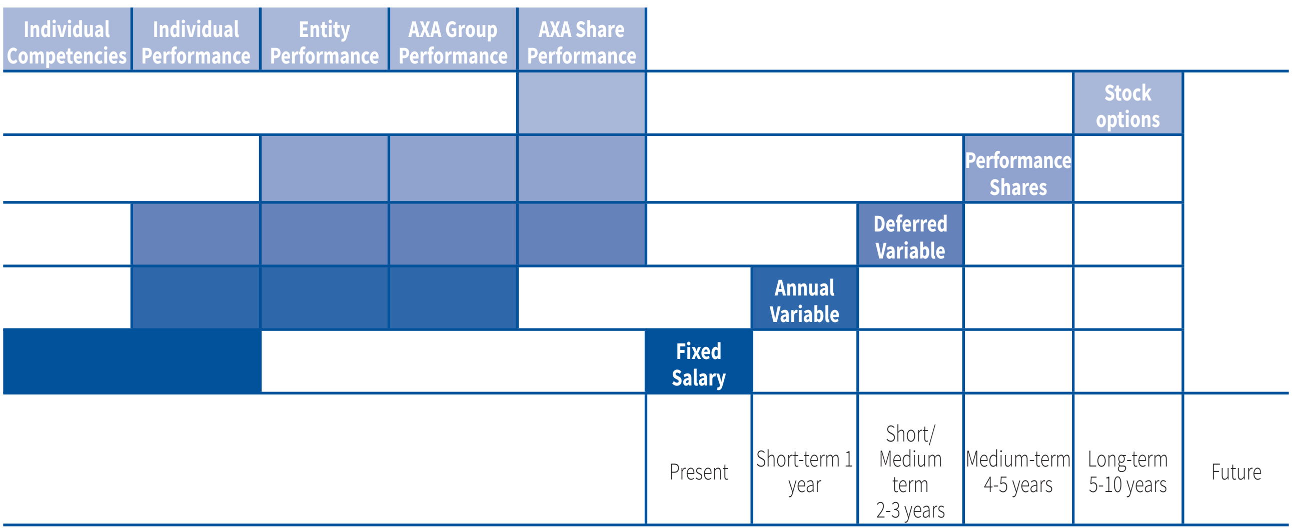
INTRODUCTION

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 as shown in the diagram below.

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 compared to the compensation practices of other international groups.

AXA'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, 2017

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 stock options or performance shares to the Chief Executive Officer and the other members of the Group Management Committee.

The Compensation & Governance Committee is exclusively composed of independent members. 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 Internal 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 expertise and an independent overview in order to compare AXA's variable compensation practices with market practices.

Solvency II Group compensation 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 Compensation Policy applicable to all AXA employees as of January 1, 2016. This compensation policy is designed to support the Group's long-term business strategy and to align the interests of its employees with those of the shareholders by (i) establishing a clear link between performance and compensation 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 compensation 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 AXA's practices with all applicable regulatory requirements.

It follows three guiding principles:

- competitiveness and market consistency of the compensation practices;
- internal equity, based on individual and collective performance, in order to ensure fair and balanced compensation reflecting employee's individual quantitative and qualitative achievements and impact; and
- 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 Compensation 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)).

Compensation structure

AXA broadly applies a pay-for-performance approach which (i) recognizes achievement of defined financial and operational targets aligned with AXA's business plan (ii) promotes long-term sustainable performance by incorporating risk adjustment measures in performance metrics and (iii) determines individual compensation amounts on the basis of both financial results and demonstrated individual leadership skills.

3

(1) *The information in this section is presented in accordance with recommendation No. 2009-16 of the AMF, as modified on April 13, 2015, and with the recommendations of the Afep-Medef Code.*

In this context, the overall compensation 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 guaranteed elements, such as base salary and any other fixed allowances. It takes into account the job content, responsibilities, experience, market practices, technical skills and leadership competencies, and also sustained individual performance and criticality or scarcity of skills;
- a variable component which comprises an upfront cash element (Short Term Incentive) and a deferred element which is awarded through equity based instruments (or equivalents), such as stock options and/or performance shares (Long Term Incentive). 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 potentially 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 compensation policies. In this context, four 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 (Belgium, France, Germany, Italy, the Netherlands, the United Kingdom, Spain and Switzerland) and in the United States;
- a third and fourth 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 and Japan.

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 2017 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 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 2017 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 to 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 any retroactive payment.

Finally, no variable compensation shall be paid to him, nor will he receive directors' fees, be granted any stock options 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 2017 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 Protection & Health 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 the budget and on predefined performance indicators;
- 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, as well as on the basis of demonstrated leadership abilities by the Chief Executive Officer before the beginning of the performance period. 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 reviewed separately so that overall variable payout reflects performance against two distinct components assessed independently.

The proportion allocated to individual performance reflects the Board of Directors' desire to place more weight on the Chief Executive Officer's individual performance on the execution of major strategic initiatives that are critical to the Group's long-term success.

The determination of the actual amount of variable compensation to be paid to the Chief Executive Officer is based on the following formula: Variable compensation due = [Variable target compensation x (Group Performance x Individual Performance)].

MR. THOMAS BUBERL, CHIEF EXECUTIVE OFFICER

	Weighting	Achievement rate
Group performance based on:	**50%**	**110%**
■ Underlying earnings per share	(55%)	(111%)
■ Return on equity	(15%)	(127%)
■ Gross revenues in Commercial Property & Casualty and in Protection & Health	(15%)	(100%)
■ Net Promoter Score	(15%)	(100%)
Individual performance	**50%**	**110%**
Global performance		**121%**

The Group component of the variable compensation of Mr. Thomas Buberl was computed according to the following elements: underlying earnings per share and adjusted Return on Equity – ROE were both above target whereas gross revenues in Commercial Property & Casualty and in Protection & Health and the Net Promoter Score were in line with target.

In order to assess Mr. Thomas Buberl's individual performance in 2017, the Board of Directors assessed the achievement of the following objectives set in his target letter:

- the development and the execution of the Group mid-term strategic orientations (for 35%);
- the delivery of the Ambition 2020 Plan commitments articulated around the two strategic priorities: Focus and Transform (for 25%):
  - Focus: deliver positive underlying earnings growth (between 3 and 7%) while maintaining a Solvency II Ratio within the 170-230% target range,
  - Transform: develop the Payer-to-Partner concept and establish a clear governance structure to launch and develop the first related strategic initiatives,

- the development of the Group Senior Executives population and the improvement of the talent pipeline (for 25%):
  - undertaking of a global talent mapping exercise to identify talent shortages in key areas required for execution of the Ambition 2020 Plan,
  - recruitment of at least 5% of new external or emerging market talents at the Group Senior Executive level,
  - development of the 2020 target of 33% gender diversity in the Group Senior Executives population and ensure that roughly 40% of new Group Senior Executives appointed in 2017 are women (promotions and external recruitments),
- the strengthening of the control environment (for 15%):
  - implementation of the internal controls project action plan across all pilot entities,
  - assessment of the current state of IT security implementation and reinforce existing global program to reach first quartile of peers.

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.

Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the payment of the Chief Executive Officer's 2017 variable compensation is withheld until the approval of the Shareholders' Meeting on April 25, 2018.

Performance conditions applicable to the other members of the Management Committee

For the 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: (Group performance (30%) + operating business performance (70%)) x (individual performance (100%)).

The variable compensation of the members of the Management Committee with Group responsibilities is determined according to the following metrics: (Group performance (100%)) x (individual performance (100%)).

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 Protection & Health 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 on the basis of the following performance indicators:

- Underlying earnings;
- Net promoter score;
- Protection & Health gross revenues;
- New Business Value;
- Accounting expenses;
- Property & Casualty – Commercial lines gross revenues;
- Current year combined ratio.

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 (which may vary between 25% and 50% of achievement against the target depending on the indicator), which defines the threshold below which no variable compensation for that component will be paid;
- a cap (which may vary between 150% and 175% of achievement against the target depending on the indicator), 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 (the "what") and (ii) qualitative factors, including leadership skills demonstrated by the members of the Management Committee measured against AXA's Leadership framework (the "how").

The assessment of the leadership competencies is based on the dimensions of the AXA Leadership framework, which includes:

- vision;
- customer;
- transform;
- deliver;
- develop;
- lead;
- collaborate.

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 2017: 1 USD = 0.8852 EUR; 1 SGD = 0.6415 EUR; 1 HKD = 0.1135 EUR and 1 CHF = 0.8995 EUR.

The variable compensations paid to the Management Committee members for 2015, 2016 and 2017 were:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

Members of the Management Committee *(in Euro)*		Country	Variable compensation for the year 2015			Variable compensation for the year 2016			Variable compensation for the year 2017		
			Target	Actual [b]	% Target	Target	Actual [b]	% Target	Target	Actual [b]	% Target
Thomas Buberl	Chief Executive Officer as of September 1, 2016	France	-	-	-	483,333	478,500 [a] [c]	99%	1,450,000	1,754,500 [a] [d]	121%
Total of the other Management Committee members			10,849,642	11,820,917	109%	8,795,152	9,029,203	103%	5,032,997	6,128,763	122%

(a) *This amount includes the part of the variable compensation with respect to 2016 and 2017 which has been deferred in accordance with the mechanism described below. The total amount paid will depend on performance conditions and may then vary.*

(b) *Amount before deduction of 70% of directors' fees.*

(c) *Please note that Mr. Thomas Buberl received a variable compensation of €592,850 in respect of his employee position within the AXA Group for the period from January 1 to August 31, 2016.*

(d) *Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the payment of the Chief Executive Officer's 2017 variable compensation is withheld until the approval of the Shareholders' Meeting on April 25, 2018.*

ANNUAL DEFERRED VARIABLE COMPENSATION

Since 2013, the Board of Directors has implemented a deferral mechanism for 30% of executive officers' variable compensation over a two-year period.

Under this mechanism, the Chief Executive Officer's deferred amount of variable compensation for the 2017 fiscal year will be paid out in two tranches, in 2019 and 2020. 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 of 120% of the deferred amount; provided, however that no 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 willful 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 2018, the first tranche of Mr. Thomas Buberl's deferred variable compensation for the 2016 fiscal year *i.e.* an amount of €84,604 was paid.

In relation with previous terms of office as Chairman & CEO and Deputy CEO, respectively, Messrs. Henri de Castries and Denis Duverne received (i) the second tranche of their deferred variable compensation for the 2015 fiscal year (*i.e.* an amount of €395,716 for Mr. Henri de Castries and €233,503 for Mr. Denis Duverne) and (ii) the first tranche of their deferred variable compensation for the 2016 fiscal year (*i.e.* an amount of €274,235 for Mr. Henri de Castries and €169,209 for Mr. Denis Duverne).

These amounts reflect the evolution of the AXA share price and were set at 98% of the deferred variable compensation granted in respect of the 2015 fiscal year and at 118% in respect of the 2016 fiscal year.

All the amounts presented in this Section 3.2 are gross amounts and before taxation.

Long Term Incentives (LTI) annual allotment

Each year, LTIs (stock options and performance shares) are granted to Group executives.

These LTIs represent an important 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 total 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 stock options and the performance shares granted to the Group executives and valued in accordance with IFRS standards are not disproportionate compared to the aggregate compensation, options and shares granted to the said executives.

These LTIs are integrally subject to performance conditions (please refer to pages 115 as well as 122 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 stock options, 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 2016					Year 2017				
Members of the Management Committee *(in Euro)*		Country	Compensation due 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 due 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 as of September 1, 2016	France	1,073,732 (a)	117,899 (b)	-	565,581 (b)	1,757,212 (c)	3,293,916 (a)	292,022	1,599,369	-	5,185,306 (d)
Total of the other Management Committee members			15,256,758	553,510	572,647	2,082,671	18,465,586	10,308,268	720,239	1,817,463	2,061,639	14,907,609

(a) This amount includes the part of the variable compensation with respect to 2016 or 2017 which has been deferred in accordance with the mechanism described on page 111. The total amount paid will depend on performance conditions and may then vary.

(b) The options and performance shares were granted to Mr. Thomas Buberl prior his appointment as the AXA Chief Executive Officer.

(c) This amount does not include the compensation received by Mr. Thomas Buberl in respect of his employee position for the period from January 1 to August 31, 2016 (i.e. €554,999 fixed compensation and €592,850 variable compensation).

(d) This amount includes the payment of the Chief Executive Officer's 2017 variable compensation which will be withheld until the approval of the Shareholders' Meeting on April 25, 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 6, 2016, the fair value of one option was €1.67 for options with performance conditions, and the fair value of one performance share was €14.02.

On June 21, 2017, the fair value of one option was €1.66 for options with performance conditions, and the fair value of one performance share was €15.91.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2017

Members of the Management Committee *(in Euro)*	Country	Year 2017											
		Amounts paid in respect of the year						Amounts paid during the year					
		Fixed compen-sation	Variable compensa-tion	Excep-tional compen-sation	Board fees	Benefits in kind	Total [(b)]	Fixed compen-sation	Variable compensa-tion [(b)]	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl Chief Executive Officer	France	1,450,000	1,228,150 [(a) (c)]	-	280,899	4,044	2,767,565	1,450,000	226,770	-	280,899	4,044	1,961,713
Total of the other Management Committee members		4,081,782	6,134,541	-	0	91,945	10,308,268	4,081,782	6,502,984	-	0	91,945	10,675,346

(a) This amount does not include the part of the variable compensation with respect to 2017 which has been deferred in accordance with the mechanism described on page 111.
(b) Director's fees are deducted up to 70% from the variable compensation.
(c) Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the payment of the the Chief Executive Officer's 2017 variable compensation is withheld until the approval of the Shareholders' Meeting on April 25, 2018.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2016

Members of the Management Committee *(in Euro)*	Country	Year 2016											
		Amounts paid in respect of the year						Amounts paid during the year					
		Fixed compen-sation	Variable compensa-tion	Excep-tional compen-sation	Board fees	Benefits in kind	Total [(b)]	Fixed compen-sation	Variable compensa-tion [(b)]	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl Chief Executive Officer as of September 1, 2016	France	483,333 [(c)]	334,950 [(a) (c)]	-	219,742	337	930,182 [(c)]	483,333	-	-	219,742	337	703,412
Total of the other Management Committee members		6,132,386	8,216,296	-	104,197	92,417	14,499,819	6,132,386	9,771,811	-	104,197	92,417	16,100,811

(a) This amount does not include the part of the variable compensation with respect to 2016 which has been deferred in accordance with the mechanism described on page 111.
(b) Director's fees are deducted up to 70% from the variable compensation.
(c) This amount does not include the compensation paid to Mr. Thomas Buberl in respect of his employee position for the period from January 1 to August 31, 2016 (€554,999 fixed compensation and €592,850 variable compensation).

The corporate officers do not receive directors' fees from AXA SA.

Directors' fees indicated in the above tables were paid for Board memberships held in AXA Group companies and are deducted up to 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 directors' fees. This principle of deduction of up to 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.

DIRECTORS' FEES

Directors' fees

During the fiscal year 2017, 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 2018 for 2017	Directors' fees paid in 2017 for 2016
Current members of the Board of Directors		
Denis Duverne – Chairman of the Board of Directors	0	0
Thomas Buberl – Chief Executive Officer	0	0
Jean-Pierre Clamadieu	107,166.43	102,263.30
Mrs. Irene Dorner	139,387.94	74,143.62
Jean-Martin Folz	219,387.94	152,388.30
André François-Poncet	120,248.57	-
Mrs. Angelien Kemna	139,387,94	78,292.55
Mrs. Isabelle Kocher	74,944.92	66,590.43
Mrs. Suet Fern Lee	99,360.73	101,138.30
Stefan Lippe	218,753.75	206,138.30
François Martineau	84,437.94	70,739.36
Ramon de Oliveira	188,219.56	179,888.30
Mrs. Deanna Oppenheimer	97,673.41	122,200.80
Mrs. Doina Palici-Chehab	108,853.75	101,138.30
Former members of the Board of Directors		
Norbert Dentressangle – Vice-Chairman – Senior Independent director	-	224,888.30
Paul Hermelin	20,235.13	74,888.30
Mrs. Dominique Reiniche	31,941.97	95,301.86
TOTAL	**1,650,000.00**	**1,650,000.00**

Criteria of directors' fees allocation

The total annual amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 30, 2015 at €1,650,000.

At the Shareholders' Meeting of April 25, 2018, shareholders of the Company will be asked to increase this amount to €1,900,000, *i.e.* an increase of 15%. This increase will be apportioned progressively so that the amount paid to each director would remain stable in the next years despite the increase in the number of directors due to the appointment of two directors representing the employees.

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 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 2017 an annual gross cash compensation of €634,047 [1] in connection with her position as Chief Executive Officer of AXA Insurance Pte Ltd. (Singapore) and AXA China Region Insurance Company Limited (Hong Kong). This compensation consists of €498,175 of fixed compensation and €135,872 of variable compensation.

Mrs. Suet Fern Lee and Mr. Ramon de Oliveira received in 2017, as Non-Executive Director of several companies of the Group, directors' fees for a gross amount of €11,231 for Mrs. Suet Fern Lee, and USD 83,400 for Mr. Ramon de Oliveira.

Stock options

Since 1989, AXA has granted stock options to its corporate officers and its employees in France and abroad. The purpose of these grants is to associate them with AXA's share price performance and encourage their performance over the long term.

Stock options are valid for a maximum period of 10 years. They are 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.

GRANT PROCEDURE

Within the global limit authorized by the Shareholders' Meetings, the Board of Directors approves all stock option programs prior to their implementation. For the last few years, the choice was systematically made to grant purchase options.

Each year, the Board of Directors, upon recommendation of its Compensation & Governance Committee, approves the grant of a global option pool. The pool of options allocated to each operating business is essentially determined on the basis of their contribution to the Group's financial results during the previous year and with consideration of specific local needs (market competitiveness, adequacy with local practices, specific regulatory frameworks, and support to Group development).

Stock options are designed to align long term interest of Group senior executives with shareholders through the performance of the AXA share price.

Beneficiaries and individual grants are determined taking into account the (i) criticality of the position within the organization, (ii) criticality of the individual in the current position and potential for future, (iii) sustainability of the individual contribution and (iv) specificity of compensation arrangements due to regulatory frameworks. The recommendations for individual grants of options are made by the executive management of the operating businesses and by the Group's functional department heads. These recommendations are reviewed by the Group Executive Management to ensure a global coherence. Individual grants of options are then decided by the Board of Directors, provided that individual grants to the Chief Executive Officer and the other members of the Management Committee are preceded by a proposal of the Compensation & Governance Committee which especially takes into consideration the aggregate elements of compensation of the executive as well as the market studies carried out by the Group with an independent compensation-consulting firm. Furthermore, the level of allotment of options to the executive officers also depends on the level of achievement of the strategic objectives defined by the Board of Directors.

Usually, annual grants are made during the first half of the year. In 2017 the option grant took place on June 21, 2017. The strike price, equal to the average of the closing AXA share price during the 20 trading days before the grant date, was set at €23.92.

The Board of Directors also decided that the total number of options granted to the executive officers of the Company each year may not exceed 10% of the aggregate number of options granted during the same year, to avoid an excessive concentration of options granted to the executive officers.

In 2017, 3,070,397 subscription or purchase options with a strike price of €23.92 were granted to 144 employees, representing 0.13% of the outstanding share capital as at December 31, 2017 (disregarding the dilution related to the potential future exercise of these options).

On December 31, 2017, approximately 4,700 Group employees held a total of 23,114,171 outstanding options, representing 0.95% of the Company's share capital on the same date.

(1) Mrs. Doina Palici-Chehab's cash compensation was paid in SGD and HKD.

PERFORMANCE CONDITIONS

Since 2010, all options granted to all members of the Management Committee were subject to performance condition. This performance condition also applies 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] over a same period. 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, as from 2017, the Board of Directors decided that a new performance condition will apply to all the options granted, pursuant to which beneficiaries would not be able to exercise their stock options in the event the net income Group share is negative, and for as long as it remains.

STOCK OPTIONS PLAN SUMMARY

Date of the Shareholders' Meeting	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005
Grant date (Board of Directors or Management Board)	10/05/2007	10/05/2007	10/05/2007	24/09/2007	24/09/2007
Total number of beneficiaries	2,866	876	1,163	4	16
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	6,818,804	1,815,676	1,312,233	10,681	12,587
Corporate officers:					
Thomas Buberl	-	-	-	-	-
Denis Duverne	327,816	-	-	-	-
Doina Palici-Chehab	5,993	-	-	-	-
The first 10 employees beneficiaries [(b)]	645,899	246,161	284,022	-	8,903
Start date of exercise	10/05/2009	10/05/2009	10/05/2009	24/09/2009	24/09/2011
Expiry date of options	10/05/2017	10/05/2017	10/05/2017	24/09/2017	24/09/2017
Subscription or purchase price of options [(a)]	32.95	33.78	33.78	29.72	29.72
Exercise schedule of options	33% after 2 y 66% after 3 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 31/12/2017	0	0	0	0	0
Options cancelled at 31/12/2017	6,818,804	1,815,676	1,312,233	10,681	12,587
Options outstanding at 31/12/2017	0	0	0	0	0

Date of the Shareholders' Meeting	20/04/2005	20/04/2005	20/04/2005	20/04/2005	22/04/2008
Grant date (Board of Directors or Management Board)	19/11/2007	19/11/2007	01/04/2008	01/04/2008	19/05/2008
Total number of beneficiaries	2	6	4,339	1,027	2
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	4,689	8,205	8,056,370	1,240,890	6,004
Corporate officers:					
Thomas Buberl	-	-	-	-	-
Denis Duverne	-	-	319,621	-	-
Doina Palici-Chehab	-	-	4,149	-	-
The first 10 employees beneficiaries [(b)]	-	-	592,194	265,967	-
Start date of exercise	19/11/2009	19/11/2011	01/04/2010	01/04/2010	19/05/2010
Expiry date of options	19/11/2017	19/11/2017	01/04/2018	01/04/2018	19/05/2018
Subscription or purchase price of options [(a)]	28.53	28.53	21.00	21.00	23.42
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% after4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/2017	0	0	3,828,918	545,980	0
Options cancelled at 31/12/2017	4,689	8,205	1,687,516	397,475	6,004
Options outstanding at 31/12/2017	0	0	2,539,936	297,435	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.

(1) SXIP index (StoxxInsurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. On December 31, 2017, this index included 33 companies of the sector.

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)	**19/05/2008**	**22/09/2008**	**22/09/2008**	**24/11/2008**	**20/03/2009**	**20/03/2009**	**02/04/2009**	**10/06/2009**	**10/06/2009**	**21/09/2009**
Total number of beneficiaries	**10**	**3**	**40**	**7**	**4,627**	**759**	**28**	**29**	**17**	**16**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	**12,360**	**19,127**	**46,929**	**19,047**	**4,870,844**	**407,692**	**114,324**	**22,291**	**2,137,462**	**53,237**
Corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	-	-	-	-	-	-	-	226,398	-
Doina Palici-Chehab	-	-	-	-	3,227	-	-	-	-	-
The first 10 employees beneficiaries [(b)]	12,360	-	21,250	-	293,954	51,018	84,309	20,317	615,165	47,753
Start date of exercise	19/05/2012	22/09/2010	22/09/2012	24/11/2012	20/03/2011	20/03/2011	02/04/2011	10/06/2013	10/06/2011	21/09/2013
Expiry date of options	19/05/2018	22/09/2018	22/09/2018	24/11/2018	20/03/2019	20/03/2019	02/04/2019	10/06/2019	10/06/2019	21/09/2019
Subscription or purchase price of options [(a)]	**23.42**	**21.19**	**21.19**	**13.89**	**9.76**	**9.76**	**9.76**	**13.03**	**15.47**	**15.88**
Exercise schedule of options	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	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 31/12/2017	0	0	4,715	16,117	3,137,464	179,156	55,252	2,589	1,521,287	38,424
Options cancelled at 31/12/2017	12,360	19,127	32,282	2,930	840,555	129,733	49,766	16,813	253,569	12,619
Options outstanding at 31/12/2017	**0**	**0**	**9,932**	**0**	**892,825**	**98,803**	**9,306**	**2,889**	**362,606**	**2,194**

(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.

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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)	08/12/2009	08/12/2009	19/03/2010	19/03/2010	18/08/2010	18/08/2010	13/10/2010	13/10/2010	22/12/2010	18/03/2011
Total number of beneficiaries	2	13	5,062	476	3	5	1	17	8	6,372
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	3,134	20,890	7,671,540	278,986	22,846	10,619	4,274	27,772	12,758	8,598,469
Corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	-	264,000	-	-	-	-	-	-	247,500
Doina Palici-Chehab	-	-	3,850	-	-	-	-	-	-	8,750
The first 10 employees beneficiaries [(b)]	-	18,280	742,217	75,035	-	-	-	21,364	-	980,684
Start date of exercise	08/12/2011	08/12/2013	19/03/2012	19/03/2012	18/08/2012	18/08/2014	13/10/2012	13/10/2014	22/12/2014	18/03/2013
Expiry date of options	08/12/2019	08/12/2019	19/03/2020	19/03/2020	18/08/2020	18/08/2020	13/10/2020	13/10/2020	22/12/2020	18/03/2021
Subscription or purchase price of options [(a)]	16.60	16.60	15.43	15.43	13.89	13.89	13.01	13.01	12.22	14.73
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	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/2017	0	3,656	4,435,754	118,733	15,846	6,458	2,274	7,121	5,582	4,704,130
Options cancelled at 31/12/2017	3,134	16,190	1,300,223	40,343	7,000	4,161	0	16,379	6,379	1,405,106
Options outstanding at 31/12/2017	**0**	**1,044**	**1,935,563**	**119,910**	**0**	**0**	**2,000**	**4,272**	**797**	**2,489,233**

(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	27/04/2011	27/04/2011	27/04/2011	27/04/2011	23/04/2014	23/04/2014	26/04/2017
Grant date (Board of Directors or Management Board)	**18/03/2011**	**04/04/2011**	**16/03/2012**	**13/06/2012**	**22/03/2013**	**24/03/2014**	**19/06/2015**	**06/06/2016**	**21/06/2017**
Total number of beneficiaries	**423**	**170**	**467**	**1**	**162**	**158**	**148**	**158**	**144**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	**154,705**	**375,988**	**4,508,380**	**76,089**	**3,480,637**	**3,100,000**	**3,014,469**	**3,323,259**	**3,070,397**
Corporate officers:									
Thomas Buberl	-	-	-	-	-	-	-	70,598 [(c)]	175,917
Denis Duverne	-	-	192,000	-	169,000	155,000	145,381	0	0
Doina Palici-Chehab	-	-	7,500	-	14,000	14,110	13,461	15,028	15,224
The first 10 employees beneficiaries [(b)]	21,412	183,500	693,745	-	789,382	661,900	683,100	813,477	787,665
Start date of exercise	18/03/2015	04/04/2013	16/03/2014	13/06/2014	22/03/2015	24/03/2017	19/06/2018	06/06/2019	21/06/2020
Expiry date of options	18/03/2021	04/04/2021	16/03/2022	13/06/2022	22/03/2023	24/03/2024	19/06/2025	06/06/2026	21/06/2027
Subscription or purchase price of options [(a)]	**14.73**	**14.73**	**12.22**	**9.36**	**13.81**	**18.68**	**22.90**	**21.52**	**23.92**
Exercise schedule of options	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	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
Number of options exercised at 31/12/2017	62,948	243,390	2,861,837	76,089	1,763,719	313,684	0	0	0
Options cancelled at 31/12/2017	28,191	97,823	551,439	0	255,483	208,140	107,000	172,813	15,942
Options outstanding at 31/12/2017	**63,566**	**34,775**	**1,095,104**	**0**	**1,461,435**	**2,578,176**	**2,907,469**	**3,150,446**	**3,054,455**

(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.
(c) In 2016, options were granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS GRANTED TO CORPORATE OFFICERS DURING 2017

Corporate officers		Plan date	Nature of options	Value of options *(in Euro)*	Number of options granted during the year	% of capital	Exercise price *(in Euro)*	Exercise period	Performance conditions
Thomas Buberl	Chief Executive Officer	21/06/2017	subscription or purchase	292,022	175,917	0.007%	23.92	21/06/2020-21/06/2027	100% of options: SXIP Index
Denis Duverne	Chairman of the Board of Directors	21/06/2017	subscription or purchase	0	0	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	21/06/2017	subscription or purchase	28,317	15,224	0.001%	23.92	21/06/2020-21/06/2027	Last third of options: SXIP Index

In the table above all dates that are indicated are in the format of day/month/year.

The fair value of stock options is determined in accordance with IFRS standards. This is 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 the Annual Report.

This value does not represent a current market value, a current valuation of these options, nor does the actual proceed if and when the options are exercised. On June 21, 2017, the fair value of one option was €1.96 for options without performance conditions and €1.66 for options with performance conditions.

Under the AXA Group Compliance and Ethics Guide, 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 2017

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	22/03/2013	subscription or purchase	17,332	13.81	22/03/2023	100% of options: SXIP index
		24/03/2014	subscription or purchase	16,267	18.68	24/03/2024	100% of options: SXIP index
Denis Duverne	Chairman of the Board of Directors	22/03/2013	subscription or purchase	56,332	13.81	22/03/2023	100% of options: SXIP index
		24/03/2014	subscription or purchase	51,667	18.68	24/03/2024	100% of options: SXIP index
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	22/03/2013	subscription or purchase	4,666	13.81	22/03/2023	Last third of options: SXIP Index
		24/03/2014	subscription or purchase	4,704	18.68	24/03/2024	Last third of options: SXIP Index

(a) 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 2017

Corporate officers		AXA options				ADS AXA options			
		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	22/03/2013	17,332	13.81	20/12/2017	-	-	-	-
		24/03/2014	16,267	18.68	20/12/2017	-	-	-	-
Denis Duverne	Chairman of the Board of Directors	01/04/2008	213,082	21.00	04/08/2017	-	-	-	-
		18/03/2011	7,246	14.73	21/12/2017	-	-	-	-
		18/03/2011	2,205	14.73	29/12/2017	-	-	-	-
		16/03/2012	57,760	12.22	20/12/2017	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	01/04/2008	4,149	21.00	14/12/2017	-	-	-	-
		20/03/2009	3,227	9.76	14/12/2017	-	-	-	-
		19/03/2010	3,850	15.43	14/12/2017	-	-	-	-
		18/03/2011	8,750	14.73	14/12/2017	-	-	-	-
		16/03/2012	7,500	12.22	14/12/2017	-	-	-	-
		22/03/2013	14,000	13.81	14/12/2017	-	-	-	-
		24/03/2014	4,704	18.68	14/12/2017	-	-	-	-

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS GRANTED AND/OR EXERCISED BY THE TOP 10 BENEFICIARIES (OUTSIDE THE CORPORATE OFFICERS) DURING 2017

	Number of options granted or exercised	Weighted average price *(in Euro)*
Stock options granted during the year by AXA or any eligible AXA Group subsidiaries, to the ten employees, outside management bodies' members of the Company or of eligible AXA Group's subsidiaries, who received the highest number of stock options (aggregate information)	787,665	23.92
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)	1,686,620	17.29

STOCK OPTIONS HELD BY CORPORATE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS OF DECEMBER 31, 2017)

Corporate officers		Balance of options at December 31, 2017	
		AXA	ADS AXA
Thomas Buberl	Chief Executive Officer	329,320	-
Denis Duverne	Chairman of the Board of Directors	764,733	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	53,119	-

3

Performance Shares and International Performance Shares

Performance Shares are designed to recognize and motivate the Group's best talents and critical skills by aligning the individuals interests with the overall performance of the AXA Group, of their operating business as well as with the stock performance of the AXA share in the medium-term (3 to 5 years). Performance Shares generally result in less shareholder dilution than stock options, 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 global 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 annual grants of performance shares are generally made simultaneously with the grants of stock options.

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 net income or adjusted earnings to measure the operating businesses' performance, and (ii) the net income per share or 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%.

For each of these indicators, the cumulated performance over the fiscal years of the acquisition period is compared to the cumulated performance of such indicator over a reference period of identical duration preceding the performance shares grant.

As from the 2016 grant, the performance of the operating business weighs for 50% of the total performance while the AXA Group performance weighs for 40%. For beneficiaries in Group functions (including AXA executive officers), the considered operating business is the AXA Group.

Moreover as from 2016, two new relative performance criteria were introduced in the calculation of the global performance:

- one criterion linked to Corporate Social Responsibility – CSR (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 seventy-fifth percentile [(1)],
  - 80% of the shares shall be granted if AXA's score is equal to the seventy-fifth percentile,
  - 100% of the shares shall be granted if AXA's score is equal to the eighty-fifth percentile, and
  - a maximum of 130% of the shares shall be granted if AXA's score is equal or greater than the ninety-fifth 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) 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% CSR (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 Ambition 2020 strategic Plan.

In the event of 100% achievement of the Ambition 2020 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;
- 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.

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.

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%	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%	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
CSR 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% CSR 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.

As far as Performance Shares are concerned:

- the Performance Share grants are conditioned on a minimal 3-year acquisition period allowing the measurement of the performance determining the definitive grant of the shares over a longer period, *i.e.* at least 3 years;
- shares acquired, under the condition that the beneficiary is still employed by the AXA Group, at the end of the acquisition period are restricted from sale during a 2-year period.

As far as International Performance Shares are concerned:

- the International Performance Shares are subject to a 3-year performance period followed by a 1-year deferred acquisition period. 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 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.

PERFORMANCE SHARES PLANS SUMMARY

International Performance Shares plans

Grant date (Board of Directors)	22/03/2013	24/03/2014	19/06/2015	06/06/2016	21/06/2017
Total number of beneficiaries	5,162	5,101	5,093	4,968	5,200
Total number of International Performance Shares granted	6,958,447	5,795,117	5,737,538	6,324,271	5,759,830
from which granted to:					
Corporate officers:					
Thomas Buberl	31,200	29,200	28,727	40,341 [a]	-
Denis Duverne	-	-	-	-	-
Doina Palici-Chehab	8,400	8,400	7,692	8,589	8,700
Acquisition date of the International Performance Shares	22/03/2016	24/03/2017 [b]	19/06/2019	06/06/2020	21/06/2021
Number of International Performance Shares acquired at 31/12/2017	6,653,980 [c]	2,644,621	7,863 [d]	421 [e]	4,528 [f]
Number of International Performance Shares cancelled	1,027,125 [g]	1,174,391	775,427	646,231	158,104
Balance at 31/12/2017	0	2,546,698	4,956,063	5,676,956	5,598,243

(a) In 2016, International Performance Shares were granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.
(b) 50% of shares acquired on March 24, 2017 and 50% to be acquired on March 24, 2018.
(c) 479 units of the March 22, 2013 plan acquired post acquisition date.
(d) 7,863 units of the June 19, 2015 plan acquired by anticipation.
(e) 421 units of the June 6, 2016 plan acquired by anticipation.
(f) 4,528 units of the June 21, 2017 plan acquired by anticipation.
(g) 400 units of the March 22, 2013 plan restated.

In the table above all dates that are indicated are in the format of day/month/year.

Performance Shares plans

Date of the Shareholders' Meeting	27/04/2011	27/04/2011	23/04/2014	27/04/2016	27/04/2016
Grant date (Board of Directors)	22/03/2013	24/03/2014	19/06/2015	06/06/2016	21/06/2017
Total number of beneficiaries	2,212	2,199	2,250	2,342	2,673
Total number of Performance Shares granted	2,944,910	2,662,849	2,459,256	2,358,236	2,486,368
from which granted to:					
Corporate officers:					
Thomas Buberl	-	-	-	-	100,526
Denis Duverne	128,400	104,125	82,603	0	0
Doina Palici-Chehab	-	-	-	-	-
Acquisition date of the shares	22/03/2015	24/03/2016 [(a)]	19/06/2018 [(b)]	06/06/2019	21/06/2020 [(c)]
End of restriction	22/03/2017	24/03/2018	19/06/2020 [(b)]	06/06/2021	21/06/2022
Number of shares acquired at 31/12/2017	2,905,776	2,595,903 [(a)]	5,187 [(d)]	5,455 [(d)]	0
Number of Performance Shares cancelled	117,992	142,895	128,682	97,528	28,994
Balance at 31/12/2017	0	0	2,326,584	2,256,512	2,457,374

(a) 50% of shares acquired on March 24, 2016, 50% on March 24, 2017, except for the Chairman & CEO, and the Deputy CEO at grant, 100% of shares acquired on March 24, 2017.
(b) One employee has chosen the 4+0 vesting calendar (aquisition on June 19, 2019 with no restricted period), based on the plan rules as he has moved out of France during the acquisition period.
(c) One employee has chosen the 4+0 vesting calendar (aquisition on June 21, 2021 with no restricted period), based on the plan rules as he has moved out of France during the acquisition period.
(d) Shares acquired by anticipation following a death event.

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 2017

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	21/06/2017	Performance Shares	100,526	0.004%	1,599,369	21/06/2020	21/06/2022	ajusted earnings per share ajusted earnings underlying earnings
Denis Duverne	Chairman of the Board of Directors	21/06/2017	-	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	21/06/2017	International Performance Shares	8,700	0.000%	134,154	21/06/2021	21/06/2021	ajusted earnings per share ajusted 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 the 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 Group Compliance and Ethics Guide, 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 (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 hedging transactions.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES ACQUIRED BY CORPORATE OFFICERS DURING 2017

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	24/03/2014	International Performance Shares	14,600	24/03/2017	16,004	110% [(a)]	24/03/2017
Denis Duverne	Chairman of the Board of Directors	24/03/2014	Performance Shares	104,125	24/03/2017	111,745	107% [(b)]	24/03/2019
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	24/03/2014	International Performance Shares	4,200	24/03/2017	5,199	124% [(c)]	24/03/2017

(a) The performance rate of 110% is composed of: 1/3 x 111% (Net income per share) + 2/3 x 109% (Underlying earnings and Net income, 50% of Norcee Region score 99% and 50% of Germany score 119%).

(b) The performance rate of 107% is composed of: 1/3 x 109% (Net income per share) + 2/3 x 107% (Underlying earnings and Net income).

(c) The performance rate of 124% is composed of: 1/3 x 111% (Net income per share) + 2/3 x 130% (Underlying earnings and Net income).

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 2017 FOR EACH CORPORATE OFFICER

Corporate officers		Plan date	Number of shares becoming unrestricted during the year	Date of availability
Thomas Buberl	Chief Executive Officer	24/03/2014	16,004	24/03/2017
Denis Duverne	Chairman of the Board of Directors	22/03/2013	133,786	24/03/2017
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	24/03/2014	5,199	24/03/2017

In the table above all dates that are indicated are in the format of day/month/year.

Share ownership policy for executives of the Group

AXA implemented a shareholding policy applicable to all the main senior executives of the Group. This policy imposes each executive to 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, 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 his/first appointment.

Pursuant to Articles L.225-197-1 and L.225-185 of the French Commercial Code, the Supervisory Board and later the Board of Directors have 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, 2017, based on the AXA share value on that date (€24.735), 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 31/12/2017		
	Fixed compensation	Number of years	Amount	Target date	Number of years	Amount	AXA shares	AXA Shareplan units
Thomas Buberl	€1,450,000	3	4,350,000	01/09/2021	3,4	€4,883,035.29	193,119	4,295

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, 2017, the number of AXA shares or ADS AXA indicated in the table below.

	Number of shares* owned on December 31, 2017	
	AXA Shares	ADS AXA
Denis Duverne – Chairman of the Board of Directors	1,445,562	18,734
Thomas Buberl – Chief Executive Officer	193,119	-
Jean-Pierre Clamadieu	9,000	-
Mrs. Irene Dorner	5,700 (a)	-
Jean-Martin Folz	11,084	-
André François-Poncet	5,342 (b)	-
Mrs. Angelien Kemna	5,850	-
Mrs. Isabelle Kocher	5,960	-
Mrs. Suet Fern Lee	8,000	-
Stefan Lippe	12,000	-
François Martineau	6,732	-
Ramon de Oliveira	-	11,300
Mrs. Deanna Oppenheimer	-	9,800
Mrs. Doina Palici-Chehab	6,740	-

* *AXA shares which could be indirectly held through Mutual funds are not taken into account.*
(a) On January 16, 2018.
(b) On January 5, 2018.

Transactions involving Company securities completed in 2017 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 2017 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		Subscription 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)	**Contribution of AXA shares to a family company** (Number)	**Automatic re-investment 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)	**Subscription to AXA shares** (Number)	**Subscription 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	1,920							17,332 [b] 16,267 [b]			22,904.08		27,166.02
Irene Dorner			2,000 1,500										
Denis Duverne	180,000 [a] 115,000 [a]				10,182.34			213,082 [a] 57,760 [a] [b] 7,246 [a] [b] 2,205 [a] [b]			35,357.28 [a]		25,143.93
André François-Poncet			2,080 2,012										
Angelien Kemna			5,850										
Doina Palici-Chehab	25,500									4,704 9,334 4,666 7,500 8,750 3,850 3,227 4,149			377.32

(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).

Pursuant to the AXA Group Compliance and Ethics Guide, 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 about 15 days before its quarterly financial information releases. Depending on the circumstances, these blackout periods could be declared at other times or be longer.

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.

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 8% social charges (7.5% for CSG and 0.5% for CRDS).

Retirement Performance Shares

Since December 2016, AXA implemented a retirement performance shares plan which benefits to all executive employees *(directeurs)* of AXA Group entities in France including Mr. Thomas Buberl, AXA's Chief Executive Officer.

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; (ii) a holding period of two years following the acquisition period and (iii) 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 and two-year holding 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 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. 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 average ratio is below 150%. No minimum number of shares is guaranteed.

No shares will be acquired if the Company does not pay dividends during any year of the acquisition period.

The Company's 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.

At the Company's Board of Directors meeting on December 14, 2017, the Board of Directors approved a grant of retirement performance shares. Accordingly, 601,444 retirement performance shares were granted to 522 officers, which represent 0.02% of the outstanding share capital on the date of the grant, of which 11,376 retirement performance shares were granted to AXA's Chief Executive Officer representing less than 2% 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, 2017 and ending on December 31, 2019.

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: 09/01/2016 Term of office: 2018 [(a)]	–	X	X [(b)]	–	X	–	–	X
Denis Duverne Chairman of the Board of Directors Beginning of current mandate: 09/01/2016 Term of office: 2018 [(a)]	–	X	X [(c)]	–	–	X	–	X

(a) AXA's Board of Directors unanimously decided to propose to shareholders the renewal of Messrs. Denis Duverne and Thomas Buberl as directors for a period of 4 years at AXA's next Shareholders' Meeting to be held on April 25, 2018.

(b) Mr. Thomas Buberl is a beneficiary of the retirement performance shares plans.

(c) 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.

In accordance with the recommendations of the Afep-Medef Code, Mr. Thomas Buberl has decided to renounce 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 will 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) 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 26, 2017. They took effect upon Mr. Thomas Buberl's effective renunciation of his employment contract on September 1, 2016 and will continue so for the duration of his mandate and under any potential renewed mandates.

Pursuant to Article L.225-42-1 of the French Commercial Code, further to AXA's Board of Directors unanimous decision to propose to shareholders the renewal of Thomas Buberl as directors at AXA's next Shareholders' Meeting, these commitments will be again submitted to the approval of AXA' Shareholders' Meeting to be held on April 25, 2018.

Report of the Board of Directors on the compensation policy of the Company's corporate officers

(Ordinary and Extraordinary Shareholders' Meeting of April 25, 2018)

This report was prepared in accordance with Article L.225-37-2 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 21, 2018, 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 the 2017 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 exclusively composed of independent members who exchange frequently with the Group's management and the Internal 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 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 Group's long-term business strategy and to align the interests of its management with those of the Company, 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 results and demonstrated individual leadership competencies.

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, technical 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 2018, 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 2018, 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 2018 fiscal year will be based on the following two components:

- 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 Protection & Health and Net Promoter Score (customer recommendation index). The relative weight of each indicator is, respectively, 55%, 15%, 15% and 15%. 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.

The determination of the actual amount of variable compensation to be paid to the Chief Executive Officer will be based on the following formula:

Amount of the variable compensation to be paid = [Target variable compensation * (Group performance * Individual performance)].

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 conditions. Thus, the actual deferred amount will vary depending on changes in the AXA share price over the deferral period, within a minimum of 80% and a maximum of 120% of the deferred amount. However, no 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 willful misconduct, prior to the payout date.

Pursuant to the provisions of Article L.225-37-2 of the French Commercial Code, payment of the Chief Executive Officer's variable cash compensation for 2018 is subject to the approval by the Shareholders' Meeting to be held in 2019 of the compensation elements paid or granted to the Chief Executive Officer for the 2018 fiscal year.

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 stock options and performance shares.

In order to give the Chief Executive Officer a stake in long-term value creation, these LTIs represent an important part of his compensation. Therefore, the value of the allocated LTIs 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 stock options and 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 LTIs allocated to the Company's corporate officers in the form of stock options and performance shares may not exceed 10% of the total number of LTIs granted to all beneficiaries within the Group.

The LTIs 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 the 2017 Annual Report), which are assessed over a minimum period of three years, and do not guarantee any minimum grant or gain. Moreover, the LTI 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 instruments 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.

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 LTIs to be granted to the Chief Executive Officer during 2018, 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, (ii) a holding period of two years following the end of the acquisition period, and (iii) 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 all or part of their shares (after the end of the acquisition period of three years and the holding period of two 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 the 2017 Annual Report), linked to the average AXA Group Solvency II ratio calculated over the vesting 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 2018 shall not exceed 15% of his cash fixed and variable annual 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 Statutory Auditors' special report on regulated agreements and commitments as well as in the 2017 Annual Report.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER AFTER THE SHAREHOLDER'S MEETING TO BE HELD ON APRIL 25, 2018

For purposes of this report 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 25, 2018.

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 the 2017 Annual Report.

(1) Except in the event of death, invalidity or retirement.

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 the 2017 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 2018, *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 options or 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.

APPOINTMENT OF A NEW CHAIRMAN OF THE BOARD OF DIRECTORS AFTER THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 25, 2018

For purposes of this report 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 25, 2018.

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 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 the 2017 Annual Report.

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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 November 2016 (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 – a balanced and efficient governance" 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 to adapt in certain cases set out below the provisions of the Afep-Medef Code while remaining in line with the principles of the Afep-Medef Code:

- Section 8.5 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 a non-executive directorship in one or more Group subsidiaries wholly 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;
- Section 24.3.3 of the Afep-Medef Code relating to the exercise of stock options: pursuant to the Afep-Medef Code, companies shall determine periods preceding the disclosure of their financial statements during which the exercise of the stock options is not allowed ("sensitive periods"). AXA Group's Compliance and Ethics Guide defines sensitives periods as periods beginning 30 days prior to the disclosure of the annual or half-year earnings releases and 15 days prior to its quarterly financial information releases. During sensitive periods, the AXA Group's Compliance and Ethics Guide (i) permits the exercise of AXA stock options but (ii) prohibits the sale of shares acquired upon exercise of stock options ("subscription and sale" transactions). Consequently, beneficiaries of options may exercise options at their pre-determined strike price at any time but may not sell AXA shares obtained upon exercise (or otherwise engage in transactions involving AXA securities) during sensitive periods (or during other periods outside of sensitive periods when they may be in possession of material non-public information). It should be noted that the French High Committee for Corporate Governance *(Haut Comité de Gouvernement d'Entreprise)* in its Annual Report dated October 2014 considers this position to be acceptable.

3.4 RELATED PARTY TRANSACTIONS

For information concerning related-party transactions, please see Note 28 “Related-party transactions” included in Part 5 “Consolidated Financial Statements” of this Annual Report.

Special report of the Statutory Auditors on regulated agreements and commitments

(For the year ended December 31, 2017)

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**

25, avenue Matignon

75008 Paris, France

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA we hereby submit our report on regulated agreements and commitments.

It does not fall within the scope of our assignment to ascertain the potential existence of other agreements and commitments but rather, on the basis of the information that was given to us, to inform you, the shareholders, of the main features of those agreements and commitments of which we have been informed and the reasons for the Company's interest in those. It is not our responsibility to express an opinion on the utility or merits of such agreements. Pursuant to Article R.225-31 of the French Commercial Code *(Code de commerce),* you are being asked to form an opinion on the relevance of such agreements and commitments for the purpose of approving them.

Furthermore, we are required, if necessary, to provide information, in accordance with Article R.225-31 of the French Commercial Code, on agreements and commitments previously approved by the Shareholders' Meeting which remained in force.

We performed our work in accordance with the standards of our profession applicable in France. These standards consisted in the verification of the consistency of the information we received with the basis documentation from which they are extracted.

Agreements and commitments to be approved by the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS AUTHORIZED SINCE THE YEAR ENDED DECEMBER 31, 2017

We have been informed of the following agreements and commitments, authorized since the year ended December 31, 2017, and that have been previously authorized by the Board of Directors.

With Mr. Thomas Buberl (Chief Executive Officer)

Nature, purpose and modalities

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, as an executive director, in the same conditions than the ones applicable to AXA Group director-level employees in France, took the following decisions:

- the Board of Directors confirmed that, as a corporate officer, Mr. Thomas Buberl will continue to have social benefits (health insurance, life insurance, disability insurance, etc.) on terms equivalent to those of all other Group director-level employees of the AXA Group in France;
- the Board of Directors authorized a contractual severance benefit for Mr. Thomas Buberl in the event of termination of his directorship as corporate officer 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 subject to 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: (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 Return On Equity 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,
- 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) 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 shall amount 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 of 24 months.

This commitment is in force since the effective renunciation by Mr. Thomas Buberl to his employment contract. It shall last for the duration of his current position as a corporate officer of AXA (*i.e.* since September 1, 2016), including under renewed mandates.

In accordance with Article L.225-42-1 of the French Commercial Code and in the context of the reappointment of Mr. Thomas Buberl by the Shareholder's Meeting of April 25, 2018, this severance benefit commitment has been authorized by the Board of Directors of February 21, 2018 and will be submitted again for approval to the Shareholder's Meeting of April 25, 2018.

The reasoned opinion of the Board of Directors relies on the position that it should be inequitable that the renunciation by Mr. Thomas Buberl of his employment contract prevent him, either immediately or in the future, from having social benefits he could profit as an employee.

Agreements and commitments already approved by the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING PRIOR FISCAL YEARS THAT REMAINED IN FORCE DURING THE PAST FISCAL YEAR

In accordance with Article R.225-30 of the French Commercial Code, we were advised of the following commitments and regulated agreements, approved during previous fiscal years, which remained in force during the past fiscal year.

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. 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 insurance, life insurance, disability insurance…) 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, life and disability insurance.

Neuilly-sur-Seine and Courbevoie, March 19, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars	
Xavier Crépon	Jean-Claude Pauly	Maxime Simoen

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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 the Management devotes very substantial resources to risk management on an on-going 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 AXA is exposed.

Financial risks

MARKET-RELATED RISKS

Negative developments in economic and financial market conditions, whether on a national, regional 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 2017, 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, continuing concerns over certain sovereign debt issuers, particularly in Europe; concerns over levels of economic growth and consumer confidence generally; the strengthening or weakening of foreign currencies, in particular the U.S. dollar, against the Euro; structural reforms or other changes made to the Euro, the Eurozone or the European Union; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies; inflation or deflation in certain markets; central bank intervention in the financial markets through quantitative easing or similar programs or the winding down or cessation of such programs; volatile energy costs; uncertainty regarding membership in the European Union or the Eurozone; "Brexit" and current negotiations between the United Kingdom and the European Union with respect to the United Kingdom's status in relation to the EU when it ultimately leaves the European Union; adverse geopolitical events (including acts of terrorism or military conflicts); and other recent developments such as recent political events in Spain, Germany and Poland, as well as continuing uncertainty regarding the U.S. and worldwide political, regulatory and economic environment following the inauguration of a new U.S. administration in January 2017, including potential measures affecting foreign trade and U.S. tax reform. Specifically, certain initiatives from governments and support of central banks previously put in place to stabilize financial markets are being wound down, which could, in an uncertain economic context, have an adverse effect on the global financial industry. In addition, geopolitical risks in various regions, including Russia, Ukraine, Syria, Iraq or North Korea, have contributed to increased economic and market uncertainty generally.

These factors 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, lower surrender rates than anticipated on other types of products, such as certain variable annuities, with in-the-money guarantees, 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.

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 including, in particular, our U.S. Variable Life and Variable Annuity 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 investment 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 for which it could be 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 investment 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 security 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 consolidated results of operations and financial position.

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 the continuing low level of interest rates generally may negatively impact our net interest income and the profitability of our Life & Savings business, which may have an adverse impact on Group profitability.

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 periods 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, and an extended period of low interest rates may increase the regulatory capital we are required to hold (including as a result of a lower solvency ratio) and the amount of assets we must maintain to support our reserves.

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 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 variable annuity account balances invested in fixed income funds; and 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.

Our exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. 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. 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.

Although we take measures 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 consolidated 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 participations and investments, revenues and expenses are denominated in currencies other than Euro (primarily in U.S. Dollar, Hong Kong Dollar, Pound Sterling, Japanese Yen, Swiss Franc), while our Consolidated Financial Statements are published 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 through our holdings of fixed interest and other instruments, and as a result of the potential for claim payments (particularly in relation to "long-tail" risks underwritten by our Property & Casualty businesses) and expenses to rise faster than anticipated in our reserving and pricing assumptions.

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.

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), interest on our debt and dividends 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 post 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 financial strength and credit ratings could adversely impact our competitive position and damage our relationships with creditors or trading counterparties

Insurer financial strength and credit ratings are important factors used by the market and customers in establishing the competitive position of insurance companies and in assessing our claims-paying ability. Rating agencies review their ratings and rating criteria and methodologies on a recurring basis, and may change their ratings at any time. Consequently, our current ratings may not be maintained in the future. 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) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vi) harming our relationships with creditors or trading counterparties and/or (vii) 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 to which we have ceded our insurance risks, customers, 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.

Under our reinsurance arrangements, other insurers or reinsurers assume a portion of the losses and related expenses under policies we issue, although we remain liable as the direct insurer on all risks reinsured. While we evaluate periodically the financial condition of our reinsurers to minimize our exposure to significant losses from reinsurer insolvencies, our reinsurers may become financially unsound by the time their financial obligations to us become due. In addition, in the future, reinsurance may not be available to us at commercially reasonable rates, and any decrease in the amount of our reinsurance will increase our risk of loss.

In addition, we carry out certain of our operations through joint ventures, and part of our product distribution is carried out through distribution arrangements with third parties that we do not control. As a result, we face operational, financial and reputational risk in the event that any of our joint venture partners fails to meet its obligations under our joint venture agreements, or fails to comply with applicable laws and regulations, or in the event of any disruption to our distribution arrangements.

We have also 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 and Asset Management businesses (including policy administration, claims related services, securities pricing and other services) which expose us to operational, financial and reputational risk in the event of a default by our counterparty service providers.

There can be no assurance that defaults by the foregoing or other counterparties would not materially and adversely affect our business and results of operations.

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 determining the pricing of our products, establishing insurance and employee benefits reserves and reporting capital levels and business results (using such industry measures of value as New Business Value (NBV) or European Embedded Value (EEV)). Adverse experience relative to such assumptions 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.

In our Life & Savings businesses, 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, such as Guaranteed Minimum Death Benefits (GMDB), Guaranteed Minimum Accumulation Benefits (GMAB), Guaranteed Minimum Income Benefits (GMIB) and Withdrawal for Life Benefits (GMWB), and the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, Value of Business In-Force and deferred participation assets) involves 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.

In addition, in accordance with industry practices and accounting and regulatory requirements, we establish reserves for claims and claims expenses related to our Property & Casualty business. 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 process involving numerous estimates, including the impacts of any regulatory and legislative changes and changes in economic conditions, 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.

Further, 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 Property & Casualty insurance business is cyclical, which may impact our results

Historically, Property & Casualty insurers 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, including competition, frequency or severity of loss events, levels of underwriting capacity by region or product line, general economic conditions and other factors. Changes in customer expectations for appropriate premium levels, the frequency or severity of claims or other loss events, or other factors affecting the property & casualty insurance business may have an adverse effect on our results of operations and financial condition.

The occurrence of natural or man-made disasters, including those resulting from changing weather patterns 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.

Catastrophic events such as hurricanes, windstorms, hailstorms, earthquakes, volcanic eruptions, freezes, floods, explosions, fires, pandemic diseases, terrorist attacks, cyber-crimes, military actions, and power grid and other core infrastructure failures could adversely affect our operations, results or financial condition, 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, monitoring risk accumulation, purchase of reinsurance and use of available data in estimating potential catastrophic risks. There can be no assurance, however, that we will be able to adequately anticipate such evolution. We have in the past experienced and could in the future experience material losses from these types of risks.

Over the past several years, changing weather patterns and climatic conditions, including as a result of global warming, have added to the unpredictability of natural disasters and created additional uncertainty as to future trends and exposures. In particular, the consequences of climate change are expected to significantly impact the insurance 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 not currently known to us.

In addition, legislative initiatives 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 and/or (ii) new disclosure requirements, similar to the ones imposed by French Law no. 2015-992 on "energy transition for green growth" (*transition énergétique pour la croissance verte*) or future legislation resulting from the adoption of initiatives from the Financial Stability Board's Taskforce on Climate-Related Financial Disclosures. Notably, Article 173 of Law no. 2015-992, which applies to us as of January 1, 2016, requires for institutional investors such as AXA to include in their Annual Report a description of how their investment policies take into consideration social, environmental and governance objectives, and contribute to the transition to a low-carbon economy. These and similar regulatory requirements, as well as any further regulations regarding energy transition or our energy-related investments, could increase our 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 7.4 "Responsible Investment, "Article 173"/ Climate-related Financial Disclosures (TCFD)" of this Annual Report.

OPERATIONAL AND BUSINESS-RELATED RISKS

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 companies, many of which are regulated differently from us and offer alternative products or more competitive pricing than we do.

The insurance 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 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.

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 in order to avoid or limit losses and liabilities. We use derivatives (including equity futures, Treasury bond futures, interest rates swaps and swaptions, equity options and variance swaps) to hedge certain, but not all, risks under guarantees provided to our clients, including the guarantees on variable annuities. On a substantial part of the in-force portfolio and for all new vintages of business, these hedging instruments are coupled with volatility risk mitigation techniques.

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 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.

The profitability of AXA's Variable Annuity products with guarantees depends, among other factors, on AXA's ability to effectively hedge the minimum guarantees. The Company has implemented and continues to pursue a number of initiatives, including re-design and re-pricing of certain product features, designed to improve the profitability of these products and limit future hedging losses on the minimum guarantees. There can be no assurance, however, that these initiatives will succeed in meeting their objective or that the re-designed and re-priced products will continue to be attractive to their target markets which, in either case, could have an adverse impact on AXA's business, competitive position, results of operations and financial condition.

Certain risks under the minimum guarantees and under other contracts and policies issued by AXA US are currently reinsured by AXA RE Arizona Company ("AXA RE Arizona") an indirectly wholly owned captive reinsurer subsidiary of AXA US, which hedges these risks using the techniques described above. In addition, in connection with the proposed initial public offering of a minority stake in the common stock of AXA Equitable Holdings, Inc., a portion of the business currently reinsured to AXA RE Arizona will cease being reinsured by AXA RE Arizona and will instead be transferred to and reinsured by a newly formed captive insurance company. In the event AXA RE Arizona or any other such captive reinsurer subsidiary were not able to post required collateral or cash to settle the above-mentioned hedges when due, they may be required to reduce the size of their hedging programs, which could ultimately impact their ability to perform under the reinsurance arrangements and AXA US's ability to receive full statutory reserve credit for such reinsurance arrangements.

In addition, the National Association of Insurance Commissioners ("NAIC") and various state regulators continue to consider additional regulations relating to the use by insurance companies of captive reinsurers, like AXA RE Arizona, as part of their capital management strategy. If state insurance regulators were to restrict the use of such captive reinsurers or impose additional capital requirements or if AXA US otherwise is unable to continue to use a captive reinsurer, the capital management benefits received by AXA US under such reinsurance arrangements could be adversely affected which could have a material adverse effect on AXA US's business, results of operations or financial condition.

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," cloud computing, 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 and pricing; by allowing customers and competitors to tailor coverage in ways that we do not currently offer; and 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.

Inadequate or failed processes or systems, human factors or external events including hacking or other cyber-security risks may adversely affect our profitability, reputation or operational effectiveness

Our business is highly dependent on the effective operation of our telecommunications, electronic data, information technology 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 customer, employee and company data and information, including proprietary and confidential information. Some of these systems, in turn, rely, on third-party systems.

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, employee misconduct, external fraud, natural or man-made disasters and terrorist attacks. We also face 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.

The increasing frequency and sophistication of hacking incidents 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. 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.

Despite the Group's implementation of a variety of security measures, the Group's systems may in the future be subject to unauthorized intrusions, such as physical or electronic break-ins, 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 and systems, 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 proprietary information from hacking or other types of unauthorized intrusions into the Group's information technology systems. There is no guarantee, however, that these measures will be effective and prevent all attempted intrusions into the Group's information systems and any such intrusion could result in operational disruption, loss of sensitive client data and/or proprietary information.

Interruptions or disruptions of our telecommunications and electronic data systems, or those of our third-party providers (including third-party providers deemed critical to our principal activities), or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could also potentially result in financial loss, impairment to our liquidity, a disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation. Notwithstanding the measures we take 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.

The Group's or its insurance subsidiaries' failure to meet their solvency capital 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 internal models used by certain 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 and how they could affect our results of operations, financial condition and liquidity and the insurance industry more generally. The AXA Group's solvency ratio is also 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 generally. In addition, regulators may become more conservative in the interpretation, application and enforcement of these rules, as a result of which they may, for example, impose increased reserving requirements for certain types of risks, greater liquidity requirements, higher discounts/"haircuts" on certain assets or asset classes, more conservative calculation methodologies or take other similar measures which may significantly increase regulatory capital requirements. In particular, the French insurance regulator, the *Autorité de contrôle prudentiel et de résolution* ("ACPR"), may impose changes to the internal model we use to calculate our solvency capital which may adversely affect our solvency ratio. In the event of a failure by our insurance subsidiaries to meet minimum regulatory capital requirements, insurance regulators 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. A failure of the Group and/or any of its insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position negatively impacting its competitive position, may also result in our deciding to inject significant amounts of new capital into such insurance subsidiaries 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 insurance subsidiaries which may have a consequent negative impact on us and the perception of our financial strength. Additional regulatory developments regarding solvency 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 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 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 restrictions may limit our ability to transfer funds freely, either to or from all our subsidiaries. In particular, our principal insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. Moreover, our designation as a Global Systemically Important Insurer ("GSII") by the Financial Stability Board, in consultation with the International Association of Insurance Supervisors ("IAIS") and national authorities, could impose 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.

Risks associated with acquisitions to expand or complement our business could adversely affect our business, future profitability and growth

External growth by acquisition involves risks that could adversely affect our operating results, including the substantial amount of management time that may be diverted from normal business to pursue and complete acquisitions. Our acquisitions could also result in the incurrence of additional indebtedness, costs, contingent or unforeseen liabilities and impairment and amortization expenses relating to goodwill and other intangible assets, all of which could materially adversely affect our business, financial condition and growth. We may also face difficulties or delays in managing and integrating the operations and personnel we acquire which, in turn, may cause us to lose key employees and/ or customers of the acquired companies.

Most recently, on March 5, 2018 AXA entered into an agreement to acquire XL Group Ltd ("XL Group"), subject to approval by XL Group's shareholders, receipt of certain regulatory approvals and other customary closing conditions.

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 64 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. While Management cannot predict whether or when future legislative or regulatory proposals may ultimately be enacted and the final form they will take, certain of these proposals, if enacted, could have a material adverse impact on our business activities, results of operations and financial conditions. We expect that new laws and regulations will increase the cost of doing business, including our operating costs, as well as our legal and compliance costs.

The designation of the AXA Group as a GSII, and the policy measures for GSII contemplated by IAIS, could have far reaching regulatory implications for the AXA Group and may adversely impact our capital requirements, profitability, the fungibility of our capital, our ability to grow through acquisition and our overall competitive position as compared to insurance groups that are not designated as GSIIs. In addition, the multiplicity of different regulatory regimes, capital standards and reporting requirements resulting from our GSII designation and/or work on new capital standards led by the IAIS such as the Insurance Capital Standard ("ICS") could increase operational complexity and costs.

In recent years there also has been an increase in legislative and regulatory initiatives and enforcement actions in the areas of financial crime compliance, anti-money laundering, international trade sanctions and anti-bribery laws and regulations (including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and the French Sapin II Act of 2016) and consumer protection (including the Insurance Distribution Directive (2016/97), the revised Markets in Financial Instruments Directive (2014/65/EU) and Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products). Implementation of these and any future regulations may increase the costs of compliance, limit or restrict our ability to do business or subject us to the possibility of civil or criminal actions or proceedings, all of which carry significant financial and reputational risk.

In addition, the applicable accounting standards, particularly IFRS as developed by the International Accounting Standards Board ("IASB"), are in a state of constant evolution, and the resulting changes could significantly impact insurers and other financial institutions, including AXA, that prepare their consolidated accounts in accordance with IFRS. In particular, IFRS 17, which will replace IFRS 4, may significantly affect the accounting treatment of policyholder liabilities. Given the interaction between financial assets and technical insurance liabilities, entities issuing insurance contracts within the scope of IFRS 4 may, under certain criteria, defer the implementation of IFRS 9 until the effective date of IFRS 17, but no later than

January 1, 2021. The Group is eligible for this temporary exemption and intends to apply it. Management is currently assessing the impact of the adoption of these new standards. Any significant modifications to IFRS may adversely impact the Company's 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 it does 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) may have on the business, financial condition or results of operations of our various businesses. 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.

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 and 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 image, brand, 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 may be involved in such 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 have, and are likely to continue to, increase litigation risks and costs. 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, financial condition, results of operations or reputation.

The quickly evolving regulatory environment surrounding data transfer and protection in the European Union could increase our costs and adversely impact our business

Data collection, transfer and protection 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 and strategy to the emerging regulatory environment.

Regarding transfer of data to the United States of America, following invalidation in 2015 of the European Commission's Safe Harbour Decision by the European Union Court of Justice, which allowed for the transfer of personal information for commercial purposes from companies in the EU to companies in the United States which had signed up to the U.S. Department of Commerce "Safe Harbor Privacy Principles," transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with U.S. companies and binding corporate rules for transfers within a multinational corporate group. While a new safe harbor, referred to as the "EU-U.S. Privacy Shield," was adopted in July 2016, banks and insurance companies are generally not currently eligible to register on the EU-U.S. 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. 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 image, brand or reputation.

In addition, while we have adopted a global Data Privacy Organization/Governance policy designed to manage risks related to data protection, there is 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 applicable in the European Union (including Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which will be directly applicable in all Member States from May 2018) or other jurisdictions where we operate or may operate in the future. Further, there can be no assurance that we will not unintentionally violate such laws or that such laws will not be modified, or that new laws will not be enacted in the future, which would cause us to be in violation of such laws. Any failure to comply with such laws could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact our earnings and reputation.

Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences on 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, including the U.S. Foreign Account Tax Compliance Act (FATCA) withholding requirements and the introduction of the Common Reporting Standard (CRS) across a multitude of jurisdictions in which the Group does business, could result in higher tax expenses and payments and are expected to result in higher compliance costs. In particular, the recently enacted U.S. Tax Cuts and Jobs Act (the "U.S. Tax Act") has introduced substantial changes to the U.S. tax system, including a reduction of the statutory rate of U.S. federal corporate income tax to 21% effective January 1, 2018, as well as a repeal of the corporate Alternative Minimum Tax ("AMT") while keeping existing AMT credits. It also contains measures affecting our insurance companies, including changes to the DRD, insurance reserves and tax DAC, and measures affecting our international operations such as a transitional tax on some accumulated earnings of foreign subsidiaries.

While the reduction in the statutory U.S. federal rate may positively impact AXA US's future post-tax earnings, the ultimate impact of the U.S. Tax Act is subject to the effect of other complex provisions (including the Base Erosion and Anti-Abuse Tax ("BEAT")), which Management is currently reviewing, as well as a number of internal system and process changes. It is possible that any impact of BEAT could reduce the benefit of the reduction in the statutory U.S. federal rate and, due to the uncertain practical and technical application of many of these provisions, it is currently not possible to reliably estimate how the U.S. Tax Act will impact the Group. Initial indications are that the reform positively impacts the Group on a recurring basis, and moreover resulted in a one-off positive impact of €288 million in 2017 due in particular to a re-evaluation of deferred tax liabilities through P&L under IFRS. It should be noted, however, that through equity, the U.S. Tax Act should have a negative one-off impact, since the U.S. was in a net DTA position at year-end 2017.

Overall, we expect the U.S. Tax Act to have a net positive economic impact on the Group. We continue to evaluate this new and complex piece of legislation, assess the magnitude of the various impacts, and monitor related potential regulatory changes.

Uncertainties in the interpretation or future developments of tax regimes, such as the U.S. tax system following the enactment of the U.S. 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 Organisation for Economic Co-operation and Development (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 14.13% of the Company's outstanding shares and 23.97% of its voting rights as of December 31, 2017. 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 power 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 and Asset Management business 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.

In order 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 and continuing basis and have the necessary information and tools to appropriately analyze and manage these risks, and that the Consolidated Financial Statements and other market disclosures are timely and 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 internal control system	Internal Audit		

The four key functions are:

- **the risk-management function,** which is, in particular, 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 and responsible of the Group Insurance Office;
- **the compliance function** (the "Compliance function"), which is, in particular, responsible for advising on compliance with the laws, regulations and administrative provisions regarding insurance and reinsurance activities as well as ensuring that compliance is effective. The compliance function holder at Group level is the Group Chief Compliance Officer;
- **the internal audit function,** which is, in particular, 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,** which is, in particular, responsible for overseeing the calculation of 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.

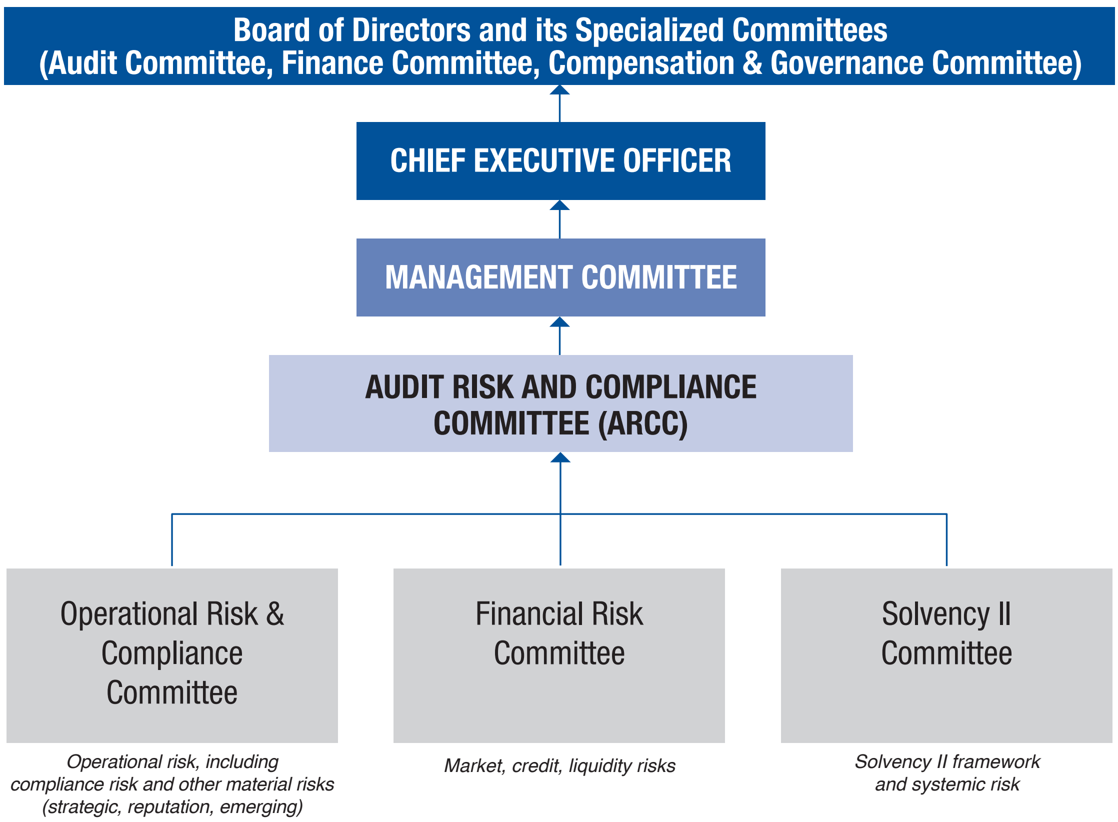
The Group's Chief Executive Officer, the Group's Chief Financial Officer and the Group General Secretary, who, under Solvency II, are deemed to be "persons who effectively run" the Group, and the key functions holders must fulfil the requirements for a fit and proper assessment, as set in the Group's internal procedure, adopted in compliance with the requirements of Solvency II regulation. Following this procedure, the Group has implemented regular assessments to ensure that the persons who effectively run the Group and key function holders meet the following requirements both at appointment and on an ongoing basis:

- appropriate competence and capability, taking into account professional qualifications, training, knowledge and relevant experience (such as prior Board or Board Committee membership) 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, appointment of each person who effectively runs the Group and each key function holder at Group level is required to 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 such person, as well as detailed background information. Solvency II also requires the implementation of procedures whereby the key function holders at Group level must have direct access to the Board of Directors.

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.*

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. The Audit Committee and the Finance Committee play a major role in the Group's overall internal control environment, notably when reviewing internal control and Risk Management related issues.

For more information about the composition and assignments of the Board of Directors and its Committees, please refer to Section 3.1 "Corporate governance structure – A balanced and efficient governance" [(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 (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 – A balanced and efficient governance" of this Annual Report [(1)].

Audit Risk and Compliance Committee (ARCC)

The Audit Risk and Compliance Committee ("ARCC") has been created in 2016 by the Chief Executive Officer with the view to strengthen the overall Group's Risk Management governance and is chaired by the Group Deputy Chief Executive Officer *("Directeur Général Adjoint")* and General Secretary with the purpose of reviewing all material audit, risk and compliance issues faced by the Group.

The scope of the ARCC covers all of the Group's operations and include among others:

- 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 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 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 Officer and the Group Chief Operating Officer.

Insurance risks are directly managed and monitored at the Group ARCC level.

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(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, 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 the Solvency II developments. The Solvency II Committee is also responsible to monitor the current development in systemic risk and to review the documentation required from the Group in light of its Global Systemically Important Insurer (GSII) status.

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 it operates to systematically identify, measure, manage and control the risks that the AXA Group may face.

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

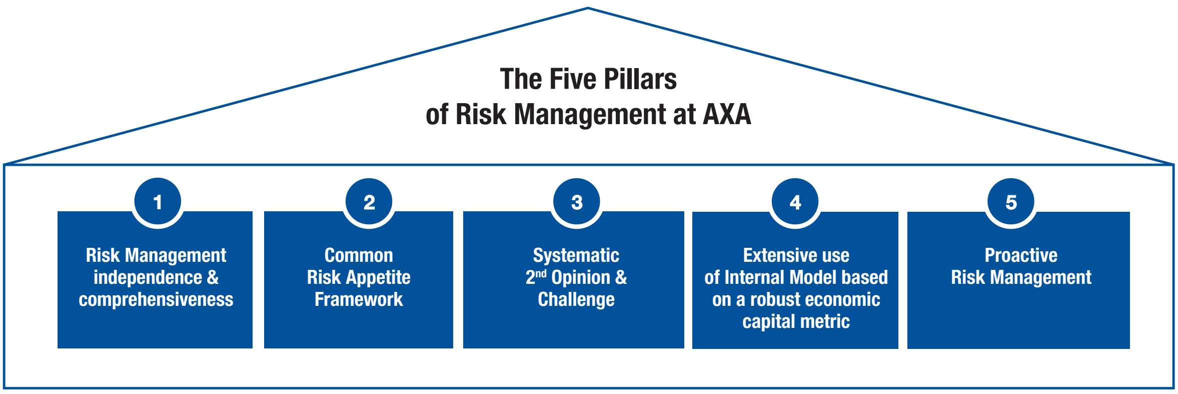
GRM is headed by the Group Chief Risk Officer, who reports to the Chief Executive Officer.

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 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 investments, ALM and reserves, product approval process and reinsurance 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.

The Risk Management function at Group level has been further reinforced since December 1, 2017 with the decision to create a Group Insurance Office ("GIO") which reports to the Group Chief Risk Officer and gathers Life & Savings, Health & Protection and Property & Casualty business experts in charge of promoting technical excellence and ensuring compliance with Group insurance guidelines and standards. In addition, a new reinsurance structure has been created (AXA Global Re) which also reports to the Group Chief Risk Officer. Its main mandate is to contribute to the protection of the Group through the centralization of the Group's purchasing 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 major changes related to the regulatory evolution applicable to AXA Group's operations. The Group Compliance function provides expertise, advice and support to the various entities of the Company to assess situations and significant compliance matters, analyze the major compliance risks and contribute to design solutions to mitigate those risks to which the Group is exposed. The Group Compliance function manages a wide range of compliance related matters including (i) financial crime matters (which include anti-corruption, anti-bribery, anti-money laundering programs as well as international sanctions/embargo compliance), (ii) data privacy, (iii) the Compliance & Ethics Guide, (iv) the monitoring of other major compliance and regulatory risks, and (v) regular reporting of significant compliance and regulatory matters to Executive Management and regulators.

The Group Compliance Chief Officer reports to the Group Deputy Chief Executive Officer *("Directeur Général Adjoint")* & 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 covered 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. These are validated annually by the Group Management Committee. Adherence to the Standards and Policies (*e.g.* Anti-Money Laundering, Sanctions, Anti-Bribery…) is mandatory.

In 2017, AXA Group Compliance reviewed and submitted to the Audit Committee and the Board of Directors a revised Compliance Policy. The updated policy is in force since January 1, 2018 and defines the responsibilities, scope, competencies and reporting duties of the compliance function as required by the Solvency II regime. The Compliance Policy also describes the responsibilities of the Group Compliance function in terms of risk identification, advice and monitoring activities.

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.

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 to the Board of Directors (as required) on significant compliance matters. These include major regulatory changes that have compliance implications, results of the

(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.

Compliance Risk Assessment, and any other significant issues that require escalation.

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. Group Internal Control is responsible for the development of a standardized methodology and framework for internal control and for oversight of its implementation in the AXA's subsidiaries Group. 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, 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 internal control and Risk Management 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 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.

The Global Head of Internal Audit has a direct reporting line directly to the Group Audit Committee Chairman.

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 a five year period, all applicable "Common Audit Universe" categories 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 an 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's Chief Risk Officer to ensure a better 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, 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, local Risk Management teams are responsible for checking the adequacy of the local risk profile, and for 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);
- to regularly verify and challenge the effectiveness of the control environment (Second Line responsibility);
- to 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, the internal financial control program, 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;
- managing the Internal Financial Control (IFC) program;
- developing and using management control tools;
- managing and consolidating the European Embedded Value and Available Financial Resources 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, the Group has implemented a comprehensive program, managed by PBRC, 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 define the IFC scope and governance, ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program.

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 and test the design and operational effectiveness of key controls, and remediate the identified control deficiencies.

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 or another senior executive 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 Registration Document.

This process is based on the following four pillars:

1. Chief Financial Officer Signs-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 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 Registration Document relating to risk and other matters;

4. Chief Financial Officer Sign-Off Certificates on 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 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 entities in the European Economic Area and insurance 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 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, 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.

ORSA mainly encompasses Risk Management and financial activities, which are organized around the following processes:

- Solvency Capital Requirement & Available Financial Resources (AFR) 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 and emerging risk.

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(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 2017-2020 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 ERM, including the identification and monitoring of non-quantifiable risks;
- the compliance, on a continuous basis, with 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. 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 extent to which the risk profile of the AXA Group deviates from the assumptions underlying the Solvency Capital Requirement 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 and capital requirements applicable to the Group, including the Solvency II regime, 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. This model has been used since 2009 in its Risk Management system and decision-making processes. On November 17, 2015, the Group received approval from the ACPR to use its Internal Model to calculate its Solvency Capital Requirement under Solvency II. The Internal Model encompasses the use of AXA Group economic capital model on all material entities, except AXA US which is considered in equivalence. The Group continues to review regularly the scope, underlying methodologies and assumptions of its Internal Model and will adjust its Solvency Capital Requirement accordingly. Any major changes to the model will have to be approved by the ACPR who may require further adjustments to the level of Solvency Capital Requirement. In addition, the Group monitors the work program of the European Insurance and Occupational Pensions Authority (EIOPA) which, through its objectives, is also expected to continue to carry out consistency reviews of the European insurer's (internal) models and any such reviews may lead to regulatory changes or supervisory guidance to increase convergence and to strengthen oversight of cross-border groups.

The Group's main goal in using its Internal Model as opposed to the standard formula is to better reflect the Group's risk profile in its Solvency Capital Requirement. 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
- 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.

(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 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 Solvency Capital Requirement, calculated on the basis of the Internal Model, represents the value at risk of Group Available Financial Resources 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. It strives to include all measurable risks (market, credit, insurance and operational) and reflects the Group's diversified profile.

In addition to the risks that result in a Solvency Capital Requirement through the Internal Model calculation, the Group also considers liquidity risk, reputation risk, strategic risk and regulatory risks as well as emerging threats.

AXA GROUP SOLVENCY RATIO

In addition to the Solvency Capital Requirement assessment, which intends to cover all quantifiable risks to which the Group is exposed (insurance, financial, and operational risks), AXA Group performs sensitivity analyses of its solvency ratio to material risks and events.

These analyses quantify, for instance, the potential impact on the AXA Group Solvency ratio of (i) financial shocks on corporate bond and sovereign spreads, on interest rates, and on equity; (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, 2017, published on February 22, 2018 was estimated at 205% [2], compared to 197% as of December 31, 2016 and remains within AXA's target range set at 170-230%.

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(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 based on the Internal Model calibrated based on adverse 1/200 year shock and assuming US equivalence. The Solvency II ratio will be finalized prior to the publication of AXA's Solvency and Financial Condition Report (SFCR).

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 for ACPR's 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, Regional Risk Management Departments and/or 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 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 AFR 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 when 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 ensure that its obligations and commitments to policyholders are met at all times, 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 Financial Officer. His role includes aligning AXA's investment strategy with the broader strategy of the Group, fostering closer cooperation amongst local entities, enhancing 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 chaired by the Group Chief Financial Officer. This Committee defines investment strategies, 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 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, notably if several local entities are participating in the same investment. In that case, 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 Bank Belgium, AXA Investment Managers, AB, AXA US 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 systematically reviewed and validated 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 addressed through the use of expert teams. 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 high-level 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 AB. 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 long-tail 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 rise in financial market volatility may increase the cost of hedging the guarantees associated with certain products such as Unit-Linked and Variable Annuities and decrease the Group's value;
- 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 ensure that the Group's obligations and commitments to policyholders are met at all time, 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 and AB for operating units as well as AXA Bank Belgium and AXA US for the hedging program of Variable Annuities' guarantees;
- 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. 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 Available Financial Resources (AFR), as described below;
- sensitivities of Group Solvency ratio (please refer to Section 4.2 "Internal control and Risk Management" of this Annual Report [1].

Available Financial Resources represent the amount of economic capital available to absorb losses under stress events. The AFR are the surplus of assets over liabilities derived from the Solvency II balance sheet.

AXA Group Risk Management is monitoring AFR sensitivities and the AFR is derived from IFRS equity. The following table presents the reconciliation between IFRS shareholders' equity to Group AFR.

Reconciliation IFRS shareholders' equity to Group AFR *(in Euro billion)*	**2017**
IFRS shareholders' equity [a]	**69.6**
Net URCG (c) not included in shareholders' equity	4.8
Elimination TSS/TSDI	(7.4)
Elimination Intangibles	(31.2)
Goodwill	*(14.3)*
DAC	*(13.3)*
VBI	*(1.5)*
Others	*(2.1)*
IFRS tangible net asset value [a]	**35.8**
Dividends to be paid	(3.0)
Addition TSS/TSDI and subordinated debt	15.1
Technical provision adjustments	9.4
Other adjustments	0.5
Group Available Financial Resources [b]	**57.8**

(a) Group share.
(b) Including minority interests.
(c) Net Unrealized Capital Gains.

The main elements of the reconciliation from the €69.6 billion of IFRS shareholders' equity to the €35.8 billion of IFRS TNAV are as follows:

- Addition of €4.8 billion of net unrealized gains and losses on assets not reflected in IFRS shareholders' equity;
- Deduction of €7.4 billion of undated deeply subordinated notes (TSS) and of undated subordinated notes (TSDI) included in IFRS shareholders' equity; and
- Elimination of €31.2 billion of intangible assets net of unearned revenues and fee reserves, taxes and policyholder bonuses.

The main elements of the reconciliation between the IFRS TNAV and the Group AFR are as follows:

- deduction of €3.0 billion of foreseeable dividends to be paid to shareholders in 2018;
- inclusion of €7.4 billion of undated deeply subordinated notes (TSS) and undated subordinated notes (TSDI), as well as €7.7 billion of dated subordinated debts;
- addition of €9.4 billion reflecting the Solvency II technical provision adjustments corresponding to the adjustment from IFRS reserves to best estimate liabilities (€+19.1 billion) and the market value margin (€-9.7 billion); and

(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.

- other adjustments between IFRS TNAV and Group AFR valuation (€+0.5 billion), notably the inclusion of minority interests and the treatment of US insurance subsidiaries under the equivalence regime.

The increase of the technical provision adjustments in 2017 compared to 2016 is mainly driven by the favorable economic conditions increasing the BEL adjustment. MVM remains stable as the positive market effect is compensated by model changes on risk margin. Other adjustments (€+0.5 billion) decreased compared to last year, mainly due to the reduction in available statutory capital in the US, reflecting the reduction in deferred tax assets, as a consequence of the anticipation of the recapture.

Information on the Group AFR is disclosed in the "Embedded Value & AFR report 2017" which is available on AXA Group website www.axa.com.

The sensitivities of the AFR to changes in major economic assumptions were calculated as follows for the 2017 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 AFR sensitivities	2017 AFR *(in Euro million)*	2017 AFR *(in percentage)*
Closing amount	**46,884**	**100%**
Interest rates +50bps	773	2%
Interest rates -50bps	(1,193)	-3%
Equity markets +25%	1,618	3%
Equity markets -25%	(2,944)	-6%

P&C AFR sensitivities	2017 AFR *(in Euro million)*	2017 AFR *(in percentage)*
Closing amount	**24,745**	**100%**
Interest rates +50bps	(63)	0%
Interest rates -50bps	73	0%
Equity markets +25%	936	4%
Equity markets -25%	(877)	-4%

All sensitivities are presented net of tax, and where applicable, net of policyholders' participation.

2017 interest rate sensitivities for Life & Savings business (% of L&S AFR) of 2% to upward 50 bps and -3% 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 AFR 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.

2017 interest rate sensitivities for Property & Casualty business (% of P&C AFR) of 0% to upward 50 bps and 0% to downward 50 bps reflect mainly the impacts on fixed-income assets, offset by discount on liabilities.

2017 equity market sensitivities for Life & Savings business (% of L&S AFR) of 3% to 25% higher value and -6% to 25% lower value show asymmetries mainly driven by 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.

2017 equity market sensitivities for Property & Casualty business (% of P&C AFR) of 4% to 25% higher value and -4% to 25% lower value reflect the impacts on equities including derivatives on equities.

EXCHANGE-RATE RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

In the insurance companies, which accounted for 90% of Group assets at December 31, 2017 (90% in 2016), assets and liabilities with foreign currency exposure are generally naturally matched or hedged.

- ***France:*** 26% of Group assets at the end of 2017 (24% in 2016):

In France, AXA was exposed to exchange-rate risk for a total amount of €18,751 million at the end of 2017 (€19,549 million in 2016) held both directly and indirectly through investment funds partly invested in foreign currencies (US Dollar: €14,884 million versus €15,376 million in 2016, Pound Sterling: €2,581 million versus €2,988 million in 2016 and Japanese Yen: €261 million versus €233 million in 2016). 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 €15,815 million versus €17,399 million in 2016).

- ***Europe:*** 32% of Group assets at the end of 2017 (33% in 2016):

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 2017, Switzerland foreign exchange exposure amounted to €33,188 million (€40,095 million in 2016) which represented 38% of total assets (42% of total assets in 2016), of which €29,568 million were hedged (€35,807 million in 2016).

Germany

In Germany, AXA held €9,582 million investments denominated in foreign currencies at the end of 2017 (€10,432 million in 2016) 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 (€7,641 million versus €8,860 million in 2016) including the US Short Duration High Yield Fund (€741 million versus €1,729 million in 2016) and in Pound Sterling (€1,200 million versus €1,034 million in 2016). AXA Germany controls and limits its exchange-rate risk by using foreign exchange forwards for a notional amount of €7,148 million (notional €8,016 million in 2016), currency swaps for a notional amount of €687 million (notional €732 million in 2016), foreign exchange collars for a notional amount of €1,241 million (notional €1,116 million in 2016) and congruent coverage (matching assets and liabilities denominated in the same currency) for €34 million (€36 million in 2016).

Belgium

In Belgium, AXA held investments in foreign currency for €1,841 million in 2017. These investments are mainly in US Dollar for €1,177 million and in Pound Sterling for €388 million. The exchange-rate exposure on Assets is hedged for €1,440 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. AXA UK held investments denominated in foreign currencies for €3,745 million (€3,434 million in 2016) mainly in US Dollar (€2,450 million), with further UK exposure to the Euro (€926 million) and exposure to Pound Sterling (€301 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). This exposure is hedged through foreign exchange forwards or cross currency swaps, with a further €307 million of exposure hedging liabilities held within the business.

Spain

In Spain, AXA entities held investments in foreign currency for €864 million in 2017 (€978 million in 2016), directly and indirectly through physical assets. These investments are mainly in US Dollar €764 million (€913 million in 2016). Exchange-rate risk exposure is hedged for a notional amount of €713 million using mainly foreign exchange forwards and currency swaps.

Italy

In Italy, AXA held investments in foreign currency for €1,422 million in 2017 (€1,556 million in 2016) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €1,218 million (€1,406 million in 2016). The overall exchange risk exposure is managed within the FX limits approved in the correspondent Local Investment Committees. Unhedged FX exposure amounts to €214 million.

- ***United States:*** 22% of Group assets at the end of 2017 (22% in 2016):

In United States, there is no significant exposure to exchange-rate risk.

- ***Asia:*** 8% of Group assets at the end of 2017 (8% in 2016):

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 2017, the total assets denominated in foreign currencies held both directly and indirectly through investment funds (mainly US Dollar) represented an amount of €10,545 million (€12,058 million in 2016). 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 for an amount of €13,465 million (€12,254 million in 2016), both directly and indirectly through investment funds. These investments are mainly in US Dollar €12,802 million (€11,710 million in 2016), in order to take advantage of the US bond market which is more developed, 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 €4,862 million.

- ***International:*** 5% of Group assets at the end of 2017 (5% in 2016):

AXA entities held investments denominated in foreign currencies for €3,003 million in 2017 (€2,913 million in 2016) both directly and indirectly through investment funds, mainly denominated in US Dollar €1,678 million (€1,616 million in 2016). Exchange-rate risk exposure is being mainly under congruent coverage (matching assets and liabilities denominated in the same currency) in particular for Mexico, and also due to investments in countries having their currency pegged to US Dollar.

- ***Transversal and Central Holdings:*** 8% of Group assets at the end of 2017 (8% in 2016):

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 (€1,193 million at the end of 2017 versus €1,288 million in 2016) and, to a lesser extent, Pound Sterling (€372 million at the end of 2016 versus €397 million in 2016). 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.

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.

At December 31, 2017, the main hedging positions of AXA SA were as follows:

	Amount in currency *(in billion)*		Amount in Euro *(in billion)*		
Foreign currency hedging	**2017**	**2016**	**2017**	**2016**	**Comments**
US Dollar	3.9	1.8	3.2	1.7	In respect of the US activities, in the form of debt and derivatives
HK Dollar	10.3	6.9	1.1	0.9	In respect of the Hong Kong activities, in the form of derivatives
Japanese Yen	123.7	55.0	0.9	0.5	In respect of Japan activities, mainly in the form of derivatives
Pound Sterling	1.0	2.0	1.1	2.4	In respect of the UK activities, in the form of debt and derivatives
Swiss Franc	3.0	2.6	2.6	2.4	In respect of Switzerland activities, in the form of derivatives

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 two 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; and
- receivables from reinsurers resulting from reinsurance ceded by the AXA Group.

AXA Group's exposure to credit risk is covered by AXA Group's Solvency Capital Requirement metric, 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 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 ensure that the Group's obligations and commitments to policyholders are met at all time, 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).

INVESTED ASSETS: A CENTRAL MONITORING OF COUNTERPARTY EXPOSURE

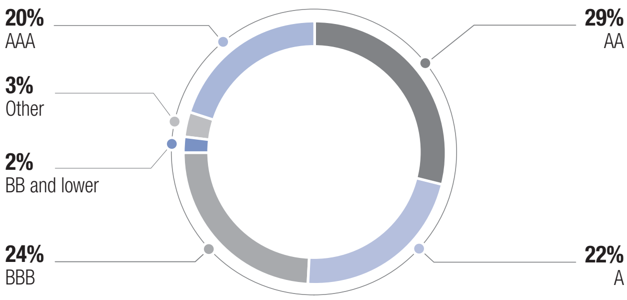
AXA Group concentration risk is monitored by different analyses performed at Group level by issuer and ultimate shareholder, in addition to local procedures and by a set of Group and local issuer limits.

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). The limits also take into account all AXA Group exposures on a given ultimate shareholder through debt securities, cash, equity, derivatives and reinsurance counterparty risk.

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 work performed.

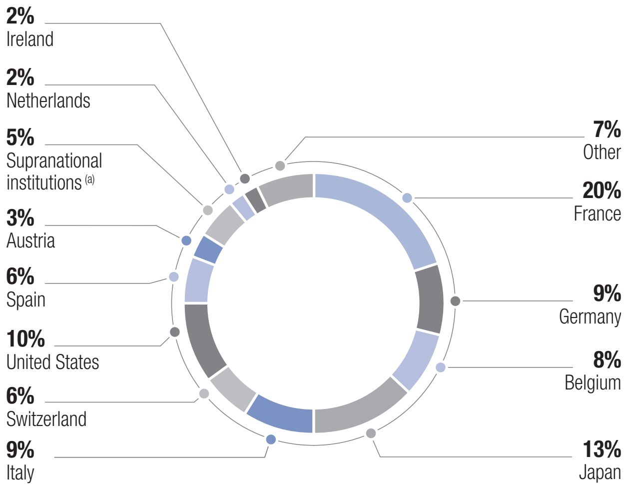
At December 31, 2017, the breakdown of the debt security portfolio (€431 billion) by credit rating category was as follows:



At December 31, 2016, the breakdown of the debt security portfolio (€450 billion) by credit rating was: 19% in AAA, 29% in AA, 22% in A, 24% in BBB, 3% 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.

At December 31, 2017, the breakdown of Government and Government related bonds fair values (€231 billion) by country was as follows:



(a) Includes mainly European institution issuers (European Investment Bank, European Union, European Financial Stability Facility, Eurofima).

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.

At December 31, 2017, the nominal amount of positions taken through credit derivatives was €17.9 billion [(1)] of CDS (cumulated notional amounts of €4.3 billion protections bought and of €13.6 billion protections sold), which can be broken down as follows:

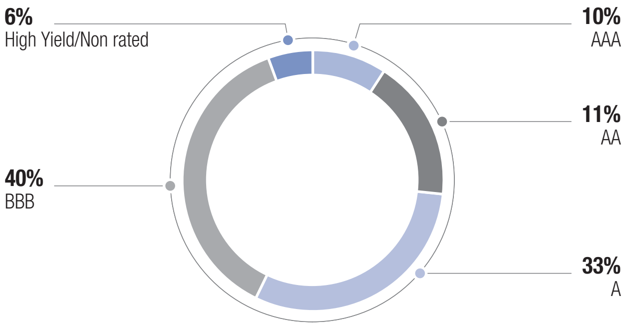
i. €3.9 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;

ii. €0.4 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 Japan (€0.4 billion);

iii. €13.6 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.

At December 31, 2017, 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).

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:

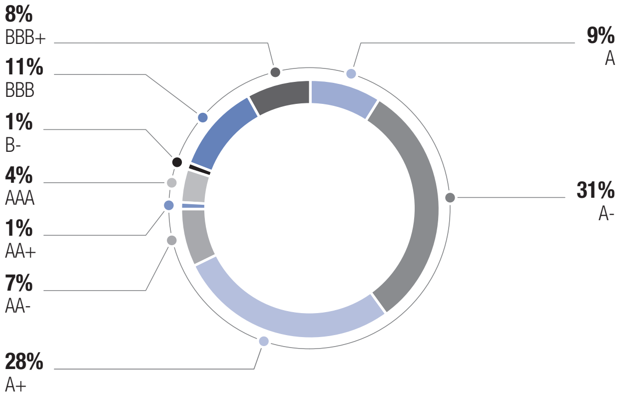
- rules on derivative contracts (ISDA, CSA);
- mandatory collateralization;
- a list of authorized counterparties;
- a limit framework and an exposure monitoring process.

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.

(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 €19.6 billion (notional amount) of credit derivatives as total exposure including consolidated investment funds "Satellite Investment Portfolios" (€0.7 billion).

At December 31, 2017, the breakdown of counterparty exposure coming from OTC derivatives by rating was as follows (positive fair value net of collateral received):



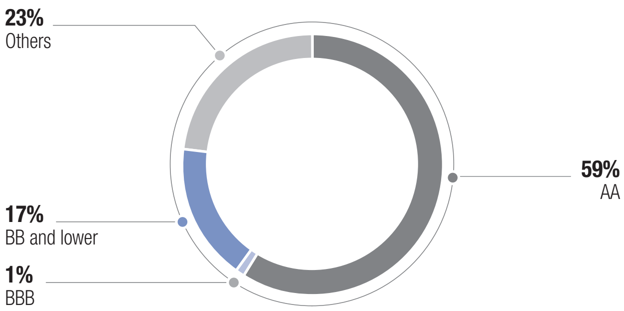
RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

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 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 77% of reinsurers' share of insurance and investment contract liabilities in 2017 (versus 77% in 2016).

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2017 (€13.4 billion) was as follows:



The "other" 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.

At December 31, 2016, the breakdown of reserves ceded to reinsurers (€17.0 billion) by reinsurer rating was: 52% in AA, 14% in A, 3% in BBB, 8% in BB and lower and 23% in others.

BANK CREDIT ACTIVITIES

At December 31, 2017, total invested assets of Banking activities amounted to €33.0 billion (€32.1 billion at December 31, 2016).

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.

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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 business 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, flood or earthquakes), and man-made ones, such as 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 ensure that the Group’s obligations and commitments to policyholders are met at all time, 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 of 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

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. This enables the Group to verify that its exposure complies with consolidated risk appetite limits along the dimensions of earnings, Available Financial Resources (AFR), solvency and liquidity. These tools also contribute substantially to monitoring the major risks (claims frequency deviation, claims severity, reinsurance, pricing consistency, natural 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 studies are developed to ensure no single-peril event, natural (such as windstorm, earthquake, hurricane or typhoon) or man-made (such as cyber risk), is likely to affect the Group above the set tolerance levels.

REINSURANCE

Risk assessment

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;
- 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, earthquake…). 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.

Reinsurance strategy

Centralization and harmonization of 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. AXA Global Re can place a variable part of the local treaties on the domestic reinsurance market, for regulatory reason for example. A portion of the risk exposure is retained and mitigated within AXA Global Re through the Group covers (including pools) and the remaining part is ceded to external reinsurers.

The structures of these Group covers 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).

As opposed to the other Property & Casualty internal Group covers where the risk is retained within AXA Global Re, in 2017 92% of the Property Pool and 55% of the Life Pool year-end financial result net of external reinsurance protections is retroceded back to local entities.

Finally, in addition to the analyses described above, AXA regularly monitors its exposure to its main 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 the local entities.

The additional reserves' calculations are initially carried out locally through a two-opinion process, one given by the Technical 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 elements have been scrutinized (including contracts, premiums and claims patterns, claims' handling, and reinsurance effects);
- 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 define and coordinate 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.

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:

- 37% at the end of 2017 (36% at the end of 2016) of the Group's Property & Casualty reserves cover Motor insurance business;
- 12% at the end of 2017 (13% at the end of 2016) of the Group's Property & Casualty reserves cover Property insurance business;
- 17% at the end of 2017 (18% at the end of 2016) of the Group's Property & Casualty reserves cover Liability insurance business;
- 33% at the end of 2017 (33% at the end of 2016) cover the other lines of business.

The breakdown of the Group's Life & Savings technical insurance reserves by product type was as follows:

- 20% at the end of 2017 (19% at the end of 2016) 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;
- 12% at the end of 2017 (12% at the end of 2016) 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.

  Suitable Risk Management policies have been put in place with respect to these products:

  - derivatives are used to help mitigate reserve changes linked to these guarantees due to movements in equity, fixed income and foreign exchange markets. Benefits include Guaranteed Minimum Death Benefits (GMDB), Guaranteed Minimum Income Benefits (GMIB), Guaranteed Minimum Accumulation Benefits (GMAB) and Guaranteed Minimum Withdrawal Benefits (GMWB),
  - biometric risks (*e.g.* longevity/mortality) and policyholder behaviours (notably lapses and annuity election rates), are regularly monitored. The hedging programmes embed dynamic policyholder behaviours to a range of possible market situations;
- 16% at the end of 2017 (15% at the end of 2016) cover savings products without guaranteed cash values upon surrender;
- 20% at the end of 2017 (21% at the end of 2016) 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;
- 31% at the end of 2017 (32% at the end of 2016) cover other products like Protection & Health. 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.

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 and resources or from external events.

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems 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 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 2017, the Group Operational Risk Profile is reasonably well spread out with all seven operational risk categories covered and the main risks being the following:

- compliance risk due to changes in legislation and regulation remains a top concern and is under the close monitoring of Group Compliance, as detailed in the paragraph "Group Compliance function" in Section 4.2 "Internal control and Risk Management" of this Annual Report;
- transaction capture, execution and maintenance risk is still a major one and relates to process error, failure, and/or misperformance;
- 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 is building 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.

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 every major strategic projects (*e.g.* partnerships, M&A projects, etc.). 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 the paragraph "Own Risk and Solvency Assessment ("ORSA")" in Section 4.2 "Internal control and Risk Management" 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.

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 will even never emerge.

AXA Group has established processes to qualify and quantify emerging risks which could develop over-time and become significant. The emerging risk framework encompasses a network of circa 50 people within AXA Group (based in insurance, bank, Asset Management and supporting entities such as AXA Technology Services) which allows expertise to be shared within the business (including underwriting) 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 six sub-groups (regulatory & legal, environmental, socio & 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.

By developing relationships with researchers and supporting innovative projects in environmental, socio-economic and life risks, the AXA Research Fund (see Part 7 "Corporate Responsibility" of this Annual Report) is a key contributor to AXA Group's commitment to better understand the evolution of these risks.

By seeking to develop new solutions, acting as an advisor on 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.

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CONSOLIDATED FINANCIAL STATEMENTS

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5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) **Notes**		**December 31, 2017**	**December 31, 2016**
5	Goodwill	15,391	16,684
6	Value of purchased business in force [(a)]	1,891	2,209
7	Deferred acquisition costs and equivalent	22,881	24,132
8	Other intangible assets	3,170	3,266
	Intangible assets	**43,333**	**46,292**
	Investments in real estate properties [(b)]	23,101	21,379
	Financial investments	513,254	530,730
	Assets backing contracts where the financial risk is borne by policyholders [(c)]	175,003	175,292
9	**Investments from insurance activities**	**711,358**	**727,402**
9	**Investments from banking and other activities**	**37,335**	**35,459**
10	**Investments accounted for using the equity method**	**2,381**	**2,245**
14	**Reinsurers' share in insurance and investment contracts liabilities**	**13,081**	**14,988**
	Tangible assets	1,380	1,513
14	Deferred policyholders' participation assets	-	146
19	Deferred tax assets	837	1,417
	Other assets	**2,217**	**3,077**
	Receivables arising from direct insurance and inward reinsurance operations	16,360	16,418
	Receivables arising from outward reinsurance operations	1,013	1,000
	Receivables - current tax	1,266	1,071
	Other receivables	12,868	17,416
11	**Receivables**	**31,507**	**35,906**
5	**Assets held for sale [(d)]**	**5,019**	**1,100**
12	**Cash and cash equivalents**	**23,898**	**26,314**
	TOTAL ASSETS	**870,128**	**892,783**

Note: All invested assets are shown net of related derivative instruments impact.

(a) Amounts are gross of tax.

(b) On January 1, 2017, Real estate loans were reclassified from Loans at cost to Investments in real estate properties at amortized cost for a total of €0.5 billion.

(c) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(d) As of December 31, 2017, amounts include the assets of AXA Wealth Management (HK) Limited ("AWM") and of Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year-end.
As of December 31, 2016, amounts include the assets of discontinued AXA Life Europe UK and Ireland operations for which the disposal process was not finalized at year-end.

(in Euro million) **Notes**		**December 31, 2017**	**December 31, 2016**
	Share capital and capital in excess of nominal value	25,033	25,885
	Reserves and translation reserve	38,370	38,883
	Net consolidated income - Group share	6,209	5,829
	Shareholders' equity – Group share	**69,611**	**70,597**
	Minority interests	**5,656**	**5,283**
13	**TOTAL SHAREHOLDERS' EQUITY**	**75,267**	**75,880**
	Subordinated debt	7,086	7,818
	Financing debt instruments issued	1,013	1,109
	Financing debt owed to credit institutions	0	0
17	**FINANCING DEBT** [(a)]	**8,099**	**8,927**
	Liabilities arising from insurance contracts	401,129	414,569
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(b)]	159,702	160,222
	Total liabilities arising from insurance contracts	**560,831**	**574,791**
	Liabilities arising from investment contracts with discretionary participating features	33,199	32,466
	Liabilities arising from investment contracts with no discretionary participating features	2,900	2,382
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	3,637	3,593
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	12,260	11,917
	Total liabilities arising from investment contracts	**51,995**	**50,358**
	Unearned revenue and unearned fee reserves	2,598	2,565
	Liabilities arising from policyholder participation and other obligations	44,409	49,488
	Derivative instruments relating to insurance and investment contracts	(2,895)	(1,903)
14	**LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS**	**656,938**	**675,299**
15	**Liabilities arising from banking activities** [(a)]	**32,898**	**31,743**
16	**Provisions for risks and charges**	**11,901**	**13,735**
19	**Deferred tax liabilities**	**5,784**	**6,187**
	Minority interests of consolidated investment funds and puttable instruments held by minority interest holders	8,756	11,503
	Other debt instruments issued, notes and bank overdrafts [(a)]	6,651	3,194
	Payables arising from direct insurance and inward reinsurance operations	9,318	10,356
	Payables arising from outward reinsurance operations	6,170	6,628
	Payables – current tax	1,023	1,057
	Collateral debts relating to investments under lending agreements or equivalent	28,401	30,402
	Other payables	14,503	16,962
18	**Payables**	**74,822**	**80,101**
5	**Liabilities held for sale** [(c)]	**4,419**	**910**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**870,128**	**892,783**

(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, 2017, amounts include the liabilities of AXA Wealth Management (HK) Limited ("AWM") and of Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year-end.
As of December 31, 2016, amounts include the liabilities of discontinued AXA Life Europe UK and Ireland operations for which the disposal process was not finalized at year-end.

5.2 CONSOLIDATED STATEMENT OF INCOME

(in Euro million, except EPS in Euro) Notes		December 31, 2017	December 31, 2016
	Gross written premiums	92,050	94,220
	Fees and charges relating to investment contracts with no participating features	211	219
	Revenues from insurance activities	**92,261**	**94,439**
	Net revenues from banking activities	496	590
	Revenues from other activities	5,792	5,164
21	**Revenues [(a)]**	**98,549**	**100,193**
	Change in unearned premiums net of unearned revenues and fees	**(405)**	**(346)**
	Net investment income [(b)]	12,668	14,941
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity (c)	1,781	4,410
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss [(d)]	20,299	8,629
	of which change in fair value of assets with financial risk borne by policyholders [(e)]	19,215	9,124
	Change in investments impairments [(f)]	(300)	(796)
22	**Net investment result excluding financing expenses**	**34,449**	**27,184**
	Technical charges relating to insurance activities [(e)]	(102,684)	(95,350)
23	Net result from outward reinsurance	(578)	(589)
	Bank operating expenses	(70)	(47)
25	Acquisition costs	(10,753)	(11,435)
	Amortization of the value of purchased business in force	(44)	(170)
25	Administrative expenses	(10,433)	(10,299)
	Change in goodwill impairment and other intangible assets impairment and amortization	(114)	(114)
	Other income and expenses	(187)	124
	Other operating income and expenses	**(124,857)**	**(117,881)**
	Income from operating activities before tax	**7,735**	**9,149**
10	Income (net of impairment) from investment accounted for using the equity method	265	218
24	Financing debts expenses [(g)]	(315)	(296)
	Net income from operating activities before tax	**7,686**	**9,071**
19	Income tax	(1,083)	(2,438)
	Net operating income	**6,603**	**6,632**
	Result from discontinued operations net of tax [(h)]	0	(439)
	Net consolidated income after tax	**6,603**	**6,193**
	Split between:		
	Net consolidated income - Group share	6,209	5,829
	Net consolidated income - Minority interests	394	364
27	**Earnings per share [(i)]**	**2.50**	**2.30**
	Fully diluted earnings per share [(i)]	**2.49**	**2.30**

(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) Includes net balance of income and expenses related to derivatives on financing debt (however excludes change in fair value of these derivatives).
(h) Relates to the discontinued AXA Life Europe in UK and Ireland operations.
(i) Refer to Note 27 for the split of earnings per share between continuing and discontinued operations.

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro million)	December 31, 2017	December 31, 2016
Reserves relating to changes in fair value through shareholders' equity	1,377	1,827
Translation reserves	(4,933)	(73)
Items that may be reclassified subsequently to Profit or Loss	**(3,557)**	**1,754**
Employee benefits actuarial gains and losses	408	(581)
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	(23)	-
Items that will not be reclassified subsequently to Profit or Loss	**385**	**(581)**
Net gains and losses recognized directly through shareholders' equity	**(3,172)**	**1,173**
Net consolidated income	**6,603**	**6,193**
Split between:		
Net consolidated income - Group share	6,209	5,829
Net consolidated income - Minority interests	394	364
TOTAL COMPREHENSIVE INCOME (CI)	**3,432**	**7,366**
Split between:		
Total comprehensive income - Group share	3,428	6,798
Total comprehensive income - Minority interests	4	568

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 financial statements.

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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, 2017 [b]	**2,425,149**	**2.29**	**5,554**	**20,983**	**(297)**
Capital	87	2.29	0	-	-
Capital in excess of nominal value	-	-	-	(116)	-
Equity - share based compensation	-	-	-	37	-
Treasury shares	-	-	-	-	(763)
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) [c]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**87**	**2.29**	**0**	**(80)**	**(763)**
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, 2017	**2,425,236**	**2.29**	**5,554**	**20,904**	**(1,060)**

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) Accumulated financial expenses up to 2016 on undated subordinated debts (TSS, TSDI) have been reclassified from Other to Undistributed profits and other reserves for €-3,288 million.

(c) Including changes in ownership interest in consolidated subsidiaries without losing control.

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
14,643	**197**	**8,137**	**61**	**21,318**	**70,597**	**5,283**
-	-	-	-	-	0	-
-	-	-	-	-	(116)	-
-	-	-	-	-	37	-
-	-	-	-	-	(763)	-
-	-	(9)	-	-	(9)	-
-	-	(95)	-	-	(95)	-
-	-	(331)	-	-	(331)	-
-	-	-	-	(229)	(229)	-
0	(0)	-	(0)	(99)	(99)	369
-	-	-	-	(2,808)	(2,808)	-
0	**(0)**	**(435)**	**(0)**	**(3,137)**	**(4,414)**	**369**
1,349	75	-	-	-	1,424	(47)
-	-	(385)	(4,203)	-	(4,588)	(346)
-	-	-	-	405	405	3
-	-	-	-	(23)	(23)	(0)
-	-	-	-	6,209	6,209	394
1,349	**75**	**(385)**	**(4,203)**	**6,592**	**3,428**	**4**
15,992	**272**	**7,318**	**(4,142)**	**24,773**	**69,611**	**5,656**

(in Euro million, except for number of shares and nominal value)	Share Capital				
	Number of shares *(in thousands)*	**Nominal value** *(in Euros)*	**Share Capital**	**Capital in excess of nominal value**	**Treasury shares**
Shareholders' equity opening January 1, 2016 [(b)]	**2,426,458**	**2.29**	**5,557**	**21,094**	**(209)**
Capital	(1,309)	2.29	(3)	-	-
Capital in excess of nominal value	-	-	-	(148)	-
Equity - share based compensation	-	-	-	37	-
Treasury shares	-	-	-	-	(88)
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	**(1,309)**	**2.29**	**(3)**	**(111)**	**(88)**
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, 2016 [(b)]	**2,425,149**	**2.29**	**5,554**	**20,983**	**(297)**

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), equity components of compounded financial instruments (e.g. convertible bonds) (see Note 13.1.2).

(b) Accumulated financial expenses up to 2015 and financial expenses from January 1, 2016 to December 31, 2016 on undated subordinated debts (TSS, TSDI) have been reclassified from Other to Undistributed profits and other reserves for €-3,021 million and €-267 million respectively.

(c) Including changes in ownership interest in consolidated subsidiaries without losing control.

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**
12,774	**368**	**9,571**	**29**	**19,291**	**68,475**	**4,166**
-	-	-	-	-	(3)	-
-	-	-	-	-	(148)	-
-	-	-	-	-	37	-
-	-	-	-	-	(88)	-
-	-	(7)	-	-	(7)	-
-	-	-	-	-	-	-
-	-	(1,260)	-	-	(1,260)	-
-	-	-	-	(267)	(267)	-
-	-	15	-	(299)	(284)	549
-	-	-	-	(2,656)	(2,656)	-
-	**-**	**(1,252)**	**-**	**(3,222)**	**(4,676)**	**549**
1,869	(171)	-	-	-	1,698	129
-	-	(181)	32	-	(150)	77
-	-	-	-	(580)	(580)	(1)
-	-	-	-	-	-	-
-	-	-	-	5,829	5,829	364
1,869	**(171)**	**(181)**	**32**	**5,250**	**6,798**	**568**
14,643	**197**	**8,137**	**61**	**21,318**	**70,597**	**5,283**

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5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2017	December 31, 2016
Operating income including discontinued operations before tax	**7,686**	**8,636**
Net amortization expense [(a)]	431	672
Change in goodwill impairment and other intangible assets impairment [(b)]	-	457
Net change in deferred acquisition costs and equivalent	(1,273)	(737)
Net increase / (write back) in impairment on investments, tangible and other intangible assets	286	780
Change in fair value of investments at fair value through profit or loss	(20,054)	(12,135)
Net change in liabilities arising from insurance and investment contracts [(c)]	26,571	18,956
Net increase / (write back) in other provisions [(d)]	(228)	196
Income (net of impairment) from investment accounted for using the equity method	(265)	(218)
Adjustment of non cash balances included in the operating income before tax	**5,468**	**7,971**
Net realized investment gains and losses	(2,110)	(3,603)
Financing debt expenses	314	296
Adjustment for reclassification to investing or financing activities	**(1,796)**	**(3,306)**
Dividends recorded in profit or loss during the period	(3,200)	(3,076)
Investment income & expense recorded in profit or loss during the period [(e)]	(10,574)	(13,254)
Adjustment of transactions from accrued to cash basis	**(13,775)**	**(16,330)**
Net cash impact of deposit accounting	808	1,257
Dividends and interim dividends collected	3,600	3,470
Investment income [(e)]	14,968	20,381
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(3,818)	(5,073)
Net operating cash from banking activities	334	(84)
Change in operating receivables and payables	2,010	481
Net cash provided by other assets and liabilities [(f)]	1,593	(533)
Tax expenses paid	(1,247)	(1,709)
Other operating cash impact and non cash adjustment	688	(2,037)
Net cash impact of transactions with cash impact not included in the operating income before tax	**18,937**	**16,153**
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	**16,521**	**13,124**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(0)	(116)
Disposal of subsidiaries and affiliated companies, net of cash ceded	(12)	204
Net cash related to changes in scope of consolidation	**(12)**	**88**
Sales of debt instruments [(f)]	60,356	69,272
Sales of equity instruments and non consolidated investment funds [(f)] [(g)]	39,810	32,903
Sales of investment properties held directly or not [(f)]	2,549	4,421
Sales and/or repayment of loans and other assets [(f)] [(h)]	30,863	12,418
Net cash related to sales and repayments of investments [(f)] [(g)] [(h)]	**133,579**	**119,013**
Purchases of debt instruments [(f)]	(74,051)	(81,913)
Purchases of equity instruments and non consolidated investment funds [(f)] [(g)]	(38,732)	(34,276)
Purchases of investment properties held direct or not [(f)]	(4,230)	(3,269)
Purchases and/or issues of loans and other assets [(g)] [(h)]	(28,287)	(13,534)

(in Euro million)	December 31, 2017	December 31, 2016
Net cash related to purchases and issuance of investments [f] [g] [h]	**(145,299)**	**(132,993)**
Sales of tangible and intangible assets	45	44
Purchases of tangible and intangible assets	(393)	(472)
Net cash related to sales and purchases of tangible and intangible assets	**(348)**	**(428)**
Increase in collateral payable / Decrease in collateral receivable	140,262	131,913
Decrease in collateral payable / Increase in collateral receivable	(140,519)	(127,863)
Net cash impact of assets lending / borrowing collateral receivables and payables	**(256)**	**4,050**
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	**(12,337)**	**(10,269)**
Issuance of equity instruments	577	489
Repayments of equity instruments	(1,655)	(924)
Transactions on treasury shares	(4)	(6)
Dividends payout	(3,098)	(2,923)
Interests on undated subordinated debts paid	(359)	(444)
Acquisition / sale of interests in subsidiaries without change in control	(212)	(214)
Net cash related to transactions with shareholders	**(4,750)**	**(4,022)**
Cash provided by financial debts issuance	946	2,781
Cash used for financial debts repayments	(2,179)	(1,302)
Interests on financing debt paid [i]	(128)	(339)
Net interest margin of hedging derivatives on financing debt	-	4
Net cash related to Group financing	**(1,361)**	**1,144**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES	**(6,111)**	**(2,878)**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**4**	**415**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 [j]	**25,734**	**25,630**
Net cash provided by operating activities	16,521	13,124
Net cash provided by investing activities	(12,337)	(10,269)
Net cash provided by financing activities	(6,111)	(2,878)
Net cash provided by discontinued operations	4	415
Impact of change in consolidation method and of reclassifications as held for sale [k]	(128)	(12)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	(487)	(275)
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 [j]	**23,196**	**25,734**

(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) In 2017, amounts include the assets and liabilities of AXA Wealth Management (HK) Limited ("AWM") and of Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year-end.
In 2016, amounts include the assets and liabilities related to discontinued AXA Life Europe UK & Ireland operations for which the disposal process was not finalized at year-end.

Cash and cash equivalents are presented in Note 12.

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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 15, 2018.

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, 2017. 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, 2017

The Group has decided to early adopt the IFRS 9 requirements for the classification and measurement of financial liabilities that are designated as at fair value through profit or loss. This change in accounting policy has affected the Group's accounting for changes in the fair value of banking liabilities that are designated as at fair value through profit or loss. For these financial liabilities, IFRS 9 requires that the changes in fair value that are attributable to changes in the credit risk of those liabilities be recognized in other comprehensive income, unless the recognition of the effect of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss, but instead remain in other reserves when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the changes in the fair value of financial liabilities designated as at fair value through profit or loss was recognized in profit or loss.

These new requirements must be applied retrospectively, and as permitted by IFRS 9, the Group has not restated the comparative 2016 financial statements. Consequently, a net loss arising from changes in these liabilities attributable to changes in the credit risk of the liabilities of €23 million (net of tax) was included in other reserves within the shareholder's equity as of December 31, 2017. This amount is comprised of a €8 million (net of tax) reclassification from undistributed profits related to the retrospective application of the new policy for liabilities recognized in the balance sheet as of January 1, 2017 and €-30 million (net of tax) related to the changes in the fair value of liabilities for the year ending December 31, 2017.

The application of the amendments below as of January 1, 2017 had no material impact on the Group's consolidated financial statements.

Amendments	Publication date	Topic
IAS 12 – Income Taxes	January 19, 2016	Guidance on how to account for deferred tax assets related to debt instruments measured at fair value in particular for the assessment of future taxable profit.
IAS 7 – Statement of Cash Flows	January 29, 2016	These amendments require entities to provide information about changes in their financing liabilities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).
Annual Improvements to IFRS: 2014 – 2016 Cycle – IFRS 12 – Disclosure of Interests in Other Entities	December 8, 2016	Clarification of the scope of the disclosure requirements in IFRS 12 Disclosure of Interests in Other Entities.

STANDARDS AND AMENDMENTS PUBLISHED BUT NOT YET EFFECTIVE

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.

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":

(a) the fulfilment cash flows (FCF), which comprise

   a. probability-weighted estimates of future cash flows,

   b. an adjustment to reflect the time value of money (*i.e.* discounting) and the financial risks associated with those future cash flows,

   c. and a risk adjustment for non-financial risk;

(b) 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 but the CSM cannot be negative, so 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 reassessed subsequently.

For these contracts, the CSM is adjusted for (i) changes in the variable fee (entity's share in underlying items that corresponds to the revenue of the insurer), (ii) for the time value of money and (ii) 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 the 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. However, the general model remains applicable for the measurement of incurred claims.

In terms of presentation, the amounts recognized in the statements of financial performance have to be disaggregated into:

- an insurance service result, comprising insurance revenue and insurance service expenses (*i.e.* incurred claims and other incurred insurance service expense),
- and insurance finance income or expenses.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The standard has not yet been endorsed by the European Union.

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 are applied to the extent 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 method of implementation of IFRS 17 and its potential impact on the Group's consolidated financial statements are currently being examined.

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 a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and b) 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 a) 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 b) 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 meeting 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 designated 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 amendments 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 method of implementation of IFRS 9 and its potential impact on the Group's consolidated financial statements are currently being examined within the Group.

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 (also referred to as IFRS 17, Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- apply a temporary exemption from implementing IFRS 9 until the earlier of (i) the effective date of a new insurance contract standard; 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 have not applied IFRS 9 previously; or
- 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 the new insurance contract standard 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. Consequently, the Group has decided to defer the implementation of IFRS 9 until the effective date of a new insurance contracts standard, however, no later than January 1, 2021. The amendments permitting the temporary exemption are effective for annual periods beginning on or after January 1, 2018.

In addition, amendments to IFRS 9 - Financial Instruments: Prepayment Features with Negative Compensation, published on October 12, 2017, changes the initial IFRS 9, in regards of the classification of financial assets with prepayment features that may result in negative compensation. The amendments to the standard have not yet been endorsed by the European Union.

IFRS 15 – Revenue from Contracts with Customers, published on May 28, 2014, amended on September 11, 2015 and on April 12, 2016, provides a principles-based approach for revenue recognition. The new model applies to all revenue arising from contracts with customers except those that are within the scope of other IFRS such as: insurance contracts, lease contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Based on the analysis performed by the Group, no material impact is expected on the Group's consolidated financial statements including on investment management fees. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings in 2018.

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 IFRS 16 model a lessee is required to recognize (i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. Lessors will 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 current IAS 17 requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The potential impact of the new standard on the Group's consolidated financial statements is currently being assessed.

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
IFRS 2 – Share-based Payment	June 20, 2016	January 1, 2018*	Guidance on how: ■ to take into account the vesting and non-vesting conditions on the measurement of a cash-settled share-based payment transaction; ■ to classify a share-based payment transaction with net settlement features for withholding tax obligations; ■ to account for a modification to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled.
IAS 40 –Investment Property	December 8, 2016	January 1, 2018*	Clarification on transfer to, or from, investment properties: the transfer to, or from, investment properties must result from a change in use of the asset.
Annual Improvements to IFRS 2014 – 2016 Cycle	December 8, 2016	January 1, 2018*	Collection of amendments to IFRS in response to issues that are not part of a major project.
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	December 8, 2016	January 1, 2018*	Clarification on the exchange rate to be used for the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.
IFRIC 23 – Uncertainty over Income Tax Treatments	June 7, 2017	January 1, 2019*	Clarification how the recognition and measurement requirements of IAS 12 – Income Taxes are applied where there is uncertainty over income tax treatments.
IAS 28 – Long-term Interests in Associates and Joint Ventures	October 12, 2017	January 1, 2019*	Clarification that a company applies IFRS 9 Financial Instruments 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	January 1, 2019*	Collection of amendments to IFRS in response to issues that are not part of a major project.

* *With earlier application being permitted (subject to conditions in some cases) but no early adoption anticipated.*

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 for most 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, *i.e.* 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 them 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 (a) 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 (b) 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 (i) to the companies acquired or portfolios of business acquired according to their expected profitability, and (ii) to 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 (i) to reclassify minority interests from equity to liability, (ii) to re-measure this liability at the present value of the option price and (iii) to 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 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 rates 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 rates prevailing at the dates 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

Equity instruments quoted on exchange traded markets and bonds actively traded on liquid markets for which prices are regularly provided by external pricing services that represent consensus with limited dispersion and for which quotes are readily available are generally considered as being quoted in an active market. 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 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 indicative of a change in the conditions prevailing in certain markets.

1.5.3 Assets and liabilities not quoted in an active market

The fair values of assets and liabilities that are not traded in an active market are estimated:

- using external and independent pricing services; or
- using 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 technique models 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 are 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 five geographies (France, Europe, Asia, the United States, and International) and the sixth segment comprises transversal entities as well as the Corporate Center and other central holdings. Key transversal entities are managed alongside those five geographies. This corresponds to AXA Investment Managers, the AXA's core fully-owned asset management unit and AXA Corporate Solutions Assurance, AXA's entity dedicated to Property and Casualty business for large corporates. Direct and traditional entities in Europe are reported within their respective countries.

In order to fully reflect the above-mentioned changes in the governance of the Group, the financial reporting has been aligned and retroactively restated for the year-ended December 31, 2016 in this report under the six following segments:

- France (insurance and banking activities, and holdings);
- Europe, consisting of:
  - Switzerland (insurance activities),
  - Germany (insurance excluding AXA Art, banking activities and holdings),
  - Belgium (insurance activities and holdings),
  - United Kingdom & Ireland (insurance activities and holdings),
  - Spain (insurance activities),
  - Italy (insurance activities and holdings);
- Asia, consisting of:
  - Japan (insurance activities),
  - Hong Kong (insurance activities),
  - Asia - Direct, consisting of:
    - AXA Global Direct Japan,
    - AXA Global Direct South Korea,
  - Asia High Potentials, consisting of:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - Philippines (insurance activities),
  - Asia Holdings;
- United States (insurance activities, AB and holdings);
- International, consisting of:
  - 14 countries [(1)] within Europe, Middle East, Africa & Latin America, mainly including Turkey, Mexico, Morocco, Czech Republic & Slovak Republic and Luxembourg (insurance activities and holdings),
  - Singapore (insurance activities),
  - Malaysia (insurance activities),
  - India (insurance activities),
  - AXA Bank Belgium;
- Transversal Entities & Central Holdings, consisting of:
  - AXA Investment Managers,
  - AXA Corporate Solutions Assurance,
  - AXA Assistance,
  - AXA Art,
  - AXA Liabilities Managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

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(1) Please refer to the Glossary set forth in Appendix V to this Annual Report.

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. Impairment tests are performed at least annually. Impairment of goodwill is not reversible.

AXA performs an impairment test of goodwill at least annually based on cash generating units, using a multi-criteria analysis with parameters such as the value of assets, future operating profits and market share, in order to determine any significant adverse changes. It also considers the interdependence of transactions within sub-groups. 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 expected future earnings from existing and new business, taking into account the cash generating units' future cash flows. The value of future expected earnings is estimated on the basis of the life insurance and investment contracts embedded value models or similar calculations for other activities. Fair values less costs to sell are based on the IFRS 13 fair value as described in paragraph 1.5 using various valuation multiples.

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 that include discounted cashflows taking into account:

- The current shareholders' net asset value plus 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-specific valuation method, consistent with the principles of discounted earnings, as the value of business in force results from the projection of distributable earnings. The Group uses however both market consistent risk neutral approaches and traditional discounted cash flows projections.

- The profitability of future new business:

  The value of new business is computed either on the basis of multiples of a standardized year of new business 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. Main assumptions include, expenses, cost of capital, future investment margins, financial market volatility, 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 previous recoverable value is lower than the carrying amount.

  The value in use approach uses cash flow projections based on business plans approved by management covering up to five years and discounted using a risk adjusted rate. Cashflows 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. In Property and Casualty, DAC are amortized over the terms of the policies, as premium is earned. For Life business, 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 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 are 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 a) the net carrying value and b) the lower of the appraisal value and the depreciated cost (before impairment).

Investment in real estate properties that totally or partially back 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 in the following circumstances:

- 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 ALM 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,

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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 is impaired. A financial asset or group of financial investments is 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 asset(s) 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 released. 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.

Impairments of loans available for sale are 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. 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 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 held until 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). 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.

1.14 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;
- 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 and 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 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 accounts 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.

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 claim handling costs. Claims reserves are based on historical claim 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, when unrealized gains or losses are recognized, a deferred participating liability (DPL) or asset (DPA) is recorded. The DPL or DPA corresponds to the discretionary participation available to the policyholders and is generally determined by applying on the basis of estimated participation of policyholders in unrealized gains and losses and any other valuation difference with the local contractual basis. Jurisdictions where participating business is significant are Switzerland (forgroup 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 such as in Germany or Switzerland. Participating business is less prevalent in the United States or in Japan.

The estimated discretionary participating feature of such contracts 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 administration 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
- the extent to which resulting gains/losses may be allocated/charged to policyholders, *i.e.* profit sharing between policyholders and shareholders.

These tests therefore include 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 (insurance risk, asset return risk, inflation risk, persistency, adverse selection, etc.) directly related to the contracts 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 share in the risks. 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.

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 classification contract 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 are isolated in a specific aggregate of the statement of financial position and are 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 (now termed remeasurments under IAS 19 revised) 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 benefits 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.

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 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, rights and obligations related to contracts are recognized in all situations.

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 include 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.

1.19.8 Net investment result excluding financing expenses

The 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 (excludes 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

		December 31, 2017		December 31, 2016	
	Change in scope	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 Technology Services		100.00	100.00	99.99	99.99
Société Beaujon		100.00	100.00	100.00	100.00
Oudinot Participation		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
The Netherlands					
Vinci BV		100.00	100.00	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		98.51	98.51	98.52	98.51
Avanssur (France and Poland)		100.00	100.00	100.00	100.00
AXA France Assurance		100.00	100.00	100.00	100.00
Genworth Financial European Group Holdings		100.00	100.00	100.00	100.00
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
ProbAV Pensionskasse		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

	Change in scope	December 31, 2017		December 31, 2016	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
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
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	99.98	100.00	99.98
AXA Insurance Limited		100.00	99.98	100.00	99.98
AXA Life Europe Limited		100.00	100.00	100.00	100.00
AXA Life Invest Reinsurance	Liquidation	-	-	100.00	100.00
Financial Assurance Company Limited (Genworth)		100.00	100.00	100.00	100.00
Financial Insurance Company Limited (Genworth)		100.00	100.00	100.00	100.00
Spain					
AXA Seguros Generales, S. A.		99.90	99.90	99.90	99.90
AXA Aurora Vida, S.A. de Seguros		99.97	99.82	99.97	99.82
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 (previously Winterthur Swiss Insurance P&C)		100.00	100.00	100.00	100.00
Italy					
AXA Interlife		100.00	100.00	100.00	100.00
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
AXA Italia S.p.A.		100.00	100.00	100.00	100.00
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
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 Life Insurance		98.69	98.69	98.69	98.69
AXA Non Life Insurance Co. Ltd. (Japan)		100.00	98.69	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
Indonesia					
PT AXA Life Indonesia		100.00	100.00	100.00	100.00
MLC Indonesia		100.00	100.00	100.00	100.00

		December 31, 2017		December 31, 2016	
	Change in scope	Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Thailand					
AXA Insurance Public Company Limited	Relution	99.47	99.47	99.31	99.31
Korea					
Kyobo AXA General Insurance Co. Ltd. (South Korea)		99.71	99.71	99.71	99.71
United States					
AXA Financial, Inc.		100.00	100.00	100.00	100.00
AXA Equitable Holdings, Inc (previously AXA America Holdings, Inc)		100.00	100.00	100.00	100.00
AXA Equitable Life Insurance Company		100.00	100.00	100.00	100.00
AXA Re Arizona Company		100.00	100.00	100.00	100.00
AB (sub group)	Relution	64.71	64.71	63.74	63.74
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		99.99	99.99	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

	Change in scope	December 31, 2017		December 31, 2016	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Singapore					
AXA Financial Services		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	Minority interest buyout	50.00	50.00	45.41	45.41
India					
AXA India Holding		100.00	100.00	100.00	100.00
Other					
AXA Investment Managers (sub group)	Minority interest buyout	97.51	97.44	97.04	96.97
AXA Corporate Solutions Assurance (sub group)		98.75	98.75	98.75	98.75
AXA Global Re (previously AXA Global P&C)		100.00	100.00	100.00	100.00
AXA Global Life	Merged with AXA Global Re (previously AXA Global P&C)	-	-	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
AXA Art		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, 2017, investment funds represented a total of €123,468 million invested assets (€110,280 million at the end of 2016), corresponding to 289 investment funds mainly in France, Japan, Germany 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, 2017, minority interests in consolidated investment funds amounted to €8,756 million (€11,503 million as of December 31, 2016). Minority interests related to consolidated investment funds and real estate companies that are classified in shareholder's equity amounted to €2,545 million as of December 31, 2017 (€2,136 million as of December 31, 2016).

As of December 31, 2017, 28 consolidated real estate companies corresponded to a total of €10,469 million invested assets (€9,413 million at the end of 2016), mainly in France, Germany 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 AB is available in Part II – Item 8. Financial Statements and Supplementary Data of its Annual Report for the year ended December 31, 2017, which is filed with the SEC;
- summarized financial information for 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, 2017	December 31, 2016
Net consolidated income - Minority Interests	91	74
Minority interests	1,139	1,107
Dividends paid to minority interests	0	(50)
Cash and cash equivalents	275	391
Total investments	25,841	25,259
Other assets	1,738	1,707
Total assets	**27,854**	**27,357**
Liabilities arising from insurance & investment contracts	24,621	24,085
Other Liabilities	955	1,059
Total liabilities (excluding shareholders' equity)	**25,577**	**25,144**
Total Revenues	2,724	3,056
Net income	**182**	**149**
Other Comprehensive Income	(118)	216
Total Comprehensive Income	**64**	**365**

Excluding minority interests related to consolidated investment funds and real estate companies that are classified in shareholders' equity, these minority interests represent 76% of minority interests of the Group as of December 31, 2017 (80% as of December 31, 2016).

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, 2017		December 31, 2016	
	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
Natio Assurances		50.00	49.96	50.00	49.96
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 Tian Ping		50.00	50.00	50.00	50.00
AXA SPDB Investment Managers Company limited	Relution	39.00	38.00	39.00	37.82
International					
Reso Garantia (RGI Holdings B.V.) (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)		51.00	51.00	51.00	51.00
AXA Mansard Insurance plc (Nigeria)		77.79	77.79	77.79	77.79
Others					
AXA Investment Managers Asia Holdings Private Limited	Relution	49.00	47.75	49.00	47.52
Kyobo AXA Investment Managers Company Limited	Relution	50.00	48.72	50.00	48.49

Main changes in scope of consolidation are detailed in Note 10.

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INVESTMENT FUNDS AND REAL ESTATE ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2017, real estate companies accounted for using the equity method amounted to €163 million invested assets (€167 million at the end of 2016) and investment funds accounted for using the equity method amounted to €4,953 million invested assets (€4,777 million at the end of 2016), mainly in the United States, 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, 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.

AXA announced a simplification of its operating model designed to empower subsidiaries to deliver on the transformation and operate as close as possible to their customers. The AXA Group reorganized its operations based on five main geographies (France, Europe, Asia, United States, and International). A new Management Committee was appointed to reflect this new operating model. The CEOs supervising these five main geographies (respectively CEO of AXA France, CEO of AXA in Europe, CEO of AXA in Asia, CEO of AXA US, CEO of International & New Markets) are members of the Management Committee.

Key transversal entities and Central Holdings are managed alongside these 5 geographies.

The results of operating activities and non-operating activities are presented on the basis of 6 segments: France, Europe, Asia, the United States, International and Transversal & Central Holdings. Please refer to the Note 1.6 "Segment reporting" for more detailed information.

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, Spain, United Kingdom (UK) & Ireland and Italy. The German bank and the holding companies in these countries are also included in Europe. 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 (Indonesia, Philippines, Thailand and China) 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 Asia / Pacific holding companies are also included.

United States: This segment includes Life & Savings activities in United States, ACS Life Reinsurance, Asset Management services offered by AB, and US holdings.

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, in Malaysia and in India. AXA Bank Belgium and holding companies in these countries are also included in this segment.

Transversal & Central Holdings: includes transversal entities namely AXA Investment Managers, AXA Art, AXA Global Re, AXA Assistance, AXA Corporate Solutions Assurance, AXA Liabilities Managers and AXA Life Europe, as well as AXA SA and other Central Holdings.

The intersegment eliminations include only operations between entities from different segments. 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. It is worth noting that except in Note 21, no carve-out of Health business is performed.

3.1 CONSOLIDATED STATEMENT OF INCOME BY SEGMENT

	December 31, 2017								
(in Euro million)	France	Europe	Asia	United States	Interna-tional	Transversal & Central Holdings	Elimi-nations inter-segment	Total	of which Insurance [(a)]
Gross written premiums	24,506	35,782	8,980	12,955	6,625	3,733	(530)	92,050	92,050
Fees and charges relating to investment contracts with no participating features	1	128	40	-	42	-	-	211	211
Revenues from insurance activities	**24,507**	**35,910**	**9,020**	**12,955**	**6,668**	**3,733**	**(530)**	**92,261**	**92,261**
Net revenues from banking activities	125	26	-	-	318	-	27	496	-
Revenues from other activities	6	262	2	4,072	62	1,938	(550)	5,792	1,811
Revenues	**24,638**	**36,198**	**9,022**	**17,026**	**7,047**	**5,671**	**(1,053)**	**98,549**	**94,072**
Change in unearned premiums net of unearned revenues and fees	**(120)**	**(75)**	**(24)**	**(108)**	**(67)**	**(5)**	**(6)**	**(405)**	**(405)**
Net investment income [(b)]	4,369	5,829	1,393	310	534	370	(136)	12,668	11,717
Net realized gains and losses relating to investments at cost and at fair value through shareholders'equity	668	1,036	203	(125)	17	(19)	2	1,781	1,833
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(c)]	1,840	433	1,178	16,781	241	(174)	(0)	20,299	20,420
of which change in fair value of assets with financial risk borne by policyholders	*2,085*	*611*	*1,308*	*14,912*	*227*	*74*	*(1)*	*19,215*	*19,215*
Change in investments impairment	(8)	(156)	(20)	(28)	(30)	(57)	-	(300)	(220)
Net investment result excluding financing expenses	**6,868**	**7,142**	**2,754**	**16,937**	**761**	**121**	**(135)**	**34,449**	**33,751**
Technical charges relating to insurance activities	(24,764)	(33,165)	(8,939)	(28,345)	(5,049)	(2,768)	346	(102,684)	(102,684)
Net result from outward reinsurance	(275)	(300)	(78)	296	(149)	(254)	182	(578)	(578)
Bank operating expenses	(9)	(4)	-	-	(57)	-	-	(70)	-
Acquisition costs	(2,983)	(3,873)	(1,019)	(829)	(1,302)	(769)	22	(10,753)	(10,753)
Amortization of the value of purchased business in force	-	(25)	(14)	(2)	(3)	-	-	(44)	(44)
Administrative expenses	(1,406)	(2,474)	(531)	(3,073)	(864)	(2,585)	500	(10,433)	(6,241)
Change in goodwill impairment and other intangible assets impairment	-	(55)	(17)	(9)	(32)	(1)	-	(114)	(107)
Other income and expenses	(3)	4	13	(387)	46	364	(225)	(187)	(67)

(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) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Relates to the discontinued operations of AXA Life Europe in UK and Ireland.

	December 31, 2017								
(in Euro million)	France	Europe	Asia	United States	Interna-tional	Transversal & Central Holdings	Elimi-nations inter-segment	Total	of which Insurance [(a)]
Other operating income and expenses	**(29,439)**	**(39,888)**	**(10,584)**	**(32,350)**	**(7,409)**	**(6,014)**	**826**	**(124,857)**	**(120,468)**
Income from operating activities before tax	**1,947**	**3,377**	**1,168**	**1,506**	**333**	**(227)**	**(368)**	**7,735**	**6,949**
Income (net of impairment) from investment accounted for using the equity method	22	7	128	-	91	17	-	265	243
Financing debt expenses	(1)	(28)	(5)	(131)	(16)	(502)	368	(315)	(8)
Net income from operating activities before tax	**1,968**	**3,356**	**1,291**	**1,374**	**408**	**(712)**	**(0)**	**7,686**	**7,184**
Income tax	(542)	(825)	(257)	278	(96)	359	-	(1,083)	(646)
Net operating income	**1,426**	**2,531**	**1,035**	**1,652**	**312**	**(353)**	**-**	**6,603**	**6,538**
Result from discontinued operations net of tax [(d)]	-	0	-	-	-	-	-	0	0
Net consolidated income after tax	**1,426**	**2,531**	**1,035**	**1,652**	**312**	**(353)**	**-**	**6,603**	**6,539**
Split between :									
Net consolidated income - Group share	1,420	2,435	1,028	1,415	276	(365)	-	6,209	6,394
Net consolidated income - Minority interests	6	97	7	237	36	12	-	394	145

(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) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Relates to the discontinued operations of AXA Life Europe in UK and Ireland.

	December 31, 2016 restated [(a)]								
(in Euro million)	France	Europe	Asia	United States	Interna-tional	Transversal & Central Holdings	Elimina-tions inter-segments	TOTAL	of which Insurance [(b)]
Gross written premiums	24,482	36,796	9,532	13,162	6,539	4,196	(487)	94,220	94,220
Fees and charges relating to investment contracts with no participating features	1	124	44	-	49	-	-	219	219
Revenues from insurance activities	**24,483**	**36,921**	**9,576**	**13,162**	**6,588**	**4,196**	**(487)**	**94,439**	**94,439**
Net revenues from banking activities	141	21	-	-	388	-	40	590	-
Revenues from other activities	6	265	2	3,826	52	1,551	(537)	5,164	1,448
Revenues	**24,630**	**37,207**	**9,578**	**16,987**	**7,029**	**5,747**	**(985)**	**100,193**	**95,887**
Change in unearned premiums net of unearned revenues and fees	**(95)**	**(68)**	**(38)**	**39**	**(125)**	**(46)**	**(15)**	**(346)**	**(346)**
Net investment income [(c)]	4,685	6,471	1,367	1,953	535	252	(322)	14,941	13,913
Net realized gains and losses relating to investments at cost and at fair value through shareholders'equity	588	1,673	212	1,719	(45)	151	112	4,410	2,726
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(d)]	865	584	321	6,861	250	(237)	(16)	8,629	8,967
of which change in fair value of assets with financial risk borne by policyholders	*995*	*328*	*205*	*7,487*	*67*	*43*	*(1)*	*9,124*	*9,124*
Change in investments impairment	(302)	(387)	(31)	(48)	37	(66)	-	(796)	(760)
Net investment result excluding financing expenses	**5,837**	**8,341**	**1,869**	**10,486**	**777**	**99**	**(226)**	**27,184**	**24,846**
Technical charges relating to insurance activities	(23,785)	(34,996)	(8,521)	(20,396)	(4,800)	(3,045)	193	(95,350)	(95,350)
Net result from outward reinsurance	(205)	(327)	(229)	323	(374)	(25)	247	(589)	(589)
Bank operating expenses	(10)	(3)	-	-	(34)	-	-	(47)	-
Acquisition costs	(2,760)	(4,202)	(1,093)	(1,384)	(1,271)	(754)	30	(11,435)	(11,435)
Amortization of the value of purchased business in force	-	(127)	(29)	(10)	(4)	-	-	(170)	(170)
Administrative expenses	(1,447)	(2,761)	(550)	(2,761)	(846)	(2,427)	493	(10,299)	(6,288)
Change in goodwill impairment and other intangible assets impairment	-	(61)	(17)	(5)	(30)	-	-	(114)	(109)
Other income and expenses	(64)	13	272	(180)	11	276	(203)	124	169
Other operating income and expenses	**(28,270)**	**(42,465)**	**(10,168)**	**(24,414)**	**(7,347)**	**(5,976)**	**760**	**(117,881)**	**(113,773)**

(a) Restated: as per the new governance.
(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) Relates to the discontinued UK Life & Savings operations.

(in Euro million)	December 31, 2016 restated [(a)]								
	France	**Europe**	**Asia**	**United States**	**Interna-tional**	**Transversal & Central Holdings**	**Elimina-tions inter-segments**	**TOTAL**	**of which Insurance** [(b)]
Income from operating activities before tax	**2,101**	**3,015**	**1,242**	**3,099**	**334**	**(176)**	**(465)**	**9,149**	**6,613**
Income (net of impairment) from investment accounted for using the equity method	20	2	138	-	45	12	-	218	205
Financing debts expenses	(31)	(101)	(3)	(94)	(19)	(514)	465	(296)	(1)
Net income from operating activities before tax	**2,090**	**2,916**	**1,377**	**3,005**	**360**	**(678)**	**(0)**	**9,071**	**6,817**
Income tax	(575)	(690)	(273)	(839)	(76)	15	-	(2,438)	(632)
Net operating income	**1,515**	**2,227**	**1,104**	**2,166**	**284**	**(663)**	**(0)**	**6,632**	**6,184**
Result from discontinued operations net of tax [(e)]	-	(439)	-	-	-	-	0	(439)	(439)
Net consolidated income after tax	**1,515**	**1,788**	**1,104**	**2,166**	**284**	**(663)**	**-**	**6,193**	**5,745**
Split between:									
Net consolidated income - Group share	1,509	1,708	1,096	1,944	243	(671)	0	5,829	5,611
Net consolidated income - Minority interests	6	79	8	221	42	8	(0)	364	134

(a) Restated: as per the new governance.
(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) Relates to the discontinued UK Life & Savings operations.

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 158 to 163 of Section 4.2 "Internal control and Risk Management" subsections "Risk Management and Internal Control Organisation", "Financial reporting, disclosure, controls and procedures" and "Conclusion".

4.2 MARKET RISKS (INCLUDING SENSITIVITY ANALYSIS)

Please refer to pages 171 to 174 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 175 to 177 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 180 to 182 of Section 4.6 "Insurance risks", subsections "Product approval", "Exposure Analysis", "Reinsurance" and "Technical reserves".

4.5 LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 73 to 78 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, 2017 impacting AXA's liquidity".

Note 5 Goodwill

5.1 GOODWILL

An analysis of goodwill by cash generating unit is presented in the table below:

(in Euro million)	December 31, 2017 Gross value	December 31, 2017 Accumulated impairment	December 31, 2017 Net value	December 31, 2016 restated [(a)] Gross value	December 31, 2016 restated [(a)] Accumulated impairment	December 31, 2016 restated [(a)] Net value
France	**195**	**-**	**195**	**195**	**-**	**195**
France Life & Savings	57	-	57	57	-	57
France Property & Casualty	138	-	138	138	-	138
Europe	**5,271**	**-**	**5,271**	**5,338**	**-**	**5,338**
Germany Life & Savings	147	-	147	147	-	147
Germany Property & Casualty	918	-	918	918	-	918
AXA Bank Germany	-	-	-	-	-	-
Spain Life & Savings	393	-	393	393	-	393
Spain Property & Casualty	709	-	709	709	-	709
Switzerland Life & Savings	156	-	156	170	-	170
Switzerland Property & Casualty	209	-	209	228	-	228
Italy Life & Savings	424	-	424	424	-	424
Italy Property & Casualty	388	-	388	388	-	388
Belgium Life & Savings	296	-	296	296	-	296
Belgium Property & Casualty	563	-	563	563	-	563
UK & Ireland Life & Savings	18	-	18	18	-	18
UK & Ireland Property & Casualty	1,051	-	1,051	1,083	-	1,083
Asia	**2,535**	**(71)**	**2,464**	**2,828**	**(78)**	**2,750**
Japan Life & Savings	1,765	(71)	1,694	1,941	(78)	1,863
Hong Kong Life & Savings	522	-	522	611	-	611
Hong Kong Property & Casualty	185	-	185	212	-	212
Others	63	-	63	64	-	64
United States	**7,313**	**(1,089)**	**6,223**	**8,325**	**(1,240)**	**7,085**
Unites States Life & Savings	2,844	(1,089)	1,754	3,237	(1,240)	1,997
AB	4,469	-	4,469	5,088	-	5,088
International	**776**	**-**	**776**	**826**	**-**	**826**
Life & Savings	228	-	228	230	-	230
Property & Casualty	480	-	480	528	-	528
AXA Bank Belgium	68	-	68	68	-	68
Transversal & Central Holdings	**462**	**(0)**	**462**	**490**	**(0)**	**490**
AXA Investment Managers	377	-	377	398	-	398
AXA SA and other holdings	-	-	-	-	-	-
AXA Assistance	50	(0)	50	52	(0)	52
AXA Corporate Solutions Assurance	35	-	35	40	-	40
Others	0	(0)	0	0	(0)	0
TOTAL	**16,551**	**(1,161)**	**15,391**	**18,002**	**(1,318)**	**16,684**

Note: Goodwill related to entities accounted for using the equity method is not presented in this table (see Note 10).

(a) Reallocation of Direct Insurance business to the other Property & Casualty activities, reclassification of Architas Solutions and Architas Europe to the United Kingdom & Ireland activities, AXA Art from AXA Germany to the Transversal & Central Holdings "Others", AB to the United States as well as banking and holdings activities to its home country.

The total goodwill Group share amounted to €14,285 million as of December 31, 2017 and €15,402 million as of December 31, 2016.

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.

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5.2 CHANGE IN GOODWILL

5.2.1 Goodwill – change in gross value

(in Euro million)	Gross value January 1, 2017	Acquisitions during the period	Disposals during the period	Currency translation adjust-ment	Other changes [(a)]	Gross value December 31, 2017
France	195	-	-	-	-	195
Europe	5,338	-	-	(67)	-	5,271
Asia	2,828	-	-	(282)	(11)	2,535
United States	8,325	-	-	(1,013)	-	7,313
International	826	-	-	(50)	(1)	776
Transversal & Central Holdings	490	-	-	(27)	(1)	462
TOTAL	**18,002**	**-**	**-**	**(1,438)**	**(13)**	**16,551**

(a) Mainly reclassification of AXA Wealth Management (HK) Limited ("AWM") to assets held for sale.

(in Euro million)	Gross value January 1, 2016 restated [(a)]	Acquisitions during the period [(b)]	Disposals during the period [(c)]	Currency translation adjust-ment	Other changes [(d)]	Gross value December 31, 2016 restated [(a)]
France	195	-	-	-	-	195
Europe	5,653	9	(570)	(221)	468	5,338
Asia	2,690	-	-	138	-	2,828
United States	8,063	20	-	242	-	8,325
International	1,332	32	(33)	(33)	(473)	826
Transversal & Central Holdings	406	87	-	(3)	0	490
TOTAL	**18,340**	**148**	**(603)**	**123**	**(5)**	**18,002**

(a) Restated: as per the new governance.
(b) Acquisition of GIM and Asian entities by AXA Assistance (€+39 million), AXA Corporate Solutions Seguros (€+32 million), Liberty by AXA Poland (€+32 million), Ramius Alternative Solutions by AB (€+20 million), Eureka Funds Management by AXA Investment Managers (€+16 million) and Aid Call in the United Kingdom (€+9 million).
(c) Mainly disposal of the United Kingdom Life & Savings business.
(d) Due to Spain and Italy (now included in Europe), which were formerly reported within the Mediterranean & Latin American Region (renamed EMEA-LATAM region in FY16 and now included under International).

5.2.2 Goodwill – change in impairment

(in Euro million)	Cumulative impairment January 1, 2017	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, 2017
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	78	-	-	(7)	-	71
United States	1,240	-	-	(151)	-	1,089
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**1,318**	**-**	**-**	**(158)**	**-**	**1,161**

(in Euro million)	Cumulative impairment January 1, 2016 restated [(a)]	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, 2016 restated [(a)]
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	73	-	-	5	-	78
United States	1,204	-	-	36	-	1,240
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**1,278**	**-**	**-**	**41**	**-**	**1,318**

(a) Restated: as per the new governance.

METHODOLOGY BY UNIT

For most Life & Savings businesses recoverability of goodwill is assessed using a fair value approach. For AXA US and AXA Belgium recoverability is assessed using the value in use approach. Both approaches are described in note 1.

For Property & Casualty and Asset Management businesses (tested separately), recoverability of goodwill is also assessed using the value in use approach, as described in note 1.

MAIN ASSUMPTIONS

For entities for which recoverable amounts are calculated using non-risk neutral approaches, the applicable discount rates have been calculated using the capital asset pricing model (CAPM). Assumptions used to define the discount rates, including risk-free interest rates, equity risk premiums, insurance activity beta and leverage ratio are consistent with the view of AXA's management for those markets.

Non-risk neutral approaches are used for cash generating units, with discount rates ranging from 5.4% to 12.0% in 2017 compared to a range of 5.9% to 12.8% in 2016, and growth rates beyond the strategic plan horizon, where applicable, from 2.3% to 6.1% compared to 2.1% to 5.6% in 2016. The two Life & Savings entities using a value in use approach are (i) AXA Belgium with a discount rate of 5.5% and (ii) AXA US using a discount rate of 6.4%.

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 securities valuations and interest rate levels remain low for prolonged periods of time, volatility and other market conditions stagnate or worsen, new business volumes and profitability together with the in force portfolio value would 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 Sale of United Kingdom Life & Savings Operations

AXA COMPLETED THE SALE OF AXA LIFE EUROPE LIMITED'S OFFSHORE INVESTMENT BONDS BUSINESS TO LIFE COMPANY CONSOLIDATION GROUP

On July 3, 2017, AXA announced that it had completed the sale of AXA Life Europe Limited's offshore investment bonds business to Harcourt Life International dac (recently renamed to Utmost Ireland dac), a subsidiary of Life Company Consolidation Group.

5.3.2 AXA to sell its Swiss privilege franchise in Hong Kong (AXA Wealth Management (HK) Ltd)

On December 22, 2017, AXA announced that it had entered into an agreement with Jeneration Holdings Limited to sell its Swiss Privilege franchise in Hong Kong, AXA Wealth Management (HK) Limited ("AWM").

This transaction would be in line with the Group's portfolio simplification, and would allow AXA Hong Kong to focus on its core Life agency and broker channels, while simplifying its corporate structure. AXA remains committed to grow the Life, Health and Property & Casualty businesses in Hong Kong across all customer segments including high net-worth individuals.

The price consideration is HKD 2,200 million (or €237 million [(1)]) to be fully paid at closing, representing an implied 1.4x EV multiple. The proposed transaction is subject to customary conditions, including the receipt of regulatory approvals, and is expected to be finalized by the end of 2018 or early 2019.

(1) EUR 1= HKD 9.29 as of December 21, 2017 (Source: Bloomberg).

As of December 31, 2017, the major classes of assets and liabilities of the AXA Wealth Management (HK) Limited ("AWM") included the following (amounts are presented net of intercompany balances with other AXA entities):

(in Euro million)	December 31, 2017
Goodwill	11
Other intangible assets	145
Investments	827
Other assets	4
Cash and cash equivalents	49
Total assets held for sale	**1,036**

(in Euro million)	December 31, 2017
Liabilities arising from insurance and investment contracts	885
Other liabilities	25
Total liabilities held for sale	**910**

As of December 31, 2017, comprehensive income amounted to €-0.2 million.

5.3.3 AXA to sell part of its german occupational pensions portfolio to Frankfurter Leben-Gruppe

AXA Germany entered into an agreement with Frankfurter Leben-Gruppe to sell parts of its occupational pensions portfolio in Germany (ProbAV Pensionskasse AG). AXA recorded an exceptional negative impact of €87 million. Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

(in Euro million)	December 31, 2017
Other intangible assets	149
Investments	3,319
Other assets	2
Cash and cash equivalents	124
Total assets held for sale	**3,593**

(in Euro million)	December 31, 2017
Liabilities arising from insurance and investment contracts	3,489
Other liabilities	19
Total liabilities held for sale	**3,508**

As of December 31, 2017, comprehensive income amounted to €+30 million.

Note 6 Value of purchased life business in-force

The change in Value of Business In-force ("VBI") was as follows:

(in Euro million)	2017	2016
Gross carrying value as of January 1	6,569	6,392
Accumulated amortization and impairment	(4,174)	(3,873)
Shadow accounting on VBI	(185)	(155)
Net carrying value as of January 1	**2,209**	**2,364**
VBI capitalization	-	-
Capitalized interests	79	93
Amortization and impairment for the period	(122)	(263)
Changes in VBI amortization, capitalization and impairment	**(44)**	**(170)**
Change in shadow accounting on VBI	(8)	(25)
Currency translation and other changes	(171)	41
Acquisitions and disposals of subsidiaries and portfolios [(a)]	(97)	-
Net carrying value as of December 31	**1,891**	**2,209**
Gross carrying value as of December 31	5,926	6,569
Accumulated amortization and impairment	(3,857)	(4,174)
Shadow accounting on VBI	(178)	(185)

(a) Mainly reclassification of AXA Wealth Management (HK) Limited ("AWM") to assets held for sale.

Note 7 Deferred acquisition costs and equivalent

7.1 BREAKDOWN OF DEFERRED ACQUISITION COSTS (DAC) AND EQUIVALENT

(in Euro million)	December 31, 2017	December 31, 2016
Deferred Acquisition Costs relating to Life & Savings [(a)]	21,935	22,850
Deferred Origination Costs [(b)]	698	777
Shadow accounting on DAC	(1,769)	(1,476)
Deferred Acquisition Costs and equivalent relating to Life & Savings	**20,863**	**22,151**
Deferred Acquisition Costs and equivalent relating to Property & Casualty	**2,018**	**1,981**
Deferred Acquisition Costs and equivalent	**22,881**	**24,132**

(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:

(in Euro million)	December 31, 2017		December 31, 2016 restated [(a)]	
	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]
Deferred Acquisition Costs and equivalent net carrying value as of January 1	**23,355**	**777**	**22,805**	**1,223**
Amortization and impairment for the period of Life DAC	(1,883)	(94)	(2,544)	(104)
Capitalized interests for the period of Life DAC	910	29	914	30
DAC and similar costs capitalization for the period of Life DAC	2,193	35	2,251	38
Change in Non-Life DAC	67		127	
Changes in amortization, capitalization and impairment	**1,287**	**(30)**	**747**	**(36)**
Change in shadow accounting on DAC	(375)	-	84	-
Currency translation and other changes	(1,883)	(47)	367	(61)
Disposals of subsidiaries and portfolios [(d)]	(202)	(2)	(648)	(350)
Deferred Acquisition Costs and equivalent net carrying value as of December 31	**22,183**	**698**	**23,355**	**777**
Of which shadow accounting on DAC	(1,769)	-	(1,476)	-
TOTAL	**22,881**		**24,132**	

(a) Restated to include the Deferred Acquisition Costs and equivalent of Property & Casualty activities in addition to those related to Life & Savings activities.
(b) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(c) Applicable to investment contracts with no discretionary participation features (IAS 39).
(d) Include the reclassification of AXA Wealth Management (HK) Limited ("AWM") to assets held for sale and Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year end.

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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:

(in Euro million)	December 31, 2017		December 31, 2016 restated [a]	
	Deferred Acquisition Costs [b]	Deferred Origination Costs [c]	Deferred Acquisition Costs [b]	Deferred Origination Costs [c]
Deferred Acquisition Costs and equivalent	**22,183**	**698**	**23,355**	**777**
of which shadow DAC	(1,769)	-	(1,476)	-
Unearned revenues and unearned fees reserves	**2,316**	**282**	**2,256**	**309**
of which shadow unearned revenues reserves	(403)	-	(494)	-
DAC net of unearned revenues and unearned fees reserves	**19,867**	**416**	**21,099**	**468**
TOTAL	**20,283**		**21,567**	

(a) Restated to include the Deferred Acquisition Costs and equivalent of Property & Casualty activities in addition to those related to Life & Savings activities.
(b) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(c) 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 €3,170 million net value as of December 31, 2017, and mainly included:

(in Euro million)	Gross value	Accumulated amortization	Accumulated impairment	Net Value December 31, 2017	Net Value December 31, 2016
Software capitalized	3,130	(2,253)	(13)	864	853
Intangible assets recognized in business combinations and other business operations	3,312	(1,103)	(24)	2,184	2,316
Other intangible assets	586	(463)	(0)	122	97
Total other intangible assets	**7,028**	**(3,820)**	**(38)**	**3,170**	**3,266**

8.2 BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

		December 31, 2017				December 31, 2016			
(in Euro million)	Transaction Year	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value
BREU Uberzpiecznia	2015	72	(14)	-	58	68	(12)	-	56
Asia Property & Casualty	2012	155	(80)	-	75	178	(74)	-	104
Greece Life & Savings	2007	43	(5)	(24)	13	43	(5)	(24)	14
Greece Property & Casualty	2007	77	(42)	-	35	77	(37)	-	39
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	174	(96)	-	78	190	(95)	-	95
Switzerland Property & Casualty	2006	581	(381)	-	200	634	(388)	-	246
Germany Property & Casualty	2006	92	(43)	-	49	92	(37)	-	54
Belgium Property & Casualty	2006	67	(31)	-	36	67	(28)	-	39
Spain Property & Casualty	2006	247	(227)	-	20	247	(222)	-	26
AXA Investment Managers	2005	182	(7)	-	175	187	(6)	-	182
Others		684	(176)	-	508	673	(151)	-	523
TOTAL		**3,312**	**(1,103)**	**(24)**	**2,184**	**3,395**	**(1,054)**	**(24)**	**2,316**

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,425 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.

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8.3 CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	2017	2016
Net value as of January 1	**2,316**	**2,427**
Acquisition during the period [(a)]	46	44
Amortization allowance	(105)	(113)
Impairment allowance	-	-
Disposal during the period	(18)	(1)
Purchase decreases following adjustments	-	-
Currency impact	(57)	(31)
Other changes	2	(10)
Closing net value as of December 31	**2,184**	**2,316**

(a) In 2017, includes €29 million in Brazil due to Pernambucanas agreement and €14 million in Singapore Life from DBS bank agreement.
In 2016, includes €13 million in AB from the acquisition of Raimus Alternative Solutions LLC, €13 million in United Kingdom from the acquisition of Aid Call, €6 million in the United States from AIG agreement, €5 million in AXA Investment Managers from the acquisition of Eureka Funds Management, €2 million in Mexico from Promotoria agreement and €2 million in Turkey.

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] [b]	31,296	21,645	3.04%
Investment in real estate properties designated as at fair value through profit or loss [c]	1,456	1,456	0.20%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**32,753**	**23,101**	**3.25%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	380,710	380,710	53.52%
Debt instruments designated as at fair value through profit or loss [d]	34,746	34,746	4.88%
Debt instruments held for trading	586	586	0.08%
Debt instruments (at cost) that are not quoted in an active market [e] [f]	8,350	8,130	1.14%
Debt instruments	**424,392**	**424,172**	**59.63%**
Equity instruments available for sale	18,461	18,461	2.60%
Equity instruments designated as at fair value through profit or loss [c]	8,809	8,809	1.24%
Equity instruments held for trading	41	41	0.01%
Equity instruments	**27,312**	**27,312**	**3.84%**
Non consolidated investment funds available for sale	9,118	9,118	1.28%
Non consolidated investment funds designated as at fair value through profit or loss [c]	3,858	3,858	0.54%
Non consolidated investment funds held for trading	262	262	0.04%
Non consolidated investment funds	**13,238**	**13,238**	**1.86%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**15,231**	**15,231**	**2.14%**
Macro-hedge and other derivatives	**792**	**792**	**0.11%**
Sub total Financial instruments (excluding Loans)	**480,965**	**480,745**	**67.58%**
Loans held to maturity	-	-	-
Loans available for sale	-	-	-
Loans designated as at fair value through profit or loss [c]	-	-	-
Loans held for trading	-	-	-
Loans at cost [b] [f] [g]	33,408	32,509	4.57%
Macro-hedge and other derivatives	-	-	-
Loans	**33,408**	**32,509**	**4.57%**
Total Financial instruments	**514,373**	**513,254**	**72.15%**
Assets backing contracts where the financial risk is borne by policyholders	**175,003**	**175,003**	**24.60%**
INVESTMENTS	**722,128**	**711,358**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**547,125**	**536,355**	**75.40%**

(a) Includes infrastructure investments.
(b) On January 1, 2017, real estate loans were reclassified from loans at cost to Investment in real estate properties at amortized cost for a total of €0.5 billion.
(c) Assets measured at fair value under the fair value option.
(d) Includes assets measured at fair value notably under the fair value option.
(e) Eligible to the IAS 39 Loans and Receivables measurement category.
(f) On January 1, 2017, infrastructure and mid-cap loans were reclassified from loans at cost to debt instruments (at cost) that are not quoted in an active market for a total of €1.6 billion.
(g) Mainly relates to mortgage loans and policy loans.

December 31, 2017					
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)
778	699	1.87%	32,074	22,344	2.98%
-	-	-	1,456	1,456	0.19%
-	-	-	-	-	-
778	**699**	**1.87%**	**33,530**	**23,800**	**3.18%**
-	-	-	-	-	-
4,216	4,216	11.29%	384,927	384,927	51.41%
200	200	0.54%	34,946	34,946	4.67%
46	46	0.12%	632	632	0.08%
997	997	2.67%	9,347	9,127	1.22%
5,459	**5,459**	**14.62%**	**429,851**	**429,632**	**57.38%**
1,073	1,073	2.87%	19,534	19,534	2.61%
519	519	1.39%	9,328	9,328	1.25%
-	-	-	41	41	0.01%
1,592	**1,592**	**4.26%**	**28,903**	**28,903**	**3.86%**
110	110	0.30%	9,228	9,228	1.23%
385	385	1.03%	4,243	4,243	0.57%
249	249	0.67%	510	510	0.07%
744	**744**	**1.99%**	**13,982**	**13,982**	**1.87%**
108	**108**	**0.29%**	**15,339**	**15,339**	**2.05%**
(1)	**(1)**	**0.00%**	**792**	**792**	**0.11%**
7,903	**7,903**	**21.17%**	**488,867**	**488,648**	**65.27%**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,522	28,734	76.96%	63,930	61,242	8.18%
(0)	(0)	0.00%	(0)	(0)	0.00%
30,522	**28,734**	**76.96%**	**63,930**	**61,242**	**8.18%**
38,424	**36,636**	**98.13%**	**552,797**	**549,890**	**73.45%**
-	**-**	**-**	**175,003**	**175,003**	**23.37%**
39,202	**37,335**	**100.00%**	**761,330**	**748,693**	**100.00%**

(in Euro million)	Insurance		
	Fair value	**Carrying value**	**% (value balance sheet)**
Investment in real estate properties at amortized cost [(a)]	28,968	20,123	2.77%
Investment in real estate properties designated as at fair value through profit or loss [(b)]	1,256	1,256	0.17%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**30,224**	**21,379**	**2.94%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	390,821	390,821	53.73%
Debt instruments designated as at fair value through profit or loss [(c)]	42,340	42,340	5.82%
Debt instruments held for trading	998	998	0.14%
Debt instruments (at cost) that are not quoted in an active market [(d)]	5,955	5,736	0.79%
Debt instruments	**440,115**	**439,897**	**60.48%**
Equity instruments available for sale	16,499	16,499	2.27%
Equity instruments designated as at fair value through profit or loss [(b)]	8,975	8,975	1.23%
Equity instruments held for trading	60	60	0.01%
Equity instruments	**25,534**	**25,534**	**3.51%**
Non consolidated investment funds available for sale	9,030	9,030	1.24%
Non consolidated investment funds designated as at fair value through profit or loss [(b)]	4,545	4,545	0.62%
Non consolidated investment funds held for trading	314	314	0.04%
Non consolidated investment funds	**13,890**	**13,890**	**1.91%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**14,067**	**14,067**	**1.93%**
Macro-hedge and other derivatives	**349**	**349**	**0.05%**
Sub total Financial instruments (excluding Loans)	**493,954**	**493,735**	**67.88%**
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)]	38,164	36,995	5.09%
Macro-hedge and other derivatives	-	-	-
Loans	**38,164**	**36,995**	**5.09%**
Total Financial instruments	**532,117**	**530,730**	**72.96%**
Assets backing contracts where the financial risk is borne by policyholders	**175,292**	**175,292**	**24.10%**
INVESTMENTS	**737,633**	**727,402**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**562,341**	**552,110**	**75.90%**

(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, 2016

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)
187	125	0.35%	29,155	20,249	2.65%
-	-	-	1,256	1,256	0.16%
-	-	-	-	-	-
187	**125**	**0.35%**	**30,411**	**21,504**	**2.82%**
-	-	-	-	-	-
5,413	5,413	15.27%	396,234	396,234	51.94%
386	386	1.09%	42,727	42,727	5.60%
29	29	0.08%	1,027	1,027	0.13%
1,136	1,136	3.20%	7,091	6,872	0.90%
6,964	**6,964**	**19.64%**	**447,079**	**446,861**	**58.58%**
1,117	1,117	3.15%	17,616	17,616	2.31%
427	427	1.20%	9,401	9,401	1.23%
-	-	-	60	60	0.01%
1,544	**1,544**	**4.35%**	**27,077**	**27,077**	**3.55%**
91	91	0.26%	9,122	9,122	1.20%
252	252	0.71%	4,797	4,797	0.63%
301	301	0.85%	615	615	0.08%
644	**644**	**1.82%**	**14,534**	**14,534**	**1.91%**
63	**63**	**0.18%**	**14,130**	**14,130**	**1.85%**
(203)	**(203)**	**-0.57%**	**146**	**146**	**0.02%**
9,013	**9,013**	**25.42%**	**502,967**	**502,748**	**65.90%**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,179	26,321	74.23%	66,343	63,317	8.30%
(0)	(0)	0.00%	(0)	(0)	0.00%
28,179	**26,321**	**74.23%**	**66,343**	**63,317**	**8.30%**
37,192	**35,334**	**99.65%**	**569,309**	**566,065**	**74.20%**
-	**-**	**-**	**175,292**	**175,292**	**22.98%**
37,379	**35,459**	**100.00%**	**775,012**	**762,861**	**100.00%**

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:

	December 31, 2017					December 31, 2016				
(in Euro million)	Gross value	Amorti-zation	Impair-ment	Carrying value	Fair value	Gross value	Amorti-zation	impair-ment	Carrying value	Fair value
Investment in real estate properties at amortized cost [(a)]										
Insurance [(b)]	24,282	(2,114)	(568)	21,599	31,251	22,925	(2,202)	(704)	20,019	28,864
Other activities	699	-	(0)	699	778	125	-	(0)	125	187
All activities excluding derivatives	**24,980**	**(2,114)**	**(568)**	**22,298**	**32,028**	**23,050**	**(2,202)**	**(704)**	**20,144**	**29,050**
Impact of Derivatives				46	46				104	104
Total for all activities including derivatives				**22,344**	**32,074**				**20,249**	**29,155**

(a) On January 1, 2017, infrastructure loans were reclassified from loans at cost to investment in real estate properties at amortized cost for a total of €0.5 billion.
(b) Includes infrastructure Investments.

Change in impairment and amortization of investment in real estate properties at amortized cost (all activities):

	Impairment - Investment in real estate properties		Amortization - Investment in real estate properties	
(in Euro million)	2017	2016	2017	2016
Value as of January 1	**704**	**611**	**2,202**	**2,196**
Increase for the period	94	153	246	227
Write back following sale or repayment	(131)	(21)	(89)	(120)
Write back following recovery in value	(92)	(37)	-	-
Others [(a)]	(7)	(2)	(245)	(102)
Value as of December 31	**568**	**704**	**2,114**	**2,202**

(a) Includes change in scope and the effect 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 allocated as follows:

Insurance

	December 31, 2017					December 31, 2016				
(in Euro million)	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	337,654	380,710	380,710	47,362	4,306	343,689	390,821	390,821	54,800	7,668
Debt instruments (at cost) that are not quoted in an active market [(c)]	8,158	8,350	8,130	278	87	5,756	5,955	5,736	274	75
Equity instruments available for sale	13,931	18,461	18,461	4,688	159	12,901	16,499	16,499	3,799	202
Non consolidated investment funds available for sale	8,000	9,118	9,118	1,227	109	8,094	9,030	9,030	1,028	91

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.
(c) On January 1, 2017, infrastructure and mid-cap loans were reclassified from loans at cost to debt instruments (at cost) that are not quoted in an active market for a total of €1.6 billion.

Other activities

	December 31, 2017					December 31, 2016				
(in Euro million)	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	4,199	4,216	4,216	144	126	5,399	5,413	5,413	211	197
Debt instruments (at cost) that are not quoted in an active market	997	997	997	0	-	1,136	1,136	1,136	-	0
Equity instruments available for sale	844	1,073	1,073	257	28	903	1,117	1,117	243	28
Non consolidated investment funds available for sale	95	110	110	15	0	76	91	91	16	-

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

Total

(in Euro million)	December 31, 2017 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	December 31, 2016 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	341,853	384,927	384,927	47,506	4,432	349,087	396,234	396,234	55,011	7,864
Debt instruments (at cost) that are not quoted in an active market [(c)]	9,155	9,347	9,127	279	87	6,892	7,091	6,872	274	75
Equity instruments available for sale	14,775	19,534	19,534	4,945	187	13,804	17,616	17,616	4,042	230
Non consolidated investment funds available for sale	8,096	9,228	9,228	1,242	109	8,170	9,122	9,122	1,043	91

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.
(c) On January 1, 2017, infrastructure and mid-cap loans were reclassified from loans at cost to debt instruments (at cost) that are not quoted in an active market for a total of €1.6 billion.

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, 2017 Carrying value	December 31, 2016 Carrying value
Government and government like debt instruments	231,176	236,132
Other debt instruments issued by government related	9,758	10,187
Corporate debt instruments [(a)]	190,193	203,529
Other debt instruments [(b)]	322	263
Hedging derivatives and other derivatives	(1,818)	(3,250)
TOTAL DEBT INSTRUMENTS	**429,632**	**446,861**

(a) Includes debt instruments issued by companies in which a State holds interests.
(b) Includes fixed maturity investment funds and debt securities related to reverse repo.

Additional information on the credit risk associated with debt instruments is provided in Note 4 “Financial and insurance Risk Management”.

9.4.2 Focus on 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, 2017 Fair value	December 31, 2017 Carrying value	December 31, 2016 Fair value	December 31, 2016 Carrying value
Mortgage loans	25,249	23,670	23,181	21,557
Other loans	5,147	4,938	4,907	4,672
Total Banking loans	**30,397**	**28,609**	**28,088**	**26,230**
Loans from activities other than insurance and banks	125	125	91	92
Total excluding the impact of derivatives	**30,522**	**28,734**	**28,179**	**26,321**
Derivatives impact	(0)	(0)	(0)	(0)
TOTAL	**30,522**	**28,734**	**28,179**	**26,321**

9.5 CONTRACTUAL MATURITIES 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 in certain cases 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, 2017 Net carrying amount by maturity						December 31, 2016 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 excluding derivatives	Impact of Derivatives	Total Carrying value including derivatives	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value excluding derivatives	Impact of Derivatives	Total Carrying value including derivatives
Total - Financial investments exposed to fair value interest rate risk	**29,770**	**108,272**	**315,432**	**453,473**			**37,308**	**117,902**	**317,386**	**472,596**		
Debt instruments	24,533	98,907	298,855	422,294	(1,790)	420,504	32,087	111,802	299,330	443,218	(3,230)	439,988
Loans [(a)]	8,159	21,837	37,394	67,390	(411)	66,979	8,218	21,071	39,637	68,926	(565)	68,361
Total Financial investments exposed to interest rate risk	**32,692**	**120,744**	**336,249**	**489,684**	**(2,201)**	**487,484**	**40,305**	**132,873**	**338,967**	**512,145**	**(3,795)**	**508,350**

(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	Consumer goods & Services	Energy	Communications	Industrial	Basic Materials	Technology	Other	Total value excluding derivatives	Effect of Derivatives	Total value including derivatives
Equity instruments as of December 31, 2017	8,974	8,043	785	1,450	3,921	1,256	1,937	2,522	28,888	16	28,903
Equity instruments as of December 31, 2016	8,579	7,809	685	1,365	3,300	1,017	1,517	2,810	27,082	(5)	27,077

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9.7 TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Group is party 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 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 breakdown of transferred financial assets / liabilities not qualifying for derecognition was as follows:

(in Euro million)	December 31, 2017			December 31, 2016		
	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	**18**	**35,293**	**147**	**1,405**	**32,770**	**252**
Carrying value of associated liabilities [(a)]	**-**	**31,153**	**100**	**1,514**	**29,147**	**169**

(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:

(in Euro million)	December 31, 2017			December 31, 2016		
	Fair value [(a)]			Fair value [(a)]		
	Insurance	Other activities	Total	Insurance	Other activities	Total
Non consolidated investment funds mainly holding equity securities	2,359	698	3,057	2,212	408	2,619
Non consolidated investment funds mainly holding debt instruments	3,622	0	3,622	4,269	127	4,397
Other non consolidated investment funds	7,345	46	7,391	7,485	110	7,595
Non consolidated investment at cost	-	-	-	-	-	-
Derivatives related to non consolidated investment funds	(88)	-	(88)	(77)	-	(77)
TOTAL	**13,238**	**744**	**13,982**	**13,890**	**644**	**14,534**

(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: €1,103 million in 2017 compared to €1,306 million in 2016;
- funds mainly holding debt instruments: €2,872 million in 2017 compared to €2,701 million in 2016;
- other funds: €4,121 million in 2017 compared to €4,162 million in 2016.

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, 2017					December 31, 2016				
(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	342,096	(243)	341,853	43,074	384,927	349,616	(529)	349,087	47,147	396,234
Debt instruments (at cost) that are not quoted in an active market [(c) (d)]	9,156	(0)	9,155	(28)	9,127	6,893	(0)	6,892	(20)	6,872
Debt instruments	**351,252**	**(243)**	**351,008**	**43,046**	**394,054**	**356,509**	**(529)**	**355,980**	**47,127**	**403,107**
Equity instruments available for sale	**17,056**	**(2,280)**	**14,775**	**4,759**	**19,534**	**16,470**	**(2,666)**	**13,804**	**3,812**	**17,616**
Non consolidated investment funds available for sale	**9,180**	**(1,084)**	**8,096**	**1,133**	**9,228**	**9,296**	**(1,126)**	**8,170**	**952**	**9,122**
Loans held to maturity	-	-	-	-	-	(0)	-	(0)	-	(0)
Loans available for sale	-	-	-	-	-	-	-	-	-	-
Loans at cost [(d) (e) (f)]	61,864	(228)	61,635	(393)	61,242	64,103	(236)	63,867	(550)	63,317
Loans	**61,864**	**(228)**	**61,635**	**(393)**	**61,242**	**64,103**	**(236)**	**63,867**	**(550)**	**63,317**
TOTAL	**439,351**	**(3,837)**	**435,515**	**48,544**	**484,059**	**446,377**	**(4,557)**	**441,820**	**51,341**	**493,161**

(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) On January 1, 2017, infrastructure and mid-cap loans were reclassified from loans at cost to debt instruments (at cost) that are not quoted in an active market for a total of €1.6 billion.
(e) Including policy loans.
(f) On January 1, 2017, real estate loans were reclassified from loans at cost to investment in real estate properties at amortized cost for a total of €0.5 billion.

9.9.2 Change in impairment on financial investments

(in Euro million)	January 1, 2017	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [a]	December 31, 2017
Impairment - Debt instruments	529	29	(289)	(1)	(24)	243
Impairment - Equity instruments	2,666	195	(493)	-	(87)	2,280
Impairment - Non consolidated investment funds	1,126	56	(34)	-	(64)	1,084
Impairment - Loans	236	41	(10)	(37)	(1)	228
TOTAL	**4,557**	**321**	**(827)**	**(38)**	**(176)**	**3,837**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

(in Euro million)	January 1, 2016	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [a]	December 31, 2016
Impairment - Debt instruments	632	70	(147)	(28)	2	529
Impairment - Equity instruments	2,144	543	18	-	(38)	2,666
Impairment - Non consolidated investment funds	1,054	132	(69)	-	10	1,126
Impairment - Loans	239	50	(2)	(60)	8	236
TOTAL	**4,069**	**795**	**(200)**	**(88)**	**(19)**	**4,557**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

9.10 INVESTMENTS / FAIR VALUE

9.10.1 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, 2017					December 31, 2016				
	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 derivatives	Total including derivatives	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 derivatives	Total including derivatives
Debt instruments	284,910	101,209	838	386,956	384,927	279,887	118,640	748	399,275	396,234
Equity instruments	15,900	1,609	2,009	19,518	19,534	13,985	1,527	2,109	17,620	17,616
Non consolidated investment funds	930	6,620	1,677	9,226	9,228	837	7,125	1,192	9,153	9,122
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans available for sale	**301,740**	**109,437**	**4,524**	**415,701**	**413,689**	**294,708**	**127,292**	**4,049**	**426,048**	**422,972**
Investment in real estate properties	-	1,456	-	1,456	1,456	-	1,256	-	1,256	1,256
Debt instruments	25,195	9,299	262	34,756	34,946	25,242	16,594	921	42,757	42,727
Equity instruments	3,323	870	5,135	9,328	9,328	3,405	879	5,118	9,401	9,401
Non consolidated investment funds	561	2,272	1,501	4,334	4,243	377	3,200	1,266	4,842	4,797
Other assets held by consolidated investment funds designated as at fair value through profit or loss	3,297	6,136	5,875	15,309	15,339	3,749	6,107	4,327	14,184	14,130
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans designated as at fair value through profit or loss	**32,377**	**20,033**	**12,773**	**65,183**	**65,313**	**32,773**	**28,035**	**11,632**	**72,440**	**72,310**
Debt instruments	329	252	2	582	632	342	844	1	1,187	1,027
Equity instruments	41	-	0	41	41	61	(0)	0	61	60
Non consolidated investment funds	239	271	0	510	510	300	315	0	615	615
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held for trading	**609**	**523**	**2**	**1,134**	**1,183**	**702**	**1,160**	**2**	**1,863**	**1,703**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**334,726**	**129,994**	**17,298**	**482,017**	**480,185**	**328,183**	**156,486**	**15,682**	**500,351**	**496,985**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

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,
  - values 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, 2017, Irish, Portuguese and Spanish sovereign bonds continue to be classified in level 2. For these sovereign bonds classified in level 2, trends observed in previous years were confirmed in 2017. These market indicators will continue to be monitored to assess the sustainability of those improvements. Therefore, the classification as of December 31, 2017, was maintained compared to December 31, 2016.

As of December 31, 2017, the net transfer between level 1 and level 2 was €8,201 million. This amount was comprised of €12,671 million transferred investments from level 2 to level 1 and €4,470 million 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, 2017 to December 31, 2017, the amount of level 3 assets increased to €17.3 billion, representing 3.6% of the total assets at fair value (3.1% in 2016 *i.e.* €15.7 billion).

Main movements related to level 3 assets to be noted were the following:

- €+3.0 billion of new investments;
- €+0.1 billion of change in unrealized gains and losses;
- €+0.05 billion of net asset transfers in and out of level 3 and foreign exchange fluctuation impact;
- €-1.6 billion of asset sales, redemptions and settlements mainly of debt instruments, equity securities and non-conso investment funds accounted as available for sale and of equity securities, non-conso investment funds, other assets held by controlled investment funds and debt instruments accounted as fair value through P&L.

A majority of assets classified in level 3 corresponds to private investments and in particular private equity assets.

9.10.2 Investments recognized at amortized cost

	December 31, 2017					December 31, 2016				
	Assets quoted in an active market	Assets not quoted in an active market or no active market				Assets quoted in an 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 [(a)]	-	32,028	0	32,028	32,074	-	29,050	-	29,050	29,155
Debt instruments at cost (loans & receivables) [(b)]	299	6,062	3,013	9,375	9,347	345	4,916	1,851	7,111	7,091
Loans at amortized cost [(a) (b)]	43	28,587	36,576	65,206	63,930	49	27,461	39,398	66,908	66,343
Non consolidated investment at cost	-	-	-	-	-	-	-	-	-	-
Financial investments and loans at amortized cost	**343**	**66,677**	**39,589**	**106,609**	**105,351**	**393**	**61,427**	**41,248**	**103,069**	**102,589**
TOTAL FAIR VALUE OF INVESTED ASSETS AT AMORTIZED COST	**343**	**66,677**	**39,589**	**106,609**	**105,351**	**393**	**61,427**	**41,248**	**103,069**	**102,589**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

(a) On January 1, 2017, real estate loans were reclassified from loans at cost to investment in real estate properties at amortized cost for a total of €0.5 billion.

(b) On January 1, 2017, infrastructure and mid-cap loans were reclassified from loans at cost to debt instruments (at cost) that are not quoted in an active market for a total of €1.6 billion.

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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 noted 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, 2017**	**December 31, 2016**
Investment in real estate properties	3,157	2,271
Equity instruments & non consolidated investment funds	159,532	159,664
Debt instruments	11,428	12,620
Others	885	737
Total Insurance activities	**175,003**	**175,292**

(a) Fair value equals carrying value.

These assets (including investment in real estate properties) are measured at fair value through profit or loss. Financial assets included in these investments are valued at fair value through profit or loss under the fair value option.

As described in Note 4 "Financial and insurance Risk Management", the financial risk associated with these contracts is borne by policyholders, except for contracts that offer some investment-related guarantees.

Note 10 Investments accounted for using the equity method

10.1 BREAKDOWN OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2017					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	164	-	8	-	(2)	170
Philippine AXA Life Insurance Corporation	72	-	22	(10)	(8)	76
Krungthai AXA Life Insurance Company Ltd	176	-	59	(7)	(48)	181
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd)	346	-	(3)	(24)	94	413
PT AXA Mandiri Financial Services	56	-	44	(7)	(40)	52
Bharti AXA Life	98	-	11	(7)	3	105
Bharti AXA General Insurance Company Limited	34	-	(8)	(2)	0	25
Reso Garantia	408	-	78	13	0	500
Kyobo AXA Investment Managers Company Limited	33	-	3	(0)	(3)	33
AXA SPDB Investment Managers Company Limited	22	-	13	(2)	(2)	32
Natio Assurance	46	-	13	-	(14)	45
AXA Tian Ping	582	-	7	(37)	(3)	549
AXA Mansard Insurance plc (P&C including Assur African Holding)	85	-	7	(21)	2	74
AXA Mansard Insurance plc (L&S)	31	-	(1)	(7)	1	24
Other	91	-	11	(3)	3	102
TOTAL	**2,245**	**-**	**265**	**(113)**	**(16)**	**2,381**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.

(in Euro million)	2016					
	January 1	**Acquisitions & disposals**	**Contribution to net income**	**Currency translation impact**	**Other changes [(a)]**	**December 31**
Neuflize Vie	158	-	9	-	(3)	164
Philippine AXA Life Insurance Corporation	56	-	18	(1)	(0)	72
Krungthai AXA Life Insurance Company Ltd	158	-	60	6	(48)	176
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd)	401	-	19	(15)	(59)	346
PT AXA Mandiri Financial Services	54	-	39	3	(40)	56
Bharti AXA Life	84	-	4	1	9	98
Bharti AXA General Insurance Company Limited	34	-	(16)	0	16	34
Reso Garantia	355	-	43	14	(4)	408
Kyobo AXA Investment Managers Company Limited	33	-	3	(0)	(2)	33
AXA SPDB Investment Managers Company Limited	-	(0)	9	(1)	14	22
Natio Assurance	46	-	9	-	(9)	46
AXA Tian Ping	605	-	2	(23)	(2)	582
AXA Mansard Insurance plc (P&C including Assur African Holding)	176	0	9	(43)	(56)	85
AXA Mansard Insurance plc (L&S)	61	-	1	(17)	(14)	31
Other	88	(0)	7	0	(5)	91
TOTAL	**2,306**	**(0)**	**218**	**(76)**	**(203)**	**2,245**

(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):

(in Euro million)	December 31, 2017		December 31, 2016	
	Krungthai AXA Life Insurance Company Ltd.	**AXA Tian Ping**	**Krungthai AXA Life Insurance Company Ltd.**	**AXA Tian Ping**
Cash and cash equivalents	101	152	79	214
Total assets (including cash and cash equivalents)	**6,387**	**1,586**	**5,416**	**1,722**
Financing debts	0	-	0	-
Total liabilities (including financing debts but excluding shareholders' equity)	**6,026**	**1,116**	**5,064**	**1,228**
Net assets	**361**	**470**	**352**	**494**
Revenues	1,655	1,054	1,431	1,095
Change in unearned premiums net of unearned revenues and fees	(8)	21	(11)	(61)
Net investment result excluding financing expenses	423	53	183	57
Other operating income and expenses	(1,925)	(1,113)	(1,453)	(1,093)
Financing debt expenses	-	-	-	-
Income tax expense or income	(28)	(2)	(29)	5
Net income	**118**	**14**	**121**	**4**
Other Comprehensive Income	(13)	(38)	12	(25)
Total Comprehensive Income	**104**	**(24)**	**133**	**(21)**
Dividends received by AXA from the joint venture	**48**	**-**	**48**	**-**

As of December 31, 2017, the Group share of interest in Krungthai AXA Life Insurance Company Ltd. and AXA Tian Ping were of 50.0%.

A reconciliation of the summarized financial information to the carrying amount of the joint ventures is as follows:

	December 31, 2017		December 31, 2016	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping
Net assets as presented above	361	470	352	494
Group share in net assets	181	235	176	247
Goodwill	-	314	-	335
Carrying value	181	549	176	582

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):

	December 31, 2017		December 31, 2016	
(in Euro million)	RESO Garantia	ICBC-AXA Assurance Co Ltd	RESO Garantia	ICBC-AXA Assurance Co Ltd
Total assets	**2,333**	**14,843**	**2,020**	**14,345**
Total liabilities (excluding shareholders' equity)	**1,555**	**13,342**	**1,456**	**13,087**
Net assets	**778**	**1,501**	**564**	**1,259**
Revenues	1,404	5,202	1,160	4,684
Net income	**199**	**(12)**	**111**	**69**
Other Comprehensive Income	14	(310)	7	(269)
Total Comprehensive Income	**214**	**(322)**	**118**	**(200)**
Dividends received by AXA from the associate	**-**	**-**	**-**	**-**

A reconciliation of the summarized financial information to the carrying amount of the associates is as follows:

	December 31, 2017		December 31, 2016	
(in Euro million)	RESO Garantia	ICBC-AXA Assurance Co Ltd	RESO Garantia	ICBC-AXA Assurance Co Ltd
Net assets as presented above	778	1,501	564	1,259
Group share of net assets	306	413	222	346
Goodwill	194	-	186	-
Impairment of associate	-	-	-	-
Carrying value	500	413	408	346

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

(in Euro million)	December 31, 2017 Gross value	Impairment	Carrying value	Fair value	December 31, 2016 Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	1,761	(2)	1,759	1,759	1,823	(2)	1,821	1,821
Current accounts receivables from other Companies	1,104	(4)	1,100	1,100	1,777	(2)	1,775	1,775
Receivables from policyholders, brokers and general agents	8,393	(426)	7,967	7,967	8,676	(365)	8,311	8,311
Premiums earned not yet written	5,534	-	5,534	5,534	4,511	-	4,511	4,511
Receivables arising from direct insurance and inward reinsurance operations	**16,792**	**(432)**	**16,360**	**16,360**	**16,787**	**(369)**	**16,418**	**16,418**
Deposits and guarantees	69	-	69	69	127	-	127	127
Receivables from reinsurers	996	(57)	940	940	931	(63)	868	868
Receivables from brokers and general agents	9	(5)	4	4	11	(7)	5	5
Receivables arising from outward reinsurance operations	**1,074**	**(61)**	**1,013**	**1,013**	**1,070**	**(70)**	**1,000**	**1,000**
Current tax receivables	**1,266**	**-**	**1,266**	**1,266**	**1,071**	**-**	**1,071**	**1,071**
Employee benefits & related	1,492	(0)	1,492	1,492	1,359	(0)	1,359	1,359
Other deposits	1,950	-	1,950	1,950	2,259	-	2,259	2,259
Others	10,173	(747)	9,426	9,426	14,651	(853)	13,798	13,798
Other receivables	**13,615**	**(747)**	**12,868**	**12,868**	**18,269**	**(853)**	**17,416**	**17,416**
TOTAL RECEIVABLES	**32,747**	**(1,241)**	**31,507**	**31,507**	**37,197**	**(1,292)**	**35,906**	**35,906**

Note 12 Cash and cash equivalents

(in Euro million)	December 31, 2017 Carrying value (a)	December 31, 2016 Carrying value (a)
Arising from insurance activities	19,060	18,412
Arising from banking activities	970	1,065
Arising from other activities	3,867	6,837
Cash and cash equivalents (b)	**23,898**	**26,314**

(a) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(b) including €708 million deposits in the central banks in 2017 and €836 million in 2016.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(in Euro million)	December 31, 2017	December 31, 2016
Cash and cash equivalents	23,898	26,314
Bank overdrafts (a)	(702)	(580)
Cash and cash equivalents as of December 31 (b)	**23,196**	**25,734**

(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, 2017, total consolidated net cash and cash equivalents amounted to €23,196 million, net of €702 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 €2,538 million compared to 2016 mainly due to:

- Belgium (€+1,254 million) mainly due to subscription to AXA Money Market fund replacing AXA IM Euro liquidity fund;
- Germany (€+1,205 million) mainly due to reclassification of money market funds and outstanding investments for 2018;
- Switzerland (€+866 million) mainly due to de-risking strategy and outstanding investment for 2018;
- Hong Kong (€-828 million) mainy due to due to new investments and dividend payments;
- AXA SA (€-1,855 million) mainly due to the dividend paid to shareholders (€-2,808 million), the repayment of debts (€-2,119 million), shares buy back (€-1,655 million), financial expenses (€-725 million), loans granted to US operations (€-801 million) partly offset by dividends received (€+5,089 million), issuance of new debt (€+946 million), capital increases (€+576 million) including share plan;
- The United States (€-1,512 million) mainly due to purchases of financial invested assets, repayment of debt and dividend paid, partly offset by cash generated from operating activites;
- The United Kingdom & Ireland (€-722 million) mainly due debt repayment to AXA SA and payment into group pension scheme, partly offset by proceeds from the disposal of the Bluefin insurance group.

Regarding the consolidated statement of cash flows presented together with the primary financial statements, net cash provided by operating activities totaled €16,521 million in 2017, compared to €13,124 million in 2016.

Net cash used in investing activities was €-12,337 million in 2017, mainly reflecting:

- €-11,721 million of net cash used in purchases and sales of financial invested assets;
- €-256 million of net cash impact of assets lending / borrowing collateral receivables and payables.

Net cash used in investing activities was €-10,269 million in 2016, mainly reflecting:

- €-13,980 million of net cash used in purchases and sales of financial invested assets;
- €+4,050 million of net cash impact of assets lending / borrowing collateral receivables and payables.

Net cash relating to financing activities was €-6,111 million in 2017 mainly driven by:

- Subordinated debt issued €+946 million and repayment of financing debt €-1,832 million and undated subordinated debt €-330 million in 2017;
- Dividends payments of €-3,098 million.

Net cash relating to financing activities totalled €-2,878 million in 2016 mainly driven by:

- Financing debt and subordinated debt issued €+2,306 million and €+500 million respectively and repayment of undated subordinated debt €-1,260 million in 2016;
- Dividends payments of €-2,923 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 2017

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2017, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €443 million from the employee share offering (December 2017) of 19.6 million shares;
- a capital increase of €133 million due to exercice of stock options;
- share-based payments for €37 million;
- a capital decrease of €688 million for 27.5 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, 2017, the Company and its subsidiaries owned 41.8 million AXA shares, representing 1.7% of the share capital, an increase of 36 million shares compared to December 31, 2016.

As of December 31, 2017, the carrying value of treasury shares and related derivatives was €1,060 million. There was no AXA shares held by consolidated Mutual funds not backing contracts where financial risk borne by policyholders.

As of December 31, 2017, 2.1 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 €39 million and their market value €52 million at the end of December 2017.

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 at their historical value and their closing value as regards exchange rates. The corresponding foreign exchange differences are cancelled out through the translation reserve.

In 2017, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-331 million from repayment of undated subordinated debt,
- €-385 million from foreign exchange rate fluctuations;
- €-229 million from interest expenses related to the undated subordinated debt (net of tax).

As of December 31, 2017 and December 31, 2016, undated subordinated debt recognized in shareholders' equity broke down as follows:

	December 31, 2017		December 31, 2016	
(in million)	Value of the undated subordinated debt in currency of issuance	Value of the undated subordinated debt in Euro million	Value of the undated subordinated debt in currency of issuance	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	394	350	409
December 14, 2006 - 750 MUS$ 6.5%	750	623	750	709
December 14, 2006 - 750 MUS$ 6.4%	750	623	750	709
October 5, 2007 - 750 M€ 6.2% [(a)]	-	-	335	331
October 16, 2007 - 700 M£ 6.8% [(a)]	219	245	219	253
November 7, 2014 - 984 M€ 3.941% [(a)]	984	981	984	981
November 7, 2014 - 724 M£ 5.453% [(a)]	724	813	724	843
May 20, 2014 - 1,000 M€ - 3.9%	1,000	997	1,000	997
January 22, 2013 - 850 MUS$, 5.5%	850	703	850	801
Undated notes -625 M€, variables rates	625	625	625	625
Undated notes - 27,000 MJPY, 3.3%	27,000	200	27,000	219
Undated notes - 375 MUS$, variables rates	375	313	375	356
Sub-Total Undated Subordinated Debt		**7,391**		**8,106**
Equity component of convertible debt (2017)	-	-	95	95
TOTAL		**7,391**		**8,201**

(a) These undated Deeply Subordinated notes were part of the liability management exercise launched on October 29, 2014.

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 from a given date.

DIVIDENDS PAID

On April 26, 2017, Shareholders' Meeting, shareholders approved a dividend distribution of €1.16 per share corresponding to €2,808 million with respect to the 2016 financial year.

13.1.2 Change in shareholders' equity Group share in 2016

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2016, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €492 million including the employee share offering (December 2016) of 24.5 million shares for €430 million net of related charges; shares distributed of 1.3 million under AXA Miles for €3 million (reclassified from other reserves);
- a capital decrease of €637 million for 31 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);
- share-based payments for €37 million.

TREASURY SHARES

As of December 31, 2016, the Company and its subsidiaries owned 5.9 million AXA shares, representing 0.24% of the share capital, an increase of 3.9 million shares compared to December 31, 2015.

As of December 31, 2016, the carrying value of treasury shares and related derivatives was €297 million. There was no AXA shares held by consolidated Mutual funds not backing contracts where financial risk borne by policyholders.

As of December 31, 2016, 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 €31 million and their market value €45 million at the end of December 2016.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

In 2016, following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-1,260 million from repayment of undated subordinated debt;
- €-181 million from foreign exchange rate fluctuations;
- €-267 million from interest expenses related to the undated subordinated debt (net of tax).

DIVIDENDS PAID

On April 30, 2016 Shareholders' Meeting, shareholders approved a dividend distribution of €1.10 per share corresponding to €2,656 million with respect to the 2015 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 2017

RESERVES 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 totalled €-3,573 million, of which €-4,690 million decrease in unrealized capital gains on debt securities which was mainly driven by interest rates increase.

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, 2017	December 31, 2016
Gross unrealized gains and losses [(a)]	**50,277**	**53,849**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholder participation and other obligations	(27,019)	(30,959)
Shadow accounting on Deferred Acquisition Costs [(b)]	(1,367)	(983)
Shadow accounting on Value of purchased Business In force	(178)	(185)
Unallocated unrealized gains and losses before tax	**21,714**	**21,722**
Deferred tax	(5,540)	(6,405)
Unrealized gains and losses (net of tax) - Assets available for sale	**16,174**	**15,317**
Unrealized gains and losses (net of tax) - Equity accounted companies	20	58
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**16,194**	**15,376**
Minority interests' share in unrealized gains and losses [(d)]	**(215)**	**(267)**
Translation reserves [(e)]	14	(465)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(c)]	**15,992**	**14,643**

(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 unrealized gains and losses on assets held for sale operations.
(d) Including foreign exchange impact attributable to minority interests.
(e) Group share.

On December 31, 2017, most of the unrealized gains on assets available for sale related to Life & Savings activities, leading to significant movements in shadow policyholder participation and other obligations.

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, 2017:

	December 31, 2017			
(in Euro million)	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings	Belgium Life & Savings
Gross unrealized gains and losses [(a)]	**17,583**	**7,963**	**3,726**	**5,579**
Less unrealized gains and losses attributable to:				
Shadow accounting on policyholders' participation and other obligations	(12,982)	(6,810)	(2,131)	(2,377)
Shadow accounting on Deferred Acquisition Costs [(b)]	(295)	-	(77)	(88)
Shadow accounting on Value of purchased Business In force	-	-	(105)	(10)
Unallocated unrealized gains and losses before tax	**4,305**	**1,153**	**1,413**	**3,104**
Deferred tax	(1,120)	(355)	(297)	(775)
Unrealized gains and losses (net of tax) - Assets available for sale	**3,185**	**798**	**1,116**	**2,329**
Unrealized gains and losses (net of tax) - Equity accounted companies	44	-	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**3,229**	**798**	**1,116**	**2,329**
Minority interests' share in unrealized gains and losses [(c)]	**(8)**	**0**	**-**	**(1)**
Translation reserves [(d)]	1	-	(149)	(0)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE)	**3,222**	**798**	**967**	**2,329**

(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.

The change in reserves related to changes in fair value of available for sale financial instruments included in shareholders' equity as of December 31, 2017, and December 31, 2016 broke down as follows:

(in Euro million)	December 31, 2017	December 31, 2016
Unrealized gains and losses (net of tax) 100%, opening	**15,376**	**13,352**
Transfer in the income statement on the period [(a)]	(725)	(771)
Investments bought in the current accounting period and changes in fair value	2,177	2,936
Foreign exchange impact	(629)	66
Change in scope and other changes	(6)	(207)
UNREALIZED GAINS AND LOSSES (NET OF TAX) 100%, CLOSING	**16,194**	**15,376**
Minority interests' share in unrealized gains and losses [(b)]	**(215)**	**(267)**
Translation reserves [(c)]	**14**	**(465)**
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(d)]	**15,992**	**14,643**

(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 €-4,933 million (of which €-4,588 million from Group share and €-346 million from minority interests) as at December 31, 2017.

The Group share translation reserves (€-4,588 million) was mainly driven by the the United States (€-1,967 million), Switzerland (€-953 million), Asia (€-628 million), Japan (€-571 million), AXA IM (€-227 million) and International (€-198 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €+408 million (of which Group share was €+405 million and minority interests were €+3 million) as of December 31, 2017.

The positive impact in equity of actuarial gains and losses arising from employee defined benefits obligation was mainly explained by:

- the outperformance of plan assets covering employee' defined benefit pension plans (mainly in the United Kingdom) compared to the discount rate;
- the revisited alternative approach (stochastic model) used to derive the pension increase assumptions and the update of mortality assumption (mainly in the United Kingdom);
- the expected decrease in conversion rate at retirement, decrease in crediting rate assumption and revisited demographic assumptions.

partially offset by:

- net experience losses mainly driven by the decrease in discount rates (mainly in the United Kingdom and United States) and other parameters affecting the defined benefit obligation.

Additional information on pension benefits is provided in Note 26.2.

13.2.2 Comprehensive income for 2016

RESERVE 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 totalled €4,390 million, of which €3,900 million increase in unrealized capital gains on debt securities which was mainly driven by interest rates decrease and corporate spreads tightening.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movement was €-73 million (of which €-150 million from Group share and €+77 million from minority interest) as of December 31, 2016.

The Group share translation reserves movement (€-150 million) was mainly driven by the United Kingdom (€-717 million), International (€-157 million), France (€-51 million) and change in fair value of derivatives and debt hedging net investments in foreign operations (€-85 million), partly offset by the United States (€+459 million) and Japan (€+392 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-581 million (of which Group share was €-580 million and minority interests was €-1 million) as of December 31, 2016.

The negative impact in equity of actuarial losses arising from employee defined benefits obligation was mainly explained by:

- the effect of the decrease in the discount rates by 60 bps on an average;
- the increase in pension indexation rate (mainly in the United Kingdom);

partially offset by:

- the outperformance of assets covering employee' defined benefit pension plans (mainly in the United Kingdom) compared to the discount rate;
- net experience gains and other parameters affecting the defined benefit obligation.

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 2017

The €373 million increase in minority interests to €5,656 million was driven by comprehensive income and transactions with minority interests' holders:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+394 million,
  - reserves relating to changes in fair value through shareholders' equity for €-47 million,
  - foreign exchange movements for €-346 million;

- transactions with minority interests' holders, mainly included:
  - dividend payout to minority interests' holders for €-274 million,
  - minority interests qualified as equity resulting from the consolidation of a new investment funds and capital addition to existing consolidated investment funds for €+682 million,
  - decrease in a real estate fund due to capital redemption and market effects for €-23 million.

13.3.2 Change in minority interests for 2016

The €1,117 million increase in minority interests to €5,283 million was driven by comprehensive income and transactions with minority interests' holders:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+364 million,
  - reserves relating to changes in fair value through shareholders' equity for €+129 million,
  - foreign exchange movements for €+77 million;
- transactions with minority interests' holders, mainly included:
  - dividend payout to minority interests' holders for €-270 million,
  - minority interests qualified as equity resulting from the consolidation of two new investment funds and capital addition to an existing consolidated investment fund for €+914 million.

Note 14 Liabilities arising from insurance and investment contracts

In the following 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, 2017						
(In Euro million)	France	Europe	Asia	United States	Inter-national	Trans-versal & Central Holdings	Total Insurance
Insurance liabilities (A)	149,411	174,578	51,814	164,688	10,761	9,579	560,831
Investment liabilities (B)	10,476	34,098	2,197	2,849	2,375	-	51,995
Other liabilities (C) [(a)]	16,153	26,092	2,360	(962)	529	(60)	44,113
Total insurance and investment liabilities (D = A+B+C)	**176,040**	**234,767**	**56,371**	**166,575**	**13,665**	**9,520**	**656,938**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,773	1,138	264	3,905	1,055	1,946	13,081
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**171,267**	**233,629**	**56,107**	**162,670**	**12,610**	**7,574**	**643,857**

(a) Other liabilities was comprised of 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, 2016						
(In Euro million)	France	Europe	Asia	United States	Inter-national	Trans-versal & Central Holdings	Total Insurance
Insurance liabilities (A)	142,855	181,803	55,353	173,631	10,599	10,550	574,791
Investment liabilities (B)	9,803	33,498	2,470	2,255	2,331	-	50,358
Other liabilities (C) [(a)]	18,197	28,843	1,994	636	569	(88)	50,151
Total insurance and investment liabilities (D = A+B+C)	**170,856**	**244,145**	**59,818**	**176,522**	**13,498**	**10,462**	**675,299**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,464	1,177	389	5,459	873	2,625	14,988
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**166,391**	**242,967**	**59,428**	**171,062**	**12,625**	**7,837**	**660,312**

(a) Other liabilities was comprised of 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)

(In Euro million)	December 31, 2017			December 31, 2016		
	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Liabilities arising from insurance contracts	334,913	66,216	401,129	347,874	66,694	414,569
Liabilities arising from insurance contracts where risk is borne by policyholders	159,702	-	159,702	160,222	-	160,222
Total insurance liabilities (A)	**494,615**	**66,216**	**560,831**	**508,096**	**66,694**	**574,791**
Liabilities arising from investment contracts with discretionary participating features	33,199	-	33,199	32,466	-	32,466
Liabilities arising from investment contracts with no discretionary participating features	2,900	-	2,900	2,382	-	2,382
Liabilities arising from investment contracts where the financial risk is borne by policyholders	15,896	-	15,896	15,511	-	15,511
Total investment liabilities (B)	**51,995**	**-**	**51,995**	**50,358**	**-**	**50,358**
Unearned revenue and unearned fee reserves	2,586	12	2,598	2,565	-	2,565
Liabilities arising from participation	44,161	248	44,409	49,214	274	49,488
Derivative instruments	(3,061)	167	(2,895)	(1,914)	11	(1,903)
Other liabilities (C)	**43,685**	**427**	**44,113**	**49,865**	**285**	**50,151**
Total insurance and investment liabilities (D = A+B+C)	**590,295**	**66,643**	**656,938**	**608,320**	**66,980**	**675,299**
Reinsurers' share in insurance contracts liabilities	8,272	4,730	13,002	9,483	5,274	14,756
Reinsurers' share in insurance contract liabilities relating to policyholders' participation	1	9	10	136	2	138
Reinsurers' share in liabilities arising from investment contracts	69	-	69	93	-	93
Total reinsurers' share in insurance and investment contracts liabilities (E)	**8,342**	**4,739**	**13,081**	**9,712**	**5,276**	**14,988**
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURERS' SHARE (F = D-E)	**581,953**	**61,904**	**643,857**	**598,607**	**61,704**	**660,312**

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:

(In Euro million)	December 31, 2017			December 31, 2016		
	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Future policy benefit reserves	314,660	89	314,749	329,154	92	329,246
Unearned premiums reserves	662	10,961	11,623	676	10,962	11,638
Claims reserves [(a)]	13,290	49,841	63,131	12,979	50,024	63,004
of which IBNR [(b)]	*4,335*	*12,818*	*17,152*	*4,065*	*12,348*	*16,413*
Liability adequacy test reserves	-	-	-	-	-	-
Other reserves [(c)]	6,302	5,324	11,626	5,064	5,617	10,681
Liabilities arising from insurance contracts (A)	**334,913**	**66,216**	**401,129**	**347,874**	**66,694**	**414,569**
of which measured at current assumptions [(d)]	*13,427*	-	*13,427*	*15,355*	-	*15,355*
Future policy benefit reserves	159,488	-	159,488	159,940	-	159,940
Claims reserves [(a)]	56	-	56	131	-	131
of which IBNR [(b)]	*1*	-	*1*	*2*	-	*2*
Other reserves	158	-	158	151	-	151
Liabilities arising from insurance contracts where the financial risk is borne by policyholders (B)	**159,702**	**-**	**159,702**	**160,222**	**-**	**160,222**
Sub-total Liabilities arising from insurance contract (C = A+B)	**494,615**	**66,216**	**560,831**	**508,096**	**66,694**	**574,791**
Reinsurers' share in future policy benefit reserves	5,697	(5)	5,693	7,440	-	7,440
Reinsurers' share in unearned premiums reserves	45	805	850	43	817	859
Reinsurers' share in claims reserves [(a)]	1,897	3,952	5,849	1,602	4,475	6,077
of which IBNR [(b)]	*6*	*224*	*230*	*50*	*452*	*502*
Reinsurers' share in other reserves	632	(22)	611	398	(18)	380
Reinsurers' share in liabilities arising from insurance contracts (D)	**8,272**	**4,730**	**13,002**	**9,483**	**5,274**	**14,756**
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)	**8,272**	**4,730**	**13,003**	**9,483**	**5,274**	**14,757**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURERS' SHARE (G = C-F)	**486,343**	**61,486**	**547,828**	**498,613**	**61,421**	**560,034**

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 (€10 million in 2017 and €138 million in 2016), as well as derivative instruments (none in 2017 and 2016) are excluded from the table above.

(a) Includes reserves for claims handling expenses.
(b) For the detail of Property & Casualty IBNR, see Note 21.3.3.
(c) Notably includes non-life annuities mathematical reserves.
(d) 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.

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, 2017	December 31, 2016
Future policy benefit reserves	32,956	32,196
Unearned premiums reserves	0	0
Claims reserves [(a)]	241	259
Liability adequacy test reserves	-	-
Other reserves	3	11
Liabilities arising from investment contracts with discretionary participating features (A)	**33,199**	**32,466**
of which measured at current assumptions [(b)]	-	-
Future policy benefit reserves	2,892	2,308
Claims reserves [(a)]	8	73
Other reserves	0	-
Liabilities arising from investment contracts with no discretionary participating features (B)	**2,900**	**2,382**
Future policy benefit reserves	15,885	15,501
Claims reserves [(a)]	12	10
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders (C)	**15,896**	**15,511**
Sub-total liabilities arising from investment contract (D = A+B+C)	**51,995**	**50,358**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features (E)	**65**	**89**
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)	**4**	**4**
Sub-total Reinsurers' share (H = E+F+G)	**69**	**93**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS - NET OF REINSURERS' SHARE (I = D-H)	**51,926**	**50,265**

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 2017 and 2016), as well as derivatives instruments (none in 2017 and 2016) 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 detailed information on claims reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2017 Property & Casualty	2016 Property & Casualty
Claims reserves as of January 1	48,586	47,351
Claims handling cost reserves as of January 1	1,438	1,453
Gross claims reserve as of January 1 [(a)]	**50,024**	**48,804**
Current year charge	22,179	22,200
Loss reserves development (prior years)	(388)	(271)
Total claims expenses [(b)]	**21,791**	**21,930**
Claims payments (current year)	(10,540)	(10,706)
Claims payments (prior years)	(10,046)	(9,835)
Claim payments [(b)]	**(20,586)**	**(20,541)**
Change in scope of consolidation and change in accounting method	**73**	**441**
Impact of foreign currency fluctuation	**(1,460)**	**(610)**
Claims reserves as of December 31	48,445	48,586
Claims handling cost reserves as of December 31	1,396	1,438
Gross claims reserves as of December 31 [(a)]	**49,841**	**50,024**

(a) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €5.2 billion in 2017 and €5.5 billion in 2016.
(b) Excluding claims handling expense reserves.

14.4.2 Change in reinsurers' share in claims reserves

The table below gives detailed information on reinsurers' share in claims reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2017 Property & Casualty	2016 Property & Casualty
Reinsurers' share in claims reserves as of January 1	**4,475**	**3,889**
Reinsurers' share in total claims expenses	1,653	1,751
Reinsurers' share in claims payments	(1,837)	(1,471)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	(151)	282
Impact of foreign currency fluctuation	(187)	26
Reinsurers' share in claims reserves as of December 31	**3,952**	**4,475**

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) and Note 14.3 (D):

	2017			2016		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Technical reserves as of January 1 [a]	**508,096**	**50,358**	**558,454**	**485,560**	**76,606**	**562,166**
Collected premiums net of loadings on premiums (+)	48,217	5,146	53,364	49,611	5,542	55,153
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(49,363)	(5,322)	(54,686)	(49,286)	(6,781)	(56,068)
Unit-Linked technical reserves value adjustment (+/-)	17,991	386	18,377	8,860	423	9,283
Change in reserves relating to technical and actuarial items (+/-) [b]	4,816	2,467	7,283	5,248	2,794	8,042
Transfers following technical reserves/ contract reclassification	(6)	6	0	(20)	20	(0)
Change in scope of consolidation, portfolio transfers and change in accounting principles	(2,710)	(216)	(2,926)	(390)	(24,324)	(24,715)
Impact of foreign currency fluctuation	(32,427)	(830)	(33,257)	8,403	(3,922)	4,482
Technical reserves as of December 31 [a]	**494,615**	**51,995**	**546,610**	**508,096**	**50,358**	**558,454**

(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 2017, the change in scope of consolidation totalled €2,926 million, mainly due to the classification in held for sale due to the planned sale of ProbAV Pensionskasse AG in Germany for €3,016 million as well as AXA Wealth Management (HK) Limited (“AWM”) in Hong Kong for €914 million, partly offset by €1,097 million related to a change in reserve classification at AXA France.

In 2016, the change in scope of consolidation totalled €24,715 million, mainly due to the disposal of UK L&S business for €-23,804 million and the classification as held for sale of AXA Life Europe UK and Ireland business for €-941 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)	2017 Insurance contracts	2017 Investment contracts	2017 Total	2016 Insurance contracts	2016 Investment contracts	2016 Total
Reinsurers' share in technical reserves as of January 1 [(a)]	**9,483**	**93**	**9,576**	**14,812**	**101**	**14,914**
Reinsurers' share in collected premiums net of loadings on premiums (+)	1,240	7	1,247	2,105	7	2,111
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(732)	(15)	(747)	(7,464)	(20)	(7,484)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) [(b)]	(1,275)	(13)	(1,288)	(138)	5	(133)
Change in scope of consolidation and change in accounting principles	193	-	193	(1)	-	(1)
Impact of foreign currency fluctuation	(636)	(3)	(638)	168	0	169
Reinsurers' share in technical reserves as of December 31 [(a)]	**8,272**	**69**	**8,342**	**9,483**	**93**	**9,576**

(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.

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, 2017	Carrying value December 31, 2016
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [(a) (d)]	33,199	32,466
Investment contracts with Discretionary Participation Features (DPF) measured with current assumptions [(b)]	-	-
Investment contracts with no Discretionary Participation Features (DPF) measured according to existing accounting policies	2,900	2,382
(Unit-Linked) – Liabilities arising from contracts where financial risk is borne by policyholders:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [(a) (c)]	3,637	3,593
Investment contracts with no Discretionary Participation Features (DPF) measured at current unit value [(d)]	12,260	11,917
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**51,995**	**50,358**

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 IAS 18 (Rights to future management fees also known as Deferred Origination Costs "DOC") – see Note 1.7.3 and Note 7.*

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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 and interpreting them before the issuance of IFRS 17 would be premature.

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 2007 and 2017, 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 claim 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 €44,020 million appearing in the first line of the table in the 2007 column represents all loss reserves developed in all years of occurrence prior to and including 2007, recognized on the Group's balance sheet as of December 31, 2007.

The second line titled "Gross reserves for unpaid claims and claim expenses developed in 2017 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.

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 2017 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 (excluding Colisée RE – ex-AXA RE)

The table below gives reconciliation between developed reserves and total recognized claims reserves for the claims reserves and other reserves arising from insurance contract as disclosed in Note 14.2.

The data prior to 2015 does not present the impact of the new segmentation.

(in Euro million)	2007	2008 (a)	2009	2010	2011 (b)	2012	2013 (c)	2014	2015 (d)	2016	2017
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	**44,020**	**44,046**	**44,470**	**46,367**	**45,946**	**46,440**	**47,031**	**49,868**	**51,965**	**53,286**	**52,973**
Gross reserves for unpaid claims and claims expenses developed in 2017 adjusted for changes in exchange rates and scope of consolidation	**42,390**	**39,699**	**39,716**	**39,807**	**40,503**	**41,359**	**42,406**	**43,950**	**45,142**	**50,972**	**52,973**
Cumulative payments at:											
One year later	8,312	9,145	9,483	8,953	9,183	9,361	9,422	10,111	9,621	9,055	
Two years later	12,395	13,358	13,360	13,016	12,841	13,315	13,727	13,388	13,757		
Three years later	15,418	15,549	16,078	15,330	15,911	16,284	15,299	14,954			
Four years later	17,143	17,525	17,684	18,012	18,331	17,000	16,126				
Five years later	18,553	18,679	19,741	19,775	18,328	17,532					
Six years later	19,429	20,317	20,845	19,305	18,569						
Seven years later	20,790	21,408	20,815	19,075							
Eight years later	21,803	20,990	19,093								
Nine years later	21,803	19,272									
Ten years later	22,489										
Reserve re-estimated at:											
One year later	41,371	42,610	44,814	44,518	44,971	45,394	47,707	49,716	51,097	50,111	
Two years later	39,471	42,501	41,973	42,904	43,412	44,479	46,051	46,359	43,321		
Three years later	39,818	39,889	41,301	41,782	42,449	43,953	44,106	41,132			
Four years later	38,094	39,302	40,250	40,769	42,013	41,813	39,223				
Five years later	37,509	38,372	39,653	40,674	40,122	37,902					
Six years later	36,737	37,931	39,684	38,907	36,153						
Seven years later	36,302	38,067	38,079	34,807							
Eight years later	36,244	36,330	33,075								
Nine years later	34,925	31,779									
Ten years later	34,175										
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves: (e)											
Amount	8,215	7,919	6,641	5,000	4,350	3,457	3,183	2,818	1,821	861	
Percentages	19.4%	19.9%	16.7%	12.6%	10.7%	8.4%	7.5%	6.4%	4.0%	1.7%	

(a) In accordance with IFRS 3, i.e. within 12 months following the acquisition date, the Group adjusted certain items impacting the allocation of Seguros ING (Mexico) purchase price, resulting in a €33 million increase in the goodwill to €512 million. Most of this increase in goodwill was due to adjustments to provisions for liabilities and claims reserves.

(b) Following the disposal of Canadian operations, amounts in its respect were not reported for the current year while previously disclosed amounts were unchanged.

(c) The comparative information related to previous periods was restated for the implementation of IFRS10 and 11.

(d) Amounts prior to 2015 contains the Life & Savings entities historicaly reported in the International Insurance segment.

(e) 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.

This line also includes the impact of the unwind of discount rate on annuities (which are developed from 2006 on) for an amount of €119 million for 2013.

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Reconciliation between developed reserves and total recognized claim 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, 2017 Carrying value	December 31, 2016 Carrying value
Gross claims and other reserves developed		
Property & Casualty (excluding Colisée RE (ex AXA RE)) [(a)]	52,973	53,286
■ *of which future policy benefit annuity reserves*	4,815	4,866
■ *of which construction reserves (PSNEM)*	1,897	1,951
Total gross claims and other reserves developed	**52,973**	**53,286**
Other reserves non developed [(b)]	**2,193**	**2,355**
TOTAL GROSS CLAIM RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY	**55,165**	**55,641**

(a) Total gross claims and other reserves developed are presented on the basis of the loss reserves development table. The reserves of AXA Corporate Solutions Insurance US were included in Property & Casualty reserves.
(b) Includes reserves inward reinsurance (€1,029 million in 2017, €1,101 million in 2016).

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 2017, key data relating to asbestos claims were as follows:

	2017		2016	
(in Euro million)	Gross	Net	Gross	Net
Evolutions of reserves				
Claims reserves at end of year	878	832	998	944
of which Reported claims	*140*	*129*	*144*	*130*
of which IBNR claims	*738*	*704*	*854*	*814*
Reserves adequacy ratios				
3-Year survival ratio excluding commutations [(a)]	28 years	30 years	31 years	34 years
IBNR / Case Reserves	526%	548%	595%	625%
Cumulative Payments to date / Projected Ultimate Cost	52%	50%	49%	47%

(a) Reserves at the end of the year / Average yearly payments over the last 3 years (excluding commutations).

AXA held total reserves for asbestos exposure (net of reinsurance) of €832 million at year-end 2017. This decrease was mainly driven by release for French asbestos and movement in exchange rates between 2017 and 2016.

This year, the 3-Year survival ratio decreased mainly due to reserves release.

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, 2017 :

(in Euro million)	December 31, 2017	December 31, 2016
Policyholder participation reserves	9,054	10,765
Policyholder deferred participation liabilities and other obligations	35,355	38,723
Total Liabilities arising from policyholder participation and other obligations	**44,409**	**49,488**
Total Assets arising from policyholder participation	**-**	**146**

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 decrease in deferred policyholders' participation liabilities mainly relates to a decrease in unrealized gains on assets available for sale in Germany and France.

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 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 in the Group's business. They are gross of reinsurance. Given the strong use of estimates, it is likely that actual payments will differ.

	2017				2016			
(in Euro million)	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	28,551	72,764	506,306	607,620	25,583	73,295	520,269	619,147
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*14,929*	*52,438*	*352,491*	*419,858*	*13,380*	*54,926*	*380,431*	*448,737*

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, 2017: 88% of Life & Savings reserves (excluding unit-linked contracts) were discounted, of which 15% 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 interestatements at closing mainly consist of reserves for guarantees (Guaranteed Minimum Death Benefits, etc.).

In Property & Casualty business, most reserves (91% as of December 31, 2017) 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.

(in Euro million)	December 31, 2017		December 31, 2016	
	Carrying value	Average discount rate %	Carrying value	Average discount rate %
Life & Savings – locked-in discount rate [a]	271,906	1.87%	282,712	2.11%
Life & Savings – unlocked discount rate	54,964	2.62%	53,587	2.81%
Life & Savings – undiscounted reserves	44,143	-	46,423	-
Sub-total Life & Savings	**371,012**	**-**	**382,721**	**-**
Non Life – locked-in discount rate [a]	4,285	3.15%	4,235	3.59%
Non Life – unlocked discount rate	1,510	2.25%	1,513	2.66%
Non Life – undiscounted reserves	60,422	-	60,946	-
Sub-total – Non Life	**66,216**	**-**	**66,694**	**-**
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**437,228**	**-**	**449,416**	**-**

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. Liabilities relating to contracts where the financial risk is borne by policyholders are also excluded.
(a) Subject to liability adequacy tests.

(In Euro million)	December 31, 2017	December 31, 2016
Liabilities arising from insurance contracts (as per Note 14.2)	401,129	414,569
Liabilities arising from investment contracts with discretionary participating features (as per Note 14.3)	33,199	32,466
Liabilities arising from investment contracts with no discretionary participating features (as per Note 14.3)	2,900	2,382
TOTAL	**437,228**	**449,416**

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 €745 million reserve decrease for 2017 (compared to €231 million reserve decrease for 2016) gross of policyholders' participation, tax impacts and other shadow accounting impacts and was included in the income statement of the period.

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 Phase I (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.

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 behaviour 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 behaviour assumptions and GMIB 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 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' behaviour 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

	December 31, 2017		December 31, 2016	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Banking liabilities issued at fair value - Retail customers	2,710	2,710	2,810	2,810
Retail customers	21,016	21,016	20,935	20,950
Corporate customers	3,271	3,301	2,911	2,951
Interbanking refinancing	1,390	1,390	1,700	1,701
Refinancing with central banks	1,677	1,677	993	993
Other liabilities arising from banking activities	3,169	3,231	2,765	2,825
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(334)	(334)	(370)	(370)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**32,898**	**32,991**	**31,743**	**31,860**

The fair value option is used to measure the fair value through profit or loss of certain banking liabilities. The December 31, 2017, carrying fair value amount and the related contractual amount due at maturity for such liabilities where €2,710 million and €2,483 million, respectively (€2,810 million and €2,647 million at December 31, 2016), including the Euro Medium Term Notes.

In 2017, the Group early adopted the IFRS 9 requirements for the classification and measurement of these liabilities, which require that the changes in fair value that are attributable to changes in the credit risk of the liabilities be recognized in other comprehensive income, unless doing so would create or enlarge an accounting mismatch in profit or loss. This limited early adoption resulted in a loss arising from changes in these liabilities attributable to changes in the credit risk of the liabilities of €30 million (gross of tax) in other reserves within the shareholders' equity as of December 31, 2017. This amount is comprised of a €12 million (gross of tax) reclassification from undistributed profits related to the retrospective application of the new policy for liabilities recognized in the balance sheet at January 1, 2017 and €-42 million (gross of tax) related to the changes in the fair value of liabilities for the year ending December 31, 2017.

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 (€2,710 million as of December 31, 2017):
  - €1,361 million as of December 31, 2017 (€1,326 million as of December 31, 2016) based upon market prices that are available in active markets and are considered as level 1 fair values,
  - €808 million as of December 31, 2017 (€1,022 million as of December 31, 2016) mainly based on observable market data inputs and are considered as level 2 fair values, and
  - €541 million fair values as of December 31, 2017 (€462 million as of December 31, 2016) mainly based on non-observable market data inputs and are considered to be level 3 fair values;
- retail customers (€21,016 million as of December 31, 2017), Corporate customers (€3,271 million as of December 31, 2017), and Interbanking refinancing (€1,390 million as of

December 31, 2017), 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.

- other liabilities arising from banking activities relate to bonds issued with fair values mainly based on observable market data inputs. As such, the fair values of these liabilities are considered as level 2 instruments.

As of December 31, 2017, debt relating to investments under lending agreements and equivalent in banking activities amounted to €383 million (€1,031 million as of December 31, 2016).

15.2 BREAKDOWN BY MATURITY

	December 31, 2017				December 31, 2016			
	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	53	1,114	1,543	2,710	222	598	1,989	2,810
Retail customers	19,456	1,557	3	21,016	19,082	1,701	152	20,935
Corporate customers	1,565	1,621	85	3,271	1,357	1,534	20	2,911
Interbanking refinancing	1,324	49	17	1,390	1,629	60	11	1,700
Refinancing with central banks	303	1,374	-	1,677	51	942	-	993
Other liabilities arising from banking activities	42	2,127	1,000	3,169	917	1,104	743	2,765
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	(65)	(179)	(89)	(334)	(129)	(194)	(48)	(370)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**22,677**	**7,661**	**2,559**	**32,898**	**23,130**	**5,747**	**2,867**	**31,743**

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, 2017	December 31, 2016
Employee benefits	9,075	10,738
Share-based compensation	98	66
Sub-total employee benefits and share-based compensation	**9,173**	**10,805**
Restructuring provisions	345	399
Lawsuits contingency provisions	279	319
Other provisions for risks and charges	2,105	2,212
Sub-total others	**2,728**	**2,930**
TOTAL PROVISIONS FOR RISKS AND CHARGES	**11,901**	**13,735**

Provisions relating to employee benefits and share-based compensations are commented in Note 26 “Employees”.

As of December 31, 2017, the “Other provisions for risks and charges” mainly included provisions for tax liability (€724 million) principally in the United States (€455 million) and Germany (€159 million). Other provisions for risks and charges other than provisions for tax liability amounted to €1,380 million mainly in France (€501 million), Germany (€232 million) and Switzerland (€166 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)	2017	2016
Carrying value as of January 1	**2,930**	**2,224**
Financial cost related to unwind	0	0
Impact of change in scope of consolidation and other changes	295	202
Increase in provisions	886	926
Write back after use	(713)	(137)
Write back after final cost review	(523)	(281)
Impact of foreign exchange fluctuations	(146)	(4)
Carrying value as of December 31	**2,728**	**2,930**

Note 17 Financing debt

17.1 FINANCING DEBT BY ISSUANCE

(in Euro million)	Carrying value December 31, 2017	Carrying value December 31, 2016
AXA	**6,950**	**7,641**
Debt component of subordinated convertible notes, 3.75% due 2017 (€)	-	1,783
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$)	1,052	1,186
US registered redeemable subordinated debt, 7.125% 2020 (£)	366	380
Subordinated debt, 5.625% due 2054 (£)	845	876
Derivatives relating to subordinated debts [(a)]	(655)	(1,189)
Subordinated debt, 3.375%, due 2047 (€)	1,500	1,500
Undated Subordinated notes, US$ 850M, 4.5%	709	806
AXA SA - Subordinated notes, 5.125%, due 2047 (US$)	834	-
AXA Bank Belgium	**38**	**87**
Subordinated debt maturity below 10 years fixed rate	22	35
Undated Subordinated debt fixed rate	17	52
AXA Italy	**69**	**70**
Subordinated notes, EURIBOR 6 months + 81 bps	69	70
Other subordinated debt (under €100 million)	**28**	**19**
Subordinated debt	**7,086**	**7,818**
AXA	**500**	**500**
Euro Medium Term Note, due 2028	500	500
AXA Financial	**291**	**331**
Senior notes, 7%, due 2028	291	331
AXA UK Holdings	**170**	**177**
GRE: Loan Notes, 6.625%, due 2023	170	177
Other financing debt instruments issued (under €100 million)	**52**	**100**
Other financing debt instruments issued (under €100 million)	94	131
Derivatives relating to other financing debt instruments issued [(a)]	(42)	(30)
Financing debt instruments issued	**1,013**	**1,109**
TOTAL FINANCING DEBT [(b)]	**8,099**	**8,927**

(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.

For the sensitivity to movements in interests rates, please refer to page 171 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. The numbers given are excluding derivatives:

(in Euro million)	January 1, 2017	New debt issued	Repayments	Currency translation adjustment	Others	December 31, 2017
Subordinated debt	9,007	946	(1,832)	(379)	-	7,742
Financing Debt	1,139	-	(16)	(34)	(34)	1,055
Undated subordinated debt	8,106	-	(330)	(385)	-	7,391
TOTAL	**18,252**	**946**	**(2,179)**	**(798)**	**(34)**	**16,188**

17.2 FAIR VALUE MEASUREMENT OF FINANCING DEBT

	December 31, 2017		December 31, 2016	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Subordinated debt at cost	7,742	9,244	9,007	9,836
Derivatives on subordinated debt [(a)]	(655)	(655)	(1,189)	(1,189)
Subordinated debt	**7,086**	**8,588**	**7,818**	**8,646**
Financing debt instruments issued at cost	1,055	1,196	1,139	1,283
Derivatives on financing debt instruments issued [(a)]	(42)	(42)	(30)	(30)
Financing debt instruments issued	**1,013**	**1,154**	**1,109**	**1,253**
FINANCING DEBT	**8,099**	**9,742**	**8,927**	**9,899**

(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 subordinated convertible bonds is equal to the quoted price for these instruments at the end of the period. Therefore, reported fair value includes the value of the conversion option, which is included as a component of equity. As of December 31, 2017, AXA does not have this type of debts.

The fair value of financing debt as of December 31, 2017, excluding accrued interests, was €9,742 million, including related hedging derivative instruments. The fair value decreased by €157 million compared to December 31, 2016, mainly due to the repayment of some financial debts instrument issued which was partially offset by the issuance of new financing debt instruments.

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 amounts.

17.3 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities 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.

	Carrying value 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	Impact of Derivatives	Total carrying value including derivatives
2017	20	482	8,295	(698)	8,099
2016	1,847	513	7,786	(1,219)	8,927

Note 18 Payables

18.1 BREAKDOWN OF PAYABLES

(in Euro million)	Carrying value December 31, 2017	Carrying value December 31, 2016
Minority interests of consolidated investment funds	**8,756**	**11,503**
Other debt instruments issued, notes and bank overdrafts	**6,651**	**3,194**
Debts relating to investments under total return swap agreement ("TRS")	3,608	1,112
Other debt instruments issued, notes and bank overdrafts excluding TRS (a)	3,043	2,081
Payables arising from direct insurance and inward reinsurance operations	**9,318**	**10,356**
Deposits and guarantees	373	419
Current accounts payables to other insurance companies	688	844
Payables to policyholders, brokers and general agents	8,257	9,093
Payables arising from direct outward reinsurance operations	**6,170**	**6,628**
Deposits and guarantees	1,532	1,357
Current accounts payable to other companies	4,632	5,248
Other payables arising from direct outward reinsurance operations	6	23
Payable - current tax position	**1,023**	**1,057**
Collateral debts relating to investments under lending agreements and equivalent (b)	**28,401**	**30,402**
Other payables	**14,503**	**16,962**
TOTAL PAYABLES	**74,822**	**80,101**

(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 totaled €8,756 million as of December 31, 2017, a decrease of €2,747 million compared to December 31, 2016, mainly coming from Belgium.

"Collateral debts relating to investments under lending agreements and equivalent" totaled €28,401 million as of December 31, 2017, a decrease of €2,001 million compared to December 31, 2016, mainly due to activities in the United States, France and Switzerland, and partially offset by those in Hong Kong.

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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, 2017	December 31, 2016
AXA Financial	**1,075**	**705**
Commercial paper	1,075	705
AB	**409**	**486**
Short term commercial paper, 4.3%	409	486
Other	**124**	**(0)**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**1,608**	**1,191**
AXA Life Insurance Japan	**139**	**153**
Collateralized debt – JPY Libor 3M + 4 bps annual interest – maturity March 27, 2021	139	153
Real estate investment funds	**543**	**63**
Other	**52**	**94**
OTHER DEBT (OTHER THAN FINANCING DEBT) - OWED TO CREDIT INSTITUTIONS	**734**	**310**
Bank overdrafts	**702**	**580**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS EXCLUDING TRS	**3,043**	**2,081**

As of December 31, 2017, other debt instruments issued and bank overdrafts excluding total return swap agreement (“TRS”) totaled €3,043 million, an increase of €962 million compared to December 31, 2016, mainly due to the increase in other debt instruments issued.

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 €3,043 million as of December 31, 2017. 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, 2017, payables arising from direct insurance and inward reinsurance operations as disclosed in the Note 18.1, totaled €9,318 million, a decrease of €1,038 million compared to December 31, 2016, mainly due to the decrease in payables to policyholders, brokers and general agents and reinsurance operations in Switzerland, France and AXA Global Re.

As of December 31, 2017, payables arising from direct outward reinsurance operations totaled €6,170 million, a decrease of €458 million compared to December 31, 2016, mainly coming from run-off portfolios managed by AXA Liabilities Managers.

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). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2017			
	Carrying value of other debt instruments 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")	5	167	3,436	3,608
Other debt instruments issued, notes and bank overdrafts excluding TRS - Carrying value	2,306	194	543	3,043
Collateral debts relating to investments under a lending agreement and equivalent	25,394	2,468	539	28,401

	December 31, 2016			
	Carrying value of other debt instruments 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")	-	163	949	1,112
Other debt instruments issued, notes and bank overdrafts excluding TRS - Carrying value	1,928	153	0	2,081
Collateral debts relating to investments under a lending agreement and equivalent	29,030	1,372	-	30,402

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, 2017	December 31, 2016
Income tax - France	**126**	**423**
Current	(436)	200
Deferred	562	223
Income tax - Foreign countries	**957**	**2,016**
Current	827	1,113
Deferred	129	903
TOTAL INCOME TAX FROM CONTINUED OPERATIONS	**1,083**	**2,438**
Income tax from discontinued operations (current)	-	0
Income tax from discontinued operations (deferred)	-	5
INCOME TAX FROM DISCONTINUED OPERATIONS	**-**	**5**
TOTAL INCOME TAX	**1,083**	**2,443**

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, 2017	December 31, 2016
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	7,421	8,853
Notional tax rate	34.43%	34.43%
Notional tax charge	**2,555**	**3,048**
Impact of rates difference on notional tax charges	(420)	(406)
Impact of change in tax rates	(144)	65
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	26	179
Impact of differences in tax rates and tax bases	**(539)**	**(161)**
Tax losses of prior years used in the current year without DTA recognized previously	(26)	(11)
Deferred tax assets recognized on tax losses of prior years	(30)	(28)
Deferred tax assets not recognized on tax losses of the year	31	18
Derocognition of deferred tax assets on tax losses of prior years [(a)]	19	5
Tax losses impact	**(5)**	**(16)**
Impact of permanent differences	**(497)**	**(349)**
Adjustments of tax relating to prior years	(459)	(68)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) [(a)]	3	(21)
Other	25	6
Impact of adjustments, decrease in value and other items	**(431)**	**(83)**
EFFECTIVE TAX CHARGE	**1,083**	**2,438**
EFFECTIVE TAX RATE *(%)*	**14.59%**	**27.54%**

(a) Derecognition of Deferred Tax Assets (DTA) arising on tax losses is shown in "Tax losses impact".

Effective tax rate stood at 15% in 2017 versus 28% in 2016. The 13 points decrease is mainly explained by exceptional items and can be detailed as follow:

- **Adjustments of tax relating to prior years** (-5 points) were driven by the favorable settlement of the 2008 – 2009 tax audit in the United States as well as the 3% dividend tax refund in France.
- **Impact of permanent differences** (-4 points) mainly represented the impact in some countries of non-taxable dividends and realized capital gains on equity instruments which were favored by strong equity performance in 2017, partly compensated by non-deductible financial impairments and realized capital losses on equity instruments.
- **Impact of the change in tax rate** (-3 points) mainly corresponded to tax reforms in France, the United States and Belgium enacted in 2017. In 2016, it also included the impact of French tax reform enacted in 2016. The decrease in tax rates embedded in those reforms led to a reassessment of deferred tax balances in accordance with IAS 12, generating a loss for €191 million in France, and a gain for €310 million in the United States and €41 million in Belgium.
- **Impact of rate differences on notional tax charges** (-1 point) corresponded to the difference between the 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 (33.3%) and a social contribution (1.1%). The blended standard rate was 29% in 2017 and 30% in 2016.

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 purpose as required by IAS 12. Net deferred tax balances broke down as follows:

	December 31, 2017			December 31, 2016
(in Euro million)	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
VBI	3	365	(362)	(449)
DAC	37	2,885	(2,848)	(4,368)
Other intangible assets (includ. GW)	33	748	(715)	(905)
Real estate	381	226	155	260
Financial assets	1,441	14,412	(12,972)	(16,226)
Technical reserves	11,101	2,611	8,490	11,760
Provision for risks and charges	293	231	62	278
Pensions and other employees benefits	1,816	186	1,631	2,391
Tax losses carried forward	923	0	922	1,556
Other	787	97	690	933
TOTAL DEFERRED TAX BY NATURE	**16,814**	**21,761**	**(4,947)**	**(4,770)**
of which				
Deferred tax through P&L	8,709	9,254	(545)	95
Deferred tax through OCI	6,829	12,349	(5,520)	(6,405)
Deferred tax through other equity reserves	1,276	158	1,118	1,540

(in Euro million)	December 31, 2017	December 31, 2016
Deferred tax assets	837	1,417
Deferred tax liabilities	5,784	6,187
Net deferred tax position	**(4,947)**	**(4,770)**

The change from net liability position €-4,770 million in 2016 to €-4,947 million in 2017 mainly came from an increase in unrealized capital gains on fixed-income assets, partly offset by the decrease of the net impact of the reassessment of the deferred tax in the United States, France and Belgium following the tax reforms in these countries.

(in Euro million)	2017 Net deferred tax	2016 Net deferred tax
January 1	**(4,770)**	**(3,073)**
Movements through profit or loss	(692)	(1,125)
Movements through shareholders' equity [(a)]	290	(473)
Forex impact	172	(127)
Change in scope and other variations	53	28
December 31	**(4,947)**	**(4,770)**

(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 break down (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 €16,814 million DTA included €923 million of DTA on tax losses carried forward as of December 31, 2017 of which €568 million for the French Tax Group.

(in Euro million)	2017 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
	Expected date of use									
DTA recognized on tax losses carried forward	**288**	**225**	**222**	**68**	**61**	**13**	**16**	**29**	**-**	**923**
Corresponding carry forward losses	975	789	849	306	257	51	56	131	2	3,416
	Latest date of possible use									
DTA recognized on tax losses carried forward	**6**	**1**	**0**	**12**	**2**	**10**	**11**	**72**	**809**	**923**
Corresponding carry forward losses	31	7	2	61	7	41	44	335	2,888	3,416

In 2016, the €-4,770 million net DTL position included €23,764 million DTA of which €1,558 million DTA on tax losses carried forward of which €883 million for the French Tax Group.

(in Euro million)	2016 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
	Expected date of use									
DTA recognized on tax losses carried forward	**298**	**221**	**245**	**251**	**163**	**93**	**248**	**40**	**-**	**1,558**
Corresponding carry forward losses	987	742	806	791	478	271	715	195	1	4,986
	Latest date of possible use									
DTA recognized on tax losses carried forward	**10**	**8**	**4**	**1**	**9**	**-**	**99**	**306**	**1,120**	**1,558**
Corresponding carry forward losses	54	26	17	5	48	-	296	916	3,623	4,986

UNRECOGNIZED DEFERRED TAX ASSETS (DTA)

The amount of the potential DTA which has not been recorded in the accounts at the end of the year as considered unrecoverable represented €237 million (€272 million in 2016) of which:

- €170 million concerned unrecognized DTA on €913 million tax losses carried forward (€199 million DTA on €1041 million tax losses carried forward in 2016). The major part of these losses has no maturity date (€730 million in 2017 and €818 million in 2016);
- €66 million related to other unrecognized deferred tax assets (€73 million in 2016).

Note 20 Derivative instruments

This Note includes 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, 2017 [(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, 2017	December 31, 2016 restated [(b)]	December 31, 2017	December 31, 2016 restated [(b)]	December 31, 2017	December 31, 2016 restated [(b)]	December 31, 2017	December 31, 2016 restated [(b)]
Interest rates derivatives	51,782	71,642	107,653	231,078	216,425	7,184	9,643	5,459	6,831	1,725	2,812
Equity derivatives	17,669	14,932	5,376	37,977	30,139	3,277	2,439	1,311	1,220	1,966	1,219
Currencies derivatives	126,557	13,766	7,561	147,884	149,508	3,291	2,147	4,158	5,068	(867)	(2,921)
Credit derivatives	4,303	12,953	673	17,928	25,361	283	187	37	152	246	35
Other derivatives	23,205	2,329	6,756	32,290	35,364	384	385	939	1,882	(555)	(1,497)
TOTAL	**223,517**	**115,622**	**128,019**	**467,157**	**456,797**	**14,418**	**14,800**	**11,904**	**15,153**	**2,515**	**(353)**

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.

(b) Restated to include derivatives instruments held by consolidated investment funds in the Satellite Investment Portfolio (see Note 1.8.2). The notional amount of derivatives held by consolidated Investment funds as of December 2017 totalled €1.7 billion (€0.9 billion at the end of 2016) and fair value of derivatives held by consolidated investment funds as of December 2017 totalled €250 million (€-214 million at the end of 2016).

Main reasons for the evolution in the use of derivatives (mostly interest rates, currency derivatives and credit 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, 2017									
	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	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	52,411	(1,287)	5,178	375	-	-	173,490	2,637	231,078	1,725
Equity derivatives	1,505	119	-	-	-	-	36,471	1,847	37,977	1,966
Currencies derivatives	5,100	(17)	4,945	(287)	5,521	128	132,318	(692)	147,884	(867)
Credit derivatives	542	(8)	-	-	-	-	17,386	253	17,928	246
Other derivatives	287	(20)	2,585	(114)	-	-	29,418	(420)	32,290	(555)
TOTAL	**59,845**	**(1,213)**	**12,708**	**(26)**	**5,521**	**128**	**389,083**	**3,626**	**467,157**	**2,515**

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.

	December 31, 2016 restated [(a)]									
	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	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	47,253	(1,367)	6,228	1,091	-	-	162,944	3,088	216,425	2,812
Equity derivatives	1,468	104	-	-	-	-	28,671	1,115	30,139	1,219
Currencies derivatives	3,732	1	3,776	(65)	5,826	(209)	136,174	(2,649)	149,508	(2,921)
Credit derivatives	1,310	(27)	-	-	-	-	24,051	62	25,361	35
Other derivatives	287	(18)	3,698	(89)	-	-	31,380	(1,391)	35,364	(1,497)
TOTAL	**54,051**	**(1,307)**	**13,701**	**937**	**5,826**	**(209)**	**383,220**	**225**	**456,797**	**(353)**

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) Restated to include derivatives instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2).

As of December 31, 2017, the notional amount of all derivative instruments totalled €467.2 billion (€456.8 billion at the end of 2016). Their net fair value as of December 31, 2017 totalled €2,515 million (€-353 million at the end of 2016), comprised of the fair value of derivatives on investment assets (€-1,354 million and €-3,685 million in 2016 – see Note 20.3) and of the fair value of derivatives on liabilities (€-3,869 million and €-3,332 million in 2016 – 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 €453.5 billion as of December 31, 2017 (€442.3 billion at the end of 2016) and includes:

- managing interest rate exposures on fixed maturity investments, long-term debt and guaranteed interest rates on insurance contracts;
- reducing foreign-currency exposures on foreign-currency denominated investments and liabilities;
- managing 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;
- limiting equity risk;
- limiting credit risk with regard to 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 €1.0 billion as of December 31, 2017 (€2.1 billion at the end of 2016). 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 167 of Section 4.2. "Internal control and Risk Management".

In 2017, the use of derivatives within the Group increased overall by €10.4 billion in terms of notional amount for the main reasons listed below (see also details in Note 20.2.1.):

- notional amount of interest rates derivatives increased by €14.7 billion, mainly due to (i) the increase of interest rate derivatives mainly in the Company for hedging debts, (ii) the unwind of interest rate caps and the purchase of interest rate swaps mainly in AXA Bank Belgium and (iv) the increase of interest rate swaps in the United Kingdom;
- notional amount of credit derivatives decreased by €7.4 billion due to the exposure to the corporate spread risk decrease;
- notional amount of equity derivatives increased by €7.8 billion due to hedge the equity risk as part of the Asset Liability Management strategy;
- notional amount of currency derivatives decreased by €1.6 billion compared to 2016 mainly due to a decrease in fair value of foreign currency portfolios.

In the tables above, the fourth column 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, 2017 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 €78.1 billion *versus* €73.6 billion in 2016. The net fair value recorded was €-1,111 million as of December 31, 2017, *versus* €-578 million in 2016.

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, 2017, the notional amount of interest rate derivative instruments totalled €231.1 billion (€216.4 billion at the end of 2016). Their net fair value as of December 31, 2017 totalled €1,725 million (€2,812 million at the end of 2016). AXA mainly uses (i) interest rate swaps (62% of total notional amount of interest rate derivative instruments), (ii) interest rate options (18%), and (iii) futures and forwards (18%).

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These instruments are mainly used to:

- 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 €53.3 billion at the end of 2017 (€53.5 billion at the end of 2016) mainly in the United States (notional amount of €22.5 billion in 2017 *versus* €22.4 billion in 2016), Germany (notional amount of €15.2 billion in 2017 *versus* €12.8 billion in 2016), in Japan (notional amount of €8.5 billion in 2017 *versus* €10.2 billion in 2016), in Italy (notional amount of €1.7 billion in 2017 *versus* €2.5 billion in 2016) and in Switzerland (notional amount of €1.6 billion in 2017 *versus* €1.6 billion in 2016);
- 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 €60.7 billion (*versus* €63.3 billion in 2016), Japan for €16.8 billion in 2017 (*versus* €19.5 billion in 2016) and in Switzerland for €3.5 billion in 2017 (*versus* €3.6 billion in 2016);
- minimize the cost of Group debt and limit volatility of financial charges, mainly in the Company, with notional amount of €40.5 billion in 2017 *versus* €30.9 billion in 2016, mainly due to the management of its interest rate derivatives in a context of low but volatile interest rate environment;
- hedge interest rate risk exposures arising in the context of its ordinary banking activities, mainly at AXA Bank Belgium, in order to manage an interest rate exposure between its interest-earning assets and interest-bearing liabilities mainly by interest rate swaps (notional value of €18.6 billion in 2017 *versus* €13.0 billion in 2016).

20.2.2 Equity derivative instruments

As of December 31, 2017, the notional amount of equity derivative instruments totalled €38.0 billion (€30.1 billion at the end of 2016). Their net fair value as of December 31, 2017 totalled €1,966 million (€1,219 million at the end of 2016). AXA mainly uses (i) equity option contracts (62% of total notional amount of equity derivative instruments), (ii) equity swaps (20%) and (ii) equity futures and forwards (18%).

These instruments are mainly used to:

- hedge equity risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, which totalled €7.7 billion at the end of 2017 (€8.8 billion at the end of 2016) mainly in the United States (notional amount of €6.4 billion in 2017 compared with €7.7 billion in 2016, this strategy also includes €6.3 billion of equily Total Return Swap classified as Other derivatives instruments in 2017 and €5.5 billion in 2016) and Switzerland (notional amount of €2.3 billion in 2017 compared with €2.4 billion in 2016);
- hedge the exposure to equity risk within the General Account assets, protecting policyholders' investments and their guaranteed liability over time, mainly in the United States (notional amount of €17.1 billion in 2017 compared with €11.8 billion in 2016).

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, 2017, the notional amount of currency derivative amounted to €147.9 billion *versus* €149.5 billion in 2016. Their market value was €-867 million *versus* €-2,921 million in 2016. AXA mainly uses (i) currency future and forward contracts (63% of total notional amount of currency derivative instruments), (ii) currency swaps (19%) and (iii) currency option contracts (16%).

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 increased from €25.0 billion in 2016 to €27.0 billion in 2017, mainly due to the continuous review of its Net Investment Hedge policy.

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 €43.5 billion in 2017 *versus* €53.0 billion in 2016, 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 €12.0 billion in 2017 *versus* €15.4 billion in 2016.

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 & loss and offsets most of the change in market value of associated derivative instruments, which is also recognized in profit & 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, 2017, the notional amount of credit derivatives held by the Group was €17.9 billion compared to €25.4 billion in 2016 (including the instruments held within investment funds of the "Satellite Investment Portfolio" (€0.7 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 including from a certain level of losses through tranches instruments (notional amount of €3.9 billion in 2017 *versus* €9.7 billion in 2016);
- implement credit risk hedging strategies by purchasing bonds and protection on the same name (*i.e.* CDS). During stressed market conditions, the credit derivative market is indeed more liquid than the cash market. For instance, holders of cash bonds may be unwilling or unable to sell the bonds that they hold as part of their longer-term investment strategies. For this reason, rather than simply selling their bonds, they turn to the CDS market to buy protection on a specific company or issuer and thus, contribute to increase the CDS market liquidity. This creates hedging opportunities (*i.e.* bond spread is higher than CDS spread) where the Group can hedge the underlying asset at an attractive price. In fact, through hedging strategies, insurance companies execute Negative Basis Trade (NBT) strategies, leading to the creation of an asset that can be compared to a risk-free asset. CDS protections used by AXA in this context amounted to €0.4 billion in 2017 *versus* €1.3 billion in 2016;
- 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 €13.6 billion in 2017 *versus* €14.4 billion in 2016).

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, 2017								
	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	**23,055**	**46**	**23,101**	**699**	**-**	**699**	**23,754**	**46**	**23,800**
Debt instruments	425,872	(1,700)	424,172	5,577	(118)	5,459	431,450	(1,818)	429,632
Equity securities	27,296	16	27,312	1,592	-	1,592	28,888	16	28,903
Non consolidated investment funds	13,327	(88)	13,238	744	-	744	14,070	(88)	13,982
Other investments [(d)]	15,201	30	15,231	108	-	108	15,309	30	15,339
Macro-hedge and other derivatives	0	792	792	-	(6)	(1)	0	792	792
TOTAL FINANCIAL INVESTMENTS	**481,695**	**(950)**	**480,745**	**8,021**	**(124)**	**7,903**	**489,717**	**(1,069)**	**488,648**
Loans	**32,520**	**(11)**	**32,509**	**29,133**	**(400)**	**28,734**	**61,653**	**(411)**	**61,242**
Assets backing contracts where the financial risk is borne by policyholders	**174,923**	**80**	**175,003**	**-**	**-**	**-**	**174,923**	**80**	**175,003**
TOTAL INVESTMENTS	**712,193**	**(835)**	**711,358**	**37,853**	**(523)**	**37,335**	**750,047**	**(1,354)**	**748,693**

(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, 2016 restated [a]								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [b]	Impact of derivative instruments [c]	Net book value including effect of derivatives [d]	Net book value excluding effect of derivatives [b]	Impact of derivative instruments [c]	Net book value including effect of derivatives [d]	Net book value excluding effect of derivatives [b]	Impact of derivative instruments [c]	Net book value including effect of derivatives [d]
Investment in real estate properties	**21,275**	**104**	**21,379**	**125**	**-**	**125**	**21,400**	**104**	**21,504**
Debt instruments	442,950	(3,053)	439,897	7,161	(197)	6,964	450,111	(3,250)	446,861
Equity securities	25,538	(5)	25,534	1,544	-	1,544	27,082	(5)	27,077
Non consolidated investment funds	13,967	(77)	13,890	644	-	644	14,611	(77)	14,534
Other investments [e]	14,121	(54)	14,067	63	-	63	14,184	(54)	14,130
Macro-hedge and other derivatives	0	349	349	-	(203)	(203)	0	146	146
TOTAL FINANCIAL INVESTMENTS	**496,575**	**(2,840)**	**493,735**	**9,412**	**(397)**	**9,013**	**505,988**	**(3,240)**	**502,748**
Loans	**37,003**	**(7)**	**36,995**	**26,879**	**(558)**	**26,321**	**63,882**	**(565)**	**63,317**
Assets backing contracts where the financial risk is borne by policyholders	**175,277**	**15**	**175,292**	**-**	**-**	**-**	**175,277**	**15**	**175,292**
TOTAL INVESTMENTS	**730,130**	**(2,728)**	**727,402**	**36,416**	**(954)**	**35,459**	**766,546**	**(3,685)**	**762,861**

(a) Restated to include derivative instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2).
(b) Carrying value, i.e net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(c) Including macro-hedge and other derivatives.
(d) Carrying value (see (b)), but including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(e) 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, 2017			December 31, 2016 restated [(a)]		
(in Euro million)	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of derivatives	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of derivatives
Liabilities arising from insurance contracts	401,129	(1,109)	400,020	414,569	(1,489)	413,080
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	159,702	(0)	159,702	160,222	0	160,222
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACT	**560,831**	**(1,109)**	**559,722**	**574,791**	**(1,489)**	**573,302**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**51,995**	**(79)**	**51,916**	**50,358**	**(95)**	**50,263**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**(1,706)**	**(1,706)**	**-**	**(318)**	**(318)**
Subordinated debt	7,742	(655)	7,086	9,007	(1,189)	7,818
Financing debt instruments issued	1,055	(42)	1,013	1,139	(30)	1,109
Financing debt owed to credit institutions	0	-	0	0	-	0
FINANCING DEBT [(b)]	**8,797**	**(698)**	**8,099**	**10,146**	**(1,219)**	**8,927**
Liabilities arising from banking activities	**33,232**	**(334)**	**32,898**	**32,113**	**(370)**	**31,743**
PAYABLES	**74,765**	**57**	**74,822**	**79,940**	**160**	**80,101**
TOTAL DERIVATES		**(3,869)**			**(3,332)**	

(a) Restated to include derivative instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2).

(b) 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, 2017, 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, 2017				December 31, 2016 restated [(a)]			
	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)	**(601)**	**(753)**	**-**	**(1,354)**	**(1,448)**	**(2,237)**	**-**	**(3,685)**
Derivative instruments relating to insurance and investment contracts	18	(2,912)	-	(2,895)	15	(1,917)	-	(1,903)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	(698)	-	(698)	-	(1,219)	-	(1,219)
Derivatives on Liabilities arising from banking activities and Payables	2	(262)	(17)	(277)	4	(197)	(17)	(210)
Net value of derivative instruments - liabilities (B)	**20**	**(3,872)**	**(17)**	**(3,869)**	**19**	**(3,334)**	**(17)**	**(3,332)**
Net fair value (C= A-B)				**2,515**				**(353)**

(a) Restated to include derivative instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2).

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 the majority of derivative contracts. As of December 31, 2017, 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 225 to 229 of Note 3 Consolidated statement of income by segment.

21.1 TOTAL REVENUES

(in Euro million)	December 31, 2017	December 31, 2016 restated [(a)]
Total revenues [(b)]	**98,549**	**100,193**
of which direct premiums	*86,198*	*88,834*
of which reinsurance assumed	*5,852*	*5,386*
of which fees and charges on investment contracts with no participation features	*211*	*219*
of which revenues from other activities	*6,288*	*5,754*
France	24,475	24,557
Europe	35,992	37,039
Asia	8,985	9,542
United States	16,911	16,872
International	7,034	6,981
Transversal & Central Holdings	5,152	5,202
TOTAL	**98,549**	**100,193**

(a) Restated: as per the new governance.
(b) Net of intercompany eliminations.

Given the Group's scale and diversity, none of its client's accounts for more than 10% of its business.

21.2 TOTAL ASSETS

Total assets [(b)] [(c)] *(in Euro million)*	December 31, 2017	December 31, 2016 restated [(a)]
France	223,592	217,321
Europe	280,805	294,052
Asia	69,891	73,216
United States	188,211	198,403
International	40,499	40,590
Transversal & Central Holdings	67,129	69,199
TOTAL	**870,128**	**892,783**

(a) Restated: as per the new governance.
(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)

(in Euro million)	December 31, 2017			December 31, 2016		
	Gross written premiums	Liabilities arising from insurance contracts [(a)]	Liabilities arising from investment contracts [(a)]	Gross written premiums	Liabilities arising from insurance contracts [(a)]	Liabilities arising from investment contracts [(a)]
Retirement/annuity/ investment contracts (individual)	22,828	255,007	28,443	23,374	257,992	28,446
Retirement/annuity/ investment contracts (group)	2,342	29,574	7,493	2,894	28,687	6,511
Life contracts (including endowment contracts)	20,533	167,856	898	21,433	178,806	970
Health contracts (including disability)	8,908	26,655	-	8,286	28,064	130
Other	2,475	15,522	2	2,699	14,548	2
Sub-total	**57,086**	**494,615**	**36,836**	**58,686**	**508,096**	**36,059**
Fees and charges relating to investment contracts with no participating features [(b)]	211	-	15,159	219	-	14,299
Fees, commissions and other revenues	1,457	-	-	1,378	-	-
TOTAL	**58,754**	**494,615**	**51,995**	**60,282**	**508,096**	**50,358**
Contracts with financial risk borne by policyholders (unit-linked)	16,281	159,702	15,896	15,789	160,222	15,511

(a) Excludes liabilities relating to unearned revenues and fees, and policyholder bonuses, along with derivatives relating to insurance and investment contracts.
(b) Relates to liabilities arising from investment contracts without discretionary participation features and investment contracts without discretionary participation features where the financial risk is borne by policyholders.

21.3.2 Property & Casualty (including Health)

(in Euro million)	Gross written premiums		Liabilities arising from insurance contracts	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Personal lines	**17,890**	**18,636**	**26,827**	**27,005**
Motor	10,253	10,528	18,525	18,441
Property damage	4,018	4,034	3,434	3,465
Health	1,760	2,143	1,408	1,544
Other	1,859	1,930	3,460	3,555
Commercial lines	**16,717**	**16,170**	**37,884**	**38,204**
Motor	3,568	3,234	5,514	5,254
Property damage	3,881	4,135	4,619	5,491
Liability	2,286	2,314	11,298	11,875
Health	2,946	3,030	6,618	6,871
Other	4,036	3,457	9,835	8,712
Other	**358**	**729**	**1,505**	**1,485**
Sub-total	**34,965**	**35,534**	**66,216**	**66,694**
Fees, commissions and other revenues	353	70	-	-
TOTAL	**35,318**	**35,604**	**66,216**	**66,694**

21.3.3 Liabilities arising from insurance contracts in the Property & Casualty

	December 31, 2017						
(in Euro million)	Claims reserves	IBNR	Claims expense reserves	Claims expense reserve on IBNR	Total Claims reserves including IBNR and expenses	Unearned premiums reserves & others	Total Technical Liabilities
Personal lines							
Motor	11,044	2,874	379	14	14,311	4,214	18,525
Property damage	1,454	451	67	2	1,974	1,457	3,431
Other	1,655	594	78	5	2,332	2,536	4,868
Sub-total Personal lines	**14,153**	**3,919**	**525**	**21**	**18,617**	**8,207**	**26,825**
Commercial lines							
Motor	3,296	857	112	5	4,270	1,244	5,514
Property damage	2,685	726	60	0	3,472	1,150	4,622
Liability	6,859	3,534	254	44	10,690	608	11,298
Other	7,964	3,101	306	30	11,401	5,051	16,453
Sub-total Commercial lines	**20,805**	**8,218**	**732**	**79**	**29,833**	**8,054**	**37,887**
Other	769	582	40	0	1,391	114	1,505
TOTAL - PROPERTY & CASUALTY	**35,727**	**12,718**	**1,297**	**100**	**49,841**	**16,375**	**66,216**

	December 31, 2016						
(in Euro million)	Claims reserves	IBNR	Claims expense reserves	Claims expense reserve on IBNR	Total Claims reserves including IBNR and expenses	Unearned premiums reserves & others	Total Technical Liabilities
Personal lines							
Motor	10,972	2,697	383	25	14,077	4,364	18,441
Property damage	1,440	480	65	2	1,987	1,479	3,465
Other	1,672	585	69	8	2,334	2,765	5,099
Sub-total Personal lines	**14,084**	**3,762**	**516**	**35**	**18,398**	**8,607**	**27,005**
Commercial lines							
Motor	3,009	827	110	8	3,954	1,300	5,254
Property damage	3,089	977	81	6	4,152	1,339	5,491
Liability	7,409	3,519	275	54	11,258	617	11,875
Other	8,153	2,553	298	23	11,027	4,556	15,583
Sub-total Commercial lines	**21,661**	**7,876**	**764**	**90**	**30,391**	**7,812**	**38,204**
Other	619	584	32	0	1,235	251	1,485
TOTAL - PROPERTY & CASUALTY	**36,364**	**12,222**	**1,312**	**126**	**50,024**	**16,670**	**66,694**

21.4 NET REVENUES FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2017	December 31, 2016
Net interests revenues	401	509
Net commissions	95	82
Others	6	6
Net revenues from banking activities	**501**	**596**

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, 2017				
(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	770	636	-	(3)	1,403
Investment in real estate properties as at fair value through profit or loss	28	-	(16)	-	12
Investment in real estate properties	**798**	**636**	**(16)**	**(3)**	**1,415**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	10,900	147	(89)	(28)	10,930
Debt instruments designated as at fair value through profit or loss [b]	622	-	282	-	905
Debt instruments held for trading	34	-	(6)	-	28
Non quoted debt instruments (amortized cost)	189	3	-	-	192
Debt instruments	**11,745**	**150**	**188**	**(28)**	**12,054**
Equity instruments available for sale	642	886	150	(198)	1,480
Equity instruments designated as at fair value through profit or loss [c]	503	-	480	-	983
Equity instruments held for trading	(3)	-	4	-	0
Equity instruments	**1,142**	**886**	**633**	**(198)**	**2,463**
Non consolidated investment funds available for sale	264	84	(0)	(58)	289
Non consolidated investment funds designated as at fair value through profit or loss	271	-	189	-	460
Non consolidated investment funds held for trading	11	-	(1)	-	11
Non consolidated investment funds	**546**	**84**	**188**	**(58)**	**760**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**98**	**-**	**15**	**-**	**113**
Loans held to maturity	-	-	-	-	-
Loans available for sale	11	-	-	-	11
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	1,156	9	-	(13)	1,153
Loans	**1,167**	**9**	**-**	**(13)**	**1,164**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**19,215**	**-**	**19,215**
Derivative instruments	**(2,387)**	**-**	**1,829**	**-**	**(558)**
Investment management expenses	**(606)**	**-**	**-**	**-**	**(606)**
Other	**165**	**17**	**(1,755)**	**(0)**	**(1,573)**
NET INVESTMENT RESULT	**12,668**	**1,781**	**20,298**	**(300)**	**34,447**

(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, 2016 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	775	2,003	-	(126)	2,652
Investment in real estate properties as at fair value through profit or loss	41	-	6	-	47
Investment in real estate properties	**817**	**2,003**	**6**	**(126)**	**2,699**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	11,583	1,537	13	(49)	13,084
Debt instruments designated as at fair value through profit or loss [(b)]	1,036	-	(315)	-	722
Debt instruments held for trading	52	-	17	-	69
Non quoted debt instruments (amortized cost)	117	1	-	-	119
Debt instruments	**12,788**	**1,538**	**(285)**	**(49)**	**13,993**
Equity instruments available for sale	553	712	4	(555)	714
Equity instruments designated as at fair value through profit or loss [(c)]	321	-	325	-	645
Equity instruments held for trading	8	-	5	-	13
Equity instruments	**881**	**712**	**334**	**(555)**	**1,373**
Non consolidated investment funds available for sale	270	141	21	(134)	298
Non consolidated investment funds designated as at fair value through profit or loss	242	-	(48)	-	194
Non consolidated investment funds held for trading	3	-	3	-	6
Non consolidated investment funds	**515**	**141**	**(23)**	**(134)**	**499**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**89**	**-**	**9**	**-**	**99**
Loans held to maturity	-	-	-	-	-
Loans available for sale	5	-	-	2	8
Loans designated as at fair value through profit or loss	-	-	0	-	0
Loans held for trading	-	-	-	-	-
Loans at cost	1,234	(1)	-	(11)	1,222
Loans	**1,240**	**(1)**	**0**	**(9)**	**1,230**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**9,124**	**-**	**9,124**
Derivative instruments	**(971)**	**-**	**(1,880)**	**-**	**(2,851)**
Investment management expenses	**(698)**	**-**	**-**	**-**	**(698)**
Other	**279**	**17**	**1,344**	**76**	**1,716**
NET INVESTMENT RESULT	**14,941**	**4,410**	**8,629**	**(796)**	**27,184**

(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:

(in Euro million)	December 31, 2017							
	France	Europe	Asia	United States	International	Transversal & Central Holdings	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(1,682)	(721)	(489)	(559)	(790)	(1,116)	502	(4,855)
Claims ceded (including change in claims reserves)	1,221	320	322	849	511	663	(290)	3,597
Commissions received from / paid to reinsurers	186	100	89	6	130	198	(30)	680
NET RESULT OF REINSURANCE CEDED	**(275)**	**(300)**	**(78)**	**296**	**(149)**	**(254)**	**182**	**(578)**

(in Euro million)	December 31, 2016 restated [(a)]							
	France	Europe	Asia	United States	International	Transversal & Central Holdings	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(2,525)	(710)	(628)	(562)	(772)	(1,119)	424	(5,893)
Claims ceded (including change in claims reserves)	2,138	287	311	873	284	912	(160)	4,646
Commissions received from / paid to reinsurers	183	96	87	12	115	182	(17)	657
NET RESULT OF REINSURANCE CEDED	**(205)**	**(327)**	**(229)**	**323**	**(374)**	**(25)**	**247**	**(589)**

(a) Restated: as per the new governance

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Note 24 Financing debt expenses

In 2017, financing debt expenses, which include income and expenses relating to hedging derivative instruments on financing debt, amounted to €315 million (€296 million in 2016) mainly in the Company: €206 million (€209 million in 2016).

Note 25 Expenses by type

25.1 ACQUISITION EXPENSES

	December 31, 2017				December 31, 2016
(in Euro million)	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses – gross [a]	12,027	-	(22)	12,005	12,130
Change in deferred acquisition expenses and equivalents [b]	(1,252)	-	-	(1,252)	(695)
NET ACQUISITION EXPENSES	**10,775**	**-**	**(22)**	**10,753**	**11,435**

(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, 2017				December 31, 2016
(in Euro million)	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses – gross	12,027	-	(22)	12,005	12,130
Claims handling expenses	2,175	-	(19)	2,156	2,279
Investment management expenses	308	(158)	(12)	137	345
Administrative expenses	6,425	4,508	(500)	10,433	10,299
Banking expenses	-	78	-	78	65
Increase/(write back) of tangible assets amortization	(5)	(0)	-	(5)	1
Other income/expenses	57	(108)	226	175	(144)
TOTAL EXPENSES BY DESTINATION	**20,988**	**4,320**	**(327)**	**24,980**	**24,976**
Breakdown of expenses by type					
Staff expenses	5,824	2,217	(1)	8,039	8,384
Outsourcing and professional services	783	277	(26)	1,034	918
IT expenses	1,306	298	60	1,664	1,606
Charges relating to owner occupied properties	538	229	(0)	766	814
Commissions paid	10,375	760	(266)	10,869	10,565
Other expenses	2,163	539	(93)	2,609	2,689

Expenses increased by €5 million compared to December 31, 2016. On a constant exchange rate basis, expenses increased by €417 million, mainly in insurance activities resulting from:

- the United States (€+357 million) driven by both higher acquisition costs due to higher new business as well as the impact of Deferred Acquisition Costs related to both actuarial and GMxB model changes;
- Asia (€+226 million) notably in Hong Kong resulting mainly from the non-repeat of income following portfolio growth of coinsured business in 2016;
- France (€+132 million) mainly driven by higher volume and unfavorable business mix on international deals;

partly offset by:

- Europe (€-406 million) primarily from Belgium and Germany mainly due to the non-repeat of restructuring costs booked in 2016.

Note 26 Employees

26.1 BREAKDOWN OF STAFF EXPENSES

(in Euro million)	December 31, 2017	December 31, 2016
Wages and benefits	6,141	6,053
Social contributions	767	831
Employee benefits expenses	614	505
Share based compensation	299	261
Other staff expenses and employees' profit sharing [(a)]	217	733
TOTAL STAFF EXPENSES	**8,039**	**8,384**

(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 €157 million as of December 31, 2017 (€166 million in 2016).

26.2.2 Defined benefit plans

The Group operates various defined post-employment benefit plans mainly in the United Kingdom, the United States, Germany, Switzerland, France and Belgium.

The defined benefit plans within AXA are mostly final salary pension plans or are based on a cash balance formula, which provide with members, 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, United States and Germany, pensions in payment are generally updated in line with the retail price index or inflation, as opposed to in other countries where pensions do not necessarily receive inflationary increases once in payment.

Most of the defined pension benefit plans are funded through long-term employee benefit funds or covered by insurance policies or Mutual funds. In Switzerland and Belgium, the main defined benefit plans are contributory pension plans whereas in the United States, France and Germany, the main plans are non-contributory defined benefit plans.

Benefit payments in the United Kingdom, the United States 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, jointly with AXA at local level.

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.

In the United States, AXA US discontinued benefit accruals under its defined benefit pension plans after December 31, 2013, and provides a company defined contributions benefit plan for services after January 1, 2014.

In Ireland, the defined benefit pension plan was amended (with effect from July 31, 2015) so that the scheme was closed to future accrual and a new defined contribution pension plan was established from this date.

26.2.3 Significant actuarial assumptions

The assumptions for each of the liabilities are consistent with the economic features of the corresponding countries' plans. The weighted-average financial assumptions used by AXA for pension plans in the principal regions in which AXA operates were as follows:

DECEMBER 2017 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2017				
Discount rate	1.6%	3.4%	0.6%	7.2%
Salary increase for future years	2.1%	6.3%	1.7%	5.0%
Inflation rate	1.4%	2.5%	0.0%	4.0%

DECEMBER 2016 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2016				
Discount rate	1.7%	3.8%	0.6%	7.0%
Salary increase for future years	2.1%	6.4%	1.7%	5.0%
Inflation rate	1.4%	2.5%	0.0%	4.0%

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:

- 22.83 years for male and 25.31 years for female retiring at end of December 2017;
- 25.52 years for male and 28.10 years for female retiring at end of December 2027 (*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 an analysis of Separate Assets and the balance sheet position.

	Pension benefits		Other benefits		Total	
(in Euro million)	2017	2016	2017	2016	2017	2016
Change in benefit obligation						
Defined Benefit Obligation at the beginning of the year	22,132	21,093	645	623	22,777	21,716
Current service cost	259	249	5	3	264	252
Interest cost	330	405	16	19	345	424
Employee contributions	65	64	-	-	65	64
Plan amendments and curtailments [(a)]	(25)	(100)	-	3	(25)	(97)
Experience (gains) and losses	221	26	(9)	5	212	31
Actuarial (gains) and losses arising from changes in demographic assumptions	(198)	(74)	(3)	7	(201)	(67)
Actuarial (gains) and losses arising from changes in financial assumptions	(166)	2,293	17	11	(149)	2,304
Benefits paid by plan assets and by separate assets	(644)	(722)	(1)	(1)	(645)	(723)
Benefits directly paid by the employer	(310)	(312)	(38)	(39)	(348)	(352)
Settlements	0	(65)	-	-	0	(65)
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(b)]	(0)	(26)	0	1	(0)	(25)
Other	6	7	-	-	6	7
Foreign exchange impact	(1,173)	(706)	(67)	14	(1,239)	(692)
Defined Benefit Obligation at the end of the year (A)	**20,497**	**22,132**	**566**	**645**	**21,062**	**22,777**
Change in plan assets						
Fair value of plan assets at the beginning of year	12,436	11,697	6	5	12,442	11,702
Interest income on plan assets	227	264	0	0	227	264
Actual return on plan assets, excluding interest income	657	1,399	(1)	0	657	1,399
Employer contributions [(c)]	399	312	-	1	399	312
Employee contributions	55	53	-	-	55	53
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(b)]	(0)	(21)	-	-	(0)	(21)
Benefits paid by plan assets	(510)	(553)	-	-	(510)	(553)
Amount paid in respect of settlements	-	(52)	-	-	-	(52)
Other	(7)	(10)	-	-	(7)	(10)
Foreign exchange impact	(837)	(652)	-	-	(837)	(652)
Fair value of plan assets at the end of the year (B)	**12,420**	**12,436**	**5**	**6**	**12,425**	**12,442**
Change in separate assets						
Fair value of separate assets at the beginning of year	1,204	1,276	-	-	1,204	1,276
Interest income on *separate assets*	11	19	-	-	11	19
Actual return on separate assets, excluding interest income	94	(7)	-	-	94	(7)
Employer contributions	95	74	1	1	96	75
Employee contributions	11	11	-	-	11	11
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(b)]	(0)	-	-	-	(0)	-
Benefits paid by separate assets	(134)	(169)	(1)	(1)	(135)	(170)
Other	-	-	-	-	-	-
Fair value of separate assets at the end of the year	**1,281**	**1,204**	**-**	**-**	**1,281**	**1,204**
Change in the cumulative effect of asset ceiling						
Cumulative effect of asset ceiling at the beginning of the year	18	19	-	-	18	19
Interest cost on asset ceiling	0	1	-	-	0	1
Changes in the asset ceiling, excluding the interest cost	(0)	1	-	-	(0)	1
Foreign exchange impact	(1)	(3)	-	-	(1)	(3)
Cumulative effect of asset ceiling at the end of the year	**17**	**18**	**-**	**-**	**17**	**18**
Funded status						
Funded status (B)-(A)	(8,077)	(9,695)	(560)	(639)	(8,637)	(10,334)
Cumulative impact of asset ceiling	(17)	(18)	-	-	(17)	(18)
Liability and asset recognized in the statement of financial position (excluding *separate assets*)						
Net position (excluding *separate assets*)	(8,094)	(9,713)	(560)	(639)	(8,654)	(10,352)
Fair value of *separate assets* at the end of the year	1,281	1,204	-	-	1,281	1,204
Net balance sheet position (including *separate assets*)	**(6,813)**	**(8,509)**	**(560)**	**(639)**	**(7,373)**	**(9,148)**

(a) In 2017, this amount mainly included plan amendments effect in Japan. In 2016, this amount mainly included plan amendments or curtailments effect in France and Germany.

(b) In 2016, this amount mainly included AXA Portugal disposal effect.

(c) In 2017, this amount included additional contributions paid to plan assets in the United Kingdom to reduce the deficit. In 2016, this amount included additional contributions paid to plan assets in the United Kingdom and in the United States to reduce the deficit.

"Other benefits" include post-retirement benefits other than pensions, principally health care benefits, and post-employment benefits after employment but before retirement.

A surplus (including any minimum funding requirement effect) is recognized to the extent that it is recoverable, either through future contribution reductions or a refund to which the Group 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, 2017 and 2016 is presented below:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Pension and other benefits expense						
Current service cost	259	249	5	3	264	252
Plan amendments and curtailments	(25)	(100)	-	3	(25)	(97)
Settlement gains or losses	0	(13)	-	-	0	(13)
Other	13	29	-	1	13	30
Total Service Cost	**247**	**165**	**5**	**7**	**252**	**172**
Interest cost on the defined benefit obligation	330	405	16	19	345	424
Interest income on plan assets	(227)	(264)	(0)	(0)	(227)	(264)
Interest income on separate *assets*	(11)	(19)	-	-	(11)	(19)
Interest cost on asset ceiling	0	1	-	-	0	1
Net Interest Cost/Income	**92**	**123**	**16**	**19**	**107**	**142**
Defined pension and other benefits expense (Service Cost + Net Interest Cost/Income)	**339**	**288**	**21**	**26**	**359**	**313**

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 (retained for the valuation of the Defined Benefit Obligation), to determine the related service cost, interest cost and interest income on assets associated to each discounted cashflow or segregated subsets of 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 requirements, this Note only considers liabilities net of Plan Assets and therefore excludes 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 €1,281 million as of December 31, 2017 (€1,204 million as of December 31, 2016) 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 Plan Assets that would be deducted from pensions' DBO (Defined Benefit Obligation), 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 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, 2017 to December 31, 2017 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)	2017	2016	2017	2016	2017	2016
Change in the liability recognized in the statement of financial position						
Statement of financial position liability at the beginning of the year	(9,713)	(9,415)	(639)	(618)	(10,352)	(10,033)
Pension and other benefits expense	(339)	(288)	(21)	(26)	(359)	(313)
Adjustment due to *separate assets*	(116)	(24)	-	-	(116)	(24)
Employer contributions	399	312	-	1	399	312
Benefits directly paid by the employer	310	312	38	39	348	352
Benefits paid by *separate assets*	134	169	1	1	135	170
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	0	5	(0)	(1)	-	4
Actuarial gains and losses recognized in OCI	894	(840)	(5)	(23)	889	(863)
Other	-	-	-	-	-	-
Foreign exchange impact	336	56	67	(14)	402	42
Statement of financial position liability at the end of the year	**(8,094)**	**(9,713)**	**(560)**	**(639)**	**(8,654)**	**(10,352)**
Fair value of *separate assets* at the end of the year	1,281	1,204	-	-	1,281	1,204
Net balance sheet position at the end of the year	**(6,813)**	**(8,509)**	**(560)**	**(639)**	**(7,373)**	**(9,148)**

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 €21,062 million as of December 31, 2017 and €22,777 million as of December 31, 2016) would have been affected by changes in the relevant actuarial assumption that is reasonably possible for year ended as of December 31, 2017, and 2016 is presented below:

	2017		2016	
	effect of 0.50% Increase	effect of 0.50% decrease	effect of 0.50% Increase	effect of 0.50% decrease
Discount rate	-6.6%	7.5%	-6.9%	7.7%
Salary growth rate	0.8%	-0.6%	0.8%	-0.7%
Inflation rate	3.4%	-3.1%	2.7%	-3.1%

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One year increase in the life expectancy (derived from adjusted mortality rates) would result in an increase of 3.5% 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 liability recognized in the statement of financial position) and are based on a change in an assumption while holding all other assumptions 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 the United States, the funding policy of the plans is to make an annual aggregate contribution to satisfy its funding obligations each year in an amount not less than the minimum required by ERISA (Employee Retirement Income Security Act of 1974), and not greater than the maximum it can deduct for Federal income tax purposes. Valuations are performed annually on a January 1 measurement date and any contribution in excess of the minimum is determined at the discretion of the plan sponsor.

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 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, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Statement of financial position liability [(a)]	(8,094)	(9,713)	(560)	(639)	(8,654)	(10,352)
Assets other than plan assets [(b)]	2,767	2,901	-	-	2,767	2,901
Net economic position	**(5,328)**	**(6,812)**	**(560)**	**(639)**	**(5,888)**	**(7,452)**

(a) This amount represents the Defined Benefit Obligation less plan assets adjusted for any assets not recoverable.

(b) This amount includes: 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 2018 employer contributions for pension benefits is €280 million (€281 million estimated in 2016 for 2017).

ESTIMATED FUTURE BENEFITS TO BE PAID BY THE ASSETS OR THE EMPLOYER

(in Euro million)	Pension benefits	Other benefits
2018	1,004	40
2019	913	39
2020	950	38
2021	969	37
2022	965	35
Five years thereafter	4,961	164
From year N+11 until the last benefit payments is paid	22,020	529

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 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, 2017,and 2016, respectively (fair value hierarchy principles as described by the Group are described in Note 1.5):

	Total Group			Europe			North America			Other		
December 31, 2017 Asset mix for plan assets	**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	11.4%	0.4%	11.8%	6.8%	0.4%	7.3%	31.1%	0.0%	31.1%	0.4%	0.0%	0.4%
Debt instruments	46.2%	0.4%	46.6%	45.0%	0.4%	45.4%	51.4%	0.1%	51.4%	90.1%	8.9%	99.0%
Other (a)	19.2%	22.4%	41.6%	19.7%	27.6%	47.4%	17.0%	0.5%	17.5%	0.0%	0.6%	0.6%
TOTAL	**76.9%**	**23.2%**	**100.0%**	**71.5%**	**28.5%**	**100.0%**	**99.4%**	**0.6%**	**100.0%**	**90.5%**	**9.5%**	**100.0%**
TOTAL (IN EURO MILLION)	**9,549**	**2,876**	**12,425**	**7,182**	**2,861**	**10,042**	**2,351**	**14**	**2,365**	**16**	**2**	**18**

(a) The other category of plan assets mainly includes Investment funds.

	Total Group			Europe			North America			Other		
December 31, 2016 Asset mix for plan assets	**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	12.6%	1.2%	13.8%	7.9%	0.7%	8.5%	31.0%	3.1%	34.1%	0.5%	0.0%	0.5%
Debt instruments	43.0%	0.5%	43.5%	42.0%	0.6%	42.6%	46.5%	0.2%	46.6%	91.5%	7.7%	99.2%
Other (a)	21.4%	21.4%	42.7%	25.5%	23.4%	48.9%	5.7%	13.6%	19.3%	0.0%	0.3%	0.3%
TOTAL	**77.0%**	**23.0%**	**100.0%**	**75.4%**	**24.6%**	**100.0%**	**83.1%**	**16.9%**	**100.0%**	**92.0%**	**8.0%**	**100.0%**
TOTAL (IN EURO MILLION)	**9,577**	**2,865**	**12,442**	**7,448**	**2,434**	**9,882**	**2,111**	**430**	**2,541**	**17**	**1**	**19**

(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 a 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.

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.

Moreover, caps on inflationary increases are in place to protect the plan against extreme inflation in the United Kingdom and in the United States.

26.2.11 Statement of financial position/balance sheet reconciliation

(in Euro million)	December 31, 2017	December 31, 2016
Statement of financial position reconciliation		
■ Net position (excluding *separate assets*) [(a)]	(8,654)	(10,352)
(assets)/liabilities held for sale [(b)]	-	-
Other liabilities	(420)	(386)
TOTAL [(c)]	**(9,075)**	**(10,738)**

(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 but the contribution of held for sale operations is stated on separate asset and liability items on the statement of financial position.
(c) It corresponds to a liability of €9,075 million as of December 31, 2017 (€10,738 million as of December 31, 2016) included in the statement of financial position under the caption "provision for risks and charges", and an asset 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)	2017	2016
Cost by plan		
AXA SA stock options	**3.8**	**3.4**
■ 2012 grants	-	0.1
■ 2013 grants	0.1	0.3
■ 2014 grants	0.9	1.2
■ 2015 grants	1.0	1.0
■ 2016 grants	1.2	0.7
■ 2017 grants	0.6	-
AXA stock options for US holding Company	**0.7**	**1.0**
■ 2012 AXA SA grants	-	-
■ 2013 AXA SA grants	-	0.0
■ 2014 AXA SA grants	0.1	0.2
■ 2015 AXA SA grants	0.1	0.1
■ 2016 AXA SA grants	0.1	0.6
■ 2017 AXA SA grants	0.5	-
AXA Group Shareplan	**8.9**	**9.1**
■ Classic Plan	0.2	0.5
■ Leverage Plan	8.7	8.5
AXA Miles	**-**	**1.7**
■ Plan 2012 (2+2)	-	-
■ Plan 2012 (4+0)	-	1.7
AXA Performance Shares (in France)	**36.2**	**32.4**
■ 2014 grants	1.7	9.5
■ 2015 grants	10.9	14.8
■ 2016 grants	14.8	8.1
■ 2017 grants	8.8	-
AXA International Performance Shares plans and Performance Units	**85.9**	**80.1**
■ 2013 grants	-	2.5
■ 2014 grants	7.3	23.4
■ 2015 grants	23.0	22.6
■ 2016 grants	24.6	31.6
■ 2017 grants	31.0	-
AXA Retirement Performance Shares	**14.0**	**10.7**
AXA Financial share-based compensation instruments	**1.9**	**1.6**
■ AXA Financial TSARs/SARs	-	0.6
■ AXA Financial Restricted Shares and PARS	1.9	1.0
AXA Investment Managers Performance Shares	**18.9**	**9.9**
AB share-based compensation instruments	**131.9**	**118.9**
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**302.1**	**268.8**

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 in Note 26.3.2.

26.3.1 Share-based compensation instruments issued by the Group

AXA SA STOCK OPTIONS

Executive officers and other key employees may be granted options on AXA ordinary shares under employee stock option plans. These options may be 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 are currently (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 generally in instalments of 33.33% per year on each of the second, third and fourth anniversaries of the grant date. For options granted since 2014, the vesting remains in instalments of 33.33% per year but on each of the third, fourth and fifth anniversaries of the grant date.

From 2007 to 2012, for the employees who were granted more than 5,000 options, the first two instalments vest unconditionally at the end of the vesting period, while the final instalment is subject to the fulfilment of certain conditions regarding the performance of the AXA shares compared to the STOXX Insurance Index ("SXIP"). Since 2013, for all beneficiaries, the vesting of the final instalment has been subject to the fulfilment of the market performance condition regardless of the number of options granted.

All options granted to the members of the Management Board since 2009, Management Committee since 2011, and Executive Committee since 2014, have been subject to the fulfilment of this market-based performance condition.

The following table shows AXA SA stock options granted under all plans:

	Options *(in million)*		**Weighted exercise price** *(in Euro)*	
	2017	**2016**	**2017**	**2016**
Options AXA				
Outstanding on January 1	**35.5**	**47.5**	**20.86**	**21.64**
Granted	3.1	3.3	23.92	21.52
Exercised	(8.0)	(4.1)	16.48	14.34
Cancelled and expired	(7.4)	(11.2)	33.33	26.73
Outstanding as of December 31	**23.1**	**35.5**	**18.79**	**20.86**

The number of outstanding options and the number of exercisable options among the outstanding options are shown below by maturity date:

Expiry year of options *(in million)*	Outstanding options December 31, 2017	Outstanding options December 31, 2016	Exercisable options (taking into account the market-based performance condition) December 31, 2017	Exercisable options (taking into account the market-based performance condition) December 31, 2016
2017	-	7.4	-	6.0
2018	2.8	5.5	1.5	4.2
2019	1.4	2.0	1.4	1.3
2020	2.1	3.4	2.1	2.2
2021	2.6	3.9	2.6	2.6
2022	1.1	1.8	1.1	1.0
2023	1.5	2.4	1.5	1.4
2024	2.6	2.9	0.7	-
2025	2.9	2.9	-	-
2026	3.2	3.2	-	-
2027	3.1	-	-	-
TOTAL AXA	**23.1**	**35.5**	**10.7**	**18.6**

Options AXA	Outstanding options Number *(in million)*	Outstanding options Exercise price *(in Euro)*	Exercisable options (taking into account the market-based performance condition) Number *(in million)*	Exercisable options (taking into account the market-based performance condition) Exercise price *(in Euro)*
Price range				
€6.48 – €12.96	2.1	11.05	2.1	11.05
€12.97 – €19.44	9.1	15.89	7.1	15.15
€19.45 – €25.92	12.0	22.34	1.5	21.00
€6.48 – €25.92	**23.1**	**18.79**	**10.7**	**15.16**

The fair value of AXA SA stock options is calculated using the Black & Scholes option pricing model. The effect of expected early exercise is 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 is checked against an analysis of historical volatility to ensure consistency. The expected AXA SA dividend yield is based on the market consensus. The risk-free interest rate is based on the Euro Swap Rate curve for the appropriate term.

The option pricing assumptions and fair value at grant date for plans issued in 2017, 2016, 2015, and 2014 are as follows:

	2017	2016	2015	2014
Assumptions (a)				
Dividend yield	6.50%	6.60%	6.39%	6.51%
Volatility	25.05%	26.60%	23.68%	29.24%
Risk-free interest rate	0.55%	0.36%	0.99%	1.64%
Expected life (in years)	8.5	8.5	8.8	8.8
Weighted average fair value per option at grant date in Euro (b) (c)	1.81	1.80	1.42	1.88

(a) Assumptions at grant date, in average weighted by grants of the year.

(b) The options with market performance criteria were valued at €1.66 per option granted in 2017 and €1.67 per option granted in 2016, based on a Monte-Carlo model. The options without performance criteria were valued at €1.96 per option granted in 2017 and €1.92 per option granted in 2016, based on the Black & Scholes model.

(c) Based on an estimated pre-vesting annual lapse rate per year for options without performance criteria of 0% for options granted from 2016 and 5% for options granted before 2016.

The total cost is amortized over the vesting period and an estimated pre-vesting lapse rate of 0% is applied over the remaining vesting period. On that basis, the expense recognized in profit or loss for the year ended December 31, 2017 was €4.5 million (€4.3 million for the year ended December 31, 2016).

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.

At the end of the 5 years holding period, the employees can, depending on their residence country, 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 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.

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 2017, the AXA Group offered its employees to subscribe to a share offering, at a price of €20.19 per share for the traditional plan (discount of 20% to the reference price of €25.23 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 €22.96 per share for the leverage plan (discount of 8.98% to the reference price). A total of 19.6 million new shares were issued, increasing the share capital by €443 million. This offering represented a total cost of €8.9 million taking into account the five-year lock-up period. In 2017, the cost of the lock-up period was measured at 19.61% for the traditional plan and 8.95% 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 1.92%.

The table below shows the main features of the plan, the amounts subscribed, valuation assumptions, and the cost of the plan for 2016 and 2017:

	2017		2016	
	Traditional	Leveraged	Traditional	Leveraged
Plan maturity *(in years)*	5	5	5	5
[A] Discount to face value	20.00%	8.98%	20.00%	8.63%
Reference price *(in Euro)*		25.23		19.40
Subscription price *(in Euro)*	20.19	22.96	15.53	17.73
Amount subscribed by employee *(in Euro million)*	37.5	40.6	34.2	39.6
Total amount subscribed *(in Euro million)*	37.5	406.4	34.2	396.1
Total number of shares subscribed *(in million shares)*	1.9	17.7	2.2	22.3
Interest rate on employee loan	6.64%	7.16%	6.85%	7.26%
5-year risk-free rate (euro zone)		0.23%		-0.07%
Dividend yield		5.53%		7.18%
Early exit rate		1.43%		2.63%
Interest rate for borrowing securities (repo)		0.00%		-0.39%
Retail / institutional volatility spread	N/A	2.50%	N/A	2.77%
[B] Cost of the lock-up for the employee	19.61%	8.95%	18.72%	8.57%
[C] Opportunity gain	N/A	1.92%	N/A	1.91%
Total cost for AXA = [A] – [B] + [C] (as a percentage of the reference price)	**0.39%**	**1.95%**	**1.28%**	**1.97%**
TOTAL COST FOR AXA *(IN EURO MILLION)*	**0.18**	**8.71**	**0.55**	**8.53**

AXA MILES

On March, 16, 2012, AXA granted 50 free AXA ordinary shares ("AXA Miles") to more than 120,000 employees worldwide, engaging all employees in the successful execution of the Company's strategic plan Ambition AXA. A first tranche of 25 AXA Miles was granted without any condition. The second tranche was subject to the fulfilment of a performance condition determined by AXA's Board of Directors. This condition required the achievement of at least one of two indicators related to Ambition AXA: (1) an increase in underlying earnings per share or (2) an increase in the Group's customer satisfaction index ("Customer Scope"). For the year ended December 31, 2012, both of these conditions were met and, consequently, the grant of the second tranche has been confirmed.

These 50 AXA Miles shares granted in 2012 vest upon completion of a two or four year vesting period (*i.e.* in 2014 or 2016) depending on applicable local regulations, and subject to fulfilment of certain conditions.

The free shares are valued using the ANC (*Autorité des Normes Comptables*) approach described in the AXA Group Shareplan section using assumptions adapted to the structure of the plan (2+2 or 4+0 plan), based on a market price of €13.18 per share on March 16, 2012 and an estimated 5% pre-vesting lapse rate.

The total cost of the AXA Miles is amortized over the vesting period (*i.e.* over 2 years for the 2+2 plan and over 4 years for the 4+0 plan) starting from the grand date. On that basis, the expense recognized in the profit or loss for the year ended December 31, 2016 was €1.7 million (no expense recognized as of December 31, 2017).

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-

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market performance criteria and have a specified vesting period (between two and three years) followed by a two-year post-vesting restriction to transfer period.

The Performance Shares are valued using the ANC approach described in the AXA Group Shareplan section using assumptions adapted to the structure of the plan.

In 2017, the valuation was based on a market price of €24.05 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 2017 was €15.91 (€14.02 for 2016 grants).

The total cost of Performance Shares recognized was €36.2 million as of December 31, 2017 (€32.4 million as of December 31, 2016).

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, were mainly cash-settled award 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’s period and measurement is between two and three years. The vesting period (service condition) is between three and four years. However, as opposed to Performance Units granted in 2011 and 2012, 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, 2017, was €85.9 million in earnings (€80.1 million as of December 31, 2016).

AXA Retirement Performance Shares

As voted by the Shareholders’ Meeting of April 27, 2016, 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 2016 and 2017 grants, 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.

The total cost of the Performance Shares Retirement recorded as of December 31, 2017, was €14.0 million in earnings, gross of tax (€10.7 million as of December 31, 2016).

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 Investment Managers Performance Shares recorded as of December 31, 2017, amounted to €18.9 million in earnings (€9.9 million as of December 31, 2016), 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.

During the fourth quarter of 2011, AB amended all outstanding year-end long-term incentive compensation awards of active employees, so that employees who terminate their employment or are terminated without cause may retain their award, subject to compliance with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition, employee and client solicitation, and a clawback for failing to follow existing Risk Management policies. This amendment eliminated employee service requirement but did not modify delivery dates contained in the original award agreements.

Most of the awards granted in 2016 and in 2017 contained the same conditions as awards amended in 2011, resulting in the immediate recognition of the cost of these awards instead of an amortization over a maximum of four years.

Under the Incentive Compensation Program, AB made awards in December 2017 aggregating €148.8 million (€142.8 million in December 2016) of which €135.1 million in the form of Restricted AB Holding Units (€127.6 million in 2016), elected in December 2017 and representing 6.1 million restricted AB Holding Units (6.1 million in 2016).

AB also awarded restricted Holding Units in connection with certain employee and separation agreements.

Moreover, options to acquire AB Holding Units were granted as follows: 54,546 options were granted during 2016, 29,056 options were granted during 2015, and 25,106 options were granted during 2014. There were no options to buy AB Holding Units awarded during 2017, either to employees or eligible directors.

The 2017 total cost amounted to €131.9 million (€118.9 million in 2016), 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 2017 totaled €13.9 million (€19.5 million in 2016), including fixed salary, bonuses, directors' fees, benefits in kind and other short-term benefits;
- share-based compensation: the expense recognized in 2017 in respect of share-based compensation granted by AXA SA to Management Committee members was €7.5 million (€13.2 million in 2016);
- 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 €2.1 million in 2017 (€5.8 million in 2016).

26.5 SALARIED WORKFORCE

At December 31, 2017, the Group employed 95,728 salaried people on a full-time equivalent basis (97,707 at the end of December 2016).

The decrease of salaried employees by 1,980 in 2017 was mainly driven by:

- AXA Assistance (-962) driven by the outsourcing of some IT activities, increased reliance on contractors in Mexico, the termination of contracts in Mauritius and Brazil, the closure of Indian offices as well as the implementation of efficiency programs;
- France (-459) driven by the optimization of the replacement rate of retirees;
- Belgium (including AXA Bank Belgium) (-174) reflecting mainly the restructuring plan announced in September 2016.

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, 2017	December 31, 2016
Net income group share		**6,209**	**5,829**
Undated subordinated debt financial charge		(229)	(267)
Net income including impact of undated subordinated debt	**A**	**5,980**	**5,562**
Weighted average number of ordinary shares (net of treasury shares) – opening		2,419	2,424
Increase in capital (excluding stock options exercised) [(b)]		2	3
Stock options exercised [(b)]		3	1
Treasury shares [(b)]		(18)	(4)
Capital increase/Decrease		(12)	(9)
Weighted average number of ordinary shares	**B**	**2,395**	**2,416**
BASIC NET INCOME PER ORDINARY SHARE	**C = A/B**	**2.50**	**2.30**
Potentially dilutive instruments :			
■ Stock options		5	5
■ Other		4	3
Fully diluted – weighted average number of shares [(c)]	**D**	**2,404**	**2,423**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**E = A/D**	**2.49**	**2.30**

(a) Except for number of shares (million of units) and earnings per share (Euro).
(b) Weighted average.
(c) Taking into account the impact of potentially dilutive instruments.

In 2017, net income per ordinary share stood at €2.50 on a basic calculation, all attributable to continuing operations, and €2.49 on a fully diluted basis also all attributable to continuing operations.

In 2016, net income per ordinary share stood at €2.30 on a basic calculation, of which €2.48 attributable to continuing operations and €-0.18 from discontinued operations, and €2.30 on a fully diluted basis, of which €2.48 attributable to continuing operations and €-0.18 from discontinued operations.

Note 28 Related-party transactions

In 2017, 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 in the Property & Casualty insurance business and Life & Savings insurance business in France. On December 31, 2017, the Mutuelles AXA collectively owned 14.13% of the Company's outstanding ordinary shares representing 23.97% 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 certain of the Company's French insurance subsidiaries, AXA France IARD and AXA France Vie (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 Economique*) or "GIE".

The Property & Casualty insurance business generated in France (Creditor excluded) by insurance brokers is mainly underwritten through a coinsurance arrangement between AXA Assurances IARD Mutuelle and AXA France IARD, a Property & Casualty insurance subsidiary of the Company. For coinsurance, AXA France IARD underwrites 89% of businesses and AXA Assurances IARD Mutuelle 11%. Aggregate written premiums recorded in this coinsurance agreement amounted to €1,913 million in 2017 (of which €1,725 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 may be based on various agreed criteria including particular activity drivers. The GIEs to which the Company was party during 2017 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) as well as certain other services. 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 the Company's audited consolidated financial statements. Expenses invoiced by the GIE AXA to its members in 2017 and 2016 amounted to respectively €242 million and €230 million.

28.3 LOANS/GUARANTEES/CAPITAL CONTRIBUTIONS, ETC.

AXA has given numerous commitments and guarantees, 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 between its subsidiaries, guarantee obligations of its subsidiaries to third parties, or provide other types of guarantees for the benefit of its subsidiaries. The beneficiaries of these guarantees are generally required to compensate the Company at a negotiated rate based on prevailing market rates and conditions for guarantees of a similar nature. In addition, from time to time, the Company may provide comfort letters or similar letters to rating agencies and/or regulators for the benefit 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, from time to time, makes capital contributions, loans, other extensions of credit, or otherwise provides liquidity and capital resources to its subsidiaries and affiliates for various business purposes including 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 the Company entering into various types of transactions with its subsidiaries and affiliates from time to time including loans or other types of credit arrangements, acquisitions or sales of assets, securities or other financial instruments and/or similar transactions. 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 and other extensions of credit bearing interest at varying rates that generally reflect prevailing market rates at the respective dates such loans were originated.

In addition, the Company may enter into various other types of transactions with its subsidiaries and affiliates from time to time for various other business purposes including in connection with liquidity, solvency and capital management initiatives designed to promote efficient use and fungibility of the Group's capital resources. These transactions may involve loans or other types of credit arrangements, 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.

28.4 KEY MANAGEMENT AND DIRECTORS

To the best of the Company's knowledge, based on information reported to it:

- on December 31, 2017, 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 (including investments in loans to French midcap companies developed by AXA France with banking partners) 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

Consistent with the principles set forth in Note 1.3.1 "Scope and basis of consolidation" to the financial statements, (i) AXA's investments or other arrangements with non-consolidated special purpose entities (SPEs) do not allow AXA to exercise control over such SPEs, and (ii) SPEs controlled by AXA are consolidated as disclosed in Note 2.2 of the financial statements.

Investments in non-consolidated investment funds are limited to the shares in these funds which do not provide control. Any material arrangements between AXA and these funds are disclosed in this Note.

29.1 BREAKDOWN OF COMMITMENTS RECEIVED

(in Euro million)	December 31, 2017	December 31, 2016
Financing commitments	**13,811**	**14,309**
Customers	-	-
Credit institutions	13,811	14,309
Guarantee commitments	**23,992**	**23,241**
Credit institutions	4,877	4,525
Customers	19,114	18,716
Other	**45,066**	**44,990**
Pledged securities and collaterized commitments	37,192	36,324
Letters of credit	3,882	4,192
Other commitments	3,992	4,475
TOTAL	**82,868**	**82,540**

Commitments received by AXA totalled €82,868 million at the end of 2017, and increased by €328 million compared to the end of 2016, mainly due to an increase in pledged assets and collaterals (€868 million), guarantee commitments (€751 million); partly offset by the decrease in financing commitments (€498 million), letter of credit (€310 million) and other commitments (€483 million). These commitments can be broken down as follows:

Financing commitments received totaled €13,811 million at the end of 2017, and mainly consisted of:

- credit facilities received from banks for €12,475 million mainly by AXA SA (€11,867 million), AXA Banque France (€356 million), AB (€208 million) and on run-off portfolios managed by AXA Liabilities Managers (€39 million) for stand-by credit lines;
- commitment lines granted to AB (€937 million) and Japan (€399 million) as part of their operations.

Guarantee commitments received totaled €23,992 million at the end of 2017, and mainly consisted of (i) guarantees from customers related to mortgage loans (€15,457 million) received mainly at Switzerland (€10,749) million), AXA Bank Belgium (€2,049 million), AXA Banque France (€1,407 million) and Belgium (€1,247 million); (ii) €4,877 million guarantees received from credit institutions mainly by AXA Banque France (€4,555 million), Belgium (€127 million) and Italy (€126 million) and (iii) €3,655 million other guarantees received from customers mainly at AXA Banque France (€3,654 million).

Pledged securities and collateralized commitments received totaled €37,192 million at the end of 2017, and mainly consisted of:

- mortgage security collateral taken for loans totaled €23,624 million, mainly from AXA Bank Belgium (€23,526 million);
- collaterals for reinsurance operations €6,212 million mainly from the United States (€2,654 million), France (€2,420 million), AXA Global Reinsurance (€689 million) and AXA Corporate Solutions Assurance (€406 million);
- collateral for derivatives €3,742 million mainly from Germany (€1,327 million), AXA Bank Belgium (€1,036 million), Belgium (€473 million), France (€471 million), Spain (€277 million) and the United Kingdom (€71 million) from an increase in collaterals deposit according to the variations of the derivatives in order to cover the risk of the counterparty;
- security reverse repurchase agreements and similar operations totaled €3,468 million mainly in Germany (€2,438 million) and Japan (€971 million).

Letters of credit received totaled €3,882 million at the end of 2017 and were mainly from the United States (€3,650 million) and Turkey (€125 million) due to letter of credits related to reinsurance transactions.

Other commitments received totaled €3,992 million at the end of 2017, and mainly consisted of:

- €2,533 million mainly received by France (€901 million), Germany (€720 million), Japan (€376 million) and Belgium (€290 million) related to mortgages as guarantees to debt instruments;
- €909 million received by AXA Bank Belgium (€908 million) relating to timing difference between trade date and settlement date values of repo transactions;
- €505 million received by Switzerland mainly due to covered bonds collaterals relating to invested assets other than real estate and private equity funds.

29.2 BREAKDOWN OF COMMITMENTS GIVEN

	December 31, 2017					December 31, 2016
	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	**1,528**	**1,074**	**151**	**42**	**2,795**	**4,568**
Customers	1,444	1,072	151	42	2,709	3,191
Credit institutions	83	2	1	0	86	1,377
Guarantee commitments	**3,942**	**2,619**	**1,481**	**2,916**	**10,957**	**8,545**
Credit institutions	3,936	2,587	1,477	2,871	10,871	8,465
Customers	6	32	3	44	86	80
Other	**34,999**	**5,091**	**2,813**	**11,471**	**54,373**	**60,809**
Pledged securities and collaterized commitments	30,639	1,573	753	3,949	36,914	41,211
Letters of credit	19	8	0	125	151	158
Other commitments [(a)]	4,341	3,509	2,060	7,397	17,308	19,440
TOTAL	**40,469**	**8,783**	**4,445**	**14,429**	**68,126**	**73,922**

(a) Includes future minimum payments for operating leases.

Commitments given totaled €68,126 million at the end of 2017, decreasing by €5,796 million compared to the end of 2016, mainly due to a decrease of €4,297 million in pledged securities and collateralized commitments, €1,773 million in financing commitments and €2,139 million in letter of credits and other commitments; partially offset by an increase of €2,412 million from guarantees. These commitments can be broken down as follows:

Financing commitments given totaled €2,795 million at the end of 2017, and mainly consisted of financing commitments to customers (€2,709 million) notably comprising loan commitments granted at AXA Bank Belgium (€1,451 million), AXA Banque France (€748 million), Germany (€310 million) and Switzerland (€78 million) provided to their customers and financing commitments given to credit institutions (€86 million) notably at AB with commitment lines (€62 million).

Guarantee commitments given totaled €10,957 million at the end of 2017, and mainly consisted of guarantee commitments given to credit institutions related to loans (€4,709 million) from AXA SA; Guarantees related to financial obligations (€3,948 million) notably from AXA Bank Belgium (€3,169 million) and AB (€655 million) and Guarantees in case of insolvency and defaults (€2,123 million) notably from AXA Bank Belgium (€1,354 million) and France (€767 million).

Pledged securities and collateralized commitments given totaled €36,914 million at the end of 2017, and mainly consisted of:

- security repurchase agreements and similar operations totaled €29,427 million mainly from France (€12,831 million), Japan (€7,802 million), Belgium (€3,028 million), the United States (€1,572 million), Hong Kong (€1,230 million), Switzerland (€1,184 million), AXA Corporate Solutions Assurance (€698 million) and Spain (€385 million);

- pledged assets and collaterals for derivatives instruments totaled €3,576 million mainly in Japan (€1,180 million), France (€917 million), AXA Bank Belgium (€865 million) and Belgium (€174 million);
- pledged assets and collaterals for reinsurance operations totaled €1,144 million mainly from France (€1,025 million);
- other pledged assets / collaterals totaled €2,768 million mainly in AXA Banque France (€1,519 million), AXA Bank Belgium (€809 million) and Hong Kong (€359 million).

Letters of credit given totaled €151 million at the end of 2017 and were mainly from Turkey (€75 million) and on run-off portfolios managed by AXA Liabilities Managers (€42 million).

Other commitments given totaled €17,308 million at the end of 2017 and mainly consisted of:

- €5,542 million commitment to private equity funds mainly from France (€1,964 million), Switzerland (€1,027 million), Germany (€1,023 million), Japan (€687 million), the United States (€620 million) and AXA Corporate Solutions Assurance (€89 million);
- €2,705 million commitments to invested assets other than real estate funds or private equity funds mainly from Germany (€870 million), Belgium (€864 million) and France (€852 million);
- €2,684 million as lease commitment given mainly by AB (€637 million), the United States (€408 million), France (€408 million), Germany (€370 million) and AXA Investment Managers (€207 million);
- €2,482 million guarantees as part of Group employee insurance contracts mainly by AXA SA (€2,445 million);
- €1,581 million as commitments to Real Estate funds mainly from France (€655 million), the United States (€539 million) and Germany (€162 million);
- €1,010 million as commitments for constructions, renovations and pre sale of real estate assets contracts notably given by Switzerland (€942 million);
- €814 million as commitments to insurance protection funds and other regulatory requirements from Germany (€418 million) and AXA SA (€314 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 AXA SA 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 Mr. Xavier Crépon, 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 2017.

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. Yves Nicolas: 63, rue de Villiers – 92208 Neuilly-sur-Seine, first appointed on April 25, 2012. 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 2017.

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 (PricewaterhouseCooper)								
	2017				2016			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	PwC Audit	Network	Total 2017	%	PwC Audit	Network	Total 2016	%
Statutory audit and certification of local and consolidated financial statements	**5**	**23**	**28**	**67%**	**5**	**21**	**26**	**66%**
AXA SA	2	0	2	6%	2	0	2	6%
Integrated subsidiaries globally	3	23	26	61%	2	21	24	61%
Other [(a)]	**4**	**10**	**14**	**33%**	**3**	**10**	**13**	**34%**
AXA SA	3	0	3	7%	2	0	2	6%
Integrated subsidiaries globally	1	10	11	27%	1	10	11	28%
TOTAL	**9**	**33**	**42**	**100%**	**7**	**31**	**39**	**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, confort letters, SSAE16/ISAE3402 reports, insurance reports on AFR and SFCR, and due diligences; (ii) tax services – out of France such as tax compliance services; and (iii) other permitted advisory services.

	Mazars							
	2017				2016			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	Mazars	Network	Total 2017	%	Mazars	Network	Total 2016	%
Statutory audit and certification of local and consolidated financial statements	**3**	**6**	**9**	**72%**	**4**	**6**	**10**	**75%**
AXA SA	1	0	1	6%	1	0	1	5%
Integrated subsidiaries globally	2	6	8	66%	3	6	9	70%
Other [(a)]	**2**	**2**	**4**	**28%**	**1**	**2**	**3**	**25%**
AXA SA	1	0	1	10%	1	0	1	7%
Integrated subsidiaries globally	0	2	2	18%	0	2	2	18%
TOTAL	**5**	**8**	**13**	**100%**	**5**	**8**	**13**	**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, confort letters, SSAE16/ISAE3402 reports, insurance reports on AFR 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 has appointed an independent expert to challenge this report and submitted its statement in February 2017. A final decision is not expected before 2019. Consequently, the 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. A court timetable for the claim has yet to be set.

31.2 MATTERS CONCERNING AXA SUBSIDIARIES

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 following:

31.2.1 United States matters

In the United States, certain AXA subsidiaries are involved in a number of lawsuits (both class actions and individual litigations), investigations and other actions in various states and jurisdictions where they do business. A detailed description of significant matters involving AXA Equitable Life Insurance Company and its subsidiaries (including AllianceBernstein L.P.) is included in the Annual Reports on Form 10-K for the year ended December 31, 2017 and subsequent reports on Form 10-

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Q, respectively, of AXA Equitable Life Insurance Company (Securities and Exchange Commission ("SEC") file no. 000-20501) and AllianceBernstein (SEC file no. 000-29961) filed with the SEC (collectively, the "Subsidiary SEC Reports"). The Subsidiary SEC Reports are publicly available and Management encourages readers of the Consolidated Financial Statements to consult the Subsidiary SEC Reports for a full description of all the various litigations and related matters in which these subsidiaries are involved.

A number of lawsuits have been filed against insurers and other financial institutions in the United States and elsewhere involving insurers' sales practices, alleged agent 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 judgments 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 management activities, corporate transactions, employee benefit disputes, alleged discrimination in employment practices, as well as other matters.

For additional details on these matters, please see the Subsidiary SEC Reports. Copies of the Subsidiary SEC Reports can obtained through the SEC's website (www.sec.gov).

AXA US

In July 2011, a derivative action was filed in the United States District Court of the District of New Jersey entitled *Mary Ann Sivolella v. AXA Equitable Life Insurance Company and AXA Equitable Funds Management Group, LLC* ("FMG LLC") ("Sivolella Litigation") and a substantially similar action was filed in January 2013 entitled *Sanford et al. v. FMG LLC* ("Sanford Litigation"). These lawsuits were filed on behalf of a total of twelve mutual funds and, among other things, seek recovery under (i) Section 36(b) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), for alleged excessive fees paid to AXA Equitable and FMG LLC for investment management services and administrative services and (ii) a variety of other theories including unjust enrichment. The plaintiffs seek recovery of the alleged overpayments, rescission of the contracts, restitution of all fees paid, interest, costs, attorney fees, and expert witness fees. The Sivolella Litigation and the Sanford Litigation have been consolidated and went to trial on January 6, 2016. In August 2016, the court decided in favor of AXA Equitable. In December 2016, plaintiffs filed a notice to appeal and a ruling is expected in 2018. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

Beginning in June 2014, a series of related lawsuits (Zweiman, Shuster and O'Donnell) were filed against AXA Equitable Life Insurance Company in New York, New Jersey and Connecticut State Courts. These actions were brought on behalf of classes of persons who purchased Variable Annuities or variable life insurance policies from AXA Equitable that were subject to the AXA Tactical Manager (ATM) strategy which is a managed volatility strategy in certain variable investment options offered to purchasers of certain AXA Equitable Variable Annuity and variable life insurance contracts. These suits assert claims for breach of contract and allege that AXA Equitable breached express provisions of the contracts/policies when it implemented this strategy. Damages sought are not quantified and are difficult to estimate. All three matters were dismissed by the respective trial courts and appeals were filed in the Shuster and O'Donnell matters. Rulings from the appellate courts are expected in 2018. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

In February and March 2016, two class actions (Brach Family Foundation and Cartolano) were filed against AXA Equitable in New York Federal Court and Florida State Court with virtually identical allegations. Both these lawsuits challenge AXA Equitable's decision to increase the cost of insurance for a specific block of life insurance policies (AUL II) with issue ages over 70 and face amounts in excess of $1 million ("COI"). This decision was based on the actuarial experience on this block of policies and was done in accordance with the terms of the policies and after review by relevant state insurance regulators and an outside actuarial consultant. These lawsuits allege breach of contract and, in New York, seek recovery under Section 4226 of the New York Insurance Law, and seek various remedies (including refund of premiums paid or cancellation of the increase in the cost of insurance, interest and costs). Many of these policies are owned or financed, directly or indirectly, by hedge funds or other institutional investors. The Florida action has now been voluntarily dismissed but may be refiled. Additionally, a separate putative class action and seven individual actions challenging the COI increase have been filed against AXA Equitable. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

31.2.2 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 will defend this matter vigorously.

AXA SPAIN

During the fourth quarter of 2012, a lawsuit was filed against AXA Seguros Generales SA de Seguros y Reaseguros ("AXA Spain") in Madrid by a real estate development company, Sistema KLEC, alleging breach of contract in connection with an arrangement entered into by AXA Spain in 2008 for the development of up to 125 agencies. The plaintiff claims damages on alternative theories for amounts ranging from approximately €149 million to €623 million. On June 11, 2015, the court of first instance of Madrid ruled in favor of KLEC and awarded damages of €18 million to KLEC which have been reserved in AXA's consolidated accounts. Both parties have appealed. AXA Spain believes that it has strong defenses to support its appeal and will defend this matter vigorously.

AXA CORPORATE SOLUTIONS ASSURANCE

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 ("AXA CS"). 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's 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"). In February 2014, the Court of Appeal of Versailles ruled against Enedis in one of these law suits and, as part of this decision, ruled that AXA CS was liable to Enedis under the terms of the insurance policy for compensation of these losses in this specific case. AXA CS has appealed this decision to the French Cour de cassation but the appeal was dismissed in June 2015 (damages are currently being assessed). In the context of another similar case, however, the Court of Appeal of Versailles referred to the question as to the legality of the Decrees to the European Court of Justice ("ECJ") following which a significant number of courts stayed proceedings in similar cases. On March 15, 2017, the ECJ rendered its decision in favor of the arguments raised by AXA CS regarding the illegality of the Decrees and each court will now be asked to make a final decision on this basis. AXA CS believes that this decision of the ECJ substantially limits any claims for damages by the plaintiffs and in addition that certain policy exclusions and defenses would apply.

RBS has notified claims for coverage to AXA CS under general liability policies covering the years 2001-2004. AXA CS 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, during 2014, this was overturned and the case was remanded to the court of first instance. AXA CS is not a party to this litigation. The exposure of AXA CS in this matter, if any, 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 also 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).

In addition to the matters noted above, AXA and its subsidiaries are also involved in various legal actions and proceedings of a character normally incident 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.

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 unrecognized contractual commitments" in Part 5 – "Consolidated Financial Statements" of this Annual Report. 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.

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. 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 or not 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 accelerates its "Payer-to-Partner" strategy with the acquisition of Maestro Health

On February 28, 2018, AXA announced that it had completed the acquisition of Maestro Health, Inc. ("Maestro Health"), a US health benefit administration digital company. Total consideration for the acquisition amounted to USD 155 million (or €127 million [(1)]).

Maestro Health provides a digital integrated platform encompassing a full set of health benefit administration services and third-party administrator services for self-insured companies, including care coordination solutions for employees, enabling companies to be more effective in lowering healthcare costs and empowering employees to make better health-related choices.

Founded in 2013, the Chicago-based company has more than 300 employees and targets mid-size and large-size employers across the United States, currently covering over 1 million lives.

This acquisition reflects AXA's continued strong focus on the health business and supports its "Payer-to-Partner" strategy, in line with Ambition 2020, and represents an important step towards building a comprehensive and long-term population health management solution to provide better care at lower cost.

AXA to acquire XL Group: creating the #1 global P&C commercial lines insurance platform

On March 5, 2018, AXA announced that it had entered into an agreement to acquire 100% of XL Group Ltd (NYSE: XL), a leading global Property & Casualty Commercial lines insurer and reinsurer with strong presence in North America, Europe, Lloyd's and Asia-Pacific. The merger agreement has been unanimously approved by the Boards of AXA and XL Group. Total consideration for the acquisition would amount to USD 15.3 billion (€12.4 billion [(2)]), to be fully paid in cash. Under the terms of the transaction, XL Group shareholders will receive USD 57.60 per share [(3)]. This represents a premium of 33% to XL Group closing share price on March 2, 2018.

Founded in 1986, XL Group is a leader in P&C commercial and specialty lines with an active global network. XL Group generated USD 15 billion of GWP in FY17. It is a growing franchise with a high-quality underwriting platform and a rich and diversified product offering. XL Group is a highly agile company renowned for innovative client solutions and has a comprehensive business model of originating, packaging and selling risks. XL Group has ca. 7,400 colleagues worldwide and has a strong presence across specialty and mid-market segments *via* insurance and reinsurance.

(1) EUR 1 = USD 1.2233 as of January 19, 2018 (source: Bloomberg).

(2) EUR 1 = USD 1.2317 as of March 2, 2018 (Source: Bloomberg).

(3) Completion of the transaction is subject to approval by XL Group shareholders and other customary closing conditions, including the receipt of required regulatory approvals.

This acquisition is aligned with AXA's Ambition 2020 preferred segments favoring product lines with high frequency customer contacts, quality service and superior technical expertise. XL Group provides both a premier specialty platform complementing and diversifying AXA's existing Commercial lines insurance portfolio, and reinsurance capabilities that will allow AXA an access to enhanced diversification and alternative capital. The combination of AXA's and XL Group's existing position will propel the Group to the #1 global position in P&C Commercial lines with combined 2016 revenues of ca. €30 billion [(1)] and total P&C revenues of ca. €48 billion [(2)].

The opportunity to acquire XL Group has led AXA to review its exit strategy from its existing US operations which AXA now expects to accelerate. Together with the planned IPO of AXA's US operations (expected in 1H18 subject to market conditions) and intended subsequent sell-downs, this transaction would gear AXA further towards technical margins less sensitive to financial markets.

The strong complementarities between AXA and XL Group provides opportunities for significant value creation, offsetting the planned US IPO earnings dilution as soon as 2018. It also allows for material capital diversification benefits under the Solvency II framework and a strong return on investment. In this context, AXA also reaffirmed its Ambition 2020 targets.

Completion of the transaction is subject to approval by XL Group shareholders and other customary closing conditions, including the receipt of required regulatory approvals, and is expected to take place during the second half of 2018.

(1) Include P&C Commercial lines and P&C Commercial Health for comparability purposes with peers.

(2) Include P&C Health for comparability purposes with peers.

5.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

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 includes information specifically required by European regulation or French law, such as information about the appointment of Statutory Auditors. 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, 2017.

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, 2017, 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 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, 2017 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 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 for contracts with long-term financial guarantees
(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
In the Life & Savings line of business, the Group sells contracts that may be combined with a long term financial guarantee, the aim being to provide policyholders with a minimum return. In this case, the market volatility risk is borne by the Group and not the policyholder. As stated in Note 4.4 to the consolidated financial statements, the breakdown of these contracts at December 31, 2017 was as follows: ■ 12% of the Life & Savings technical reserves, covering unit-linked products with related financial guarantees; ■ 31% of the Group's Life & Savings technical reserves, covering other products such as Protection & Health with surrender guarantees and, in some cases, a guaranteed long-term rate. The future policy benefit reserves relating to these contracts, including deferred acquisition costs, are measured on a prospective basis using economic, biometric and policyholder behavior assumptions, as described in Notes 1.14.2 and 14 to the consolidated financial statements. The sensitivity of these measurements increases with the term and complexity of the guarantees: even a slight variation in certain assumptions (chief among them future changes in medium/long-term interest rates and future returns generated by equity portfolios) could have a material impact on the level of provisioning, and therefore, their determination requires a higher degree of judgment from management. 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 Life & Savings future policy benefit reserves, including deferred acquisition costs, covering contracts with long-term financial guarantees was as follows: ■ We assessed the compliance of the methodology applied by the Group with current accounting standards. ■ We updated our knowledge of the procedures implemented for measuring future policy benefit reserves covering these contracts as well as the models used to calculate the reserves and where applicable 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, the calculation models applied to estimate the future cash flows used to determine the future policy benefit reserves or to implement liability adequacy tests. ■ We applied procedures to test the reliability of the underlying data used in the models and reserve calculations. ■ We assessed 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.

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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, 2017, the Group had recorded claim reserves of €63,131 million, as described in Note 14.1 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 as well as claims handling costs. As stated in Note 1.14.2 to the consolidated financial statements, these reserves are calculated using deterministic statistical methods, on the basis of historical claim data, and using actuarial assumptions for which the judgment of an expert is required to estimate the ultimate cost. Changes in the inputs selected are liable to have a significant impact on the value of these reserves at the end of the reporting period, especially for long-tail insurance categories for which the inherent uncertainty and likelihood of forecasts being achieved are generally lower. Accordingly, due to the inherent uncertainty of certain components taken into account to calculate the estimates, we deemed the measurement of claim reserves in the property and 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 of the underlying data. ■ We applied procedures (including monitoring the change in loss ratios) to analyze 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. ■ Where appropriate, 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.

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, 2017, the Group's statement of financial position showed goodwill with a net carrying amount of €15,391 million. Goodwill corresponds to the excess of the cost of the business combination over the net identifiable assets acquired and liabilities assumed on the acquisition date. Goodwill is allocated to the cash generating units (CGUs) of the activities into which that business was incorporated. As stated in Note 1.7.1 to the consolidated financial statements, an impairment test of goodwill is performed at least once a year to ensure that the net carrying amount does not exceed the recoverable amount and there is no risk of impairment. The recoverable amount corresponds to the higher of fair value less costs to sell and value in use. Adverse developments in the expected return on businesses to which goodwill has been allocated, whether due to internal or external factors related to the economic and financial environment in which those businesses operate, can have a significant impact on the recoverable amount and require the recognition of an impairment loss. This is especially the case for the goodwill on the Life Insurance CGU in the United States, which totaled a gross amount of €2,844 million with cumulative impairment of €1,089 million, for which the recoverable amount corresponds to value in use. Value in use calculation is based on assumptions including discount rates and financial assumptions used to forecast future cash flows and a multiple of new business value, thus requiring significant judgment from management. Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter.	We assessed the compliance of the methodology applied by the Group with current accounting standards. We also performed a critical assessment of the procedure for implementing this methodology and verified: ■ that all of the components of the carrying amount of a CGU have been taken into account and are consistent with those used to project future cash flows; ■ that the projected future cash flows are consistent with management's most recent estimates, as calculated during the budget process; ■ that 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. With respect to the Life Insurance CGUs in the United States, we also verified: ■ the consistency of the financial assumptions and growth rates used to project future cash flows with available external analyses (market analyses, consensus); ■ the calculation of the discount rate applied to estimated future cash flows, verifying the various inputs used (risk-free rate, market premium, unlevered beta, specific risk premium). ■ the analysis performed by the Group to ascertain the sensitivity of value to changes in the main assumptions used.

Amount of recoverable deferred tax assets with respect to tax loss carry forwards
(See Note 19 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
Deferred tax assets are recognized on tax losses carried forward when it is probable that taxable profit will be available against which the tax losses can be utilized. The Group's ability to recognize deferred tax assets on tax losses carried forward is assessed by management at the end of each reporting period, taking into account forecasts of future taxable profits and the law and jurisdiction of the taxable items. The assumptions on which these projections are determined by management. At December 31, 2017, deferred tax assets recognized in the Group's consolidated financial statements totaled €16,814 million; €568 million of that amount related to the AXA SA French tax consolidation group. Given the degree of judgment management's decision to class certain deferred tax assets as recoverable or otherwise, we deemed this issue to be a key audit matter.	We assessed the compliance of the methodology applied by the Group with current accounting standards. In association with our tax specialists, our audit approach also consisted in assessing the business plans used and thus the likelihood that AXA SA tax consolidation group entities would be able to utilize deferred tax assets in the future. In particular, we assessed: ■ the underlying projections and assumptions, and their consistency with the latest management estimates as calculated during the budget process and the reliability of the process by which the estimates were calculated, by assessing the reasons for differences between projected and actual performances; ■ the schedules for the reversal of temporary differences and therefore the opportunities for offsetting deferred tax liabilities.

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VERIFICATION OF INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of Statutory Auditors

We were appointed as statutory auditors of AXA SA at the Shareholders' Meetings held on February 28, 1989 (PricewaterhouseCoopers Audit) and on June 8, 1994 (Mazars). At December 31, 2017, PricewaterhouseCoopers Audit and Mazars were in the twenty-nine and in the twenty-four 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 as adopted in the European Union and for such internal control as management determines in 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 risks 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 of AXA SA.

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 taken 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 variability of the Company or the quality 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 their 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, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Crepon	Jean-Claude Pauly - Maxime Simoen

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SHARES, SHARE CAPITAL AND GENERAL INFORMATION

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)*
2016		
Third quarter	20.0	16.2
Fourth quarter	24.7	18.6
2017		
First quarter	25.1	21.8
Second quarter	25.8	22.6
Third quarter	25.7	23.8
Fourth quarter	26.3	24.6
Annual	26.3	21.8
2017 and 2018		
August 2017	25.7	24.0
September 2017	25.6	23.8
October 2017	26.1	25.1
November 2017	26.3	24.6
December 2017	25.8	24.7
January 2018	27.7	24.5
February 2018	26.9	24.6

6.2 SHARE CAPITAL

Capital ownership

On December 31, 2017, AXA's fully paid up and issued share capital amounted to €5,553,789,869.79 divided into 2,425,235,751 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1, 2017.

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, 2017:

	Number of shares	% of capital ownership	% of voting rights [(a)]
Mutuelles AXA [(b)]	342,767,775	14.13%	23.97%
Treasury shares held directly by the Company	41,395,855	1.71%	[1.45%] [(c)]
Treasury shares held by Company subsidiaries [(d)]	413,421	0.02%	[0.01%] [(c)]
Employees and agents	129,418,305	5.34%	6.88%
General public	1,911,240,395	78.81%	67.69%
TOTAL	**2,425,235,751** [(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 (11.26% of capital ownership and 19.10% 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 8, 2018.

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 elects a Chairman among its members (currently, Mr. François Martineau) and 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, only one shareholder, BlackRock Inc., acting on behalf of its clients and funds that it manages, held more than 5% of the Company's share capital or voting rights on December 31, 2017.

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 2,425,235,751 outstanding ordinary shares on December 31, 2017, 434,422,341 shares entitled their holders to double voting rights as of that date.

SIGNIFICANT CHANGES IN CAPITAL OWNERSHIP

Significant changes in the Company's share capital ownership between December 31, 2015 and December 31, 2017 are set forth in the table below:

	On December 31, 2017 [a]				On December 31, 2016 [a]				On December 31, 2015 [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]	342,767,775	14.13%	685,535,550	23.97%	342,767,775	14.13%	685,535,550	23.93%	342,767,775	14.13%	685,535,550	23.82%
Treasury shares held directly by the Company	41,395,855	1.71%	[41,395,855] [c]	[1.45%] [c]	5,463,201	0.23%	[5,463,201] [c]	[0.19%] [c]	1,491,713	0.06%	[1,491,713] [c]	[0.05]% [c]
Treasury shares held by Company subsidiaries [d]	413,421	0.02%	[420,569] [c]	[0.01%] [c]	450,272	0.02%	[457,420] [c]	[0.02%] [c]	493,206	0.02%	[500,354] [c]	[0.02%] [c]
Employees and agents	129,418,305	5.34%	169,680,918	6.88%	138,280,839	5.70%	211,925,732	7.40%	149,192,517	6.15%	233,403,662	8.11%
General public	1,911,240,395	78.81%	1,935,625,200	67.69%	1,938,187,043	79.92%	1,961,501,796	68.47%	1,932,513,031	79.64%	1,956,943,500	68%
TOTAL	**2,425,235,751 [e]**	**100%**	**2,859,658,092**	**100%**	**2,425,149,130**	**100%**	**2,864,883,699**	**100%**	**2,426,458,242**	**100%**	**2,877,874,779**	**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 8, 2018.

On December 31, 2017, to the best of the Company's knowledge based on the information available to it, the Company had 10,950 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2017 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 27, 2016 (Resolution 16) and April 26, 2017 (Resolution 17) and pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*), (i) 67,476,040 AXA shares were repurchased (for the purposes of (a) hedging free grants of shares to employees of the Group, (b) delivering the shares upon exercise of the rights attached to securities corresponding to debt instruments or (c) 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 €24.43, and (ii) no AXA shares were sold between January 1 and December 31, 2017.

As a result, on December 31, 2017, following the delivery of AXA treasury shares to Group employees during 2017 in the context of performance share plans, and the cancellation of AXA treasury shares, the total number of AXA treasury shares, all allocated for hedging or cancellation purposes, was 41,395,855 (or 1.71% of AXA's share capital at that date). These shares were acquired for an aggregate purchase price of €999,890,949.81 (with a par value of €2.29 per share).

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 26, 2017, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the Shareplan 2017 program. The shareholders waived their preferential subscription rights so that this offering could be made exclusively to Group employees (Shareplan 2017).

In countries that met the legal, regulatory and tax requirements to participate in Shareplan, two investment options were offered to the Group employees in 2017:

- the traditional plan, offered in 38 countries;
- the leveraged plan, offered in 34 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 2017 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 an 8.98% 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 2017 program was carried out through a capital increase that took place in December 2017. Over 29,000 employees took part in the Shareplan 2017 program, representing over 27% of eligible employees:

- the total amount invested was approximately €444 million, as follows:
  - €37.5 million in the traditional plan, and
  - €406.4 million in the leveraged plan;
- a total of over 19 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1, 2017.

On December 31, 2017, AXA employees and agents held 5.34% of the share capital and 6.88% 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, 2017, AXA's share capital was comprised of 2,425,235,751 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, 2017.

The following table sets forth changes in the number of shares from January 1, 2015 to December 31, 2017:

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)*
2015	Exercise of stock options	9,980,538	168,615,907	2,452,257,215	5,615,669,022
	Share capital reduction by cancellation of shares	(10,763,717)	(219,244,525)	2,441,493,498	5,591,020,110
	Exercise of stock options	2,658,146	34,055,711	2,444,151,644	5,597,107,264
	New equity issue reserved for employees of AXA (Shareplan 2015)	18,736,297	327,179,193	2,462,887,941	5,640,013,385
	Share capital reduction by cancellation of shares	(40,313,450)	(812,967,057)	2,422,574,491	5,547,695,584
	Exercise of stock options	3,883,751	52,198,740	2,426,458,242	5,556,589,374
2016	New equity issue related to the 2012 AXA Miles Program (4 + 0 plan)	1,280,050	-	2,427,738,292	5,559,520,689
	Share capital reduction by cancellation of shares	(4,928,904)	(11,287,190)	2,422,809,388	5,548,233,499
	Exercise of stock options	1,409,808	16,122,698	2,424,219,196	5,551,461,959
	New equity issue reserved for employees of AXA (Shareplan 2016)	24,546,959	368,403,757	2,448,766,155	5,607,674,495
	Share capital reduction by cancellation of shares	(26,331,484)	(60,299,098)	2,422,434,671	5,547,375,397
	Exercise of stock options and bond conversions	2,714,459	33,657,414	2,425,149,130	5,553,591,508
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
31/12/2017	Exercise of stock options	4,969,933	73,161,594	2,425,235,751	5,553,789,870

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Fully diluted capital on December 31, 2017

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, 2017 [(a)]	2,425,235,751
Stock options	23,114,171
Maximum total number of shares	2,448,349,922

(a) Source: Euronext Notice of January 8, 2018.

Financial authorizations

FINANCIAL AUTHORIZATIONS VALID AS OF DECEMBER 31, 2017

AXA's authorizations to issue shares or other types of securities that were valid as of December 31, 2017 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	Expiration date
Capitalization of reserves, earnings or premiums	–	1 billion [(a)]	26 months	June 26, 2019
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 26, 2019

(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	Expiration 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 26, 2019
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(c)]	18 months	October 26, 2018
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(c)]	18 months	October 26, 2018
Performance shares (actions de performance) [(d)]	–	1% [(e)]	38 months	June 27, 2019
Performance shares (actions de performance) [(d) (g)]	–	0.40% [(e)]	38 months	June 27, 2019
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.

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 25, 2018:

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	Expiration date
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(a)]	18 months	October 25, 2019
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(a)]	18 months	October 25, 2019

(a) Common and independent ceiling.

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USE OF THE FINANCIAL AUTHORIZATIONS IN 2017

Equity issue reserved for employees

Please see paragraph "Employee shareholders" of the present Section 6.2 of this Annual Report.

Stock options/performance shares

STOCK OPTIONS

In 2017, by virtue of the authorization granted by the shareholders at the Shareholders' Meeting of April 26, 2017 (resolution 29), 3,070,397 stock options have been granted, each of which gives the holder a right to acquire an AXA share (either newly issued or existing) at a specified strike price.

PERFORMANCE SHARES

In 2017, by virtue of the authorizations granted by the shareholders at the Shareholders' Meeting of April 27, 2016 (resolutions 19 and 20) respectively 2,486,368 performance shares and 601,444 performance shares dedicated to retirement 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, which 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 goes back 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.

The following documents may be consulted at the AXA Group Legal Department (21, avenue Matignon, 75008 Paris, France) until the filing of AXA's next 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 Annual Report, and (iii) AXA SA's financial statements and Consolidated Financial Statements for each of the two financial years preceding the publication of this Annual Report.

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 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* ("ACPR"), which is the insurance regulator. Since 2013, and most recently in November 2016, AXA SA has been identified by the Financial Stability Board ("FSB") acting through the International Association of Insurance Supervisors ("IAIS") as a Global Systemically Important Insurer ("GSII") and is consequently subject to specific measures in this respect.

INSURANCE OPERATIONS

While the extent and nature of regulation varies from country to country, most jurisdictions in which AXA's 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 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 insurers' operations and accounts and request additional information from the insurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed 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 insurer and other affiliates such as intra-group transfers of assets and payment of dividends by the controlled insurer. In general, these regulatory schemes are designed to protect the interests of policyholders rather than shareholders.

REGULATORY CAPITAL AND SOLVENCY REQUIREMENTS

The Company's 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 developed a regulatory regime for European insurers which became effective on January 1, 2016, following the adoption of the 2009 Solvency II Directive on the taking-up and pursuit of the business of insurance and reinsurance, as amended 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 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 insurance and reinsurance companies be allowed to continue their operations, and (ii) the SCR, which corresponds to a level of eligible own funds that enables insurance and reinsurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

On November 17, 2015, AXA received approval from the ACPR to use its internal model (the "Internal Model") to calculate its regulatory capital under Solvency II. The Solvency II ratio of the Group as of December 31, 2017, published on February 22, 2018, was estimated at 205% (1), compared to 197% as of December 31, 2016, and remains within AXA's target range of 170-230%.

AXA continues to review regularly the scope, underlying methodologies and assumptions of the Internal Model and will adjust its SCR accordingly. Any significant changes to the Internal Model will have to be approved by the ACPR who may require adjustments to the level of SCR.

The European Insurance and Occupational Pensions Authority ("EIOPA") continues to issue regulations and guidelines under Solvency II. In addition it will review the consistency of European insurer's internal models and any such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups. 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, 2016, available on AXA's website (www.axa.com). AXA Group's SFCR for the year ended December 31, 2017 is expected to be published on May 25, 2018, on the same website.

In addition, in connection with Solvency II, on September 22, 2017 the European Union and the US 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 US with operations in both. While parts of the Covered Agreement apply on a provisional basis since its signature, the full agreement is subject to European Parliament and Council consent and currently expected to come into force in September 2022. 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.

For further information on the risks related to regulatory capital requirements, please see the paragraph "The Group's or its insurance subsidiaries' failure to meet their solvency capital 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.

(1) The Solvency II ratio is based on the Internal Model calibrated based on adverse 1/200 years shock and assuming US equivalence. The Solvency II ratio will be finalized prior to the publication of AXA Group's SFCR currently expected to be on May 25, 2018.

GLOBAL SYSTEMICALLY IMPORTANT INSURER ("GSII") DESIGNATION

On July 18, 2013, the IAIS published an initial assessment methodology for designating GSIIs, as part of the global initiative launched by the G20 with the assistance of the FSB to identify those insurers whose distress or disorderly failure, because of their size, complexity and interconnectedness, would cause significant disruption to the global financial system and economic activity. On the same date, the FSB published its initial list of nine GSIIs, which included AXA. This list included AXA for the four years of its publication.

In February 2017, the IAIS announced that it is developing an activities-based approach to systemic risk assessment in the insurance sector, and that it had adopted a systemic risk assessment and a policy workplan to develop that approach, and to revise its GSII assessment methodology. The IAIS intends to release a revised systemic risk assessment methodology for public consultation by year-end 2018, with adoption planned for 2019. In connection with the development by the IAIS of an activities-based approach, the FSB announced on November 21, 2017, that it would not publish a new GSII list for 2017. The FSB has stated that it will review the situation in November 2018 based on the progress made by the IAIS in developing the activities-based approach, and has further indicated that certain policy measures will continue to apply to firms, including AXA, identified as GSIIs by the FSB in 2016. Therefore, it remains uncertain whether the FSB will continue to designate GSIIs going forward, and to what extent policy measures for GSIIs developed by IAIS may evolve in terms of content and scope of application in light of the upcoming activities-based approach.

The policy measures for GSIIs, as published by the IAIS in July 2013, include (1) the introduction of new capital requirements including a "basic" capital requirement ("BCR") applicable to all GSII activities and an additional level of capital, called "Higher Loss Absorbency" ("HLA") required for GSIIs in relation to their systemic activities; (2) greater regulatory oversight over holding companies, (3) various measures to promote the structural and financial "self-sufficiency" of group companies and reduce group interdependencies including restrictions on intra-group financing and other arrangements, and (4) in general, a greater level of regulatory scrutiny for GSIIs, including a requirement to establish a Systemic Risk Management Plan ("SRMP"), a Liquidity Risk Management Plan ("LRMP") and a Recovery and Resolution Plan ("RRP") which have entailed significant new processes, reporting and compliance burdens and costs.

The contemplated policy measures also include the constitution of a Crisis Management group ("CMG") by the ACPR, the preparation of the above-mentioned documents (SRMP, LRMP and RRP) and the development and implementation of the BCR in 2014, while other measures are to be phased in more gradually, such as the HLA (the first version of which was endorsed by the FSB in September 2015 but which will be revised, as described below, before its implementation in 2022).

As part of its efforts to create a common framework for the supervision of internationally active insurance groups ("IAIGs"), the IAIS has also been developing a comprehensive, group-wide, minimum International Insurance capital standard (the "ICS") to be applied to both GSIIs and IAIGs, which is expected to be finalized in late 2019 and fully implemented after a five-year monitoring period. The HLA as indicated by the IAIS in February 2017 would then be revised to take into account the finalized ICS and be applied as from 2022 for GSIIs identified in 2020.

For additional information, see "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" and "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" in Section 4.1 "Risk factors" of this Annual Report.

Management expects the regulatory landscape with respect to insurance and financial markets will continue to evolve in 2018 and beyond with further legislative and regulatory initiatives.

ASSET MANAGEMENT

AB and AXA Investment Managers are subject to extensive regulation in the various jurisdictions in which they operate. 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 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 adviser, censures and/or fines.

The European Union (European Market Infrastructure Regulation – "EMIR") and the US regulations (principally the Dodd-Frank Act) set several 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 new rules (or preparing for their implementation) and the Group's financial risk framework, including credit and liquidity risk procedures, has been adjusted to reflect these requirements. In addition, Directive 2014/65/EU on markets in financial instruments ("MiFID II") and Regulation (EU) No. 600/2014 on markets in financial instruments, both adopted in May 2014, came into force on January 3, 2018. The MiFID II package, which is 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, 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.

While the full impact of such requirements can only be evaluated in the context of implementing regulations and national transposition laws, such new legislation could have a substantial impact on AXA's regulated Asset Management business.

OTHER SIGNIFICANT LEGISLATIVE OR REGULATORY DEVELOPMENTS

EU Data Protection Reform

In January 2012, the European Commission put forward its EU Data Protection Reform to update the principles of processing of personal data in the European Union contained in the 1995 Data Protection Directive (95/46/EC). The EU Data Protection Reform resulted, in particular, in the adoption in April 2016 of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "General Data Protection Regulation"), which will apply from May 25, 2018. The main principles of the General Data Protection Regulation 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 EU and a "one-stop-shop" that will streamline cooperation between the data protection authorities on issues with implications for all the EU, 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.

Personal data transfers to the United States of America

Following invalidation in 2015 of the European Commission's Safe Harbour Decision by the European Union Court of Justice, which allowed for the transfer of personal information for commercial purposes from companies in the EU 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 quickly evolving regulatory environment surrounding data transfer and protection 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 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.

Furthermore, 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.

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.

US Department of Labor Fiduciary Duty rule

On April 6, 2016, the US Department of Labor (the "DOL") issued a final rule that significantly expands the range of activities that would be considered to be fiduciary investment advice (the "Fiduciary Rule") under the Employee Retirement Income Security Act of 1974 ("ERISA"). Pursuant to the new regulation, advisors and employees, including those affiliated with AXA US, who provide investment-related information and support to retirement plan sponsors, participants, and individual retirement account holders would be subject to enhanced fiduciary duty obligations and requirements. In February 2017, the DOL was directed by memorandum (the "President's Memorandum") to review the Fiduciary Rule and determine whether the rule should be rescinded or revised, in light of the new administration's policies and orientations. In response, in March 2017, the DOL published a notice soliciting comments on the examination described in the President's Memorandum, which were due in April 2017. In addition, in April 2017, the DOL announced that the applicability date of the Fiduciary Rule was deferred from April 10, 2017 until June 9, 2017. The Fiduciary Rule became partially effective on June 9, 2017, with a special transition period, ending January 1, 2018, for certain of the Fiduciary Rule's requirements. On July 6, 2017, the DOL published a request for information in connection with its examination of the Fiduciary Rule, on which comments were requested by August 7, 2017, at the latest. On November 29, 2017, the DOL extended the special transition period from January 1, 2018 to July 1, 2019, with the primary purpose of considering public comments under the criteria set forth in the President's Memorandum, including whether possible changes and alternatives to exemptions would be appropriate in light of the current comment record and potential input from, and action by, the Securities and Exchange Commission and other regulators.

While the extent and timing of the implementation of the Fiduciary Rule continue to remain uncertain, and are currently subject to judicial challenge, Management continues to evaluate its potential impact on AXA US. If implemented as planned, and unless repealed or meaningfully revised, the new Fiduciary Rule is currently expected to cause adverse changes to the level and type of services provided by AXA US and its affiliated advisors and firms, as well as the nature and amount of compensation and fees such entities receive, which may have a significant adverse effect on AXA US's business and operations.

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 IASB issued the IFRS 17 standard on 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, the new standard 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 standard on financial instruments issued on July 24, 2014. The published effective date of IFRS 9 was January 1, 2018. However, given the interaction between financial assets and technical insurance liabilities, the IASB issued amendments to IFRS 4 on

September 12, 2016, which were adopted by the European Union on November 3, 2017. These amendments allow, 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. The Group is eligible for this temporary exemption and intends to apply it.

Management is currently assessing the impact of the adoption of IFRS 17 and IFRS 9, which may significantly affect the accounting treatment of policyholder liabilities and investments.

Evolution of the compliance regulatory and litigation environment

The Group's insurance and Asset Management 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 Insurance Distribution Directive ("IDD"), MiFID II and the regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (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 was initially expected to come into force on February 23, 2018. However, in December 2017, the European Commission proposed postponing the transposition date of the IDD into local law to July 1, 2018, and its application date to October 1, 2018, in order to give the insurance sector, especially small insurance distributors, more time to prepare. On march 1 and March 9, 2018 respectively, the European Parliament and the Council agreed to the new transposition and application dates. Meanwhile, MiFID II and the PRIIPs Regulation entered into force at the beginning of January 2018.

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 sanctions 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, 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.

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.

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" 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.

(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).

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 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 satisfied by the entities. A Tax Code of Ethics, agreed between Group Tax Department and local tax teams, highlights the key principles [(1)] guiding the actions of the various tax teams. 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. 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 on 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 [(2)] under French domestic tax rules, except in Panama. In this country, which has been recently identified as such, AXA has been acting locally for several years through two operating companies providing assistance services to local customers or travelers insured by AXA.

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. Over the last several years, and notably following the financial crisis, this difference has trended down.

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 Tax Code of Ethics sets forth four guiding principles: to remain up to date with respect to applicable law and regulations, to comply with tax law and regulations, to maintain a good relationship with local tax authorities and not to engage in aggressive tax driven transactions.

(2) The list of non-cooperative jurisdictions under French tax rules is given by a ministerial decree dated April 8, 2016 and is composed of the following countries: Botswana, Brunei, Guatemala, Marshall Islands, Nauru, Niue and Panama.

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 items is done in application of these standards. 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.

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. You may obtain copies of the Company's Bylaws in French from the Paris Trade and Companies Register (*Registre du commerce et des sociétés*).

CORPORATE PURPOSE

Under 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

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, 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. 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 shall 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, which value 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 powers of the Board of Directors, 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.

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 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 of receiving 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. In order to issue additional shares without preferential subscription rights, except for issues already approved or authorized by AXA shareholders, AXA must obtain the approval of a two-thirds majority of voting rights 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 the different classes of shares, in proportion of 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, the right to distributable profits of the Company when allocated as dividends, the right to sell one's shares and the 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.

Pursuant to the provisions of Article L.225-37-4 of the French Commercial Code, the conditions for the participation to Shareholders' Meetings are detailed in Article 23 of AXA's Bylaws, copies of which are available at the Paris Trade and Companies Register (*Registre du commerce et des sociétés du Tribunal de commerce de Paris*). AXA's Bylaws are also available on the Company's website (www.axa.com). In addition, the information referred to in Article L.225-37-5 of the French Commercial Code is made public in AXA's Board of Directors' report on corporate governance which is attached to AXA's Board of Directors' report included in 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 dated 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.

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.

DISCLOSURE 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 Commercial Code, 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 THE 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.

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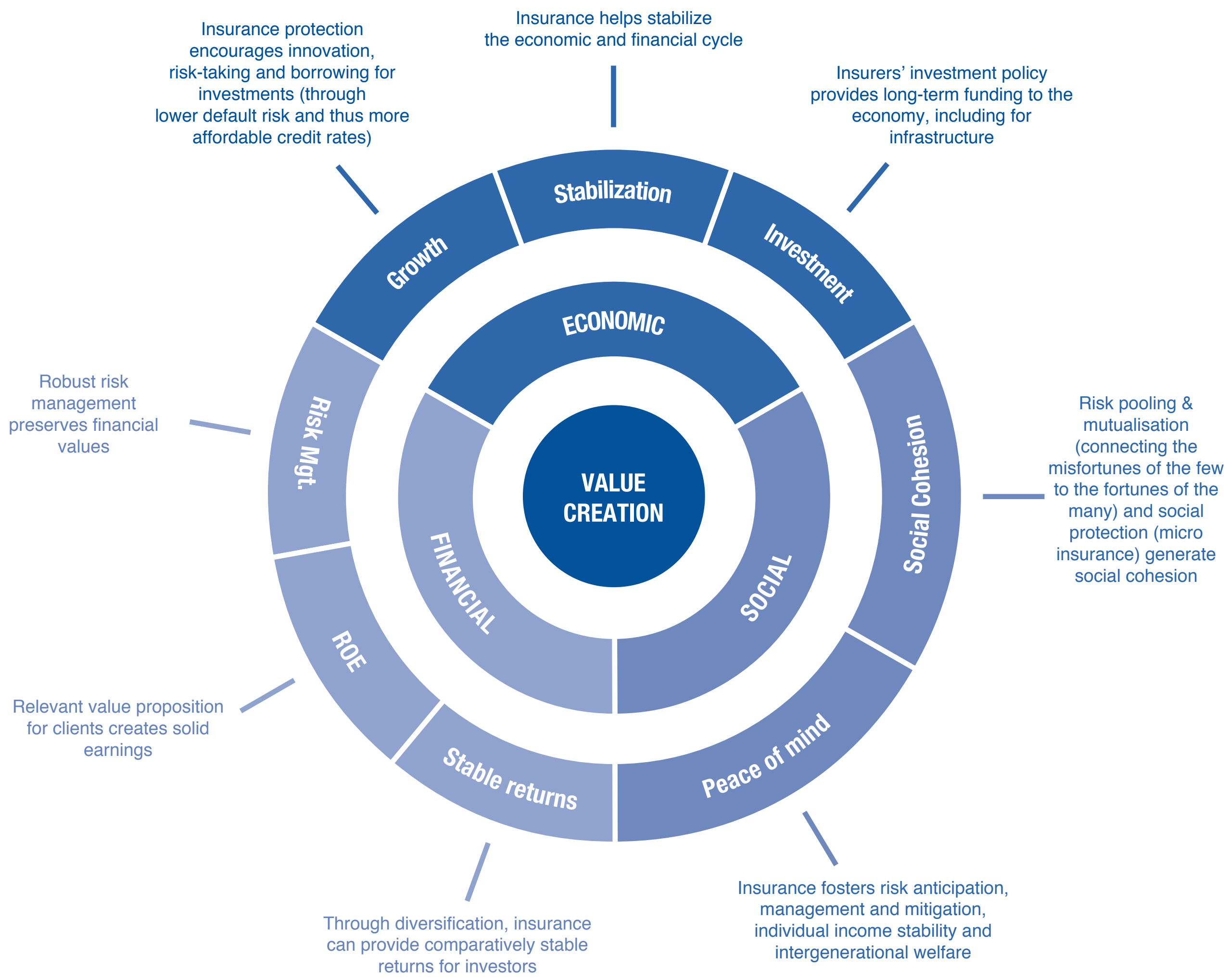
7

CORPORATE RESPONSIBILITY

7.1 INTRODUCTION

Sustainable Value Creation

AXA's business is to protect people over the long-term, by better understanding, selecting, quantifying and managing risks. We do so by operating at the intersections of economy, finance and society. Insurance creates value along these three dimensions.



In doing so, we are not only contributing to global economic growth but also ensuring social stability, in line with our ambition to "Empower People to Live a Better Life". This approach is inherent to our business and it also drives our Corporate Responsibility strategy.

AXA's Corporate Responsibility Strategy

Our Corporate Responsibility (CR) strategy is an essential driver of employee engagement, customer trust and brand image. CR is also a risk/opportunity management concern: it enables AXA to reduce certain costs and business and operational risks, while providing market opportunities in emerging or future commercial segments. Our Corporate Responsibility Strategy is focused on the core topics of climate change, health risk prevention, social development and using data for social good, while continuing to address broader environmental, social and societal concerns.

- Climate Change: AXA reduces its own carbon footprint and leverages its core business of insurance and investment to help better face climate risks;
- Health risk prevention: capitalizing on our tobacco divestment and NGO partnerships, and as a trusted partner of our clients and with our expertise as risk managers, we will develop our health risk prevention efforts to achieve positive outcomes;
- Social and Economic Development: as an insurance company, we aim to provide protection and risk prevention to under-served populations, thereby contributing to global socio-economic development;
- Data for Good: data can be a force for good, especially when it gives us an opportunity to protect our customers' risk knowledge data by reinforcing cyber-security. We will notably "give back data" to our customers and society for public good.

In-depth information on the AXA Group's corporate responsibility-related policies and practices is also available in the "Integrated report", in the "Social Data report" and on the AXA Group's website (www.axa.com), in particular in the "Corporate Responsibility" Section. The following pages describe both our CR strategy and, in accordance with the provisions of the Articles L.225-102-1 and R.225-104 of the French Commercial Code, they describe the manner in which the Company takes into account the social and environmental impacts of its business.

Reporting certification, evaluation and ratings

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third party, presents in their assurance report attached at the end of this chapter, their attestation of completeness on the consolidated social and environmental information disclosed in the Company's management report prepared for the year ended December 31, 2017 pursuant to Article L.225-102-1 of the French Commercial Code as well as reasoned opinion on the fairness of the Information.

The Group's Environment, Social and Governance (ESG) performance is also 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 available on https://www.axa.com/en/investor/sri-ratings-ethical-indexes.

7.2 SOCIAL INFORMATION (1)

AXA strives to be a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this 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 www.axa.com.

Workforce size

AXA's overall salaried workforce on December 31, 2017, was 116,514 employees (open-ended and fixed-term contracts), which represents a decrease of 1.6% compared to 2016. This decrease is due to several business disposals in different countries.

As a result, the footprint of AXA's salaried workforce in 2017 was: 59.1% in Europe (vs. 59.9% in 2016), 21.8% in Asia-Pacific-Middle East (vs. 21.4% in 2016), 14.3% in the Americas (vs. 14.3% in 2016) and 4.8% in Africa (vs. 4.4% in 2016). AXA continued to recruit in 2017 and hired more than 16,500 employees on open-ended contracts (excluding entries due to mergers and acquisitions), of which, almost 3,450 were sales employees.

(1) Methodology note: The social data communicated here 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. These indicators represent the data of 310 entities of the AXA Group (few entities may pre-consolidate data on a local level). The perimeter is updated annually following potential acquisitions/mergers or business disposals. These indicators are reported for the period between 01/01/2017 and 31/12/2017, unless mentioned otherwise. Evolutions are measured with ratios between 2016 and 2017 end-of-year data. The data are provided by local correspondents into an IT tool dedicated to the social data reporting process and accessible by all the entities since 2009. Consistency checks and quality controls are carried out before and during the data collect process. There are no estimations nor extrapolations 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.

WORKFORCE [(a)]

Headcount (number of persons) as of December 31	2017		Evolution	2016	
Total headcount of salaried workforce (open-ended and fixed-term contract)	**116,514**	**emp.**	**-1.6%**	**118,366**	**emp.**
Headcount of salaried workforce	**111,588**	**emp.**	**-1.7%**	**113,564**	**emp.**
■ Proportion of men	46.6	%		47.0	%
■ Proportion of women	53.4	%		53.0	%
Headcount of salaried non-sales force	**95,447**	**emp.**	**-1.7%**	**97,105**	**emp.**
Executives	3,255	emp.		3,459	emp.
■ Proportion of men	70.6	%		71.6	%
■ Proportion of women	29.4	%	+1.0pt	28.4	%
Managers	14,828	emp.		16,622	emp.
■ Proportion of men	57.4	%		56.3	%
■ Proportion of women	42.6	%	-1.0pt	43.7	%
Experts and staff	77,364	emp.		77,024	emp.
■ Proportion of men	42.7	%		42.8	%
■ Proportion of women	57.3	%		57.2	%
Headcount of salaried sales force	**16,141**	**emp.**	**-1.9%**	**16,459**	**emp.**
■ Proportion of men	50.8	%		52.3	%
■ Proportion of women	49.2	%	+1.5pt	47.7	%
Headcount of salaried workforce with fixed-term contract	**4,926**	**emp.**		**4,802**	**emp.**
■ Non-sales force	4,282	emp.		4,179	emp.
■ Sales force	644	emp.		623	emp.

Full-Time Equivalents (headcount converted into full-time equivalents)	2017		Evolution	2016	
Average FTE of salaried workforce	**106,928.6**	**fte**	**-1.3%**	**108,296.3**	**fte**
Average FTE of salaried non-sales force	91,109.7	fte		92,268.1	fte
■ Executives	3,203.2	fte		3,395.1	fte
■ Managers	14,804.2	fte		16,221.1	fte
■ Experts and staff	73,102.3	fte		72,651.9	fte
Average FTE of salaried sales force	15,818.9	fte		16,028.2	fte
Average FTE of temporary non-salaried staff	**8,399.9**	**fte**		**7,522.8**	**fte**
■ Non salaried temporary staff and contingent workers	5,784.9	fte		4,859.2	fte
■ Trainees/Apprentices	2,615.0	fte		2,663.6	fte

Profile of employees	2017		Evolution	2016	
Average age of salaried workforce	**40.9**	**yrs**		**40.6**	**yrs**
■ Non-sales force	40.8	yrs		40.5	yrs
■ Sales force	41.4	yrs		41.6	yrs
Average length of service of salaried workforce	**10.8**	**yrs**		**10.8**	**yrs**
■ Non-sales force	11.3	yrs		11.2	yrs
■ Sales force	8.3	yrs		8.4	yrs
Disability (open-ended and fixed-term contract)					
Number of employees with disabilities – concerns entities operating in France only	770	emp.		750	emp.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

7

Employee relations and collective bargaining

Effective labor-management communications and social dialogue pave the way for the stability required to implement the Group's business development strategy. Each AXA Group entity, therefore engages with staff or their representatives for communications on a regular basis. AXA has also set up a European Works Council (EWC), whose extensive role goes beyond regulatory requirements. The EWC is made up of staff representatives from AXA's largest European entities, who meet in order to receive and exchange information on the social, strategic and economic issues that concern the Group and maintain an ongoing dialogue between employees and management.

In June 2009, a Group EWC agreement (available at www.axa.com) was concluded in order to guarantee a high level of social dialogue. AXA holds two EWC plenary meetings a year – gathering 50 employee representatives from European countries, as well as monthly sessions, held by 12 members of the EWC, to stay abreast of labor and economic developments in each country.

The majority of the Group's employees are covered by the EWC's framework agreement. Other affiliates outside the scope of the EWC have also developed social dialogue agreements, but these are not monitored at Group level. More generally, beyond Europe, the Group strives to ensure that employees are fairly represented in all major countries where it is present. In addition to the work of the EWC, numerous collective bargaining agreements are signed on a local basis.

Headcount adjustments, mobility and related measures

THE CONDUCT OF RESTRUCTURING

The aforementioned Group EWC agreement commits the Group to a certain number of measures in favor of employees when major organizational changes impact their jobs. AXA maintains the following principles with a view to guiding its various European business units in local management practices:

- when organizational changes affect jobs, AXA pledges to supply relevant information and, as appropriate in light of local cultures and rules, to consult with employees and their representatives;
- in connection with an information-gathering and consultative process, AXA would provide data and information about possible alternative solutions, where relevant;
- factoring in its employees', customers' and shareholders' interests, AXA undertakes to maximize opportunities for internal and external redeployment, when applicable, for all AXA employees affected by possible employment issues;
- AXA will do its utmost to prevent compulsory redundancies and other collective transfers, by pursuing other approaches whenever possible;
- when geographic mobility is necessary, it must be offered as a matter of priority to employees who volunteer to move, with the process managed with a view to enabling their integration into a new environment under the best possible conditions;
- AXA pledges to acknowledge certain individuals as staff representatives and uphold their liberty, rights and purpose, in line with national legislation and, where relevant, agreements in force in local business units;
- aware that training represents a major investment, both for the Group and for its employees, AXA commits to embrace a continuous-learning culture;
- AXA condemns discrimination of any kind on the basis of gender, color, ethnic origin, genetic form of difference, disability, sexual orientation, language, religion, personal conviction, union membership or political opinion.

In addition, AXA, UNI Europe Finance and all French trade unions signed a major European agreement on anticipating change. The agreement, negotiated within the EWC, sets out an approach for social dialogue, with the purpose of anticipating change in the sector, in order to adapt employee skills to future needs and thus preserve jobs. According to the EWC, this agreement is unique in the insurance sector and it offers significant means to secure employment in Europe.

MOBILITY AND RECRUITMENT

AXA established Group-wide mobility policies and processes and enabled Group-wide posting of internally and externally available jobs. This makes the mobility opportunities for our employees immediately visible, thereby helping AXA better source the right people for its business needs.

In 2014, AXA joined the "Alliance for Youth", a private sector initiative designed to address youth unemployment in Europe. The Company committed to provide at least 20,000 young people (aged 30 and under) with professional experience over five years in Europe in the form of 10,000 paid apprenticeships and/or internship positions and 10,000 employment opportunities (open-ended or fixed-term contracts). Furthermore, AXA pledges to help increase employability of young people through coaching and training on essential skills and exposure to the work environment. By the end of 2017 (four years after starting the initiative), AXA provided more than 27,200 professional opportunities for the youth in Europe (and more than 53,600 opportunities in AXA globally).

International mobility within AXA Group keeps being an important enabler of organization transformation. The types and duration of cross-borders movements in 2017 were impacted by ongoing changes in the Company; we observed high dependence between international moves and internal announcement while in the regular years the volume is very much subject to company acquisitions and seasonality.

While the overall volume of international assignments somewhat decreased (in 2017, 788 employees were on international missions), the range of assignment and transfer types kept changing. Long-term assignments which traditionally were the most popular ones, have dropped over the last two years and now represent less than 50% of the moves. Cross-border commuting assignments are becoming more popular, and reached 8% of international assignments (vs. 5% in 2016), global graduates made 11% (vs. 7% in 2016).

The Centers of Expertise in International Mobility established several years ago, for the first year served all the international moves across AXA Group. It is a globally consistent and cost controlled global mobility framework which provides high level service to both assignees (customer satisfaction level based on 2017 results made 87%) and AXA entities (the satisfaction level across HR family made 93%).

WORKFORCE DYNAMICS

Movements	2017		Evolution	2016	
Movements of salaried workforce					
Net headcount evolution (entries versus departures)	**(2,176)**	**emp.**		**(1,354)**	**emp.**
■ Entries	16,766	emp.	-10.7%	18,784	emp.
■ Departures	18,942	emp.	-5.9%	20,138	emp.
Movements of salaried non-sales force					
Net headcount evolution (entries versus departures)	**(1,729)**	**emp.**		**(1,017)**	**emp.**
Entries	13,302	emp.	-10.6%	14,871	emp.
■ Number of external recruitments (including re-hires)	11,467	emp.		11,871	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,637	emp.		1,547	emp.
■ Number of entries following mergers and acquisitions	198	emp.		1,453	emp.
Departures	15,031	emp.	-5.4%	15,888	emp.
■ Number of resignations	8,332	emp.		8,245	emp.
■ Number of economic/collective layoffs	1,894	emp.		1,363	emp.
■ Number of individual layoffs	1,847	emp.		1,804	emp.
■ Number of retirements/pre-retirements	1,538	emp.		1,413	emp.
■ Number of departures due to external transfers [b]	1,252	emp.		2,875	emp.
■ Number of other departures	168	emp.		188	emp.
Movements of salaried sales force					
Net headcount evolution (entries *versus* departures)	**(447)**	**emp.**		**(337)**	**emp.**
Entries	3,464	emp.	-11.5%	3,913	emp.
■ Number of external recruitments (including re-hires)	3,336	emp.		3,492	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	94	emp.		98	emp.
■ Number of entries following mergers and acquisitions	34	emp.		323	emp.
Departures	3,911	emp.	-8.0%	4,250	emp.
■ Number of resignations	2,752	emp.		3,066	emp.
■ Number of economic/collective layoffs	82	emp.		110	emp.
■ Number of individual layoffs	490	emp.		542	emp.
■ Number of retirements/pre-retirements	240	emp.		217	emp.
■ Number of departures due to external transfers [b]	321	emp.		284	emp.
■ Number of other departures	26	emp.		31	emp.
Movements of salaried workforce with fixed-term contract					
Net headcount evolution of salaried non-sales force (entries *versus* departures)	1,828	emp.		1,468	emp.
■ Number of external recruitments	5,337	emp.		4,963	emp.
■ Number of fixed-term contracts ended	3,509	emp.		3,495	emp.
Net headcount evolution of salaried sales force (entries *versus* departures)	172	emp.		74	emp.
■ Number of external recruitments	335	emp.		271	emp.
■ Number of fixed-term contracts ended	163	emp.		197	emp.

(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	2017		Evolution	2016	
Internal mobility rate of salaried workforce	**10.5**	**%**	**+1.9pt**	**8.6**	**%**
■ Non-sales force	11.3	%		9.4	%
■ Sales force	6.1	%		4.3	%

Employee turnover	2017		Evolution	2016	
Turnover rate of salaried workforce	**15.4**	**%**	**+0.5pt**	**14.9**	**%**
■ Involuntary (layoffs/dismissals)	3.8	%		3.4	%
■ Voluntary (resignations)	9.8	%		10.0	%
■ Other reasons (pre/retirements and miscellaneous)	1.8	%		1.6	%
Turnover rate of salaried non-sales force	**14.3**	**%**	**+1.1pt**	**13.2**	**%**
■ Involuntary (layoffs/dismissals)	3.9	%		3.3	%
■ Voluntary (resignations)	8.6	%		8.3	%
■ Other reasons (pre/retirements and miscellaneous)	1.8	%		1.6	%
Turnover rate of salaried sales force	**22.3**	**%**	**-2.0pts**	**24.4**	**%**
■ Involuntary (layoffs/dismissals)	3.6	%		4.0	%
■ Voluntary (resignations)	17.0	%		18.9	%
■ Other reasons (pre/retirements and miscellaneous)	1.7	%		1.5	%

STRATEGIC WORKFORCE PLANNING

AXA's business continues to go through profound digitization and transformation. More than 20 entities, representing near 75% of AXA's global workforce, have implemented Strategic Workforce Planning methodology.

Entities have identified their workforce challenges and needs in terms of headcount evolution, emerging jobs and skills becoming increasingly important for AXA's future success. Globally, the Group expects that 50% of AXA jobs will face high changes in the required skill set.

AXA entities are implementing their Workforce Transformation roadmap to secure the Business Transformation. As part of it, AXA will continue increasing its learning budget by 23% up to 2020 compared to the 2015 budget, to upskill its employees and build the workforce of tomorrow.

Strategic Workforce Planning is periodically updated to take into new strategic, regulatory and demographic assumptions and adapt the Workforce Transformation roadmap as needed.

New ways of working to empower employees

New Ways of Working ("NWOW" or "Agility") features the various aspects of our approach to create an inclusive workplace environment: "Bricks" (Real Estate), "Bytes" (IT) and "Behaviors" (Culture). Via innovative solutions, employees are empowered to adapt their working style while yielding a reduced environmental footprint.

After AXA US and AXA Switzerland, NWOW has been launched across many AXA campuses in Belgium, Germany, France, Italy, Hong Kong and Spain; including pilots in Japan and Philippines.

At AXA France, 2,662 employees were practicing teleworking while 1,037 employees were experiencing NWOW at end-of-December 2017. In Belgium, for the same period, 3,238 employees were enjoying teleworking from one to three days weekly. In AXA Spain, 50% of employees benefit from "Smart Working" models.

LABOUR RELATIONS

Working time	2017		Evolution	2016	
Average number of working days	**227.7**	**days**	**+0.1%**	**227.4**	**days**
Average number of working hours per week	**36.9**	**hrs**	**+0.3%**	**36.8**	**hrs**
■ Full-time employees	38.0	hrs		38.0	hrs
■ Part-time employees	26.6	hrs		26.4	hrs
Part-time salaried workforce					
■ Proportion of part-time salaried non-sales force	11.1	%		11.6	%
■ Proportion of part-time salaried sales force	2.7	%		3.5	%

Absenteeism	2017		Evolution	2016	
Absenteeism rate of salaried workforce	**4.7**	**%**	**+0.2pt**	**4.5**	**%**
■ Proportion of absences due to sickness	69.9	%		70.5	%
■ Proportion of absences due to work related accidents	2.0	%		2.1	%
■ Proportion of absences linked to maternity/paternity leave	28.1	%		27.4	%
Absenteeism rate of salaried non-sales force	**4.9**	**%**		**4.6**	**%**
■ Proportion of absences due to sickness	69.5	%		70.3	%
■ Proportion of absences due to work related accidents	1.9	%		2.0	%
■ Proportion of absences linked to maternity/paternity leave	28.6	%		27.7	%
Absenteeism rate of salaried sales force	**3.7**	**%**		**3.5**	**%**
■ Proportion of absences due to sickness	72.5	%		72.0	%
■ Proportion of absences due to work related accidents	2.9	%		3.6	%
■ Proportion of absences linked to maternity/paternity leave	24.6	%		24.4	%

Reward, benefits and compensation cost

COMPENSATION POLICY

AXA broadly applies a "pay-for-performance" approach which, (i) recognizes achievement of defined financial and operational targets aligned with AXA's business plan, (ii) promotes long-term sustainable performance by incorporating risk adjustment measures in performance metrics (such as cash Return-On-Equity which takes into account the capital required to deliver performance) and (iii) determines individual compensation amounts on the basis of both financial results and demonstrated individual leadership and behaviours.

Solvency II regulations came into force on January 1, 2016, and include a number of specific remuneration and governance requirements applicable to European insurers and reinsurers.

In this context, AXA has undertaken a comprehensive review of its existing remuneration policies and practices against the requirements of Solvency II and has adopted a new Group Remuneration policy applicable to all AXA employees as of January 1, 2016.

This compensation 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 requirement.

Detailed information concerning AXA's compensation policy is provided in Section 3.2 of this Annual Report.

In 2017, total compensation cost amounted to €8.5 billion, which corresponds to a decrease of 1.6% compared to 2016. On a constant exchange rate basis, total compensation cost increased by 0.2%.

LONG-TERM INCENTIVES

Long Term Incentives are designed to recognize and retain the Group's best talents and critical skills by aligning their interests with the performance of the AXA Group, of their operating business, as well as with the stock performance of the AXA share in the medium and long-term.

Since 2016, one of the performance metrics used to calculate AXA's Long Term Incentives (Performance Shares) incorporates Corporate Responsibility considerations. The criterion used is based on AXA's Dow Jones Sustainability Index percentile ranking (with research conducted by RobecoSAM). The DJSI is a robust and recognized independent assessment of long term performance drivers, including corporate governance, compliance, customer relations, environmental management, human capital development, etc.

BENEFITS

Benefits form a significant part of AXA's broader total rewards offer. 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 (the nature and type of which, may vary by entity depending on local competitive and cost considerations). In all cases, local minimum requirements must be respected.

SHAREPLAN PROGRAM

Through its Shareplan program, the Group encourages employees to become AXA shareholders. Offered internationally for the first time in 1994, each year Shareplan gives AXA employees an opportunity to acquire shares at preferential prices.

In 2017, over 29,000 employees in 39 countries, representing over 27% of the eligible employees, subscribed to Shareplan. The aggregate proceeds from the offering, amount to approximately €444 million, for a total of over 19 million newly-issued shares.

Following Shareplan 2017, AXA's employees and agents hold 5.34% of the share capital and 6.88% of the voting rights as of December 31, 2017.

COMPENSATION

Compensation cost	2017		Evolution	2016	
Compensation cost of salaried workforce [(a)]	**8,501**	**M€**	**-1.6%** [(a)]	**8,638**	**M€**
■ Proportion of fixed pay (related to wages)	76.2	%		77.0	%
■ Proportion of variable pay (related to wages)	23.8	%		23.0	%
Annual gross payroll of salaried non-sales force					
■ Proportion of fixed pay (related to wages)	83.1	%		84.1	%
■ Proportion of variable pay (related to wages)	16.9	%		15.9	%
Annual gross payroll of salaried sales force					
■ Proportion of fixed pay (related to wages)	44.9	%		45.4	%
■ Proportion of variable pay (related to wages)	55.1	%		54.6	%

(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 0.2%.

Diversity and Inclusion

AXA promotes diversity & inclusion (D&I) by creating a working environment where all employees are treated with dignity and respect and where individual differences are valued. In all aspects of employment, AXA offers equal opportunities to all employees. AXA opposes all forms of unfair or unlawful discrimination and does not tolerate discrimination based on age, nationality, ethnic origin, gender, sexual orientation, gender identity or expression, religion, marital status, disability (or any other criterion defined by local regulations). By making the workplace attractive and accessible to diverse people, we create conditions more favorable to innovation.

The Global D&I Advisory Council (GDIAC) was reset to activate our People, Culture and Marketplace framework: a new way of designing our D&I initiatives with a 360° approach.

PEOPLE

Acceleration towards gender equality remained a top priority for AXA in 2017, as a new target for female top executives (Group Senior Executives or GSE) has been set: reaching gender parity by 2023. The "Sponsorship Tandems" program, leveraging senior executives to act as advocates and using their influence to help strengthen the development of female talent, has formed 16 new Sponsorship pairings with the Group Senior Executives. Furthermore, local roll-outs are in operation across 17 AXA entities. In parallel, the Global Executive Development Program (GEDP) for 17 participants involving 70% women was launched. This program is designed to accelerate the development of the next generation of executives.

AXA also continued to further encourage and support the integration of employees with disabilities. In France, the number of employees with disabilities was 770 in 2017.

CULTURE

After organizing a yearly Women's Conference for 4 years, AXA held an Inclusion Conference as an opportunity to go beyond gender diversity. The emphasis was on the theme of "Different, Together, Stronger". Thomas Buberl, AXA CEO, presented his D&I vision and announced the new target regarding gender parity on this occasion. The conference day offered a mix of presentations around inclusion, leading to innovation and workshops around the People, Culture and Marketplace framework.

Since January 1, 2017, working parents across the countries where AXA operates can enjoy a new global employee benefit. The AXA Global Parent Policy offers 16 weeks of maternity/primary parent paid leave and 4 weeks of paternity/co-parent paid leave, AXA is supporting all working parents in balancing work and their parental duty. The AXA parent policy applies to all composition of families.

As AXA strives to be the most inclusive company in the financial services industry, Global Employee Resource Groups (ERGs) continued to be leveraged in 2017 as a way to engage AXA's employees across the globe on various inclusion topics. "Allies@AXA_Pride", a group on sexual orientation, and "WoMen@AXA", a group on gender equality, have grown in membership since their launch in 2014 (with over 2,500 members in total). In 2017, "AXA_Able", an ERG to raise awareness around disability was launched.

MARKETPLACE

In September 2016, the Management Committee validated "Women in Insurance" as a strategic priority for AXA, positioning it as a business growth opportunity for all the entities. 3 main areas were identified as a key focus: women as retail clients, as entrepreneurs and in the distribution force. AXA has developed a dual approach to respond to women's needs and expectations: in mature markets, AXA wants to empower women to be financially-independent and for emerging markets, the objective is to empower women to live better lives. By end of 2017, the initiative has been rolled-out across 12 pilot entities.

During the AXA Inclusion Conference, 3 initiatives showcased how inclusion is driving innovation at AXA: AXA France addresses female customer segment with a new approach to sell products ("Programme L" and "Rencontres pour Elles"). At Krungthai-AXA Life (Thailand), the inclusion of transgender people among its salesforce network generated more business opportunities including a product offering inclusive for LGBT people. Finally, the need of embarking all employees in a constant learning journey led to a great partnership with the provider Coursera.

AXA has been a sponsor for the Pride and Prejudice event hosted by The Economist in 2016 and 2017. This is a global LGBT conference catalyzing fresh debate on the economic and human costs of discrimination against the LGBT community. And Pride month was celebrated across the globe with several employees participating to Pride marches.

In September 2017, AXA hosted the Global Diversity Forum organized by Mercer during which, major corporate representatives discussed their D&I challenges and best practices.

Health, safety and physical security

AXA Group has a Standard requiring all AXA entities to manage physical security, health and safety. AXA Group has implemented a Health and Safety policy, which defines processes to identify local health and safety requirements, consults and trains AXA employees, and reports health and safety issues.

A Physical Security policy is also applicable to AXA Group and requires all AXA entities to have documented physical security management framework. This ensures a minimum standard to be applied by AXA companies in order to protect AXA employees from intentional physical harm.

AXA Group implemented Physical Security guidelines which define AXA's operational approach to this protection and help AXA companies to implement their physical security management framework.

Moreover, in order to adapt security measures for personnel and sites, AXA Group maintains a rating of the different countries. The security ratings are defined according to an assessment of the crime, security services, civil unrest, terrorism, kidnapping and geopolitical threat within the country.

In Europe, health and safety commitments are covered by the European Works Council agreement, which was signed with the labor organizations in June 2009 and is available at www.axa.com.

Absenteeism and employee wellbeing

The sick absence rate in 2017 slightly increased to 3.3%. As AXA operates in an environment that generates business through management of capital and financial services (total absenteeism rate due to work-related accidents is 0.1%), the Group does not monitor gravity, severity or frequency of work-related accidents on a global level. Systems, procedures and processes are in place and in compliance with local health, safety and welfare legislation, wherever necessary.

AXA's entities have undertaken initiatives to implement local policies and best practices, which they have tailor-made to their specific sectors and local environments. In accordance with AXA's business environment, entities provide services and information campaigns on lifestyle risks, such as, certain types of cancer and cardiovascular problems, obesity, smoking, road safety or stress prevention.

Training, learning and development

The results of AXA's development of employee skills remained high with 84.2% of its employees receiving a training course at least once during 2017. At the same time, the average number of training days per employee was at 3.1 days.

AXA focuses on delivering new digital learning experiences to foster a self-learning organization, leveraging on the latest approaches and technologies, that are illustrated in some of the following initiatives/projects:

- the partnership signature with Coursera offers over 300 courses on critical skills to all AXA employees with university certificates recognized on the market. By the end of December 2017, more than 6,000 employees connected to the Coursera curriculum. More than 4,000 employees have started a course and 1,200 are already certified. Overall, we reached a level of consumption of 8,500 courses, *i.e.* more than 43,000 training hours delivered;
- the sharing of a common virtual off-the-shelf learning offer, called "Click & Learn". AXA Employees can select courses according to the time they can allocate, through more than 600 modules covering Leadership, Management, Workplace and Personal excellence topics. Around 30,000 "Click & Learn" courses have been launched and more than 18,000 are yet completed;
- an increased access to all digital learning experience available in AXA through a one-shop zone, the Global Learning Management system, reaching 149,000 employees and distributors across 48 business units by the end of December 2017.

In addition, AXA has focused also on designing an innovative 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. The AXELERATE program combines a customized pulse survey (team barometer), mobile learning (pocket coach), large workshops facilitated by AXA managers, peer coaching and online courses. Core topics include AXA transformation strategy, networking leadership, empowerment and agile practices, as well as how to be inspiring as a leader. In 2017, approximately 500 managers have already participated in the AXELERATE journey (AXA Switzerland, AXA France, AXA Partners).

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Lastly, efforts have also been addressed in Technical Excellence skills area with the launch of new programs such as "P&C Health Fraud awareness", "Underwriting Fundamentals program" and "Generalised Linear Models Pricing for P&C". As an example, the completion rate for "P&C Health Fraud awareness" exceeded 64% in September 2017.

TRAINING

Training days	2017		Evolution	2016	
Number of training days of salaried workforce	**330,248.7**	**days**	**+1.9%**	**323,967.1**	**days**
■ Non-sales force	226,600.0	days		222,702.2	days
■ Sales force	103,648.7	days		101,264.9	days

Training attendees	2017		Evolution	2016	
Percentage of salaried workforce having received at least one training course	**84.2**	**%**	**-1.2pt**	**85.4**	**%**
■ Non-sales force	83.5	%		84.8	%
■ Sales force	88.6	%		89.3	%
Average number of training days per salaried workforce	**3.1**	**days**		**3.0**	**days**
■ Non-sales force	2.5	days		2.4	days
■ Sales force	6.6	days		6.7	days

Talent attraction and retention

DEVELOPMENT, PERFORMANCE AND TALENT MANAGEMENT

AXA conducts annual Performance cycles, Performance & Potential calibrations, and Organization & Talent Reviews (OTR), which are structured processes reviewing individual and collective performance, development, talent, organizational structures, and succession plans. The processes are designed to (i) recognize and manage performance based on both individual and collective results, and AXA's Leadership Competencies, and support personal development, (ii) identify people with high potential and people who are critical for AXA, and (iii) build and share robust and diverse talent pipelines for our most key positions and functions around the globe. These processes will be supported from 2018 onwards by a common HRIS (Oracle HCM Cloud) across all major entities of the Group.

AXA's Leadership Competencies, comprising of 7 behavioral competencies aligned with AXA's values, were renewed in 2017 supporting all HR processes. Based on the renewed behavioral competency framework, an update of the "AXA 360°" feedback questionnaires and platform was carried out in 2017; these development tools are accessible to all AXA employees who wish to collect the perceptions and feedback from their professional environment in order to enrich and better steer their personal development plans. The updated questionnaires and tools will be available to all employees, managers, and executives in early 2018.

EMPLOYER BRAND AND GRADUATES

AXA is ranked 11th of the most talent-friendly employers globally in 2018 (based on PotentialPark global study 2018, which was conducted in 2017). AXA's global career site on www.axa.com was refreshed to share more information about AXA's culture and values. Employee stories were added to provide an authentic view of AXA as a place to work. This global career site is ranked 22nd in Europe and 19th in Asia. AXA's global employer brand social media accounts "DiscoverAXA" on Facebook and Twitter are ranked 5th in Europe and 4th in Asia.

AXA remained committed to hiring graduates across many countries in its global Graduate Program. With the purpose of accelerating leadership development, AXA believes it can prepare the next generation of leaders by giving them challenging experiences that are tied to its strategy for the future. In 2017, 24 graduates were selected to attend "Leader in Me", a three day training designed to provide graduates with skills they need to lead and manage teams. Since 2012, the Graduate Program at AXA has put purpose, vision, and strategy at the center, and allows graduates to play a significant role in impacting the business.

To better engage with students and graduates in particular, AXA shared stories from the second "Great Global Adventure" winner to attract new talent to consider AXA as a potential employer.

7.3 ENVIRONMENTAL INFORMATION

AXA is conscious of the role it can play, as an insurer, investor and global corporation, in raising awareness about environmental protection amongst its stakeholders, contributing to improve the understanding of global and local environmental risks, and committing to address climate change. AXA's environmental strategy includes both business drivers through our products and operational drivers, such as reducing our internal environmental footprint.

CO_2 is the most significant greenhouse gas emitted by AXA (related to fossil fuel and electricity consumption); electronic waste is AXA's most significant hazardous type of waste; paper is the most significant raw material consumed by AXA; and AXA offices use some water resources. As a result, AXA's environmental reporting and management processes focus on energy, water and paper consumption, as well as CO_2 emissions and waste management.

Performance targets

AXA has implemented an environmental reporting process since 2002. Managing our environmental footprint, in line with Grenelle 2 standards has become one of the pillars of our Corporate Responsibility strategy. This effort is undertaken by AXA Group's Corporate Responsibility and operational teams (*e.g.* procurement, IT, marketing, HR). 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 [(2)]: emissions from business travel and paper consumption.

AXA's Global Key Performance Indicator (KPI) target for the 2012-2020 period is to reduce its carbon emissions per Full-Time Employee (FTE) by 25%. This target is broken-down into the following 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.

In addition, 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.

Environmental reporting network and process

To measure its environmental footprint, the Group Corporate Responsibility team coordinates a network of around 300 dedicated environmental managers and employees in local entities. This network monitors annual progress on its reduction targets through the internal reporting tool, which helps local entities evaluate their own action plans and targets. These managers then analyse indicators, identify performance targets and promote best practice sharing. To accompany these action plans, entities have put in place a wide variety of activities to raise awareness and train employees on environmental issues and risks. At Group level, AXA organizes a yearly event on Corporate Responsibility, the "CR Week" which is rolled out by all local entities. Environmental awareness is one of the key topics addressed during this event.

(1) *As defined by the Greenhouse Gas Protocol www.ghgprotocol.org.*

(2) *Please note that investment-related "indirect" Scope 3 emissions are analyzed in the Responsible Investment Section 7.4.*

Reducing AXA's impact on the environment

POWER CONSUMPTION

AXA's power consumption includes the total energy consumed by our corporate sites and data centers in the reporting year. This includes on-site energy consumption for heating and cooling and purchased electricity for daily operational activities. In 2017, our total energy mix consists of electricity (73%), gas (15%), fuel/steam (8%) and chilled water (4%). To reduce our energy consumption and meet our 2020 environmental target, AXA relies on energy efficiency measures, raising environmental awareness amongst employees about energy conservation and, where possible, leasing or buying buildings which have some type of environmental certification. In 2017, these measures have resulted in 10% decrease in total power consumption compared to 2016 and 21% compared to 2012.

In addition to the steps taken above, by joining the "RE100" initiative in 2017, AXA also committed to buy 100% of its electricity from renewable energy sources by 2025, with an interim target of 70% by 2020. This target covers both AXA's office buildings and AXA owned data-centers. In 2017, 115 sites bought electricity from renewable energy sources, representing about 53% of total electricity consumption for AXA buildings and 33% for our data centers.

Local AXA entities made significant steps to reduce their on-site energy footprint, for example:

- AXA Technology Services continued implementing its Green IT program based on server refreshes, data center consolidation and virtualization, PC refreshes and power management. The total consumption for AXA Technology Services decreased by 13.4% when compared with 2016, which represents a net reduction of 7.5 GWh. Power consumption in data centers decreased by 9.7% to reach 39.3 GWh in 2017, which represents a net reduction of 4.2 GWh;
- In the United Kingdom, AXA entities have installed solar panels on certain buildings. The entity uses the electricity generated by these panels for on-site use and in some cases sell it back to the electricity grid.

BUSINESS TRAVEL

The Group implemented environmental travel guidelines in order to reduce travel-related CO_2 emissions; notably rail is to be chosen over air for short distances when available, and business-class flights, which have a larger CO_2 footprint, may be used only for long haul flights. Self-booking tools are also required to integrate CO_2 emissions information and offer alternatives (*e.g.* videoconferencing), as well as propose the compensation of CO_2 emissions.

Business travel increased by 32% since 2012, and "normalized" (per employee) business travel also increased by 18% since 2012. However, this upward trend is slowing down as absolute business travel has decreased by 6% between 2016 and 2017, and normalized business travel decreased by 5% over the same period. These trends are generally correlated to our business development. The implementation of online collaborative tools help to curb the trend with the objective to meet our 2020 goal. Another enabler is the implementation of the "Green IT" systems to reduce business travel. In 2017, the Group had 66% utilization rate of "AXA Presence" video-conferencing rooms.

VEHICLE FLEET

AXA's car fleet consists of sales vehicles and benefits-related vehicles. In 2017, the total distance travelled by the Group's car fleet has increased by 5% compared to 2016 and almost 1% compared to 2012. The Group has implemented fleet guidelines which define carbon emissions 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 2017, AXA owned 24% of vehicles emitting equal to or less than 100g of CO_2/km. The average emissions rate of AXA car fleet is 119g of CO_2/km. Employees are also encouraged to opt for hybrid or electric cars.

PAPER

AXA's use of paper is limited to office and marketing & distribution uses. The office paper consumption per FTE has decreased by 13% between 2016 and 2017. 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 2017, AXA's marketing and distribution paper consumption per customer decreased by 29% compared to 2016, partly owing to a more accurate measurement process in some entities. AXA also strives to increase the volume of paper originating from recycled sources or sustainably managed forests. In 2017, AXA used 58% of office paper and 51% of marketing and distribution paper from recycled sources. The Group requires environmentally-friendly office paper as a minimum standard.

CO_2 emissions reduction

The Group's measures CO_2 emissions via the Green House Gas (GHG) Protocol: Scope 1, Scope 2 and Scope 3 (see above). AXA's overall CO_2 emissions per FTE related to energy, paper and business travel (air, rail and car fleet) decreased by 11% between 2017 and 2016 and by 28% between 2012 and 2017. 46% of the Group's CO_2 emissions are related to energy consumption, 32% from business travel (air and train), 16% from AXA's vehicle fleet and 6% from paper.

SCOPE 1 CO_2 EMISSIONS

Scope 1 emissions include CO_2 emissions generated from gas and heating oil burned onsite, and fuel used by AXA's car fleets. Absolute scope 1 emissions remained stable between 2017 and 2016, with a decrease of 2%, and 11% since 2012. Scope 1 emissions per FTE decreased by 2% between 2016 and 2017 and by 20% since 2012. Concerning gas consumption, some entities have replaced gas by steam. AXA's car fleet have a maximum threshold at 120g of CO_2/km for all types of vehicles, regardless of employee contributions, and at 100g of CO_2/km by 2020. In 2017, AXA's car fleet-related CO_2 emission increased by 2% compared to 2016.

SCOPE 2 CO_2 EMISSIONS

Scope 2 emissions include emissions from the purchase of electricity, steam and chilled water. Absolute scope 2 emissions decreased by 18% between 2016 and 2017 and by 32% since 2012. Normalized scope 2 emissions decreased by 22% between 2016 and 2017 and by 39% 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 per source technology type (such as hydro, solar, wind, biomass and geothermal 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

Scope 3 emissions include CO_2 emissions from business travel and paper consumption. In 2017, its CO_2 emission from business travel decreased by 3% compared to 2012. More specifically, the total CO_2 emission from air and train travel reduced by 2% versus 2016. To reduce carbon footprint, some AXA entities also purchased carbon credits.

In addition, AXA also measures the carbon emissions related to its employee commute, even though such indirect emissions may be considered to be outside of the scope of the Group's responsibilities. In 2017, 14,108 employees from over 32 countries participated in this commuting voluntary survey. Participating employees commuted a total of 985,383 thousand kilometers, out of which 52% were travelled by public transport, 5% by company cars, 36% by personal vehicles and rest by either walking or bike. However, employee commuting-related CO_2 emissions per FTE increased by 2% compared to 2016 with 0.83 T eq. CO_2 per FTE/year. This change is due to the increase in number of employees using personal transportation for commuting.

Water consumption

Water scarcity is a global concern. Prudent water management can therefore play a significant role in sustainable use of this resource. AXA's water consumption per FTE has decreased by 8% in 2017. Over time AXA entities have achieved a better level of management maturity and reporting quality regarding their water consumption patterns. Recent initiatives include the installation of water sensors in bathroom facilities for AXA France and water-saving initiatives at AXA Switzerland.

Waste management and circular economy

AXA's waste management policy integrates principles related to the circular economy such as "closing the loop" of product lifecycles. Recycling and re-use are followed to better manage our waste wherever possible. Even though AXA has not set any direct quantitative targets on waste generation, local entities are encouraged to improve their onsite waste sorting and implement voluntary initiatives to reduce waste and promote recycling. AXA monitors it waste through three main indicators: Unsorted waste, sorted paper for recycling, and cartridge/toners for recycling.

In 2017, 29%of the total paper consumed (office, marketing and distribution) was sorted for recycling by AXA. AXA has no control on the end of life of its marketing and distribution paper going to its clients. 55% of ink cartridges and toners were recycled. AXA's IT business unit, AXA Technology Services, for which electronic waste is of particular relevance, also as it strives to ensure compliance with the Waste Electronic and Electrical Equipment (WEEE) Directive. Unsorted waste has decreased by 9% compared to 2016. This is mainly due to better waste measurement processes in local entities. Over 73 canteens in the Group collect to recycle organic waste from their restaurants.

Environmental expenditures

AXA Group's operations, focusing on financial services, do not generate major direct impacts on the environment. AXA has some sites classified for environmental protection. However, they do not produce any significant emissions into air, water and soil, and AXA's activities and facilities are not likely to generate noise and odor emissions. No complaints, to AXA's knowledge, related to this type of pollution were filed against the Group. AXA's operations and land use do not significantly threaten biodiversity, nor water resources, as water consumption is mainly limited to building usage. Beyond its buildings, AXA owns over 595,117m^2 of green spaces where it endeavors to preserve biodiversity.

The existence of "classified facilities" (for environmental protection purposes) such as fuel tanks for backup electricity generators, or major air conditioning systems, require attention regarding compliance with legal requirements. In 2017, the Group reported 29 sites with such certificates and 61 sites had some type of other environmental certificate. Those facilities benefit from adequate maintenance and their compliance with local legal obligations is monitored regularly. The full range of expenditures incurred to promote environmental preservation is minor and not monitored at Group level; no specific provisions or guarantees covering environmental risks have been set aside.

2017 GROUP ENVIRONMENTAL PERFORMANCE

AXA Group environmental indicators [a]	Unit	2016	2017
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	115,819	115,328
Net internal area (sites)	m2	1,834,057	1,777,687
POWER (SITES)			
Power consumption [b]	Mwh	404,466	363,283
KPI: Power consumption per person	**Kwh/FTE**	**3,492**	**3,150**
Evolution compared to 2016			-10%
TRANSPORTATION			
Business travel: airplane and train [c]	Thousands of km	349,099	328,523
Business travel: AXA vehicle fleet	Thousands of km	253,986	266,242
Home/workplace commute (round trip) [d]	Thousands of km	934,783	932,534
CO_2 EMISSIONS [e]			
CO_2 emissions: onsite power consumption	T. eq CO_2	114,231	94,756
CO_2 emissions: business travel: airplane and train	T. eq CO_2	65,023	63,494
CO_2 emissions: business travel: AXA vehicle fleet (f)	T. eq CO_2	31,304	31,799
CO_2 emissions: paper	T. eq CO_2	16,291	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**	**1,96**	**1,75**
Evolution compared to 2016			-11%
CO_2 emissions: home/workplace commute [g]	T. eq CO_2	82,984	87,116
WATER			
Water consumption [h]	m^3	1,008,154	927,017
KPI: Water consumption per person	**m^3/FTE**	**8.69**	**8,04**
Evolution compared to 2016			-8%
PAPER [i]			
Office paper consumption	T	2,090	1,815
KPI: Office paper consumption per person	**kg/FTE**	**18**	**16**
Evolution compared to 2016			**-13%**
Paper recycled and/or garanteeing sustainable management: office	%	61	58
Marketing and distribution paper consumption	T	14,970	10,220
KPI: Marketing and distribution paper consumption per customer [j]	**kg/customer**	**0,14**	**0,10**
Evolution compared to 2016			**-29%**
Paper recycled and/or garanteeing sustainable management: marketing & distribution	%	69	51
WASTE			
Unsorted waste [k]	T	4,707	4,301
Sorted paper for recycling	T	4,253	3,588
Cartridge and/or toners for recycling	%	62	55

Stable reporting perimeter compared to 2016, representing the 42 most significant countries where the AXA Group is present. Key Performance Indicators (KPIs) highlighted in bold.

(a) In 2017, environmental indicators were collected for 232 sites representing 91,791 FTEs working on AXA sites (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 115,328 salaried FTEs (all types of contracts) working at the AXA Group in average in 2017.

(b) Includes electricity, natural gas, heating oil, steam, chilled water and covers 91,791 FTEs.

(c) This data has been collected from 89,096 FTEs.

(d) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. This data has been collected from 14,108 FTEs and then extrapolated. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(e) The emissions factors specific to each country used for energy, train and air were revised in 2017. Source: the International Energy Agency (IEA) and Ademe.

(f) The AXA vehicle fleet covers 91,791 FTEs.

(g) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(h) This data has been collected from 91,465 FTEs. Some sites in Asia and America are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation. However, entities are starting to better track their water consumption with the installation of water meters (e.g. data centers, AXA Ireland).

(i) Paper indicators covers 91,515 FTEs.

(j) The Group had 105 millions customers in 2017.

(k) Unsorted wasted covers 89,143 FTEs, which is low as many entities are currently unable to monitor this waste flow.

Business-related environmental initiatives

In addition to reducing its operational environmental footprint, the Group seeks to minimize its "indirect" impact on the environment by offering insurance and investment solutions that promote environmentally-friendly behaviour. Please refer to Section 7.4 for further developments.

AXA's position regarding climate change

AXA's position regarding climate change is not only to adapt, but to take advantage of its privileged position to provide solutions. Indeed insurers are well equipped to address climate-related risks. They can fund and promote risk research and education. They possess 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. Insurers, through their significant investments, are also well positioned to send the right signals to the investment community and to the specific companies they invest in. This strategy addresses both the "mitigation" and the "adaptation" dimensions of climate change. It is not solely self-interested or commercially driven, but it needs to be global and collective to be effective.

AXA's work focuses on three main areas: enhancing knowledge on climate risk; reinforcing climate risk prevention services to help people better anticipate and adapt to the changing climate; and developing insurance products and investment policies that promote mitigation and adaptation.

In December 2017, during the "One Planet Summit" organized by the French Government, AXA launched a new climate strategy based on significant investment and insurance-related developments. AXA also has climate-related partnerships in place (UN Habitat, UNISDR, CARE). These are further developed in the Responsible Investment Section 7.4.

7.4 RESPONSIBLE INVESTMENT, "ARTICLE 173"/ CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Context: "Article 173" and "TCFD" reporting frameworks combined

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, focusing on climate risks) and the compulsory framework related to the French "Article 173 VI" decree (which also considers ESG issues). It is based on the TCFD structure, namely Governance, Strategy, Risk Management, and Metrics & Targets, according to the TCFD's general guidance for the financial sector, and supplemental guidance for Insurance companies and asset owners. This text is an overview of our full "TCFD/Article 173" report, published on www.axa.com in March 2018.

GOVERNANCE OF ESG AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Overall approach

AXA defines Responsible Investment as the integration of Environmental, Social and Governance (ESG) considerations into investment processes, including ownership practices. Our 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 Corporate Responsibility (CR) commitments. AXA developed a comprehensive RI strategy covering the Group's €600 billion General Account assets and will extend 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.

ESG and climate-related governance

AXA created a Group-level Responsible Investment Committee (RIC), chaired by the Group Chief Investment Officer, and including representatives from AXA Asset Management entities, representatives of Corporate Responsibility (CR), Risk Management and Group 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 and the Group's Asset Management entities. Finally, in 2016 the Group created a dedicated shareholder engagement-related function at Group level, to complement engagement initiatives already undertaken by AXA IM and AB, AXA's in-house investment managers.

Every year, the Board of Director's Compensation & Governance Committee examines the Group Corporate Responsibility strategy, with a strong focus on ESG and climate. The CR Strategy can also be evaluated by the entire Board of Directors. Moreover, the AXA Stakeholder Advisory Panel, which meets twice a year in the presence of the CEO and Chairman of the Board, also assesses and provides feedback on AXA's CR and RI strategy.

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 (regulatory & legal, environmental, social & political, economic & financial, medical and technological).

STRATEGY – IDENTIFICATION OF ESG AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Global RI strategy

AXA's RI strategy, embodied in its Global RI Policy (public on www.axa.com), is based on five main pillars:

- integrating ESG performance scores into investment processes and decision-making, using KPIs and qualitative research across most of our assets. In addition to ESG, we implement a carbon footprinting methodology, as part of our "Montreal Pledge" commitment to assess and disclose the carbon intensity of our investments;
- excluding sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector policies (which apply both to investments and insurance) are disclosed on axa.com;
- promoting "Green" investments across different asset classes, based on proprietary criteria derived from a recognized market standard. These include bonds, infrastructures (debt and equity), property and commercial real estate loans. Please refer to Paragraph – "Risk Management – Integration of ESG and Climate-Related risks and opportunities";
- developing "impact investments" delivering positive environmental or social as well as financial returns which are actively tracked. AXA launched two impact funds, focusing on themes such as access to finance and healthcare, climate resilience, education, renewable energy, etc.;
- active stewardship through voting and engagement on a range of ESG or sustainability issues.

The AXA Group as well as its two Asset Management entities (AXA IM and AB) are signatories of the UN-backed principles for Responsible Investment (UN PRI). The Group's 2017 UN PRI score reached A+, confirming the maturity of its RI strategy.

ESG RISKS IDENTIFICATION/SCORING TOOLS AND METHODOLOGY

AXA tracks its investments' ESG performance with accuracy by leveraging AXA IM's "RI Search" tool (and MSCI ESG data at AB), where cross-asset ESG scores and "impact-type" metrics are engineered and stored. They help monitor ESG risks, identify areas of improvement, set targets or guide shareholder engagement. The RI Search tool is also the dedicated recipient to manage ESG scores for non-listed assets, such as buildings properties, commercial real estate loans and infrastructure debt. This analysis process covers around 81% of AXA's General Account assets (Sovereign and corporate bonds, equity, property, infrastructure and CRE debt). The ESG methodology is adapted to different asset classes:

- corporates issuers (equity and debt): the ESG assessment consists in focusing on the most material and impactful key ESG issues at sector level, with a thorough selection of best data sources and most accurate ESG criteria. E, S and G factors are weighted differently in the overall ESG scores engineering depending on the sector. The overall score computation process also includes a monitoring of "core ESG" risks with the treatment of most severe basic principles violations, resulting in a systematic score discount for the most material controversies. Finally, ESG scores take into account the performance of each company within its peer group, considering issuers' specificities (in particular regional) in the assessment of the ESG quality;
- sovereign issuers: AXA's ESG scoring framework for countries is based on public data sources such as the World Bank, the OECD, and the UN. It currently covers more than 100 countries, both developed and emerging. This approach places the ESG assessment of countries at the heart of the notion of "sustainable growth" by analyzing fundamental issues such as the positioning of countries with regards to major climatic, social and political risks. These are appreciated, by internalizing the progresses made by each nation on long term sustainability topics. In this process, selection criteria are adapted to the level of the countries' maturity and development;
- Real Assets: AXA's ESG scoring frameworks for Real Assets covers 3 asset classes direct property, commercial real estate loans and infrastructure debt. The ESG scoring for these assets is based on proprietary dedicated questionnaires. The overall asset ESG score is a combination of various sources of ESG risks assessment: the property/building, the property manager, the sponsor and/or the shareholder of the loan/debt. Criteria such as the buildings' energy efficiency, environmental certificates, their accessibility, and country factors (to reflect local regulation) are taken into account.

Carbon footprinting, across asset classes, is developed in Paragraph (Metrics & Targets).

Investments-related Climate risks identification and methodology

Converting international climate objectives (such as those derived from the COP21 Paris Agreement, French or EU energy mix targets) into quantitative investment targets is a new and complex risk modelling exercise which AXA tested in 2016 using a methodology developed by the "2° Investing Initiative" think tank. Building on the results of the 2016 methodology, AXA is pursuing in 2017 a "test and learn" approach by reviewing an external methodology. AXA also extends its use of internal "NatCat" models to cover a wider spectrum of our Real Assets investments.

"TRANSITION" RISKS: OUR APPROACH TO ASSESSING CLIMATE IMPACTS ON AXA'S CORPORATE BONDS & EQUITIES PORTFOLIO

Evaluating "energy transition" risks

AXA is reviewing a framework that models transition risk based on "policy-related" risks arising from regulatory efforts to curb carbon emissions and comply with the 2015 Paris Agreement to contain global warming below 2°C. This work focuses on our corporate bonds and equity portfolios (45% of AXA's General Accounts assets). A top down approach splits emissions reductions targets by country (according to the "Nationally Determined Contributions"/NDCs of the Paris Agreement), then into sector-level targets based on policy research and eventually into company targets based on their individual assets/facilities. It also factors "green revenue" estimates derived from an analysis of green patents. The application of carbon price assumptions enables to project companies' potential costs or gains associated with reaching the 2°C scenario per sector and country.

These results can be translated into a forward-looking "Value-at-Risk" per security, which may bear more relevance than backward-looking carbon footprint-based approaches. The Equities "Climate VaR" is based on a "Gordon Growth"-type model with costs reduced by green revenues, thus representing the proportion of a company's market value that is poised to decrease or increase due to climate changes. The Corporate Bonds model is based on a credit risk approach integrating the impact of future climate/energy transition-related costs and green revenue on interest rate coverage, and thus affecting credit spreads, bond price, rating and default risk. At this stage, we are testing this approach to better understand the nature of climate-related risks.

"Physical" risks: Climate Impacts on AXA's Real Assets portfolio

In addition to the above "transition" risks, climate change, and in particular, extreme weather events, may impact "Real Assets" such as real estate. This is termed "physical" risks. In 2016, AXA conducted such an analysis on a selection of €15 billion of Property assets. In 2017, AXA expanded this analysis to cover a broader scope of €34 billion of property, Commercial Real Estate debt and infrastructure debt. AXA's Investments and Group Risk Management teams evaluated the financial impact of floods and windstorms on the buildings and infrastructure of these portfolios.

Our physical risk assessment uses "NatCat" models – generally used to assess the impact of natural catastrophes on insured exposure – combining stochastic events in Europe (windstorms and flood) and US (hurricanes) and 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.

Our results, which are based on an exploratory methodology, show that both annual average losses, as well as losses generated by flood and windstorm events with a return period of 100 years, remain relatively limited compared to the total asset value. This is further described in AXA's TCFD/Art. 173 report on www.axa.com.

Insurance-related ESG, human rights and climate risks framework

When materially relevant, the Group's underwriters and risk managers integrate environmental and social risks, as well as more generally ethical concerns in their product development processes and policies. This is notably undertaken via applying certain sector-specific and country-specific exclusions through the Group underwriting guidelines.

In addition, AXA is committed to respect internationally recognized human rights principles as defined by the United Nations Universal Declaration of Human Rights, the core standards of the International Labour Organization and the UN "Ruggie Principles", and has developed a dedicated policy. This policy is fully developed in AXA's "Vigilance Plan" in Section 7.6.

AXA's Property & Casualty business is exposed to climate-related natural catastrophe risks such as windstorms, hurricanes, floods. New exposures, changing weather patterns and climatic conditions create additional uncertainty on the frequency and severity of natural disasters. Our strategy is to accelerate the development of our catastrophe risk modeling capacities, based on both external (academic) and internal scientific resources. The link between the observed climate change and the frequency and severity of natural disasters is a key challenge for AXA. Catastrophe loss figures show a steadily increasing pattern, and this is largely explained by assets increasingly built near coasts, rivers, small islands or earthquake-prone areas.

However, no robust statistical global link between the frequency or severity of climate-related perils and climate change has been scientifically proven yet. A distinction must be made between what is very likely (such as mean sea level elevation, small coastal floods, threats to biodiversity, population displacement) and what is not, especially wind events or severe floods driven by severe cyclonic phenomena, which are neither more frequent nor more severe so far. This distinction is key to focus on the most relevant risks in order to take appropriate risk prevention measures and public policy in general. Please refer to Part 4 "Risk factors and Risk Management" of this Annual Report.

RISK MANAGEMENT – INTEGRATION OF ESG AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

In addition to tracking ESG and climate metrics, AXA factors these risks and opportunities into its investments and insurance-related processes. Our integration of ESG and climate-related risk and opportunities into our General Account investments is undertaken via initiatives such as ESG score tracking, exclusions, green and impact investments, engagement, public policy outreach, products and services and "2C" alignment analysis.

ESG and climate-related exclusions

AXA's Responsible Investment strategy includes several sector-level divestments. Indeed, certain activities and products are inconsistent with our corporate responsibility goals of protecting people over the long term. In this context, AXA has have developed specific "sector guidelines" and business restrictions, which apply both to investments and insurance. AXA's current divestments/business restrictions currently cover the following areas:

- "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 are the main cause of long term non-communicable diseases, which conflicts 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 labour rights);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities;
- coal and oil sands: see "One Planet Summit" paragraph below.

"One Planet Summit" 2017: a new climate ambition

In 2015, AXA stated that investors and insurers have a key role to play in the fight against climate change, and proved it through strong action: AXA was the first global investor to initiate divestment from coal, and the first to phase out the insurance coverage of coal clients. We also adopted ambitious green investments targets. Ahead of COP21, we signaled that climate finance is a complex issue, but it can nonetheless be tackled. This helped AXA and some peers to overcome paralysis by analysis and shift into "action" mode. During the December 12, 2017 "One Planet Summit", organized by the French Government, AXA announced the significantly ramped-up climate strategy described below.

Green investments

In 2015, AXA committed to reach €3 billion in green investments by 2020. We have already reached that target in 2017 and have decided to set the bar higher to reach €12 billion in green investments by 2020. This doubles the recent recommendations by Christiana Figueres, one of the main architects of the COP21, to dedicate 1% of institutional investments to green assets.

This investment includes notably green infrastructures, green bonds and property and commercial real-estate with stringent environmental standards. AXA's definition of "green" infrastructure is derived from an accepted and demanding market-based approach: the "Climate Bonds Initiative" classification. In addition, in the case of Real Estate and Commercial Real Estate loans assets, AXA applies the strictest environmental standards, classifying as Green the property, or the loans backed by property with the highest environmental certifications and ratings.

Expanded coal divestment

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. This is why AXA decided in 2015 to divest €500 million from the coal industry, by targeting coal mining and coal-based electric utilities which derive over 50% of their revenues from coal.

In 2017, AXA has decided to increase its divestment to reach €3 billion, by expanding our coal exclusion criteria. This new divestment is based on the Global Coal Exit List, a new NGO tool using 3 criteria. AXA will now divest from the following company types:

- electric utilities with coal share of power production (energy mix) over 30%; mining companies with coal share of revenues over 30%. This captures long term financial risks related to "stranded assets";

- energy mix and revenue mix criteria do not enable to address companies that are actively developing new coal-based power capacity. Hence we now also divest from companies with coal-based power "expansion plans" exceeding 3 GigaWatts (GW). Such companies are building new coal plants that are locking economies into coal power for decades, which clearly contradicts the COP21 "Paris Agreement". This new approach captures "real" climate impact, beyond pure financial risks. It is also more forward-looking;
- mining companies with annual coal production over 20 million tons.

Oil sands divestment

Because oil sands are also an extremely carbon-intensive form of energy, their production generates significant human rights concerns, and is a serious cause of local environmental pollution, AXA also decided to end its investments from the main oil sands producers, defined as producers with at least 30% of their reserves based on oil sands. The production volumes of oil sands is largely influenced by the development of certain pipelines. As a result, AXA also divests from the main associated pipelines players. This represents an extra divestment of over €700 million.

Insurance/underwriting restrictions

It is inconsistent to commercially support industries that the Group has divested from. Therefore, AXA also restricts insurance coverage for coal-related and oil sands-related assets. Because insurers can look at projects on a case-by-case basis, a nuanced approach has been chosen. AXA now excludes:

- the development of new coal capacity by ending Construction covers for any new coal plant and new coal mine, whichever the Region or client (regardless of our investment blacklist);
- the operations of existing coal assets by ending Property covers for existing coal plants and coal mines when these are included in coal-only risk packages. This does not apply to countries where access to energy remains a concern for local populations, and baseload energy alternatives to coal are not yet in place.

As a matter of consistency, AXA no longer underwrites risks related to oils sands production and oil sands transportation via pipelines. In addition, AXA will not underwrite upstream oil & gas exploration business in arctic regions.

Emerging countries

AXA and the IFC, a member of the World Bank Group focused on the private sector, announced the launch of a \$500 million partnership supporting an infrastructure fund that will notably finance green infrastructures in emerging countries, including renewable energy, water, green transport and telecoms. There will be no investments in coal and oil-sands related projects. Our policies are applied consistently.

Integration of Climate risks & opportunities into investment strategy; 2°C alignment

Instead of relying on carbon footprinting, AXA is exploring ways to measure the positioning of its portfolio versus a 2°C target. AXA is thus currently reviewing and testing a "warming potential" methodology on a share of its portfolio (corporate bonds and equity: 45% of AXA's General Accounts assets) to capture climate-related aspects of a company's activities, including so-called "Scope 1" (*i.e.* direct) emissions, "Scope 2" (*i.e.* indirect emissions, from electricity consumption), recent technology development, and green revenue opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed for each sector to make its contribution to reach the global 2°C target. This produces a "warming potential" per company and sector. Based on a comprehensive set of databases for emissions budgets and energy mixes, a carbon intensity aligned to a temperature target of 2°C can be designed for each sector, and each company positioning is derived within its sector, enabling to sketch a "temperature" for AXA's corporate bonds and equity portfolio.

This work provides insights into our investments' "temperature gauge", but cannot yet be considered as a comprehensive "portfolio temperature" given the shortage of coverage, the experimental nature of the approach and some additional data to be factored, such as our Green investments target. AXA is currently exploring reallocation tests to reach a "2°C" scenario for the corporate bonds and for the equity portfolio, which is not implementable within a short timeframe given market sourcing capacity and AXA's numerous investment constraints (solvency, rating, concentration limits). However, as in 2016, this testing work helps AXA in its explorative journey to better understand the links between our asset allocation and a convergence towards a "2°C" world. Please refer to our TCFD "full report" on AXA's website for further information.

Products

AXA offers insurance and savings solutions that promote environmentally-friendly behaviour. Initiatives include Motor and car fleet insurance policies encouraging low CO_2 emission vehicles (*e.g.* promoting electric, hybrid and low emissions vehicles), home insurance policies encouraging energy efficiency (*e.g.* environmental appliances upgrades), renewable energy installations (*e.g.* wind and solar power), and environmentally friendly claims strategies (*e.g.* repair rather than replace automotive spare parts). In addition to specific products, AXA France developed *Assurance Citoyenne,* a screening methodology and label encouraging environmental considerations. In 2017, AXA France also launched a new responsible Unit-linked offer called "AGIPI Gestion Pilotée Option ESG". Most of the funds within this offer are evaluated according to their ESG performance using a market-based tool.

AXA Corporate Solutions Assurance launched an Energy line of business reinforcing AXA's expertise and capacity for insuring clients in the energy industry, with a strong focus on renewable energy, and an explicit exclusion of coal and oil sands-related business. This includes insurance products supporting renewable energy production facilities, for which AXA aims to double its footprint by 2020. AXA also offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding).

Climate and ESG "outreach" and engagement

SHAREHOLDER ENGAGEMENT

AXA and/or AXA IM joined several shareholder coalitions, notably: UN PRI ESG Engagement Advisory Committee, providing strategic direction and feedback on themes for future collaborative engagements; Climate Action 100+, a five-year investor initiative to engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change; UN PRI shareholder engagement initiative designed to promote adoption of the TCFD guidelines; a collective engagement initiative on Arctic Drilling, targeting oil & gas companies involved in oil exploration in the Arctic, as well as Arctic Council members; "Aiming for A", a major collective shareholder engagement initiative urging certain companies to improve their reporting on transition risks; Automotive industry ShareAction initiative seeking to clarify carbon and SOX/NOX emissions standards from the automotive sector; UN PRI Palm Oil Initiative.

EU HIGH-LEVEL EXPERT GROUP ON SUSTAINABLE FINANCE

AXA took an active role in the EU High Level Expert Group on Sustainable Finance, developing recommendations on how sustainability could be placed in the European Union's core financial processes, how different participants in the financial system could act on it, and how to mobilize capital more effectively for a sustainable economy. Sustainable finance offers Europe a powerful tool for achieving its goals of economic prosperity, social inclusion and environmental regeneration.

COALITIONS, ACTIVE MEMBERSHIPS AND PARTNERSHIPS

Finally, AXA has joined or supported many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and Corporate Responsibility: UN PRI, UN PSI, IIGCC, Montreal Carbon Pledge, Science Based Targets, RE100, Caring for Climate Carbon Pricing Leadership Coalition, UN Global Compact, CDP, ORSE, EpE, Finance for Tomorrow, "Kyoto statement" of the Geneva Association, etc. AXA also co-chairs the Global Steering Committee of the Finance Initiative of the United Nations Environment (UNEP FI) and is an Advisory Board member of the OECD's Centre on Green Finance and Investment. AXA chairs the French Insurance Federation working group on exclusions and divestments.

AXA also has climate-related NGO partnerships. These include UN Habitat, focusing on strengthening building codes and their implementation in countries vulnerable to natural disasters, encouraging countries to "build back better", and to reduce fatalities and limit economic losses as a result of disasters. AXA also signed the UNISDR Private Sector Commitment for Disaster Risk Reduction. These principles cover 5 key areas around the role that the private sector can take to further encourage Disaster Prevention, Resilience and Risk Reduction. Finally, AXA and the international NGO CARE work on both disaster risk reduction and climate change adaptation.

ACADEMIC RESEARCH

AXA believes a better understanding and broader public awareness are critical to design a resilient society. This is why AXA supports open, public academic research since 2007 via the AXA Research Fund. AXA commits to continue to finance climate-related research to the tune of €1.5 million per year. Projects supported include a chair in African Climate Risk within the African Climate and Development Initiative at the University of Cape Town, carbon tariffs as an instrument for tackling climate change, understanding China's sensitivity to climate-related crop disruption, etc. The complete list of projects are detailed on AXA Research Fund's website.

METRICS & TARGETS

Investments: Carbon footprinting

In addition to the ESG metrics described in Section 2, AXA tracks carbon-related KPIs. AXA signed the "Montreal Carbon Pledge" committing to assess and disclose the carbon intensity of its investments. The 2017 analysis, which covers 82% of AXA's General Accounts assets (equities, corporate Fixed Income and Sovereign Debt), shows a decreasing average carbon intensity (203T CO_2/\$m of revenue in 2017 vs. 247T CO_2/\$m of revenue in 2016 and 284 in 2015). This footprinting highlights our portfolio's largest carbon emitters, which may be an interesting "carbon asset risk" proxy. It also reveals that broad asset-class data do not provide useful insights given the heterogeneity of metrics across assets, but that sub-sectors breakdowns may inform shareholder engagement efforts. More sophisticated works, such as the "Carbon Value at Risk" and the "Temperature gauge" developed in our TCFD report, are required to better understand materiality of "energy transition" risks. This would consider an estimate of the carbon cost (carbon Value at Risk) as well as measures of the "green share" accounting for the positive contribution of some business models to the transition to a low carbon world.

Avoided emissions

According to our calculations, AXA's 2017 divestments from coal and tar sands activities could be considered to result in 37.8 million metric tons of CO_2 removed from AXA's portfolio footprint. Similarly, AXA's new green investments targets will result in 4 million tons of CO_2 saved with the following breakdown: infrastructure debt wind farms (1.8MT CO_2), Infrastructure equity renewable energy (0.8MT CO_2) and Green bonds financing renewable energy projects (1.4MT CO_2).

Environmental footprint and targets

As described under Section 7.3, AXA has implemented an environmental reporting process since 2002, and has a target to reduce its direct carbon emissions (related to its operations, not investments) by 25% between 2012 and 2020, as well as paper and water-related targets. This target has been achieved in 2017. Since 2017, as part of our RE 100 pledge, AXA is committed to shift to 100% renewables for its electricity consumption by 2025, with an interim target of 70% by 2020. See detailed information under Section 7.3.

Impact Fund KPIs & corresponding UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) is a set of 17 Goals addressing a range of global sustainable development challenges. The AXA Impact Funds I & II, in their objectives and purpose, are investment vehicles demonstrating the role AXA and its underlying entities are playing in contributing capital towards the achievement of the SDGs. We have conducted a preliminary review of the SDGs relative to the Funds, its investee funds and underlying businesses and can report that the AXA Impact Fund I & II are aligned with the objectives of the SDGs and provides capital to businesses that directly address 10 of the 17 SDGs.

SRI RATINGS

The Group's Environmental, Social, and Governance (ESG) performance is evaluated by various organizations, including Socially Responsible Investment (SRI) rating agencies. The Group is ranked in the top tier within the main indices and rankings such as RobecoSAM (DJSI), FTSE4GOOD and Euronext Vigeo. The full details of AXA's rankings are available on axa.com and in Chapter 1.1. According to our research, these high ratings translate into a significant presence of the AXA share in SRI funds compared to our peers.

7.5 SOCIETAL INFORMATION

Business-related societal initiatives

As described under the environmental information section, AXA develops various products and services with added environmental value. AXA's products – P&C, savings, health and associated services – do not pose direct health and safety concerns for our customers. On the contrary, through our products, we encourage and reward healthy and environmentally responsible behavior, as well as help reduce social exclusion. Recent examples of business developments addressing societal needs are developed below.

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

AXA France co-created the "Assurance Citoyenne" label with civil society representatives. It is a set of criteria that define minimum requirements to qualify as "sustainable insurance" products. These criteria are based on "Trust" considerations (*e.g.* clear communications to customers and dedicated claims handlers), "Prevention" (*e.g.* pricing incentives that help customers identify and prevent or reduce risks), "Environment" (*e.g.* paperless contract, products offering incentives or pricing benefits when covering buildings using material that respect the environment), and "Fairness" (*e.g.:* product accessibility for populations usually excluded from insurance mechanisms). Based on this internal rating, AXA France launched a customer facing label which highlights to the customers that the AXA France products offer, above traditional coverage, extra features and services supporting the sustainability and business ethics dimensions. In 2017, the label was granted to 50 products representing almost half of AXA France's P&C turnover.

EMERGING CUSTOMERS

AXA is actively engaged in the financial inclusion space to better serve the middle class of tomorrow. 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 back into poverty.

After more than 24 months of having launched AXA's Emerging Customers business, live initiatives include:

- India: Bharti AXA General Insurance (BAGI) is partnering since November 2016 with Airtel Payment Bank (APB) to insure all APB account openers with free personal accident insurance, covering 2 million customers every month, and having already covered more than 16 million clients since launch. In addition, BAGI also covers -with the support of the Indian government- more than 360 thousand farmers through an agriculture insurance scheme across different departments in India;
- Indonesia: to address the lower middle-class customers asking for a loan, Mandiri-AXA General Insurance leverages its partnership with Mandiri Bank to propose Credit life, Personal Accident, and collateral insurance to all of Mandiri's microbusiness clients;
- Thailand: AXA GI launched a partnership with AIS, the first mobile network operator in Thailand, a pilot to provide Personal Accident and Hospital Cash products as a reward to loyal AIS prepaid customers. Alongside the Thai government, AXA GI is also insuring 2.6 million rice farmers;
- Malaysia: In partnership with the Malaysian Post Office, AXA Malaysia is providing accessible accident and two-wheeler insurance to over 110,000 customers;
- Philippines: AXA Philippines is working with TSKI, a leading Microfinance Institution (MFI), as well as several digital players to distribute insurance to emerging customers. AXA Philippines is also leading insurer of the Oversea Filipino Workers scheme, which provides protection to working migrants;
- Morocco: AXA Morocco partners since 2012 with a MFI, Albaraka, to provide nearly 150,000 micro-entrepreneurs with credit life, property and hospital cash ("hospicash") coverages;
- Nigeria: AXA Mansard distributes microinsurance products through partnerships with MFIs and MTN, a leading mobile network operator;
- Egypt: AXA Egypt is partnering with leading MFIs to distribute credit and health covers;
- Brazil: AXA is partnering with Pernambucanas, a leading retailer in Brazil, to provide relevant covers for its clients;
- Mexico: AXA is partnering with MFIs to provide P&C insurance to microentrepreneurs.

Since last year, AXA has also embarked in the exploration of specific segments that could require tailored protection solutions. Such is the case of migrant workers sending money back home and women as key decision makers of the wellbeing of their family.

MICRO-INSURANCE IN FRANCE

In addition to the above products addressing emerging markets, AXA also offers micro-insurance products in France since 2007. AXA France and Macif (a French mutual insurer) offer a microinsurance product, in partnership with the French organization to aid microenterprise development ADIE. Three policies are available: two Comprehensive Business Insurance packages for entrepreneurs starting up either at home or on dedicated business premises, a Motor Policy and a Business Liability offer. The average premiums are less than €1 per day.

WOMEN IN INSURANCE

To tackle the women's market, our strategy is to tailor our offers to women expectations by customizing our sales approach, adding value-added services, enhancing our customer interactions and humanizing our brand image. AXA is currently tailoring its insurance solutions to meet our client's gender-specific needs. For example:

- we adapt our sales approach: AXA France has launched *Rencontres pour Elles* to mobilize the salesforce to address women with a specific commercial pitch and to improve proximity to women clients (300 meetings organized in 2016);
- we develop dedicated value-added services: AXA Sigorta has included in its Women Entrepreneurs product roadside assistance, concierge and psychological support services to correlate women's business and personal lives.

By end of 2017, the initiative has been rolled-out across 12 pilot entities.

INTEGRATION OF ENVIRONMENTAL, SOCIAL AND ETHICAL ISSUES IN RISK MANAGEMENT AND PRODUCT DEVELOPMENT

When appropriate, the Group's underwriters and portfolio managers integrate environmental and social risks, including human rights concerns, as well as more generally ethical concerns in their product development processes and policies. This is notably undertaken via (1) applying certain sector-specific exclusions, (2) the Group underwriting guidelines for P&C Commercial lines that require local AXA entities to exclude certain sensitive sectors or activities, and (3) the "Policy on business relationships involving sanctioned countries and countries identified as having high levels of corruption or political risk". The latter policy formalizes the Group policies and procedures with respect to business in or with countries that are subject to international sanctions or embargoes or otherwise identified as high corruption, high political risk and/or tax haven jurisdictions.

Stakeholder dialogue

AXA defines its stakeholders as any individual or group affected, or likely to be affected, by its business operations, or who, in turn, may affect the Group's performance or the environment in which it operates. AXA's stakeholders include the Group's shareholders and investors, its employees, its business partners and suppliers, as well as governments, international organizations and community groups.

STAKEHOLDER ADVISORY PANEL

Engagement may take place through regular discussions, meetings, conferences, surveys or more formal structures, such as the Company's European Works Council. AXA may also work directly with stakeholders through strategic partnerships (please see below). AXA also has a Stakeholder Advisory Panel, which meets twice a year and provides high-level input to the Group's strategy and its approach to corporate responsibility. AXA also conducted a global stakeholder survey to encourage greater engagement with local civil society and community groups.

STAKEHOLDER ENGAGEMENT PRINCIPLES

AXA has a set of Stakeholder Engagement Principles, published on its corporate website. These principles apply to all AXA's businesses worldwide, and set out the Group's overall approach to stakeholder engagement. As well as these principles, AXA is also guided in its stakeholder engagement by the Group's own internal rules and procedures, as well as by its external commitments (to the UN Global Compact and the UN Principles for Sustainable Insurance for example). We believe that engaging with stakeholders improves the Group's understanding of key social, environmental, and governance issues. It is also used to strengthen the Group's decision-making, helping identify risks and opportunities for the business and improve the products and services AXA offers. This dialogue also helps strengthen society, by making the Group's knowledge, expertise and resources more widely available.

STAKEHOLDER/NGO PARTNERSHIPS

As part of this strategy, AXA works closely with a number of civil society partners. These partnerships address key social and/or environmental issues; they include AXA's long-standing partnership with CARE. This partnership was renewed in 2016 for a further three years. Together, AXA and CARE are working in three main areas: disaster risk reduction, climate change and financial inclusion. In addition, AXA launched one other partnership: the Group is working with UN Habitat on strengthening building codes to build resilience in countries vulnerable to natural disaster.

COMMUNITY INVOLVEMENT: SOCIAL & CULTURAL ACTIVITIES, PHILANTHROPY, EDUCATION, EMPLOYEE VOLUNTEERING

Protecting customers from risk and unexpected events is at the core of AXA's mission. This is why AXA is committed to using its skills, resources and expertise to build a better understanding of the risks faced by both individuals and society as a whole.

To support this, AXA's Community Investment program promotes risk research and prevention. This approach is included in the Company's Community Investment Guidelines encouraging AXA entities to focus their community investments on risk research and education. In 2017, 72% [(1)] of the nearly €33.5 million donated by AXA business entities and the Group (including the AXA Research Fund) were dedicated to community projects addressing these themes. In addition, AXA also provided support for other good causes, including healthcare, youth employment and humanitarian aid. Specific guidelines on Humanitarian Aid have also been drawn up.

AXA's approach to community investment covers various activities and initiatives, including:

- employee volunteering, through the AXA Hearts in Action international program (see dedicated section below) and local volunteering programs;
- the AXA Research Fund (see dedicated section below);
- strategic partnerships, including long-standing partnership with CARE (since 2011, AXA has donated €5.4 million), and partnership signed with UN Habitat;
- humanitarian crises and natural catastrophes in response to which AXA's main non-profit partners are mobilizing to provide emergency relief and develop medium or long-term reconstruction or empowerment projects for the affected populations. In 2017, the Group decided to set aside approximately €800 thousand to support CARE, UNICEF and the Red Cross.

VOLUNTEERING

AXA Hearts in Action is an international program intended to AXA employees, through which they can carry out volunteering activities addressing various issues (for example disability, education, environment, health and social welfare). In 2017, more than 52,000 volunteering acts were performed by AXA employees, mainly through AXA Hearts in Action local programs set up in at least 38 AXA entities, making their skills and time available to conduct community investment projects. Their engagement represented approx. 93,000 hours, dedicated by AXA employees to volunteering activities (during working hours).

In addition, can be counted the data from the skill-based missions of AXA entities in France. In 2017, 45 employees performed volunteering skill-based missions at AXA Atout Coeur France (13 people), at Les Entreprises pour la Cité (2 people) and at various partner charities (30 people) as part of the *AXA Expérience Solidaire* programme. In total, the salary expenditures paid over the 49,751 hours dedicated to these skill-based volunteering missions represent the equivalent of a €3.2 million donation.

THE AXA RESEARCH FUND

Because Science holds the keys for progress and better lives, AXA launched in 2007 the AXA Research Fund, a unique global science philanthropy initiative dedicated to accelerating and sharing knowledge and solutions for key global challenges facing our societies.

The AXA Research Fund supports academic innovation made by top-tier researchers all over the world, in the fields of Health, Environment, Data & Tech and Socio-Economic Risks. In 2017, it has been granting Post-Doctoral Fellowships (up to €130 thousand), Chairs (up to €800 thousand), Awards (up to €250 thousand) and Joint Research Initiatives (up to €250 thousand). The Fund provides researchers with the means and freedom to complete their work successfully, so that they feel encouraged to explore new avenues. The awarding of grants is based on strict academic criteria following a transparent and rigorous selection process, which is overseen by our Scientific Board and presided by Prof. Tom Kirkwood (Newcastle University, UK).

AXA's support to scientific research goes beyond funding. Convinced that to be useful, Science needs to be shared, the

(1) In 2017, data is drawn from almost 73% of the Group's total number of FTE's.

AXA Research Fund also provides communications trainings, resources, media and engagement opportunities to help selected scientists disseminate their knowledge with a broader audience and foster scientific and society exchanges to enlighten decision making for a better future. The team is notably organizing research conferences to foster dialogues among experts and scientists on subjects such as country risk, data privacy, critical illness and resilient cities. Supported researchers are also invited to take part in media activities, with partners such as National Geographic or The Conversation, or science pop videos produced with science presenters, or at their own initiatives. They are also encouraged in sharing their science on open access media, and promote it through social media, with the help of AXA and their institutions communications teams.

As of December 31, 2017, the AXA Research Fund has been supporting 563 research projects, of researchers from 58 nationalities, in 35 countries, with a financial support of €140 million.

More information on the AXA Research Fund is available at axa-research.org for funding schemes and supported projects; and gallery.axa-research.org for disseminated science.

Compliance with International Labour Organization recommendations and Business Ethics

RESPONSIBLE PROCUREMENT

AXA is a major buyer of products and services, both for its internal operating needs and for services to its insured customers. From the outset, the Group's internal buyers commit to respecting a specific Code of Ethic in addition to the Group's Code of Professional Conduct. This Code substantiates our buyers' commitment to fulfilling the principles of fairness, neutrality, confidentiality and transparency.

AXA furthermore incites its suppliers to be socially and environmentally responsible and asks them to sign a Corporate Responsibility Clause committing them to respect the four principles of the International Labor Organization.

In addition, the Group applies social and environmental criteria to assess supplier performance through the EcoVadis tool, a specialist assessment platform. The EcoVadis score provides a framework for building a tailored action plan in order to improve the quality of the services or to reduce the supply chain risk. AXA also commits itself to same principles and received a Gold Rating for its 2017 EcoVadis assessment.

Most of our principal IT, services, and overhead suppliers have now been assessed. An awareness training pack is available for all the procurement community by the intermediaries of the 25 AXA Corporate Responsibility Champions network. This pack is reviewed annually by the Corporate Responsibility Community of Champions.

BUSINESS ETHICS

AXA's Group Compliance and Ethics Guide ("the Guide") seeks to establish Group-wide guidelines and rules to ensure that AXA Group companies and employees have a common understanding of applicable ethical standards, participate in the fight against corruption and conduct business accordingly. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, transactions involving AXA securities and those of its listed entities, confidentiality and control of sensitive information as well as record keeping and retention. The Guide also seeks to reflect AXA's values. Most of AXA's principal operating entities have developed ethical guidelines that comply with local regulatory and statutory requirements. The Guide is available on the Group's website (www.axa.com).

In addition to compliance with national law and regulations, AXA joined the United Nations' Global Compact in 2003, formally committing to upholding and protecting principles for human rights. The Group Compliance and Ethics Guide refers to the UN Global Compact in its founding principles. Both the Compliance Guide and UN Global Compact adhesion are applicable to every AXA entity.

AXA is an active member of the non-profit Transparency International France. As such, AXA supports TI's vision, values and founding principles. This includes a commitment to promote "responsible" lobbying practices when AXA engages with public authorities. Our public commitment is detailed in our "Public Affairs Charter", which is available on axa.com.

Impact on regional development, subcontracting

Given that its operations are largely decentralized and its staff spread across a number of different locations, AXA's activities generally have no significant direct impact on local employment or development in any specific Region, nor does AXA engage in significant levels of subcontracting.

However, AXA's most significant impact on society occurs through its insurance, savings and investment services, which contribute to economic growth, stabilization, and improved risk sharing across firms and Households, and between generations. This societal role affects virtually all individuals and businesses.

Most importantly, AXA provides supports 105 million customers around the world, including individuals, local communities and businesses. Our products and services help our customers protect their lives, their property and belongings, their health, and their savings, providing long-term peace of mind which allows them to build and invest in the future.

In addition to this broad macroeconomic role, AXA supports various stakeholders by identifying and underwriting risk, managing claims, and acting as a significant long-term investor.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information presented in the management report

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 standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31st, 2017

To the shareholders,

In our capacity as Statutory Auditor of AXA SA (the "Company"), appointed as independent third party and certified by COFRAC under number 3-1060 (whose scope is available at www.cofrac.fr), we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended December 31, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce).*

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the Social Data report referential, the Environmental Reporting Protocol and the Community Investment Survey Guide used by the Company (hereinafter the "Guidelines") and available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics *(Code de déontologie)* of our profession and the requirements of Article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not for us to express an opinion on the compliance with the other legal provisions applicable, in particular those set out by the Article L.225-102-4 of the Commercial Code (plan of vigilance) and by the law n ° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved 11 persons and was conducted between October 2017 and March 2018 during a 7 week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000 concerning our conclusion on the fairness of CSR Information (Assurance engagements other than audits or reviews of historical financial information).

1. Attestation regarding the completeness of CSR information

NATURE AND SCOPE OF OUR WORK

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.,* the Company, its subsidiaries as defined by Article L.233-1 and the controlled entities as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the methodological information described at the bottom of the data tables “Workforce” and “AXA Group environmental indicators”, as well as the footnote of the paragraph “Volunteering” of the chapter 7 of the Annual Report.

CONCLUSION

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of csr information

NATURE AND SCOPE OF OUR WORK

We conducted around ten interviews with about 8 persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and Risk Management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and Risk Management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important and whose list is given in annex:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities, AXA Colpatria, AXA Assistance Colombia, AXA Singapore Insurance, AXA Direct Korea, AXA Banque, AXA Corporate Solutions France, AXA Corporate Solutions Italy, AXA France Assurance, AXA Investment Managers Paris, GIE AXA, AXA Konzern AG, AXA Seguros Generales, AXA Life Insurance Ukraine, AXA Insurance UK Plc, AXA PPP Healthcare et AXA UK Plc, selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. This work represents 35% of headcount considered as typical size of the human resources component, between 21% and 55% of environmental data considered as characteristic variables of the environmental component, and between 29% and 62% of social data considered as characteristic variables of the social component.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are 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. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

CONCLUSION

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 19, 2018

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Xavier Crepon	Sylvain Lambert
Partner	Partner of “Sustainable Development” Department

Appendix: CSR information that we considered to be the most important

HUMAN RESOURCES:

- total workforce and split by gender, age and geographical area, including indicators headcount of salaried workforce as at the end of the year and average FTE of salaried workforce, headcount of salaried non-sales and sales force men and women by professional category, average age and average seniority of salaried non-sales force;
- hires and dismissals, including indicators external recruitments, resignations, dismissals and involuntary turnover of salaried non-sales force;
- compensation and variation, including total gross payroll of salaried non-sales force and gross fixed payroll of salaried sales force;
- absenteeism, including indicator absenteeism rate and proportions by type of absence of salaried non-sales and sales force;
- organization of social dialogue;
- work accidents, in particular frequency and gravity as well as work disease;
- training policy;
- training hours, including indicator average number of days;
- implemented policy and measures taken in favor of the equality between the women and the men;
- implemented policy and measures taken in favor of the employment and of the insertion of the disabled people;
- respect of the freedom of association and of the right of collective bargaining;
- elimination of segregation in terms of employment and professions.

ENVIRONMENTAL INFORMATION:

- organization of the Company to take into account the questions of environment;
- measure of prevention, recycling and elimination of waste, including indicators unsorted waste, sorted paper for recycling and percentage of cartridges and/or toners for recycling;
- water consumption and water supply according to the local constraints, including indicator water consumption per person;
- consumption of raw materials and measures taken to improve the efficiency of their use, including indicators office paper, marketing and distribution consumption and percentage of paper recycled and/or guaranteeing sustainable management;
- energy consumption, measures taken to improve the energy efficiency and resort to the renewable energies, including indicators consumption of electricity, gas, fuel, steam and chilled water and energy consumption per person;
- significant greenhouse gases emissions contribution generated due to the Company activity, including the use of goods and services it products, including indicators CO_2 emissions resulting from onsite power consumption, paper and business travel per person;
- usable occupied area and usable vacant area, including indicator net internal area.

SOCIAL INFORMATION:

- territorial, economic and social impact in respect of employment and regional development;
- actions of partnerships or sponsorship, including volunteering hours during paid hours and cash donations to community projects;
- taken into account the social and environmental issues in the policy purchase;
- actions committed to prevent the corruption;
- other actions carried out to promote human rights.

7.6 VIGILANCE PLAN

AXA Group is committed to promoting and protecting internationally-recognized human rights, fundamental freedoms, health and safety, as well as the environment in the course of its business activities.

To comply with recent requirements of French law [1], AXA has adopted a vigilance plan (the "Vigilance Plan") that sets out how AXA has established and implemented safeguards to identify and prevent serious violations of human rights and environmental abuses.

Scope of the Vigilance Plan

The Vigilance Plan applies to AXA Group companies and their respective activities and operations, including intra-group activities, and all AXA employees, worldwide.

It sets out, subject to local law and regulation, certain guiding principles and Group-wide policies designed to ensure that all AXA Group companies and their employees have a common vision of the AXA Group's standards related to human rights and the environment and operate accordingly.

The Vigilance Plan extends to the activities and impacts of service providers and suppliers to AXA Group companies with whom there is an established business relationship insofar as these impacts and activities relate to business contracted with AXA Group companies.

As legally required, the AXA Group conducted an analysis to measure how the AXA Group's activities and operations falling within the above scope potentially impact the environment and each of human rights, which consistent with United Nations principles AXA defines to include fundamental freedoms and health and safety, with a view to ensuring each identified potential risk is covered by an AXA Group policy.

Identification and evaluation of risks to human rights and the environment

The AXA Group considers its activities do not generate major (high) risks of human rights violations. The Group does estimate however that it may have potential *direct* and *indirect* impacts on the human rights of its employees and customers as well potential *indirect* impacts on the human rights of others through relations with corporate customers that are active in, or through investments in companies which are active in, sectors and/or countries with increased risk of human rights violations.

Consequently, with the support of KPMG, 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. These were identified as risks to the principles of 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, liberty and security of the person, the right to health and an adequate standard of living, and the right to privacy.

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 comprehensive environmental reporting process, which is verified by an independent third-party, allows AXA to evaluate its impact on and identify risks to the environment from its activities. Please refer to Section 7.3 "Environmental Information – Environmental reporting network and process" of the Annual Report for further information on AXA's environmental reporting process.

As in *investor,* AXA has proactively implemented a Global Responsible Investment Policy (2013), available on the AXA Group's website (www.axa.com), and built an analysis framework

(1) *Law No. 2017-399 of March 27, 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre and Article L.225-102-4 of the French Commercial Code.*

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 risks to human rights and the environment associated with its use of service providers and suppliers. AXA produces a matrix assessing the level of procurement risks and opportunities categorized by topic (social, environmental, end-use impact, supply chain, business integrity) that allows procurement and corporate responsibility teams to identify the risks and analyse their impacts. Risks associated with significant service providers and suppliers belonging to categories identified as medium or high risk are mapped and voluntarily assessed through a specific tool (Ecovadis) at least every two years.

Protection of Human Rights and the Environment

PROTECTION OF HUMAN RIGHTS AND AXA'S HUMAN RIGHTS POLICY

AXA's Human Rights Policy (2017), available on the AXA Group's website, aims at preventing the violation of human rights and reflects the AXA Group's commitment to international general and sector-specific standards such as the United Nations Global Compact, the United Nations Principles for Responsible Investment and the UN Principles for Sustainable Insurance. The Human Rights Policy describes AXA's commitments in its own operations as an *employer* and a responsible *business partner* but also as an *insurer* and an *investor* and how the protection of human rights is implemented at the core of AXA's 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:

- AXA Group's Compliance & Ethics Guide, available on the AXA Group's website, with which employees need to annually certify compliance;
- promoting the 10 guiding principles of the UN's Global Compact, of which principles 1 & 2 relate to human rights and principles 3 to 6 to labour standards, and encouraging reporting of breaches to the compliance function;
- setting ambitious Diversity and Inclusion (D&I) targets and initiatives.

Please refer to Section 7.2 "Social Information" of the Annual Report for further information on AXA employee relations, collective bargaining and D&I.

Protection of employee health and safety

The AXA Group has implemented a health and safety standard with which entities must certify compliance covering physical security, which set out processes to identify local health and safety requirements, consult and train AXA employees, and report health and safety issues.

See further details in Section 7.2 "Social Information" of the Annual Report.

Personal data protection

The AXA Group is also committed to using information relating to an identified or identifiable physical person ("Personal Data") in a responsible manner and safeguarding employee and client privacy, to ensure responsible, transparent and ethical treatment of Personal Data in line with the European legislation on Personal Data protection. AXA's Data Privacy Declaration, the public statement covering AXA's network of privacy-related policies, is available on the AXA Group's website.

AXA was the first insurance group to have adopted privacy-related Binding Corporate Rules (2013), available on the AXA Group's website, to define processing principles and actions (*e.g.* trainings, governance, responsibilities) to ensure data protection and the responsible transfer of data. The Binding Corporate Rules are the result of consultation with European data protection authorities, and constitute an internationally approved data privacy contractual framework for the treatment of customer, employee and other stakeholder Personal Data that multinationals such as AXA encounter and collect in the course of their business activities.

In addition to this leading position on data privacy, AXA has an Advisory Board of independent experts, established in 2015, whose purpose is to provide insights to the Group on strategy and governance in this area. The Advisory Board addresses data protection policies, legislation and ethics, the interaction of privacy and technology, and marketing and operational aspects of data privacy including use in the insurance industry, and assists AXA in positioning itself publicly with respect to data privacy issues.

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 regulating insurance activities in sectors that represent increased risks, which policies can be directly or indirectly related to human rights.

AXA further seeks to support its customers' rights and to prevent or mitigate 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 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 Section 7.5 "Societal Information – Business-related societal initiatives" of the Annual Report for further information on ESG integration in products & services.

PROTECTION OF THE ENVIRONMENT AND AXA'S STRATEGY

The AXA Group's Environmental Policy, available on the AXA Group's website, describes key actions aimed at reducing AXA's *direct* and *indirect* environmental impacts.

In particular, in 2013, AXA's ambitious environmental targets for 2020 embedded environmental strategy, notably focused on the reduction of carbon emissions, one of the main contributors to climate change, into the heart of AXA's strategy.

AXA also seeks to minimize its *indirect* impact on the environment by offering customers insurance and investment solutions that promote environmentally-friendly behaviour.

Please refer to Section 7.3 – Environmental Information of the Annual Report for further details on the strategy, policy, targets and results.

RESPONSIBLE INVESTMENT ACTIVITIES

As an *investor,* AXA seeks to integrate ESG criteria considerations into its investment strategy. In line with the Group Responsible Investment Policy, available on the AXA Group's website, the Group has in particular designed five 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 mining, palm oil production), and entities are required to certify compliance. Please refer to Section 7.4 "Responsible Investment" of the Annual Report for detailed information about AXA's responsible investment governance, policy, targets and results.

RESPONSIBLE PROCUREMENT ACTIVITIES

As a *business partner,* AXA partners with service providers and suppliers including professional service firms and advisers of all types, and procures technical and maintenance services, which service sectors are generally considered as having a low risk of endangering human rights and the environment.

The AXA Group ensures that it works with service providers and suppliers that meet AXA standards with respect to human rights and the environment. Service providers and suppliers can be assessed through a "due diligence" process, when relevant at the "request for proposal" stage, by AXA Group companies on corporate responsibility issues (environment, labour practices, fair business practices and sustainable procurement) through Ecovadis. AXA buyers are required to sign a specific procurement Code of Ethics in addition to the Group Compliance & Ethics Guide.

Moreover, the Group uses a "corporate responsibility" or "CR clause" in contracts where possible and requires, amongst other safeguards, suppliers to observe the core standards of the International Labour Organisation. Violations are addressed with the supplier or service provider, with AXA retaining the right to terminate the contract. Please refer to Section 7.5 "Responsible Procurement – Compliance with International Labour Organisation recommendations and business ethics" of the Annual Report for detailed information.

Alert Procedure

All AXA employees are encouraged to promptly report any practices or actions that they believe are inappropriate or inconsistent with any of the policies set forth in this Vigilance Plan. While reporting in good faith is encouraged, AXA employees are not obligated to do so and reporting is entirely voluntary.

The AXA Group examines all escalated or identified violation and misconduct cases with the objective of ensuring an adequate response to any alleged, suspected or confirmed situations (which could constitute a breach of AXA's values or policies). Most AXA Group companies have well-defined internal regulations and other policies governing whistleblowing pursuant to local laws and regulations.

Most alert procedures currently apply to serious violations relating to financial, banking and accounting matters, the fight against corruption, discrimination, workplace harassment and the protection of health, hygiene and security at work.

AXA will require all AXA Group companies to either implement an alert procedure with respect to human rights and the environment, or extend the scope of their existing alert procedure to this scope.

Stakeholder Involvement

AXA shall present the Vigilance Plan for stakeholder input to the French employee representatives, and further intends to promote dialogue over this Vigilance Plan with AXA employees, shareholders, investors, business partners as well as public institutions, international organisations and community groups.

Please refer to Section 7.5 "Societal Information – Stakeholder dialogue" of the Annual Report for further details about the stakeholder dialogue implemented by AXA.

Monitoring of the Vigilance Plan and Further Steps

The AXA Group ensures the implementation of all policies and procedures described in this Vigilance Plan through a network of compliance, data privacy, corporate responsibility and physical security professionals.

In 2018, in an effort to continually improve its management of risks, AXA plans additions and refinements to the Vigilance Plan and to roll out further work from the various stakeholders involved in developing, implementing and monitoring its risks policies.

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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) 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 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, considering their likelihood, potential impact, 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 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, 2017.

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 at your request, we have performed audit procedures on AXA and its subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2017, 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, 2017. 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 402 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 that our audit procedures provide a reasonable basis for 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 policies or procedures may deteriorate.

In our opinion, the Company's management's assertion that internal control over financial reporting as of December 31, 2017 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, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Crépon	Jean-Claude Pauly - Maxime Simoen

APPENDIX II STATEMENT OF THE PERSON RESPONSIBLE FOR THE 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 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 for the periods presented, and that the Board of Directors' report, the various sections of which are mentioned on page 438 of this Registration Document, 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.

The Statutory Auditors have provided me with a letter of completion of assignment, in which they confirm that they have verified the information relating to the financial position and the financial statements contained in this Registration Document and have reviewed the entire document.

Paris, March 19, 2018

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, 2017 resulted in a profit of €4,958 million compared to a profit of €432 million for the year ended December 31, 2016. This increase was mainly due to the improvement of net financial expenses and higher dividends received from subsidiaries.

Dividends received from subsidiaries amounted to €4,989 million, versus €3,521 million in 2016, representing an increase of €1,468 million, mainly due to:

- €1,188 million in dividends from France versus €1,360 million in 2016, a decrease of €172 million due to the decrease in statutory profit of insurance entities;
- €3,436 million in dividends from European entities compared to €1,683 million in 2016, an increase of €1,753 million mainly due to dividends paid by Belgium and Germany, up €1,319 million and €791 million respectively thanks to capital surplus;
- €108 million in dividends paid by Asian entities compared to €203 million in 2016;
- €257 million in dividends received from other Group entities compared to €275 million in 2016.

Net financial expenses, which include interest expenses net of interest incomes from loans and investments, stood at €744 million versus €2,852 million in 2016, an improvement of €2,108 million, mainly due the unwinding of interests rate derivative positions taken in 2016.

Operating expenses amounted to €443 million compared to €420 million in 2016, an increase of €23 million mainly due to the preparation of the Initial Public Offering on AXA America Holdings Inc. and acceleration on innovation.

Capital operations resulted in a gain of €122 million in 2017, versus a loss of €501 million in 2016, and breaks down as follows:

- €39 million foreign exchange gain compared to €69 million exchange loss in 2016 mainly due to pound sterling hedging review following its depreciation;
- a €128 million net reversal of impairments on investments in subsidiaries, of which €191 million in AXA Global Life shares following its merger with AXA Global P&C becoming AXA Global Re and benefiting from its capital surplus, compared to €249 million net allowance in 2016;
- €21 million in allowances to provisions for risks and charges versus €127 million in 2016, decreasing given there was no allowance to provisions for the 2017 convertible subordinated bond redemption premium following its maturity in January 2017.

The corporate income tax benefit amounted to €1,048 million compared to €692 million in 2016. It mainly included €710 million of tax receivables from members of the tax consolidation group, €369 million representing the refund of the 3% tax on dividends paid to shareholders, €96 million due to the effect of the lower tax rate on future fiscal years linked to provisions for tax credit repayment risk partly offset by €133 million in corporate income tax expense for the fiscal year.

BALANCE SHEET

At December 31, 2017, total assets amounted to €73,065 million, versus €74,181 million at December 31, 2016.

Assets

Intangible assets totalled €336 million. They mainly included the AXA brand contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €29 million relating to the capitalisation of software expenses.

Investments in subsidiaries, net of valuation allowances, totalled €62,373 million, versus €62,548 million at year-end 2016, representing a decrease of €175 million, reflecting:

- €474 million capital reduction of AXA Global Life;

  partly offset by:

- €127 million related to the internal acquisition of AXA Belgium shares;
- €128 million in net reversal of impairments on investments in subsidiaries as mentioned above.

Receivables from subsidiaries amounted to €3,773 million compared to €3,527 million at the end of 2016, *i.e.* an increase of €246 million reflecting $944 million (€801 million) in loans granted to the US operations partly offset by the repayment of £350 million (€409 million) by AXA UK Plc and €83 million due to foreign exchange impact.

Tax receivables increased by €384 million including a €369 million receivable as a result of the expected refund of the 3% tax on dividends paid to shareholders.

Miscellaneous receivables totalled €709 million, mainly reflecting €514 million of dividend receivables and €169 million of financial income receivables.

Marketable securities of €1 billion represent AXA shares to meet its obligations to deliver shares and to eliminate the dilutive effect for certain share-based compensation schemes.

Cash instruments amounted to €76 million and relate to premiums on US dollar options.

Cash and cash equivalents amounted to €990 million compared to €2,949 million at the end of 2016. This €1,959 million decrease is mainly due to repayment of external and internal debts and purchases of AXA shares partly offset by dividends received from subsidiaries net of the dividend paid to shareholders and by the issuance of $1 billion in subordinated debt (€946 million).

Unrealised foreign exchange losses amounted to €3,009 million, including €2,629 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealised gains on investments in subsidiaries. This item also reflects unrealised losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The decrease of €402 million compared with 2016 is mainly due to favourable impact of the US dollar on debts.

Liabilities

Shareholders' equity, before net income for the period and after payment of the dividends relating to the prior fiscal year, stood at €37,361 million, a decrease of €112 million, including €688 million related to the cancellation of shares bought back, partly offset by a €443 million capital increase reserved for employees and €133 million following the exercise of stock options.

Other shareholders' equity, including the undated deeply securities (TSS), amounted to €4,640 million, compared to €5,206 million in 2016, taking into account the €335 million repayment of TSS and a positive currently translation adjustment of €225 million.

Provisions for risks and charges amounted to €571 million mainly include €334 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group and €103 million provision for exchange-rate risk. The decrease of €963 million is mainly explained by the payment of the redemption premium linked to the convertible subordinated bond matured at the beginning of January 2017.

Subordinated debt stood at €10,667 million versus €11,399 million in 2016, a decrease of €732 million mainly reflecting €1,094 million repayment of the 2017 convertible subordinated bond (excluding redemption premium), a favourable foreign exchange impact of €557 million partly offset by the issuance of $1 billion in subordinated debt (€946 million).

Financial debt amounted to €13,230 million versus €14,343 million as of December 31, 2016, a decrease of €1,113 million, mainly due to fewer loans being granted by Group entities for €694 million and fewer margin calls received from banking counterparties under collateral agreements for €348 million.

Other payables in the amount of €307 million represent an increase of €120 million, mainly due to an increase in debts related to Group entities belonging to the French tax consolidation group.

Unrealised foreign exchange gains amounted to €1,253 million at year end, versus €856 million at December 31, 2016. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. It increased compared to 2016 mainly due to the positive impact of the fall of the US dollar and pound sterling on liabilities.

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	6	26	11	0	26	63
Total Amount VAT included of invoices concerned *(euros)*	83,282	951,677	5,635,798	-	4,271,971	10,859,446
Percentage of revenue VAT included of the period	0%	1%	4%	0%	3%	8%

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	225	93	50	33	42	218
Total Amount VAT included of invoices concerned *(euros)*	33,130,480	43,675,896	13,397,483	20,634,049	23,064,582	100,772,010
Percentage of revenue VAT included of the period	23%	30%	9%	14%	16%	70%

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	0	0	15	6	5	26
Total Amount VAT included of invoices concerned *(euros)*	-	-	5,335,120	2,719,750	255,274	8,310,144
Percentage of the total amount VAT included period purchases *(euros)*	0,00%	0,00%	0,96%	0,49%	0,05%	1,49%

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	1	2224	1136	413	626	4,399
Total Amount VAT included of invoices concerned *(euros)*	846,167	325,111,262	72,320,496	62,126,691	89,066,790	548,625,239
Percentage of the total amount VAT included period purchases *(euros)*	0,15%	58,38%	12,99%	11,16%	15,99%	98,51%

Payment delay used for these calculation is french legal delay (30 days after the invoice issuing day).
No invoice out of these disclosures due to receivables or payables due to litigation or not accounted.

Acquisition of equity interests

In 2017, The Company did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Commercial Code.

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BALANCE SHEET

Assets

(in Euro million)		December 31, 2017			
		Gross carrying value	Amortizations and provisions	Net carrying value	Net carrying value as at December 31, 2016
Fixed assets					
Intangible assets		**376**	**39**	**336**	**340**
Tangible assets					
Land		-	-	-	-
Buildings and other fixed assets		1	0	1	1
Financial assets					
Investments in subsidiaries		63,718	1,345	62,373	62,548
Receivables from subsidiaries		3,774	1	3,773	3,527
Other financial assets		327	96	231	134
Loans		106	-	106	75
	I	**68,303**	**1,482**	**66,821**	**66,626**
Current assets					
Operating receivables					
Tax receivables		406	-	406	22
Receivables and subsidiaries' current accounts		709	-	709	965
Marketable securities		1,000	-	1,000	125
Cash instruments		76	-	76	31
Cash and cash equivalents		990	-	990	2,949
Prepaid expenses		10	-	10	2
	II	**3,191**	**-**	**3,191**	**4,094**
Prepayments and accrued income					
Deferred charges		304	275	28	31
Bond redemption premiums		17	-	17	19
Unrealized foreign exchange losses		3,009	-	3,009	3,411
TOTAL ASSETS		**74,822**	**1,757**	**73,065**	**74,181**

Liabilities

(in Euro million)		December 31, 2017	December 31, 2016
Shareholders' equity			
Capital			
Ordinary shares		5,554	5,554
Capital in excess of nominal value			
Issue premiums		19,045	19,162
Merger and contribution premiums		1,060	1,060
reserves			
Legal reserve		560	561
Specific reserves for long term capital gains		2,316	2,316
Other reserves		1,488	1,488
Retained earnings		7,293	9,664
Tax driven provision		45	45
Net income for the financial year		4,958	432
	I	**42,318**	**40,281**
Other shareholders' equity			
Undated subordinated notes		4,640	5,206
	II	**4,640**	**5,206**
Provisions for risks and charges	**III**	**571**	**1,534**
Liabilities			
Subordinated debt		**10,667**	**11,399**
Financial debt		**13,230**	**14,343**
Operating payables			
Tax payables		1	2
Social payables		-	0
OTHER PAYABLES			
Debt on fixed assets		75	366
Other		307	187
Cash instruments		-	2
Deferred income		3	4
	IV	**24,283**	**26,304**
Prepayments and accrued expense			
Unrealized foreign exchange gains		1,253	856
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**73,065**	**74,181**

INCOME STATEMENT

(in Euro million)		2017	2016
I. Result on ordinary activities			
Financial & operating revenues			
Dividends received from subsidiaries		4,989	3,521
Revenues on short-term investments		299	87
Other revenues		15	14
	I	**5,302**	**3,622**
Operating expenses			
External expenses and other expenses		(424)	(404)
Tax expenses		(3)	(1)
Payroll and compensation		(21)	(19)
Interest expenses		(1,042)	(2,939)
Allowances for depreciation of buildings and deferred charges		(9)	(10)
	II	**(1,500)**	**(3,373)**
Operating profit	**(III = I + II)**	**3,802**	**250**
Contribution on common operations	**IV**	**-**	**-**
Financial operations on securities			
Reversals to provisions for marketable securities		-	1
Net income on sale of short-term securities		(14)	(10)
Allowances to provisions for marketable securities		-	-
Investment result on securities	**V**	**(14)**	**(9)**
Profit on ordinary activities before tax	**(VI = III + IV + V)**	**3,788**	**241**
II. Result on capital operations			
Proceeds from the sale of fixed assets		22	67
Releases of provisions for risks and charges		1	-
Releases of equity securities provisions		374	82
Foreign exchange result		39	(69)
Net book value on the sale of fixed assets		(197)	(108)
Allowances to provisions for risks and charges		(21)	(127)
Allowances to equity shares provisions		(70)	(318)
Exceptional result		(27)	(28)
	VII	**122**	**(501)**
Income tax benefit/(expense)	**VIII**	**1,048**	**692**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII +VIII**	**4,958**	**432**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
1 - Closing balance sheet summary					
a) Capital - Ordinary shares ***(in Euro million)***	5,537	5,593	5,557	5,554	5,554
b) Ordinary shares ***(numbers in million)***	2,418	2,442	2,426	2,425	2,425
c) Bonds convertible into ordinary shares ***(numbers in million)***	7	7	7	7	-
2 – Income statement summary *(in Euro million)*					
a) Gross revenues before sales tax	3,289	3,394	2,709	3,608	5,287
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	1,776	1,785	1,079	252	3,799
c) Income tax expense/benefit	558	646	784	692	1,048
d) Net after-tax income after depreciation, amortization and releases	1,727	2,392	1,747	432	4,958
e) Net dividend distribution	1,960	2,317	2,656	2,808	3,056
3 – Per share data *(in Euro)*					
a) After tax income, before depreciation, amortization and releases	0.81	1.00	0.71	0.31	1.44
b) After tax income, after depreciation, amortization and releases	0.71	0.98	0.72	0.18	2.04
c) Net dividend per share [(a)]	0.81	0.95	1.10	1.16	1.26

(a) Dividend proposed at year end 2017 is submited to the Shareholders' Meeting of April 25, 2018 and based on 2,425,235,751 outstanding ordinary shares.

A

STATEMENT OF CASH-FLOWS

(in Euro million)	December 31, 2017	December 31, 2016
Cash inflows		
Profit on ordinary activities before tax	3,788	241
Result on capital operations before tax	122	(501)
Income tax expense/benefit	1,048	692
Changes in reserves and amortization	(1,457)	331
Cash flow for the year	**3,501**	**763**
Increases in shareholders' equity	576	489
New borrowings	1,152	3,556
Sale or decrease in fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	1,773	4,826
TOTAL CASH INFLOWS	**7,002**	**9,633**
Cash outflows		
Dividends paid out during the year	2,808	2,656
Reduction in shareholders' equity	688	637
Repayment of financial debt	2,113	2,876
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	2,041	1,891
Expenses amortized over several years	11	28
TOTAL CASH OUTFLOWS	**7,661**	**8,088**
CHANGE IN WORKING CAPITAL	**(659)**	**1,545**
Change in:		
■ operating receivables	136	670
■ operating payables	209	72
■ cash and cash equivalent	(1,004)	803
TOTAL	**(659)**	**1,545**

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SUBSIDIARIES AND PARTICIPATING INTERESTS

(in Euro million)	Share capital	Other shareholders' equity	Percentage of capital held	Gross Book Value of securities held
	1	2	3	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	379	100.00%	8,413
21, avenue Matignon – 75008 PARIS – France				
AXA AFRICA HOLDING	60	1	100.00%	60
23, avenue Matignon – 75008 PARIS – France				
AXA PARTNERS HOLDINGS SA	152	(25)	100.00%	158
6, rue André Gide – 92320 CHATILLON – France				
AXA BANK BELGIUM	636	300	100.00%	915
25, Boulevard du Souverain – 1170 BRUXELLES – Belgium				
AXA CHINA	462	(14)	51.00%	235
23, avenue Matignon – 75008 PARIS – France				
AXA EQUITY AND LAW PLC	1	2,191	99.96%	1,133
5 Old Broad Street – LONDON EC2N 1AD – England				
AXA FRANCE ASSURANCE	452	4,157	100.00%	4,315
26, rue Drouot – 75009 PARIS – France				
AXA GENERAL INSURANCE	195	(10)	99.71%	294
11F, 4 Hangang-daero 71-gil, Yongsan-gu – SEOUL – South Korea				
AXA GLOBAL RE	205	179	95.74%	490
9, avenue de Messine – 75009 PARIS – France				
AXA HOLDINGS BELGIUM	453	(94)	100.00%	4,493
25, Boulevard du Souverain – 1170 BRUXELLES – Belgium				
AXA HOLDING MAROC	211	194	100.00%	229
120-122, avenue Hassan II – 21000 CASABLANCA – Morocco				
AXA INVESTMENT MANAGERS	53	769	78.96%	1,551
Tour Majunga – 6, place de la Pyramide				
92908 PARIS LA DEFENSE CEDEX – France				
AXA LIFE INSURANCE COMPANY CO Ltd	628	1,978	77.92%	2,381
NBF Platinium Tower 1-17-3 Shirokane – Minato-ku				
108-8020 TOKYO – Japan				
AXA LIFE EUROPE	100	1,090	100.00%	1,259
Wolfe Tone House, Wolfe Tone street – DUBLIN 1 – Ireland				
AXA LIFE INVEST SERVICES	120	(118)	100.00%	120
Wolfe Tone House, Wolfe Tone street – DUBLIN 1 – Ireland				
AXA MEDITERRANEAN HOLDING	147	3,552	100.00%	4,076
Calle monseñor Palmer numéro 1 – PALMA DE MALLORCA – Balearic Islands				
AXA TECHNOLOGY SERVICES	39	116	99.88%	231
Les collines de l'Arche – 76 route de la Demi Lune				
92057 PARIS LA DEFENSE – France				

(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	80	0	116	15	-	December 31, 2017
60	30	0	-	1	0	December 31, 2017
158	69	0	86	(13)	0	December 31, 2017
915	-	0	451	150	0	December 31, 2017
235	-	0	0	-	-	December 31, 2017
1,133	-	0	-	158	104	December 31, 2017
4,315	-	0	1,107	1,096	1,163	December 31, 2017
294	-	0	561	10	0	December 31, 2017
490	-	0	2,336	61	-	December 31, 2017
4,493	-	0	822	932	1,283	December 31, 2017
229	-	0	12	11	10	December 31, 2017
1,551	44	121	94	295	126	December 31, 2017
2,381	-	0	4,647	476	108	December 31, 2017
1,259	-	3,516	4	0	100	December 31, 2017
4	6	0	20	3	-	December 31, 2017
4,076	1,475	331	96	44	130	December 31, 2017
161	6	-	314	7	-	December 31, 2017

A

(in Euro million)	Share capital	Other shareholders' equity	Percentage of capital held	Gross Book Value of securities held
	1	2	3	4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
	1,721	4,630	53.12%	4,556
5 Old Broad Street – LONDON EC2N 1AD – England				
AXA VERSICHERUNGEN AG	144	1,629	100.00%	5,171
General Guisan-str, 40 – CH-8401 WINTERTHUR – Switzerland				
CFP MANAGEMENT	1	2	100.00%	140
21, avenue Matignon – 75008 PARIS – France				
COLISEE RE	95	174	100.00%	620
39, rue du Colisée – 75008 PARIS – France				
KAMET	17	-	100.00%	75
30, rue Fortuny – 75017 PARIS – France				
AXA PARTNERS HOLDINGS LTD	668	25	100.00%	502
Buldiing 11 Chiswick – 566 Chiswick High Road – LONDON W4 5XR – England				
HOLDING VENDOME 3	-	-	100.00%	159
21, avenue Matignon – 75008 PARIS – France				
OUDINOT PARTICIPATIONS	9,151	3,657	100.00%	12,299
21, avenue Matignon – 75008 PARIS – France				
SOCIÉTÉ BEAUJON	47	969	99.99%	1,266
21, avenue Matignon – 75008 PARIS – France				
VINCI BV	1,439	417	100.00%	4,285
Graadt van Roggenweg 500 – Postbus 30800				
3503 AP UTRECHT – Netherlands				
2) Participating interests (10 to 50%-owned)				
AXA HOLDING AS	275	8	16.76%	112
Meclisi Mebusan cadn° 15 – Salipazari				
80040 ISTANBUL – Turkey				
AXA KONZERN AG	80	1,131	34.63%	2,120
Colonia Allee, 10-20 – 51067 KOLN – Germany				
LOR MATIGNON	9	130	27.78%	57
100 , Esplanade du Général De Gaulle – Cœur Défense Tour B				
92400 COURBEVOIE – France				
RESO GARANTIA (RGI Holdings BV)	149	464	39.34%	805
Ul, Svetlanskaya, 250/1, Vladivostok,Primorsky Territory				
Far Eastern federal district, 690000 – Russian Federation				
Sub-total A				**62,520**
B. GENERAL INFORMATION ABOUT OTHER UNITS AND PARTICIPATING INTERESTS				
1) Subsidiaries not shown in Section A				
a) French subsidiaries (total)				91
b) Foreign subsidiaries (total)				151
2) Participating interests not shown in Section A				
a) in French companies (total)				42
b) in foreign companies (total)				165
TOTAL (A+B)				**62,969**

(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
4,556	-	1,353	-	255	181	December 31, 2017
5,171	-	0	2,996	699	636	December 31, 2017
4	-	0	-	-	1	December 31, 2016
326	-	0	5	(17)	-	December 31, 2017
57	-	0	5	(9)	-	December 31, 2017
502	-	0	24	24	25	December 31, 2017
-	-	0	-	-	0	December 31, 2017
12,299	265	0	-	(2)	0	December 31, 2017
1,214	110	111	21	18	0	December 31, 2017
4,285	-	0	640	640	640	December 31, 2017
112	-	0	-	-	-	December 31, 2017
2,120	-	0	709	742	390	December 31, 2017
57	-	0	15	8	-	December 31, 2016
468	-	0	1,404	192	0	December 31, 2017
61,338	**2,091**	**5,432**	**16,485**	**5,796**	**4,897**	
66	9	4	-	-	-	
85	3	-	-	-	15	
42	-	-	-	-	9	
95	1	-	-	-	11	
61,626	**2,104**	**5,436**	**16,485**	**5,796**	**4,932**	

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Notes to the financial statements as at December 31, 2017

Net Income

Net income for the fiscal year ended December 31, 2017 resulted in a profit of €4,958 million compared to a profit of €432 million for the year ended December 31, 2016.

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, 2017 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 financial futures instruments and hedge operations.

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". At December 31, 2017 41,395,855 shares were allocated to hedging purposes, representing €1 billion.

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 performances or units shares granted in 2017 and 2016 to members of the Management Committee paid by the Company:

(in Euro)	Year 2017		Year 2016	
	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	**603,955**	**3,710,871**	**485,915**	**2,672,040**

Stocks options, performance shares and performance units plans are described in Part 3 – Section 3.2 "Executive compensation and share ownership" of this Annual Report.

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 investments;

- 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 €336 million. They mainly included the AXA brand contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €29 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 value in use, 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, or (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 purpose. 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, 2017. 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 bases 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 can not 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 includes the undated deeply securities (TSS), amounted to €4,640 million, compared to €5,206 million in 2016, taking into account the €335 million repayment of TSS and a positive currently translation adjustment of €225 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 includes the AXA brand contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €29 million relating to the capitalization of software expenses.

MOVEMENTS IN FINANCIAL ASSETS (BEFORE PROVISIONS)

(in Euro million)	Gross value at December 31, 2016	Acquisitions	Disposals/ Translation variance and accrued interests	Gross value at December 31, 2017
Investments in subsidiaries [(a)]	64,399	320	1,001	63,718
Receivables from subsidiaries [(b)]	3,528	2,265	2,019	3,774
Other financial assets	231	96	-	327
Loans	75	164	133	106
TOTAL	**68,233**	**2,845**	**3,153**	**67,925**

(a) The net decrease of €681 million was mainly explained by €474 million capital reduction of AXA Global Life.
(b) The net increase of €246 million is mainly due to $944 million (€801 million) in loans granted to the US operations partly offset by the repayment of £350 million (€409 million) by AXA UK Plc and €83 million due to foreign exchange impact.

3.3. Movement in provisions for impairment of financial assets

(in Euro million)	Provisions at December 31, 2016	Allowances	Releases	Provisions at December 31, 2017
Investments in subsidiaries [(a)]	1,851	70	576	1,345
Receivables from subsidiaries	1	-	-	1
Other financial assets	97	-	1	96
TOTAL	**1,949**	**70**	**577**	**1,442**

(a) Net reversal of impairments on investments in subsidiaries for €506 million mainly explained by reversal for impairments on shares Family Protect (€202 million) and AXA Life Invest shares (€176 million) following their liquidation and also € 191 million in AXA Global Life shares following its merger with AXA Global P&C becoming AXA Global Re and benefiting from its capital surplus.

3.4. Statement of receivables by maturity

(in Euro million)	Gross value at December 31, 2017	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	3,774	1,138	1,727	909
Tax receivables	406	406	-	-
Loans	106	97	3	6
Miscellaneous receivables and currents accounts with subsidiaries	709	709	-	-
TOTAL	**4,995**	**2,350**	**1,730**	**915**

3.5. Miscellaneous receivables and subsidiaries' current accounts

(in Euro million)	
Income receivable	526
Miscellaneous debtors	25
Accrued interest on swaps	158
TOTAL	**709**

3.6. Deferred charges

(in Euro million)	Gross value at December 31, 2017	Amount amortised at December 31, 2016	Charge and increase for the period	Net value at December 31, 2017
Bond issue expenses	129	121	2	6
Other debt issue expenses	104	78	4	22
Investment acquisition expenses	71	71	-	-
TOTAL	**304**	**270**	**6**	**28**

3.7. Unrealized foreign exchange losses

Unrealized foreign exchange losses amounted to €3,009 million, including €2,629 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealised gains on investments in subsidiaries. This item also reflects unrealised losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The decrease of €402 million compared with 2016 is mainly due to favorable impact of the US dollar on debts.

3.8. Share capital

The Company's share capital is represented by 2,425,235,751 shares with a par value of €2.29, giving a total value of €5,553,789,869.79 at December 31, 2017. These shares were all entirely subscribed and paid with rights from January 1, 2017.

3.9. Movement in shareholders' equity

(in Euro million)	Year ending December 31, 2016	Year ending December 31, 2017
Net income	432	4,958
Per share	0.18	2.04
Movement in shareholders' equity compared to opening balance	(2,371)	2,038
Per share	(0,98)	0.84
Proposed dividend [a]	2,808	3,056
Per share	1.16	1.26

(a) Proposed dividend at year end 2017 is submited to Shareholders' Meeting of April 25, 2018.

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(in Euro million)	
Equity at December 31, 2016	**40,281**
Capital increase for employees	443
Exercise of equity instruments	133
Shares buyback/cancellation	(688)
Dividends paid out	(2,808)
Net income for the period	4,958
Tax driven provision and others	-
Equity at December 31, 2017	**42,318**

3.10. Other shareholders' equity

Other shareholders' equity including the undated deeply securities (TSS), amounted to €4,640 million, compared to €5,206 million in 2016, taking into account the €335 million repayment of TSS and a positive currently translation adjustment of €225 million.

(in Euro million)	Value at December 31, 2016	Repayment	Translation variance/ accrued interests	Value at December 31, 2017
Undated deeply Subordinated Notes (nominal)	5,127	(335)	(225)	4,567
Accrued interests	79	-	(7)	73
TOTAL	**5,206**	**(335)**	**(232)**	**4,640**

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 [(a)]	460	22	122	-	360
Provision for foreign exchange losses	128	-	25	-	103
Other provisions for risks	257	42	191	-	108
Amortization of convertible bond redemption premiums	689	-	689	-	-
TOTAL	**1,534**	**64**	**1,027**	**-**	**571**

(a) The €360 million provision for deferred taxes at end of the period includes €334 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group.

3.12. Subordinated debt

(in Euro million)	Value at December 31, 2017	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	200	-	-	200
Undated subordinated Euro Medium Term Notes	2,646	-	-	2,646
Subordinated bonds 3,375% 2047	1,500	-	-	1,500
Subordinated bonds 5,25% 2040	1,300	-	-	1,300
Subordinated bonds 5,125% 2043	1,000	-	-	1,000
Subordinated bonds 5,625% 2054 (£)	845	-	-	845
Subordinated bonds 5,125% 2047	834	-	-	834
Subordinated bonds 4,5% 2046 ($)	709	-	-	709
Redeemable subordinated bonds 8,60% 2030 ($)	1,042	-	-	1,042
Redeemable subordinated bonds 7,125% 2020 (£)	366	-	366	-
Subordinated Euro Medium Term Notes	10	-	-	10
Accrued interests	215	215	-	-
TOTAL	**10,667**	**215**	**366**	**10,086**

Subordinated debts stood at €10,667 million versus €11,399 million in 2016, a decrease of €732 million mainly reflecting €1,094 million repayment of the 2017 convertible subordinated bond (excluding redemption premium), a favorable foreign exchange impact of €557 million partly offset by the issuance of $1 billion in subordinated debt (€946 million).

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 debts

(in Euro million)	Value at December 31, 2017	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	850	350	-	500
Bonds	7,252	-	3,966	3,286
Deposits under collateral agreements	753	753	-	-
Loans granted by Group entities	4,281	186	3,307	788
Accrued interests	94	94	-	-
TOTAL	**13,230**	**1,383**	**7,273**	**4,574**

Financial debts amounted to €13,230 million versus €14,343 million as of December 31, 2016, a decrease of €1,113 million, mainly due to fewer loans being granted by Group entities for €694 million and fewer margin calls received from banking counterparties under collateral agreements for €348 million.

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3.14. Statement of payables

(in Euro million)	Value at December 31, 2017	Less than 1 year	1 to 5 years
Debt on fixed assets [a]	75	75	-
Other payables, including tax and social payables [b]	307	307	-
TOTAL	**382**	**382**	**-**

(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 €163 million of expenses payable.

3.15. Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €1,253 million at year end, versus €856 million at December 31, 2016. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. It increased compared to 2016 mainly due to the positive impact of the fall of the US dollar and pound sterling on liabilities.

4. NOTES TO THE STATEMENT OF INCOME

4.1. Executive remuneration

- Directors’ fees allocated to members of the Board of Directors: €2 million.
- Other remuneration (net of recharging): €13 million.

The Company had 3 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]	3,788	-	3,788
Income from capital operations	122	-	122
Income tax expense [b]	-	1,048	1,048
TOTAL	**3,910**	**1,048**	**4,958**

** 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 €1,048 million compared to €692 million in 2016. It mainly included €710 million of tax receivables from members of the tax consolidation group, €369 million representing the refund of the 3% tax on dividends paid to shareholders, €96 million due to the effect of the lower tax rate on future fiscal years linked to provisions for tax credit repayment risk partly offset by €133 million in corporate income tax expense for the fiscal year.

5. OFF-BALANCE SHEET COMMITMENTS

(in Euro million)	Notional value (Commitments given)	Market value
Financial futures instruments	**70,183**	**721**
Foreign exchange Forward	**670**	**12**
Swaps	**60,653**	**658**
Interest rate swaps	41,212	949
Cross Currency swaps (long term)	11,787	(301)
Foreign Exchange swaps (short term)	7,654	10
Options	**8,860**	**51**
Foreign Exchange Options	8,855	51
Floor	5	-
Other commitments	**Commitments given**	**Commitments received**
Credit facilities (authorized but not drawn)	2,265	11,867
Guarantees and securities		
Commitments to buy back shares and bonds from Group entities	46	-
Other commitments	19,321	84
Of which financial guarantees given to Group entities	11,731	-

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.

	Change in fair value	
Sensitivity *(in Euro million)*	**Interest rates: +100 bps** [(d)]	**Depreciation of the Euro: 10%** [(e)]
Debt [(a)]	5,6%	7,8%
Derivatives [(b)]	11,1%	-18,0%
Loans [(c)]	-1,9%	-10,2%

(a) External and internal debts.
(b) Both eligible and not eligible derivatives.
(c) External and internal loans.
(d) A 100 bps rise in interest rates leads to a 5.6% improvement in the fair value of debt, a 11.1% improvement in the fair value of derivatives, and a -1.9% deterioration in the fair value of loans.
(e) A 10% depreciation of the Euro leads to a 7.8% improvement in the fair value of debt, a -18% deterioration in the fair value of derivatives and a -10.2% 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 between 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).

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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, 2017

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 includes information specifically required by European regulation or French law, such as information about the appointment of Statutory Auditors. 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, 2017.

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, 2017 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, 2017 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, 3.2 and 3.3 to the financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2017, investments in subsidiaries and affiliates represented €62,373 million, a significant balance sheet item. They are initially carried at acquisition cost or their contribution value. At the end of the fiscal year, an impairment allowance is recognized if the acquisition cost is less than the value at closing date. 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.

Verification of the Management Report and of the Other Documents Provided to the Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

INFORMATION PRESENTED IN THE MANAGEMENT REPORT WITH RESPECT TO THE COMPANY'S FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

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 provided to shareholders with respect to the financial position and the financial statements.

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.

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 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 controlling or controlled companies. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information considered by your Company as likely to have an impact in the event of a public cash or exchange offer, provided in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code (code de commerce), we have verified its consistency with the underlying documents provided to us. Based on this work, we attest the accuracy and the fair presentation of this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning 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 at the Shareholders' Meetings held on February 28, 1989 for PricewaterhouseCoopers Audit and on June 8, 1994 for Mazars. At December 31, 2017, PricewaterhouseCoopers Audit and Mazars were in the twenty-ninth and in the twenty-fourth 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 taken 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the 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, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Crepon	Jean-Claude Pauly - Maxime Simoen

APPENDIX IV GROUP EMBEDDED VALUE & AFR

The information is disclosed in the “Embedded Value & AFR 2017 report” 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), 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. All APMs are indicated by an asterisk (*).

SCOPE AND COMPARABLE BASIS

Split by geographies

The split by geographies is detailed below:

- **France** (insurance and banking activities, and holdings);
- **Europe**, consisting in:
  - Switzerland (insurance activities),
  - Germany (insurance activities excluding AXA Art, banking activities and holdings),
  - Belgium (insurance activities and holding),
  - United Kingdom and Ireland (insurance activities and holdings),
  - Spain (insurance activities),
  - Italy (insurance activities and holding);
- **Asia**, consisting in:
  - Japan (insurance activities),
  - Hong Kong (insurance activities),
  - Asia – Direct, consisting in:
    - AXA Global Direct Japan,
    - AXA Global Direct South Korea,
  - Asia High Potentials, consisting in:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities);
  - Asia Holding;
- **United States** (insurance activities, AB and holdings);
- **International**, consisting in:
  - AXA Bank Belgium (banking activities),
  - Brazil (insurance activities and holding),
  - Colombia (insurance activities),
  - Czech Republic and Slovak Republic (insurance activities),
  - Greece (insurance activities),
  - The Gulf Region (insurance activities and holding),
  - India (insurance activities),
  - Lebanon (insurance activities and holding),
  - Luxembourg (insurance activities and holding),
  - Malaysia (insurance activities),
  - AXA Mediterranean Holdings,
  - Mexico (insurance activities),
  - Morocco (insurance activities and holding),
  - Nigeria (insurance activities and holding),
  - Poland (insurance activities),
  - Russia (Reso) (insurance activities),
  - Singapore (insurance activities),
  - Turkey (insurance activities and holding);
- **Transversal & Central Holdings**, consisting in:
  - AXA Investment Managers,
  - AXA Corporate Solutions Assurance,
  - AXA Assistance,
  - AXA Art,
  - 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, the United States and AB;
- **High Potentials:** Brazil, China, Indonesia, Mexico, the Philippines and Thailand.

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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 Part 5 – "Consolidated Financial Statements" 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);
- 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.

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 assets and shareholders' funds.

Earnings per share

Earnings per share (**EPS**) represent AXA's consolidated earnings (after interest charges related to undated debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares.

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (after interest charges related to undated debts recorded through shareholders' equity), 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).

Return on Equity

The calculation of **Return on Equity ("RoE")** is based on following principles:

- for net income RoE: calculation is based on consolidated financial statements, *i.e.* shareholders' equity including undated subordinated debt ("Super Subordinated Debts" TSS/"Undated Subordinated Debts" TSDI) and Other Comprehensive Income "OCI", and net income not reflecting any interest charges on TSS/TSDI;
- for adjusted RoE* and underlying RoE:
  - all undated subordinated debts (TSS/TSDI) are treated as financing debt, thus excluded from shareholders' equity,
  - interest charges on TSS/TSDI are deducted from earnings,
  - reserves relating to the change in the fair value of financial investments available for sale are excluded from the average shareholders' equity.

Free Cash Flows

Free Cash Flows are defined as a measure of dividend capacity calculated as the sum of earnings and required capital change.

AFR (Available Financial Resources)

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.

Regulatory Solvency Ratio

This ratio is calculated as per Solvency II regulation, and is equal to the total of available financial resources (AFR) divided by the Group solvency capital requirement. The solvency capital requirement 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 denominator of the ratio can be calculated either through a standard formula or through an internal model. AXA is using an internal model.

Debt Gearing

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed in percentage. Debt Gearing is used by the Management of the Group to measure the financial leverage 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 (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).

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 AFR 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 and Savings products as well as Life-like Health products, with the exception of Mutual Funds products.

APE (ANNUAL PREMIUM EQUIVALENT)

It 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.

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Underlying net technical margin includes the following components:

- the difference between income or earned premiums for assuming risk and the actual cost of benefits or claims charges;
- 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 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 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 underlying expense ratio and the all accident year loss 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 and AB. AUM only includes 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 of 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.

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.

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APPENDIX VIII EUROPEAN COMMISSION REGULATION (EC) NO. 809/2004 OF APRIL 29, 2004 – CROSS-REFERENCE TABLE

Registration Document filed with the *Autorité des marchés financiers* ("AMF") on March 19, 2018.

ANNEX 1 OF REGULATION (EC) NO. 809/2004

			Pages
21.		Additional information	
	21.1	Share capital	343 to 346
	21.2	Memorandum and Articles of association	357 to 359
22.		Material contracts	n/a
23.		Third party information and statement by experts and declarations of any interest	
	23.1	Statement or report by the person acting as an expert	393 to 395
	23.2	Information obtained from third parties	n/a
24.		Available documents	349
25.		Information on holdings	219 to 224; 416 to 419

* *Pursuant to Article 28 of European Commission Regulation (EC) No. 809/2004, the following items are incorporated by reference:*

- *AXA's Consolidated Financial Statements for the year ended December 31, 2016 and the Statutory Auditors' report thereon, presented respectively on pages 224 to 369 and on pages 370 to 371 of the Annual Report (Registration Document), the French version of which was filed with the AMF on March 23, 2017 under reference no. D.17-0218;*
- *AXA's Consolidated Financial Statements for the year ended December 31, 2015 and the Statutory Auditors' report thereon, presented respectively on pages 198 to 342 and on pages 343 to 344 of the Annual Report (Registration Document), the French version of which was filed with the AMF on March 31, 2016 under reference no. D.16-0233.*

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.

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NOTES

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THIS ANNUAL REPORT 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.

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