Registration Document 2018

ANNUAL FINANCIAL REPORT

CONTENTS

REGISTRATION DOCUMENT
ANNUAL REPORT 2018

AUTORITÉ DES MARCHÉS FINANCIERS

This Registration Document, the French version of which was filed with the French *Autorité des marchés financiers* ("AMF") on March 11, 2019, 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 486 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), (ii) all disclosure matters required to be included in the Board of Directors' Report to AXA's Shareholders' Meeting to be held on April 24, 2019, established pursuant to Articles L.225-100 *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 480 of this Registration Document), and (iii) all the elements required to be included in the corporate governance report established pursuant to Articles L.225-37 *et seq.* of the French Commercial Code (*Code de commerce*) (the relevant sections of this 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 481 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 the regulated market of Euronext in Paris (Compartment A), which we refer to in this Annual Report as "Euronext Paris".

The Group's consolidated financial statements and related notes are prepared in accordance with International Financial Reporting Standards (IFRS) (the "Consolidated Financial Statements") and published in Euro ("Euro", "euro", "EUR" or "€"). Unless otherwise stated, all amounts in this Annual Report are (i) expressed in Euro, with applicable foreign exchange rates presented on page 33 of this Annual Report, and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

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

This page was intentionally left blank.

Cautionary statement regarding forward-looking statements and the use of non-Gaap Financial Measures

This Annual Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance, and strategy. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Such statements are based on Management's current views and assumptions and, by nature, involve known and unknown risks and uncertainties; therefore, undue reliance should not be placed on them. Actual financial condition, results of operations, performance or events may differ materially from those expressed or implied in such forward-looking statements, due to a number of factors including, without limitation, general economic and political conditions and competitive situation; future financial market performance and conditions, including fluctuations in exchange and interest rates; frequency and severity of insured loss events, and increases in loss expenses; mortality and morbidity levels and trends; persistency levels; changes in laws, regulations and standards; the impact of acquisitions and disposal, including related integration issues, and reorganization measures; and general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of catastrophic events, including weather-related catastrophic events, or terrorist-related incidents. Please refer to Part 4 – "Risk factors and risk management" of this Annual Report for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

In addition to the Consolidated Financial Statements, this Annual Report refers to certain non-GAAP financial measures, or alternative performance measures, used by Management in analyzing the Group's operating trends, financial performance and financial position and providing investors with additional information that Management believes to be useful and relevant regarding the Group's results. These non-GAAP financial measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, the Consolidated Financial Statements included in Part 5 – "Consolidated Financial Statements" of this Annual Report. The non-GAAP financial measures used by the Group are defined in the Glossary set forth in Appendix V to this Annual Report.

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

CHAIRMAN'S MESSAGE

In 2018, thanks to the IPO of our US life insurance and asset management businesses and the acquisition of the XL Group, a global leader in P&C Commercial lines insurance and reinsurance, we were able to deeply transform our Group's profile. These two operations have contributed to the objective of reducing our financial risks and striking a balance between insurance and financial risks.

The acquisition of the XL Group has enabled AXA to become the global leader in P&C Commercial lines insurance and to extend its range of solutions and services to a greater number of clients. It is expected to result in significant long-term value creation for all stakeholders, thanks to better risk diversification, increased potential for cash flow back to the Group and improved growth prospects.

We also continued to implement our strategy aiming to transition from insurance provider to partner of our clients (Payer-to-Partner). In this context, in 2018 we acquired Maestro Health, Inc., a US digital health benefit administration company. This investment will accelerate innovation, and reflects our desire to gradually build our profile as a trusted partner, empowering our clients to live a better life.

AXA's strategic positioning is clear, its balance sheet is strong and the growth of its preferred segments (Health, Protection and P&C Commercial lines) accelerated in 2018. The Board of Directors and I are more committed than ever to assist Thomas Buberl and his management team in the roll-out of the Ambition 2020 strategic plan, which we fully support.

In 2018, we continued to place corporate responsibility at the heart of our strategy. We firmly reiterated our commitment to the fight against climate change, in particular by extending our business restrictions on coal and oil sands to the XL Group entities. This substantial effort – more than €100 million in non-renewed premiums – reflects our conviction that the climate emergency and energy transition are everyone's responsibility.

Our parametric insurance products, which are based on an independent parameter that is correlated to the client's losses and enable an automatic claims payment, were also developed. Based on data from satellites, weather stations and other high-quality data sources, they are now available in over 40 countries, covering a range of risks, mainly climatic and natural disasters, in many areas, including large companies and the public sector.

We continued the successful development of health and prevention products for emerging consumers, reaching nearly 9.3 million clients by the end of 2018.

Finally, in line with our decision to divest from the tobacco industry in 2016, we supported the launch of the "Tobacco-Free Finance Pledge [1]" initiative during the United Nations General Assembly in September 2018. This initiative aims at de-normalising the relationship between the financial community and the tobacco industry. It is supported by more than 130 investors representing USD 6,800 billion assets under management, and I am delighted that the momentum of our initial disinvestment is continuing successfully.

On behalf of myself and the Board, I would like to express my warmest thanks to all employees of the Group for their commitment and the energy invested in 2018 in this new decisive step in the Group's transformation.

Denis Duverne
Chairman of the Board of Directors

(1) https://tobaccofreeportfolios.org/the-tobacco-free-finance-pledge/

CHIEF EXECUTIVE OFFICER'S MESSAGE

2018: solid performance and key strategic milestones

2018 was a decisive year in the history of AXA Group.

Our industry faces unprecedented transformation. New protection needs arise all over the world. Emerging risks linked to cybersecurity and climate change generate and exacerbate these new needs, as do the development of new forms of labour and the soaring healthcare costs in more and more countries.

As 2018 ends, our Group is better positioned than ever before to deal with these new challenges. This was the objective of the major transactions we carried out during the year, which enhance our ability to protect our clients and position us well for the future. The transformation of our Swiss group life business, the disposal of AXA Life Europe and most importantly the successful IPO of AXA Equitable Holdings, Inc. reduce our exposure to financial markets' volatility. Through the acquisition of XL Group, AXA became the world's leading P&C Commercial lines insurer, capable of protecting companies of all sizes, anywhere in the world, and against all types of risks. Thanks to the combination of these transactions, we have initiated a shift in our risk profile, moving away from financial risks towards technical risks, which lie at the heart of our business and mission.

In 2018, we also presented a new strategy for Asia, a market characterised by strong growth and a booming middle-class. In China, we announced our acquisition of the remaining 50% stake in AXA Tianping to accelerate our growth, thus becoming the number one foreign P&C insurer of the country. The international presence of our brand has been strengthened by the global partnership we signed with Liverpool FC, and more recently, by the official unveiling of our new global brand positioning: "Know you can". It perfectly embodies our faith in our strategy and in our capacity to better serve our clients.

To better fulfil our promise to empower people to live a better life and become a trusted partner of our customers, we must pursue our innovation and simplification efforts. This will allow us to get closer to the end customer and better cater to their evolving needs. When it comes to innovation, 2018 was an intense year, concluded by the inauguration of AXA Next, a new entity dedicated to building new services and business models designed to enhance insurance coverage and offer additional services to our clients.

This year, our Group delivered once again on our Ambition 2020 commitments. Our earnings increased, including in our key geographies and segments, exceeding 6 billion for the second consecutive year. 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 2018, like health insurance, the revenues of which grew at a healthy 7%, or P&C Commercial lines which grew by 5%. With underlying earnings per share up 3%, adjusted return of equity at 14.4%, operating free cash flows at €6.6 billion and a solvency ratio well within our target range at 193%, we have ticked all the boxes and delivered on our financial targets, confirming our trajectory to achieve our strategic plan Ambition 2020.

I would like to sincerely thank our more than 100 million clients; their enduring trust honours us and their satisfaction is our daily purpose and the object of our energy, expertise and passion.

I would finally like to thank all our employees, agents, and partners and appreciate their contribution to the realisation of our ambition; they are AXA's image and beating heart across the world.

Thomas Buberl
Chief Executive Officer

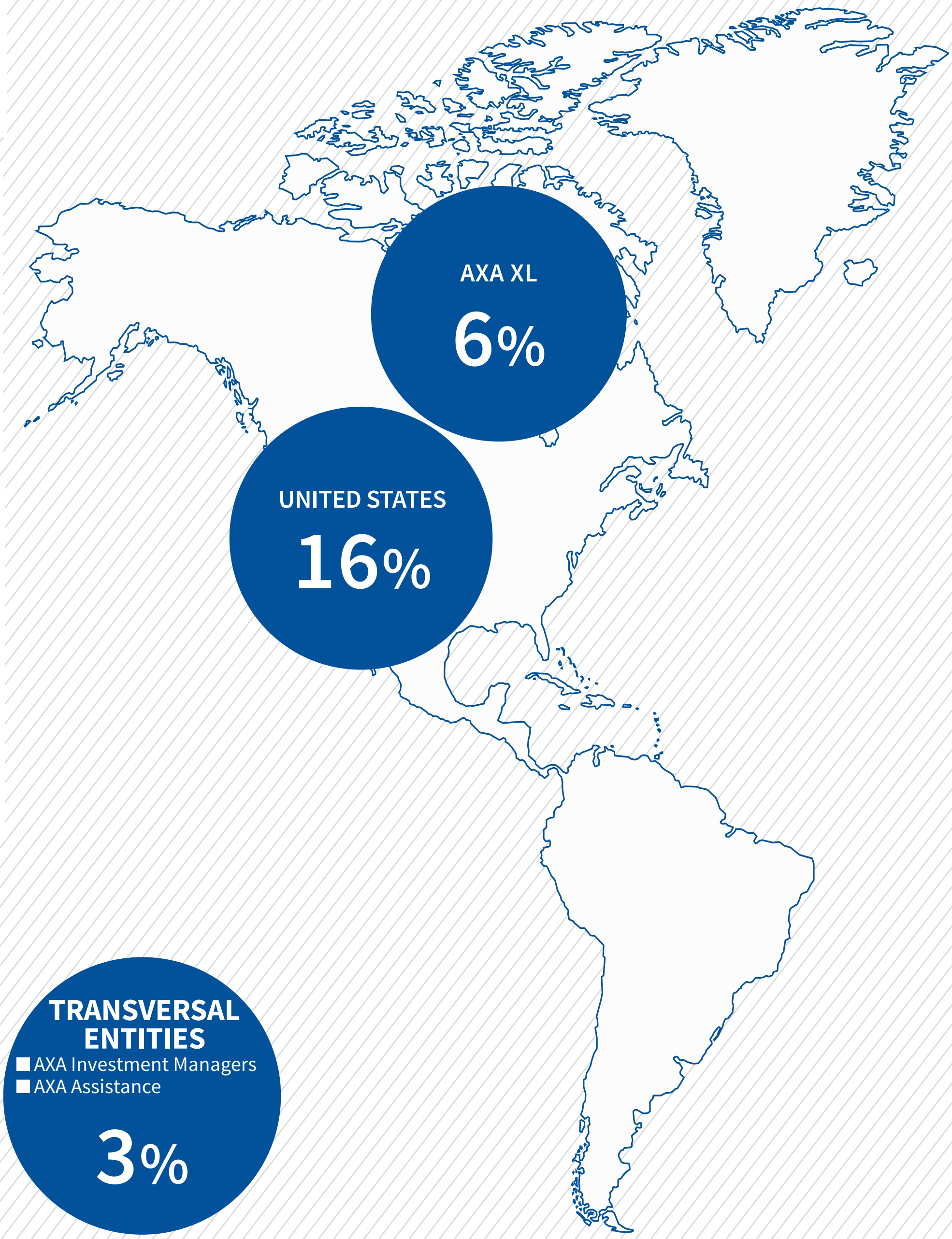
GROUP PROFILE

#1 GLOBAL P&C COMMERCIAL LINES INSURANCE

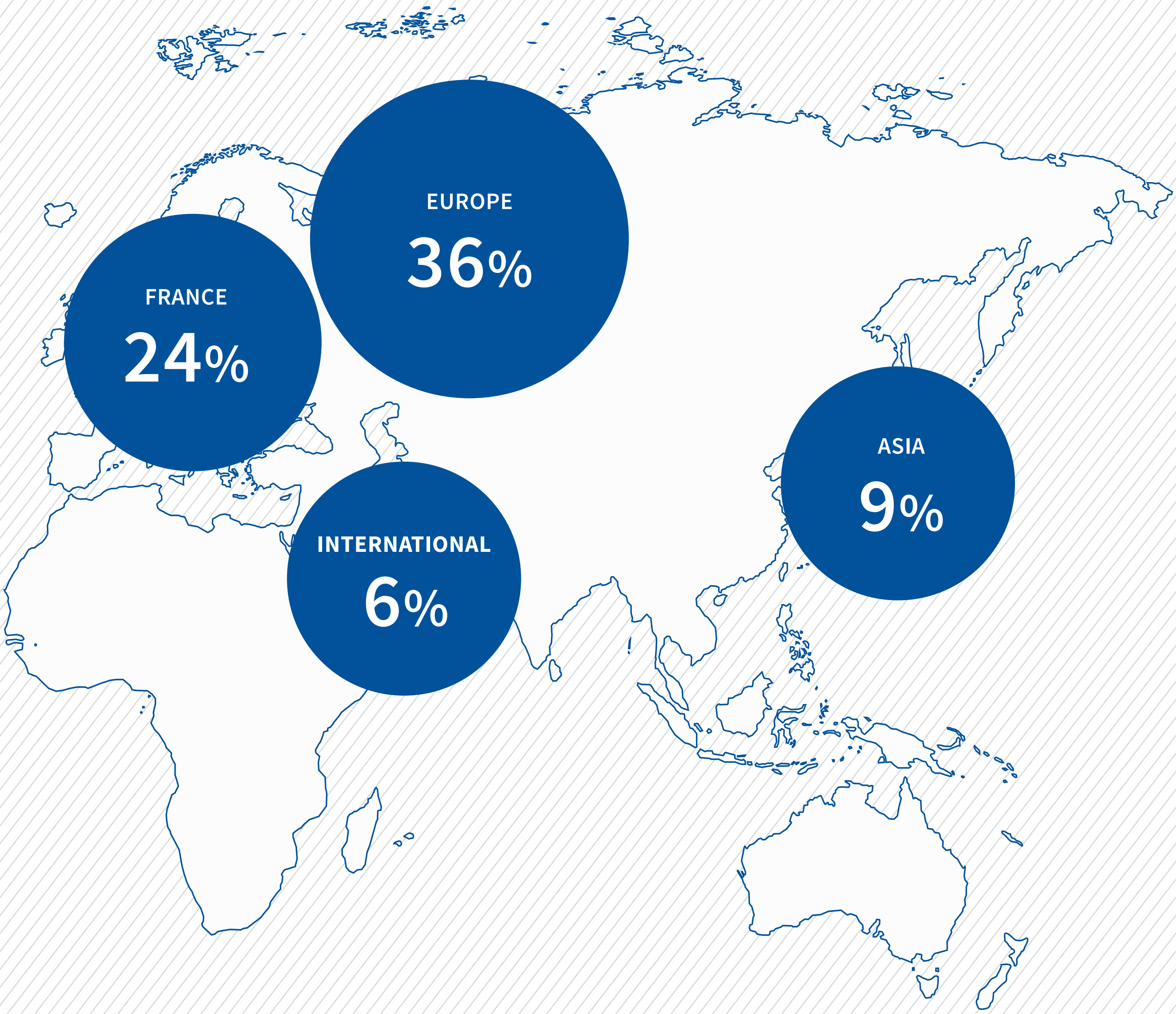
HIGHEST EVER REPORTED LEVEL OF UNDERLYING EARNINGS (1)

GROSS REVENUES GROWTH OF

+4%



(1) *Underlying earnings is an alternative performance measure.*



All percentages expressed are Group gross revenues contribution.

FULL YEAR EARNINGS 2018

€102.9bn
+4%
REVENUES

€6.2bn
+6%
UNDERLYING EARNINGS (1)

€2.1bn
NET INCOME

UNDERLYING EARNINGS BY GEOGRAPHY

FRANCE
€1.6bn
+10%

EUROPE
€2.5bn
+10%

ASIA
€1.1bn
+5%

AXA XL
€-0.2bn

UNITED STATES
€1.1bn
+4%

INTERNATIONAL
€0.4bn
+28%

(1) Underlying earnings is an alternative performance measure.

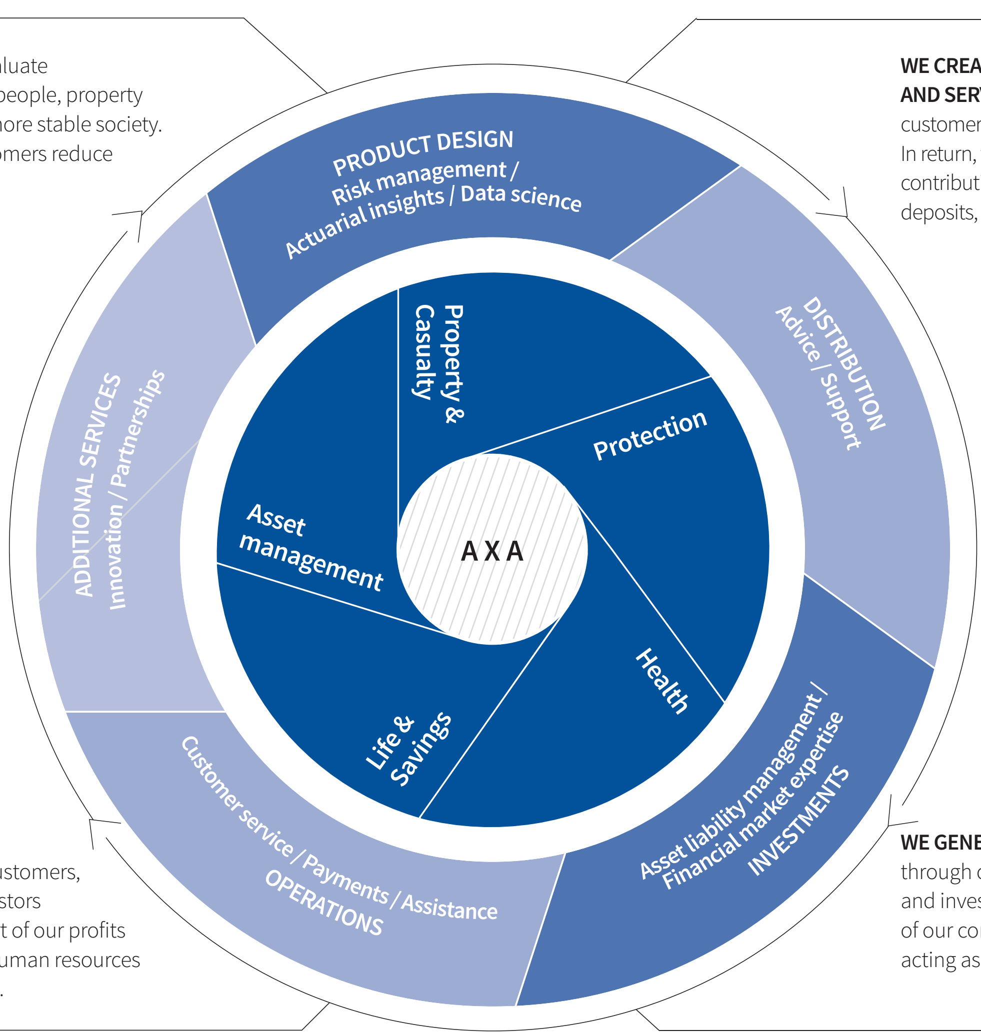
BUSINESS MODEL

RESOURCES

INVESTORS	EMPLOYEES	CUSTOMERS	GOVERNEMENTS AND REGULATORS
€62.4bn shareholders' equity	125,934 salaried employees 115,768 average FTEs	€96.3bn gross written premiums	193% Solvency II ratio

WE IDENTIFY, evaluate and pool risks to people, property and assets for a more stable society. We help our customers reduce their risks.

WE CREATE PRODUCTS AND SERVICES enabling our customers to transfer their risks. In return, they pay us contributions, premiums or deposits, investing in the future.



WE COMMIT to customers, partners and investors by reinvesting part of our profits in our business, human resources and communities.

WE GENERATE PROFITS through our insurance business and invest them on behalf of our company and our customers, acting as a responsible investor.

IMPACTS

INVESTORS	EMPLOYEES	CUSTOMERS	GOVERNMENTS AND REGULATOR
€2.48 underlying earnings per share €1.34 dividend per share	€9.3bn compensation costs of salaried employees 327,011 training days of salaried workforce 5.19% of capital owned by employees and agents	€80bn claims paid	€1.5bn income tax

STRATEGIC ORIENTATIONS

The insurance sector has been undergoing a profound change over the last few years: a challenging financial environment with continued low interest rates, increasing competition from new competitors across markets, and marked changes in terms of customer expectations. In parallel, the need for insurance and associated services are growing, driven by today's societal behavioural changes, climate change, as well as the evolution of technology, amongst others.

In order to respond to these developments and seize these new opportunities, AXA is constantly rethinking and expanding its value chain with the ambition of becoming a true partner for its clients. Moving from an approach based on risk hedging to a logic relying on ecosystems, the Group is progressively diversifying towards a world of services: thus, offering increasing complementary services in addition to insurance coverage, enabling clients to gain more from their relationship with their insurer.

By leveraging upon its expertise and relationships with other leading players across sectors, AXA is designing innovative services in order to strengthen its relationship with its clients, through high value added interactions. This innovation philosophy notably involves building, together with companies such as Uber or ING, bespoke solutions tailored to client needs. With the set-up of its new subsidiary AXA Next, the Group now has an entity dedicated to creating disruptive business models to meet tomorrow's needs.

In line with the strategic priorities set out in the Ambition 2020 plan, 2018 was a year of transformation leap for AXA, with a significant rebalancing of its risk profile and continued shift towards its preferred segments: Health, Protection and P&C Commercial Lines. With the transformation of the Group Life business in Switzerland, the announced sale of AXA Life Europe and, above all, the initial public offering followed by a secondary offering of AXA Equitable Holdings, Inc., the Group significantly reduced its exposure to financial risks, which by nature are harder to diversify as compared to insurance risks.

With the acquisition of the XL Group, AXA became the #1 global P&C Commercial lines insurer. 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. The 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. With the integration of the XL Group, AXA will be able to support different types of clients by drawing on its expertise to face the new challenges linked to globalisation, such as cyber risks or climate change.

With a clear vision and strategy for Asia, AXA reaffirmed its ambitions in this key region. Through the announced acquisition of 100% stake in AXA Tianping, AXA confirmed its conviction in the Chinese market as a growth platform for the future. With this acquisition, AXA will become the first foreign insurer to own 100% of a leading P&C insurance company in China. Apart from China, the Group further outlined key strategic priorities for Asia to accelerate growth: focus on transforming agency distribution, developing insurance and service propositions towards health segment, recruiting talents with strong track record of execution in the region, and building local brand recognition through launch of new partnerships such as that with the Liverpool football club.

With the transformation in 2018, the Group confirmed its Ambition 2020 strategic plan financial targets, increased its underlying ROE target from 12-14% to 14-16%, and increased its dividend payout range from 45-55% to 50-60% of adjusted earnings net of financial charges related to undated subordinated debt, XL Group preferred shares and equity components of mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc. Furthermore, the Group has repositioned the upper limit of its Solvency II ratio target range from 230% to 220%.

All of the Group's actions are aimed at creating value and purpose, not only for its clients and partners, employees and shareholders, but for society as a whole: AXA intends to continue to act as a responsible leader in the long term. The Group continues to promote its objectives of diversity and inclusion, and its ambitious Corporate Social Responsibility policy allows it to be a leader in the sector.

AMBITION 2020

UNDERLYING EARNINGS PER SHARE [1]

+3%
2018 VS. 2017

3%-7%
UEPS CAGR [2] 2015-2020

FREE CASH FLOWS [3]

€6.6bn
2018

€28-32bn
Cumulative 2015-2020

ADJUSTED RETURN ON EQUITY [1]

14.4%
2018

14%-16%
Target range

Previously 12%-14%

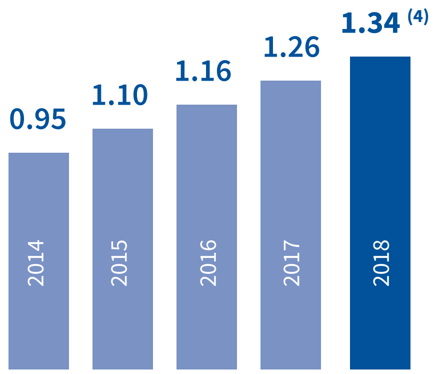
SOLVENCY II RATIO

193%
2018

170%-220%
Target range

Previously 170%-230%

DIVIDEND



+6%

PAYOUT RATIO

52%
50%-60%
Target range

(1) Underlying earnings per share and Adjusted ROE are alternative performance measures.
(2) Compound annual growth rate, on a reported basis.
(3) Free cash flows is a non-GAAP financial measure.
(4) Proposed dividend, submitted for approval at the annual shareholders meeting, April 24, 2019.

This page was intentionally left blank.

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 2018, AXA remained the 1st global insurance brand for the 10th consecutive year (1) and AXA Group was one of the world's largest insurance groups (2) with total assets of €931 billion and the world's 11th largest asset manager (3) with total assets under management of €1,424 billion for the year ended December 31, 2018.

AXA operates primarily in six geographies: France, Europe, Asia, AXA XL, 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.

Reporting changes

Following the completion of the acquisition of XL Group on September 12, 2018, the financial reporting has been aligned and retroactively restated in this report under the seven following segments:

- France (insurance and banking activities, and holdings);
- Europe, consisting of:
  - 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 of:
  - Japan (insurance activities),
  - Hong Kong (insurance activities),
  - Asia High Potentials, consisting of:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities),
  - Asia – Direct, consisting of:
    - AXA Global Direct Japan,
    - AXA Global Direct South Korea,
  - Asia Holding;
- AXA XL, consisting of:
  - XL Group (insurance activities and holdings), as acquired on September 12, 2018,
  - AXA Corporate Solutions Assurance (insurance activities),
  - AXA Art (insurance activities);
- United States (insurance activities, AB and holdings);
- International, consisting of:
  - 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 and holding),
  - Malaysia (insurance activities),
  - India (insurance activities and holding),
  - AXA Bank Belgium (banking activities);
- Transversal & Central Holdings, consisting of:
  - AXA Investment Managers,
  - AXA Assistance,
  - AXA Liabilities Managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

(1) *Interbrand's Best Global Brands ranking 2018.*

(2) *Ranking in terms of total assets established by AXA based on information available in 2017 Annual Reports.*

(3) *Ranking in terms of assets under management established by AXA based on information available as of September 30, 2018.*

* *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, 2018.

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, 2018 included in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(in Euro million)	2018	2017	2016
Income Statement Data			
Revenues	102,874	98,549	100,193
Net consolidated income – Group Share	2,140	6,209	5,829

(in Euro million except per share data)	2018	2017	2016
Balance Sheet Data			
Total assets	930,695	870,128	892,783
Shareholders' equity – Group share	62,428	69,611	70,597
Shareholders' equity per share [(a)]	23.4	26.1	25.8
Dividend per share [(b)]	1.34	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 €1.34 per share will be proposed at AXA's Shareholders' Meeting that will be held on April 24, 2019. Subject to the Shareholders' Meeting approval, the dividend will be paid out on May 6, 2019, with an ex-dividend date of May 2, 2019.

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)	2018	2017	2016
Annual Premium Equivalent (APE)	6,631	6,470	6,600
New Business Value (NBV)	2,607	2,787	2,623
Life & Savings Net Inflows [(a)]	1,302	3,914	4,445
Property & Casualty Combined Ratio [(b)]	97.0%	96.3%	96.4%
Asset Management Net Inflows	(12,605)	19,457	44,784
Underlying earnings Group share [(b)]	6,182	6,002	5,688
Adjusted earnings Group share [(b)]	6,489	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:

(in Euro million)	At December 31, 2018	2017	2016
AXA			
General Account assets	633,854	612,606	628,279
Assets backing contracts with financial risk borne by policyholders (Unit-Linked)	160,176	175,003	175,292
Subtotal	**794,030**	**787,609**	**803,571**
Managed on behalf of third parties [(a)]	629,814	650,923	625,186
TOTAL ASSETS UNDER MANAGEMENT	**1,423,844**	**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 net of financial charges related to undated subordinated debt, preferred shares and equity components of mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc. In 2018, AXA indicated that it targets to pay aggregate dividends in a general range of 50% to 60% of this amount (representing an increase from the prior indicative range of 45% to 55%). The dividend proposed by the Board of Directors in any particular year may vary considerably depending on a variety of factors (as noted above) which may have an impact on this target from one year to another. In assessing the dividend to be paid in any given year, Management tries to strike the appropriate balance between (i) prudent capital management, (ii) reinvestment of previous results to support business development and (iii) an attractive dividend for shareholders.

A dividend of €1.34 per share for the 2018 fiscal year will be proposed to the Shareholders' Meeting to be held on April 24, 2019.

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)*
2014	2,320	2,442,276,677	0.95 (b)	0.95 (b)	0.95 (b)
2015	2,669	2,426,458,242	1.10 (c)	1.10 (c)	1.10 (c)
2016	2,813	2,425,149,130	1.16 (d)	1.16 (d)	1.16 (d)
2017	3,056	2,425,235,751	1.26 (e)	1.26 (e)	1.26 (e)
2018	3,249 (a)	2,424,916,626	1.34 (f)	1.34 (f)	1.34 (f)

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 24, 2019.

(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.38 per share for fiscal year 2014.

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

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

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

(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 24, 2019. The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2019. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.54 per share for fiscal year 2018.

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

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

Ratings

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

INSURER FINANCIAL STRENGTH & COUNTERPARTY CREDIT RATINGS

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

		Insurer financial strength ratings		Counterparty credit ratings		
Agency	**Date of last review**	**AXA's principal insurance subsidiaries**	**Outlook**	**Senior debt of the Company**	**Outlook**	**Short term debt of the Company**
S&P Global Ratings	July 10, 2018	AA-	Stable	A	Stable	A-1
Fitch Ratings	May 24, 2018	AA-	Stable	A	Stable	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);
- Euronext Vigeo, World 120, Eurozone 120 and France 20 (based on Vigeo Eiris research);
- FTSE4GOOD (based on FTSE Russell research).

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

Agency/Organisation	Scores & ratings
RobecoSAM "Dow Jones Sustainability Index" [(a)]	79/100 – Sector average: 43/100 *Percentile ranking:* 95th
Vigeo Eiris	70/100 – Sector leader
FTSE ESG	4.6/5
Sustainalytics	86/100 – Rank 2/145 in sector
CDP	A-
MSCI	AAA
UN Principles for Responsible Investment	A+

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

FURTHER INFORMATION REGARDING EXTRA-FINANCIAL RATINGS PROVIDERS

RobecoSAM is an investment specialist focused on "Sustainability Investing". Each year RobecoSAM assesses over 4500 companies using criteria that are both industry-specific and financially material. https://www.robecosam.com/csa/

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

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

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

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

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

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

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

1.2 HISTORY

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

1982

Takeover of Groupe Drouot.

1986

Acquisition of Groupe Présence.

1988

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

1992

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

1995

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

1997

Merger with Compagnie UAP.

2000

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

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

2004

Acquisition of the American insurance group MONY.

2005

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

2006

Acquisition of Winterthur Group.

2008

Acquisition of Seguros ING (Mexico).

2010

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

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

2011

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

2012

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

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

2013

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

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

2014

Acquisition of (i) 50% of 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.

2018

Acquisition of (i) the XL Group, creating the #1 global P&C Commercial lines insurance platform, (ii) Maestro Health, a US health benefit administration digital company and (iii) the remaining 50% stake in AXA Tianping.

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

Conclusion of an agreement with Fairfax Financial Holdings Limited to sell all the insurance operations in Ukraine.

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

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

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

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

The principal competitive factors are as follows:

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

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

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

	Gross revenues (a)											
	Life & Savings		Property & Casualty		Health		Asset Management		Banking		Total	
	Years ended December 31,											
(in Euro million)	2018	2017	2018	2017 restated (b)	2018	2017	2018	2017	2018	2017	2018	2017 restated (b)
France	13,542	13,151	7,061	7,307	4,356	3,877	-	-	215	139	25,175	24,475
Europe	15,679	15,215	15,760	15,633	5,258	5,105	-	-	41	39	36,738	35,992
Asia	5,780	5,702	1,245	1,313	1,947	1,970	-	-	-	-	8,973	8,985
AXA XL	45	-	6,241	2,512	-	-	-	-	-	-	6,287	2,512
United States	13,723	14,154	-	-	54	57	2,706	2,700	-	-	16,483	16,911
International	1,285	1,678	3,722	3,798	1,295	1,235	-	-	233	323	6,535	7,034
Transversal & Central Holdings	5	7	1,290	1,199	146	158	1,243	1,276	-	-	2,684	2,640
TOTAL	**50,059**	**49,907**	**35,320**	**31,763**	**13,056**	**12,403**	**3,950**	**3,976**	**490**	**501**	**102,874**	**98,549**

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.

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

France

GROSS REVENUES

	Gross revenues [(a)] Years ended December 31,	
(in Euro million, except percentages)	**2018**	**2017**
TOTAL	**25,175**	**24,475**
Of which:		
Gross written premiums	*24,958*	*24,335*
Other revenues [(b)]	*216*	*140*

(a) Net of intercompany eliminations.
(b) 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.

NEW PRODUCT INITIATIVES

In 2018, AXA France has launched several initiatives with a focus on Life and Health insurance.

In Life, in line with both the "Payer-to-Partner" and Ambition 2020 strategic orientations, many of the underwriting processes, such as individual Protection offering, have been simplified to reflect the ongoing digital transformation. Customers can now buy online tailor-made policies to better meet their specific and ever-changing needs as well as simplify the medical selection process.

In the wake of climate change and the increasing role of corporations in society, new investment products have been designed and are now being offered to retail investors, giving customers the opportunity to opt for both environmental and social-friendly discretionary mandate investments, such as *Perspectiv'ESG*. Additionally, the credit life insurance offering has been adapted to comply with the newly introduced amendment ("Bourquin Law") reflecting the ability to keep pace with regulatory changes.

In Health, a teleconsultation service was launched, in partnership with the public sector, in order to provide healthcare to a wider range of patients.

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)	2018		2017	
Switzerland	9,531	26%	9,797	27%
Germany	10,738	29%	10,672	30%
Belgium	3,359	9%	3,310	9%
United Kingdom & Ireland	5,166	14%	5,130	14%
Spain	2,525	7%	2,365	7%
Italy	5,418	15%	4,719	13%
TOTAL	**36,738**	**100%**	**35,992**	**100%**
Of which:				
Gross written premiums	*36,346*		*35,629*	
Other revenues [(b)]	*392*		*363*	

(a) Net of intercompany eliminations.
(b) 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.

NEW PRODUCT INITIATIVES

AXA in Europe aims at becoming a partner to customers by providing innovative solutions along customer journeys around the need for protection, peace of mind and ease of doing business. In 2018, several innovative offers around the core insurance products have been launched, with a focus on Health and SME.

In Health, the main areas of focus are cost and access to quality healthcare across all seven markets. Various adjacent services have thus been launched ranging from teleconsultation (in United Kingdom, Germany, Italy, Switzerland and Spain) to corporate health portals (in Belgium), with plans of expansion in the next years.

For SME, one of AXA's main objectives is to ease administrative burden and enable customers to grow. The offers span from a distinct new solution dedicated to micro SME (especially in Italy) to comprehensive fleet management (in Switzerland) and digital building valuation tool for brokers (in Belgium).

Moreover, further innovative solutions in areas such as Mobility have been launched, for example *UpTo,* a new, transparent and flexible car online subscription solution in Switzerland.

DISTRIBUTION CHANNELS

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

Asia

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

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [(a)] Years ended December 31, 2018		2017	
Japan	4,564	51%	4,647	52%
Hong Kong	3,305	37%	3,170	35%
Asia High Potentials	153	2%	180	2%
Asia – Direct	950	11%	989	11%
TOTAL	**8,973**	**100%**	**8,985**	**100%**
Of which:				
Gross written premiums	*8,935*		*8,943*	
Other revenues [(b)]	*38*		*42*	

(a) Net of intercompany eliminations.
(b) 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 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 & 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);
- in Hong Kong, AXA distributes individual life insurance (notably traditional whole of life and investment-linked), as well as protection and health products (including critical illness). In Property & Casualty, product offer includes traditional general insurance products such as motor, household, group medical, as well as commercial insurance;
- in Asia High Potentials,
  - 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 Asia – Direct, Direct business focuses on motor insurance as well as casualty insurance in South Korea and on motor insurance as well as other personal insurance products in Japan.

NEW PRODUCT INITIATIVES

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

- in Japan and Hong Kong, in line with its "Payer-to-Partner" strategy, AXA has launched new Health initiatives like chronic disease management as well as lifestyle modification support. Furthermore, AXA launched a range of new Protection, Health and Savings products, including Hong Kong's first continuous cancer income product with long term financial support, and a new Health product in Japan providing dedicated Health services as well as protection for customers with a medical history including chronic diseases;
- in Asia High Potentials,
  - in the Philippines, AXA launched a new Protection with Savings product in order to address the growing market of high net worth customers, including a simpler and more customer-transparent fee structure,
  - in Thailand and in Indonesia, AXA launched a range of new Protection, Health and Unit-Linked products;

- in China, AXA launched Motor Third-Party Liability insurance with doubled coverage on legal holidays, in order to provide tailor-made protection for customers using their car primarily on weekends;
- in Asia – Direct, AXA Global Direct Japan introduced a specific tariff for advanced safety vehicles equipped with autonomous emergency braking and AXA Global Direct South Korea launched new Protection products and a partnership with SoCar, a car sharing service, for short term motor 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.

AXA XL

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues [a] Years ended December 31, 2018	2017 restated [b]
TOTAL	**6,287**	**2,512**
Of which:		
Gross written premiums	*6,286*	*2,512*
Other revenues [c]	*0*	*0*

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

- through its insurance operations, AXA XL offers a broad range of coverages, including property, primary and excess casualty, excess and surplus lines, environmental liability, professional liability, construction, marine, energy, aviation & satellite, fine art & specie, equine, livestock & aquaculture, accident & health and crisis management, among other risks;
- through its reinsurance operations, AXA XL provides casualty, property risk, property catastrophe, specialty, and other reinsurance lines on a global basis with business being written on both a proportional and non-proportional treaty basis, and also on a facultative basis.

NEW PRODUCT INITIATIVES

In 2018, AXA XL introduced 19 new property, casualty, professional or specialty insurance coverages or coverage enhancements or risk management services. New product offerings span the globe across a wide range of businesses, including but not limited to:

- Political risk, Credit and Bond insurance in France;
- world's first on-demand cyber insurance with Slice ICS in the United States;
- protect and assist accident and health insurance solution in Australia;
- corporate CPR (Crisis Prevention and Response) for corporate clients globally.

In 2017 and 2018, AXA accelerated the development of Parametric products by launching AXA Global Parametrics, a subsidiary that acts as the AXA Group's center of excellence for Parametric business. The Parametric line of business offers innovative products based on the use of a parameter correlated to a client's damages or losses. A wide variety of risks can be covered through parametric insurance, such as adverse weather affecting businesses or causing crop losses.

DISTRIBUTION CHANNELS

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

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

United States

GROSS REVENUES

	Gross revenues [a] Years ended December 31,	
(in Euro million, except percentages)	**2018**	**2017**
TOTAL	**16,483**	**16,911**
Of which:		
Gross written premiums	*12,508*	*12,954*
Other revenues [b]	*3,975*	*3,956*

(a) Net of intercompany eliminations.
(b) 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 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.

NEW PRODUCT INITIATIVES

On Individual Retirement, the investment options selection were enhanced across both GMxB and non-GMxB variable annuities suite of products, designed to evolve with specific customers' needs while expanding distribution footprint across many key third-party relationships.

Furthermore, in Protection, the following new products were introduced: *Life Indexed Unit-Linked Protect* and *Employee Benefits Group Life*.

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, 2018	2017
TOTAL	**6,535**	**7,034**
Of which:		
Gross written premiums	*6,158*	*6,607*
Other revenues [b]	*377*	*427*

(a) Net of intercompany eliminations.
(b) 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 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.

NEW PRODUCT INITIATIVES

International markets continued to strengthen its move from Payer to Partner. We have introduced several innovations to provide a superior customer experience, *e.g.* in Morocco (onsite motor claims inspection and cash payment), in Poland (fully digitalized claims process) and in Colombia (health tele underwriting). In addition, International markets has broadened its services beyond insurance, particularly in Health, *e.g.* in the Gulf Region ("Health-on-Track" program offering prevention and care coordination services).

DISTRIBUTION CHANNELS

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

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

Transversal & Central Holdings

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

GROSS REVENUES

	Gross revenues [(a)] Years ended December 31,			
(in Euro million, except percentages)	2018		2017 restated [(b)]	
AXA Investment Managers	1,243	46%	1,276	48%
AXA Assistance	1,331	50%	1,275	48%
Others [(c)]	110	4%	89	3%
TOTAL	**2,684**	**100%**	**2,640**	**100%**
Of which:				
Gross written premiums	*1,117*		*1,069*	
Other revenues [(d)]	*1,567*		*1,570*	

(a) Net of intercompany eliminations.
(b) Restated: as per the new governance.
(c) Others include AXA Liabilities Managers, AXA Global Re and AXA Life Europe.
(d) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

Through its operating entities located in more than 20 countries, **AXA Investment Managers ("AXA IM")** provides its clients with a wide range of global products and expertises, 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, (ii) Framlington and Rosenberg Equities, (iii) Multi-Asset Client Solutions, (iv) Structured Finance, (v) Real Assets and (vi) absolute return strategy managed by Chorus.

AXA IM has added a whole set of innovative mutual funds to its offering in 2018, including but not limited to specialty investment strategies encompassing a broad range of asset classes (AXA WF Framlington Clean Economy, AXA WF Framlington Fintech, AXA WF Global Multi Credit, and AXA IM Andante Opera III), the expansion of its Responsible Investment offering all across the spectrum, and the building of brand new structured asset management strategies such as AXA IM Conviction Autocalls.

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.

In October 2018, a partnership with French Authorities addressing the issue of medical deserts through an unprecedented public-private cooperation has been announced. Leveraging the territory's medical networks, digital capacities, and AXA Assistance leading expertise in telemedicine, it allows inhabitants to remotely access General Practitioners with the support of nurses in a local clinic. This project is also an opportunity for the territory to test and boost the adoption of telemedicine by patients and independent practitioners, and to make telemedicine a concrete and lasting solution for all patients.

This page was intentionally left blank.

ACTIVITY REPORT AND CAPITAL MANAGEMENT

2

2.1 MARKET ENVIRONMENT

Financial Market Conditions

In 2018, financial markets started the year on an upbeat note, supported by an increase in both global manufacturing and trade throughout 2017. Markets then suffered a setback in the second half of the year, mostly in reaction to several political decisions combined with disappointing economic indicators.

In Europe, the rise of populist and anti-establishment parties and disappointing economic indicators published in the second semester gave rise to concerns about a slowdown of the economy. The expectations of a looming trade war between China and the United States as well as the slowdown of Asian demand negatively impacted exports. In Italy, discussions around the budget drafted by the coalition of the League and the Five Star Movement led to a significant tightening of financial conditions, with the rise in sovereign yields (back to the level of mid-2014) spilling over to Italian banks and non-financial corporates. Meanwhile, the European Central Bank tapered then stopped its net asset purchases, whilst indicating that interest rates would stay at their current level until at least the summer 2019. In respect to financial markets, the Stoxx 600 closed the year 10% lower than its end 2017 levels, mostly in relation to a general slowdown of the activity in Europe, as observed during the last quarter.

In the United Kingdom, the Brexit agreement reached in November with the European Union was rejected by a large majority of the UK Parliament on January 15, 2019. While negotiations are still ongoing, the possibility of a no deal Brexit remains.

In the United States, GDP growth peaked in 2018 at 2.9% and core inflation moderately increased, from 1.8% at the end of 2017 to 2.2% at the end of 2018, supported by an acceleration of wage increases and a historically low unemployment rate (3.9%). This environment pushed the 10 year US Treasury yields from 2.4% at the end of 2017 to a seven year high of 3.24% in November. In a context of higher US Treasury yields and lower growth expectations, financial markets turned to a risk-off mode in the fourth quarter of 2018, with the S&P500 index finishing the year 6.2% lower than its end 2017 level. The US monetary policy remained unchanged during the year, with the Fed raising its benchmark interest rates four times during the year, the last one in December bringing the Federal Funds rate to 2.50%.

In Asia, Japanese GDP growth is expected to reach 0.7%, a disappointing slowdown compared to 2017 (1.7%). The Bank of Japan adopted a neutral stance since mid-year, reducing its net asset purchases and adjusting its yield curve management actions. Elsewhere in Asia, equity markets surged to all-time highs in January and fell thereafter, due to the escalation of the trade war between China and the United States. During the last G20 at the end of November, Presidents Donald Trump and Xi Jinping met and announced a 90-day moratorium on tariffs, delaying the next planned increase of US tariffs to March 1, 2019.

STOCK MARKETS

The MSCI World Index decreased by 9.1% in 2018.

The MSCI G7 index decreased by 9.0% and the MSCI Emerging index decreased by 12.3%.

The Dow Jones Industrial Average index decreased by 5.6% and the S&P 500 index decreased by 6.2% in 2018. Equity markets in Japan and Europe posted losses in 2018: the Nikkei index in Tokyo decreased by 12.1%, the FTSE 100 index in London decreased by 12.5% and the EUROSTOXX 50 index in the Eurozone decreased by 14.4%.

The S&P 500 implied volatility index (VIX) increased from 11.0% on December 31, 2017, to 25.4% on December 31, 2018.

BOND MARKETS

Government bond yields increased since December 31, 2017, in some mature economies: the 10-year US T-bond yield increased by 28 bps to 2.69%, the 10-year Belgium government bond yield increased by 13 bps to 0.77%, the UK 10-year government bond yield increased by 8 bps to 1.27%, while the 10-year German Bund yield decreased by 18 bps to 0.25%, the French 10-year government bond yield decreased by 7 bps to 0.71%, the 10-year Japan government bond yield decreased by 5 bps to 0.00% and the 10-year Swiss government bond yield decreased by 2 bps to -0.17%.

In the Eurozone peripheral countries, the 10-year government bond yields increased in most countries: +78 bps to 2.77% in Italy, +26 bps to 4.38% in Greece and +23 bps to 0.91% in Ireland, while it decreased by 21 bps to 1.72% in Portugal and by 15 bps to 1.42% in Spain.

In Europe, the iTraxx Main spreads increased by 43 bps to 88 bps compared to December 31, 2017, and the iTraxx Crossover increased by 122 bps to 354 bps. In the United States, the CDX Main spread index increased by 39 bps to 88 bps.

The Euro interest rates implied volatility index (based on 10x10 Euro swaptions) increased from 43.4% as of December 31, 2017, to 46.5% as of December 31, 2018.

EXCHANGE RATES

	End of Period Exchange rate		Average Exchange rate	
	December 31, 2018 (for €1)	December 31, 2017 (for €1)	December 31, 2018 (for €1)	December 31, 2017 (for €1)
US Dollar	1.14	1.20	1.18	1.13
Japanese Yen	125	135	130	127
British Sterling Pound	0.90	0.89	0.88	0.88
Swiss Franc	1.13	1.17	1.16	1.11

Market Conditions

INSURANCE ACTIVITIES

Current Engines

The **French insurance market** experienced a deep transformation in 2018, with both new French and European regulations coming into force. First, several tax reforms on Life insurance products were enacted including a flat tax rate of 30% on investment income and a decrease of the corporate tax rate ("*Loi de Finances* 2018"). Additionally, several regulations were implemented with a view to increase the transparency of dealings with policyholders and ultimately improve the relationship with the client base, including the PRIIPS (Packaged Retail Investment and Insurance-based Products) Regulation that will enhance protection standards for individual investors and increase transparency in the market by providing a pre-contractual document prior to any transaction and MIFID II (Markets in Financial Instruments Directive) that aims to improve market transparency by introducing specific disclosures from Financial Services players. These changes brought operational as well as organizational changes to the entire insurance industry. The **French Savings** insurance market grew by 4% to reach €140 billion premiums, of which Unit-Linked contracts represented 28%. The **French Protection & complementary Health** insurance market grew by 6% to reach €24 billion worth of premiums. The market experienced deep changes and significant innovations including but not limited to strategic partnerships, the broad development of telemedicine solutions and real time underwriting. In the context of an ever more competitive industry, with strong pricing pressures and an increasing market concentration, the **French Property & Casualty** insurance market continued to grow steadily in 2018, mainly in Motor and Property lines of business, due to both an atypical natural events charge combined with an increase of households' disposable income.

In **Europe**, Property & Casualty turnover increased mainly due to economic growth as well as customer centric initiatives in a context of strong competition. Profitability remained stable despite an increase in natural events early 2018 in the United Kingdom, Germany and Belgium after a relatively benign year in 2017. Mature markets, such as Switzerland, Germany and Belgium remained very competitive with increased pressure on pricing. In the United Kingdom, Personal Motor and Household remained price-led markets, while Commercial lines experienced limited organic growth, in a context of pressure on profitability resulting from natural events early 2018, escape of water and uncertainties related to the 'Ogden' legislation. On the contrary, the Irish market grew despite a slight softening in prices and uncertainties related to Brexit as many market players implemented cross border models. In Spain, growth experienced a slowdown after a strong increase in 2017. Lastly, in Italy, the continued decrease in average premium in Motor slowed down. In Life & Savings, persistent low interest rates continued to weigh on G/A Savings sales and profitability, notably in Germany, Belgium, Italy, Switzerland and Spain. Unit-Linked performance was negatively impacted by the adverse market environment late 2018 but the segment experienced growth notably in Belgium and Germany. Protection remained one of the main growth drivers in Life & Savings. The Health market also experienced significant growth in Europe, even if the number of privately insured clients decreased in Germany.

In **Japan**, the Life & Savings insurance market recovered from a sharp decline last year to a slight growth supported by single premiums foreign denominated products and by the SME market with the development of tax-efficient savings products, while Protection and Annuity markets remained at lower level due to tariffs increase as a consequence of the low interest rates environment. The Health insurance market slightly increased and new innovative products continued to be developed.

In **Hong Kong**, the Life & Savings insurance market recorded a stable growth and remained dominated by Savings products, with sales contribution from Unit-Linked staying low in a context of stringent regulatory environment. The Property & Casualty insurance market experienced an improved growth mainly driven by General Liability and Property products. The Health insurance market continued to grow and remained competitive.

In the **United States Property & Casualty insurance sector**, net premiums written experienced the highest year-over-year increase in the past decade mainly driven by a continued expansion of the clients base in both personal and Commercial lines, supported by an upbeat economic climate with a 50-year low unemployment rate, high consumer spending and strong GDP growth. In terms of technical result, the year was split in two distinct periods, as insurers experienced a welcomed relief on natural catastrophes in the first half of the year (with year-on-year losses down 33% from 2017) while the second half of the year saw the occurrence of large natural catastrophes, mainly from Hurricanes Florence and Michael, but also with exceptional wildfires in California and an earthquake in Alaska. In the **Property & Casualty reinsurance sector**, US players experienced on average significant growth in premiums for the first time since 2013. In the **Life & Savings sector**, after several consecutive quarters of decline mostly in reaction to the continued uncertainty around the impact of the implementation of the new Department of Labor fiduciary rules, sales to Individual clients bounced. The growth was driven by higher sales of Indexed Universal Life products while Annuity sales have grown by more than 5% in 2018, supported by the normalization of interest rates in the US combined with an increase of the disposable income. Over the year, Life insurers continued to shift the product offering from guaranteed to variable returns while also promoting the products offer to Protection.

High Potentials

In **Asia High Potentials**, the insurance market remained challenged by economic and regulatory environments. In China, the Life & Savings premiums grew moderately due to the regulatory restrictions on short-term savings products. The Property & Casualty market continued to record double-digit growth in a context of market liberalization contributing to a highly competitive environment. In Thailand, the Life & Savings market declined in a context of low interest rates whereas the Property & Casualty market grew due to a favorable government scheme driving growth in the Personal Motor market. In Indonesia, the Life & Savings market remained almost flat. In the Philippines, the Life & Savings market continued to record a resilient double digit growth.

In **International markets**, the Property & Casualty business benefited from market growth in Latin America with positive trends in Mexico and Brazil. The Health and the Life & Savings insurance businesses both experienced a strong growth in Mexico.

Rankings and Market shares

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

		Property & Casualty		Life & Savings		
		Ranking	**Market share** *(%)*	**Ranking**	**Market share** *(%)*	**Sources**
Current Engines	France (incl. Health for Life & Savings)	2	13.5	3	8.9	FFA as of December 31, 2018.
	United Kingdom (incl. Health)	2	8.0	n/a	n/a	UK General Insurance: Competitor Analytics 2018, Verdict Financial, as of December 31, 2017.
	United Kingdom Health	2	29.9	n/a	n/a	LaingBuisson 2018 HealthCover Report as of December 31, 2017.
	Ireland (Republic of Ireland) Motor	1	25.0	n/a	n/a	Insurance Ireland P&C Statistics 2017 as of December 31, 2017.
	Ireland (Northern Ireland) Motor	1	32.0	n/a	n/a	Northern Ireland Transport statistics as of December 31, 2017.
	Germany	6	5.4	8	3.7	GDV (German association of Insurance companies) as of December 31, 2017.
	Germany Health	n/a	n/a	4	7.8	PKV (Association of German private healthcare insurers) as of December 31, 2017.
	Switzerland	1	13.0	2	26.0	SIA (Swiss Insurance Association) Market share based on statutory premiums and market estimations by the SIA as of January 31, 2019.
	Belgium	1	19.7	5	8.0	Assuralia (Belgium Professional Union of Insurance companies) based on gross written premium as of September 30, 2018.
	Spain	5	6.2	11	2.3	Spanish Association of Insurance Companies. ICEA as of September 30, 2018.
	Italy	5	5.6	7	3.7	Associazione Nazionale Imprese Assicuratrici (ANIA) as of December 31, 2017
	Japan	n/a	n/a	15	2.8	Disclosed financial reports (excluding Kampo Life) for the 12 months ended September 30, 2018.
	Japan Health	n/a	n/a	14	2.3	Disclosed financial reports (excluding Kampo Life) for the 12 months ended September 30, 2018.
	Hong Kong (incl. Health)	1	7.7	6	4.8	Insurance Authority statistics based on gross written premiums as of September 30, 2018.
	XL (Lloyd's)	1	7.8	n/a	n/a	Lloyd's Annual Report 2017 as of December 31, 2017.
	XL Reinsurance	7	2.8	n/a	n/a	Swiss Re and AM Best 2017 as of December 31, 2017.
	United States Life	n/a	n/a	19	1.6	LIMRA Life sales as of September 30, 2018.
	United States Variable Annuity	n/a	n/a	3	10.5	Morningstar VARDS as of September 30, 2018.

		Property & Casualty		Life & Savings		
		Ranking	Market share (%)	Ranking	Market share (%)	Sources
High Potentials	Brazil	18	1.9	n/a	n/a	SUSEP (Superintendência de Seguros Privados) as of December 31, 2018.
	Mexico	3	11.0	9	2.4	AMIS (Asociacion Mexicana de Instituciones de Seguros) as of September 30, 2018.
	Mexico Health	2	16.3	n/a	n/a	AMIS (Asociacion Mexicana de Instituciones de Seguros) as of September 30, 2018.
	China (incl. Health)	16	0.5	16	1.3	CBIRC (China Banking and Insurance Regulatory Commission) as of December 31, 2018.
	Indonesia	n/a	n/a	3	7.7	AAJI Statistic measured on Weighted New Business Premium as of September 30, 2018.
	Philippines	n/a	n/a	3	13.7	Insurance Commission measured on total premium income as of December 31, 2017 (for the ranking) and as of September 30, 2018 (for the market share).
	Thailand (incl. Health for Life & Savings)	28	1.0	4	10.9	TLAA (Thai Life Assurance Association) statistics report as of November 30, 2018 and TGIA (Thai General Insurance Association) as of October 31, 2018.

ASSET MANAGEMENT

As 2018 saw the resurgence of volatility in equity markets and slowly-increasing yields on fixed income assets, investors were incentivized to look to alternative asset classes in the hunt for yields: institutional investors therefore accelerated their shift.

With a view to optimize their return in a low margin environment, asset managers are diversifying their portfolios and tailoring their investment solutions. From traditional products to alternative credit and specialties, active to passive investing, assets managers are moving towards absolute return and cash flow driven investments and risk factor-based analyses.

In the context of price compression, the need to better align fees with performance grows bigger. No fee fund, zero-commission platforms, performance fees based models, new pricing models have emerged.

Additionally, asset managers needed to meet the growing demand for responsible investment, and thus to expand their offers in terms of Environmental, Social and Governance (ESG) investments. It has now become a global secular trend as 90% of boutiques now incorporate such vehicles in their portfolio.

In this context, AXA Investment Managers ranked 19th [(1)] and AB 34th [(1)] based on volume of assets under management. On a combined basis, AXA ranked 11th [(1)].

(1) Ranking established by AXA based on information available as of September 30, 2018.

2.2 OPERATING HIGHLIGHTS

GOVERNANCE

Re-appointment of Messrs. Denis Duverne and Thomas Buberl as Chairman of the Board of Directors and Chief Executive Officer

On April 25, 2018, AXA's Shareholders' Meeting renewed Messrs. Denis Duverne and Thomas Buberl's directorships as members of AXA's Board of Directors.

The Board of Directors held at the end of the Shareholders' Meeting confirmed the renewal of Messrs. Denis Duverne and Thomas Buberl as Chairman of the Board of Directors and Chief Executive Officer respectively, for the duration of their directorships as members of the Board.

SIGNIFICANT ACQUISITIONS

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 completed the acquisition of XL Group, creating the #1 global P&C Commercial lines insurance platform

On September 12, 2018, AXA announced that it had completed the acquisition of XL Group Ltd, following the announcement on March 5, 2018, that AXA had entered into an agreement to acquire XL Group Ltd. The completion of the transaction followed the fulfilment of customary closing conditions, including approval by XL Group shareholders and receipt of all necessary regulatory approvals.

Total consideration for the acquisition amounted to USD 15.3 billion (€12.4 billion [2]) fully paid in cash. Under the terms of the transaction, XL Group shareholders received USD 57.60 per share. This represented 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 grant AXA an access to enhanced diversification and alternative capital. The combination of AXA's and XL Group's existing positions will propel the Group to the #1 global position in P&C Commercial lines with combined 2016 revenues of ca. €30 billion [3] and total P&C revenues of ca. €48 billion [4].

(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) Includes P&C Commercial lines and P&C Commercial Health for comparability purposes with peers.

(4) Includes P&C Health for comparability purposes with peers.

The opportunity to acquire XL Group has led AXA to announce its intention to fully exit from its existing US operations. Together with the initial public offering ("IPO") of AXA's US operations (1) and intended subsequent sell-downs, this transaction will gear AXA further towards technical margins less sensitive to financial markets.

The strong complementarities between AXA and XL Group provide opportunities for significant value creation, offsetting over time the earnings dilution resulting from the US IPO and the intended subsequent sell-downs. It will also allow 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.

The new AXA XL division, combining XL Group operations, AXA Corporate Solutions and AXA Art, is led by Greg Hendrick, previously the President and Chief Operating Officer of XL Group, who is CEO of the division and a member of AXA Group's Management Committee, reporting to Thomas Buberl.

In connection with the completion of the acquisition, XL Group's common shares ceased trading prior to market opening on September 12, 2018 and were delisted (2) from the New York Stock Exchange and the Bermuda Stock Exchange.

AXA to acquire the remaining 50% stake in AXA Tianping to accelerate its growth in China as the #1 foreign P&C insurer

On November 26, 2018, AXA announced that it had entered into an agreement with the current domestic shareholders (3) of AXA Tianping Property & Casualty Insurance Company Ltd ("AXA Tianping") to acquire the remaining 50% stake (4) of the company.

Total consideration for the acquisition of the 50% stake would amount to RMB 4.6 billion (or €584 million (5)), representing an implied 2.4x FY17 BV (6) multiple, of which, subject to regulatory approvals, RMB 1.5 billion (or €190 million (5)) should be financed through a capital reduction of AXA Tianping to buy back shares from the current domestic shareholders.

In 2017, AXA Tianping ranked 15th amongst China's P&C insurers with €1 billion (7) of GWP, and is the only foreign invested company in the top 20 P&C insurers in China. It is a leading company in Direct Motor insurance (6th in the market (8)), with Motor insurance contributing 91% of GWP, of which 41% is distributed through direct channels. It also sells short-term health insurance products.

AXA Tianping has developed a national footprint with 25 branches and 93 sub-branches, covering 20 provinces which together generate over 85% of China's GDP (9).

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, most notably from the China Banking and Insurance Regulatory Commission.

On the completion of the transaction, AXA Tianping will be fully consolidated into the AXA Group's financial statements.

SIGNIFICANT DISPOSALS

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) NYSE listing of AXA Equitable Holdings, Inc., consisting of the AXA US Life & Savings business and the AXA Group's interest in AllianceBernstein LP and AllianceBernstein Holding LP ("AB"), which was successfully completed on May 14, 2018. AXA America Corporate Solutions Inc. was not part of the IPO.

(2) Following the closing of the merger and the delisting of XL Group's securities, XL Group's reporting obligations under the Securities Exchange Act of 1934 were suspended.

(3) Shanghai Yi Ke Joint Venture Co., Ltd., Hainan Hua Ge Industrial Investment Co., Ltd., Tian Mao Industrial Group Joint Stock Corporation, Hainan Luda Technology Co., Ltd., Shanghai Rixingkang Biology Engineering Co., Ltd.

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

(5) EUR 1 = RMB 7.8767 as of November 23, 2018 (source: Bloomberg).

(6) Chinese GAAP.

(7) EUR 1 = RMB 7.6191 average exchange rate as of December 31, 2017 (source: Bloomberg).

(8) Source: China Banking and Insurance Regulatory Commission.

(9) Source: Provincial Bureau of Statistics of China as of FY17.

AXA entered into exclusivity for the potential disposal of its European Variable Annuities carrier, with expected total cash proceeds of €1.2 billion

On August 1, 2018, AXA announced that it had received an irrevocable offer from Cinven for the potential sale of AXA Life Europe ("ALE"), a specialized platform which designed, manufactured and distributed AXA's Variable Annuity products across Europe.

The total cash proceeds generated for AXA Group would be €1,165 million, which includes €925 million (representing an implied 1.0x BV multiple [1]) from the potential sale of ALE shares to be fully paid in cash at closing, and a capital distribution from ALE to AXA SA of €240 million, prior to the transaction, in June 2018.

Based in Dublin with over 60 employees, ALE delivers strong financial risk management capabilities and manages a portfolio of ca. 248,000 insurance contracts with ca. €5 billion reserves [2]. It distributed products across Europe through the networks of AXA entities (namely Germany, France, UK, Spain, Italy, and Portugal [3]) and third-party distribution channels, and has a reinsurance arrangement with AXA Japan. ALE has been closed to new business since 2017. The German insurance contracts account for more than 70% of ALE's portfolio [4], and the policy administration services for these contracts will continue to be provided by AXA Germany.

This transaction is expected to result in a positive impact on AXA Group Solvency II ratio of ca. 2 points. The Underlying Earnings generated from the business under consideration were €19 million in FY17.

The proposed transaction is subject to customary conditions, including completing the information and consultation of the relevant works councils as well as obtaining required regulatory approvals.

PARTNERSHIPS AND INNOVATION

Uber and AXA joined forces to set a new standard for protection of independent drivers and couriers

Uber and AXA shared the belief that everyone, including independent workers, should have the option of benefitting from optimum protection for themselves and their families.

On May 23, 2018, going beyond their successful 2017 partnership, Uber and AXA announced the expansion of benefits to all Uber's independent partner drivers and couriers within Europe. Since June 1, 2018, Uber provides Partner Protection – a range of protections including accident, injury, illness, and paternity benefits for drivers and couriers when they are on and off the Uber app in European markets. Uber's Partner Protection is funded by Uber at no cost to all eligible drivers and courier partners.

Uber and AXA also announced the signing of a memorandum of understanding to build a joint affinity marketplace for independent workers. The aim was to empower partner drivers and couriers to be able to maintain their independent lifestyle in full security. Through a digital platform, Uber and AXA expect to propose a full set of personalized offers tailored to the different profiles and needs of each partner driver or courier, notably including injury protection, income protection, family protection, health covers, retirement, and savings. This innovative platform would provide a simple seamless customer experience.

ING and AXA announced a digital partnership to build a global insurance platform

On June 13, 2018, ING and AXA announced a long term and exclusive, multi-country bancassurance partnership to provide insurance products and related services through a central digital insurance platform. Under the partnership, ING will provide its leading digital banking experience and AXA its expertise in innovative modular insurance products and services, offering Property & Casualty, Health and Protection insurance solutions to ING customers in six countries – France, Germany, Italy, Czech Republic, Austria [5], and Australia [5].

ING and AXA teams will together develop personalized insurance products and relevant services, accessible *via* the ING mobile application, that meet the forward-looking needs of ING customers towards living, mobility and wellness.

For ING, this is a continued step towards delivering the "Think Forward" strategy and empowering around 13 million ING customers stay a step ahead in life. For AXA, the partnership is another step in its "Payer-to-Partner" strategy, in growing in its preferred segments and towards its vision to empower people to live a better life.

(1) Excluding Other Comprehensive Income (OCI).

(2) IFRS Reserves as of FY17.

(3) AXA Portugal was sold to Ageas in 2016.

(4) In terms of reserves.

(5) With the support of local insurance partners.

AXA became Official Global Insurance Partner of Liverpool Football Club

On October 4, 2018, AXA reignited its sponsorship strategy and is proud to join forces with one of the most famous names in sport.

The multi-year partnership with English Premier League legends Liverpool Football Club ("Liverpool FC") sees AXA become the club's Official Global Insurance Partner.

In addition to providing excellent global brand visibility and raising AXA's profile among sports fans around the world, the partnership is particularly good news for football supporters in Asia, as it includes a number of exclusive events that will take place in AXA's core markets within the region. These will include various mass participation events around the region, as well as unique opportunities to get closer to the team.

Building on their shared values, AXA and Liverpool FC will create innovative experiences for clients, partners and fans in Asia, as well as making meaningful contributions to the local communities in which they both operate. Working closely with Liverpool FC's players, manager, coaches and health professionals, AXA will also create unique and relevant content that will help support the shared goal of promoting a healthy lifestyle, delivering on the AXA brand purpose of empowering people to live a better life.

CAPITAL/DEBT OPERATIONS/OTHER

AXA Ratings

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

On May 24, 2018, Fitch Ratings affirmed the financial strength rating of AXA's core operating subsidiaries at "AA-" with a stable outlook, removing the ratings from Rating Watch negative.

On July 10, 2018, S&P Global Ratings affirmed the long-term financial strength rating of AXA's core operating subsidiaries at "AA-" with a stable outlook, removing the ratings from CreditWatch negative.

AXA announced the successful placement of €2 billion dated subordinated notes due 2049

On March 22, 2018, AXA announced the successful placement of €2 billion of Reg S subordinated notes due 2049 to institutional investors. The net proceeds of the issue of the Notes were used for the financing of part of AXA's acquisition of XL Group Ltd.

The initial coupon has been set at 3.25% *per annum*. It will be fixed until the first call date in May 2029 and floating thereafter with a margin including a 100 basis points step-up.

Settlement of the notes took place on March 26, 2018.

The notes will be treated 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.

AXA transformed its Swiss Group Life business, creating additional value for its customers and shareholders

On April 10, 2018, AXA Switzerland ("AXA"), the largest insurer of SMEs in the Swiss market, announced that it had entered into an agreement with its main occupational benefits foundations (1) ("Foundations") to convert their business model from a full-value insurance (2) model to a semi-autonomous model (3), on January 1, 2019, ("Model Transformation"). Under the semi-autonomous model, death and disability provisions and administration services continue to be covered by AXA, while the responsibility of asset allocation and investment returns to policyholders is with the Foundations. AXA Group, as a globally renowned asset manager, will continue to offer investment management services to the Foundations.

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

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

(1) *Collective group pension schemes, which are managed by an independent board.*

(2) *Contract covering the whole offer: guaranteed savings and annuity benefits, death and disability benefits, and administration services.*

(3) *Contract covering death and disability benefits, and administration services.*

Financial impacts are the following:

- AXA transferred most of its in-force General Account Reserves (amounting to CHF 31 billion [1] or €28 billion [2]) backing the pre-retirement savings benefits [3] in its Group Life portfolio to the Foundations.
- This transfer includes CHF 3.0 billion (or €2.7 billion [2]) of excess reserves to enable a sustainable risk carrying capacity of the Foundations (Coverage Ratio [4] of 110% as of FY18).
- In line with the move to a semi-autonomous model, the savings portion of the premiums will no longer appear in IFRS Gross Revenues of AXA.
- The Model Transformation is expected to result in a temporary reduction in AXA Group underlying earnings of ca. €20 million from 2019, and led to a one-time negative impact in Net income of CHF 495 million (or €428 million [5]) at FY18 linked to the transfer of the portfolio [6] to the Foundations.
- The reduction of guarantees on AXA's balance sheet is expected to lead to a release of local risk capital requirement of ca. CHF 2.5 billion (or ca. €2.2 billion [2]) in 2019 and to an enhanced cash remittance to AXA Group over the next three years, subject to regulatory approvals.

AXA and the responsible trustees informed the relevant Swiss supervisory authorities, *i.e.* the Swiss Financial Market Supervisory Authority (FINMA) and the Berufliche Vorsorge (BVG) and Foundation Supervision of the Canton of Zurich (BVS), on the Model Transformation. The transaction has been finalized on January 1, 2019.

AXA SA received USD 3.2 billion from the completion of its US pre-IPO reorganization transactions

On April 25, 2018, AXA announced that AXA Equitable Holdings, Inc. had successfully completed its pre-IPO reorganization transactions, including the repayment of all internal loans provided by AXA Group and the purchase of AllianceBernstein units previously owned by AXA SA and its affiliates.

Consequently, AXA SA received USD 3.2 billion which contributed to the financing of the XL Group acquisition.

AXA successfully completed the IPO of AXA Equitable Holdings, Inc. and secured the financing of the acquisition of XL Group

On May 14, 2018, AXA SA ("AXA") announced it had successfully completed the initial public offering (the "IPO") on the New York Stock Exchange of its US subsidiary, AXA Equitable Holdings, Inc. ("AEH").

Overall proceeds amounted to USD 4.0 billion, with the sale of 24.5% of AEH's outstanding shares at USD 20 per share and the issuance of USD 750 million of mandatory exchangeable bonds for AEH shares, combined with the exercise of the over-allotment options granted to underwriters, resulting in the purchase by the underwriters of an additional 20.6 million AEH shares (3.7% of AEH's outstanding shares) and USD 112.5 million mandatory exchangeable bonds [7].

The financing of the acquisition of XL Group Ltd (€12.4 billion) was fully in line with the announcement on March 5, 2018: ca. €3.5 billion from cash available at hand, €2.6 billion [8] related to the pre-IPO reorganization transactions, €3.3 billion [8] overall proceeds [9] from the IPO, and the €2 billion dated subordinated debt (out of the total planned €3 billion). Given additional existing resources, AXA considered the financing of XL Group to be secured, and not dependent on the issuance of any additional debt.

(1) Based on FY17.

(2) EUR 1 = CHF 1.1269 as of December 31, 2018.

(3) In-force General Account Reserves of AXA Switzerland relating to existing annuitants will remain with AXA.

(4) Coverage Ratio for Foundations = Market Value of Assets/Mandatory Reserves.

(5) EUR 1 = CHF 1.1550 average exchange rate as of December 31, 2018.

(6) The assets and liabilities transferred to the Foundations were classified as "held for sale" in AXA Group's 1H18 consolidated financial statements.

(7) The mandatory exchangeable bonds (including the exercise of the over-allotment option) will be exchanged at maturity into a minimum of 6.5% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price is greater than or equal to USD 23.50 per share, and a maximum of 7.7% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price does not exceed the IPO price.

(8) EUR 1 = USD 1.23 as of March 2, 2018 (source: Bloomberg), as announced at the time of the acquisition of XL Group Ltd on March 5, 2018.

(9) Overall proceeds include all AEH share transactions: the sale of AEH shares, the issuance of mandatory exchangeable bonds into AEH shares, and the exercise of the over-allotment options by the underwriters. Before fees and expenses of the offerings.

The details of the overall proceeds from the AEH share transactions are the following:

- Sale of AEH shares:
  - AXA sold 137.25 million AEH shares at USD 20 per share,
  - Represents 24.5% of total issued and outstanding AEH shares,
  - Amounts to USD 2.75 billion or €2.23 billion [1] of proceeds;
- Issuance of bonds mandatorily exchangeable into AEH shares:
  - Issuance of USD 0.75 billion, or €0.61 billion [1], mandatory exchangeable bonds,
  - The bonds will mature on May 15, 2021, unless exchanged earlier at the option of AXA [2] [3],
  - Mostly treated as shareholders' equity, with negligible impact on debt and debt gearing;
- Exercise in full of the 30-day over-allotment options granted by AXA to the underwriters:
  - Underwriters exercised their options to purchase 20,587,500 shares of AEH at USD 20 per share and to purchase USD 112.5 million of mandatory exchangeable bonds, both effective as of May 11, 2018,
  - USD 0.52 billion or €0.43 billion [1] of additional IPO proceeds;
- Overall proceeds [4] of USD 4.02 billion or €3.26 billion [1].

AXA announced the successful completion of secondary common stock offering of AXA Equitable Holdings, Inc. and related Share Buyback

On November 20, 2018, AXA announced that it had successfully completed a secondary public offering of 60,000,000 shares (the "Secondary Offering"), at a public offering price of USD 20.25 per share, of its US subsidiary, AEH and the sale to AEH of 30,000,000 shares (the "Share Buyback") [5] at the per share price paid by the underwriters in the public offering.

Net proceeds [6] corresponding to the sale of 90,000,000 AEH shares from the Secondary Offering and the Share Buyback, amounted to USD 1.8 billion or €1.6 billion [7]. Following this sale, AXA's ownership in AEH has decreased from 72.2% [8] [9] to 59.3% [9] [10].

The impact of the IPO, the Secondary Offering and the Share Buyback on our Group consolidated shareholders' equity was €-2.8 billion, which is the difference between the net proceeds to AXA Group and the consolidated book value of the divested AEH stake. Following the IPO, the Secondary Offering and the Share Buyback, AXA Group's ownership in AEH was reduced to 59.3% as of December 31, 2018. AEH remains fully consolidated in the AXA Group's financial statements. The IPO, the Secondary Offering and the Share Buyback resulted in a minority interest in shareholders' equity of €+6.5 billion.

Any further potential divestment of our equity participation in AEH would be subject to financial markets volatility and other market-related risks, which may also impact the consolidated value of our remaining stake in AEH and adversely impact our consolidated results of operations and AXA share price.

For additional information on the accounting-related impacts of the AEH IPO, the Secondary Offering and the Share Buyback, see in Part 5.6 – Note 5.3 "Other information relating to goodwill, acquisitions and disposals of subsidiaries" of this Annual Report.

(1) EUR 1 = USD 1.23 as of March 2, 2018 (source: Bloomberg), as announced at the time of the acquisition of XL Group Ltd on March 5, 2018.

(2) The mandatory exchangeable bonds (including the exercise of the over-allotment option) will be exchanged at maturity into a minimum of 6.5% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price is greater than or equal to USD 23.50 per share, and a maximum of 7.7% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price does not exceed the IPO price.

(3) Or upon the occurrence of certain events.

(4) Overall proceeds include all AEH share transactions: the sale of AEH shares, the issuance of mandatory exchangeable bonds into AEH shares, and the exercise of the over-allotment options by the underwriters. Before fees and expenses of the offerings.

(5) Following the completion of the Share Buyback, AEH's remaining authorization under its current share repurchase program of USD 800 million was approximately USD 151 million as of December 31, 2018.

(6) Net of underwriting discounts and commissions.

(7) EUR 1 = USD 1.1458 as of November 19, 2018 (Source: Bloomberg).

(8) 558,526,870 total common outstanding shares as of September 30, 2018.

(9) Including shares to be delivered on redemption of the mandatory exchangeable bonds issued by AXA in May 2018.

(10) Assuming the over-allotment option of 9,000,000 AEH shares granted to underwriters was fully exercised, AXA's ownership of AEH would have decreased to 57.5%.

AXA held its 2018 Investor Day

On November 28, 2018, AXA held its 2018 Investor Day in London presenting the following topics:

- AXA Asia – Gordon Watson, CEO of AXA in Asia, presented his vision and strategy for AXA in Asia where he has attracted local and experienced talents to increase focus on Agency, Health, Brand and China;
- AXA XL – Greg Hendrick, CEO of AXA XL, presented his vision and priorities, for the newly created AXA XL entity, built around portfolio optimization, profitable growth and volatility management and shared increased synergy targets, an earnings outlook for 2020 and an update on the 2018 natural catastrophe environment;
- Capital Management – Gérald Harlin – Deputy CEO and Group CFO, provided a financial update, notably AXA's new capital management policy, with an increased dividend payout range.

Key Ambition 2020 financial targets update:

- AXA Asia:
  - 6% to 8% Annual Premium Equivalent [1] (APE) CAGR [2] 2018-2020,
  - 8% to 12% New Business Value [1] (NBV) CAGR [2] 2018-2020;
- AXA XL:
  - Combined ratio [3] at ca. 95% by 2020, assuming normalized natural catastrophes of ca. 4 points,
  - Increased annual earnings synergies to USD 0.5 billion pre-tax, previously USD 0.4 billion,
  - Underlying earnings [4] of ca. Euro 1.4 billion by 2020, assuming normalized natural catastrophes;
- AXA's new capital management policy (effective as of FY18):
  - Increased dividend pay-out ratio range: 50% to 60% [5], previously 45% to 55%,
  - New Solvency II ratio [6] target range: 170% to 220%, previously 170% to 230%,
  - Updated share buyback guidance: additional flexibility on share buyback even within the Solvency II ratio [6] target range;
- Increased Ambition 2020 Adjusted ROE [4] target: 14%-16%, previously 12%-14%;
- Debt gearing [4] target range of 25%-28% by 2020 reaffirmed;
- Ambition 2020 underlying earnings per share (UEPS) [4] CAGR reaffirmed at 3%-7%;
- Ambition 2020 cumulative Operating Free Cash Flows [1] reaffirmed at Euro 28-32 billion.

(1) APE, NBV and Operating Free Cash Flows are non-GAAP financial measures and are defined in Appendix V Glossary of this Annual Report.

(2) On a comparable basis.

(3) Consistent with AXA's definition, combined ratio is based on gross earned premiums. Combined ratio is an alternative performance measure. For further information, please refer to "Cautionary statement regarding forward-looking statements and the use of non-GAAP financial measures" on page 3 of this Annual Report.

(4) Underlying earnings, underlying earnings per share, adjusted ROE and debt gearing are alternative performance measures. For further information, please refer to "Cautionary statement regarding forward-looking statements and the use of non-GAAP financial measures" on page 3 of this Annual Report.

(5) Of adjusted earnings net of financial charges on undated subordinated dest, preferred shares and mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc.

(6) The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock and assuming equivalence for AXA Equitable Holdings, Inc. in the US. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's SFCR for FY 2017, available on AXA's website (www.axa.com). As in previous disclosures all AXA US entities are taken into account assuming US equivalence. The contribution to the AXA Group Solvency II ratio from the entities that were part of the XL Group ("XL entities") as at December 31, 2018, was calculated in accordance with the equivalence regime, based on the Bermudian Standard Formula SCR, plus a 5% add-on required by the AXA's lead supervisor (ACPR), as a transitional measure. Furthermore, in compliance with the decision from ACPR, XL entities will be fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement will be calculated using the Solvency II standard formula from March 31, 2019. Subject to the prior approval of the ACPR, the Group intends as soon as FY 2020 to extend its internal model to XL entities.

AXA and XL Group announced future branding

On July 11, 2018, following the announcement of the acquisition of XL Group Ltd by AXA SA on March 5, 2018, the two companies presented a new step in the planning process for combining XL Group operations, AXA Corporate Solutions and AXA Art into the new division of the AXA Group dedicated to large P&C Commercial lines and Specialty risks.

This new division has been named AXA XL and will operate under the master brand AXA. Its offerings will be identified along three main lines:

- XL Insurance – which will comprise XL Group's insurance business and AXA Corporate Solutions, and will include XL Art & Lifestyle, the combination of XL Group's Fine Art and Specie business and AXA Art offerings;
- XL Reinsurance – that will incorporate XL Group's reinsurance business;
- XL Risk Consulting – that will incorporate AXA Matrix and XL Group's Property Risk Engineering GAPS.

In addition, XL Group's primary Lloyd's syndicate will continue to be known as XL Catlin Syndicate 2003.

Under the AXA brand, the new offerings will present an exciting new proposition to clients and brokers around the world.

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

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

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

Share Repurchase program

In order to meet its obligation to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes (2), as of December 31, 2018, AXA had bought back 7,482,568 shares. These shares will be delivered to the beneficiaries of share-based compensation schemes or cancelled, all in accordance with the share repurchase program (3).

Shareplan 2018

On December 3, 2018, AXA announced the results of the AXA Group employee share offering ("Shareplan 2018"), a capital increase reserved to its employees worldwide, which had been launched on August 24, 2018. Approximately 24,000 employees in 36 countries, representing over 23% of the eligible employees, subscribed to Shareplan 2018.

The aggregate proceeds from the offering amount to approximately €330 million, for a total of over 15 million newly-issued shares, subscribed at a price of €18.56 for the classic plan and €21.83 for the leveraged plan. The new shares are created with full rights as of January 1, 2018.

Following Shareplan 2018, on December 31, 2018, AXA's employees hold 5.19% of the share capital and 6.37% of the voting rights.

The total number of outstanding AXA shares amounted to 2,424,916,626 on December 31, 2018.

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

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

(3) AXA share repurchase program was authorized by the Shareholder's Meeting of April 25, 2018.

2.3 ACTIVITY REPORT

Activity Indicators

(in Euro million, except percentages)	December 31, 2018	December 31, 2017 restated [(a)]	December 31, 2018/ December 31, 2017 restated [(a) & (b)]
Gross revenues [(c)]	**102,874**	**98,549**	**3.6%**
France	25,175	24,475	3.5%
Europe	36,738	35,992	3.3%
Asia	8,973	8,985	3.5%
AXA XL	6,287	2,512	10.5%
United States	16,483	16,911	1.9%
International	6,535	7,034	3.7%
Transversal & Central Holdings	2,684	2,640	3.0%
APE [(d)]	**6,631**	**6,470**	**9.4%**
France	2,232	1,849	20.8%
Europe	1,146	1,034	4.3%
Asia	1,520	1,510	4.6%
United States	1,471	1,799	5.8%
International	262	278	(1.7%)
NBV Margin [(e)]	**39.3%**	**43.1%**	**(4.2 pts)**

(a) Restated: as per the new governance.
(b) Changes are on comparable basis.
(c) Net of intercompany eliminations.
(d) Annual Premium Equivalent (APE) represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group share.
(e) New Business Value (NBV) Margin is the ratio of (i) New Business Value representing the value of newly issued contracts during the current year to (ii) APE.

Consolidated gross revenues amounted to €102,874 million as at December 31, 2018, up 4.4% on a reported basis and up 3.6% on a comparable basis compared to December 31, 2017.

The comparable basis mainly consisted in the adjustment of: (i) the acquisition of XL Group in 2018 (€-3.2 billion or -3.2 points), (ii) the foreign exchange rate movements (€+2.0 billion or +2.0 points) mainly due to the appreciation of average Euro exchange rate against USD, CHF, TRY and HKD, (iii) some investment contracts previously considered as insurance contracts in Singapore in 2017 (€+0.3 billion or +0.3 point), and (iv) the discontinuation of the partnership with BNP Paribas (Natio) in France in 2018 (€+0.1 billion or +0.1 point).

GROSS REVENUES

Gross revenues were up 4% on both a reported basis and a comparable basis to €102,874 million. All markets recorded a strong growth.

France gross revenues were up 3% (€+845 million) on a comparable basis to €25,175 million:

- *Life & Savings* (€+392 million or +3%) to €13,542 million mainly driven by *Protection* (€+201 million) notably due to higher sales in *Group business*, and *Savings (*€+94 million) from *Individual Savings* driven by higher sales of both capital light products sold through the bancassurance channel and discretionary mandates through the proprietary channel, partly offset by lower sales in *Group Pension*;

- *Property & Casualty* (€-103 million or -1%) to €7,061 million mainly driven by a decrease in *Commercial lines* from lower volumes in the Credit & Lifestyle Protection business due to an increased selectivity, partly offset by a growth supported by tariff increases mainly in *Motor* and *Construction;*
- *Health* (€+479 million or +12%) to €4,356 million mainly driven by higher volumes in *Group business* stemming from the international market;
- *Other* (€+76 million or +55%) to €215 million driven by *AXA Banque France* mainly due to a favorable change in the fair value of the loans hedged through internal interest rates swaps with AXA Bank Belgium (neutral at Group level).

Europe gross revenues were up 3% (or €+1,195 million) on a comparable basis to €36,738 million:

- *Switzerland* (€+106 million or +1%) to €9,531 million mainly from (i) *Life & Savings* driven by *Group Life* due to higher single premiums from in-force clients, and (ii) *Property & Casualty* driven by *Commercial lines* due to higher volumes and tariff increases in *Workers' Compensation*;
- *Germany* (€+104 million or +1%) to €10,738 million from (i) *Property & Casualty* driven by *Personal lines* as a consequence of tariff increases in *Property* and *Motor,* as well as new business from SMEs in *Commercial Non-Motor*, and (ii) *Health* mainly due to continued growth in the civil service segment and tariff increases in full benefit insurance, partly offset by (iii) *Life & Savings* mainly in *Protection with Savings* and traditional *G/A Savings* in line with the strategy, partly offset by a continued growth in G/A capital light products and in *Pure Protection*;
- *Belgium* (€+49 million or +1%) to €3,359 million from (i) *Property & Casualty* mainly driven by tariff increase in *Commercial lines,* (ii) *Life & Savings* mainly in *G/A Savings* from higher sales in capital light pension products for self-employed, as well as in *Protection* notably from *Group business*, and (iii) *Health* due to new large contracts in *Group business*;
- *The United Kingdom & Ireland* (€+76 million or +1%) to €5,166 million from (i) *Health* mainly driven by tariff increases and volume growth, and (ii) *Property & Casualty* driven by *Commercial lines* mainly due to higher new business and tariff increases, partly offset by *Personal lines* mainly reflecting lower volumes following tariff increases and the exit of a scheme in *Property*;
- *Spain* (€+161 million or +7%) to €2,525 million from (i) *Life & Savings* driven by strong sales in *Unit-Linked*, G/A capital light products and *Protection*, (ii) *Property & Casualty* driven by both *Commercial lines Non-Motor* and *Personal Motor* from higher volumes and tariff increases, and (iii) *Health* driven by higher volumes and tariff increases;
- *Italy* (€+699 million or +15%) to €5,418 million mainly from (i) *Life & Savings* driven by strong sales from G/A capital light and *Protection* products notably due to the recovery in sales from Banca Monte dei Paschi di Siena, and (ii) *Property & Casualty* driven by higher new business in *Personal Property* and higher volumes from the agency channel in *Commercial lines*.

Asia gross revenues were up 4% (or €+318 million) on a comparable basis to €8,973 million mainly from:

- *Japan* (€+48 million or +1%) to €4,564 million mainly from *Life & Savings* driven by the success of *Follow-up Life Protection* product launched in 1Q18, partly offset by continued lower new business from the G/A capital light *Single Premium Whole Life* product;
- *Hong Kong* (€+305 million or +10%) to €3,305 million from (i) *Life & Savings* mainly in *Protection* and *G/A Savings* driven by in-force growth and higher new business, and (ii) *Health* mainly driven by higher volumes combined with tariff increases in both *Individual* and *Group businesses*;
- *Asia - Direct* (€-18 million or -2%) to €950 million mainly in *South Korea* (€-18 million or -3%) from *Personal Motor* due to continued management focus on profitability in a context of strong market competition.

AXA XL gross revenues were up 10% (or €+598 million) on a comparable basis to €6,287 million:

- *Property & Casualty Insurance* (€+395 million or +13%) to €3,354 million driven by strong business growth and rate increases in *North America Casualty* and in *Property*;
- *Property & Casualty Specialty* (€+55 million or +3%) to €1,794 million mainly driven by new business in *Political Risks*;
- *Property & Casualty Reinsurance* (€+155 million or +16%) to €1,093 million driven by an increased share written on a large multi-line quota share treaty;
- *Life & Savings* (€-6 million or -12%) to €45 million as the underlying business is in run-off.

The United States gross revenues were up 2% (or €+319 million) on a comparable basis to €16,483 million:

- *The United States Life & Savings* (€+191 million or +1%) to €13,723 million mainly in *Unit-Linked* following higher sales of non-GMxB Variable Annuity products notably in 2H18 and *Mutual Funds & Other* reflecting higher advisory sales from favorable equity market conditions through the first nine months of 2018;
- *AB* (€+129 million or +5%) to €2,706 million driven by higher management fees due to both higher average AUM and higher average management fee bps, higher performance fees, and higher distribution fees mainly from retail mutual funds.

International gross revenues were up 4% (or €+249 million) on a comparable basis to €6,535 million:

- *Mexico* (€+148 million or +9%) to €1,704 million mainly driven by (i) *Health* stemming from volume and tariff increases, and (ii) *Property & Casualty* from higher new business in *Motor*;
- *The Gulf Region* (€-14 million or -2%) to €770 million from (i) *Property & Casualty* mainly driven by a reduction of the size of a large *Commercial Motor* fleet, partly offset by (ii) *Health* from volume and tariff increases;
- *Colombia* (€+47 million or +7%) to €700 million from (i) *Property & Casualty* mainly driven by new business in *Personal Accident*, *Workers' Compensation*, *Commercial Property* and *Personal Motor*, partly offset by (ii) *Life & Savings* mainly driven by lower sales in *G/A Savings*;
- *Poland* (€+13 million or +2%) to €585 million notably from *Property & Casualty* mainly due to new business in *Commercial Non-Motor*;
- *Turkey* (€+110 million or +16%) to €569 million notably from *Property & Casualty* mainly in *Commercial Motor* and *Commercial Property*;
- *AXA Bank Belgium* (€-89 million or -28%) to €233 million mainly due to an unfavorable change in the fair value of the loans hedged through internal interest rates swaps (neutral at Group level) with AXA Banque France, lower realized capital gains and lower commercial margin.

Transversal & Central Holdings gross revenues were up 3% (or €+79 million) on a comparable basis to €2,684 million:

- *AXA Assistance* (€+84 million or +7%) to €1,331 million mainly driven by *Property & Casualty* from higher volumes in *Non-Motor* mainly in *Travel* and *Home*, as well as higher volumes and in-force growth in *Motor*;
- *AXA Investment Managers* (€-25 million or -2%) to €1,243 million mainly driven by lower management fees and other fees, partly offset by higher performance fees including realized carried interest and transaction fees.

NEW BUSINESS ANNUAL PREMIUM EQUIVALENT (1)

New business APE was up 2% on a reported basis and up 9% on a comparable basis to €6,631 million driven by growth in *France*, *the United States*, *Asia*, and *Europe*.

France (€2,232 million, 34% of total) up €384 million (+21%) on a comparable basis mainly stemming from *Group Health* (€+365 million) due to the strong development of the international market and *Protection* (€+34 million), partly offset by *Group Pension* (€-53 million).

Europe (€1,146 million, 17% of total) up €48 million (+4%) on a comparable basis from (i) *Italy* (€+31 million) driven by strong sales from G/A capital light products notably thanks to the growth in sales from Banca Monte dei Paschi di Siena, (ii) *Spain* (€+15 million) driven by *Unit-Linked*, *Protection* and G/A capital light products, (iii) *Switzerland* (€+15 million) in *Protection* due to higher sales in *Group Life* semi-autonomous and autonomous businesses, and (iv) *Belgium* (€+8 million) mainly driven by *G/A Savings* due to higher sales in capital light pension products for self-employed, partly offset by (iv) *Germany* (€-20 million) mainly due to lower new business in *Health*.

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

Asia (€1,520 million, 23% of total) up €70 million (+5%) on a comparable basis from (i) *Japan* (€+121 million) mainly due to the success of *Follow-up Life Protection* product launched in 1Q18, (ii) *Hong Kong* (€+23 million) mainly driven by higher sales in *G/A Savings* due to the successful launch of a new product in 1Q18, and (iii) *the Philippines* (€+7 million) driven by the strong performance in both bancassurance and agency channels, partly offset by (iv) *China* (€-49 million) due to lower sales of traditional *G/A Savings* products, partly offset by increased sales of higher margin *Protection* products, (v) *Thailand* (€-22 million) mainly driven by *Protection* due to lower sales of low margin products, and (vi) *Indonesia* (€-10 million) driven by lower new business in both agency and telemarketing channels.

The United States (€1,471 million, 22% of total) up €85 million (+6%) on a comparable basis mainly from *Mutual Funds & Other* (€+41 million) reflecting higher advisory sales from favorable equity market conditions through the first nine months of 2018, *Unit-Linked* (€+15 million) following higher sales of non-GMxB Variable Annuity products notably in 2H18, and *Protection* (€+14 million) following higher sales in employee benefit products.

International (€262 million, 4% of total) down €5 million (-2%) on a comparable basis from *Singapore* (€-22 million) mainly driven by lower *Unit-Linked* and *G/A Savings* sales, partly offset by *India* (€+14 million) and *Mexico* (€+5 million) mainly in *Protection*.

NEW BUSINESS VALUE MARGIN (1)

New Business Value Margin stood at 39.3%, decreasing by 3.8 points. On a comparable basis, New Business Value Margin decreased by 4.2 points mainly driven by higher sales in *Group Health* in *France*, and higher sales in *G/A Savings* combined with the redesign of a *Protection* product in *Hong Kong* with a focus on profitable volume growth.

(1) 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, 2018	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings
Investment margin	4,864	1,604	1,759	40	349	641	410	62
Fees & revenues	8,434	2,105	1,165	2,009	-	2,781	361	13
Net technical margin	12,990	3,034	6,374	793	944	(385)	1,421	810
Expenses	(17,686)	(4,430)	(6,015)	(1,653)	(1,462)	(1,635)	(1,792)	(699)
Amortization of value of purchased life business in-force	(55)	-	(23)	(29)	-	(1)	(3)	-
Underlying earnings before tax from insurance activities	**8,547**	**2,313**	**3,260**	**1,159**	**(168)**	**1,400**	**397**	**186**
Underlying earnings before tax from other activities	**(43)**	**(0)**	**108**	**(3)**	**(10)**	**496**	**39**	**(673)**
Income tax expenses/benefits	(2,004)	(755)	(755)	(219)	(70)	(272)	(92)	159
Income from affiliates and associates	315	20	2	171	(3)	-	104	20
Minority interests	(632)	(5)	(84)	(7)	18	(500)	(47)	(8)
Underlying earnings Group share	**6,182**	**1,573**	**2,532**	**1,101**	**(233)**	**1,125**	**400**	**(316)**
Net capital gains or losses attributable to shareholders net of income tax	307	131	266	(34)	(27)	(11)	(4)	(13)
Adjusted earnings Group share	**6,489**	**1,704**	**2,797**	**1,067**	**(260)**	**1,114**	**396**	**(330)**
Profit or loss on financial assets (under fair value option) and derivatives	(463)	(91)	(134)	(53)	(63)	(82)	39	(79)
Exceptional operations (including discontinued operations)	(451)	40	(376)	4	(29)	16	(17)	(91)
Goodwill and other related intangible impacts	(3,102)	-	(39)	(18)	(10)	(3,006)	(29)	(1)
Integration and restructuring costs	(332)	(19)	(107)	(13)	(67)	(27)	(35)	(64)
NET INCOME GROUP SHARE	**2,140**	**1,635**	**2,141**	**987**	**(428)**	**(1,986)**	**355**	**(564)**
Property & Casualty Combined Ratio	97.0%	92.3%	94.5%	97.1%	108.6%	-	100.6%	89.9%
Health Combined Ratio	94.4%	97.9%	94.8%	78.8%	-	169.6%	99.6%	110.4%
Protection Combined Ratio	95.6%	95.0%	96.7%	86.8%	89.2%	106.2%	98.8%	-

(in Euro million, except percentages)	December 31, 2017 restated [(a)]	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings
Investment margin	4,647	1,640	1,813	35	179	543	375	61
Fees & revenues	8,123	2,001	1,158	1,948	-	2,583	420	14
Net technical margin	11,904	2,909	6,175	768	432	(424)	1,396	648
Expenses	(16,873)	(4,531)	(5,940)	(1,550)	(506)	(1,864)	(1,859)	(622)
Amortization of value of purchased life business in-force	(42)	-	(25)	(13)	-	(1)	(3)	-
Underlying earnings before tax from insurance activities	**7,758**	**2,018**	**3,180**	**1,187**	**105**	**836**	**330**	**101**
Underlying earnings before tax from other activities	**(2)**	**(7)**	**24**	**(0)**	**-**	**556**	**49**	**(623)**
Income tax expenses/benefits	(1,665)	(598)	(807)	(257)	(35)	(7)	(91)	130
Income from affiliates and associates	297	20	7	166	-	-	86	18
Minority interests	(387)	(5)	(78)	(7)	(1)	(250)	(37)	(10)
Underlying earnings Group share	**6,002**	**1,429**	**2,326**	**1,089**	**70**	**1,135**	**337**	**(383)**
Net capital gains or losses attributable to shareholders net of income tax	455	237	237	23	32	(60)	(7)	(7)
Adjusted earnings Group share	**6,457**	**1,666**	**2,563**	**1,111**	**102**	**1,075**	**330**	**(389)**
Profit or loss on financial assets (under fair value option) and derivatives	(134)	31	(2)	(59)	(36)	96	11	(175)
Exceptional operations (including discontinued operations)	124	(252)	(57)	(0)	(6)	268	(22)	193
Goodwill and other related intangible impacts	(90)	-	(44)	(16)	-	(2)	(27)	(1)
Integration and restructuring costs	(148)	(25)	(25)	(9)	(0)	(21)	(16)	(53)
NET INCOME GROUP SHARE	**6,209**	**1,420**	**2,435**	**1,028**	**60**	**1,415**	**276**	**(425)**
Property & Casualty Combined Ratio	96.3%	94.6%	94.6%	97.6%	102.9%	-	101.4%	97.6%
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%	-

(a) Restated: as per the new governance.

Alternative Performance Measures

Adjusted Earnings, Underlying Earnings, Adjusted Return on Equity, Underlying Earnings per share, Underlying Combined Ratio and Debt Gearing are Alternative Performance Measures ("APMs") as defined in ESMA's guidelines and the AMF's related position statement issued in 2015. A reconciliation from Adjusted Earnings, Underlying Earnings and Underlying Combined Ratio to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided in the above tables. Adjusted Return on Equity and Underlying Earnings per share are reconciled to the financial statements in the table set forth on page 56 of this Annual Report, and Debt Gearing is reconciled to the financial statements in the table set forth on page 55 of this Annual Report.

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

ADJUSTED EARNINGS

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

- integration 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 and liabilities.

UNDERLYING EARNINGS

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

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

ADJUSTED RETURN ON EQUITY

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

- is based on opening shareholders' equity adjusted for weighted average 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 and mandatory exchangeable bonds as disclosed in Part 5.6 – Note 13 "Shareholders' Equity and Minority Interests" and mandatory exchangeable bonds as disclosed in Note 17 "Financing Debt" of this Annual Report.

UNDERLYING EARNINGS PER SHARE

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

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

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

- All accident year loss ratio net of reinsurance is the ratio of:
  - all accident years claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on all accident years excluding unwind of the discount rate used in calculating technical reserves; to
  - earned revenues gross of reinsurance.
- Underlying expense ratio is the ratio of:
  - underlying expenses (excluding claims handling costs, including changes in VBI amortization); to
  - earned revenues gross of reinsurance.

DEBT GEARING

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

2

Commentaries on Group Earnings

The XL Group acquisition was closed on September 12, 2018, and the XL Group was fully consolidated starting from October 1, 2018, thus contributing to Group earnings for the fourth quarter 2018. In the comments below, all indicators include the contribution of XL Group, unless otherwise specified.

UNDERLYING EARNINGS

Underlying earnings amounted to €6,182 million, up €180 million (+3%) *versus* 2017 on a reported basis. On a constant exchange rate basis, **underlying earnings** increased by €335 million (+6%).

On a constant exchange rate basis and excluding the contribution of XL Group, **underlying earnings** increased by €713 million (+12%). XL Group **underlying earnings** in the fourth quarter 2018 amounted to €-374 million.

On a constant exchange rate basis, **underlying earnings before tax from insurance activities** increased by €962 million (+12%) to €8,547 million. On a constant exchange rate basis and excluding the contribution of XL Group, **underlying earnings before tax from insurance activities** increased by €1,356 million (+17%) to €8,937 million.

- On a constant exchange rate basis and excluding the contribution of XL Group, **investment margin** increased by €158 million (+3%) due to (i) *the United States Life & Savings* (€+127 million) driven by a higher average asset base of non-Variable GMxB Annuity products, (ii) *International* (€+99 million) from *Turkey* (€+74 million) as a result of higher average assets as well as higher income from inflation-linked bonds, partly offset by (iii) *Switzerland* (€-53 million), and (iv) *France* (€-37 million) mainly due to lower income from fixed income assets.

  XL Group **investment margin** in the fourth quarter 2018 amounted to €171 million.

- On a constant exchange rate basis and excluding the contribution of XL Group, **fees & revenues** increased by €533 million (+7%) due to (i) *the United States Life & Savings* (€+324 million) driven by higher Unit-Linked and Mutual funds fees combined with the non-repeat of an unfavorable impact on Unearned Revenue Reserve amortization due to model changes in 2017, (ii) *Asia* (€+137 million) mainly from *Hong Kong* (€+91 million) driven by higher Unearned Revenue Reserve amortization due to the non-repeat of an accounting mismatch more than offset in Deferred Acquisition Costs, and (iii) *France* (€+105 million) driven by strong sales in *Group Protection* and *Health.*

- On a constant exchange rate basis and excluding the contribution of XL Group, **net technical margin** increased by €831 million (+7%) driven by (i) *Europe* (€+266 million) from *Life & Savings* (€+110 million) mainly driven by *Switzerland* due to improved disability and mortality margins from lower policyholder bonus allocation, *Property & Casualty* (€+82 million) driven by *Germany* and *the United Kingdom & Ireland* due to favorable prior year reserve developments, partly offset by higher Nat Cat charges, and *Health* (€+74 million) mainly from *the United Kingdom & Ireland* driven by better claims management, (ii) *Transversal & Central Holdings* (€+162 million) mainly from *AXA Global Re* driven by favorable prior year reserve developments, (iii) *France* (€+129 million) primarily from *Life & Savings* (€+72 million) driven by the improvement of mortality assumptions and a favorable development on receivables, and *Property & Casualty* (€+40 million) mainly driven by favorable prior year reserve developments, partly offset by higher Nat Cat charges, (iv) *AXA Corporate Solutions Assurance* (€+100 million) driven by lower Nat Cat charges and higher prior year reserve developments, (v) *International* (€+98 million) mainly in *Mexico* (€+68 million) driven by volume growth combined with a more favorable claims experience, and (vi) *Asia* (€+52 million) mainly from *Japan* (€+28 million) due to in-force growth.

XL Group **net technical margin** in the fourth quarter 2018 amounted to €414 million, negatively impacted by California Wildfires (€-335 million) and Hurricane Michael (€-261 million).

- On a constant exchange rate and excluding the contribution of XL Group, **expenses** increased by €151 million (+1%) primarily in (i) *Asia* (€-164 million) mainly in *Hong Kong* (€-91 million) driven by higher Deferred Acquisition Cost amortization due to the non-repeat of an accounting mismatch (partly offset in fees & revenues) as well as higher project costs, and *Japan* (€-68 million) mainly due to volume growth and the non-repeat of the restructuring of a pension scheme, (ii) *Europe* (€-129 million) mainly in *Switzerland* (€-48 million) driven by project costs in the context of the transformation of the in-force *Group Life business*, *Germany* (€-36 million) due to the consolidation of a newly controlled subsidiary in Legal Protection, and *the United Kingdom & Ireland* (€-26 million) due to higher volumes and expenses from investments in transformation programs, (iii) *Transversal & Central Holdings* (€-77 million) mainly from *AXA Assistance* (€-61 million) driven by investments in transformation programs and higher general expenses, and (iv) *International* (€-47 million) driven by *Mexico* (€-27 million) in line with higher sales, partly offset by (v) *the United States Life & Savings* (€+155 million) mainly from lower Deferred

Acquisition Cost amortization mainly due to favorable model and assumption changes in 2018, and (vi) *France (*€+98 million) driven by lower commissions in the Credit & Lifestyle Protection business, in line with lower sales.

XL Group **expenses** in the fourth quarter 2018 amounted to €-976 million.

- On a constant exchange rate basis and excluding the contribution of XL Group, **VBI amortization** increased by €15 million (+34%) primarily in *Japan* (€-10 million) driven by a change in interest rates.

On a constant exchange rate basis and excluding the contribution of XL Group, **underlying earnings before tax from other activities** decreased by €5 million to €-33 million mainly due to (i) *Transversal & Central Holdings* (€-46 million or -7%) mainly driven by higher financial charges and hedging costs in the context of the acquisition of *XL Group*, and (ii) *the United States* (€-37 million or -7%) mainly due to higher financial charges mostly from debt restructuring in the context of the IPO of AXA Equitable Holdings, Inc., partly offset by *AB* mainly due to higher revenues combined with the non-repeat of 2017 one-off charges linked to the reduction of real estate footprint, partly offset by (iii) *Europe* (€+84 million) mainly driven by an exceptional distribution from an investment fund and lower pension costs in *Germany Holdings*.

XL Group **underlying earnings before tax from other activities** in the fourth quarter 2018 amounted to €-10 million.

On a constant exchange rate basis and excluding the contribution of XL Group, **income tax expenses** increased by €387 million (+23%) to €-2,014 million driven by higher pre-tax underlying earnings across geographies combined with lower positive tax one-offs in *the United States*.

XL Group **income tax benefits** in the fourth quarter 2018 amounted to €+10 million.

On a constant exchange rate basis and excluding the contribution of XL Group, **income from affiliates & associates** increased by €40 million (+13%) to €318 million mainly driven by *Reso* from an improved net technical margin and *China* from a favorable change in business mix, as well as the impact of a less unfavorable update of financial assumptions on the net technical margin, partly offset by *Thailand* due to the impact of unfavorable assumptions updates on technical reserves.

On a constant exchange rate basis and excluding the contribution of XL Group, **minority interests** increased by €291 million (+75%) to €-651 million mainly driven by a decrease in AXA Group average ownership over the period in (i) *the United States Life & Savings* from 100% on December 31, 2017, to 80.8% on December 31, 2018, and (ii) *AB* from 65.2% on December 31, 2017, to 52.6% on December 31, 2018, resulting from the IPO of AXA Equitable Holdings, Inc. completed in May 2018, the Secondary Offering and related Share Buyback completed in November 2018.

XL Group **minority interests** in the fourth quarter 2018 amounted to €+20 million.

On a constant exchange rate basis, **the Property & Casualty Combined Ratio** increased by 0.8 point to 97.0%. On a constant exchange rate basis and excluding the contribution of XL Group, **the Property & Casualty Combined Ratio** improved by 1.2 points to 94.9% driven by more favorable prior year reserve developments as well as an improved current year combined ratio.

XL Group **Property & Casualty Combined Ratio** in the fourth quarter 2018 amounted to 116.2%, negatively impacted by California Wildfires (€-335 million) and Hurricane Michael (€-261 million).

On a constant exchange rate basis, **the Health Combined Ratio** improved by 0.4 point to 94.4% mainly driven by claims management measures in *the United Kingdom & Ireland* as well as an improved expense ratio mainly from *France* and *the United Kingdom & Ireland*.

On a constant exchange rate basis, **the Protection Combined Ratio** improved by 1.3 points to 95.6% mainly driven by an improved loss ratio mainly in *the United States Life & Savings*, *Switzerland* and *Asia*.

ADJUSTED EARNINGS TO NET INCOME

Net realized capital gains and losses attributable to shareholders amounted to €307 million.

On a constant exchange rate basis, **net realized capital gains and losses attributable to shareholders** decreased by €149 million due to:

- €-317 million **higher impairments** to €-440 million mainly driven by equity securities (€-210 million) and other equity investments (€-84 million) due to adverse market conditions late 2018, as well as fixed income assets (€-9 million) and real estate (€-6 million);
- €+171 million **higher net realized capital gains** to €+841 million mainly driven by equity securities (€+295 million to €+620 million) and fixed income assets (€+67 million to €+4 million), partly offset by alternative investments (€-162 million to €+39 million) and real estate (€-31 million to €+176 million); and
- €-3 million **unfavorable change in intrinsic value** at €-94 million related to equity hedging derivatives.

As a result, **adjusted earnings** amounted to €6,489 million, up €32 million (0%). On a constant exchange rate basis, **adjusted earnings** increased by €187 million (+3%).

Net income amounted to €2,140 million, down €4,069 million (-66%). On a constant exchange rate basis, **net income** decreased by €4,072 million (-66%) from:

- **higher adjusted earnings** (€+187 million);

  more than offset by:

- **higher impact of goodwill and other related intangibles** (€-3,153 million) to €-3,102 million due to *the United States* goodwill impairment of AXA Equitable Holdings, Inc. (€-3,006 million);
- **higher impact from exceptional and discontinued operations** (€-593 million) to €-451 million mainly due to transformation initiatives executed in 2018:
  - the one-time negative impact linked to the transformation of the in-force *Group Life business* model to a semi-autonomous model in *Switzerland* (€-428 million), and
  - the costs related to the IPO of AXA Equitable Holdings, Inc. and the Secondary Offering (€-104 million),

  partly offset by the one-off benefit from the reimbursement of the tax paid on dividends received from European subsidiaries held for more than 95% following the decision from the European Court of Justice at *AXA SA* (€+71 million) and the non-repeat of:

  - the reimbursement of the 3% tax on the dividend paid to shareholders on prior years in 2017 at *AXA SA* (€-283 million),
  - the impact on the net deferred tax liability position (€-288 million) following the decrease in the corporate tax rate from 35% to 21% in *the United States,* partly offset by:
  - the regulatory change on annuity legal indexation in *France* (€+206 million), and
  - the partial write down of net deferred tax asset position in France (€+191 million) due to the progressive decrease in the corporate tax rate from 34% to 26% from 2018 and onwards;
- **a more unfavorable change in the fair value of financial assets and derivatives** net of foreign exchange impacts, down €324 million to €-463 million driven by:
  - the change in the fair value of assets accounted for under fair value option, down €551 million to €-326 million, driven by the impact of adverse market conditions at the end of 2018 on mutual funds,

  partly offset by:

  - the change in the fair value of equity, interest rates and credit derivatives not eligible for hedge accounting under IAS 39, up €67 million to €-138 million, mainly driven by equity hedging instruments reflecting adverse market conditions at the end of 2018, as well as a less unfavorable impact from interest rates derivatives, and
  - the change in the fair value of foreign exchange derivatives not eligible for hedge accounting under IAS 39 net of foreign exchange rate movements on assets and liabilities denominated in foreign currencies, up €161 million to €1 million;
- **higher integration and restructuring costs** (€-189 million) to €-332 million mainly due to the integration of XL Group (€-76 million) and restructuring costs in *the United States* incurred in connection with the IPO and the Secondary Offering of AXA Equitable Holdings, Inc. (€-50 million) and higher voluntary leave and pre-retirement plans costs in *AXA IM*, *Belgium*, *Spain*, *Italy* and *AXA Bank Belgium*.

Shareholders' equity Group share

As of December 31, 2018, Shareholders' equity Group share totaled €62.4 billion. The movements in Shareholders' equity Group share since December 31, 2017, are presented in the table below:

(in Euro million)	Shareholders' equity Group share
At December 31, 2017	**69,611**
Share Capital	(1)
Capital in excess of nominal value	951
Equity-share based compensation	39
Treasury shares sold or bought in open market	22
Change in equity component of compound financial instruments	-
Deeply subordinated debt (including accumulated interests charges)	(887)
Fair value recorded in shareholders' equity	(4,396)
Impact of currency fluctuations	1,869
Payment of N-1 dividend	(2,998)
Other	(4,562)
Net income for the period	2,140
Actuarial gains and losses on pension benefits	608
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	31
At December 31, 2018	**62,428**

Solvency information (1)

As of December 31, 2018, the Group's Eligible Own Funds ("EOF") amounted to €58.1 billion and the Solvency II ratio to 193%, compared to €57.8 billion and 205% as of December 31, 2017.

(in Euro billion)	L&S EOF December 31, 2018	Group EOF December 31, 2018	Group EOF December 31, 2017
Previous Closing	**46.9**	**57.8**	**57.9**
Modeling changes and opening adjustments	(3.0)	(1.7)	(1.5)
Opening	**43.8**	**56.1**	**56.4**
Expected existing business contribution	3.3	4.4	4.6
Value of new premiums	1.7	2.0	2.5
Operating variance and change in assumptions	(0.1)	1.9	1.5
Operating return	**4.9**	**8.3**	**8.5**
Economic variance	(2.7)	(3.7)	1.8
Total return	**2.1**	**4.6**	**10.3**
Exchange rate impact	0.9	0.8	(3.6)
Dividend to be paid in year N+1	-	(3.2)	(3.0)
Subordinated debts and others [a]	(3.9)	(0.1)	(2.3)
Closing	**43.0**	**58.1**	**57.8**

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

(1) Prudential information related to solvency, including the Solvency II ratio and the Eligible Own Funds ("EOF") disclosed in the note and the table below, will be detailed in the Group's 2018 SCFR that is expected to be published at a later stage and for which Group's auditors will issue a report.

Shareholder value

EARNINGS PER SHARE ("EPS")

(in Euro, except ordinary shares in million)	December 31, 2018 Basic	December 31, 2018 Fully diluted	December 31, 2017 Basic	December 31, 2017 Fully diluted	December 31, 2018/ December 31, 2017 Basic	December 31, 2018/ December 31, 2017 Fully diluted
Weighted average number of shares	**2,383**	**2,389**	**2,395**	**2,404**		
Net income (Euro per Ordinary Share)	*0.79*	*0.79*	*2.50*	*2.49*	*(68.4%)*	*(68.4%)*
Adjusted earnings (Euro per Ordinary Share)	*2.61*	*2.61*	*2.60*	*2.59*	*0.5%*	*0.6%*
Underlying earnings (Euro per Ordinary Share)	*2.48*	*2.48*	*2.41*	*2.40*	*3.1%*	*3.2%*

RETURN ON EQUITY ("ROE")

(in Euro million, except percentages)	December 31, 2018	December 31, 2017	December 31, 2018/ December 31, 2017
ROE	**3.3%**	**9.3%**	**(6.0 pts)**
Net income	2,140	6,209	
Average shareholders' equity	64,419	66,433	
Adjusted ROE	**14.4%**	**14.5%**	**(0.1 pt)**
Adjusted earnings (a)	6,227	6,228	
Average shareholders' equity (b)	43,390	43,067	
Underlying ROE	**13.6%**	**13.4%**	**0.2 pt**
Underlying earnings (a)	5,920	5,773	
Average shareholders' equity (b)	43,390	43,067	

(a) Including an adjustment to reflect net financial charges related to undated subordinated debt (recorded through shareholders' equity), preferred shares and equity components of mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc.

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

Segment information

FRANCE

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**25,175**	**24,475**
Life & Savings	13,542	13,151
Property & Casualty	7,061	7,307
Health	4,356	3,877
Other [(b)]	215	139
New business		
APE	2,232	1,849
NBV Margin	29.5%	34.5%
Underlying earnings before tax	**2,313**	**2,011**
Life & Savings	1,143	1,007
Property & Casualty	1,022	908
Health	149	103
Other [(b)]	(0)	(7)
Income tax expenses/benefits	(755)	(598)
Minority interests	(5)	(5)
Income from affiliates and associates	20	20
Underlying earnings Group share	**1,573**	**1,429**
Net capital gains or losses attributable to shareholders net of income tax	131	237
Adjusted earnings Group share	**1,704**	**1,666**
Profit or loss on financial assets (under fair value option) and derivatives	(91)	31
Exceptional operations (including discontinued operations)	40	(252)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(19)	(25)
NET INCOME GROUP SHARE	**1,635**	**1,420**
Property & Casualty Combined Ratio	92.3%	94.6%
Health Combined Ratio	97.9%	98.7%
Protection Combined Ratio	95.0%	95.6%

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

Gross revenues increased by €700 million (+3%) to €25,175 million. On a comparable basis, gross revenues increased by €845 million (+3%):

- **Life & Savings** (€+391 million or +3%) to €13,542 million. On a comparable basis, Life & Savings gross revenues increased by €392 million (+3%) mainly driven by *Protection* (€+201 million or +5%) mainly due to higher sales in *Group business*. *Savings* gross revenues increased by €191 million (+2%) mainly from *Individual Savings* driven by higher sales of both capital light products sold through the bancassurance channel and discretionary mandates through the proprietary channel, partly offset by lower sales in *Group Pension*. Unit-Linked gross revenues contributed to 38.9% of total Individual Savings, compared to 29.5% on average for the market;
- **Property & Casualty** (€-246 million or -3%) to €7,061 million. On a comparable basis, Property & Casualty gross revenues decreased by €103 million (-1%) mainly driven by a decrease in *Commercial lines* (€-76 million) with lower volumes in the Credit & Lifestyle Protection business (€-145 million) due to an increased selectivity, partly offset by a growth supported by tariff increases mainly in *Motor* and *Construction* (€+69 million);

- **Health** (€+479 million or +12%) to €4,356 million. On a comparable basis, Health gross revenues increased by €479 million (+12%) driven by higher volumes in *Group business* (€+459 million) stemming from the international market as well as in *Individual business* (€+20 million);
- **Other** (€+76 million or +55%) to €215 million. On a comparable basis, Other gross revenues increased by €76 million driven *by AXA Banque France* mainly due to a favorable change in the fair value of the loans hedged through internal interest rates swaps with *AXA Bank Belgium* (neutral at Group level). Operating net banking revenues slightly increased (€+2 million).

APE increased by €383 million (+21%) to €2,232 million. On a comparable basis, APE increased by €384 million (+21%) mainly stemming from *Group Health* (€+365 million or +86%) due to the strong development of the international market and *Protection* (€+34 million or +9%), partly offset by *Group Pension* (€-53 million or -33%).

NBV Margin decreased by 5.0 points to 29.5% mainly driven by higher sales in *Group Health*.

Underlying earnings before tax increased by €302 million (+15%) to €2,313 million:

- **Life & Savings** (€+136 million or +13%) to €1,143 million mainly driven by a higher net technical margin (€+72 million) due to an improvement of mortality assumptions and a favorable development on receivables, lower general expenses (€+35 million) and higher Unit-Linked management fees (€+21 million);
- **Property & Casualty** (€+113 million or +12%) to €1,022 million mainly driven by a decrease in expenses (€+109 million) from lower commissions in line with lower revenues in the Credit & Lifestyle Protection business and a higher net technical margin (€+40 million) mainly driven by favorable prior year reserve developments, partly offset by higher Nat Cat charges. Net investment income decreased by €36 million;
- **Health** (€+46 million or +45%) to €149 million mainly driven by higher volumes, partly offset by higher acquisition expenses;
- **Other** (€+7 million) to €0 million mainly from *AXA France Holding*.

Income tax expenses increased by €157 million (+26%) to €-755 million in line with higher pre-tax underlying earnings combined with negative tax one-offs (€-61 million).

Underlying earnings increased by €145 million (+10%) to €1,573 million.

Adjusted earnings increased by €38 million (+2%) to €1,704 million driven by higher underlying earnings, partly offset by lower net realized capital gains.

Net income increased by €215 million (+15%) to €1,635 million driven by higher adjusted earnings as well as the gain relating to the discontinuation of the partnership with BNP Paribas (Natio), the non-repeat of regulatory changes on annuity legal indexation (€+206 million) and 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), partly offset by an unfavorable change in the fair value of both mutual funds and derivatives not eligible to hedge accounting driven by adverse market conditions late 2018.

EUROPE

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [a]	**36,738**	**35,992**
Life & Savings	15,679	15,215
Property & Casualty	15,760	15,633
Health	5,258	5,105
Other [b]	41	39
New business		
APE	1,146	1,034
NBV Margin	49.6%	56.6%
Underlying earnings before tax	**3,368**	**3,204**
Life & Savings	1,117	1,127
Property & Casualty	1,834	1,827
Health	308	226
Other [b]	108	24
Income tax expenses/benefits	(755)	(807)
Minority interests	(84)	(78)
Income from affiliates and associates	2	7
Underlying earnings Group share	**2,532**	**2,326**
Net capital gains or losses attributable to shareholders net of income tax	266	237
Adjusted earnings Group share	**2,797**	**2,563**
Profit or loss on financial assets (under fair value option) and derivatives	(134)	(2)
Exceptional operations (including discontinued operations)	(376)	(57)
Goodwill and other related intangible impacts	(39)	(44)
Integration and restructuring costs	(107)	(25)
NET INCOME GROUP SHARE	**2,141**	**2,435**
Property & Casualty Combined Ratio	94.5%	94.6%
Health Combined Ratio	94.8%	96.1%
Protection Combined Ratio	96.7%	97.0%

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

EUROPE – SWITZERLAND

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**9,531**	**9,797**
Life & Savings	6,534	6,727
Property & Casualty	2,992	3,070
Health	5	0
New business		
APE	340	259
NBV Margin	53.0%	66.4%
Underlying earnings before tax	**943**	**1,014**
Life & Savings	404	419
Property & Casualty	555	606
Health	(16)	(11)
Income tax expenses/benefits	(177)	(202)
Minority interests	(4)	(4)
Income from affiliates and associates	-	-
Underlying earnings Group share	**762**	**809**
Net capital gains or losses attributable to shareholders net of income tax	81	55
Adjusted earnings Group share	**843**	**864**
Profit or loss on financial assets (under fair value option) and derivatives	(5)	(43)
Exceptional operations (including discontinued operations)	(421)	-
Goodwill and other related intangible impacts	(26)	(28)
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**391**	**792**
Property & Casualty Combined Ratio	87.0%	85.8%
Health Combined Ratio	n/a	n/a
Protection Combined Ratio	97.0%	97.2%
Average exchange rate: €1.00 = Swiss Franc	*1.16*	*1.11*

(a) Net of intercompany eliminations.

In the comments below, the comparable basis includes (i) for APE, the underwritten savings contributions from semi-autonomous and autonomous solutions in 2017, and (ii) for NBV, the net investment fees related to the underwritten savings components of semi-autonomous and autonomous solutions in 2017, that have been included in 2018 APE and NBV.

Gross revenues decreased by €266 million (-3%) to €9,531 million. On a comparable basis, gross revenues increased by €106 million (+1%):

- **Life & Savings** (€-193 million or -3%) to €6,534 million. On a comparable basis, Life & Savings gross revenues increased by €62 million (+1%) driven by *Group Life* due to higher single premiums from in-force clients;
- **Property & Casualty** (€-78 million or -3%) to €2,992 million. On a comparable basis, Property & Casualty gross revenues increased by €39 million (+1%) mainly driven by *Commercial lines* due to higher volumes and tariff increases in *Workers' Compensation*;
- **Health** (€+5 million) to €5 million. On a comparable basis, Health gross revenues increased by €5 million due to the launch of the business line in 2H17.

APE increased by €80 million (+31%) to €340 million. On a comparable basis, APE increased by €15 million (+4%) in *Protection* due to higher *Group Life* sales in both semi-autonomous and autonomous businesses.

NBV Margin decreased by 13.4 points to 53.0%. On a comparable basis, NBV Margin increased by 0.1 point as a result of an improved product mix within *Group Protection* towards both semi-autonomous and autonomous businesses, offset by modelling changes and tariff reduction linked to the Swiss *Group Life* transformation.

Underlying earnings before tax decreased by €71 million (-7%) to €943 million. On a constant exchange rate basis, underlying earnings before tax decreased by €34 million (-3%):

- **Property & Casualty** (€-51 million or -8%) to €555 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax decreased by €30 million (-5%) as the improvement in the current year combined ratio (-0.3 point) from a lower expense ratio was more than offset by less favorable prior year reserve developments (+1.5 points);
- **Life & Savings** (€-15 million or -4%) to €404 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax remained stable mainly due to a higher net technical margin (€+76 million) driven by improved disability and mortality margins from lower policyholder bonus allocation in *Group Life* and an exceptional release of reserves in annuity in *Individual Life*, partly offset by a lower investment margin (€-51 million) mainly due to lower income from fixed-income assets combined with higher expenses (€-40 million) notably driven by project costs in the context of the transformation of the in-force *Group Life business* (€-16 million);
- **Health** (€-5 million or -42%) to €-16 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €5 million (-48%) due to further investments following the launch of the business line in 2H17.

Income tax expenses decreased by €25 million (-12%) to €-177 million. On a constant exchange rate basis, income tax expenses decreased by €18 million (-9%) in line with lower pre-tax underlying earnings combined with a decrease in the corporate tax rate from 21% to 20%.

Underlying earnings decreased by €46 million (-6%) to €762 million. On a constant exchange rate basis, underlying earnings decreased by €17 million (-2%).

Adjusted earnings decreased by €21 million (-2%) to €843 million. On a constant exchange rate basis, adjusted earnings increased by €12 million (+1%) as lower underlying earnings were more than offset by higher net realized capital gains.

Net income decreased by €401 million (-51%) to €391 million. On a constant exchange rate basis, net income decreased by €386 million (-49%) as higher adjusted earnings were more than offset by the one-time negative impact linked to the transformation of the in-force *Group Life business* to a semi-autonomous model (€-428 million).

EUROPE – GERMANY

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**10,738**	**10,672**
Life & Savings	3,559	3,696
Property & Casualty	4,006	3,879
Health	3,131	3,059
Other [(b)]	41	39
New business		
APE	340	361
NBV Margin	53.0%	58.2%
Underlying earnings before tax	**851**	**771**
Life & Savings	190	201
Property & Casualty	438	419
Health	117	115
Other [(b)]	107	36
Income tax expenses/benefits	(238)	(221)
Minority interests	(4)	(1)
Income from affiliates and associates	2	7
Underlying earnings Group share	**612**	**556**
Net capital gains or losses attributable to shareholders net of income tax	127	109
Adjusted earnings Group share	**738**	**665**
Profit or loss on financial assets (under fair value option) and derivatives	(50)	46
Exceptional operations (including discontinued operations)	27	(87)
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	(4)	2
NET INCOME GROUP SHARE	**708**	**621**
Property & Casualty Combined Ratio	95.6%	96.0%
Health Combined Ratio	96.3%	96.3%
Protection Combined Ratio	97.6%	97.1%

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

On October 1, 2018, *AXA Germany* increased its ownership in *Roland Rechtsschutz* from 41% to 60%. As a result, *Roland Rechtsschutz* has been consolidated from October 1, 2018. Property & Casualty 2017 comparable basis has been adjusted to include *Roland Rechtsschutz* gross revenues in the last quarter of 2017.

On October 31, 2018, *AXA Germany* completed the disposal of a part of its occupational pension business. Life & Savings 2017 comparable basis in Gross revenues, APE and NBV have been adjusted accordingly to exclude the contribution of this business in 2017.

Gross revenues increased by €65 million (+1%) to €10,738 million. On a comparable basis, gross revenues increased by €104 million (+1%):

- **Property & Casualty** (€+128 million or +3%) to €4,006 million. On a comparable basis, Property & Casualty gross revenues increased by €76 million (+2%) driven by *Personal lines* (€+63 million) mainly due to tariff increases in *Property* and *Motor*, and *Commercial lines* (€+16 million) mainly from new business in SME in *Non-Motor*;
- **Life & Savings** (€-136 million or -4%) to €3,559 million. On a comparable basis, Life & Savings gross revenues decreased by €46 million (-1%) mainly in *Protection with Savings* (€-58 million) and traditional *G/A Savings* (€-32 million) reflecting the decrease in the legacy business in line with the strategy and in *Unit-Linked* (€-31 million). This was partly offset by the continued growth in G/A capital light products (€+48 million) and in *Pure Protection* (€+28 million);

- **Health** (€+72 million or +2%) to €3,131 million. On a comparable basis, Health gross revenues increased by €72 million (+2%) mainly due to the continued growth in the civil service segment and tariff increases in full benefit insurance.

APE decreased by €21 million (-6%) to €340 million. On a comparable basis, APE decreased by €20 million (-6%) mainly due to lower new business in *Health*.

NBV Margin decreased by 5.2 points to 53.0% mainly reflecting a lower share of new business and model updates in *Health*, partly offset by an improvement of the profitability and a higher share of *Pure Protection* and G/A capital light products sales.

Underlying earnings before tax increased by €81 million (+10%) to €851 million:

- **Property & Casualty** (€+19 million or +4%) to €438 million driven by an improved current year combined ratio (-0.3 point) from lower large losses (-0.7 point) and a lower expense ratio (-0.3 point) due to lower acquisition costs, partly offset by higher Nat Cat charges (+0.8 point), combined with more favorable prior year reserve developments (-0.2 point);
- **Life & Savings** (€-11 million or -5%) to €190 million due to higher Deferred Acquisition Cost amortization due to a change in interest rate assumptions as well as lower fees & revenues from lower volumes;
- **Health** (€+2 million or +2%) to €117 million due to higher volumes while the combined ratio remained stable at 96.3%;
- **Other** (€+71 million) to €107 million from *Holdings* (€+71 million) mainly due to a higher investment income driven by an exceptional distribution from an investment fund and lower pension costs.

Income tax expenses increased by €17 million (+7%) to €-238 million in line with higher pre-tax underlying earnings.

Income from affiliates and associates decreased by €5 million to €2 million.

Underlying earnings increased by €56 million (+10%) to €612 million.

Adjusted earnings increased by €74 million (+11%) to €738 million driven by higher underlying earnings and higher net realized capital gains mainly from equities.

Net income increased by €86 million (+14%) to €708 million driven by higher adjusted earnings and the non-repeat of the negative impact in 2017 related to the disposal of a part of the occupational pension business, partly offset by an unfavorable change in the fair value of mutual funds mainly driven by higher corporate yields and adverse equity market conditions late 2018 as well as foreign exchange derivatives not eligible for hedge accounting.

2

EUROPE – BELGIUM

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**3,359**	**3,310**
Life & Savings	1,195	1,178
Property & Casualty	2,061	2,044
Health	103	87
New business		
APE	64	56
NBV Margin	66.5%	75.4%
Underlying earnings before tax	**528**	**531**
Life & Savings	281	253
Property & Casualty	246	286
Health	0	(7)
Other [(b)]	1	(2)
Income tax expenses/benefits	(125)	(174)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**403**	**357**
Net capital gains or losses attributable to shareholders net of income tax	50	49
Adjusted earnings Group share	**454**	**406**
Profit or loss on financial assets (under fair value option) and derivatives	(42)	16
Exceptional operations (including discontinued operations)	3	34
Goodwill and other related intangible impacts	(2)	(4)
Integration and restructuring costs	(40)	23
NET INCOME GROUP SHARE	**373**	**475**
Property & Casualty Combined Ratio	95.7%	93.6%
Health Combined Ratio	102.1%	110.2%
Protection Combined Ratio	96.0%	98.2%

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

Gross revenues increased by €49 million (+1%) to €3,359 million. On a comparable basis, gross revenues increased by €49 million (+1%):

- **Property & Casualty** (€+17 million or +1%) to €2,061 million. On a comparable basis, Property & Casualty gross revenues increased by €17 million (+1%) from *Commercial lines* (€+21 million) in SME and Mid-Market segments mainly due to tariff increases, partly offset by *Personal lines* (€-4 million) as tariff increases were more than offset by lower volumes;
- **Life & Savings** (€+16 million or +1%) to €1,195 million. On a comparable basis, Life & Savings gross revenues increased by €16 million (+1%) driven by *G/A Savings* (€+14 million) from higher sales in capital light pension products for self-employed clients, as well as *Protection* (€+9 million) notably from *Group business*, partly offset by *Unit-Linked* (€-6 million) in line with the strategy to exit the *Individual Savings business*;
- **Health** (€+16 million or +18%) to €103 million. On a comparable basis, Health gross revenues increased by €16 million (+18%) due to new large contracts in *Group business*.

APE increased by €8 million (+14%) to €64 million. On a comparable basis, APE increased by €8 million (+14%) mainly driven by *G/A Savings* due to higher sales in capital light pension products for self-employed clients.

NBV Margin decreased by 8.8 points to 66.5% mainly driven by a higher share of pension products for self-employed clients.

Underlying earnings before tax decreased by €3 million (-1%) to €528 million:

- **Life & Savings** (€+28 million or +11%) to €281 million driven by higher investment margin (€+14 million) mainly due to lower credited interests and policyholder bonus allocation, as well as a higher net technical margin (€+12 million) mainly due to favorable prior year reserve developments;
- **Property & Casualty** (€-40 million or -14%) to €246 million mainly driven by a higher current year combined ratio (+2.0 points) due to less favorable weather conditions and higher large losses, partly offset by a lower expense ratio (-0.8 point) resulting from the cost savings program;
- **Other** (€+3 million) to €1 million;
- **Health** (€+7 million) to €0 million due to an improved current year combined ratio (-9.2 points) driven by an improved claims experience.

Income tax expenses decreased by €50 million (-28%) to €-125 million driven by a decrease in the corporate tax rate from 34% to 30% combined with a positive tax one-off in 2018 (€+14 million) and the non-repeat of an exceptional dividend paid to the Group in 2017 (€+13 million).

Underlying earnings increased by €46 million (+13%) to €403 million.

Adjusted earnings increased by €48 million (+12%) to €454 million mainly driven by higher underlying earnings.

Net income decreased by €102 million (-21%) to €373 million as higher adjusted earnings were more than offset by higher restructuring costs in relation to pre-retirement and voluntary leave plans, an unfavorable change in the fair value of mutual funds in a context of adverse market conditions, and the non-repeat of the impact of the reduction of the net deferred tax liability position resulting from the decrease in corporate tax rate enacted in 2017.

EUROPE – UNITED KINGDOM & IRELAND

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**5,166**	**5,130**
Life & Savings	57	57
Property & Casualty	3,369	3,372
Health	1,740	1,700
Other [(b)]	-	-
Underlying earnings before tax	**437**	**340**
Life & Savings	3	12
Property & Casualty	250	228
Health	184	109
Other [(b)]	0	(10)
Income tax expenses/benefits	(56)	(58)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**381**	**282**
Net capital gains or losses attributable to shareholders net of income tax	(6)	13
Adjusted earnings Group share	**375**	**295**
Profit or loss on financial assets (under fair value option) and derivatives	(23)	(32)
Exceptional operations (including discontinued operations)	21	7
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	(3)	(22)
NET INCOME GROUP SHARE	**366**	**243**
Property & Casualty Combined Ratio	98.4%	99.1%
Health Combined Ratio	91.2%	94.9%

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

Gross revenues increased by €36 million (+1%) to €5,166 million. On a comparable basis, gross revenues increased by €76 million (+1%):

- **Property & Casualty** (€-3 million or 0%) to €3,369 million. On a comparable basis, Property & Casualty gross revenues increased by €21 million (+1%) from *Commercial lines* (€+85 million) mainly due to higher new business and tariff increases, partly offset by *Personal lines* (€-64 million) mainly in *Property* reflecting lower volumes following tariff increases and the exit of a scheme;
- **Health** (€+39 million or +2%) to €1,740 million. On a comparable basis, Health gross revenues increased by €55 million (+3%) mainly driven by tariff increases and volume growth in international business and in the United Kingdom;
- **Life & Savings – Architas** remained stable at €57 million. On a comparable basis, Life & Savings – Architas gross revenues remained stable.

Underlying earnings before tax increased by €97 million (+28%) to €437 million. On a constant exchange rate basis, underlying earnings before tax increased by €100 million (+29%):

- **Property & Casualty** (€+21 million or +9%) to €250 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €23 million (+10%) as a higher current year combined ratio (+2.3 points) mainly driven by higher Nat Cat charges, increased severity of Motor damage claims and higher expenses from investments in transformation programs, was more than offset by favorable prior year reserve developments (-3.0 points);

- **Health** (€+74 million or +68%) to €184 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €76 million (+69%) driven by an improved combined ratio (-3.7 points) mainly due to better claims management and a lower expense ratio (-1.3 points);
- **Life & Savings – Architas** (€-10 million or -78%) to €3 million. On a constant exchange rate basis, Life & Savings – Architas underlying earnings before tax decreased by €10 million;
- **Other** (€+10 million) to €0 million. On a constant exchange rate basis, Other underlying earnings before tax increased by €10 million mainly due to lower expenses at *AXA UK Holdings*.

Income tax expenses decreased by €2 million (-4%) to €-56 million. On a constant exchange rate basis, income tax expenses decreased by €2 million (-3%) as the impact of the increase in pre-tax underlying earnings was more than offset by positive tax one-offs (€+9 million).

Underlying earnings increased by €99 million (+35%) to €381 million. On a constant exchange rate basis, underlying earnings increased by €102 million (+36%).

Adjusted earnings increased by €80 million (+27%) to €375 million. On a constant exchange rate basis, adjusted earnings increased by €83 million (+28%) driven by higher underlying earnings, partly offset by lower net realized capital gains due to higher impairments of equity securities reflecting adverse market conditions late 2018.

Net income increased by €122 million (+50%) to €366 million. On a constant exchange rate basis, net income increased by €125 million (+51%) mainly driven by higher adjusted earnings, lower restructuring costs, a realized gain relating to the sale of a non-consolidated subsidiary, and a favorable change in the fair value of derivatives not eligible for hedge accounting.

EUROPE – SPAIN

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**2,525**	**2,365**
Life & Savings	680	571
Property & Casualty	1,644	1,606
Health	202	188
New business		
APE	88	73
NBV Margin	79.5%	84.3%
Underlying earnings before tax	**245**	**207**
Life & Savings	71	61
Property & Casualty	152	131
Health	22	15
Income tax expenses/benefits	(59)	(48)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**186**	**159**
Net capital gains or losses attributable to shareholders net of income tax	6	4
Adjusted earnings Group share	**192**	**163**
Profit or loss on financial assets (under fair value option) and derivatives	(5)	(2)
Exceptional operations (including discontinued operations)	-	(2)
Goodwill and other related intangible impacts	(3)	(4)
Integration and restructuring costs	(36)	(16)
NET INCOME GROUP SHARE	**147**	**140**
Property & Casualty Combined Ratio	96.4%	97.5%
Health Combined Ratio	89.5%	92.8%
Protection Combined Ratio	94.0%	93.0%

(a) Net of intercompany eliminations.

Gross revenues increased by €161 million (+7%) to €2,525 million. On a comparable basis, gross revenues increased by €161 million (+7%):

- **Property & Casualty** (€+37 million or +2%) to €1,644 million. On a comparable basis, Property & Casualty gross revenues increased by €37 million (+2%) driven by *Commercial lines* (€+22 million) from higher volumes and tariff increases in *Non-Motor*, and *Personal lines* (€+16 million) due to higher volumes in *Motor*;
- **Life & Savings** (€+109 million or +19%) to €680 million. On a comparable basis, Life & Savings gross revenues increased by €109 million (+19%) driven by strong sales in *Unit-Linked* (€+64 million), *G/A Savings* (€+26 million) from capital light products, and *Protection* (€+21 million);
- **Health** (€+14 million or +7%) to €202 million. On a comparable basis, Health gross revenues increased by €14 million (+7%) driven by higher volumes and tariff increases.

APE increased by €15 million (+20%) to €88 million. On a comparable basis, APE increased by €15 million (+20%) driven by *Unit-Linked* (€+8 million), *Protection* (€+5 million), and G/A capital light products (€+3 million).

NBV Margin decreased by 4.7 points to 79.5% mainly driven by a higher share of *Savings* products sales.

Underlying earnings before tax increased by €38 million (+18%) to €245 million:

- **Property & Casualty** (€+21 million or +16%) to €152 million driven by higher volumes combined with favorable prior year reserve developments;
- **Life & Savings** (€+10 million or +16%) to €71 million mainly driven by a higher net technical margin in *G/A Savings Group annuities*;
- **Health** (€+7 million or +51%) to €22 million mainly driven by an improved claims experience.

Income tax expenses increased by €12 million (+25%) to €-59 million in line with higher pre-tax underlying earnings.

Underlying earnings increased by €26 million (+17%) to €186 million.

Adjusted earnings increased by €28 million (+17%) to €192 million mainly driven by higher underlying earnings.

Net income increased by €8 million (+5%) to €147 million mainly driven by higher adjusted earnings, partly offset by higher restructuring costs driven by a voluntary leave plan.

EUROPE – ITALY

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**5,418**	**4,719**
Life & Savings	3,653	2,985
Property & Casualty	1,688	1,663
Health	77	70
New business		
APE	315	284
NBV Margin	30.7%	34.9%
Underlying earnings before tax	**364**	**341**
Life & Savings	169	181
Property & Casualty	193	156
Health	1	5
Other [(b)]	0	0
Income tax expenses/benefits	(101)	(105)
Minority interests	(75)	(72)
Income from affiliates and associates	-	-
Underlying earnings Group share	**188**	**164**
Net capital gains or losses attributable to shareholders net of income tax	8	6
Adjusted earnings Group share	**196**	**170**
Profit or loss on financial assets (under fair value option) and derivatives	(9)	13
Exceptional operations (including discontinued operations)	(5)	(9)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(24)	(10)
NET INCOME GROUP SHARE	**158**	**164**
Property & Casualty Combined Ratio	94.4%	96.5%
Health Combined Ratio	101.0%	95.1%
Protection Combined Ratio	80.8%	82.9%

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

Gross revenues increased by €699 million (+15%) to €5,418 million. On a comparable basis, gross revenues increased by €699 million (+15%):

- **Life & Savings** (€+668 million or +22%) to €3,653 million. On a comparable basis, Life & Savings gross revenues increased by €668 million (+22%) driven by strong sales of G/A capital light products (€+518 million) and *Protection* (€+107 million) notably due to the recovery in sales from Banca Monte dei Paschi di Siena;
- **Property & Casualty** (€+25 million or +2%) to €1,688 million. On a comparable basis, Property & Casualty gross revenues increased by €25 million (+2%) from *Personal lines* (€+13 million) from higher new business in *Property*, and from *Commercial lines* (€+12 million) mainly due to higher volumes from the agency channel;
- **Health** (€+6 million or +9%) to €77 million. On a comparable basis, Health gross revenues increased by €6 million (+9%) as a result of strong commercial focus.

APE increased by €31 million (+11%) to €315 million. On a comparable basis, APE increased by €31 million (+11%) driven by strong sales of G/A capital light products (€+28 million) notably from the recovery in sales from Banca Monte dei Paschi di Siena.

NBV Margin decreased by 4.2 points to 30.7% mainly due to the decrease in the future investment margin of *G/A Savings* products resulting from the widening of spreads of Italian government bonds.

Underlying earnings before tax increased by €22 million (+7%) to €364 million:

- **Property & Casualty** (€+37 million or +24%) to €193 million mainly due to an improvement of the current year combined ratio (-1.0 point) driven by lower large losses and Nat Cat charges, as well as the impact of the cost savings program, combined with more favorable prior year reserve developments (-1.1 points);
- **Life & Savings** (€-11 million or -6%) to €169 million mainly due to the decrease in investment yields, partly offset by a decrease in minimum guaranteed rates;
- **Health** (€-4 million) to €1 million.

Income tax expenses decreased by €4 million (-4%) to €-101 million as the impact of the increase in pre-tax underlying earnings was more than offset by higher positive tax one-offs (€+11 million).

Minority interests increased by €3 million (+4%) to €-75 million as a result of the increase of *AXA MPS* underlying earnings.

Underlying earnings increased by €24 million (+15%) to €188 million.

Adjusted earnings increased by €26 million (+15%) mainly driven by higher underlying earnings.

Net income decreased by €6 million (-4%) to €158 million as higher adjusted earnings were more than offset by an unfavorable change in the fair value of derivatives not eligible for hedge accounting and higher restructuring costs resulting from pre-retirement plans.

ASIA

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**8,973**	**8,985**
Life & Savings	5,780	5,702
Property & Casualty	1,245	1,313
Health	1,947	1,970
New business		
APE	1,520	1,510
NBV Margin	62.2%	70.6%
Underlying earnings before tax	**1,156**	**1,187**
Life & Savings	665	679
Property & Casualty	68	60
Health	426	448
Other [(b)]	(3)	(0)
Income tax expenses/benefits	(219)	(257)
Minority interests	(7)	(7)
Income from affiliates and associates	171	166
Underlying earnings Group share	**1,101**	**1,089**
Net capital gains or losses attributable to shareholders net of income tax	(34)	23
Adjusted earnings Group share	**1,067**	**1,111**
Profit or loss on financial assets (under fair value option) and derivatives	(53)	(59)
Exceptional operations (including discontinued operations)	4	(0)
Goodwill and other related intangible impacts	(18)	(16)
Integration and restructuring costs	(13)	(9)
NET INCOME GROUP SHARE	**987**	**1,028**
Property & Casualty Combined Ratio	97.1%	97.6%
Health Combined Ratio	78.8%	78.3%
Protection Combined Ratio	86.8%	86.7%

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

ASIA – JAPAN

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**4,564**	**4,647**
Life & Savings	3,203	3,252
Health	1,361	1,395
New business		
APE	546	441
NBV Margin	97.8%	112.1%
Underlying earnings before tax	**695**	**719**
Life & Savings	300	298
Health	395	421
Income tax expenses/benefits	(189)	(215)
Minority interests	(7)	(7)
Income from affiliates and associates	-	-
Underlying earnings Group share	**499**	**497**
Net capital gains or losses attributable to shareholders net of income tax	8	9
Adjusted earnings Group share	**507**	**506**
Profit or loss on financial assets (under fair value option) and derivatives	(40)	(8)
Exceptional operations (including discontinued operations)	4	-
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	-	(2)
NET INCOME GROUP SHARE	**471**	**497**
Health Combined Ratio	72.0%	71.1%
Protection Combined Ratio	87.7%	88.1%
Average exchange rate: €1.00 = Japanese Yen	*130*	*127*

(a) Net of intercompany eliminations.

Gross revenues decreased by €83 million (-2%) to €4,564 million. On a comparable basis, gross revenues increased by €48 million (+1%):

- **Life & Savings** (€-49 million or -2%) to €3,203 million. On a comparable basis, Life & Savings gross revenues increased by €43 million (+1%) mainly due to the success of *Follow-up Life Protection* product (€+145 million) launched in 1Q18, partly offset by continued lower new business from the G/A capital light *Single Premium Whole Life* product (€-109 million);
- **Health** (€-34 million or -2%) to €1,361 million. On a comparable basis, Health gross revenues increased by €5 million (0%) mainly from *Medical Whole Life* products, notably due to the success of *New Medical Care* products, partly offset by lower new business from the *Medical Term* product.

APE increased by €105 million (+24%) to €546 million. On a comparable basis, APE increased by €121 million (+27%) mainly due to the success of *Follow-up Life Protection* product launched in 1Q18.

NBV Margin decreased by 14.3 points to 97.8% mainly as a consequence of higher new business in *Protection*.

Underlying earnings before tax decreased by €24 million (-3%) to €695 million. On a constant exchange rate basis, underlying earnings before tax decreased by €5 million (-1%):

- **Health** (€-26 million or -6%) to €395 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €15 million (-3%) mainly due to higher administrative expenses (€-18 million);

- **Life & Savings** (€+2 million or +1%) to €300 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €10 million (+3%) primarily driven by higher fees & revenues (€+54 million) mainly due to both in-force growth and new business as well as a higher net technical margin (€+12 million) mainly due to in-force growth, partly offset by higher expenses (€-54 million) mainly due to volume growth combined with the non-repeat of the restructuring of a pension scheme.

Income tax expenses decreased by €26 million (-12%) to €-189 million. On a constant exchange rate basis, income tax expenses decreased by €21 million (-10%) driven by positive tax one-offs (€+18 million) and lower pre-tax underlying earnings.

Underlying earnings increased by €2 million (0%) to €499 million. On a constant exchange rate basis, underlying earnings increased by €16 million (+3%).

Adjusted earnings increased by €1 million (0%) to €507 million. On a constant exchange rate basis, adjusted earnings increased by €15 million (+3%) mainly driven by higher underlying earnings.

Net income decreased by €27 million (-5%) to €471 million. On a constant exchange rate basis, net income decreased by €13 million (-3%) as higher adjusted earnings combined with a favorable change in the fair value of interest rate hedging derivatives not eligible for hedge accounting were more than offset by an unfavorable change in the fair value of mutual funds, mainly driven by adverse equity market conditions late 2018.

2

ASIA – HONG KONG

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**3,305**	**3,170**
Life & Savings	2,521	2,384
Property & Casualty	240	256
Health	545	530
New business		
APE	456	456
NBV Margin	47.2%	63.8%
Underlying earnings before tax	**404**	**412**
Life & Savings	358	367
Property & Casualty	22	19
Health	25	27
Income tax expenses/benefits	(13)	(20)
Minority interests	-	-
Income from affiliates and associates	-	-
Underlying earnings Group share	**391**	**392**
Net capital gains or losses attributable to shareholders net of income tax	(2)	2
Adjusted earnings Group share	**389**	**393**
Profit or loss on financial assets (under fair value option) and derivatives	(5)	1
Exceptional operations (including discontinued operations)	-	(0)
Goodwill and other related intangible impacts	(15)	(15)
Integration and restructuring costs	(13)	(5)
NET INCOME GROUP SHARE	**357**	**373**
Property & Casualty Combined Ratio	95.5%	96.2%
Health Combined Ratio	95.6%	95.2%
Protection Combined Ratio	85.4%	84.9%
Average exchange rate: €1.00 = Hong Kong Dollar	*9.26*	*8.80*

(a) Net of intercompany eliminations.

Gross revenues increased by €135 million (+4%) to €3,305 million. On a comparable basis, gross revenues increased by €305 million (+10%):

- **Life & Savings** (€+137 million or +6%) to €2,521 million. On a comparable basis, Life & Savings gross revenues increased by €266 million (+11%) mainly from *Protection* (€+176 million) and *G/A Savings* (€+67 million) driven by in-force growth and higher new business, as well as *Unit-Linked* (€+23 million) driven by growth in single premium new business;
- **Health** (€+15 million or +3%) to €545 million. On a comparable basis, Health gross revenues increased by €43 million (+8%) mainly driven by higher volumes combined with tariff increases in both *Individual* and *Group businesses*;
- **Property & Casualty** (€-16 million or -6%) to €240 million. On a comparable basis, Property & Casualty gross revenues decreased by €4 million (-1%) mainly due to lower new business in *Personal Motor* linked to repricing measures and lower renewals in *Commercial lines*.

APE remained stable at €456 million. On a comparable basis, APE increased by €23 million (+5%) driven by higher sales in *G/A Savings* (€+23 million) mainly due to the successful launch of a new product in 1Q18, and *Health* (€+6 million) from *Group business*, partly offset by lower sales in *Unit-Linked* (€-4 million).

NBV Margin decreased by 16.6 points to 47.2% mainly driven by higher sales in *G/A Savings* combined with the redesign of a *Protection* product to focus on volumes for profitable growth.

Underlying earnings before tax decreased by €8 million (-2%) to €404 million. On a constant exchange rate basis, underlying earnings before tax increased by €12 million (+3%):

- **Life & Savings** (€-9 million or -2%) to €358 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €9 million (+2%) mainly due to volume growth and the non-repeat of an accounting mismatch, partly offset by higher project costs;
- **Health** (€-2 million or -8%) to €25 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €1 million (-3%) mainly driven by higher project costs;
- **Property & Casualty** (€+3 million or +18%) to €22 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €4 million (+24%) mainly due to the non-repeat of 2017 unfavorable claims experience in *Personal Motor*, partly offset by the negative impact from Typhoon Mangkhut.

Income tax expenses decreased by €8 million (-38%) to €-13 million. On a constant exchange rate basis, income tax expenses decreased by €7 million (-34%) as the impact of the increase in pre-tax underlying earnings was more than offset by higher positive tax one-offs.

Underlying earnings remained stable at €391 million. On a constant exchange rate basis, underlying earnings increased by €20 million (+5%).

Adjusted earnings decreased by €4 million (-1%) to €389 million. On a constant exchange rate basis, adjusted earnings increased by €16 million (+4%) mainly driven by higher underlying earnings.

Net income decreased by €17 million (-4%) to €357 million. On a constant exchange rate basis, net income increased by €1 million (0%) driven by higher adjusted earnings, partly offset by higher restructuring costs and an unfavorable change in the fair value of mutual funds and derivatives not eligible for hedge accounting.

ASIA – HIGH POTENTIALS

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [a]	**153**	**180**
Life & Savings	56	66
Property & Casualty	58	72
Health	39	42
New business		
APE	517	613
NBV Margin	37.9%	45.8%
Underlying earnings before tax	**6**	**4**
Life & Savings	8	14
Property & Casualty	(8)	(10)
Health	6	(0)
Income tax expenses/benefits	(2)	1
Minority interests	0	0
Income from affiliates and associates	171	166
Underlying earnings Group share	**176**	**171**
Net capital gains or losses attributable to shareholders net of income tax	(40)	14
Adjusted earnings Group share	**136**	**185**
Profit or loss on financial assets (under fair value option) and derivatives	(8)	(54)
Exceptional operations (including discontinued operations)	-	(0)
Goodwill and other related intangible impacts	(2)	-
Integration and restructuring costs	-	(2)
NET INCOME GROUP SHARE	**126**	**129**
Property & Casualty Combined Ratio	114.3%	115.2%
Health Combined Ratio	90.1%	102.5%
Protection Combined Ratio	103.9%	94.8%

(a) Net of intercompany eliminations.

Scope: (i) The Property & Casualty subsidiary in Thailand and the non-bancassurance Life & Savings subsidiary in Indonesia are fully consolidated; (ii) China, Thailand Life & Savings, the Philippines and the bancassurance Life & Savings subsidiary in Indonesia are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income.

Gross revenues decreased by €26 million (-15%) to €153 million. On a comparable basis, gross revenues decreased by €17 million (-10%):

- **Property & Casualty** (€-14 million or -20%) to €58 million. On a comparable basis, Property & Casualty gross revenues decreased by €14 million (-20%) in *Thailand* driven by lower revenues from *Commercial Property* and *Personal Motor* both following the decision to reduce the volume of unprofitable portfolios;
- **Life & Savings** (€-9 million or -14%) to €56 million. On a comparable basis, Life & Savings gross revenues decreased by €3 million (-4%) in *Indonesia* driven by *Protection* (€-3 million) mainly due to lower new business;
- **Health** (€-3 million or -7%) to €39 million. On a comparable basis, Health gross revenues remained stable as lower revenues in *Thailand* (€-3 million) due to the pruning of unprofitable contracts were offset by higher revenues in *Indonesia* (€+3 million) from in-force growth.

APE decreased by €96 million (-16%) to €517 million. On a comparable basis, APE decreased by €74 million (-12%):

- *China* (€-54 million or -20%) to €215 million. On a comparable basis, APE decreased by €49 million (-18%) due to lower sales of traditional *G/A Savings* products (€-65 million), partly offset by increased sales of higher margin *Protection* products (€+11 million);

- *Thailand* (€-22 million or -13%) to €140 million. On a comparable basis, APE decreased by €22 million (-14%) driven by *Protection* (€-21 million) due to lower sales of low margin products combined with lower sales of traditional *G/A Savings* products (€-5 million) following the non-repeat of sales of a product launched in 1H17, partly offset by higher *Unit-Linked* sales (€+7 million) following successful marketing campaigns;
- *Indonesia* (€-22 million or -17%) to €111 million. On a comparable basis, APE decreased by €10 million (-7%) driven by lower new business in both agency and telemarketing channels;
- *The Philippines* (€+2 million or +4%) to €52 million. On a comparable basis, APE increased by €7 million (+13%) mainly from *Protection* (€+6 million) driven by the strong performance in both bancassurance and agency channels.

NBV Margin decreased by 7.9 points to 37.9%. On a comparable basis, NBV Margin decreased by 5.0 points as a favorable change in business mix in *China* and *Thailand* was more than offset by unfavorable assumptions updates.

Underlying earnings before tax increased by €2 million to €6 million. On a constant exchange rate basis, underlying earnings before tax increased by €3 million:

- **Life & Savings** (€-6 million) to €8 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax decreased by €5 million in *Indonesia* mainly due to less favorable assumptions updates;
- **Health** (€+6 million) to €6 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €6 million mainly driven by *Indonesia* (€+5 million) following the discontinuation of unprofitable products combined with a favorable portfolio growth;
- **Property & Casualty** (€+2 million) to €-8 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €2 million in *Thailand*.

Income tax expenses increased by €2 million to €-2 million. On a constant exchange rate basis, income tax expenses increased by €2 million driven by *Indonesia* (€-1 million) and *Thailand* (€-1 million) in line with higher pre-tax underlying earnings.

Income from affiliates and associates increased by €6 million (+3%) to €171 million. On a constant exchange rate basis, income from associates and affiliates increased by €13 million (+8%):

- *China* (€+43 million) to €57 million mainly due to a favorable change in business mix, as well as the positive impact of financial assumptions update on the net technical margin;
- *Thailand* (€-32 million or -38%) to €54 million mainly due to the adverse impact of assumptions update on technical reserves;
- *Indonesia* (€-1 million or -1%) to €39 million;
- *The Philippines* (€+2 million or +11%) to €22 million mainly from higher fees & revenues and a higher investment margin as a result of portfolio growth, as well as a more favorable claims experience.

Underlying earnings increased by €5 million (+3%) to €176 million. On a constant exchange rate basis, underlying earnings increased by €14 million (+8%).

Adjusted earnings decreased by €49 million (-26%) to €136 million. On a constant exchange rate basis, adjusted earnings decreased by €41 million (-22%) as higher underlying earnings were more than offset by higher net realized capital losses in *China* mainly due to the negative equity market performance.

Net income decreased by €3 million (-2%) to €126 million. On a constant exchange rate basis, net income increased by €5 million (+4%) as lower adjusted earnings were more than offset by a favorable change in the fair value of fixed income assets in *China* and a less unfavorable change in the fair value of financial assets in *Thailand* and *Indonesia*.

AXA XL

(in Euro million, except percentages)	December 31, 2018	December 31, 2017 restated [(a)]
Gross revenues [(b)]	**6,287**	**2,512**
Life & Savings	45	-
Property & Casualty Insurance	3,354	1,629
Property & Casualty Specialty	1,794	884
Property & Casualty Reinsurance	1,093	-
Underlying earnings before tax	**(178)**	**105**
Life & Savings	5	-
Property & Casualty Insurance	103	105
Property & Casualty Reinsurance	(277)	-
Other [(c)]	(10)	-
Income tax expenses/benefits	(70)	(35)
Minority interests	18	(1)
Income from affiliates and associates	(3)	-
Underlying earnings Group share	**(233)**	**70**
Net capital gains or losses attributable to shareholders net of income tax	(27)	32
Adjusted earnings Group share	**(260)**	**102**
Profit or loss on financial assets (under fair value option) and derivatives	(63)	(36)
Exceptional operations (including discontinued operations)	(29)	(6)
Goodwill and other related intangible impacts	(10)	-
Integration and restructuring costs	(67)	(0)
NET INCOME GROUP SHARE	**(428)**	**60**
Property & Casualty Combined Ratio	108.6%	102.9%
Protection Combined Ratio	89.2%	n/a

(a) Restated: as per new governance.
(b) Net of intercompany eliminations.
(c) Other corresponds to holdings.

The XL Group acquisition was closed on September 12, 2018, and was fully consolidated starting from October 1, 2018.

The Company is reported as part of a new segment named AXA XL, gathering XL Group, AXA Corporate Solutions Assurance and AXA Art. In the comments below, the comparable basis includes the XL Group contribution for the 4Q17 gross revenues.

Gross revenues increased by €3,774 million (+150%) to €6,287 million. On a comparable basis, gross revenues increased by €598 million (+10%):

- **Property & Casualty Insurance** (€+1,726 million or +106%) to €3,354 million. On a comparable basis, Property & Casualty Insurance gross revenues increased by €395 million (+13%) driven by strong business growth and rate increases in *North America Casualty* (€+203 million or +106%) and *Property* (€+168 million or +19%);
- **Property & Casualty Specialty** (€+910 million or +103%) to €1,794 million. On a comparable basis, Property & Casualty Specialty gross revenues increased by €55 million (+3%) mainly driven by new business in *Political Risks* (€+42 million or +63%);
- **Property & Casualty Reinsurance** (€+1,093 million or +100%) to €1,093 million. On a comparable basis, Property & Casualty Reinsurance gross revenues increased by €155 million (+16%) driven by an increased share written on a large multi-line quota share treaty;
- **Life & Savings** (€+45 million or +100%) to €45 million. On a comparable basis, Life & Savings gross revenues decreased by €6 million (-12%) as the underlying business is in run-off.

Underlying earnings before tax reported were €-178 million:

- **Property & Casualty** reported earnings were €-174 million, impacted by significant Nat Cat charges in 4Q18, notably from California Wildfires (€-335 million) and Hurricane Michael (€-261 million) in the United States as well as other events (€-120 million). Excluding charges linked to California Wildfires and Hurricane Michael, underlying earnings before tax would have been €+422 million, including €+346 million of net investment income;

- **Life & Savings** reported earnings were €5 million;
- **Other** reported earnings were €-10 million, mainly driven by interests expense on financing debt.

Income tax expenses reported were €-70 million, reflecting positive pre-tax underlying earnings from AXA XL entities based outside of the United States.

Minority interests reported were €+18 million.

Underlying earnings reported were €-233 million.

Adjusted earnings reported were €-260 million, reflecting underlying earnings (€-233 million) as well as realized capital gains being more than offset by impairment charges, mainly on equity instruments in the United States.

Net income reported was €-428 million, reflecting adjusted earnings (€-260 million), integration and restructuring costs associated with the acquisition of *XL Group* (€-67 million), unfavorable change in the fair value of mutual funds (€-37 million), exceptional operations (€-29 million) mainly driven by the repurchase of external debt in the context of the acquisition of *XL Group* and amortization of distribution networks acquired (€-10 million).

UNITED STATES

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**16,483**	**16,911**
Life & Savings	13,723	14,154
Health	54	57
Other [(b)]	2,706	2,700
New business		
APE	1,471	1,799
NBV Margin	23.0%	23.4%
Underlying earnings before tax	**1,897**	**1,392**
Life & Savings	1,431	863
Health	(30)	(27)
Other [(b)]	496	556
Income tax expenses/benefits	(272)	(7)
Minority interests	(500)	(250)
Income from affiliates and associates	-	-
Underlying earnings Group share	**1,125**	**1,135**
Net capital gains or losses attributable to shareholders net of income tax	(11)	(60)
Adjusted earnings Group share	**1,114**	**1,075**
Profit or loss on financial assets (under fair value option) and derivatives	(82)	96
Exceptional operations (including discontinued operations)	16	268
Goodwill and other related intangible impacts	(3,006)	(2)
Integration and restructuring costs	(27)	(21)
NET INCOME GROUP SHARE	**(1,986)**	**1,415**
Health Combined Ratio	169.6%	146.9%
Protection Combined Ratio	106.2%	112.7%
Average exchange rate: €1.00 = US Dollar	*1.18*	*1.13*

(a) Net of intercompany eliminations.
(b) Other corresponds to asset management activities and holdings.

The results of our US segment are presented herein on the basis of IFRS and are not, and should not be relied upon as representing, the US GAAP results of AXA Equitable Holdings, Inc. (“**AEH**”) (including AllianceBernstein), which, as a US public company, reports in US GAAP in accordance with the rules of the US Securities and Exchange Commission (“**SEC**”). For further information on AEH’s financial results and other public reports please consult the SEC website www.sec.gov.

UNITED STATES – LIFE & SAVINGS

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**13,777**	**14,210**
Life & Savings	13,723	14,154
Health	54	57
New business		
APE	1,471	1,799
NBV Margin	23.0%	23.4%
Underlying earnings before tax	**1,206**	**707**
Life & Savings	1,431	863
Health	(30)	(27)
Other [(b)]	(195)	(129)
Income tax expenses/benefits	(149)	145
Minority interests	(203)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**853**	**852**
Net capital gains or losses attributable to shareholders net of income tax	(11)	(60)
Adjusted earnings Group share	**842**	**792**
Profit or loss on financial assets (under fair value option) and derivatives	(82)	96
Exceptional operations (including discontinued operations)	19	135
Goodwill and other related intangible impacts	(1,057)	(2)
Integration and restructuring costs	(26)	(14)
NET INCOME GROUP SHARE	**(305)**	**1,006**
Health Combined Ratio	169.6%	146.9%
Protection Combined Ratio	106.2%	112.7%
Average exchange rate: €1.00 = US Dollar	*1.18*	*1.13*

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

Gross revenues decreased by €434 million (-3%) to €13,777 million. On a comparable basis, gross revenues increased by €190 million (+1%):

- **Life & Savings** (€-431 million or -3%) to €13,723 million. On a comparable basis, Life & Savings gross revenues increased by €191 million (+1%) mainly in *Unit-Linked* (€+120 million) following higher sales of non-GMxB Variable Annuity products notably in 2H18 and *Mutual Funds & Other* (€+69 million) reflecting higher advisory sales from favorable equity market conditions through the first nine months of 2018;
- **Health** (€-3 million or -6%) to €54 million. On a comparable basis, Health gross revenues decreased by €1 million (-1%).

APE decreased by €328 million (-18%) to €1,471 million. On a comparable basis, APE increased by €85 million (+6%) mainly in *Mutual Funds & Other* (€+41 million) reflecting higher advisory sales from favorable equity market conditions through the first nine months of 2018, *Unit-Linked* (€+15 million) following higher sales of non-GMxB Variable Annuity products notably in 2H18, and *Protection* (€+14 million) following higher sales in employee benefit products.

NBV Margin decreased by 0.4 point to 23.0% mainly driven by a less favorable product mix within *Unit-Linked*, partly offset by favorable financial assumptions updates.

Underlying earnings before tax increased by €499 million (+71%) to €1,206 million. On a constant exchange rate basis, underlying earnings before tax increased by €553 million (+78%):

- **Life & Savings** (€+568 million or +66%) to €1,431 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax increased by €0.6 billion (+73%) mainly driven by a favorable impact from model and assumption updates in 2018 (€+0.3 billion) combined with the non-repeat of 2017 unfavorable model and assumption changes (€+0.1 billion), a higher net investment margin (€+0.1 billion) driven by non-GMxB Variable Annuity from higher average asset base, and higher Unit-Linked management fees (€+0.1 billion) mostly reflecting higher average separate account balances;
- **Other** (€-66 million or -51%) to €-195 million. On a constant exchange rate basis, Other underlying earnings before tax decreased by €74 million (-58%) mainly driven by higher financial charges mostly from debt restructuring in the context of the IPO of AXA Equitable Holdings, Inc.;

- **Health** (€-3 million or -12%) to €-30 million. On a constant exchange rate basis, Health underlying earnings before tax decreased by €5 million (-17%).

Income tax expenses increased by €294 million to €-149 million. On a constant exchange rate basis, income tax expenses increased by €301 million mainly driven by lower positive tax one-offs (€+37 million in 2018 *versus* €+202 million in 2017) and higher pre-tax underlying earnings.

Minority interests increased by €203 million to €-203 million. On a constant exchange rate basis, minority interests increased by €212 million, as AXA Group average ownership over the period decreased from 100% on December 31, 2017, to 80.8% on December 31, 2018, as a consequence of the IPO of AXA Equitable Holdings, Inc. completed in May 2018, the Secondary Offering and related Share Buyback completed in November 2018.

Underlying earnings increased by €2 million (0%) to €853 million. On a constant exchange rate basis, underlying earnings increased by €40 million (+5%).

Adjusted earnings increased by €50 million (+6%) to €842 million. On a constant exchange rate basis, adjusted earnings increased by €88 million (+11%) driven by higher underlying earnings and lower net realized capital losses.

Net income decreased by €1,310 million to €-305 million. On a constant exchange rate basis, net income decreased by €1,324 million driven by a goodwill impairment (€-1,057 million), an unfavorable change in the fair value of mutual funds and interest rate derivatives not eligible for hedge accounting backing structured products (€-181 million) as well as higher restructuring costs and exceptional operations (€-128 million) incurred in connection with the IPO and the Secondary Offering of AXA Equitable Holdings, Inc.

UNITED STATES – AB

(in Euro million, except percentages)	**December 31, 2018**	**December 31, 2017**
Gross revenues [(a)]	**2,706**	**2,700**
Underlying earnings before tax	**691**	**685**
Income tax expenses/benefits	(123)	(152)
Minority interests	(297)	(250)
Income from affiliates and associates	-	-
Underlying earnings Group share	**271**	**283**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**271**	**283**
Profit or loss on financial assets (under Fair Value option) and derivatives	-	-
Exceptional operations (including discontinued operations)	(2)	133
Goodwill and other related intangibles impacts	(1,949)	-
Integration and restructuring costs	(1)	(7)
NET INCOME GROUP SHARE	**(1,681)**	**410**
Average Assets under Management *(in Euro billion)*	467	469
Asset management fee *(bps)*	40.7	39.8
Underlying cost income ratio	70.8%	71.8%
Average exchange rate: €1.00 = US Dollar	*1.18*	*1.13*

(a) Net of intercompany eliminations. Gross Revenues amounted to €2,821 million before intercompany eliminations as of December 31, 2018.

Asset under Management ("AUM") decreased by €10 billion from December 31, 2017, to €459 billion at the end of December 31, 2018, driven by €-25 billion unfavorable market effects following markets turmoil at the end of 2018, as well as €-7 billion net outflows as inflows in Private clients were more than offset by outflows on lower-margin Institutional retirement products, partly offset by a €+23 billion favorable foreign exchange rate impact.

Management fee bps increased by 0.9 bps to 40.7 bps mainly due to a more favorable business mix with higher average AUM in Retail and Private clients.

Gross revenues increased by €6 million (0%) to €2,706 million. On a comparable basis, gross revenues increased by €129 million (+5%) driven by higher management fees (€+118 million) due to both higher average AUM and higher average management fee bps, higher performance fees, and higher distribution fees mainly from retail Mutual funds.

Underlying earnings before tax increased by €6 million (+1%) to €691 million. On a constant exchange rate basis, underlying earnings before tax increased by €37 million (+5%) mainly driven by higher revenues and the non-repeat of 2017 one-off charges linked to the reduction of real estate footprint (€+33 million), partly offset by higher expenses in line with volume growth.

The underlying cost income ratio decreased by 1.0 point to 70.8%.

Income tax expenses decreased by €29 million (-19%) to €-123 million. On a constant exchange rate basis, income tax expenses decreased by €24 million (-16%) as the impact of the increase in pre-tax underlying earnings was more than offset by the impact of the decrease in the corporate tax rate from 35% to 21%.

Minority interests increased by €47 million (+19%) to €-297 million. On a constant exchange rate basis, minority interests increased by €60 million (+24%) driven by higher pre-tax underlying earnings and a decrease in AXA Group average ownership over the period from 65.2% on December 31, 2017, to 52.6% on December 31, 2018, as a consequence of the IPO of AXA Equitable Holdings, Inc. completed in May 2018, the Secondary Offering and related Share Buyback completed in November 2018.

Underlying earnings and **adjusted earnings** decreased by €12 million (-4%) to €271 million. On a constant exchange rate basis, underlying earnings and adjusted earnings remained stable.

Net income decreased by €2,091 million to €-1,681 million. On a constant exchange rate basis, net income decreased by €2,167 million mainly driven by a goodwill impairment (€-1,949 million) following the Secondary Offering of AXA Equitable Holdings, Inc.

INTERNATIONAL

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**6,535**	**7,034**
Life & Savings	1,285	1,678
Property & Casualty	3,722	3,798
Health	1,295	1,235
Other [(b)]	233	323
New business		
APE	262	278
NBV Margin	36.5%	28.0%
Underlying earnings before tax	**435**	**379**
Life & Savings	67	92
Property & Casualty	305	235
Health	25	3
Other [(b)]	39	49
Income tax expenses/benefits	(92)	(91)
Minority interests	(47)	(37)
Income from affiliates and associates	104	86
Underlying earnings Group share	**400**	**337**
Net capital gains or losses attributable to shareholders net of income tax	(4)	(7)
Adjusted earnings Group share	**396**	**330**
Profit or loss on financial assets (under fair value option) and derivatives	39	11
Exceptional operations (including discontinued operations)	(17)	(22)
Goodwill and other related intangible impacts	(29)	(27)
Integration and restructuring costs	(35)	(16)
NET INCOME GROUP SHARE	**355**	**276**
Property & Casualty Combined Ratio	100.6%	101.4%
Health Combined Ratio	99.6%	101.6%
Protection Combined Ratio	98.8%	98.4%

(a) Net of intercompany eliminations.
(b) Other corresponds to AXA Bank Belgium and holdings.

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

Gross revenues decreased by €499 million (-7%) to €6,535 million. On a comparable basis, gross revenues increased by €249 million (+4%) mainly driven by insurance activities (+5%), partly offset by a decrease in banking revenues (-28%):

- **Property & Casualty** (€-76 million or -2%) to €3,722 million. On a comparable basis, Property & Casualty gross revenues increased by €194 million (+5%):
  - *Mexico* (€+56 million or +7%) to €807 million mainly driven by new business in *Motor*,
  - *Turkey* (€+100 million or +16%) to €520 million mainly in *Commercial Motor* and *Commercial Property*,
  - *Colombia* (€+64 million or +15%) to €468 million mainly driven by new business in *Personal Accident*, *Workers' Compensation*, *Commercial Property* and *Personal Motor*,
  - *The Gulf Region* (€-37 million or -7%) to €455 million mainly driven by a reduction of the size of a large *Commercial Motor* fleet,
  - *Poland* (€+17 million or +4%) to €439 million mainly due to new business in *Commercial Non-Motor*,

- *Morocco* (€+7 million or +3%) to €256 million mainly due to new business in *Commercial Property* and *Personal Motor*,
- *Malaysia* (€+9 million or +4%) to €253 million mainly in *Motor*,
- *Singapore* (€-24 million or -11%) to €184 million reflecting selective underwriting;

- **Health** (€+60 million or +5%) to €1,295 million. On a comparable basis, Health gross revenues increased by €138 million (+11%) stemming from volume and tariff increases in both *Mexico* (€+84 million or +14%) to €657 million and *the Gulf Region* (€+23 million or +7%) to €315 million, and *Singapore* (€+6 million or +6%) to €111 million;
- **Life & Savings** (€-394 million or -23%) to €1,285 million. On a comparable basis, Life & Savings gross revenues increased by €7 million (+1%):
  - *Singapore* (€+22 million or +8%) to €278 million mainly driven by higher fees from in-force growth in *Unit-Linked* as well as higher sales in *Protection*,
  - *Mexico* (€+8 million or +3%) to €240 million mainly due to higher sales in *Protection*,
  - *Colombia* (€-22 million or -11%) to €171 million mainly driven by lower sales in *G/A Savings*;
- **Other** (€-89 million or -28%) to €233 million. On a comparable basis, Other gross revenues decreased by €89 million (-28%) at *AXA Bank Belgium* mainly due to an unfavorable change in the fair value of the loans hedged through internal interest rates swaps (neutral at Group level) with *AXA Banque France*, lower realized capital gains and lower commercial margin.

APE decreased by €16 million (-6%) to €262 million. On a comparable basis, APE decreased by €5 million (-2%) mainly driven by *Singapore* (€-22 million or -18%) to €100 million mainly driven by lower *Unit-Linked* and *G/A Savings* sales, partly offset by *India* (€+14 million or +49%) to €38 million and *Mexico* (€+5 million or +20%) to €26 million mainly in *Protection*.

NBV Margin increased by 8.5 points to 36.5%. On a comparable basis, NBV Margin increased by 7.9 points mainly driven by a favorable product mix within *Protection* and *Unit-Linked* in *Singapore* as well as favorable actuarial assumptions updates and business mix in *Poland*.

Underlying earnings before tax increased by €57 million (+15%) to €435 million. On a constant exchange rate basis, underlying earnings before tax increased by €87 million (+23%):

- **Property & Casualty** (€+70 million or +30%) to €305 million. On a constant exchange rate basis, Property & Casualty underlying earnings before tax increased by €97 million (+41%) mainly driven by (i) *Mexico* (€+34 million) driven by a higher net technical margin (€+40 million) stemming from a more favorable claims experience, (ii) *Turkey* (€+22 million) driven by a higher investment income as a result of higher average assets as well as higher income from inflation-linked bonds, partly offset by a lower net technical margin from *Motor*, (iii) *Colombia* (€+20 million) mainly driven by a higher investment income due to a higher asset base combined with more favorable prior year reserve developments, (iv) *the Gulf Region* (€+12 million) from *Protection*, and (v) *Poland* (€+10 million) from a higher net technical margin (€+12 million) driven by volume growth in *Commercial lines* combined with less unfavorable prior year reserve developments, partly offset by (vi) *Brazil* (€-10 million) mainly due to higher expenses;
- **Life & Savings** (€-25 million or -27%) to €67 million. On a constant exchange rate basis, Life & Savings underlying earnings before tax decreased by €23 million (-26%) largely driven by *Singapore* (€-24 million) mainly due to the reclassification of policyholder share of income tax to net technical margin (€-9 million) and the non-repeat of a one-off positive regulatory change relating to mortality tables in 1H17;
- **Other** (€-11 million) to €39 million. On a constant exchange rate basis, Other underlying earnings before tax decreased by €10 million from *Holdings* (€-24 million) due to a lower investment margin, partly offset by *AXA Bank Belgium* (€+14 million to €81 million) mainly driven by lower commissions with the positive effect of a new commission scheme;
- **Health** (€+22 million) to €25 million. On a constant exchange rate basis, Health underlying earnings before tax increased by €24 million mainly from *Mexico* (€+17 million) driven by a higher net technical margin as a result of volume growth and an improved profitability.

Income tax expenses increased by €1 million (+1%) to €-92 million. On a constant exchange rate basis, income tax expenses increased by €9 million (+10%) driven by higher pre-tax underlying earnings, partly offset by positive tax one-offs (€11 million) as well as the above-mentioned reclassification in *Singapore*.

Income from affiliates and associates increased by €18 million (+21%) to €104 million. On a constant exchange rate basis, income from affiliates and associates increased by €29 million (+34%) mainly driven by higher earnings at *Reso* (€+18 million) and in *India* (€+13 million).

Underlying earnings increased by €64 million (+19%) to €400 million. On a constant exchange rate basis, underlying earnings increased by €94 million (+28%).

Adjusted earnings increased by €66 million (+20%) to €396 million. On a constant exchange rate basis, adjusted earnings increased by €95 million mainly driven by higher underlying earnings.

Net income increased by €79 million (+28%) to €355 million. On a constant exchange rate basis, net income increased by €115 million (+42%) driven by higher adjusted earnings and favorable foreign exchange impacts, partly offset by higher restructuring costs.

TRANSVERSAL & CENTRAL HOLDINGS

(in Euro million, except percentages)	December 31, 2018	December 31, 2017 restated [(a)]
Gross revenues [(b)]	**2,684**	**2,640**
Life & Savings	5	7
Property & Casualty	1,290	1,199
Health	146	158
Other [(c)]	1,243	1,276
Underlying earnings before tax	**(487)**	**(522)**
Life & Savings	(6)	(13)
Property & Casualty	208	92
Health	(17)	23
Other [(c)]	(673)	(623)
Income tax expenses/benefits	159	130
Minority interests	(8)	(10)
Income from affiliates and associates	20	18
Underlying earnings Group share	**(316)**	**(383)**
Net capital gains or losses attributable to shareholders net of income tax	(13)	(7)
Adjusted earnings Group share	**(330)**	**(389)**
Profit or loss on financial assets (under fair value option) and derivatives	(79)	(175)
Exceptional operations (including discontinued operations)	(91)	193
Goodwill and other related intangible impacts	(1)	(1)
Integration and restructuring costs	(64)	(53)
NET INCOME GROUP SHARE	**(564)**	**(425)**
Property & Casualty Combined Ratio	89.9%	97.6%
Health Combined Ratio	110.4%	87.1%

(a) Restated: as per new governance.
(b) Net of intercompany eliminations.
(c) Other corresponds to asset management activities and holdings.

AXA INVESTMENT MANAGERS ("AXA IM")

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**1,243**	**1,276**
Underlying earnings before tax	**343**	**353**
Income tax expenses/benefits	(85)	(104)
Minority interests	(8)	(9)
Income from affiliates and associates	19	18
Underlying earnings Group share	**270**	**257**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**270**	**257**
Profit or loss on financial assets (under Fair Value option) and derivatives	(1)	10
Exceptional operations (including discontinued operations)	(53)	68
Goodwill and other related intangibles impacts	(1)	(1)
Integration and restructuring costs	(40)	(12)
NET INCOME GROUP SHARE	**175**	**322**
Average Assets under Management *(in Euro billion)*	642	630
Asset management fee bps	17.1	17.9
Underlying cost income ratio	72.1%	70.8%

(a) Net of intercompany eliminations. Gross Revenues amounted to €1,564 million before intercompany eliminations as of December 31, 2018.

Assets under Management ("AUM") decreased by €16 billion from December 31, 2017, to €730 billion at the end of December 31, 2018, mainly driven by €-12 billion negative market effects, €-6 billion net outflows mainly from Asian Joint ventures (€-7 billion), partly offset by inflows from Third-Party clients (€+3 billion), €-4 billion negative scope impact mainly related to the disposal of a part of *AXA Germany* occupational pension business, partly offset by €+6 billion positive foreign exchange rate impact.

Management fee bps decreased by 0.8 bps to 17.1 bps. On a constant exchange rate basis, management fee bps decreased by 0.8 bps mainly due to an unfavorable change in product mix.

Gross revenues decreased by €32 million (-3%) to €1,243 million. On a comparable basis, gross revenues decreased by €25 million (-2%) mainly driven by lower management fees (€-18 million) and other fees (€-12 million), partly offset by higher performance fees including realized carried interest (€+5 million) and transaction fees (€+3 million).

Underlying earnings before tax decreased by €9 million (-3%) to €343 million. On a constant exchange rate basis, underlying earnings before tax decreased by €7 million (-2%) as a result of lower gross revenues, partly offset by higher underlying financial results.

The underlying cost income ratio increased by 1.3 points to 72.1%. On a constant exchange rate basis, the underlying cost income ratio increased by 1.4 points.

Income tax expenses decreased by €19 million (-19%) to €-85 million. On a constant exchange rate basis, income tax expenses decreased by €19 million (-18%) in line with lower pre-tax underlying earnings combined with a favorable change in business mix with a low tax regime on realized carried interests.

Income from affiliates and associates increased by €1 million (+7%) to €19 million. On a constant exchange rate basis, income from affiliates and associates increased by €2 million (+9%) mainly due to higher AUM in Korean joint venture.

Underlying earnings and **adjusted earnings** increased by €13 million (+5%) to €270 million. On a constant exchange rate basis, underlying earnings and adjusted earnings increased by €15 million (+6%).

Net income decreased by €147 million (-46%) to €175 million. On a constant exchange rate basis, net income decreased by €147 million (-46%) mainly driven by the non-repeat of 2017 positive adjustment to the deferred consideration linked to the disposal of *AXA Private Equity* in 2013 (€+61 million), an exceptional tax charge related to the transfer of *AB* shares to *AXA US* in the context of the IPO of AXA Equitable Holdings, Inc. completed in May 2018 (€-51 million), as well as higher restructuring costs mainly due to the voluntary leave plan in France (€-25 million).

AXA ASSISTANCE

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Gross revenues [(a)]	**1,331**	**1,275**
Property & Casualty	1,185	1,117
Health	146	158
Underlying earnings before tax	**20**	**43**
Property & Casualty	36	20
Health	(17)	23
Income tax expenses/benefits	(16)	(16)
Minority interests	(0)	(0)
Income from affiliates and associates	1	1
Underlying earnings Group share	**4**	**27**
Net capital gains or losses attributable to shareholders net of income tax	(2)	0
Adjusted earnings Group share	**2**	**28**
Profit or loss on financial assets (under fair value option) and derivatives	(7)	(7)
Exceptional operations (including discontinued operations)	2	(1)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(8)	(5)
NET INCOME GROUP SHARE	**(11)**	**14**
Property & Casualty Combined Ratio	97.8%	98.7%
Health Combined Ratio	110.4%	87.1%

(a) Net of intercompany eliminations.

Gross revenues increased by €56 million (+4%) to €1,331 million. On a comparable basis, gross revenues increased by €84 million (+7%) driven by:

- **Property & Casualty** (€+69 million or +6%) to €1,185 million. On a comparable basis, Property & Casualty gross revenues increased by €70 million (+6%) in *Non-Motor* (€+58 million) from higher volumes mainly in *Travel* and *Home*, and in *Motor* (€+12 million) mainly from higher volumes as well as in-force growth;
- **Health** (€-13 million or -8%) to €146 million. On a comparable basis, Health gross revenues increased by €15 million (+11%) mainly due to higher new business.

Underlying earnings before tax decreased by €23 million (-54%) to €20 million:

- **Property & Casualty** (€+16 million or +81%) to €36 million mainly driven by a reclassification of a *Travel* product from Health, an improved all accident year loss ratio due to favorable prior year reserve developments, partly offset by a higher current year loss ratio;
- **Health** (€-39 million) to €-17 million mainly driven by a reclassification of a *Travel* product to Property & Casualty, higher claims related to an increase in service usage mainly in Telemedicine, as well as higher general expenses.

Income tax expenses remained stable at €-16 million as the impact of the decrease in lower pre-tax underlying earnings was offset by an increase in corporate tax rate due to a less favorable country mix.

Underlying earnings decreased by €23 million to €4 million.

Adjusted earnings decreased by €25 million to €2 million mainly driven by lower underlying earnings.

Net income decreased by €25 million to €-11 million mainly driven by lower adjusted earnings.

AXA SA

(in Euro million, except percentages)	December 31, 2018	December 31, 2017
Underlying earnings Group share	**(703)**	**(726)**
Net capital gains or losses attributable to shareholders net of income tax	(23)	(0)
Adjusted earnings Group share	**(726)**	**(727)**
Profit or loss on financial assets (under fair value option) and derivatives	(68)	(197)
Exceptional operations (including discontinued operations)	(16)	136
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(9)	(35)
NET INCOME GROUP SHARE	**(819)**	**(822)**

Underlying earnings increased by €24 million to €-703 million mainly driven by lower general expenses and an improved performance of the non-consolidated entities, partly offset by higher financial charges and hedging costs in the context of the acquisition of *XL Group*.

Adjusted earnings increased by €1 million to €-726 million mainly driven by higher underlying earnings offset by the impact of the cost derivatives set up to reduce the Group exposure to equities.

Net income increased by €3 million to €-819 million due to (i) a favorable change in the fair value of derivatives not eligible for hedge accounting, (ii) a one-off benefit from the tax paid on dividends received from European subsidiaries held for more than 95% following the decision from the European Court of Justice, partly offset by (iii) the non-repeat of the 2017 one-off benefit relating to the reimbursement of the 3% tax on dividend paid to the shareholders, as well as (iv) acquisition and integration costs related to the acquisition of *XL Group*.

2.4 LIQUIDITY AND CAPITAL RESOURCES

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

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

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

Each of the major operating subsidiaries of the Group is responsible for managing its own liquidity position, in coordination with the Company. The Company, as the holding company of the AXA Group, coordinates funding and liquidity management and, in this role, participates in financing the operations of certain of its subsidiaries. Certain of AXA’s subsidiaries, including XL Group Limited, AXA Equitable Holdings, Inc., AXA Konzern AG, AXA UK Plc. and AXA Mediterranean Holding SA, are also holding companies and consequently, depend on dividends received from their own subsidiaries to meet their obligations. The Group’s operating (re) insurance companies are required to meet multiple regulatory constraints, in particular, a minimum solvency ratio. The level of internal dividends paid by operating subsidiaries must therefore take into account these constraints. Cash positions also fluctuate as a result of cash-settled margin calls from counterparties related to collateral agreements on derivatives. The Company’s statutory results may be significantly impacted by unrealized gains and losses on derivatives used to hedge, in particular, currency and interest rate risks.

The Company anticipates that cash dividends received from its operating subsidiaries and other financing sources available to the Company will continue to cover going forward its operating expenses (including interest payments on its outstanding debt and borrowings) and dividend payments. 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 II ratio is in line with the level defined in the Group Target Capital framework. However, many Group subsidiaries, particularly AXA’s (re)insurance subsidiaries, are subject to local regulatory restrictions on the amount of dividends they can pay to their shareholders. For more information on these restrictions, see Note 29.4 “Other items: restrictions on dividend payments to shareholders” in Part 5 – “Consolidated Financial Statements” and paragraph “The Group’s or its (re)insurance subsidiaries’ failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position” in Section 4.1 “Risk Factors” [1] of this Annual Report.

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

Liquidity, sources and needs for Group operating subsidiaries

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

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

PROPERTY & CASUALTY (INCLUDING REINSURANCE AND HEALTH)

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

LIFE & SAVINGS (INCLUDING HEALTH)

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

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

ASSET MANAGEMENT AND BANKING

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

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

Liquidity position

In 2018, AXA continued to follow a prudent approach to manage its liquidity risk. At year-end 2018, 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, 2018, AXA's consolidated statement of financial position included cash and cash equivalents of €30.5 billion, net of bank overdrafts of €0.8 billion;
- broad access to various markets *via* standardized debt programs: for example, at the end of 2018, this included a maximum capacity of €6.0 billion of French commercial paper, $2.0 billion of US commercial paper, €18.0 billion under a Euro Medium Term Note ("EMTN") program (of which €15.6 billion have already been issued) and €1.5 billion of French *titres négociables à moyen terme*;

- a debt profile characterized by (i) debt that is mostly subordinated, with a long maturity profile. Over the next two years, €1.9 billion of debt repayments [1] are expected to reach call date and anticipated to be repaid out of total financing debt of €24.2 billion at year-end 2018; and (ii) a temporary increase in the debt ratios (*i.e.* debt gearing [2]: 32.1% at year-end 2018, versus 24.8% at year-end 2017; interest coverage [3]: 10.4x at year-end 2018, versus 14.9x at year-end 2017).

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" [4] and Section 4.5 "Liquidity risk" [5] of this Annual Report.

At year-end 2018, Group entities held, in the aggregate, more than €236 billion of government and related bonds of which €145 billion issued by Eurozone countries, which enables them to address local liquidity needs through highly liquid assets. AXA SA also held €12.3 billion of committed undrawn credit lines at year-end 2018. 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 2018, AXA had no rating triggers and no financial covenants in its credit facilities.

SUBORDINATED DEBT

On a consolidated basis, subordinated debt that qualifies as financing debt (excluding derivative instruments) amounted to €11,200 million as of December 31, 2018 (€10,876 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) and excluding preferred shares issued by XL Group (€1,025 million) which are included in minority interests, compared to €7,741 million as of December 31, 2017 (€7,086 million including derivatives), thus showing an increase of €3,459 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 €5,096 million at December 31, 2018 (€5,096 million including derivatives), an increase of €4,041 million from €1,055 million at the end of 2017 (€1,013 million including derivatives) driven by AXA Equitable Holdings new debt issuance (€3,594 million) and AXA XL debt integration (€607 million).

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, 2018, the Group did not owe any financing debt to credit institutions.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2018, other debt instruments issued were equal to €505 million, down from €1,608 million at the end of 2017. The decrease of €1,103 million mainly reflects the cancellation of commercial paper issued by AXA Financial, Inc.

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

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

(2) Debt gearing is an alternative performance measure and is defined in the Glossary set forth in Appendix V of this Annual Report.

(3) Including interest charge on undated subordinated debt, preferred shares and mandatory exchangeable bonds.

(4) 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.

(5) 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.

Other debt owed to credit institutions (including bank overdrafts)

At December 31, 2018, other debt owed to credit institutions was equal to €2,233 million (including €773 million of bank overdrafts), an increase of €798 million compared to €1,435 million at the end of 2017 (including €702 million of bank overdrafts).

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

ISSUANCE OF ORDINARY SHARES

For several years, the AXA Group has offered to its employees, in and outside France, the opportunity to subscribe for shares issued through a capital increase reserved for employees. In 2018, approximately 15.4 million new shares were issued for a total amount of €330 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 2.62 million shares in 2018. 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 €3,973 million in 2018 (€4,990 million in 2017), of which €796 million were denominated in currencies other than the Euro (€1,045 million in 2017).

Uses of funds

Interest paid by the Company in 2018 amounted to €1,049 million (€1,129 million in 2017), of which interest on undated subordinated debt of €338 million (€359 million in 2017).

Dividends paid to AXA SA's shareholders in 2018 in respect of the 2017 financial year amounted to €2,999 million, or €1.26 per share, versus €1.16 per share paid in 2017 in respect of the 2016 financial year (€2,808 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

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

REGULATORY CAPITAL REQUIREMENTS

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

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

The Group was in compliance with the applicable solvency requirements as of December 31, 2018 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.

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

CAPITAL MANAGEMENT OBJECTIVES

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

- the central target range is between 170% and 220%. Within this central range, AXA intends to (i) pay dividends for an amount representing a pay-out [(1)] ratio within 50% to 60% target range, (ii) buy back shares to neutralize dilution at least resulting from employee share offerings and stock options exercise, (iii) maintain investments in business growth, and (iv) maintain current investment risk appetite;
- above 220% and as solvency increases, excess capital could be returned to our shareholders, or used to add flexibility within the dividend pay out range, invest in business growth or increase the Group's appetite for investment risk;
- below 170%, the AXA Group may become more conservative gradually, selectively de-risking the investment portfolio, increasing selectivity in growth initiatives, allowing for dilution resulting from employee shares offering and stock options exercise; and potentially reviewing the dividend payout ratio;
- below 140%, the AXA Group may restrict its growth initiatives, further reduce its appetite for investment risk and reduce the dividend payout ratio below its target range.

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 and achieve their objectives.

TIERING ANALYSIS OF CAPITAL

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

EOF 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 EOF.

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

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

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

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

(1) Pay out ratio range: 50% 60% of Adjusted Earnings net of financial charges related to undated subordinated debt, preferred shares and equity components of mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc.

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

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

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

FUNGIBILITY OF CAPITAL

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

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

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

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

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

Subsequent events after December 31, 2018 impacting AXA's liquidity

A dividend per share of €1.34 will be proposed to the Shareholders' Meeting to be held on April 24, 2019. Subject to the Shareholders' Meeting approval, the dividend will be payable on May 6, 2019 with an ex-dividend date of May 2, 2019.

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 Consolidated 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, 2018

AXA completed the sale of its Ukrainian operations

On February 14, 2019, AXA announced that it had completed the sale of both its non-life entity (AXA Insurance [(1)]) and life entity (AXA Insurance Life) in Ukraine to Fairfax Financial Holdings Limited [(2)].

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

(2) Through it subsidiary FFHL Group Ltd.

2.6 OUTLOOK

AXA remains focused on the delivery of its Ambition 2020 plan and on the transformation of its business model across all major geographies, with a key priority being the successful integration of XL Group. Anticipating the rapidly evolving needs of its customers, AXA's strategy is articulated around its preferred segments (Health, P&C Commercial lines and Protection) and a focus on partnerships and innovation, seizing opportunities arising from new technologies to offer products and services beyond insurance and becoming a trusted partner for its customers.

A significant shift in strategic profile of the Group is well underway, and is accelerating with the successful IPO and subsequent sell-down of AXA Equitable Holdings, Inc. in 2018, in combination with the acquisition of XL Group to become the #1 global P&C Commercial lines insurer, leading to reduced sensitivities to financial markets and higher proportion of technical margin earnings. This change in profile, along with continued strong operational delivery across all geographies has led to a review of the Group's capital management policy, notably increasing the dividend payout ratio target range to 50% to 60% and lowering the upper bound of our Solvency II ratio target range, which now stands at 170% to 220%. These changes demonstrate our commitment to sustainable value creation for our 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. The intended subsequent sell-downs of AXA Equitable Holdings, Inc., strong operating cash generation, upcoming cash proceeds from the announced disposal of AXA Life Europe and the transformation of the Swiss Group Life business, should provide AXA with additional cash flexibility over the next years. The Group's first priority for using this cash flexibility will be to reduce leverage.

With its clear Ambition 2020 strategy, a simplified organization designed to foster growth across its preferred segments, a significant shift in strategic profile and a strong balance sheet with financial flexibility, AXA is well positioned to create lasting shareholder value and offer an attractive return.

This page was intentionally left blank.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STRUCTURE

PRINCIPLES OF GOVERNANCE

Implementing sound corporate governance principles has been a priority at AXA for many years. In this context, AXA chose to adopt, in 2008, the Corporate Governance Code for French corporations *(Code de gouvernement d'entreprises des sociétés cotées)* published by the Afep *(Association française des entreprises privées)* and the Medef *(Mouvement des entreprises de France)* (the "Afep-Medef Code"). The Board of Directors believes that AXA's corporate governance practices are in line with the recommendations of the Afep-Medef Code (revised in June 2018 and available on AXA's website – www.axa.com) and its accompanying guide and have followed the evolution of corporate governance practices in France and abroad, as well as the recommendations and standards of shareholders, regulators, the French High Committee for Corporate Governance *(Haut Comité de Gouvernement d'Entreprise)*, proxy advisors, rating agencies and other stakeholders.

PRESENTATION OF AXA'S GOVERNANCE

AXA's corporate governance framework

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

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

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

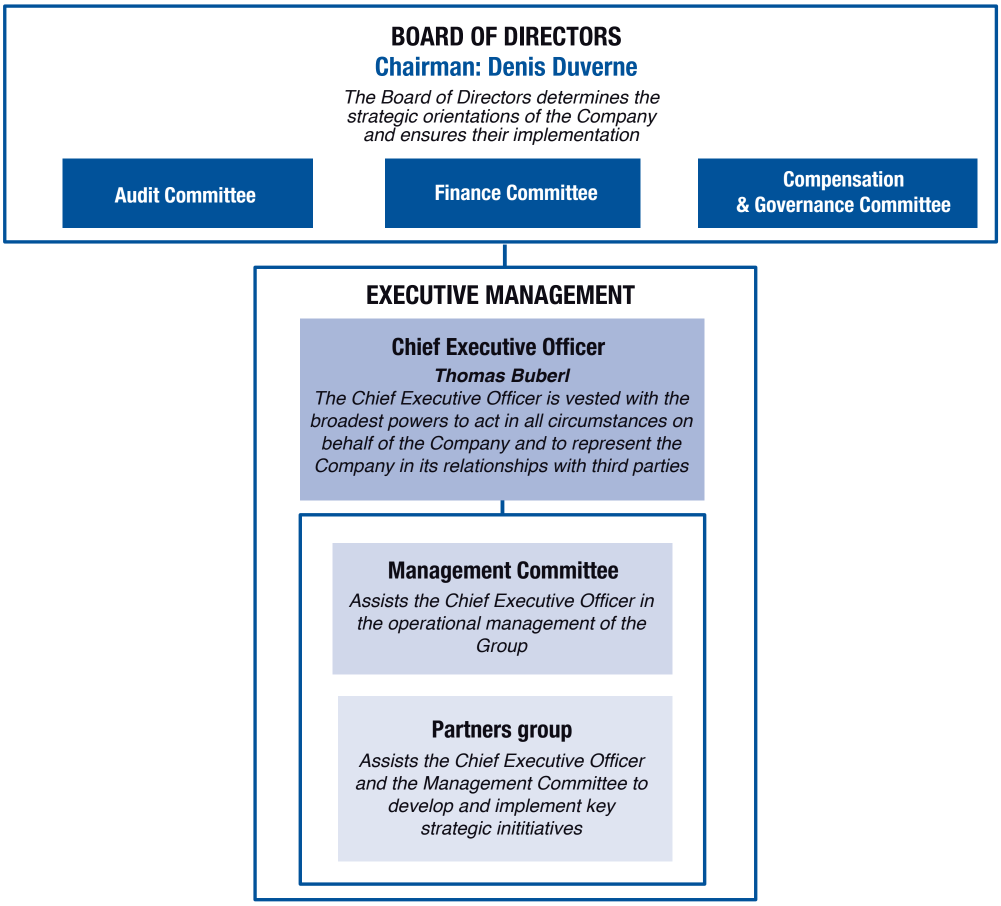
Separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

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

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

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

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



Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Board of Directors diversity policy

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

POLICY STATEMENT

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

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

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

The members of the Board of Directors are appointed for a four year term by the Shareholders' Meeting. On December 31, 2018, the Board of Directors comprised sixteen members - eight women and eight men. An overview of the Board of Directors and the profile, experience and expertise of each director is provided on pages 106 to 115 of this Annual Report.

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

IMPLEMENTATION AND MONITORING

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

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

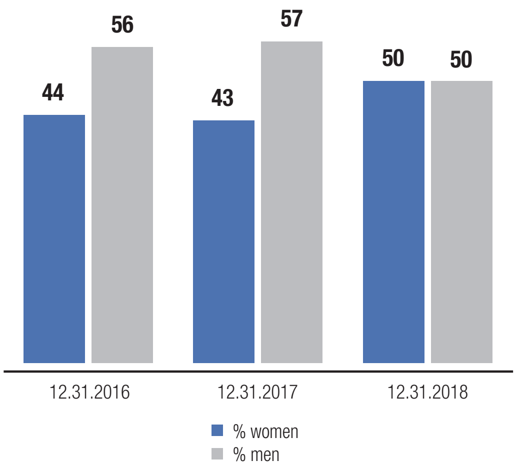
The implementation of the Board of Directors diversity policy is monitored and analysed each year as part of the Board's self-assessment process. In this respect, the Board notably assesses the selection process for directors and measures the progress made against the predefined diversity targets. The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

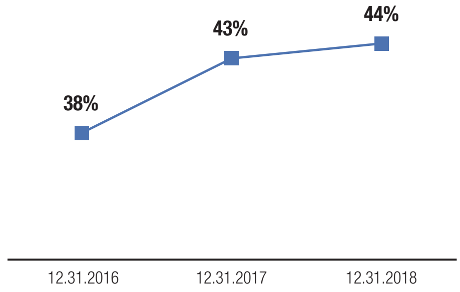
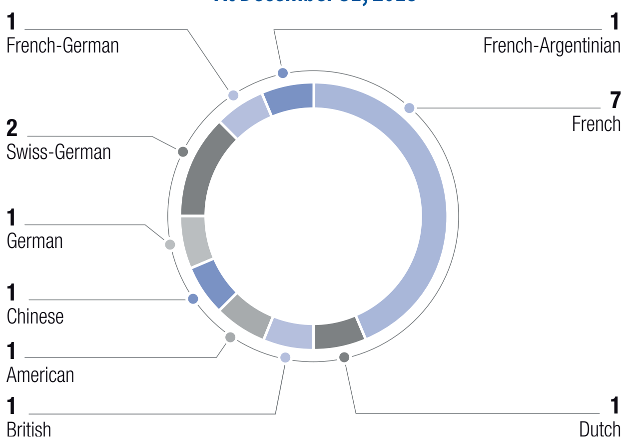
RESULTS OBTAINED IN THE PAST YEAR

In 2018, the Board of Directors took into account these diversity criteria when selecting new members, which led to an improvement in both gender balance and the diversity of its members' profiles and expertise.

DIVERSITY POLICY TARGETS OF THE BOARD OF DIRECTORS

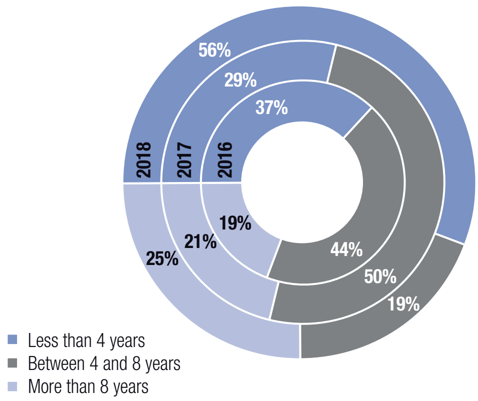
Criteria	Targets	Implementation and results obtained in past years
Gender balance	At least 40% of directors of each gender ***(Target met)***	**Representation of women on the Board:** ■ 8 women (2 more than in 2017) and 8 men (stable compared to 2017) ■ 5 women joined the Board of Directors in 2018



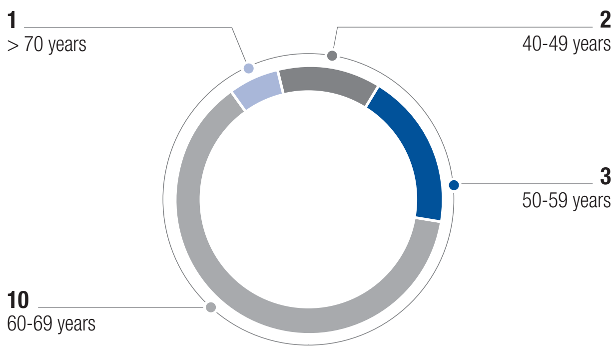
Criteria	Targets	Implementation and results obtained in past years
Nationality of directors	Balanced and complementary composition in terms of nationalities (*at least four nationalities represented on the Board*) ***(Target met)***	**Non-French directors:** ■ 44% of directors are non-French nationals ■ 8 nationalities are represented on the Board ■ Appointment of 3 non-French directors in 2018  **At December 31, 2018** 

Criteria	Targets	Implementation and results obtained in past years
Tenure of directors on the Board	Balanced and complementary composition in terms of tenure on the Board (*average tenure between 4 and 8 years*) ***(Target met)***	**Directors' tenure at December 31, 2018:** ■ Less than 4 years: 9 directors (versus 4 in 2017) ■ Between 4 and 8 years: 3 directors (versus 7 in 2017) ■ Between 8 and 12 years: 4 directors (versus 3 in 2017) ■ 5 new members joined the Board of Directors in 2018 ■ Directors' average tenure on the Board at December 31, 2018: 5 years

At December 31, 2018



Criteria	Targets	Implementation and results obtained in past years
Age of directors	No more than one-third of directors over the age of 70 ***(Target met)***	■ At December 31, 2018, the directors' average age was 61 years old ■ 1 director out of 16 is over the age of 70

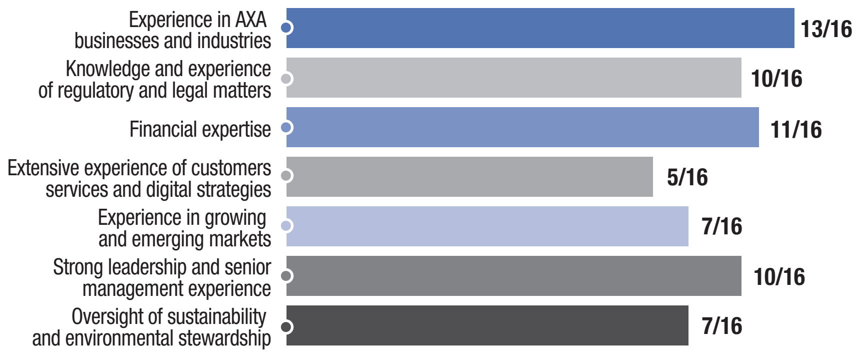


Criteria	Targets	Implementation and results obtained in past years
Independence of directors	At least 50% independent directors ***(Target met)***	At December 31, 2018, 10 out of 16 directors were independent, *i.e.* 62.5% of members of the Board of Directors (71% at December 31, 2017). The Chief Executive Officer, the member of the Board representing the employee shareholders and the members of the Board representing the employees (*i.e.* 4 directors), are by definition not independent.

Skills and expertise of members of the Board of Directors

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

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



Composition of the Board of Directors at December 31, 2018

Number of directors	Independent director ratio	Gender balance within the Board of Directors	Nationality	Directors' average age
16	62.5%	50%	7	61
	10 independent directors	43% of women, excluding directors representing the employees	directors out of 16 are non-French nationality – 8 nationalities are represented on the Board	

Name (age) and principal function (a) Principal business address Nationality	Position within the Board of Directors	Number of AXA shares (b)	First appointment/ term of office
Denis Duverne (65) Chairman of the Board of Directors of AXA 25, avenue Matignon – 75008 Paris – France French nationality	Chairman of the Board of Directors	1,576,337	April 2010/2022 Annual Shareholders' Meeting
Thomas Buberl (45) Director and Chief Executive Officer of AXA 25, avenue Matignon – 75008 Paris – France German and Swiss nationalities	Director and Chief Executive Officer	206,986	September 2016/2022 Annual Shareholders' Meeting
Patricia Barbizet (63) Chairman of Temaris & Associés 40, rue François 1er – 75008 Paris - France French nationality	Independent director	4,570	April 2018/2022 Annual Shareholders' Meeting
Martine Bièvre (59) Director of AXA representing the employees AXA France - 203-205 rue Carnot – 94138 Fontenay-sous-Bois – France French nationality	Director representing the employees	0	June 2018/2022 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (60) Chairman of the Board of Directors of ENGIE Chairman of the Executive Committee and director of Solvay (c) (Belgium) 1, place Samuel de Champlain - 92930 Paris la Défense Cedex – France French nationality	Independent director Member of the Compensation & Governance Committee	9,000	October 2012/2019 Annual Shareholders' Meeting
Bettina Cramm (55) Director of AXA representing the employees AXA Konzern AG - Gustav-Stresemann-Ring 12-16 – 65189 Wiesbaden - Germany German nationality	Director representing the employees Member of the Compensation & Governance Committee	106	June 2018/2022 Annual Shareholders' Meeting
Irene Dorner (64) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France British nationality	Independent director Member of the Audit Committee	6,700	April 2016/2020 Annual Shareholders' Meeting
Rachel Duan (48) Senior Vice President of GE and President & Chief Executive Officer of GE China and GE Global Markets (China) GE China - 8F 1 Building 1 Huatuo Road - Zhangjiang High Tech Park - Shanghai 201203 – China Chinese nationality	Independent director	0	April 2018/2022 Annual Shareholders' Meeting
Jean-Martin Folz (71) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France French nationality	Senior Independent director Chairman of the Compensation & Governance Committee	12,084	May 2007/2019 Annual Shareholders' Meeting
André François-Poncet (59) 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	7,842	December 2016/2022 Annual Shareholders' Meeting
Angelien Kemna (61) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France Dutch nationality	Independent director Member of the Audit Committee	7,250	April 2016/2020 Annual Shareholders' Meeting
Stefan Lippe (63) 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

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

(b) AXA shares which could be indirectly held through Mutual funds are not taken into account.

(c) Until March 1, 2019.

Name (age) and principal function [(a)] Principal business address Nationality	Position within the Board of Directors	Number of AXA shares [(b)]	First appointment/ term of office
François Martineau (67) 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 (64) Managing Director of Investment Audit Practice, LLC (United States) 580 Park Avenue – New York – NY 10065 – United States French and Argentinian nationalities	Independent director Chairman of the Finance Committee Member of the Audit Committee	11,300	April 2009/2021 Annual Shareholders' Meeting
Doina Palici-Chehab (61) Executive Chairman of AXA Corporate Solutions, AXA Matrix Consultants and AXA ART AXA – 61, rue Mstislav Rostropovitch – 75017 Paris - France German and French nationalities	Director representing the employee shareholders Member of the Finance Committee	11,903	April 2012/2020 Annual Shareholders' Meeting
Elaine Sarsynski (63) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France American nationality	Independent director Member of the Audit Committee	2,000	May 2018/2021 Annual Shareholders' Meeting

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

Changes within the membership of the Board of Directors and its Committees in 2018

	Term of office	Appointment	Renewal
Board of Directors	Isabelle Kocher *(04/25/2018)* Suet Fern Lee *(04/25/2018)* Deanna Oppenheimer *(05/24/2018)*	Patricia Barbizet *(04/25/2018)* Rachel Duan *(04/25/2018)* Elaine Sarsynski *(05/24/2018)* Martine Bièvre *(06/13/2018)* Bettina Cramm *(06/20/2018)*	Denis Duverne *(04/25/2018)* Thomas Buberl *(04/25/2018)* André François-Poncet *(04/25/2018)*
Audit Committee	-	Elaine Sarsynski *(05/24/2018)*	-
Finance Committee	Suet Fern Lee *(04/25/2018)*	-	André François-Poncet (04/25/2018)
Compensation & Governance Committee	Deanna Oppenheimer *(05/24/2018)*	Bettina Cramm *(06/27/2018)*	André François-Poncet *(04/25/2018)*

Changes to the Board at the 2019 Shareholders' Meeting

The Shareholders' Meeting to be held on April 24, 2019 will be asked to vote on (i) the re-appointment of a member of the Board of Directors whose term of office is ending (Mr. Jean-Pierre Clamadieu) and (ii) the ratification of the cooptation of a member of the Board of Directors (on May 24, 2018, the Board of Directors appointed Mrs. Elaine Sarsynski as a Board member, replacing Mrs. Deanna Oppenheimer, until the 2021 Shareholders' Meeting).

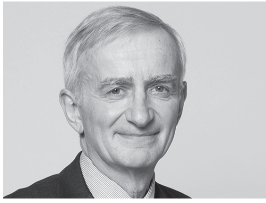
Mr. Jean-Martin Folz, member of the Board of Directors for twelve years, informed the Board of his decision not to run for a new term.

Subject to the approval of the Shareholders' Meeting of April 24, 2019, the Board of Directors will consequently comprise fifteen members including eight women (53% [(1)]) and nine members considered independent (60%) by the Board of Directors in accordance with the criteria of the Afep-Medef Code.

The composition of the Board Committees will be reviewed during the Board of Directors' meeting following the Shareholders' Meeting of April 24, 2019.

(1) Or a rate of 46% of women (excluding directors representing the employees) in accordance with legal requirements.

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



Denis Duverne

Chairman of the Board of Directors of AXA

Born on October 31, 1953

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 29, 2010

Expertise and experience

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

Directorships held within the AXA Group

Chairman of the Board of Directors: AXA*

Chairman: AXA Millésimes (SAS)

Director: AllianceBernstein Corporation* (United States)

Directorship held outside the AXA Group

None

Directorships held during the last five years

Deputy Chief Executive Officer: AXA

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

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

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

Thomas Buberl

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

Born on March 24, 1973

German and Swiss nationalities

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on September 1, 2016

Expertise and experience

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

Directorships held within the AXA Group

Director and Chief Executive Officer: AXA*

Chairman of the Board of Directors: AXA Equitable Holdings, Inc.* (United States), XL Group Ltd (Bermuda)

Director: AXA Equitable Life Insurance Company (United States), MONY Life Insurance Company of America (United States)

Directorship held within the AXA Group [(2)]

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

Directorships held during the last five years

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

Chairman of the Board of Directors: AXA Financial, Inc. (United States), AXA Leben AG (Switzerland), AXA Versicherungen AG (Switzerland)

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

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

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

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

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

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

Patricia Barbizet

Member of the Board of Directors of AXA (independent)

Chairman of Temaris & Associés

Born on April 17, 1955

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Expertise and experience

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

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

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

Chairman: Temaris & Associés, Zoé SAS

Director: Fnac Darty*, Pernod Ricard* (Lead Independent Director), Total* (Lead Independent Director), Yves Saint Laurent

Directorships held during the last five years

Chief Executive Officer: Artémis

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

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

Vice-Chairman of the Board of Directors: Kering

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

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

Managing Director and director: Palazzo Grassi (Italy)

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

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

Martine Bièvre

Member of the Board of Directors of AXA representing the employees

Born on September 4, 1959

French nationality

Appointed on June 13, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 13, 2018

Expertise and experience

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

Directorship held within the AXA Group

Director representing the employees: AXA*

Directorship held outside the AXA Group

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

Directorship held during the last five years

Director representing the employees: AXA France IARD

3

Jean-Pierre Clamadieu

Member of the Board of Directors of AXA (independent)

Chairman of the Board of Directors of ENGIE

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

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

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

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

Director: Airbus*, France Industries

Directorships held during the last five years

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

Chairman: Cytec Industries Inc (United States)

Director: Faurecia, SNCF

Bettina Cramm

Member of the Board of Directors of AXA representing the employees

Born on May 10, 1963

German nationality

Appointed on June 20, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 20, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

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

Directorships held within the AXA Group

Director representing the employees: AXA*

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

Directorship held outside the AXA Group

None

Directorship held during the last five years

None

Irene Dorner

Member of the Board of Directors of AXA (independent)

Companies' director

Born on December 5, 1954

British nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Expertise and experience

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

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

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

Chairman: Control Risks Group Holding Ltd (United Kingdom)

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

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

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

Directorships held during the last five years

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

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

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

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

Member of the Advisory Board: Outleadership (United States)

Rachel Duan

Member of the Board of Directors of AXA (independent)

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

Born on July 25, 1970

Chinese nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Expertise and experience

Mrs. Rachel Duan holds a bachelor's degree in Economics and International business from Shanghai International Studies University and a MBA from the University of Wisconsin (Madison – United States). Mrs. Rachel Duan joined General Electric (GE) in 1996 as Corporate Audit Staff. During her four years on Corporate Audit Staff, she progressed to Senior Audit Manager and led audits in multiple GE industrial and capital businesses worldwide. In 2000, Mrs. Rachel Duan was appointed as Six Sigma Quality Leader for GE Plastics Asia Pacific based in Tokyo. In late 2001, she moved to China and became the Lexan Commercial Director for GE Plastics China. From 2003 to 2005, Mrs. Rachel Duan served as Marketing Director first for China, and then for Asia Pacific. In 2005, she was promoted to General Manager for Polymer business in the Asia Pacific region. In 2006, Mrs. Rachel Duan became the President & Chief Executive Officer of GE Advance Materials China. She served as President & Chief Executive Officer for Asia Pacific of Momentive Performance Materials (previously known as GE Advance Materials which was formed upon GE divesture at the end of 2006). In 2010, Mrs. Rachel Duan rejoined GE and was named as President & Chief Executive Officer of GE Healthcare China, the role she still assumes today. In July 2014, Mrs. Rachel Duan was appointed President & Chief Executive Officer of GE China, becoming the first native-Chinese ever to take this role in GE's largest single country market outside US. Since January 24, 2019, Mrs. Rachel Duan has been President & Chief Executive Officer of GE Global Markets. She is also a Senior Vice President of General Electric Company (GE).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

President and Chief Executive Officer: GE China, GE Global Markets, GE Healthcare China

Directorship held during the last five years

None

Jean-Martin Folz

Member of the Board of Directors and Senior Independent Director 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

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.

Directorship held within the AXA Group

Director: AXA*

Directorship held outside the AXA Group

None

Directorships held during the last five years

Chairman of the Board of Directors: Eutelsat Communications

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

André François-Poncet

Member of the Board of Directors of AXA (independent)

Chairman of the Management Board of Wendel SE

Born on June 6, 1959

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on December 14, 2016

Member of the AXA Compensation & Governance Committee

Member of the AXA Finance Committee

Expertise and experience

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

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

Director: Winvest Conseil** (Luxembourg)

Member of the bureau: Club des Trente

Member of the European Advisory Board: Harvard Business School

Directorship held during the last five years

Chairman and Chief Executive Officer: LMBO Europe SAS

Angelien Kemna

Member of the Board of Directors of AXA (independent)

Companies' director

Born on November 3, 1957

Dutch nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Expertise and experience

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

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director or member of the Supervisory Board: NIBC* (The Netherlands), 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)

Stefan Lippe

Member of the Board of Directors of AXA (independent)

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

Born on October 11, 1955

German and Swiss nationalities

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 25, 2012

Chairman of the AXA Audit Committee

Member of the AXA Finance Committee

Expertise and experience

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

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.com AG)* (Switzerland)

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

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

Directorships held during the last five years

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

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

3

François Martineau

Member of the Board of Directors of AXA

Attorney at law

Born on June 11, 1951

French nationality

Appointed on April 27, 2016

Term expires at the 2020 Shareholders' Meeting

First appointment on April 22, 2008

Expertise and experience

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

Directorships held within the AXA Group

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

Directorships held outside the AXA Group

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

Vice-Chairman and director: Bred Banque Populaire

Co-Managing Partner: Lussan / Société d'avocats

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

Directorship held during the last five years

None

Ramon de Oliveira

Member of the Board of Directors of AXA (independent)

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

Born on September 9, 1954

French and Argentinian nationalities

Appointed on April 26, 2017

Term expires at the 2021 Shareholders' Meeting

First appointment on April 30, 2009

Chairman of the AXA Finance Committee

Member of the AXA Audit Committee

Expertise and experience

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

Directorships held within the AXA Group

Director: AXA*, AllianceBernstein Corporation* (United States), AXA Equitable Holdings, Inc.* (United States)

Directorship held outside the AXA Group

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

Directorships held during the last five years

Chairman of the Board of Directors: Friends of Education *(non-profit organization)* (United States)

Trustee and Chairman of the Investment Committee: Fondation Kaufman (United States)

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

Vice-Chairman: JACCAR Holdings SA (Luxembourg)

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

Member of the Investment Committee: La Croix Rouge (United States)

Doina Palici-Chehab

Member of the Board of Directors of AXA representing the employee shareholders

Executive Chairman of AXA Corporate Solutions, AXA Matrix Risk Consultants and AXA ART

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 Bucharest (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 (Singapore). From January 1, 2017 to June 30, 2017, Mrs. Doina Palici-Chehab was Chief Executive Officer of AXA Insurance Pte Ltd (Singapore) (new entity further to the merger of the two entities in Singapore). From July 2017 to March 2018, she served as interim Chief Executive Officer of AXA Asia. As from April 1, 2018, she has been Executive Chairman of AXA Corporate Solutions, AXA Matrix Risk Consultants and AXA ART and assumes the role of Chief Integration Officer following the acquisition of the XL Group. 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, AXA Matrix Risk Consultants SA

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

Director representing the employee shareholders: AXA*

Director: Sayata Labs Ltd (Israel), XL Group Ltd (Bermuda), XLICSE (Ireland)

Directorship 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 China Region Limited (Bermuda), AXA China Region Insurance Company (Bermuda) Limited (Bermuda), AXA China Region Insurance Company Limited (Hong Kong), AXA Financial Services (Singapore) Pte Ltd (Singapore), AXA General Insurance Hong Kong Limited (Hong Kong), AXA Insurance Public Company Limited (Thailand), AXA Insurance Pte Ltd (Singapore), AXA MATRIX Risk Consultants India Private Limited (India), AXA Wealth Management (HK) Limited (Hong Kong), Charter Ping An Insurance Corporation (Philippines), Krungthai AXA Life Insurance Public Company Limited (Thailand), Philippine AXA Life Insurance Company Limited (Philippines), Red Switch Pte. Ltd. (Singapore)

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).

3

Elaine Sarsynski

Member of the Board of Directors of AXA (independent)

Companies' directors

Born on April 21, 1955

American nationality

Appointed on May 24, 2018

Term expires at the 2021 Shareholders' Meeting

First appointment on May 24, 2018

Member of the AXA Audit Committee

Expertise and experience

Mrs. Elaine Sarsynski graduated with a Bachelor of Arts degree (BA) in Economics from Smith College of Northampton (United States) and a Master of Business Administration (MBA) in Accounting and Finance from Columbia Business School, New York (United States). Mrs. Elaine Sarsynski started her career in 1977 as Real Estate Analyst at Morgan Stanley (New York, United States). In 1981, she joined Aetna Life and Casualty (Hartford, United States), where she held various positions, notably Head of the Corporate Finance Department (1991-1992), Unit Head of Mortgage Finance (1992-1995) and Head of the Real Estate Investments Department (1995-1998). From 1998 to 2001, she worked for Sun Consulting Group, LLC (Hartford, United States) as Partner and founding principal. During this period, she was an Economic and Community Development Director (1999-2001) and became first Selectman for the town of Suffield (United States) in 2001. In 2005, Mrs. Elaine Sarsynski joined Massachusetts Mutual Life Insurance Company (Springfield, United States), where she was Managing Director at Babson Capital Management LLC, a MassMutual subsidiary. In 2006, she became Executive Vice President, Chief Administrative Officer, President & Chief Executive Officer of MassMutual International and in 2008, Executive Vice President, member of the Office of the Chief Executive Officer and President of MassMutual Retirement Services as well as Chairwoman of MassMutual International. In early 2017, Mrs. Elaine Sarsynski retired from Massachusetts Mutual Life Insurance Company.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Horizon Technology Finance Corporation* (United States), TI Fluid Systems Plc* (United Kingdom)

Trustee: Hopkins Academy (United States)

Directorships held during the last five years

Chairman: MassMutual International (United States)

Trustee: MassMutual Fund Boards (United States)

DIRECTORS' INDEPENDENCE

Each year, the Board of Directors assesses the independence of each of its members on the basis of the recommendations set out in the Afep-Medef Code.

The following table summarizes the position of each director of the Company with regard to the criteria of the Afep-Medef Code at December 31, 2018.

Criterion *(the criterion is considered to be met when it is identified by ✔)*	**Denis Duverne**	**Thomas Buberl**	**Patricia Barbizet**	**Martine Bièvre**	**Jean-Pierre Clamadieu**
1 Not have been an employee or executive officer of the Company, or an employee, executive officer or director of a consolidated subsidiary within the previous five years	0	0	✔	0	✔
2 Not have cross-directorships	✔	✔	✔	✔	✔
3 Not have significant business relationships	✔	✔	✔	✔	✔
4 Not be related by close family ties to a company officer	✔	✔	✔	✔	✔
5 Not have been an auditor of the Company within the previous five years	✔	✔	✔	✔	✔
6 Not have been a director of the Company for more than twelve years	✔	✔	✔	✔	✔
7 Not represent a major shareholder of the Company (holding more than 10% of share capital or voting rights)	✔	✔	✔	✔	✔
Independent director after assessing the Afep-Medef criteria	**0**	**0**	**✔**	**0**	**✔**

Bettina Cramm	Irene Dorner	Rachel Duan	Jean-Martin Folz	André François-Poncet	Angelien Kemna	Stefan Lippe	François Martineau	Ramon de Oliveira	Doina Palici-Chehab	Elaine Sarsynski
0	✔	✔	0 *	✔	✔	✔	0 *	0 *	0	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
✔	✔	✔	✔	✔	✔	✔	0 **	✔	✔	✔
0	✔	✔	✔	✔	✔	✔	**0**	✔	**0**	✔

* *The Company considers that the fact that certain members of the AXA Board of Directors hold non-executive directorships in one or more Group subsidiaries owned, directly or indirectly, by AXA does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the Boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the Boards of Group subsidiaries, however, are required to abstain from participating in the debates and decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent any conflict of interest or potential independence issues.*

** *As Mr. Martineau is Chairman of the AXA Mutuals' Strategy Coordination Committee, the Board of Directors concluded that he was no longer independent.*

On February 20, 2019, the AXA Board of Directors determined that, at December 31, 2018, ten of the sixteen Board members were independent after assessing the criteria of the Afep-Medef Code: Mmes Patricia Barbizet, Irene Dorner, Rachel Duan, Angelien Kemna and Elaine Sarsynski and Messrs. Jean-Pierre Clamadieu, 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, in June 2018, two directors representing the employees, Mmes Martine Bièvre and Bettina Cramm, were appointed as members of the AXA Board of Directors.

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

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 *dirigeant effectif* (executive who effectively runs the Company as required by Solvency II), and determines their respective compensation;
- convenes Shareholders' Meetings;
- proposes directors for appointment to the Shareholders' Meeting and/or coopts directors to the Board;
- reviews and endorses *(arrête)* the Company's and the Group's half-year and annual financial statements;
- presents a report on corporate governance to the Shareholders' Meeting;
- fulfills all the Board obligations set out in Solvency II;
- adopts and oversees the general principles of the Group's compensation policy;
- reviews the strategies and the policies on the taking, management and monitoring of risks as well as the conclusions of the internal assessment of risks and solvency (ORSA - Own Risk and Solvency Assessment - report);
- proposes Statutory Auditors for appointment to the Shareholders' Meeting and approves non-audit services.

The Chief Executive Officer, who is also a Board member, is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties. However, the Board of Directors also reserves the approval of certain material transactions to itself in its Terms of Reference, including sales or acquisitions (over €500 million), significant financing operations and other material transactions outside the strategy announced by the Company.

To ensure that the personal interests of the members of the Board of Directors and those of the Company are appropriately aligned, the Board's Terms of Reference provide that each member of the Board of Directors (with the exception of the directors representing the employees) must hold, within two years following his/her first appointment, a number of AXA shares with a value at least equal to the 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.

In this context, in 2018, 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.

(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.

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 2018, 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 of the future members of the Board of Directors and its Committees;
- worked closely with the Chairman of the Board on the organization of the annual self-assessment of the Board;
- contributed to the review of all communications made to shareholders in particular on corporate governance topics and Executive Management compensation.

He reported on his activities at the Shareholders' Meeting of April 25, 2018.

Following Mr. Jean-Martin Folz's decision not to run for a new term as director, the Board of Directors, in accordance with the provisions of its Terms of Reference, decided to appoint Mr. Jean-Pierre Clamadieu as Senior Independent Director, subject to his reappointment as director by the Shareholders' Meeting of April 24, 2019, with effect from such date and for the duration of his term of office as director, *i.e.* until the 2023 Shareholders' Meeting.

BOARD ACTIVITIES IN 2018

In 2018, the Board of Directors met twelve times and sessions without the presence of Executive Management were scheduled at four Board of Directors' meetings.

In 2018, the Board notably focused on the review of the Group's strategy, the examination of the 2017 financial statements and the 2018 half-year financial statements, the review of proposed significant acquisitions and disposals (including the acquisition of the XL Group and its integration, the initial public offering "IPO" of the US subsidiary, AXA Equitable Holdings, Inc. and subsequent offering), the review of the Board Committees' reports, the review of the ORSA report and AXA's Internal Model as well as other written policies required under Solvency II, the Group's 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 2018, the Board of Directors held its annual two-day off-site strategy session with presentations by Group senior executives on a variety of key strategic topics related to the implementation of the Group's 2020 Strategic Plan.

In October 2018, the Board of Directors went to Shanghai (China), where it reviewed the Group's Asian strategy and met with the Group's main external partners in China.

In 2018, 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 General Data Protection Regulation (GDPR) and the presentation of AXA XL activities.

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

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

The Board of Directors conducts an annual self-assessment to review its composition, operating procedures and overall functioning. The conclusions of this self-assessment are discussed annually at the Board of Directors.

Since 2013, the Board of Directors, upon recommendation of its Compensation & Governance Committee, has periodically entrusted the annual assessment of the Board of Directors to an external consultant.

In 2018, the Board self-assessment was carried out by a consultant (SpencerStuart) who collected each of the individual director's inputs, views and suggestions on the Board work and its performance. Each director's view on other members' participation and contribution to the Board work was also collected.

The individual assessment reports on each member's contribution were shared only with the Chairman of the Board who provided individual feedback during dedicated one-on-one meetings with each Board member. The report on the Chairman's personal contribution was transmitted to the Senior Independent Director who shared the results with the Chairman.

The Compensation & Governance Committee reviewed in detail the conclusions of the Board self-assessment, 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 13, 2018.

The 2018 Board self-assessment demonstrated that for a majority of the directors, the functioning of the Board had either improved or remained unchanged at a high level thanks to the maturity of its processes and the efficiency of the team made of the Chairman and the Chief Executive Officer.

Whilst the results of this assessment were positive, the members of the Board of Directors identified the following areas of improvement:

- closely monitor the selection of future Board members with the objective of (i) appointing directors with predefined critical skills (insurance and financial competencies, digital, technology, human resources, marketing/branding skills), and (ii) appointing an additional seasoned and active or former Chief Executive Officer of a large company;
- reduce the number of directors sitting on the Board;
- maintain a combined position of Senior Independent Director/Chairman of the Compensation and Governance Committee since the two roles are intimately linked;
- maintain regular interviews between the Chairman (and the Chief Executive Officer) and each director on significant matters as it contributes to an efficient decision process;
- pursue and develop the practice consisting in having the Chief Executive Officer send short information notes on insurance sector-related news or public announcements made by the Company to the directors;
- involve the directors in the choice of the training sessions' topics;
- keep the Board informed of the succession process of the members of the Executive Management.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2018

In 2018, the Board met twelve times and the average attendance rate was 97.2%. Board meetings lasted approximately four hours on average.

	Board of Directors		Audit Committee		Finance Committee		Compensation & Governance Committee	
Directors	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate
Denis Duverne	12/12	100%	-	-	-	-	-	-
Thomas Buberl	12/12	100%	-	-	-	-	-	-
Patricia Barbizet	8/8	100%	-	-	-	-	-	-
Martine Bièvre	6/6	100%	-	-	-	-	-	-
Jean-Pierre Clamadieu	10/12	83.3%	-	-	-	-	7/7	100%
Bettina Cramm	6/6	100%	-	-	-	-	3/3	100%
Irene Dorner	11/12	91.7%	6/7	85.7%	-	-	-	-
Rachel Duan	8/8	100%	-	-	-	-	-	-
Jean-Martin Folz	12/12	100%	-	-	-	-	7/7	100%
André François-Poncet	12/12	100%	-	-	3/3	100%	7/7	100%
Angelien Kemna	12/12	100%	7/7	100%	-	-	-	-
Isabelle Kocher	2/4	50%	-	-	-	-	-	-
Suet Fern Lee	4/4	100%	-	-	5/5	100%	-	-
Stefan Lippe	12/12	100%	7/7	100%	5/5	100%	-	-
François Martineau	12/12	100%	-	-	-	-	-	-
Ramon de Oliveira	12/12	100%	5/7	71.4%	5/5	100%	-	-
Deanna Oppenheimer	6/6	100%	-	-	-	-	3/3	100%
Doina Palici-Chehab	12/12	100%	-	-	5/5	100%	-	-
Elaine Sarsynski	6/6	100%	4/4	100%	-	-	-	-
TOTAL ATTENDANCE RATE		**97.2%**		**90.6%**		**100%**		**100%**

The Board Committees

The Board of Directors has established three specialized Committees: the Audit Committee, the Finance Committee and the Compensation & Governance Committee.

To ensure a well-balanced governance, the Board's Terms of Reference go beyond the requirements of French law and specifically provide that independent directors have a major role in all Board Committees, as follows:

- each of the three Committees is chaired by an independent director;
- all members of the Audit Committee are independent directors;
- all members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations;
- none of AXA's corporate officers may be members of the Committees.

Each Committee issues opinions, proposals or recommendations to the Board of Directors on matters within the scope of its responsibilities with each Committee Chairman reporting to the Board at the following Board meeting. However, under French law, Board Committees do not have any formal decision-making power and are advisory only.

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

All Committees are composed of members with expertise in the relevant areas, and their composition is regularly reviewed by the Board of Directors.

The role, organization and responsibilities of each Committee are set out in the Board's Terms of Reference and in the Audit Committee Terms of Reference available on AXA's website.

AUDIT COMMITTEE IN 2018 (1)

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

In accordance with the Afep-Medef recommendations, the Audit Committee members are notably competent in the areas of finance and/or accounting.

Meetings	Attendance	Independent directors
7	90.6%	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 Deputy Chief Executive Officer (*Directeur Général Adjoint*) & Chief Financial Officer, the Global Head of Internal Audit, the Group Chief Risk Officer, the Group Chief Accounting Officer, the Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary as well as the Statutory Auditors attend each Audit Committee meeting.

Principal activities in 2018

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

- the 2017 financial statements;
- the 2017 Annual Report (Registration Document);
- the 2018 half-year financial statements;
- 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…);
- risk management, risk appetite and reporting framework;
- compliance with the Solvency II regulations and the review of the ORSA, SFCR and RSR reports;
- the results of internal and external audit work;
- the review of Management's draft response to requests sent by the ACPR;
- the review, for recommendation to the Board, of the non-audit services provided by the Statutory Auditors;
- the review of IFRS 17 and its expected impacts; and
- the internal and external audit plans and resources.

(1) At December 31, 2018.

FINANCE COMMITTEE IN 2018 (1)

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

Meetings	Attendance	Independent directors
5	100%	75%

Principal responsibilities

The principal missions of the Committee are:

- to examine and issue an opinion on any plan to sell some or all ownership interests held by the Company, or any acquisition or strategic partnership, whatever form they may take, when their immediate or deferred value exceeds the €500 million threshold;
- to examine and issue an opinion on any sureties, guarantees, endorsements and warrantees in favor of third parties which exceed the delegations of power granted to the Chief Executive Officer by the Board of Directors;
- to examine and issue an opinion on any of the following:
  - securities issuances giving a claim, whether directly or indirectly, to the Company's share capital,
  - share repurchase programs proposed to the Ordinary Shareholders' Meeting,
  - financing operations that could substantially change the Company's financial structure;
- to examine any plan to perform a financial operation of significant size for the AXA Group;
- to examine any subject relating to the financial management of the AXA Group including:
  - the policy on financial risk management,
  - the liquidity and financing of the Group,
  - solvency and capital management;
- to examine the impact of the main orientations and limits of Asset Liability Management policy on the Group's capital and solvency; and
- to review the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

The Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & 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 2018

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 2018 investment strategy;
- the Systemic Risk Management Plan;
- the Liquidity Risk Management Plan;
- the Recovery Plan;
- review of the financial authorizations (guarantees); and
- review of the proposed capital increase reserved for the employees of the AXA Group (Shareplan 2018).

(1) At December 31, 2018.

COMPENSATION & GOVERNANCE COMMITTEE IN 2018 (1)

Composition: Jean-Martin Folz (Chairman) - Jean-Pierre Clamadieu - Bettina Cramm - André François-Poncet

Meetings	Attendance	Independent directors (2)
7	100%	75%

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 amount of directors' fees for the members of the Board of Directors to be submitted to the Shareholders' Meeting,
  - 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;
- 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 responsibility and other related issues;
- in depth analysis certain governance matters relating to the operation and organization of the Board of Directors and the organization of the periodic self-assessment of the Board of Directors; and
- to review the AXA Compliance & Ethics Code.

The Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary attends each Compensation & Governance Committee meeting.

The Chairman of the Board of Directors, as well as the Chief Executive Officer, although not members of the Committee, contribute to the work of the Committee and attend its meetings, except when their personal situation is discussed.

The Committee prepares, with the Chairman of the Board of Directors and the Chief Executive Officer, the succession of the Executive Management, including in the case of emergency succession, and reports regularly to the Board of Directors. It also regularly ensures the existence of succession plans, at different time horizons (short, medium, long), for each member of the Management Committee.

Principal activities in 2018

The Committee in particular focused on the following issues:

Compensation issues:

- the compensations paid to the Chief Executive Officer, the Company *dirigeants effectifs* (as defined under the Solvency II) and the members of the Management Committee;
- the 2018 and 2019 equity allocations (stock options and performance shares) and their performance conditions;
- the grant of performance shares dedicated to retirement;
- the Group Remuneration policy;
- the *ex post and* ex *ante* "say-on-pay" 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 changes in the Board's Terms of Reference;
- the review of the terms of appointment of the directors representing the employees;
- the succession plan (including the emergency succession plan) of the Executive Management and the Chairman of the Board of Directors; and
- the Talent Review and succession plans.

Corporate Responsability issues:

- the review of the Company's Corporate Responsibility strategy and the Group's environmental policy;
- the Diversity & Inclusion strategy; and
- the AXA Compliance & Ethics Code.

(1) At December 31, 2018.

(2) All members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations.

Executive Management

The Chief Executive Officer is assisted in the day-to-day operational management of the Group by a Management Committee and a Partners group.

The Chief Executive Officer reports to the Board on a regular basis on the Company's financial condition and all key issues, and provides regular written updates to the Board between meetings.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and the Board of Directors. In addition, the Board's Terms of Reference provide for specific limitations of the powers of the Chief Executive Officer and require, in addition to legal requirements, prior Board approval for certain significant transactions as indicated in the Section "Board of Directors" above.

THE MANAGEMENT COMMITTEE

The Management Committee's role is to assist the Chief Executive Officer in the operational management of the Group.

The Management Committee meets fortnightly to discuss Group strategic, financial and operational matters. The Management Committee has no formal decision-making authority and is advisory in nature.

COMPOSITION OF THE MANAGEMENT COMMITTEE ON DECEMBER 31, 2018

Name	Principal function within AXA
Thomas Buberl	Chief Executive Officer of AXA
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
Greg Hendrick	Chief Executive Officer of AXA XL
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 twice a year.

The complete list of the members of the Partners group is available on the AXA Group website (www.axa.com).

Other information

SERVICE CONTRACTS BETWEEN THE AXA GROUP AND MEMBERS OF THE BOARD OF DIRECTORS

Mrs. Doina Palici-Chehab, who is the employee shareholder representative on AXA's Board of Directors, is currently an employee of the GIE AXA (France).

Mrs. Martine Bièvre, who is an employee representative on AXA's Board of Directors, is currently an employee of AXA France IARD, which is one of AXA's main French subsidiaries.

Mrs. Bettina Cramm, who is also an employee representative on AXA's Board of Directors, is currently an employee of AXA Konzern AG, which is one of AXA's main German subsidiaries.

FAMILY RELATIONSHIPS

To the best of the Company's knowledge, there are no family relationships among the members of the Board of Directors or with members of the Executive Management.

OTHER INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

Absence of conflicts of interests

According to the Board's Terms of Reference and the recommendations of the Afep-Medef Code, each member of the Board of Directors is required to inform the Chairman of the Board of Directors and/or the Senior Independent Director of any situation concerning her/him which may create a conflict of interest with the Company or the companies of the AXA Group, and to abstain from voting on any related resolution.

The Chairman of the Board of Directors and the Chief Executive Officer do not currently carry out any professional activity or hold any directorship outside the AXA Group that the Board believes substantially interfere with or impede in any material way their availability to focus on the Group and its business. Certain members of the Board of Directors, however, are corporate officers and/or executives of companies that may have agreements or enter into transactions from time to time with the AXA Group including furnishing services or goods, providing credit facilities, purchases of securities (for their own account or for third parties), and/or underwriting of securities, and/or product and service providing. These agreements or deals are systematically negotiated and performed at arm's length terms and conditions. Consequently, AXA does not believe that any of these agreements or transactions give rise to any conflicts of interests between (i) the director's duties towards AXA and (ii) their private interests and/other duties.

To the best of the Company's knowledge, there are no agreements or arrangements that have been entered into with major shareholders, customers, suppliers or others pursuant to which a member of the Board of Directors was selected.

Absence of any conviction in relation to fraudulent offences, any official public incrimination and/or sanctions, or any responsibility in a bankruptcy for the last five years

To the best of the Company's knowledge, none of the members of its Board of Directors have been, during the last five years (i) subject to any conviction in relation to fraudulent offences or to any official public incrimination and/or sanction by statutory or regulatory authorities, (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, 2016	At December 31, 2017 restated [(a)]	At December 31, 2018
France [(b) (c)]	**16,385**	**15,926**	**16,570**
Europe (including AXA Bank Belgium)	**29,853**	**29,604**	**30,534**
Of which Switzerland [(d)]	3,765	3,890	4,028
Of which Germany [(e)]	8,034	7,969	8,922
Of which Belgium (including AXA Bank Belgium) [(f) (g)]	4,193	4,019	3,881
Of which United Kingdom & Ireland [(h)]	9,423	9,345	9,465
Of which Spain [(i)]	2,647	2,599	2,467
Of which Italy	1,791	1,783	1,772
Asia	**7,799**	**7,965**	**8,124**
Of which Japan [(j)]	2,743	2,804	2,874
Of which Hong Kong [(k)]	1,581	1,640	1,720
Of which Asia - Direct [(l)]	2,553	2,597	2,771
Of which Thailand [(m)]	538	537	450
Of which Indonesia [(n)]	384	387	309
AXA XL [(o)]	**1,514**	**1,544**	**9,071**
United States [(p)]	**7,596**	**7,636**	**7,959**
International (excluding AXA Bank Belgium)	**13,915**	**13,852**	**13,854**
Transversal & Central Holdings	**20,645**	**19,201**	**17,954**
Of which AXA Investment Managers	2,424	2,399	2,356
Of which Group Management Services [(q)]	1,175	1,086	851
Of which AXA Services and AXA Business Services [(r)]	7,393	7,061	6,170
Of which AXA Assistance	9,132	8,170	8,213
Of which AXA Global Re [(s)]	300	263	167
TOTAL	**97,707**	**95,728**	**104,065**

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 2018, the increase by 644 in France was mainly driven by recruitments in both sales platform and call centers in Morocco, as well as in regulatory projects and business initiatives in France.
(d) In 2018, the increase by 138 in Switzerland was mainly due to recruitments in compliance and regulatory projects, as well as in Health following the launch of the business in 2017.
(e) In 2018, the increase by 953 in Germany was mainly driven by the full consolidation of Roland Rechtsschutz from October 1st, 2018.
(f) Some employees of AXA Bank Belgium provide common services for both insurance and banking activities and vice versa.
(g) In 2018, the decrease by 139 in Belgium was mainly driven by the restructuring plan announced in September 2016.
(h) In 2018, the increase by 120 in UK & Ireland was mainly driven by Health business growth.
(i) In 2018, the decrease by 132 in Spain was mainly due to restructuring measures.
(j) In 2018, the increase by 70 in Japan was mainly due to the internalization of the customer service department.
(k) In 2018, the increase by 80 in Hong Kong was mainly due to the internalization of IT staff and the filing up of vacant positions.
(l) In 2018, the increase by 174 in Asia - Direct was mainly driven by South Korea due to recruitments in call centers.
(m) In 2018, the decrease by 87 in Thailand reflected reorganization and efficiency measures.
(n) In 2018, the decrease by 78 in Indonesia was mainly due to restructuring measures.
(o) In 2018, the increase by 7,528 in AXA XL was mainly due to the acquisition of XL Group in September 2018.
(p) In 2018, the increase by 323 in the United States was mainly driven by the temporary increase due to geographical reorganization in AB, as well as the integration of employees from AXA Services and continued growth in Employee Benefits in the United States - Life & Savings.
(q) In 2018, the decrease by 235 in Group Management Services reflected the simplification of central functions.
(r) In 2018, the decrease by 891 was mainly due to the internal transfer of employees from AXA Services to AXA Insurance entities.
(s) In 2018, the decrease by 96 in AXA Global Re was mainly driven by restructuring measures.

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

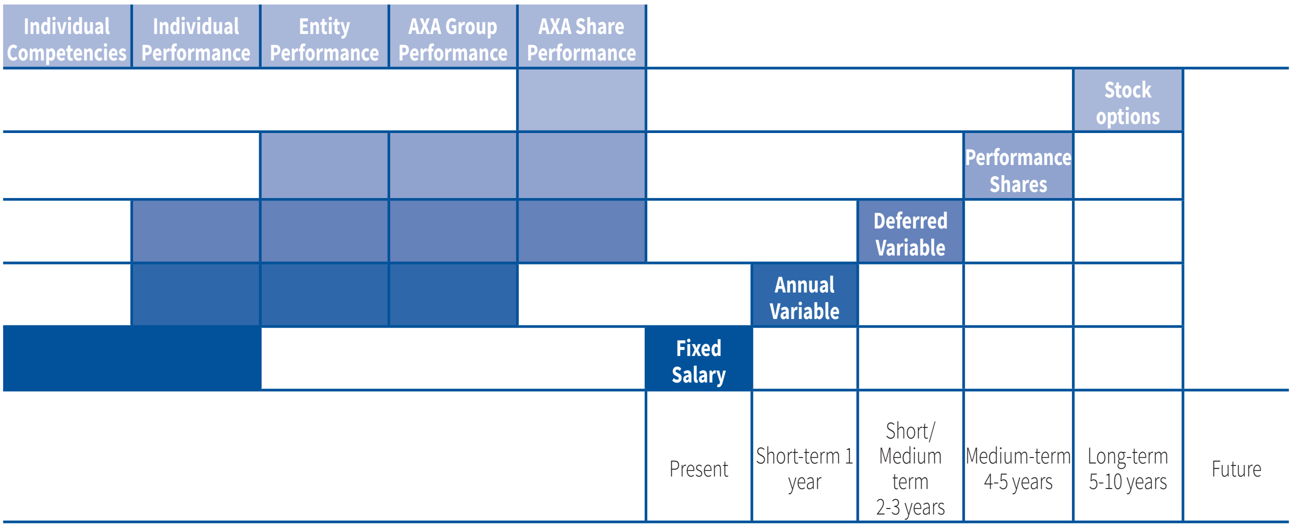
INTRODUCTION

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, 2018

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.

Most of the members of the Compensation & Governance Committee are independent. Their independence is assessed annually by the Board in accordance with the criteria set forth in the Afep-Medef Code. The Senior Independent Director is the Chairman of the Committee and presents the compensation policy of the Company each year at the Shareholders' Meeting.

The Committee meets frequently with the Group Executives and the 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 general market practices.

Solvency II Group remuneration policy

Solvency II regulations came into force on January 1, 2016 and include a number of specific compensation and governance requirements applicable to European insurers and reinsurers. In this context, AXA has undertaken a comprehensive review of its existing compensation policies and practices against the requirements of Solvency II and has adopted a Remuneration Policy applicable to all AXA employees as of January 1, 2016. This Remuneration Policy is designed to support the Group's long-term business strategy and to align the interests of its employees with those of other stakeholders by (i) establishing a clear link between performance and remuneration over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation arrangements across the multiple markets in which it operates while avoiding potential conflicts of interest that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance with Solvency II regulations and any other applicable regulatory requirements.

The AXA Group Remuneration Policy is designed to:

- attract, develop and motivate critical skills and best talents;
- drive superior performance;
- align compensation levels with business performance;
- ensure that employees are not incentivized to take inappropriate and/or excessive risks and that they operate within AXA's overall risk framework; and
- ensure compliance of AXA's practices with all applicable regulatory requirements.

It follows three main guiding principles:

- competitiveness and market consistency of the remuneration practices;
- internal equity, based on individual and collective performance, in order to ensure fair and balanced remuneration 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 Remuneration Policy may be supplemented in order to comply with local regulatory requirements or best practices. The Policy is reviewed and updated annually to mirror, as the case may be, changes in the internal organization and the nature, scale and complexity of the risks inherent to AXA's business and to reflect exchanges with the French insurance regulator (*Autorité de Contrôle Prudentiel et de Résolution* (ACPR)).

Remuneration structure

AXA applies a pay-for-performance approach which (i) promotes long-term sustainable performance by incorporating risk adjustment mechanisms in variable compensation schemes and (ii) recognises employees who bring the greatest value to the firm on the basis of financial results while demonstrating individual leadership and behaviours. The intent of this approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA's leadership.

(1) *The information in this section is presented in accordance with 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 remuneration structure is based on the following components, which are designed to provide balance and avoid excessive risk taking for short-term financial gain:

- a fixed component which comprises 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 remuneration policies. In this context, three markets are used as a reference:

- a first market composed of 12 companies in the French CAC 40 index (companies selected to form the panel, which may vary from year-to-year, are comparable to AXA in terms of stock capitalization, revenues, sector, number of employees and/or geographic coverage);
- a second market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance companies and banks) which are principally based in the main European markets (France, Germany, Italy, the Netherlands, the United Kingdom, Spain and Switzerland), and in the United States;
- a third market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance companies and banks) which are principally based in Asia.

Annual cash compensation

TOTAL TARGET COMPENSATION

Total target compensation of the Chief Executive Officer

The Board of Directors, upon recommendation of its Compensation & Governance Committee, has decided to maintain unchanged in 2018 the total annual cash compensation target of the Chief Executive Officer, Mr. Thomas Buberl, at €2,900,000.

This total target compensation is composed of a fixed annual compensation and a target annual variable compensation.

The fixed annual compensation of the Chief Executive Officer amounts to €1,450,000 and the variable component of his compensation is set at €1,450,000, *i.e.* 100% of his fixed annual compensation.

The total amount of compensation of the Chief Executive Officer and the balance between its different components (fixed and variable) are mainly based on a study by an external advisory firm (Willis Towers Watson) on compensation practices for similar positions within a sample of CAC 40 companies as well as the main European companies in the financial sector (insurance companies, banks), and follows the recommendations of the Afep-Medef Code, the G20, the European Commission and the Financial Stability Board in terms of compensation.

Total compensation of the Chairman of the Board of Directors

The Board of Directors, upon proposal of its Compensation & Governance Committee, has decided to maintain unchanged in 2018 the fixed annual compensation of the Chairman of the Board, Mr. Denis Duverne, at €1,200,000.

The Board of Directors upon recommendation of its Compensation & Governance Committee and pursuant to the recommendations of the Afep-Medef Code considered that the compensation structure best suited for the Chairman of the Board of Directors was to limit his compensation to a sole fixed annual compensation.

In order to determine Mr. Denis Duverne's fixed compensation, the Board of Directions consulted an external advisory firm (Willis Towers Watson) regarding compensation practices for similar positions within a sample of CAC 40 companies as well as the main European companies in the financial sector (insurance companies, banks).

The Board of Directors also took into account the extensive duties that it entrusted Mr. Denis Duverne with as Chairman of the Board of Directors as described in Section 3.1 of this Annual Report.

Furthermore, Mr. Denis Duverne, who claimed his rights to pension as of September 1, 2016, has decided to waive payment, for his entire term of office as Chairman of the Board of Directors, of the annuities which he would have received as from September 1, 2016 under the complementary pension scheme for Group executive officers in France, amounting to circa €750,000 per year. Mr. Denis Duverne has decided not to receive payment of these annuities until termination of his term of office as Chairman of the Board without retroactive payment.

Finally, no variable compensation is paid to him nor does he receive directors' fees, 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 2018 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 evaluated separately so that overall variable payout reflects performance against two distinct components (each capped at a 150% achievement rate) 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

Thomas Buberl	Weighting	Achievement rate
Group performance based on:	**50%**	**113%** [1]
■ Underlying earnings per share	(55%)	(122%) [2]
■ Return on equity	(15%)	(106%) [2]
■ Gross revenues in Commercial Property & Casualty and in Protection & Health	(15%)	(148%) [2]
■ Net Promoter Score	(15%)	(51%) [2]
Individual performance	**50%**	**105%**
Global performance		**119%**

(1) The score of 113% results from the average between (i) a strict application of the formula defined by the Board of Directors at the beginning of 2018 to assess the Group performance score (137%), including a neutralization of the impact of: (a) M&A transactions that have taken place in 2018 (including the IPO of the US company AXA Equitable Holdings, Inc. and the XL Group acquisition) and (b) share buy backs in excess of volumes required to offset the dilution arising from annual equity grants to Group employees and (ii) the published Group performance score (89%), i.e. without neutralization. Indeed, considering the very high Group performance score when neutralized by the above mentioned elements, the Board of Directors, upon recommendation of its Compensation & Governance Committee, decided to also take into account the Group performance score including the two M&A transactions mentioned above and thus consider the average of both Group performance scores, with and without neutralization, to set the overall Group performance score at 113%.

(2) Average of the scores with and without the elements mentioned in (1).

In order to evaluate Mr. Thomas Buberl's individual performance in 2018, the Board of Directors assessed the achievement of the following objectives set in his target letter:

- execution of the Initial Public Offering (IPO) of AXA Equitable Holdings, Inc. and implementation of strategic options for capital redeployment (20%);
- continue to deliver Ambition 2020 targets and pursue the implementation of AXA's growth strategy (35%):
  - delivery of UEPS growth and Solvency II ratio within committed target range,
  - develop and implement strategies focused on growth (*e.g.* new strategy for Asia and China focused on growth),
  - implement the International & new markets strategy,
  - increase employee engagement and support of the strategy and leadership of the Group;

3

- acceleration of the Innovation strategy (20%):
  - further roll-out the Payer-to-Partner strategy in entities (with a focus on care coordination and cyber offer),
  - implement longer term thinking on AXA's vision and ambition regarding robotization and AI (Artificial Intelligence);
- further strengthen the talent pipeline as well as the development of the Group Senior Executive (GSE) population (15%):
  - accelerate the reinforcement of the talent pipeline with an emphasis on gender diversity and emerging markets talents: implement higher diversity in the GSE population (4-5% new promotions at GSE level either externally or coming from emerging markets and reach 33-35% of women in the GSE Group) and within the Partners Group,
  - strengthen the Management Committee succession pipeline,
  - support the development of the Management Committee members;
- further strengthen the internal control and IT security (10%):
  - continue to strengthen the internal control environment in the largest entities,
  - IT security: reach the first quartile of AXA's peers by 2020 for Group's largest entities.

The total effective variable compensation of the Chief Executive Officer may not exceed 150% of his variable target compensation, *i.e.* 150% of his fixed annual compensation.

A deferral mechanism applies to 30% of his variable compensation over a two-year period.

Pursuant to Articles L.225-37-2 and L.225-100 of the French Commercial Code, the payment of the Chief Executive Officer's 2018 variable compensation is withheld until the approval of the Shareholders' Meeting on April 24, 2019.

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 (50%) + operating business performance (50%)] 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%).

The variable compensation of Management Committee members who hold Group key functions as defined under the Solvency II regulations is exclusively determined by the individual performance.

Group performance is measured by the (i) underlying earnings per share, (ii) return on equity (adjusted Return on Equity – ROE), (iii) gross revenues in both Commercial Property & Casualty and 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;
- Property & Casualty current year combined ratio;
- Protection & Health current year/all year combined ratio;
- Commercial Property & Casualty gross revenues;
- Protection & Health gross revenues;
- Unit-Linked gross revenues;
- Life & Savings Annual Premium Equivalent;
- Net Promoter Score.

Performance indicators that measure the Group performance are defined at the beginning of the year with:

- a predefined target, aligned with the strategic plan (budget), the completion of which will result in 100% achievement;
- a floor (at which the STIC pay-out is 25%), which defines the threshold below which no variable compensation for that component will be paid;
- a cap (at a STIC pay-out of 175%), which defines the threshold above which the variable compensation for that component is capped.

Individual performance is assessed both on (i) the achievement of results for each predetermined individual objective and (ii) qualitative factors, including leadership skills demonstrated by the members of the Management Committee measured against AXA's leadership framework.

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 2018: 1 USD = 0.8468 EUR; 1 HKD = 0.1080 EUR and 1 CHF = 0.8658 EUR.

The variable compensations paid to the Management Committee members for 2016, 2017 and 2018 were:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

			Variable compensation for the year 2016			Variable compensation for the year 2017			Variable compensation for the year 2018		
(in Euro)		Country	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]	121%	1,450,000	1,725,500 [a] [d]	119%
Total of the other Management Committee members [e]			8,795,152	9,029,203	103%	5,032,997	6,128,763	122%	8,691,210	10,453,693	120%

(a) *This amount includes the part of the variable compensation with respect to 2016, 2017 and 2018 which has been deferred in accordance with the mechanism described on page 133. The total amount paid depends 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 euros in respect of his employee position within the AXA Group for the period from January 1st to August 31st, 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 2018 variable compensation is withheld until the approval of the Shareholders' Meeting on April 24, 2019.*
(e) *At December 31, 2018, the Management Committee was comprised of 11 members (compared to 9 at December 31, 2017).*

3

ANNUAL DEFERRED VARIABLE COMPENSATION

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

Under this mechanism, the Chief Executive Officer's deferred amount of variable compensation for the 2018 fiscal year will be paid out in two tranches, in 2020 and 2021. The actual amount to be paid will vary depending on the AXA share price performance over the deferral period and will be subject to a minimum of 80% and a cap at 120% of the deferred amount; provided, however that no deferred variable compensation would be paid in the event (i) that the Group's underlying earnings are negative for the year ending immediately prior to the year of scheduled payout, or (ii) of resignation or dismissal, for gross or 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 2019, (i) the second tranche of Mr. Thomas Buberl's deferred variable compensation for the 2016 fiscal year, *i.e.* an amount of €81,410 and (ii) the first tranche of Mr. Thomas Buberl's deferred variable compensation for the 2017 fiscal year *i.e.* an amount of €243,303 were paid.

In relation with previous terms of office as Chairman & CEO and Deputy CEO, respectively, Messrs. Henri de Castries and Denis Duverne received the second tranche of their deferred variable compensation for the 2016 fiscal year (*i.e.* an amount of €263,881 for Mr. Henri de Castries and €162,820 for Mr. Denis Duverne).

These amounts reflect the evolution of the AXA share price and were set at 113% of the deferred variable compensation granted in respect of the 2016 fiscal year and at 92% in respect of the 2017 fiscal year.

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

Long-Term Incentive (LTI) annual allotment

Each year, LTIs (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 137 as well as 143 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 2017					Year 2018				
(in Euro)		Country	Compen-ation due in respect of the year	Value of options granted during the year	Value of perfor-mance shares granted during the year	Value of interna-tional per-formance shares granted during the year	Total	Compen-sation due in respect of the year	Value of options granted during the year	Value of perfor-mance shares granted during the year	Value of interna-tional per-formance shares granted during the year	Total
Thomas Buberl	Chief Executive Officer	France	3,352,574 [(a)]	292,022	1,599,369	-	5,243,965	3,234,959 [(a)]	229,748	1,577,687	-	5,042,394 [(b)]
Total of the other Management Committee members [(d)]			10,308,268	720,239	1,817,463	2,061,639	14,907,609	19,886,304	1,506,333 [(c)]	2,617,521	7,636,604 [(c)]	31,646,763

(a) This amount includes the part of the variable compensation with respect to 2017 and 2018 which has been deferred in accordance with the mechanism described on page 133. The total amount paid will depend on performance conditions and may then vary.

(b) This amount includes the payment of the Chief Executive Officer's 2018 variable compensation which will be withheld until the approval of the Shareholders' Meeting on April 24, 2019.

(c) This amount includes grants to Mark Pearson in the form of AXA Equitable Holdings, Inc. options and performance shares.

(d) At December 31, 2018, the Management Committee was comprised of 11 members (compared to 9 at December 31, 2017).

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 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.

On June 27, 2018, the fair value of one option was €1.17 for options with performance conditions, and the fair value of one performance share was €14.06.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2018

			Year 2018											
			Amounts paid in respect of the year						Amounts paid during the year					
(in Euro)		Country	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total [b]	Fixed compen-sation	Variable compen-sation [b]	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,207,850 [a][c]	-	106,250	4,044	2,717,309	1,450,000	1,175,885	-	106,250	4,044	2,736,179
Total of the other Management Committee members			7,067,297	10,467,895	-	313,944	116,304	17,814,864	9,080,169	7,512,739	-	313,944	161,565	17,068,417

(a) This amount does not include the part of the variable compensation with respect to 2018, which has been deferred in accordance with the mechanism described on page 133.
(b) Director's fees are deducted by 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 Chief Executive Officer's 2018 variable compensation is withheld until the approval of the Shareholders' Meeting on April 24, 2019.

3

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

			Year 2017											
			Amounts paid in respect of the year						Amounts paid during the year					
(in Euro)		Country	Fixed compen-sation	Variable compen-sation	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	1,450,000	1,228,150 [a]	-	280,899	4,044	2,826,224	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 133.
(b) Director's fees are deducted by 70% from the variable compensation.

The corporate officers do not receive Board fees from AXA SA.

Board fees indicated in the above tables were paid in 2018 for Board memberships held in AXA Group companies and are deducted by 70% (of their net value) from the variable compensation of the same year in accordance with the Group policy applicable to all employees who benefit from Board fees. This principle of deduction of 70% of the paid directors' fees is meant to compensate the absence of contribution (*e.g.* life insurance disability insurance, retirement) on behalf of the beneficiary, because of the decrease of the gross compensation. The only "benefit in kind" for Messrs. Thomas Buberl and Denis Duverne is a company car.

DIRECTORS' FEES

Directors' fees

During the fiscal year 2018, 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 2019 for 2018	Directors' fees paid in 2018 for 2017
Current members of the Board of Directors		
Denis Duverne – Chairman of the Board of Directors	0	0
Thomas Buberl – Chief Executive Officer	0	0
Patricia Barbizet	58,374.91	-
Martine Bièvre (1) (2)	45,556.12	-
Jean-Pierre Clamadieu	103,085.99	107,166.43
Bettina Cramm (1)	59,648.37	-
Irene Dorner	125,968.16	139,387.94
Rachel Duan	58,374.91	-
Jean-Martin Folz – Senior Independent Director	219,824.42	219,387.94
André François-Poncet	137,309.10	120,248.57
Angelien Kemna	135,195.00	139,387.94
Stefan Lippe	215,754.52	218,753.75
François Martineau	81,354.91	84,437.94
Ramon de Oliveira	179,078.19	188,219.56
Doina Palici-Chehab	108,074.35	108,853.75
Elaine Sarsynski	75,519.13	-
Former members of the Board of Directors		
Paul Hermelin	-	20, 235.13
Isabelle Kocher	20,791.44	74,944.92
Suet Fern Lee	37,177.12	99,360.73
Deanna Oppenheimer	47,246.71	97,673.41
Dominique Reiniche	-	31,941.97
TOTAL	**1,708,333.33**	**1,650,000.00**

(1) Mmes Martine Bièvre and Bettina Cramm, members of the Board of Directors representing the employees, are employed by subsidiaries of the Company and as such, receive a compensation that has no link with their directorship. Their compensation as employees is therefore not published.

(2) Directors' fees due to Mrs. Martine Bièvre, member of the Board of Directors representing the employees, were, at her request, directly paid by the Company to the "Fédération des Banques et des Assurances CFDT" (French trade union organization).

Criteria of directors' fees allocation

The total annual maximum amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 25, 2018 at €1,900,000.

No directors' fees are paid by the Company to the corporate officers (*i.e.* Chairman of the Board of Directors and Chief Executive Officer).

The total maximum amount of directors' fees is determined by the Shareholders' Meeting, in accordance with applicable laws, and apportioned by the Board of Directors to its members in accordance with its Terms of Reference (in accordance with the recommendations of Afep-Medef Code, a minority part of the fees is distributed evenly among the members of the Board of Directors as a fixed fee):

- a fixed amount determined by the Board of Directors shall be paid annually to the Senior Independent Director (set to €80,000);
- 65% of the remaining amount shall be allocated to the Board as follows: 40% shall be divided equally among Board members and paid as a fixed fee and 60% shall be paid according to Board attendance;

- the remaining 35% shall be allocated by the Board of Directors to the Board Committees as follows: 25% to the Finance Committee, 25% to the Compensation & Governance Committee and 50% to the Audit Committee. Each Committee shall then allocate such amount to its members as follows: 40% shall be divided equally among members and paid as a fixed fee and 60% shall be paid according to Committee attendance, with the Chairman of the Committee receiving in each case a double fee.

Mrs. Doina Palici-Chehab, member of the Board of Directors representing the employee shareholders of the AXA Group, received in 2018 an annual gross cash compensation of €1,627,691 [(1)] in connection with her position as interim Chief Executive Officer of AXA Asia and Executive Chairman of AXA Corporate Solutions, AXA Matrix Risk Consultants and AXA ART. This compensation consists of €615,165 of fixed compensation and €1,012,526 of variable compensation.

Mr. Ramon de Oliveira received in 2018, as Non-Executive Director of several companies of the Group, directors' fees for a gross amount of USD 107,179.07. He also received a grant of AXA Equitable Holdings, Inc. performance shares in 2018 (4,844 AEH shares).

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.

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 business 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 2018 the option grant took place on June 27, 2018. 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 €21.60.

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 2018, 2,730,217 subscription or purchase options with a strike price of €21.60 were granted to 117 employees, representing 0.11% of the outstanding share capital as at December 31, 2018 (disregarding the dilution related to the potential future exercise of these options).

On December 31, 2018, approximately 3,400 AXA employees held a total of 19,954,302 outstanding options, representing 0.82% of the Company's share capital on the same date.

As from the 2019 grant, the Board of Directors, upon recommendation of its Compensation & Governance Committee, decided that stock options would from now on be exclusively granted to members of the Management Committee.

(1) Part of Mrs. Doina Palici-Chehab cash compensation was paid in 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)]. 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, since 2017, the Board of Directors decided that a new performance condition would 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 of the 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	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)	01/04/2008	01/04/2008	19/05/2008	19/05/2008	22/09/2008	22/09/2008	24/11/2008	20/03/2009	20/03/2009	02/04/2009
Total number of beneficiaries	4,339	1,027	2	10	3	40	7	4,627	759	28
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	8,056,370	1,240,890	6,004	12,360	19,127	46,929	19,047	4,870,844	407,692	114,324
corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	319,621	-	-	-	-	-	-	-	-	-
Doina Palici-Chehab	4,149	-	-	-	-	-	-	3,227	-	-
The first 10 employees beneficiaries [(b)]	592,194	265,967	-	12,360	-	21,250	-	293,954	51,018	84,309
Start date of exercise	01/04/2010	01/04/2010	19/05/2010	19/05/2012	22/09/2010	22/09/2012	24/11/2012	20/03/2011	20/03/2011	02/04/2011
Expiry date of options	01/04/2018	01/04/2018	19/05/2018	19/05/2018	22/09/2018	22/09/2018	24/11/2018	20/03/2019	20/03/2019	02/04/2019
Subscription or purchase price of options [(a)]	21.00	21.00	23.42	23.42	21.19	21.19	13.89	9.76	9.76	9.76
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	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
Number of options exercised at 31/12/18	4,080,691	545,980	0	0	0	12,525	16,117	3,555,253	254,581	57,045
Options cancelled at 31/12/18	3,975,679	694,910	6,004	12,360	19,127	34,404	2,930	854,440	130,294	49,766
Options outstanding at 31/12/18	0	0	0	0	0	0	0	461,151	22,817	7,513

(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, 2018, this index included 35 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)	**10/06/2009**	**10/06/2009**	**21/09/2009**	**08/12/2009**	**08/12/2009**	**19/03/2010**	**19/03/2010**	**18/08/2010**	**18/08/2010**	**13/10/2010**
Total number of beneficiaries	**29**	**17**	**16**	**2**	**13**	**5,062**	**476**	**3**	**5**	**1**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	**22,291**	**2,137,462**	**53,237**	**3,134**	**20,890**	**7,671,540**	**278,986**	**22,846**	**10,619**	**4,274**
corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	226,398	-	-	-	264,000	-	-	-	-
Doina Palici-Chehab	-	-	-	-	-	3,850	-	-	-	-
The first 10 employees beneficiaries [(b)]	20,317	615,165	47,753	-	18,280	742,217	75,035	-	-	-
Start date of exercise	10/06/2013	10/06/2011	21/09/2013	08/12/2011	08/12/2013	19/03/2012	19/03/2012	18/08/2012	18/08/2014	13/10/2012
Expiry date of options	10/06/2019	10/06/2019	21/09/2019	08/12/2019	08/12/2019	19/03/2020	19/03/2020	18/08/2020	18/08/2020	13/10/2020
Subscription or purchase price of options [(a)]	**13.03**	**15.47**	**15.88**	**16.60**	**16.60**	**15.43**	**15.43**	**13.89**	**13.89**	**13.01**
Exercise schedule of options	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/18	**3,508**	**1,580,861**	**38,424**	**0**	**3,656**	**4,762,869**	**139,071**	**15,846**	**6,458**	**3,274**
Options cancelled at 31/12/18	**16,813**	**253,569**	**12,619**	**3,134**	**16,190**	**1,319,499**	**40,898**	**7,000**	**4,161**	**0**
Options outstanding at 31/12/18	**1,970**	**303,032**	**2,194**	**0**	**1,044**	**1,589,172**	**99,017**	**0**	**0**	**1,000**

(a) The number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" other than corporate officers at grant date.

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

Date of the Shareholders' Meeting	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	27/04/2011	27/04/2011	27/04/2011	27/04/2011	23/04/2014
Grant date (Board of Directors or Management Board)	13/10/2010	22/12/2010	18/03/2011	18/03/2011	04/04/2011	16/03/2012	13/06/2012	22/03/2013	24/03/2014	19/06/2015
Total number of beneficiaries	17	8	6,372	423	170	467	1	162	158	148
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	27,772	12,758	8,598,469	154,705	375,988	4,508,380	76,089	3,480,637	3,100,000	3,014,469
corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	-	-	247,500	-	-	192,000	-	169,000	155,000	145,381
Doina Palici-Chehab	-	-	8,750	-	-	7,500	-	14,000	14,110	13,461
The first 10 employees beneficiaries [(b)]	21,364	-	980,684	21,412	183,500	693,745	-	789,382	661,900	683,100
Start date of exercise	13/10/2014	22/12/2014	18/03/2013	18/03/2015	04/04/2013	16/03/2014	13/06/2014	22/03/2015	24/03/2017	19/06/2018
Expiry date of options	13/10/2020	22/12/2020	18/03/2021	18/03/2021	04/04/2021	16/03/2022	13/06/2022	22/03/2023	24/03/2024	19/06/2025
Subscription or purchase price of options [(a)]	13.01	12.22	14.73	14.73	14.73	12.22	9.36	13.81	18.68	22.90
Exercise schedule of options	100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	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
Number of options exercised at 31/12/18	7,121	5,582	5,196,172	77,300	249,715	3,182,600	76,089	2,114,619	574,219	8,191
Options cancelled at 31/12/18	16,379	6,379	1,430,826	29,599	99,923	552,339	0	267,346	303,200	253,655
Options outstanding at 31/12/18	4,272	797	1,971,471	47,806	26,350	773,441	0	1,098,672	2,222,581	2,752,623

(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	23/04/2014	26/04/2017	26/04/2017
Grant date (Board of Directors or Management Board)	06/06/2016	21/06/2017	27/06/2018
Total number of beneficiaries	158	144	117
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	3,323,259	3,070,397	2,730,217
corporate officers:			
Thomas Buberl		175,917	196,366
Denis Duverne	0	0	0
Doina Palici-Chehab	15,028	15,224	32,626
The first 10 employees beneficiaries [(b)]	813,477	787,665	761,168
Start date of exercise	06/06/2019	21/06/2020	27/06/2021
Expiry date of options	06/06/2026	21/06/2027	27/06/2028
Subscription or purchase price of options [(a)]	21.52	23.92	21.60
Exercise schedule of options	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 31/12/18	0	0	0
Options cancelled at 31/12/18	426,735	98,193	31,566
Options outstanding at 31/12/18	2,896,524	2,972,204	2,698,651

(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.

STOCK OPTIONS GRANTED TO CORPORATE OFFICERS DURING 2018

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	27/06/2018	subscription or purchase	229,748	196,366	0.008%	21.60	27/06/2021-27/06/2028	100% of options: SXIP Index
Denis Duverne	Chairman of the Board of Directors	27/06/2018	subscription or purchase	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	27/06/2018	subscription or purchase	40,347	32,626	0.001%	21.60	27/06/2021-27/06/2028	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 27, 2018, the fair value of one option was €1.27 for options without performance conditions and €1.17 for options with performance conditions.

Under the AXA Compliance & Ethics Code, all employees (including the corporate officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (stock options and performance shares) granted under any plan or arrangement maintained by AXA or any of its subsidiaries. This restriction applies from the date of grant until such time as the beneficiary receives the securities underlying the award upon, for example, the exercise of a stock option or the lapse of restrictions on performance shares. In accordance with the recommendations of the Afep-Medef Code, the executive officers of the Company make a formal commitment to not resort to such hedging transactions.

STOCK OPTIONS HELD BY CORPORATE OFFICERS THAT BECAME EXERCISABLE DURING 2018

Corporate officers		Plan date	Nature of options	Number of options that became exercisable during the year [(a)]	Exercise price *(in Euro)*	Expiry date of options	Performance conditions
Thomas Buberl	Chief Executive Officer	24/03/2014	subscription or purchase	16,267	18.68	24/03/2024	100% of options: SXIP index
Denis Duverne	Chairman of the Board of Directors	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	24/03/2014	subscription or purchase	4,704	18.68	24/03/2024	Last third of options: SXIP Index
		19/06/2015	subscription or purchase	4,487	22.90	19/06/2025	Last third of options: SXIP Index

(a) Stock options vested (according to the vesting calendar) for which the performance conditions have been met during the year or no performance condition is applicable.

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

STOCK OPTIONS EXERCISED BY CORPORATE OFFICERS DURING 2018

		AXA options				ADS AXA options			
Corporate officers		Date of grant	Number of options exercised during the year	Exercise price *(in Euro)*	Date of exercise	Date of grant	Number of options exercised during the year	Exercise price *(in USD)*	Date of exercise
Thomas Buberl	Chief Executive Officer	-	-	-	-	-	-	-	-
Denis Duverne	Chairman of the Board of Directors	18/03/2011	46,102	14.73	21/12/2018	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	-	-	-	-	-	-	-	-

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

STOCK OPTIONS GRANTED AND/OR EXERCISED BY THE TOP 10 BENEFICIARIES (OUTSIDE THE CORPORATE OFFICERS) DURING 2018

	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)	761,168	21.60
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)	708,930	14.43

STOCK OPTIONS HELD BY CORPORATE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS OF DECEMBER 31, 2018)

		Balance of options at December 31, 2018	
Corporate officers		**AXA**	**ADS AXA**
Thomas Buberl	Chief Executive Officer	525,686	-
Denis Duverne	Chairman of the Board of Directors	612,092	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	85,745	-

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. 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 adjusted earnings to measure the operating businesses' performance and (ii) the adjusted earnings per share to measure the AXA Group performance.

The achievement rate of the performance indicators ("performance rate") is used to determine the number of shares, which will be definitively acquired by the beneficiaries at the end of the acquisition period, under the condition that the beneficiary is still employed by the AXA Group. The number of performance shares definitively granted shall therefore be equal to the number of performance shares initially granted multiplied by the performance rate, which may vary between 0% and 130%.

The 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.

Since the 2016 grant, two 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 75th percentile [(1)],
  - 80% of the shares shall be granted if AXA's score is equal to the 75th percentile,
  - 100% of the shares shall be granted if AXA's score is equal to the 85th percentile, and
  - a maximum of 130% of the shares shall be granted if AXA's score is equal or greater than the 95th percentile;

Between these minimal and maximal performance levels, the number of shares definitely granted are calculated on a linear basis depending on the performance achieved;

- one financial criterion of relative performance is meant to compare the growth of the total return of the AXA share (Total Shareholder Return – "TSR") with the growth of the TSR of the stock reference index of the insurance sector (SXIP) 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 strategic plan over the performance period (*i.e.* 3 years).

In the event of 100% achievement of the strategic plan targets ("target"), the number of shares definitively granted at the end of the acquisition period would be equal to the number of performance shares initially granted.

Accordingly, for all beneficiaries except AXA's executive officers and members of the Management Committee, should the performance be:

- lower than 80% of the performance required to reach the target, no share would be delivered to the beneficiary at the end of the acquisition period; consequently the beneficiaries are not guaranteed a minimal grant/gain;
- equal to 80% of the performance required to reach the target, the number of shares definitively granted would be equal to 80% of the number initially granted;
- equal to 100% of the performance required to reach the target, the number of shares definitively granted would be equal to 100% of the number initially granted;
- equal to or higher than 130% of the performance required to reach the target, the number of shares definitively granted would be equal to 130% of the number initially granted.

For the executive officers and members of the Management Committee, should the performance be:

- lower than the average cumulated results achieved over the 3 years immediately prior to the grant date, no share would be delivered to the beneficiary at the end of the acquisition period; consequently, in the absence of growth, no shares would be granted, and no potential underperformance would be rewarded;
- equal to 100% of the average cumulated results achieved over the 3 years immediately prior to the grant date, the number of shares definitively granted would be equal to 50% of the number initially granted;
- 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 Peformance (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 at the end of the acquisition period are restricted from sale during a 2-year period ("holding period"). As from the 2019 grant, this holding period will no longer apply (except for Management Committee members, including the Chief Executive Officer).

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. As from the 2019 grant, the 1-year deferred acquisition period will no longer apply (except for Management Committee members), aligning all grants worldwide on one single vesting schedule. 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)	24/03/2014	19/06/2015	06/06/2016	21/06/2017	27/06/2018
Total number of beneficiaries	5,101	5,093	4,968	5,200	4,507
Total number of International Performance Shares granted	5,795,117	5,737,538	6,324,271	5,759,830	4,531,764
from which granted to:					
Corporate officers:					
Thomas Buberl	29,200	28,727	40,341 [a]	-	-
Denis Duverne	-	-	-	-	-
Doina Palici-Chehab	8,400	7,692	8,589	8,700	-
Acquisition date of the International Performance Shares	24/03/2017 [b]	19/06/2019	06/06/2020	21/06/2021	27/06/2022
Number of International Performance Shares acquired at 31/12/18	5,091,338	8,110 [c]	421 [d]	4,528 [e]	0
Number of International Performance Shares cancelled	1,232,039	960,902	898,207	396,615	116,789
Balance at 31/12/18	0	5,025,507	5,424,980	5,359,732	4,413,687

(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% aquired on March 24, 2018.
(c) 8,110 units of the June 19, 2015 plan acquired by anticipation.
(d) 421 units of the June 6, 2016 plan acquired by anticipation.
(e) 4,528 units of the June 21, 2017 plan acquired by anticipation.

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	23/04/2014	27/04/2016	27/04/2016	27/04/2016
Grant date (Board of Directors)	24/03/2014	19/06/2015	06/06/2016	21/06/2017	27/06/2018
Total number of beneficiaries	2,199	2,250	2,342	2,673	2,812
Total number of Performance Shares granted	2,662,849	2,459,256	2,358,236	2,486,368	2,979,171
from which granted to:					
Corporate officers:					
Thomas Buberl	-	-	-	100,526	112,211
Denis Duverne	104,125	82,603	0	0	0
Doina Palici-Chehab	-	-	-	-	18,644
Acquisition date of the shares	24/03/2016 [a]	19/06/2018 [b]	06/06/2019	21/06/2020 [c]	27/06/2021 [d]
End of restriction	24/03/2018	19/06/2020 [b]	06/06/2021	21/06/2022	27/06/2023
Number of shares acquired at 31/12/18	2,591,435	2,233,172	5,455 [e]	0	0
Number of Performance Shares cancelled	142,676	190,213	175,741	97,824	20,412
Balance at 31/12/18	0	42,285 [b]	2,178,299	2,388,544	2,957,600

(a) 50% of shares acquired at March 24, 2016, 50% at March 24, 2017, except for the Chairman & CEO, and the Deputy CEO at grant, 100% of shares have been acquired at March 24, 2017 and will become unrestricted at March 24, 2019.

(b) 26 employees have chosen the 4+0 vesting calendar (acquisition at 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 (acquisition at June 21, 2021 with no restricted period), based on the plan rules as he has moved out of France during the acquisition period.

(d) Four employees have chosen the 4+0 vesting calendar (acquisition at June 26, 2022 with no restricted period), based on the plan rules as they have moved out of France during the acquisition period.

(e) 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 2018

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	27/06/2018	Performance Shares	112,211	0.005%	1,577,687	27/06/2021	27/06/2023	adjusted earnings per share adjusted earnings underlying earnings
Denis Duverne	Chairman of the Board of Directors	27/06/2018	Performance Shares	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	27/06/2018	Performance Shares	18,644	0.001%	253,372	27/06/2021	27/06/2023	adjusted earnings per share adjusted earnings underlying earnings

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

The fair value of performance shares is determined in accordance with IFRS standards. It corresponds to a historical value at the date of grant, calculated for accounting purposes as described in Note 26.3.1 "Share based compensation instruments issued by the Group" in Part 5 "Consolidated Financial Statements" of 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 Compliance & Ethics Code, all employees (including the executive officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (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 2018

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	24/03/2018	15,757	108% [(a)]	24/03/2018
Denis Duverne	Chairman of the Board of Directors	19/06/2015	*Performance Shares*	82,603	19/06/2018	84,673	103% [(b)]	19/06/2020
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	24/03/2014	*International Performance* Shares	4,200	24/03/2018	5,163	123% [(c)]	24/03/2018

(a) The performance rate of 108% is composed of: 1/3 x 109% (Net income per share) + 2/3 x 108% (Net income and Underlying earnings, 50% of Norcee Region score at 93% and 50% of Germany score at 122%).

(b) The performance rate of 103% is composed of: 1/3 x 106% (Adjusted earnings per share) + 2/3 x 101% (Adjusted earnings and Underlying earnings).

(c) The performance rate of 123% (Asia region) is composed of: 1/3 x 109% (Net income per share) + 2/3 x 130% (Net income and Underlying earnings).

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

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES BECOMING UNRESTRICTED DURING 2018 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	15,757	24/03/2018
Denis Duverne	Chairman of the Board of Directors	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	24/03/2014	5,163	24/03/2018

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 the main senior executives of the Group. This policy imposes that each executive hold, during the entire duration of his/her functions, a minimum number of AXA shares (the "Minimum Shareholding Requirement") representing a multiple of the annual fixed compensation received for his/her functions within the Group:

- the Chief Executive Officer is required to hold the equivalent of his annual fixed compensation multiplied by 3;
- Management Committee members are required to hold the equivalent of their annual fixed compensation multiplied by 2;
- Partners group are required to hold the equivalent of their annual fixed compensation multiplied by 1.

AXA shares, ADS AXA or shares of listed Group subsidiaries, held directly or indirectly through Mutual funds or similar investment vehicles, are taken into account for the purposes of calculating this Minimum Shareholding Requirement.

Each concerned senior executive is required to meet this Minimum Shareholding Requirement within a period of 5 years as from the date of her/his first appointment.

Pursuant to Articles L.225-197-1 and L.225-185 of the French Commercial Code, the 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, 2018, based on the AXA share value on that date (€18.86), 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 31/12/2018			
	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	€4,879,195	206,986	51,720

MEMBERS OF THE MANAGEMENT COMMITTEE

On December 31, 2018, based on the AXA share value on that date (€18.86), the members of the Management Committee held, on average, 2 times the equivalent of their fixed annual compensation, it being specified that 10 out of 11 Management Committee members are still within the 5-year time following their nomination date allowing them to comply with their minimal shareholding requirement.

MEMBERS OF THE BOARD OF DIRECTORS

To the best knowledge of the Company and based on information reported to it, each AXA Board of Directors member held, on December 31, 2018, the number of AXA shares or ADS AXA indicated in the table below.

	Number of shares (1) owned on December 31, 2018	
	AXA Shares	**ADS AXA**
Denis Duverne – Chairman of the Board of Directors	1,576,337	18,734
Thomas Buberl – Chief Executive Officer	206,986	-
Patricia Barbizet	4,570	-
Martine Bièvre (2)	0	-
Jean-Pierre Clamadieu	9,000	-
Bettina Cramm (2)	106	-
Irene Dorner	6,700	-
Rachel Duan	0	0
Jean-Martin Folz	12,084	-
André François-Poncet	7,842	-
Angelien Kemna	7,250	-
Stefan Lippe	12,000	-
François Martineau	6,732	-
Ramon de Oliveira	-	11,300
Doina Palici-Chehab	11,903	-
Elaine Sarsynski	-	2,000

(1) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(2) The holding of AXA shares by directors representing the employees (Mmes Martine Bièvre and Bettina Cramm) is not mandatory.

Transactions involving Company securities completed in 2018 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 2018 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		Transfer of units of AXA Group mutual funds	Equity issue reserved for employees *(Shareplan)*
Name	**Sale of AXA shares** *(Number)*	**Purchase of AXA ADS** *(Number)*	**Purchase of AXA shares** *(Number)*	**Acquisition of performance shares (end of acquisition period)** *(Number)*	**Automatic reinvestment into the Company Savings Plan of dividends attached to shres held in the Company Savings Plan** *(Number of units)*	**Sale of call options** *(Number)*	**Acquisition of put options** *(Number)*	**Options that became exercisable** *(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)*
Patricia Barbizet			4,570											
Thomas Buberl	1,890			15,757				16,267						39,906.93
Bettina Cramm														97.49
Irene Dorner			200 1,000											
Denis Duverne				84,673	15,793.67			51,667	46,102 [(a)(b)]			39,212.74 [(a)]	2,801.87	23,392.09
Jean-Martin Folz			1,000											
André François-Poncet			1,250 2,500											
Angelien Kemna			400 1,000											
Doina Palici-Chehab				5,163				4,704 4,487						694.73 1,649.11
Elaine Sarsynski		2,000												

(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 Compliance & Ethics Code, corporate officers and other employees of the Company must refrain from any purchase or sale of AXA securities during specific time periods ("blackout periods") prior to the earnings releases. These blackout periods generally begin about 30 days before its annual or half-year earnings releases and 15 days before its quarterly financial information. Depending on the circumstances, these blackout periods could be declared at other times or be extended.

Commitments made to executive officers

PENSION COMMITMENTS

Mr. Denis Duverne as former Deputy Chief Executive Officer of the Company participated, as all other executive employees *(directeurs)* of AXA Group entities in France, in a mandatory and collective supplementary pension scheme with defined benefits on the condition that they terminate their career in the AXA Group in accordance with the provisions of Article L.137-11 of the French Social Security Code.

Mr. Denis Duverne, who retired from his position as Deputy Chief Executive Officer on August 31, 2016 and was appointed Chairman of the Board of Directors as of September 1, 2016, claimed his pension rights according to the collective defined benefit pension scheme as of September 1, 2016. However, Mr. Denis Duverne decided to waive payment of the annuities amounting to circa €750,000 per year before taxes and social security charges, until termination of his term of office as Chairman of the Board without any retroactive payment.

This collective defined benefits pension scheme has been closed to any new beneficiary as of December 31, 2016. As a result, no executive employees *(directeurs)* or executive officer appointed after this date shall benefit from it.

Mr. Thomas Buberl, AXA's Chief Executive Officer does not benefit from the collective defined benefits pension scheme described above.

The Chief Executive Officer of the Company, Mr. Thomas Buberl, as well as all other employees of AXA Group entities in France, participate in a mandatory and collective supplementary pension scheme with defined contributions (collective insurance contract – *contrat d'assurance de groupe* as defined in Article L.141-1 of the French Insurance Code). This AXA pension fund was implemented in 2011 and benefits to the employees of AXA Group entities in France falling within the scope of the Collective Agreement of December 18, 2009. The individual employer contribution rate is set at 0.75% of the total gross compensation, which is not capped (the contribution base is the same as the one used for contributions related to the Social Security General Scheme). Contributions are subject to 9.7% social charges (9.2% for CSG and 0.5% for CRDS).

Retirement performance shares

Since December 2016, AXA has implemented a retirement performance shares plan which benefits to all executive employees *(directeurs)* of AXA Group entities in France including 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 and (ii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell all or part of their shares for diversification purposes (following the three-year acquisition period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

The definitive acquisition of these shares is subject to (i) the beneficiary's presence in the 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 13, 2018, the Board of Directors approved a grant of retirement performance shares. Accordingly, 758,076 retirement performance shares were granted to 474 officers, which represent 0.03% of the outstanding share capital on the date of the grant, of which 24,936 retirement performance shares were granted to AXA's Chief Executive Officer representing 3.3% of the total grant.

All retirement performance shares granted are subject to the performance conditions described above and calculated over a three-year period beginning on January 1, 2018 and ending on December 31, 2020.

TERMINATION PROVISIONS

Executive officers	Employment contract		Supplementary pension scheme		Indemnities or advantages due or likely to be due upon termination of functions		Indemnities due for non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thomas Buberl Chief Executive Officer Beginning of current mandate: 25/04/18 Term of office: 2022	–	X	X [(a)]	–	X	–	–	X
Denis Duverne Chairman of the Board of Directors Beginning of current mandate: 25/04/18 Term of office: 2022	–	X	X [(b)]	–	–	X	–	X

(a) Mr. Thomas Buberl is a beneficiary of the retirement performance shares plans.
(b) Mr. Denis Duverne decided to waive payment of the annuities he is entitled to under the collective defined benefit pension scheme, until termination of his term of office as Chairman of the Board without any retroactive payment.

In accordance with the recommendations of the Afep-Medef Code, Mr. Thomas Buberl 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 would continue to have social benefits (health insurance, life insurance, disability insurance, etc.) on terms equivalent to those of all other Group senior employees of the AXA Group in France;
- the Board of Directors authorized a contractual severance benefit for Mr. Thomas Buberl designed to replicate the benefits to which he would have been entitled as AXA employee under the 1993 collective agreement covering director-level employees of the insurance sector, but with the addition of performance conditions in accordance with the Afep-Medef recommendations. A severance benefit would be applicable, except in the case of gross or willful misconduct, solely in the event of dismissal or non-renewal further to the Board of Directors' decision. The payment of the severance benefit would be subject to the three following performance conditions as determined by the Board of Directors during its August 2, 2016 meeting: (1) achievement, for at least 2 of the 3 preceding fiscal years, of the objectives set for the beneficiary's variable compensation and corresponding to the payment of at least 60% of his variable compensation target, (2) evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) the average consolidated adjusted ROE over the 3 preceding years higher than or equal to 5%.

The amount of severance benefit to be paid to the beneficiary would be adjusted in accordance with the level of achievement against these performance conditions: 100% of the severance benefit will be paid if at least two of the three performance conditions are met; 40% of the severance benefit will be paid if only one performance condition is met; and no severance benefit shall be paid if none of the performance conditions are met. Notwithstanding the foregoing, if only two of the three performance conditions are met, the amount of severance benefit will be reduced by 50% if performance condition (1) is not met or if AXA's consolidated net income for the preceding fiscal year is negative.

No severance benefit will be paid if the beneficiary is entitled to a pension scheme within the 6 months following his termination.

The initial amount of the severance benefit is equal to 12 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination. One month should then be added to the initial amount of the severance benefit for each additional year of future service up to a maximum cap of 24 months.

These commitments were approved by AXA' Shareholders' Meeting of April 25, 2018. They took effect upon Mr. Thomas Buberl's effective renunciation of his employment contract on September 1, 2016 and will continue as such for the duration of his mandate and under any potential renewed mandates.

Report of the Board of Directors on the compensation policy of the Company's corporate officers (Ordinary and Extraordinary Shareholders' Meeting of April 24, 2019)

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 20, 2019, upon recommendation of its Compensation & Governance Committee.

The Compensation & Governance Committee, the role and composition of which are presented in detail in Section 3.1 of this Annual Report, is responsible for, among others, formulating propositions to the Board of Directors regarding the Company's principles and policy on corporate officers' compensation.

The Compensation & Governance Committee is mostly composed of independent members who exchange frequently with the Group's Management and the 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 general market practice.

I. 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 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 2019, 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 2019, 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 2019 fiscal year will be based on the following two components, each of them capped at a 150% achievement rate:

- the Group's performance, as assessed based on underlying earnings per share, return on equity (adjusted Return on Equity – ROE), gross revenues in both Commercial Property & Casualty and in 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 therefore be based on the addition of two components: the Group performance for 50% and the individual performance for 50%.

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% of the deffered amount and a maximum of 120% of the deferred amount. However, no deferred variable compensation will be paid in the event that the Group's underlying earnings are negative for the year ending immediately prior to the year of the scheduled payout, or in case of resignation or dismissal for gross or 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 2019 is subject to the approval by the Shareholders' Meeting to be held in 2020 of the compensation elements paid or granted to the Chief Executive Officer for the 2019 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 this 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 (in such case, the vesting calendar and LTI performance conditions set at the grant date would remain unchanged).

Given the principles presented above and following an analysis of practices observed on the market for similar functions in CAC 40 companies of similar size and scope, the Board of Directors, upon proposal of its Compensation & Governance Committee, has decided that the total value of the LTIs to be granted to the Chief Executive Officer during 2019, shall not exceed 150% of the amount of his annual variable compensation target.

Exceptional Compensation of the Chief Executive Officer

The Board of Directors does not contemplate granting any exceptional compensation to the Chief Executive Officer.

Chief Executive Officer's directors' fees

The Chief Executive Officer, who also is a member of the Board of Directors of the Company, is not entitled to payment of any directors' fees from the Company.

Benefits in kind granted to the Chief Executive Officer

The only benefit in kind granted to the Chief Executive Officer is the use of a company car.

Elements of compensation relating to the Chief Executive Officer's retirement

The Chief Executive Officer does not participate in any pension schemes with defined benefits.

As all other executives of AXA Group entities in France, he participates in the retirement performance share plan, under which grants are made on an annual basis.

The performance shares granted under such plan are subject to (i) a vesting period of three years and (ii) an undertaking not to transfer the performance shares before the date on which the beneficiary retires, subject to the option offered to the beneficiaries, for diversification purposes, to transfer their shares (after the end of the acquisition period of three years) as long as the proceeds of such transfer are invested in a long-term savings plan until the beneficiary retires.

Acquisition of the performance shares is subject to the satisfaction of a performance condition (the details of which are set out in Section 3.2. of this Annual Report), linked to the average AXA Group Solvency II ratio calculated over the vesting period. 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 2019 shall not exceed 15% of his cash fixed and target annual variable compensation.

Regulated commitments made to the Chief Executive Officer

The commitments made to the benefit of the Chief Executive Officer regarding social benefits and unemployment benefits are presented in more detail in the Statutory Auditors' special report on regulated agreements and commitments as well as in the 2018 Annual Report.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER AFTER THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 24, 2019

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 24, 2019.

Under such circumstances, the compensation structure applicable to a new Chief Executive Officer would comply with this policy and the Board of Directors would perform a comprehensive review of the situation of the relevant executive, provided that:

- the amount and criteria of his compensation would be determined in accordance with existing practices within the Company by reference to compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector; and
- the experience, skills and individual compensation history of the executive would also be taken into account.

Finally, in the event that the Chief Executive Officer is recruited externally, the Board of Directors retains the right to grant to the newly appointed executive a lump sum (in cash and/or in shares) the amount of which, in accordance with the recommendations set forth in the Afep-Medef Code, may not under any circumstances exceed the amount of the benefits the executive would have had to forgo by resigning from his previous position.

* * *

For further information on the Chief Executive Officer's compensation, please see Section 3.2 of this Annual Report.

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

II. Compensation policy for the Chairman of the Board of Directors

STRUCTURE AND CRITERIA FOR DETERMINATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS' COMPENSATION

The Board of Directors, upon recommendation of its Compensation & Governance Committee, and in accordance with the recommendations set forth in the Afep-Medef Code, has considered that the most appropriate compensation structure for the Chairman of the Board of Directors would be the payment of a sole fixed compensation.

In determining the fixed annual compensation of its Chairman, the Board of Directors has consulted an external advisory firm (Willis Towers Watson) in order to identify compensation practices for similar functions in a sample of CAC 40 companies and in the main European companies in the financial sector.

The Board of Directors has also taken into account the extensive role it decided to entrust Mr. Denis Duverne with as Chairman of the Board of Directors. This role is presented in detail in the Board's Terms of Reference as well as in Section 3.1 of this Annual Report and goes beyond the statutory duties of a Chairman under French law.

In addition, the Board of Directors has taken into account the fact that Mr. Denis Duverne, who claimed his pension rights on September 1, 2016, has decided to waive, for the duration of his term of office as Chairman of the Board of Directors, payment of his benefits (approximately €750,000 per year) under the supplementary pension scheme for executives within the AXA Group in France, to which he was entitled as from September 1, 2016. Mr. Denis Duverne has decided that he would claim such benefits only after the end of his term of office, without application of any retroactive payment.

Accordingly, the Board of Directors has decided, upon recommendation of its Compensation & Governance Committee, to maintain the amount of the fixed annual compensation of the Chairman of the Board of Directors unchanged, for 2019, *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 24, 2019

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 24, 2019.

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 this Annual Report.

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 June 2018 (hereafter the "Afep-Medef Code"), which is available at AXA's registered office or on its website (www.axa.com) under the "Corporate governance" Section.

AXA complies with the recommendations of the Afep-Medef Code that are in line with the long-established corporate governance principles initiated by the Company. Details are presented in Sections 3.1 "Corporate governance structure" and 3.2 "Executive compensation and share ownership" of this Annual Report describing corporate governance mechanisms and containing information about executives' compensation.

The Company implements all the recommendations of the Afep-Medef Code. However, in order to take into account certain specificities of its business and governance practices, AXA has decided to adapt in certain 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 owned, directly or indirectly, by AXA, the Company considers that this does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the Boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the Boards of Group subsidiaries, however, are required to abstain from participating in the decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent potential independence issues.

3.4 RELATED-PARTY TRANSACTIONS

For 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, 2018)

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, 2018

We hereby inform you that we have not been advised of any agreements nor commitments authorized since the year ended December 31, 2018 to submit for approval to the Shareholders' Meeting in accordance with Article L.225-38 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING THE PAST FISCAL YEAR

Furthermore, we were advised of the following agreements and commitments concluded in the past fiscal year and which were already approved by your Shareholders' Meeting of April 25, 2018, upon the special report of the Statutory Auditors of March 19, 2018.

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 and 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 in the terms described below.

This benefit, subject to performance conditions in accordance with the Afep-Medef recommendations and applicable laws, is designed to replicate the benefits to which he would have been entitled as AXA employee, in case of employment termination, under the March 3, 1993 collective agreement covering director-level employees of the insurance sector.

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 fiscal 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 approved 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 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 and 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 and disability insurance.

Neuilly-sur-Seine and Courbevoie, March 11, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars	
Xavier Crépon	Jean-Claude Pauly	Maxime Simoen

This page was intentionally left blank.

RISK FACTORS AND RISK MANAGEMENT

4

4.1 RISK FACTORS

You should carefully consider the following risk factors together with other information contained in this Annual Report. Any of these risks could materially affect our business, financial condition or results of operations, cause the trading price of our ordinary shares to decline materially or our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of the Company.

The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations or cash flows.

The Company's risk management processes, procedures and controls are described in Section 4.2 "Internal Control and Risk Management" of this Annual Report, which should be read in conjunction with this Section 4.1. While Management devotes very substantial resources to risk management on an ongoing basis, the Group's risk management activities, like all control systems, are subject to inherent limitations and cannot provide absolute assurance or render the Group immune in any respect from the risks described in this Part 4 or the losses that may be incurred in connection with these risks.

Where the risks described in this Section 4.1 have given rise to quantifiable and material financial impacts and/or material contingent liabilities, those financial impacts and/or contingent liabilities are reflected in the Consolidated Financial Statements. You should also refer to Section 4.3 *et seq.* of this Annual Report for quantitative information on the material risks to which the Group is exposed. For avoidance of doubt, references to "insurance", "(re)insurance", "Property & Casualty" and "Life & Savings" in this section also refer to "Health" activities as appropriate.

In presenting the risks set forth in this Section 4.1, Management has identified the primary categories and the most material risks in a manner that corresponds to Management's current view as to the materiality of such risk factors for the AXA Group, based on the perceived likelihood of the occurrence of such risks and the expected magnitude of their negative impact. As more fully described below, such categories include market-related risks, credit and liquidity-related risks, pricing and underwriting-related risks, operational-related risks, regulatory-related risks and risks related to the ownership of the Company's shares. Further, there can be no assurance that Management's assessment of the relative importance of such risk factors may not change over time, whether to reflect new information, events, circumstances or otherwise.

Financial Risks

MARKET-RELATED RISKS

Negative developments in economic and financial market conditions, whether on a national, 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 2018, there remains a wide variety of factors which could negatively impact economic growth prospects and contribute to high levels of volatility in financial markets. These factors include, among others, concerns over levels of economic growth and consumer confidence generally; current market conditions, including asset valuations and volatility, that may lead to an abrupt and significant repricing in financial markets; the strengthening or weakening of foreign currencies, in particular the US Dollar, against the Euro; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies, including related systemic credit risk concerns; potential 'trade war' and other governmental measures, either enacted or being contemplated, relating to tariffs or international trade agreements and policies; continuing concerns over certain sovereign debt issuers; inflation or deflation in certain markets; uncertainty regarding central bank intervention in the financial markets, through quantitative easing or similar programs; changes in reference rates, including reforms to and potential changes affecting Libor, Euribor and other indices; volatile energy costs; adverse geopolitical events (including acts of terrorism or military conflicts); recent developments such as recent political events in France, Germany and Italy; continuing uncertainty regarding the United States. Geopolitical risks in various regions, including Russia, Ukraine, Latin America, Syria, Iraq or North Korea, have also contributed to increased economic and market uncertainty generally.

In addition, specific concerns regarding the Eurozone, including the financial condition of certain EU sovereign debt issuers (especially Greece and Italy), uncertainty regarding membership in the European Union, relationships between European institutions and certain Member States, potential structural reforms or other changes made to the Euro, the Eurozone or the European Union, have resulted in significant disruptions in financial markets in recent years and could have similar effects in the future. In particular, the decision of the United Kingdom to leave the European Union in accordance with Article 50 of the Treaty on European Union, on March 29, 2017 ("Brexit"), and the resulting negotiations between the United Kingdom and the European Union to reach a withdrawal agreement materially impacted and could have far-reaching and unpredictable effects on financial markets and macroeconomic conditions. These effects could be amplified by the uncertainty surrounding the terms of the withdrawal agreement, if any, the contingency plans currently being developed at European Union and Member State levels in case no agreement is reached and, more generally, the United Kingdom's future relationship with the European Union. While the Group actively follows Brexit-related developments and has developed Brexit contingency plans, there can be no assurance that Brexit and its related consequences will not have an adverse effect on the Group's business and financial condition.

These factors and others have had and may continue to have an adverse effect on our revenues and results of operations, in part because we have a large investment portfolio. Our investment income is an important part of our profitability, and our sales of insurance and Asset Management products (as well as the level of product surrenders and lapses) are dependent upon financial market performance, customer behavior and confidence as well as other related factors. Our ability to make a profit on insurance and investment products, for example, depends in part on the returns on investments supporting our obligations under those products, and the value of specific investments may fluctuate substantially depending on the foregoing conditions. In addition, certain types of insurance and investment products that we offer expose us to risks associated with fluctuations in financial markets, including certain types of interest sensitive or variable products such as guaranteed annuities or variable annuities, which have crediting or other guaranteed rates or guaranteed minimum benefits not necessarily related to prevailing market interest rates or investment returns on underlying assets. Although we use hedging techniques to help mitigate our exposure under certain of these guarantees, not all risks can be effectively hedged against and volatility in the financial markets, combined with unanticipated policyholder behavior, may increase our cost of risk and/or negatively affect our ability to hedge against certain of these risks, which may in turn adversely affect our profitability.

More generally, to the extent the economic environment in the jurisdictions in which we do business may become characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. In addition, in such circumstances, we may experience an elevated incidence of lapses or surrenders on certain types of policies or funds, lower surrender rates than anticipated on other types of products, and our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could accordingly have a material adverse effect on our business, results of operations and financial condition.

Changes in interest rates and credit spreads may adversely affect our business, results of operations, solvency and financial condition

Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in interest rates may negatively affect the value of our assets (particularly fixed-income investments) and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In particular, negative interest rates and low levels of interest rates generally may negatively impact our net interest income and the profitability of our Life & Savings business.

In-force life insurance and annuity products may become comparatively more attractive to customers in a declining interest rate environment, resulting in an increase in our liabilities (in particular in relation to flexible-premium products), asset-liability duration mismatches (as more policies and contracts remain in-force from year-to-year) and an increase in provisions for guarantees included in life insurance and annuity products.

Accordingly, during a period of declining interest rates or a prolonged period of low interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to insurance policyholders and annuity contract owners and the rates we are able to earn on our fixed-income investment portfolio. In addition, certain regulatory capital and reserve requirements are based on formulas and models, such as the Group's Internal Model, that consider interest rates, and an extended period of low interest rates may increase the regulatory capital we are required to hold and the amount of assets we must maintain to support our reserves, while decreasing the amount of our EOF.

Conversely, in periods of increasing interest rates, the estimated fair value of certain of our fixed-income investments may decrease, which could negatively impact our Solvency II ratio and net income; surrenders of life insurance policies and fixed annuity contracts may accelerate, as policyholders seek higher returns, which may cause us to accelerate amortization of deferred policy acquisition costs or to liquidate fixed maturity investments in order to obtain liquidity to satisfy such obligations, which may result in realized investment losses; our fee income may decrease due to a decline in the value of 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.

For a description of the sensitivity of our EOF to changes in interest rates, please refer to Note 4.2 "Market risks (including sensitivity analysis)" in Part 5 "Consolidated Financial Statements" of this Annual Report. For additional information on the sensitivity of our Solvency II ratio to financial shocks on interest rates, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) (1).

Our exposure to changes in credit spreads primarily relates to the impact of such changes on market prices and cash flow variability. A widening of credit spreads will generally reduce the value of fixed income securities we hold (including credit derivatives where we assume credit exposure) and increase our investment income associated with purchases of new fixed income securities in our investment portfolios; and, as issuer, we may be facing increased interest expenses. Conversely, credit spread tightening will generally increase the value of fixed income securities we hold and reduce our investment income associated with new purchases of fixed income securities in our investment portfolios. For additional information on the sensitivity of our Solvency II ratio to financial shocks on corporate bond spreads, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) (1).

Although we take measures, including hedging through derivative instruments, to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our assets relative to our liabilities. Accordingly, ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors, could have a material adverse effect on our solvency position, and on our results of operations, financial position or cash flows through realized losses, impairments, and changes in unrealized gains and loss positions.

Fluctuations in currency exchange rates may significantly affect our results of operations, financial position, liquidity and solvency

Due to the geographical diversity of our business, we are subject to the risk of exchange rate fluctuations since a significant portion of our shareholdings and investments, revenues and expenses are denominated in currencies other than Euro, while our Consolidated Financial Statements are 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, especially in Europe, through our holdings of fixed interest and other instruments, and as a result of the potential for claim payments and expenses to rise faster than anticipated in our reserving and pricing assumptions.

In particular, inflation in relation to medical costs, construction costs and tort issues impacts the Property & Casualty industry. The impact of inflation on loss costs could be more pronounced for those Property & Casualty lines of business that are considered "long tail" such as general liability, worker's compensation and professional liability, and other specialty lines of our recently acquired XL business, as they require a relatively long period of time to finalize and settle claims for a given accident year. Changes in the level of inflation could also result in an increased level of uncertainty in our estimation of claims reserves, particularly for long tail lines of business.

We are also subject to deflation risk, which has materialized in the Eurozone in recent years. Deflation may erode collateral values and diminish the quality of certain investment assets, and may negatively impact customer behavior or otherwise negatively affect our business and results of operations.

(1) The AXA Group's SFCR for the year ended December 31, 2017 is available on AXA's website, and the AXA Group's SFCR for the year ended December 31, 2018 is expected to be published on May 23, 2019 on AXA's website.

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, the US Variable Life and Variable Annuity businesses operated by AEH and its subsidiaries, 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 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 investment assets and the prospects for near-term recovery. For certain asset classes, particularly debt instruments, Management’s evaluation involves a variety of assumptions and estimates about the operations of the issuer of the instrument and its future earnings potential. Management updates its evaluations regularly and reflects changes in allowances and impairments as such evaluations are revised. There can be no assurance, however, that Management has accurately assessed the level of impairments taken and allowances reflected in our financial statements, and the need for and timing of any additional impairments and/or allowances may have a material adverse effect on our results of operations and financial position.

CREDIT AND LIQUIDITY-RELATED RISKS

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital

In recent years, the capital and credit markets have at times experienced high levels of volatility and disruption which, during certain periods, have significantly limited the availability of additional liquidity in the markets and credit capacity for most issuers, including AXA.

We need liquidity to pay our operating expenses (including claims and surrenders), dividends and interests on our debts and to refinance certain maturing debts and other liabilities. In addition, we need liquidity in connection with derivatives transactions to which we are party which require us to transfer cash collateral and/or subject us to margin calls in certain circumstances. The availability of additional financing to supplement internal liquidity resources will depend on a variety of factors such as market conditions, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long-term or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. While Management has put in place a liquidity risk management framework that includes active monitoring of the Group’s liquidity position and contingency plans for accessing liquidity, liquidity constraints over a prolonged period may have a material adverse effect on our business, results of operations and consolidated financial position.

Downgrades in our insurer and reinsurer financial strength and credit ratings could adversely impact our competitive position and damage our relationships with creditors or trading counterparties

Insurer (and reinsurer) financial strength and credit ratings are important factors used by the market and customers in establishing the competitive position of insurance and reinsurance companies and in assessing our claims-paying ability. Rating agencies review their ratings and rating criteria and methodologies on a recurring basis, and they may change or withdraw their ratings at any time, based on relevant factors that may not be entirely within our control and/or affect the insurance and reinsurance industry generally. Consequently, our current ratings may not be maintained in the future and no undue reliance should be placed on such ratings, which should not be considered as recommendations to purchase, sell or hold any securities we have issued.

A downgrade or the potential for a downgrade in our ratings could have an adverse effect on us, including (i) damaging our competitive position, (ii) negatively impacting our ability to underwrite new insurance policies, (iii) increasing the levels of surrenders and termination rates of our in-force policies, (iv) increasing our reinsurance cost, (v) triggering termination provisions or collateral delivery requirements, or requiring us to return unearned premiums to cedants, under certain of our reinsurance and retrocessional agreements, (vi) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in us. Any of these developments could have a material adverse effect on our business, liquidity position, results of operations, revenues and financial condition.

The financial condition and conduct of our counterparties could negatively impact us

We have significant exposure to third parties that owe us money, securities or other assets and which may fail to perform or default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, operational failure, fraud, or other reasons. Such third parties include private sector and government (or government-backed) issuers whose securities we hold in our investment portfolios (including mortgage-backed, asset-backed, government bonds and other types of securities), borrowers under mortgages and other loans that we extend, reinsurers and capital market counterparties to which we have ceded (directly or indirectly) our insurance risks, customers, ceding companies, service providers, partners, trading counterparties, counterparties under swap and other derivative contracts, and other counterparties including brokers and dealers, commercial and investment banks, hedge funds, other investment funds, clearing agents and market exchanges. We may also have exposures to such counterparties under insurance policies that we have written, including in respect of D&O, surety and similar coverages. Moreover, we are exposed to counterparty risk with respect to certain policies we write that provide coverage to our policyholders for their credit risk exposures to third parties.

Under our reinsurance and retrocessional arrangements (including similar protection afforded through risk transfer transactions to capital markets), other insurers, reinsurers or capital market counterparties assume a portion of the losses and related expenses under policies we issue, although we remain liable as the direct (re)insurer on all risks reinsured. While we evaluate periodically the financial condition of our reinsurers, retrocessionaires and capital market counterparties to minimize our exposure to significant losses from reinsurer/retrocessionaire/capital market counterparty insolvencies, such counterparties may become financially unsound by the time their financial obligations to us become due and force us to recapture the reinsured or retroceded business. For information on the ratings of our reinsurers, please refer to Section 4.4 "Credit risk-Risk control and risk mitigation- Receivables from reinsurers: Rating processes and factors" of this Annual Report.

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

Risks related to the Company and its business

PRICING AND UNDERWRITING-RELATED RISKS

Adverse experience relative to the assumptions and judgment used in setting reserves, developing and pricing products and calculating industry measures of value may significantly affect our results of operations or performance indicators, which may have an adverse impact on the price of our securities

The profitability of our businesses largely depends on a variety of factors including social, economic and demographic trends (including, in the life insurance business, mortality and morbidity trends), policyholder behavior (including surrender and persistency rates), court decisions, changes in laws and regulations, inflation, investment returns and underwriting expenses. We make assumptions about these factors in estimating our risk exposures, determining the pricing of our products, establishing (re)insurance and employee benefits reserves and reporting capital levels and business results (using such industry measures of value as NBV or European Embedded Value ("EEV")). These assumptions are based on various modeling techniques (*e.g.,* scenarios, predictive, stochastic and/or forecasting), using both proprietary and third-party models, data analytics and related analyses. Model outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis (including availability, use, accuracy and relevance of historical, internal and industry data) and incorporate numerous assumptions and forecasts about market conditions (such as interest rates, inflation and currency exchange rates), capital requirements, loss frequency and severity, and policyholder behavior. The use of such models can also be affected by operational risks, including input, data and human error. Adverse experience relative to such assumptions, use of and reliance on inaccurate or incomplete models, or inherent product defects may result in an increase in the pricing of our insurance products or the need for us to strengthen our product reserves, which may in turn have an adverse effect on our results of operations and financial position, or lead to litigation.

In our Property & Casualty business, we establish reserves for claims (either reported or unreported) and claims expenses in accordance with industry practices and accounting, actuarial and regulatory requirements. Reserves do not represent an exact calculation of liability, but instead represent expectations of what the ultimate settlement and administration of claims will cost based on our assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity and frequency, actuarial experience on past events, legal liability and other factors. While we continually review the adequacy of our claims reserves, because the establishment of claims reserves is an inherently uncertain and complex process involving numerous estimates, including the impacts of any regulatory and legislative changes, court interpretations, medical condition of claimants, emerging trends and theories of liability, including with respect to environmental, medical and products liability exposures, and changes in economic conditions (including inflation changes and discount rates used for evaluation of settlements), there can be no assurance that ultimate losses will not materially exceed our claims reserves and have a material adverse effect on our results of operations. The estimation of claims reserves may also be more difficult during times of adverse economic conditions due to unexpected changes in behavior of claimants and policyholders, including an increase in fraudulent reporting of exposures and/or losses, reduced maintenance of insured properties or increased frequency of small claims.

In our Life & Savings business, our earnings depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we use in setting the prices for our products and establishing the liabilities for obligations for technical provisions and claims. In certain cases, product features such as minimum guarantees or options to swap between underlying funds in certain savings products may with time result in higher realized losses than anticipated in initial assumptions. In particular, assessing the impact of minimum guarantees which are contained within certain of our Variable Annuity products and the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, VBI and deferred participation assets) involve a significant degree of Management judgment. While we use both our own experience and industry data to develop products and to estimate future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities, there can be no assurance that actual experience will match these estimates and that emerging risks would not result in loss experience inconsistent with our pricing and reserve assumptions.

Furthermore, while our NBV and EEV calculations are done on a market consistent basis, changes in assumptions used in calculating these measures may have a material adverse effect on the level of our NBV and/or EEV. For example, our NBV is sensitive to interest rate movements and, consequently, an adverse evolution of interest rates relative to our assumptions may have a significant impact on our NBV and a corresponding impact on the trading price of our securities.

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

In 2018, we acquired XL Group, a leading Property & Casualty Commercial lines insurer and reinsurer with a significant specialty platform and a strong presence in North America, Europe, Lloyd's and Asia-Pacific. XL Group's operations are significantly exposed to natural and man-made catastrophes and, as a result, our overall exposure to such events has increased compared to prior years, particularly in the United States and in the reinsurance sector.

Catastrophic events, whether natural or man-made, such as hurricanes, tornadoes, windstorms, hailstorms, earthquakes, volcanic eruptions, freezes, floods, explosions, wildfires, pandemic diseases, terrorist attacks, cyber events, systemic cyber failures, military actions, and power grid and other core infrastructure (*e.g.,* telephony or Internet infrastructures) failures could result in substantial volatility in or adversely affect our operations, results, financial condition, cash flows or solvency position, including as a result of claims occurring at higher levels or materially earlier than anticipated; losses resulting from disruptions in our operations or failures of our counterparties to perform; or declines in value of our investment portfolio. We monitor the evolution of these risks closely and generally seek to manage our exposure to them through individual risk selection, modelling and monitoring overall exposures and risk accumulation, purchase of third-party reinsurance, risk transfer transactions to capital markets 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, as a single catastrophic event, an accumulation of losses resulting from several events or an unusual frequency of smaller losses in a particular period may affect multiple geographic areas and lines of business, and the frequency or severity of catastrophic events could exceed our estimates. Accounting principles and rules preventing (re)insurers to reserve for catastrophic events until they occur may also augment the impact of such events.

The occurrence of catastrophic events may also result in an increase of our reinsurance/retrocession for own account and limit or prevent us from obtaining adequate types and amounts of reinsurance/retrocession (or entering into adequate risk transfer transactions to capital markets) for certain risks or regions. While we seek to reduce our exposure to catastrophic events, through diversification and incremental reinsurance, we have experienced and could in the future experience material losses from these types of risks, which may exceed our reinsurance and retrocessional protection (or similar protection afforded through risk transfer transactions to capital markets) or such protection may otherwise be inadequate to protect us against losses or uncollectible reinsurance when due. In particular, we may enter into risk transfer transactions to capital markets that offer reinsurance protection based on an industry loss index rather than on our actual incurred losses, which may result in our residual losses not being covered to the extent they are not fully correlated with the relevant share of the related industry loss.

Over the past several years, changing weather patterns and climatic conditions, including as a result of global warming, have added to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. In particular, the consequences of climate change might significantly impact the insurance and reinsurance industry, including with respect to risk perception, pricing and modelling assumptions, and the need for new insurance products, all of which may create unforeseen risks not currently known to us.

In addition, regulatory initiatives, including at French, European Union and international levels, regarding climate change may affect our operations and those of our counterparties, and potentially limit our investments or affect their value, as certain companies struggle to adapt to these regulations. These may include: (i) new investment requirements; (ii) new disclosure requirements; or (iii) new requirements relating to the inclusion of environmental, social and governance considerations into insurance and Asset Management products and advice. These and similar regulatory requirements, as well as any further regulations regarding the transition to a lower-carbon economy, climate change or our energy-related investments, could increase our legal and compliance costs and adversely affect our business or the value of our investments. For further information on investment-related climate risk analysis, please refer to Section 7.3 "Climate change and the environment – Investments" of this Annual Report.

The Property & Casualty insurance and reinsurance businesses are cyclical, which may impact our results

Historically, Property & Casualty insurers and reinsurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer/reinsurer, including competition, frequency or severity of loss events, levels of underwriting capacity by region or product line, general economic conditions and other factors, including the development of the insurance-linked securities market and other alternatives to traditional Property & Casualty insurance and reinsurance products. Changes in customer expectations for appropriate premium levels, the frequency or severity of claims or other loss events, including losses incurred by our ceding insurers, or other factors affecting the Property & Casualty insurance business may have an adverse effect on our results of operations and financial condition.

Our risk management programs may be inadequate to protect us against the full extent of the exposure or losses we seek to mitigate and may leave us exposed to unidentified, unanticipated or incorrectly quantified risks that could result in significant losses

We employ a range of risk mitigation strategies, including reinsurance for own account and capital markets solutions (such as catastrophe bonds), in order to avoid or limit losses and liabilities. The failure of any of our risk management strategies could result in significant losses and have a material adverse impact on our financial condition, results of operations, and cash flows.

We use derivatives (including equity futures, treasury bond futures, interest rate swaps and swaptions, equity options and variance swaps) to hedge certain, but not all, risks under guarantees provided to our clients, 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 also fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralized.

Furthermore, the operation of our hedging program is based on models involving numerous estimates and Management judgments, including, among others, mortality, lapse rates, election rates, volatility and interest rates and correlation among various market movements. Our hedging program may change over time and there can be no assurance that actual experience will not differ materially from our assumptions, which could adversely impact our results of operations and financial condition.

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 Group has implemented and continues to pursue a number of initiatives, including the re-designing 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 objectives or that the re-designed and re-priced products will continue to be attractive to policyholders and will not lead to disputes with policyholders, which could have an adverse impact on AXA's business, competitive position, results of operations and financial condition.

OPERATIONAL-RELATED RISKS

Cyber attacks or other security breaches of our computer systems, technologies or networks, or those of our third-party providers, could disrupt our businesses, result in damage to our reputation or significant financial losses, and expose us to potential regulatory sanctions

The increasing frequency and sophistication of hacking incidents and other cyber security threats directed at major financial institutions and other corporations recently has made clear the significance of these cyber risks and the damage, both financial and reputational, they can potentially inflict.

Despite the Group's implementation of a variety of security measures, the Group's computer systems, technologies and networks, as well as the services we provide or rely on (including mobile and cloud services), may in the future be subject to unauthorized intrusions, such as physical or electronic break-ins, cyber attacks, unauthorized tampering or other security breaches. Like other global financial institutions and companies, the Group has, from time to time, experienced threats to its data, systems, technologies and networks, including malware attacks, unauthorized access, systems failures and disruptions. Management has put in place internal controls and procedures designed to protect client data as well as the Group's assets from hacking or other types of unauthorized intrusions into the Group's computer systems, technologies and networks. There is no absolute guarantee, however, that these controls and procedures will be sufficient, properly implemented or effective, and prevent all attempted intrusions into the Group's systems, technologies and networks. Any such intrusion could result in operational disruption, financial losses, unauthorized access to or loss of sensitive personal data and/or proprietary information and lead to regulatory actions, proceedings or sanctions against us. In addition, due to our reliance on certain infrastructures and interconnectivity with third-party providers, exchanges, clearing houses, financial institutions and other third parties, we could also be adversely impacted by any successful cyber attack or other security event affecting any of them.

Interruptions or disruptions of our systems, technologies and networks, or those of our third-party providers (including third-party providers deemed critical to our principal activities), or a failure to maintain the availability, integrity or confidentiality of sensitive data residing on such systems or technologies, or transmitted through these networks, could potentially result in financial loss, impairment to our liquidity, a disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation, any of which could materially adversely affect our results of operations or financial condition.

For additional information on the risks relating to the protection of personal data, see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Inadequate or failed processes, controls or systems, human factors or external events may adversely affect our profitability, reputation or operational effectiveness

Operational risk is inherent in our business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements), systems malfunctions or failures, computer viruses, hacking incidents and/or other unauthorized access to our websites and/or systems, misappropriation of sensitive information, corruption of data or operational disruption, regulatory breaches, human errors, defective products, external fraud, natural or man-made disasters and terrorist attacks. We are also exposed to risks arising from potential failures in, or non-compliance with, Group and entity policies concerning such matters as internal controls and procedures and financial reporting policies, as well as from employee misconduct or negligence and fraud. While we take measures to manage such risk, operational risk is part of the business environment in which we operate and we may incur losses from time to time due to these types of risks, as well as impairments to our liquidity, disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation. The risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions could have similar adverse effects.

Our business is highly dependent on the effective operation of our information technology, telecommunications, electronic data and other operational systems. We rely on these systems to perform necessary business functions, including providing insurance quotes, processing applications and claims, providing information and support to customers and distributors, administering complex products, conducting actuarial analyses and keeping financial records. We also use computer systems to store, retrieve, evaluate and utilize significant amounts of sensitive customer, employee and company data and information, including proprietary and confidential information. Some of these systems, in turn, rely on third-party systems. Systems failures or outages could compromise our ability to perform necessary business functions in a timely manner, which could harm our ability to conduct business and hurt our relationships with our customers and business partners. In the event of a disruption, our systems may be inaccessible, and our employees unable to perform their duties, for an extended period of time.

For additional information on the risks relating to the protection, processing and transfer of personal data (including customer and employee data), see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Any failure in managing and implementing our strategic initiatives could materially impact our results of operations, share price, and competitive position

In connection with our "Ambition 2020" strategic plan, we have recently implemented a number of major initiatives which have had and can be expected to have a significant impact on the Group's business, competitive position, and results of operations. These initiatives have included, for example, our recently-completed acquisition of XL Group, which will shift our business mix further towards Property & Casualty lines, particularly commercial and specialty lines and reinsurance. In May 2018, we also conducted the IPO of AEH, and further reduced our stake in AEH to 59.3% following an additional share sale in November 2018; we have also announced our intention to continue to reduce our stake in AEH as market conditions allow. The combined effect of the XL acquisition and the eventual disposal of our remaining stake in AEH would result in our overall business mix shifting significantly, with reduced exposure to life/annuity business lines and significantly increased exposure to Property & Casualty lines, both in our direct business and in reinsurance. In addition, we have announced other major initiatives in the areas of life/health insurance; digital transformation and "insurtech"; increased exposure to Asian markets; and a new capital management policy. All of these initiatives are designed to focus on operational delivery, reduce our exposure to financial risks (including market, credit and life risks), bring us closer to our customers and demonstrate our commitment to sustainable value creation for our shareholders. There can be no assurance, however, that any or all of such initiatives will be successful, or that the process of achieving their implementation will not cause significant disruption to our business operations, management and personnel in particular periods. Any failure to properly manage and successfully implement these strategic initiatives could in turn materially impact our results of operations, share price, and competitive position.

We may pursue acquisitions, joint ventures and other transactions to expand, complement or reorganize our business, which could adversely affect our business, future profitability and growth

External growth transactions involve risks that could adversely affect our operating results, including the substantial amount of Management time that may be diverted from operations to carry out such transactions and related integration efforts. Such transactions could also result in new debt or equity issuances, financing arrangements, and the incurrence of additional costs, contingent or unforeseen liabilities or risks and impairment and amortization expenses relating to goodwill and other intangible assets, and failure to mitigate the risks and uncertainties arising from such transactions through due diligence and indemnification provisions, all of which could materially and adversely affect our business, financial condition, results of operations and growth.

Furthermore, we may be exposed from time to time to certain risks relating to the integration of newly acquired companies, which include, for instance, XL Group Ltd in 2018. Such risks include difficulty or delay in integrating such companies, their IT, operations, employees and areas of expertise in an efficient and effective manner, which may result in the loss of certain key employees and/or customers of the acquired companies. As a result, we may not be able to effectively integrate acquired companies and achieve all of the expected strategic objectives, anticipated synergies, expected cost savings, impact on solvency capital requirements (including contributions to the Group's Solvency II ratio, if any), innovation, operational efficiencies and business development from acquisitions within the forecast periods or at all, or we may be required to spend additional time and money on integration, any of which could adversely affect our business, financial condition, results of operations and growth. We may also be exposed to liabilities and risks that were not known or assessed correctly at the time of the transaction and/or need to address capital, regulatory, tax or accounting issues that arise after transactions have closed, which may not be covered by, or exceed the amounts of, any indemnities provided to us by the sellers and could adversely affect our business and results of operations.

We may also carry out divestitures, such as the IPO and selldown in AEH in 2018, or the announced sale of AXA Life Europe, or reorganization of existing businesses, including AXA Switzerland in 2018, which may have adverse effects on our business, financial condition or results of operations. Such divestitures and reorganizations may not be carried out within the expected timeframe: the anticipated profit and/or positive effect on our overall risk profile and SCR may not be realized; or we may incur a loss on such transactions. Divestments of equity participations we hold, including AEH, may also be subject to volatility and other market-related risks, which could impact the carrying value of our remaining stake in such companies, including related goodwill, and adversely affect our results of operations. For additional information on the impact of divestitures, acquisitions and other transactions on goodwill, please refer to Note 5 "Goodwill" in Part 5 "Consolidated Financial Statements" of this Annual Report.

From time to time, we may also consider acquisitions of or investments in other companies, including through joint ventures. Any such acquisition or investment may be subject to approvals from regulatory authorities in certain countries, including as a result of foreign investment regulations and controls, which may lead to the transfer of certain assets or branches of activity and/or commitments or restrictions affecting the conduct of our business.

We conduct businesses in highly competitive environments with evolving trends that could adversely impact our results of operations and financial condition

Our competitors include mutual fund companies, asset management firms, private equity firms, hedge funds, commercial and investment banks and other insurance or reinsurance companies, many of which are regulated differently from us and offer alternative products or more competitive pricing than we do.

The insurance and reinsurance industry faces disruptive competitive challenges from the emergence of new actors, such as financial technology companies, or fintech, and insurance technology companies, or insurtech, which generally benefit from less extensive regulatory requirements (including less strict capital requirements) as well as from data synergies or technological innovation. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the Internet, may result in increasing competition as well as pressure on margins for certain types of products. Continued consolidation of the insurance and reinsurance sector may also result in increased competition.

These competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase our profitability.

The failure to respond effectively to various emerging technological changes may affect our business and profitability

An ongoing challenge we face is the effective adaptation to a constantly changing technological landscape. If we are not effective in anticipating the impact on our business of changing technologies, such as driverless cars, drones, connected devices, artificial intelligence or roboadvisors, our ability to successfully operate our business may be impaired. Technologies that facilitate ride or home sharing could disrupt the demand for our products from current customers, create coverage issues or impact the frequency or severity of losses. These changes could also affect our ability to accurately price our products and might significantly affect our margins in certain lines of business. For example, the advent of driverless cars, connected devices and usage-based insurance could materially alter the way that automobile, health or other personal lines insurance is marketed, priced and underwritten. In addition, the market for coverage for so-called “cyber risks” or similar emerging threats is a rapidly evolving one, and any failure by us to provide innovative products relative to our competitors or new entrants in the market may result in a competitive disadvantage.

In addition, the rapid increase in the nature, volume and availability of data in recent years, whether resulting from connected customers, so-called “big data”, “blockchain”, cloud computing, 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; or by potentially exposing us to increased “moral hazard” in business lines where we are unable for regulatory or other reasons to adjust pricing or coverage to reflect individual risk profiles. While data-driven changes in the industry are at an early stage and difficult to predict, they could adversely impact our business going forward, including through the expense and effort that we will need to incur in order to ensure that our employees, systems and processes are able to efficiently adapt to and manage such changes as they arise.

Furthermore, if we are unable to effectively use and update or replace our key technology systems as they become obsolete or as emerging technology renders them competitively inefficient, or if we fail to develop the talent and skills of our human resources to meet the new technological challenges, and to attract and assimilate new talents into our Group consistent with our business goals, our business, prospects, competitive position and financial condition could be adversely affected.

We operate through arrangements with third parties, including delegation of underwriting and claims authority, which exposes us to operational and regulatory risks and could materially adversely impact our business, results of operations and financial condition

We have entered into contractual outsourcing arrangements with third-party service providers for a wide variety of services required in connection with the day-to-day operation of our insurance, reinsurance and Asset Management businesses (including policy administration, claims related services, securities pricing and other services) and our product distribution. Such arrangements expose us to operational and regulatory risks incurred by these third parties, including employee misconduct or negligence, fraud, internal control failure, contract error, disruption to distribution arrangements, failures in processing policies and handling claims, and non-compliance with applicable laws and regulations.

In addition, part of our (re)insurance business is underwritten by third parties under contractual arrangements which typically authorize such third parties to bind us to new policies and to renew policies, within the terms of our licenses and subject to various contractual obligations and restrictions. If these third parties do not abide by the terms of our licenses and breach their contractual obligations to us, we could be subject to fines, penalties, injunctions or other similar restrictions for breach of outsourcing/licensing requirements and be liable under the policies issued by breaching third parties.

Furthermore, as with other reinsurers, in our reinsurance business we do not separately evaluate each of the individual risks assumed under our reinsurance treaties and we largely rely on original underwriting decisions made by ceding companies. As a result, if ceding companies did not adequately evaluate the risks insured, the premiums ceded to us may not compensate us for the risks we reinsure and the losses we may incur, which may adversely affect our results of operations and financial condition.

We carry out certain of our operations through joint ventures and other partnership arrangements with third parties that we do not control. These arrangements expose us, in particular, to the failure of any of our partners to meets its contractual obligations or to comply with applicable laws and regulations.

There can be no assurance that any of our contractual arrangements with third parties will not expose us to operational, financial and reputational risk, which could materially adversely impact our business, results of operations and financial condition. We may also not be fully indemnified for the contractual breaches of our third parties.

The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position

We and our subsidiaries are subject to evolving solvency and capital adequacy requirements, including the Solvency II framework, which is currently undergoing a review by the European Commission and the European Insurance and Occupational Pensions Authority ("EIOPA"), including regarding (re)insurance group supervision and internal models used by certain (re)insurers, such as AXA, to calculate their solvency capital requirement. It is difficult to predict the ultimate outcome of discussions regarding changes to these requirements and how they could affect our results of operations, financial condition and liquidity.

The AXA Group's Solvency II ratio is sensitive to capital market conditions (including the level of interest rates, the level of equity markets and foreign exchange impacts) as well as other economic factors generally. For additional information on the sensitivity of our Solvency II ratio to capital market conditions, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) [(1)].

In addition, supervisory authorities may become more conservative in the interpretation, application and enforcement of relevant regulations, as a result of which they may, for example, impose increased reserving requirements for certain types of insurers or certain types of risks, greater liquidity requirements, higher discounts/"haircuts" on certain assets or asset classes, more conservative calculation methodologies or take other similar measures which may significantly increase regulatory capital requirements. In particular, the French insurance supervisory authority, the ACPR, may impose changes to the Internal Model we use to calculate our SCR or change its view regarding our methodologies and/or the integration method of some of our subsidiaries, which may adversely affect our Solvency II ratio. For additional information on our Internal Model and Solvency II ratio, please refer to Section 4.2 "Internal control and Risk Management - Internal Model" of this Annual Report [(2)].

In the event of a failure by us, the Company or our (re)insurance subsidiaries to meet applicable regulatory capital requirements, insurance supervisory authorities have broad authority to require or take various regulatory actions including limiting or prohibiting the issuance of new business, prohibiting payment of dividends or other shareholder distributions, and/or putting a company into rehabilitation or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as AXA SA, and (re)insurance companies, including prohibiting payment of dividends and ordering portfolio transfers.

A failure of the Group and/or any of its (re)insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position may also result in the need for significant amounts of new capital, which could adversely affect our liquidity position, results of operations and financial position.

(1) The AXA Group's SFCR for the year ended December 31, 2017 is available on AXA's website, and the AXA Group's SFCR for the year ended December 31, 2018 is expected to be published on May 23, 2019 on AXA's website.

(2) Please also refer to the AXA Group's SFCR for the year ended December 31, 2018, which is expected to be published on May 23, 2019 on AXA's website.

Regulatory restrictions that inhibit our ability to freely move excess capital among our subsidiaries or which otherwise restrict fungibility of the AXA Group's capital resources may, depending on the nature and extent of the restrictions, adversely affect the capital position of our operating (re)insurance subsidiaries, which may have a consequent negative impact on the perception of the AXA's Group financial strength.

Additional regulatory developments regarding solvency capital requirements, including changes to the Solvency II framework, may adversely affect our prudential regime as well as increase associated costs. There can be no assurance that contingency plans developed by management will be effective to achieve their objectives and any failure by us and/or our (re)insurance subsidiaries to meet minimum regulatory capital requirements and to maintain regulatory capital at competitive levels could have a material adverse effect on our business, liquidity, credit ratings, results of operations and financial position.

As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments

Our (re)insurance and financial services operations are generally conducted through direct and indirect subsidiaries. As a holding company, our principal sources of funds are dividends from subsidiaries and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings.

Regulatory and other legal and contractual restrictions may limit our ability to transfer funds freely, either to or from all our subsidiaries. In particular, our principal (re)insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. Financial covenants in letters of credit and revolving credit facilities of our subsidiaries may also restrict their ability to declare and pay dividends.

Moreover, our status as an Internationally Active Insurance Group ("IAIG") under the Common Framework for the Supervision of IAIGs (the "ComFrame") developed by the International Association of Insurance Supervisors ("IAIS") could, in case of adoption of implementing legislation in relevant jurisdictions, result in the imposition of similar or other restrictions on the transfer of funds, including intra-group financing arrangements, which could negatively impact the fungibility of our capital. These factors may adversely impact our liquidity position and capacity to pay dividends.

We may have contingent liabilities from discontinued, divested and run-off businesses and may incur other off-balance sheet liabilities that may result in charges to our income statement

We may, from time to time, retain insurance or reinsurance obligations and other contingent liabilities in connection with our divestiture, liquidation or run-off of various businesses. We may also, from time to time and in the course of our business, provide guarantees and enter into derivative and other types of off-balance sheet transactions that could result in income statement charges.

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 62 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 condition. 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 multiplicity of different regulatory regimes, capital standards and reporting requirements resulting from work on new capital standards led by the IAIS such as the Insurance Capital Standard, and the development by IAIS of the ComFrame, which would apply to IAIGs, including AXA, could increase operational complexity and our regulatory costs and competitive pressures. In this regard, in November 2018, the IAIS published a public consultation document proposing a holistic framework comprising a set of enhanced supervisory measures and an ongoing, annual global monitoring exercise by the IAIS (the "Holistic Framework"). The supervisory policy measures included in the Holistic Framework will be integrated in the IAIS insurance core principles and the ComFrame and applied in a proportionate manner. The Holistic Framework is currently expected to be completed in 2019 and implemented in 2020.

In addition to the recently enacted French Resolution Framework, there are continuing discussions regarding the development of recovery and resolution frameworks and strategies in the insurance industry, as the Financial Stability Board (the "FSB"), in consultation with IAIS, is currently developing guidance on effective recovery and resolution tools and strategies for the insurance industry, and EIOPA is working towards harmonization and strengthening of recovery and resolution frameworks within the EU. While it is difficult to predict the impact of the French Resolution Framework, or the ultimate outcome of discussions regarding recovery and resolution in the insurance sector, they may result in an increase of our legal and compliance costs, regulatory sanctions or damage to our brand or reputation.

Following the acquisition of XL Group in 2018, we have been managing, through Catlin Underwriting Agencies Limited, Syndicate 2003, one of the largest underwriting syndicates in Lloyd's and, as a result, are exposed to a variety of Lloyd's-related regulatory risks. For instance, the Council of Lloyd's has wide discretionary powers to regulate members of Lloyd's, and may vary the method by which the capital solvency ratio is calculated, or impose additional or special levies on members. In addition, if Lloyd's fails to satisfy the Financial Conduct Authority (the "FCA")'s and the Prudential Regulation Authority's annual solvency test in any given year, Syndicate 2003 could be required to cease or reduce underwriting through Lloyd's. A downgrading of the Lloyd's market could also impair Syndicate 2003's ability to trade in certain classes of business at current levels. As a Lloyd's syndicate providing coverage to US policyholders and covering US risks, we could also be required by US regulators to increase the level of funding required as minimum deposits for the protection of US policyholders. Any Lloyd's-related risks could have an adverse effect on our business, financial condition and results of operations.

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 US Foreign Corrupt Practices Act, the UK Bribery Act of 2010, the French Sapin II Act of 2016, and the various implementing measures of Directive 2015/849 of May 20, 2015, as amended, including enhanced control on transactions involving high risk countries and requirements regarding disclosure of beneficial ownership) and consumer protection (including Directive (EU) 2016/97 of January 20, 2016 on insurance distribution (as amended, the "IDD"), Directive 2014/65/EU of May 15, 2014 on markets in financial instruments (as amended, "MiFID II") and Regulation (EU) No. 1286/2014 of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (as amended, the "PRIIPs Regulation")). Regulatory authorities have also proposed reforms to and potential changes affecting interest rate, equity, foreign exchange rate and other types of indices (also known as "benchmarks"), such as Libor and Euribor. Implementation of these and any future regulations, amendments to existing regulations, or future or revised guidance issued by regulatory authorities (such as European Securities and Markets Authority, EIOPA, the AMF and the FCA) may increase our legal and compliance costs, limit or restrict our ability to do business or expose us to civil, criminal or regulatory actions, proceedings or sanctions, which may adversely impact our brand or reputation.

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 – Insurance Contracts, which will replace IFRS 4, may significantly affect the accounting treatment of policyholder liabilities. Subject to adoption by the European Union, IFRS 17 is scheduled to become effective for annual periods beginning on or after January 1, 2021. 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 – Financial Instruments, until the effective date of IFRS 17, but no later than January 1, 2021. The Group is eligible for this temporary exemption and decided to apply it. On November 14, 2018, the IASB voted to propose a one-year deferral to January 1, 2022 of (i) the effective date of IFRS 17 and (ii) the expiry date of the temporary exemption from applying IFRS 9. This deferral and other proposed amendments to IFRS 17 remain subject to the final approval of IASB and their adoption by the European Union. The implementation of these standards within the Group is in progress, and Management is currently assessing the impact of their adoption.

We expect the scope and extent of applicable laws and regulations, as well as regulatory oversight, to continue to increase over the coming years. While Management proactively manages legal and regulatory risks and has adopted policies and procedures designed to ensure compliance with applicable laws and regulations in the various jurisdictions where we do business, we cannot predict with any certainty the potential effects that a change in applicable laws or regulations, their interpretation or enforcement (or of the potential effects of any new regulation or legislation in the future), or any determination we make regarding compliance with conflicting regulations, may have on our business, financial condition or results of operations. Any failure by us to remain in compliance with regulations applicable to us could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact our earnings and reputation. For a description of the regulations and supervision framework applicable to the Group, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

We may also be adversely affected by a change in applicable laws or regulations, their interpretation or enforcement impacting, or regulatory decisions, authorizations or approvals relating to, third parties with which we do business. For instance, certain of our letter of credit facilities for cedants are effective only if the banks issuing the letters of credit are on the list of banks approved by the National Association of Insurance Commissioners (the "NAIC"). If some or all of the issuing banks under our credit facilities cease to be NAIC approved and we are unable to replace them with NAIC approved banks, our letter of credit facility capacity could be significantly diminished, especially in situations of adverse capital and credit market conditions where the cost of replacement facilities may be significantly increased or prohibitive. See the paragraph above "Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital".

As a global business, we are exposed to various local political, regulatory, business and financial risks and challenges

The global nature of our business exposes us to a wide variety of local political, regulatory, business and financial risks and challenges, and our exposure to such risks may increase as a result of our recently acquired XL business, which may affect the demand for our products and services, the value of our investment portfolios, the levels of capital and surplus that we are required to hold, and the credit quality of our counterparties.

These risks include, for example, political, social or economic instability in the countries in which we operate, including the risk of nationalization, expropriation, price controls, capital controls, restrictions on foreign trade and investment (such as changes to authorized levels of foreign ownership, which may affect our ability to conduct business in certain countries through joint ventures), fluctuations in foreign currency exchange rates, credit risks of our local borrowers and counterparties, lack of local business experience in certain markets, risks associated with exposure to insurance industry insolvencies through policyholder guarantee funds or similar mechanisms and, in certain cases, risks associated with the potential incompatibility with foreign partners, especially in countries in which we are conducting business through joint ventures or other entities that we do not control.

We have been and may become in the future subject to lawsuits and/or regulatory investigations which may affect our business, brand, reputation, relations with regulators and/or results of operations

We have been named as defendants in numerous lawsuits (both class actions and individual lawsuits) and involved in various regulatory investigations and examinations, and other actions arising in the various jurisdictions where we and our subsidiaries do business. Please refer to Note 31 "Litigation" in Part 5 "Consolidated Financial Statements" of this Annual Report. We may be involved in similar proceedings in the future.

Certain of these lawsuits and investigations seek significant or unspecified amounts of damages, including punitive damages, and certain of the regulatory authorities involved in these proceedings have substantial powers over the conduct and operations of our business. The introduction of a class action system in France in 2014 and similar developments in certain other European jurisdictions and at the EU level have increased, and are likely to continue to increase litigation risks and costs. For additional information, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

Due to the nature of certain of these lawsuits and investigations, we cannot estimate the potential losses or predict with any certainty the potential impact thereof on our business, brand, reputation, relations with regulators and/or results of operations.

The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business

Collection, transfer and protection of significant amounts of sensitive data are critical to the operation of our business. Regulations in this area are quickly evolving in the European Union, which could adversely affect our business if we fail to timely adapt our rules, internal controls and strategy to the emerging regulatory environment.

Regulation (EU) 2016/679 of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (as amended, the "GDPR") entered into force on May 25, 2018. GDPR significantly modified the EU data protection framework and, in particular, imposed new restrictions on data usage/processing (including profiling), disclosure to customers and a stronger enforcement regime, under which competent data protection authorities will be able to fine companies which do not comply with EU rules up to 4% of their global annual turnover. While we have adopted a global Data Privacy Organization/Governance policy designed to manage risks related to data protection, there can be no assurance that our existing or planned data protection rules, including our privacy-related Group Binding Corporate Rules, and governance organization will not need to be updated or replaced to comply with new laws and regulations and regulatory guidance applicable in the European Union or other jurisdictions where we operate or may operate in the future.

In addition, there is a risk that data collected by the Group and its third-party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties or in compliance with GDPR and other applicable law. The Group's IT and other systems may also in the future be subject to hacking and unauthorized intrusions, such as physical or electronic break-ins, unauthorized tampering or security breaches or other intentional or unintentional acts by parties acting from within or outside the Group, which could result in sensitive data (including customer and employee data) being stolen, lost or misused. Negligence or failure to implement and follow internal Group policies, in particular regarding encryption of data, or perform adequate internal data collection/processing controls may also facilitate hacking and other intrusions and result in breaches of GDPR and other applicable laws.

Any failure to comply with GDPR and other applicable data protection laws, and data theft, loss or misuse, affecting any Group entity or a third-party service provider, could result in significant regulatory sanctions, penalties, injunctions or other similar restrictions, damage to our reputation, need to compensate customers, customer litigation (including class actions and individual lawsuits), and consequently have a material adverse effect on our business, results of operations and prospects.

Regarding transfer of data to the United States, following invalidation in 2015 of the European Commission's Safe Harbor Decision by the European Union Court of Justice (the "2015 ECJ Decision"), which allowed under certain conditions for the transfer of personal information from EU companies to US companies, transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with US companies and binding corporate rules for transfers within a multinational corporate group. While a new safe harbor, referred to as the "EU-US Privacy Shield", was adopted in July 2016, banks and (re)insurance companies are generally not currently eligible to register on the EU-US Privacy Shield list and the AXA Group has accordingly been relying on the above-mentioned mechanisms to transfer personal data from the Company or its EU-based affiliates to its banking and (re)insurance affiliates based in the United States. While we currently anticipate that we can continue using such mechanisms to transfer data into the United States, there is no guarantee that such mechanisms will not be subject to challenge or to stricter scrutiny by the competent authorities or that further changes in the regulation will not potentially increase our legal and compliance costs, or result in regulatory sanctions or damage to our brand or reputation.

In addition, Brexit could significantly impact transfers of data to or from the United Kingdom if no agreement is reached between the United Kingdom and the European Union, with its consequences being comparable to those of the 2015 ECJ Decision. EU-UK data flows between companies would continue, but rely on other mechanisms than before Brexit, such as standard contractual clauses with UK companies and binding corporate rules for transfers within a multinational corporate group. Although we currently anticipate that we can continue using such mechanisms to transfer data to or from the United Kingdom, there is no guarantee that such mechanisms will be fully implemented in time by all external providers, given the overall uncertainty surrounding a potential withdrawal agreement, contingency plans at EU and Member State levels and, more generally, the United Kingdom's future relationship with the European Union. There can be no assurance that such mechanisms will not be challenged or impeded by competent authorities or as result of amendments to applicable regulations, or that Brexit and its related consequences will not increase our legal and compliance costs, result in regulatory sanctions or damage to our brand or reputation, or otherwise have an adverse effect on the Group's business and financial condition.

Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations

As a global company operating in numerous jurisdictions, we are subject to various tax regimes and regulations. Changes in tax laws, including the US Foreign Account Tax Compliance Act (FATCA) withholding requirements and the introduction of the Common Reporting Standard 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, while we continue to expect the Tax Cuts and Jobs Act of 2017 (the "US Tax Act") to have an overall net positive economic impact on the Group, significant new regulations interpreting and implementing the US Tax Act have recently been proposed and are subject to change. We continue to evaluate these new regulations and assess the magnitude of the various impacts they may have.

Uncertainties in the interpretation or future developments of tax regimes, including the development of the US tax system following the enactment of the US Tax Act, may affect our tax liability, return on investments and business operations. We have been and may increasingly become exposed to the risk of tax audits and investigations in the various jurisdictions in which we operate. The international tax environment continues to change as a result of actions taken by the OECD, the European Union and national governments intended to address concerns over perceived international tax avoidance techniques. We take tax positions that we believe are correct and reasonable in the course of our business. However, there is no guarantee that our tax positions will be upheld by the relevant tax authorities. Our business operations, results, financial position, liquidity, outlook or reputation could be materially affected if one or more of the aforementioned risks materialized.

Risks related to the ownership of the Company's shares

In order to raise capital to fund future growth or for solvency purposes, we may, in the future, offer rights, warrants or similar securities at prices below the then-current market price which may adversely affect the market price of our ordinary shares and dilute the positions of existing shareholders.

The Mutuelles AXA, which comprise two French mutual insurance companies, together held 14.40% of the Company's outstanding shares and 24.16% of its voting rights as of December 31, 2018. The Mutuelles AXA have stated their intention to collectively vote their shares in AXA and may have interests conflicting with other shareholders' interests. For example, even though the Mutuelles AXA do not hold a majority of the total voting rights in AXA, efforts by the Mutuelles AXA to decline or deter a future offer to acquire control of AXA, which other shareholders may find attractive, may prevent other shareholders from realizing a premium for their AXA ordinary shares. The Mutuelles AXA may decide to increase their ownership interest in AXA or to sell all or a portion of the ordinary shares they own at some future date.

4.2 INTERNAL CONTROL AND RISK MANAGEMENT

Information in this section should be read in conjunction with Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The AXA Group is engaged in Insurance, Reinsurance, Asset Management and Banking 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.

To manage these risks, the Group has put in place a comprehensive system of internal control and Risk Management designed to ensure that executives are informed of significant risks on a timely basis and can manage these risks, so that the Consolidated Financial Statements and other market disclosures are accurate.

In addition, the Solvency II regime requires the Group to have in place an effective system of governance which provides for sound and prudent Risk Management. This governance system must be based on a clear separation of responsibilities and must be proportionate to the nature, extent and complexity of the Group's operations.

In this context, AXA has (i) put in place a control framework with three lines of defense with boundaries between each of them clearly defined and (ii) established four key functions.

The three lines of defense are:

	Responsibilities	Owners		
1st line of defense	responsible for day-to-day risk and control management and decision-making	Management and staff		
2nd line of defense (independent from the Group's business operations)	responsible for developing, facilitating and monitoring an effective risk and control framework	Risk Management	Compliance	Internal Control (including Internal Financial Control)
3rd line of defense	responsible for providing independent assurance on the effectiveness of the overall control environment	Internal Audit		

The four key functions are:

- **the risk-management function** is responsible for coordinating the second line of defense, ensuring that the risk appetite is implemented with respect to all risks, and in charge of the design, implementation and validation of AXA Group economic capital model which is the basis for the Group Solvency II internal model ("Internal Model"), the documentation of the Internal Model and any subsequent changes made to it as well as the analysis of the performance of this model and the production of summary reports thereof. The holder of the risk-management function, including the internal control function, at Group level is the Group Chief Risk Officer and Head of the Group Insurance Office;
- **the compliance function** (the "Compliance function") is responsible for advising on compliance with laws, regulations and administrative provisions regarding insurance, reinsurance, Asset Management and banking activities as well as monitoring that compliance is effective. The compliance function holder at Group level is the Group Chief Compliance Officer;
- **the internal audit function** is responsible for performing an evaluation of the adequacy and effectiveness of the Group's internal control system and other elements of the system of governance. The internal audit function must be objective and independent from the operational functions. The internal audit function holder at Group level is the Global Head of Internal Audit; and
- **the actuarial function** is responsible for overseeing the calculation of Solvency II technical provisions (including ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions), assessing the sufficiency and quality of the data used in this calculation

(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.

and comparing best estimates against experience, expressing an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements. The actuarial function holder at Group level is the Group Actuarial Function Holder. For further information on the actuarial function, please refer to Section 4.6 "Insurance Risks" of this Annual Report [(1)].

The holders of key functions have direct access to the Board of Directors.

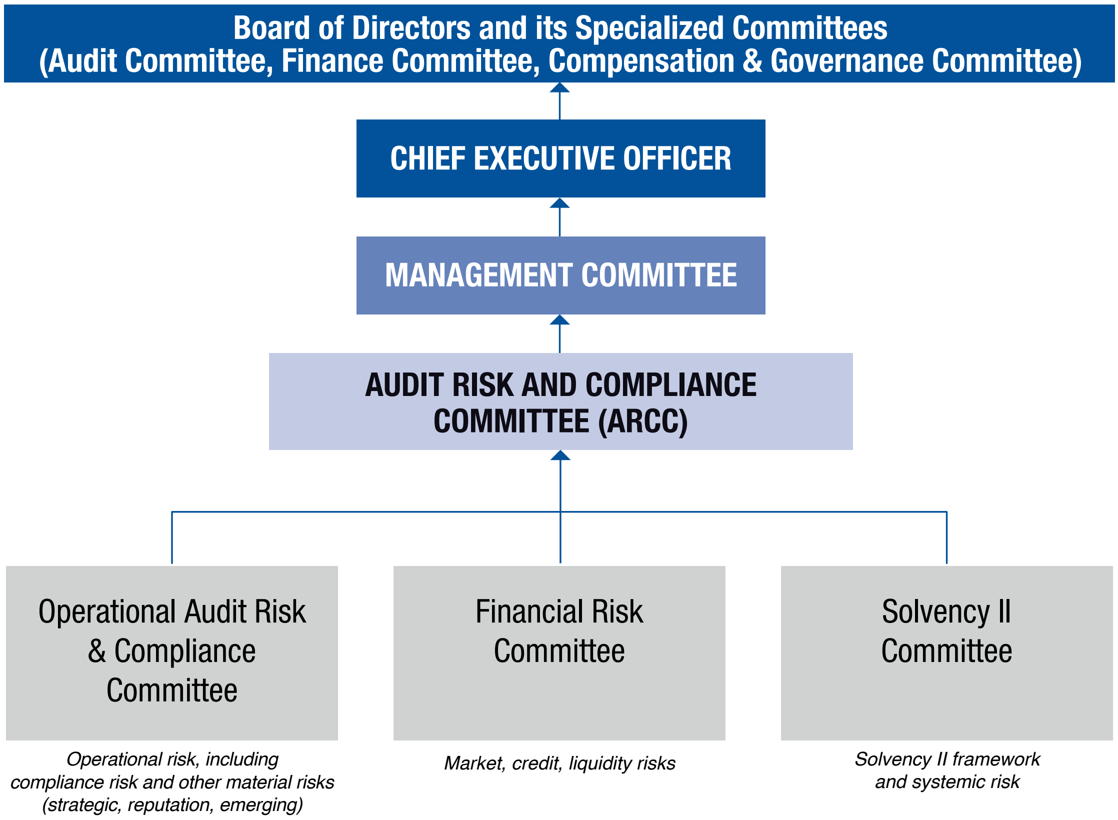
The Group Chief Executive Officer, the Group Chief Financial Officer and the Group General Secretary, who, under Solvency II, are deemed to be "persons who effectively run" the Group, and the key functions holders must fulfil the requirements for a fit and proper assessment, as set in the Group's internal policy, adopted in compliance with the requirements of the Solvency II regulation, both at appointment and on an ongoing basis. These requirements are:

- appropriate competence and capability, taking into account professional qualifications, training, knowledge and relevant experience including understanding of regulatory requirements to enable sound and prudent management (fit); and
- propriety, taking into account reputation, financial soundness and personal characteristics such as integrity and transparency (proper).

Furthermore, appointments to any of these positions must be notified to the French *Autorité de contrôle prudentiel et de résolution* ("ACPR"), through a formal process, including submission of a detailed questionnaire addressing the fitness and propriety of each person, as well as detailed background information.

Governance and Risk Management organization

GOVERNANCE



(1) *Only information contained in Section 4.6 "Insurance risks" of this Annual Report and referred to in Note 4 "Financial and insurance Risk Management" in Part 5 "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

Board of Directors

The Board of Directors is responsible for ensuring that an appropriate and effective system of internal control and Risk Management is in place across the Group. In this context, it can undertake all controls and verifications as it deems appropriate.

The Board of Directors has established three Committees to assist it in fulfilling its responsibilities: an Audit Committee, a Finance Committee and a Compensation & Governance Committee. All the Board Committees constitute an important part of the Group's overall internal control environment, and play a major role in reviewing internal control and Risk Management related issues.

For more information on the composition and assignments of the Board of Directors and its Committees, please refer to Section 3.1 "Corporate governance structure" (1) of this Annual Report.

Audit Committee

The Audit Committee (i) considers the Group's internal control systems and procedures for Risk Management with a view to obtaining reasonable assurances as to their effectiveness and consistent application, and (ii) monitors the Group's major risk exposures and sensitivities (insurance and operational), the results of the risk assessments performed, and the steps management has taken to monitor that such exposures remain within the risk appetite set by the Group.

The scope of the Audit Committee's responsibilities is set forth in the Audit Committee Terms of Reference, approved by the Board of Directors and available on www.axa.com.

Finance Committee

The Finance Committee examines any subject relating to the financial management of the Group and in particular the policy on financial Risk Management (including management of foreign exchange and interest rates exposure), the issues relating to the liquidity and financing of the Group, the capital and solvency.

The Finance Committee examines the impact on capital and solvency at Group level of the main orientations and limits of the Asset-Liability Management ("ALM") policy; and reviews the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

Executive Management

Executive Management oversees the implementation of the internal control system and the existence and appropriateness of internal control, as well as Risk Management monitoring systems within the Group.

For more information about the Executive Management, please see Section 3.1 "Corporate governance structure" of this Annual Report (1).

Audit Risk and Compliance Committee (ARCC)

The Audit Risk and Compliance Committee ("ARCC") 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 General Counsel with the purpose of reviewing all material audit, risk and compliance issues faced by the Group.

The scope of the ARCC covers all of the Group's operations and include the following:

- the Group's overall risk appetite, material breaches of risk limits and proposed remedial actions, the Group's risk framework as well as action plans proposed to reduce or otherwise modify the Group's material risk positions when they are beyond defined limits;
- the Group's standards and limits to ensure 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.

4

(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.

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.

The Solvency II Committee, co-chaired by the Group Chief Risk Officer and the Group Chief Financial Officer, is in charge of (i) steering the overall AXA Group Solvency II framework, (ii) implementing the governance and validation of the Internal Model, and (iii) reviewing Solvency II developments. The Solvency II Committee is also responsible to monitor current developments in systemic risk.

Group Risk Committees are supported by local Risk Committees to ensure consistency in the implementation of the Enterprise Risk Management ("ERM") framework.

RISK MANAGEMENT AND INTERNAL CONTROL ORGANIZATION

The control framework with three lines of defense has been designed to ensure that the risks that the AXA Group may face are systematically identified, measured, managed and controlled.

First line of defense: management and staff

Management and staff have primary responsibility for (i) establishing and maintaining an effective control environment, (ii) identifying and managing the risks inherent in the products, services and activities in their scope and (iii) designing, implementing, maintaining, monitoring, evaluating and reporting on the Group's internal control system in accordance with the risk strategy and policies on internal control as approved by the Board of Directors.

Second line of defense: Group Risk Management function, including Group internal control function and Group compliance function

Group Risk Management ("GRM") function

GRM is headed by the Group Chief Risk Officer, who reports to the Chief 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, the reinsurance structure in charge of Property & Casualty and Life & Savings, Health & Protection reinsurance (AXA Global Re) 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 purchase of reinsurance. For additional information on the reinsurance strategy, please see Section 4.6 "Insurance Risks" of this Annual Report [(1)].

Group Compliance function

The Group Compliance function is responsible for advising Executive Management and the Board of Directors on applicable compliance laws, regulations and administrative provisions, and on the impact of 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 significant compliance matters, analyze the major compliance risks and contributes to designing solutions to mitigate the risks to which the Group is exposed. The Group Compliance function manages a wide range of compliance related matters including (i) financial crime matters (which include anti-corruption, anti-bribery, anti-money laundering programs as well as international sanctions/embargo compliance), (ii) data privacy, (iii) compliance & ethics, (iv) the monitoring of other major compliance and regulatory risks, and (v) regular reporting of significant compliance and regulatory matters to Executive Management, the Board and regulators.

The Group Compliance Chief Officer reports to the Group Deputy Chief Executive Officer & Group General Secretary.

The compliance activities within the Group are set out in a number of standards and policies which set the minimum requirements expected to be 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. Adherence to the Standards and Policies (*e.g.* Anti-Money Laundering, Sanctions, Anti-Bribery) is mandatory.

The Group Compliance function undertakes an annual Compliance Risk Assessment exercise *via* which entities are required to identify the most significant compliance risks to which they are exposed. Based on this assessment, an Annual Compliance Plan is developed for the following year.

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.

4

(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.

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 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 Group's subsidiaries. For more information on the internal control at local level, please refer to the paragraph "Risk Management and internal control at local level" below.

The Internal Control framework of the AXA Group:

- is based on the principle of proportionality and takes into account the nature, scale and complexity of the entities operations;
- is aligned with the COSO "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission;
- is an integral part of the Risk Management thus providing the Executive Management with a view of the risk and control environment;
- is underpinned by the Group Internal Control Standard and Group Solvency II Internal Control Policy, approved by the Audit Committee and the Board of Directors of AXA SA in December 2017;
- encompasses Internal Financial Control, implemented since 2010 to provide reasonable assurance regarding the reliability of Internal Control Over Financial Reporting ("ICOFR"), and extended to Solvency II in 2014 to contribute to the Internal Model validation process. For more information on Internal Financial Control, please refer to the paragraphs "Financial reporting, disclosure, controls and procedures" and "Internal Model validation" below.

On a regular basis, the Group Internal Control reports to the Group Operational Audit, Risk and Compliance Committee.

Third line of defense: Group internal audit function

The Group's Internal Audit function provides the Group Audit Committee and the Group's Management Committee with independent and objective assurance on the effectiveness of the overall control environment across the Group.

The Global Head of Internal Audit reports to the Chairman of the AXA Group Audit Committee with an administrative reporting line to the Group Chief Executive Officer.

All internal audit teams across the Group report to the Global Head of Internal Audit whilst also having a direct and unfettered reporting line to their local Audit Committee Chairman and an administrative reporting line within their local management structure.

The Group's Internal Audit function exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations. It helps the organization meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of Risk Management, control and governance processes.

Group Internal Audit sets an annual plan of work, based on an assessment of both the inherent risk and the adequacy of controls as well as consideration of the audit cycle. The plan is reviewed and its performance formally monitored by the Group Audit Committee.

Over the audit cycle, 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 the alignment of central and local interests.

The minimum missions required for local Risk Management teams are:

- coordinating the second line of defense locally (which covers among others Compliance, Internal Control, Security) through a specific system of governance framework;
- ensuring that the risk appetite is implemented with respect to all risks consistently with the Group's risk appetite, with enhanced reporting, risk limits and decision processes;
- providing a second opinion on key processes, such as the definition of characteristics for new products before launch, reserves, ALM studies & asset allocation and reinsurance strategies;
- with respect to the Internal Model, 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, as well as actuarial indicators and the economic balance sheet. These missions are performed for regular closings, forecasts and strategic plan exercises. PBRC works with local PBR units within the Finance Departments of Group subsidiaries.

The local PBR units are responsible for producing their respective contribution to the Group consolidated financial statements.

PBRC's role encompasses the following principal activities:

- development of both accounting and reporting standards;
- managing process instructions with the subsidiaries for the various exercises;
- managing the Group's financial consolidation and reporting systems;
- producing the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) and analyzing key performance indicators;
- developing and using management control tools;
- managing and consolidating the European Embedded Value and Eligible Own Funds 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 Group Risk Management, entitled Internal Financial Control ("IFC"), to ensure that the Group Chief Executive Officer has a reasonable basis to conclude that AXA Group's ICOFR is effective as of the end of each financial year.

The IFC program is based on the Group's IFC Standard, which is an internal control and governance standard based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is designed to ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program precising the scope of application and governance.

The entities in IFC scope are required to document their significant processes and key controls, as well as the rationale of how the associated risk of material misstatement due to error or fraud can be reduced to an acceptable level. This is performed under the supervision of the Chief Financial Officer, sponsor of the IFC program. The independent Internal Financial Control function, anchored within Risk Management for most entities, is in charge of testing the design and operational effectiveness of those key controls, and ensuring that identified control deficiencies are remediated.

At each year-end, the in-scope entities have to perform an evaluation of their ICOFR as part of an internal certification process, involving formal sign-off by process owners and with a formal management report from the entity's Chief Financial Officer and Chief Risk Officer stating their conclusion as to the effectiveness of the entity's ICOFR.

Disclosure controls and procedures

The Group has implemented a formal internal review and sign-off process pursuant to which all Management Committee members, Chief Financial Officers and certain other senior executives are required to certify various matters covered in AXA's 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 and reinsurance entities in the European Economic Area and insurance and reinsurance entities outside the European Economic Area that are within the scope of the Internal Model) are each required to produce an ORSA report which is filed with the applicable national supervisor. At Group level, the Group Chief Risk Officer is responsible for developing the ORSA policy, implementing the ORSA process and coordinating the ORSA reporting.

The ORSA policy defines minimum standards for assessing and reporting own risks and solvency to be applied across the Group. Adherence to this policy is expected to be promoted and monitored by all entity heads of Risk Management Department (Chief Risk Officers).

The Group ORSA report is reviewed annually by the Solvency II Committee and then presented, first, to the ARCC and the Audit Committee of the Board of Directors, and finally to the Board of Directors, which approves the conclusions of the Group ORSA report and authorizes its filing with the ACPR.

Beyond the annual ORSA report, a quarterly assessment is performed to update the Group's risk profile against Risk Appetite limits and adapt management actions accordingly. This information is reported to the Finance Committee of the Board of Directors and to the ARCC which regularly reviews all material audit, risk and compliance issues faced by the Group.

PURPOSE AND CONTENT

ORSA encompasses processes to identify, assess, monitor, manage and report the short to medium term risks to which the Group is exposed and to ensure the adequacy of the level of own funds within the Group solvency targets, taking into account the Group's risk profile, approved risk appetite limits and business strategy. As an important component of the Risk Management system, it is intended to give a comprehensive and complete vision of the risks embedded in the businesses of the Group on a continuous basis.

ORSA mainly encompasses Risk Management and financial activities, which are organized around the following processes:

- Solvency Capital Requirement ("SCR") & Eligible Own Funds ("EOF") calculation;
- liquidity risk reporting;
- strategic planning and financial projections;
- risk appetite process;
- stress and scenario testing analysis and monitoring; and
- risk assessment and review of strategic risk, reputation risk, regulatory risk and emerging risk.

4

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

The ORSA report provides an assessment on:

- the overall solvency needs through the measurement of quantifiable risks considering risk mitigation actions implemented in current economic context and approved business strategy detailed in the 2018-2020 strategic plan and within approved risk appetite limits. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. This is supported by the ERM, including the identification, monitoring and management 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 significance with which the risk profile of the AXA Group deviates from the assumptions underlying the SCR calculated with the Internal Model. Extensive validation tests are performed to assess the relevance of the Internal Model and the model error. Limitations of the Internal Model and evolution plan resulting from the validation activities are presented.

Internal Model (1)

For more information on regulatory capital and solvency requirements applicable to the Group, including Solvency II, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

The Group has developed a robust economic capital model since 2007. The internal model of the Group (the "Internal Model") is used in its Risk Management systems and decision-making processes. The ACPR has approved the use by the Group of its Internal Model to calculate its SCR under Solvency II. The Internal Model encompasses the use of AXA Group's economic capital model on all material entities, except AXA US entities which are considered in equivalence, and entities that were part of the XLGroup we acquired in 2018 ("XL Entities"). The solvency capital requirement in respect of the entities that were part of the XL Group ("XL entities") as at December 31, 2018 was calculated in accordance with the equivalence regime, based on the Bermudian Standard Formula SCR, plus a 5% add-on required by the Group's lead supervisor (*i.e.* the ACPR), as a transitional measure. Furthermore, in compliance with the ACPR's decision, XL entities will be fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement will be calculated using the Solvency II standard formula from March 31, 2019. Subject to the prior approval of the ACPR, the Group intends as soon as FY 2020 to extend its Internal Model to XL entities.

AXA continues to review regularly the scope, underlying methodologies and assumptions of the Internal Model and will adjust its SCR accordingly. In addition, AXA's Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any significant change to the Internal Model would be subject to the prior approval of the ACPR, which may require adjustments to the level of SCR. In addition, the Group monitors EIOPA's work program which, through its objectives, is also expected to continue to carry out consistency reviews of European insurers' internal models. Such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups, as well as changes to internal models and Solvency II capital requirements.

The Group's main goal in using its Internal Model as opposed to the Solvency II standard formula is to better reflect the Group's risk profile in its SCR. This is reflected through several objectives:

- taking into account local specificities – The Group is a global company, and caters to a wide range of insurance markets with a variety of products offered targeting certain demographics and with differing risk exposures. It is therefore appropriate, to the extent possible, to calibrate stresses specific for these risk profiles and to allow for the benefits of diversification of risks which arise as a result of being spread over these markets;

(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.*

- 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.

The Internal Model is based on a common definition of risks used consistently throughout the Group. It aims to ensure that the Company risk mapping is comprehensive and is followed in a consistent way across the Company and that efficient procedures and reporting are in place so that roles and responsibilities are allocated to identify, measure, monitor, manage and report key risks.

The Group risk grid [(1)] aims to identify all material risks applicable to the Company's insurance businesses. The Internal Model is intended to capture all material risks to which the Group is exposed from the risk assessment performed at sub-risk level to the overall aggregation of risk categories.

The underlying methodologies and assumptions used in the economic capital model are regularly reviewed to ensure that they accurately reflect the AXA Group's risk profile and new methods are developed and integrated regularly (in accordance with the Internal Model change policy).

The SCR, calculated on the basis of the Internal Model, represents the value at risk of Group Eligible Own Funds 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 aims at including all measurable risks (market, credit, insurance and operational) and reflecting the Group's diversified profile.

In addition to the risks that impact the SCR through the Internal Model calculation, the Group also monitors its liquidity risk, reputation risk, strategic risk and regulatory risks as well as emerging threats.

AXA GROUP SOLVENCY II RATIO

In addition to the SCR assessment, which intends to cover all quantifiable risks to which the Group is exposed (insurance, financial, and operational risks), the AXA Group performs sensitivity analyses of its Solvency II ratio to material risks and events.

These analyses quantify, for instance, the potential impact on the AXA Group's Solvency II ratio of (i) financial shocks on corporate bond and sovereign spreads, on interest rates, and on equity and (ii) a wide range of shocks reflecting historical stress events (such as the 2008-2009 financial crisis, the 2011 financial crisis, the 1918 Spanish flu and the 1999 Lothar & Martin storms).

These sensitivity analyses do not take into account preemptive management actions that might be taken to mitigate the effects of the defined shocks, nor indicate a probability of occurrence, but, are designed:

- to demonstrate that the AXA Group Solvency ratio is resilient to a wide range of shocks;
- to ensure through the risk appetite framework that the management reviews and acknowledges the risks that arise in their company, understands the consequences of an adverse development of these risks, and have action plans that can be implemented in case of unfavorable developments; and
- to verify the robustness of the Internal Model.

The Solvency II ratio as of December 31, 2018, published on February 21, 2019 was estimated at 193% [(2)], compared to 205% as of December 31, 2017 and remains within AXA's target range of 170-220%.

4

(1) The Group risk grid is designed to identify all risks applicable to AXA businesses. Risk categories are further split into sub-risks. The risk assessment is performed at the sub-risk level. The risk grid is regularly reviewed and validated at Group level.

(2) The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock and assuming equivalence for AXA Equitable Holdings, Inc. in the US. As in previous disclosures all AXA US entities are taken into account assuming US equivalence. The solvency capital requirement in respect of the entities that were part of the XL Group ("XL entities") as at December 31, 2018 was calculated in accordance with the equivalence regime, based on the Bermudian Standard Formula SCR, plus a 5% add-on required by the AXA Group's lead supervisor (ACPR), as a transitional measure. For additional information, please refer to Section 4.2 "Internal control and Risk Management - Internal Model" of this Annual Report. The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be on May 23, 2019.

INTERNAL MODEL GOVERNANCE

At Group level, the governance bodies involved in the Internal Model governance are as follows:

- the Board of Directors reviews the Internal Model, and authorizes the application to the ACPR for approval of major changes to the Internal Model;
- the Audit, Risk and Compliance Committee; and
- the Solvency II Committee.

At Group level, the Internal Model is reviewed, tested and approved on an ongoing basis by the Solvency II Committee. The Solvency II Committee is supported by risk technical working groups reviewing changes proposed to the Internal Model and presenting conclusions of these diligences to the Solvency II Committee. The Solvency II Committee also reviews the Internal Model validation and model change processes, and liaises with local governance. It also reviews the conclusions of the regular validation activities.

INTERNAL MODEL VALIDATION

The Group has implemented and documented a validation process of its Internal Model to monitor its performance and continued adequacy. This process and associated governance are documented in the Group validation policy, endorsed by the ARCC.

The Group validation policy is supplemented by local validation policies specifying the local validation activities and responsibilities.

Validation does not only apply to the quantitative aspects of the model (input data, theory & methodology, parameters & assumptions, data, results) but also encompasses the qualitative aspects of the model: expert judgment, documentation, model governance, use test, systems/IT.

Risk Management performs regular integrated validation activities, described in the Internal Model validation policy, mostly organized around:

- validation of the model structure, modelling choices, parameters and assumptions; and
- validation of the Solvency Capital Requirement calculation and results.

These tasks are performed mostly within the Risk Management Departments in charge of the model, through controls and validation activities using validation tools such as sensitivity tests, back testing, scenario testing, and stability analysis and any other relevant activity.

These validation procedures are complemented by independent challenge and validation of assumptions, key parameters and results through Committees (including assumptions Committees, calibration Committees and clearance Committees) intended to provide an adequate level of expertise and seniority.

In particular, Group Risk Management teams provide independent testing of the local model choices, local parameters, assumptions or calibration as well as local results.

Apart from this fully integrated validation, sanctioned by Chief Risk Officer's review and sign-off, a comprehensive independent review process has been defined and implemented to provide adequate comfort to AXA Group Management and Board of Directors that the model and its outputs meet a "fit for purpose" standard.

The independent reviews are performed by the following two internal teams:

- IFC teams, at local and Group level, responsible for assessing the effectiveness of internal control framework over Solvency II, on the basis of the testing of processes and controls over the EOF and STEC, at least annually; and
- Internal Model Review ("IMR") team, a Group team responsible for the in-depth actuarial review of the model under local teams' responsibility, the conception and methodology when locally developed, and the local implementation of the Group principles 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 meet the Group's obligations and commitments to policyholders, to protect the solvency of the Group's entities, and to generate superior return over time.

GROUP AND LOCAL GUIDANCE ON INVESTMENTS

The Group Chief Investment Officer (Group CIO) heads the Group-wide community of local insurance companies CIOs, the central Investment & ALM Department and reports to the Group Chief 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 the Group's investment strategy, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance; and
- the Group Financial Risk Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk 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.

4

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 reviewed by local Investment and ALM Committees. In addition, there is a segregation of duties between those responsible for making investment decisions, executing transactions, processing trades and instructing the custodian. This segregation of duties aims in particular at avoiding conflicts of interest.

The market risks arising from derivatives are regularly monitored taking into account the Group's various constraints (such as risk appetite and Internal Model).

Such monitoring is designed to ensure market risks, arising from cash or derivative instruments, are properly controlled and remain within approved limits.

Legal risk is addressed by defining a standardized master agreement. The Group's business units may trade derivatives only if they are covered by legal documentation which complies with the requirements set out in the Group standards. Any change to certain mandatory provisions defined in the Group standards must be approved by GRM.

Additionally, there is a centralized counterparty risk policy. GRM has established rules on authorized counterparties, minimum requirements regarding collateral and counterparty exposure limits.

The operational risk related to derivatives is measured and managed in the context of the Group's global operational risk framework. Furthermore, execution and management of derivatives are centralized within dedicated teams, reducing the AXA Group's operational risk.

Valuation Risk is also addressed through the use of dedicated teams, within the Group's asset managers and banks. They independently counter-valuate the derivatives positions so as to achieve appropriate accounting, payment and collateral management. They also challenge the prices proposed by counterparties in the event that the applicable AXA entity wishes to initiate, terminate or restructure derivatives. Such capacity in pricing requires strong expertise, which relies on rigorous market analysis and the ability to follow the most up-to-date market developments for new derivatives instruments.

INVESTMENT AND ASSET MANAGEMENT

For a large proportion of its assets, the Group utilizes the services of asset managers to invest in the market:

- local AXA companies assign the day-to-day management of their asset portfolios primarily to AXA's Asset Management subsidiaries, *i.e.* AXA Investment Managers, Architas 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 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 meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and Risk Management" of this Annual Report).

Local operating units have the primary responsibility for managing their market-related risks, while abiding by the risk framework defined at Group-level, in terms of limits/thresholds and standards. This approach aims to allow reacting swiftly in an accurate and targeted manner to changes in financial markets, political and economic environments in which the Group operates.

A wide variety of Risk Management techniques are used to control and mitigate the market risks to which the Group is exposed. These techniques, used primarily in all operating subsidiaries, include:

- local risk appetite governance and processes, including functional limits on market risks defined locally and approved by the local Board or Executive Committee;
- Asset Liability Management (ALM), *i.e.* defining an optimal strategic asset allocation with respect to the liabilities' structure in order to reduce the risk to a desired level;
- a disciplined investment process, requiring for any sophisticated investment a formal thorough analysis by the Investment Department, and a second opinion by Risk Management;
- hedging of financial risks when they exceed the tolerance levels set by the Group. Operational management of derivatives is based on stringent rules and is mainly performed by AXA SA for the holding company activities and Group asset managers, AXA Investment Managers 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 Eligible Own Funds (EOF), as described below;
- sensitivities of Group Solvency II ratio (please refer to Section 4.2 "Internal control and Risk Management" of this Annual Report [1].

Eligible Own Funds represent the amount of economic capital available to absorb losses under stress events. The EOF are the surplus of assets over liabilities derived from the Solvency II balance sheet.

AXA Group Risk Management is monitoring EOF sensitivities and the EOF are derived from IFRS equity. The following table presents the reconciliation between IFRS shareholders' equity to Group EOF.

Reconciliation IFRS shareholders' equity to Group EOF (in Euro billion)	**2018**
IFRS shareholders' equity [a]	**62.4**
Net Unrealized Capital Gains not included in shareholders' Equity	5.1
Elimination TSS/TSDI	(6.8)
Elimination Intangibles	(35.5)
Goodwill	*(16.7)*
DAC	*(13.4)*
VBI	*(1.7)*
Others	*(3.7)*
IFRS tangible net asset value [a]	**25.3**
Dividends to be paid	(3.2)
Technical provision adjustments	12.0
Risk margin	*(9.3)*
BEL	*21.4*
Other adjustments	4.2
Unrestricted Tier 1	**38.3**
Restricted Tier 1 + Tier 2	18.8
Tier 3	1.0
Group Eligible Own Funds [b]	**58.1**

(a) Group share.
(b) Including minority interests.

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

The main elements of the reconciliation from the €62.4 billion of IFRS shareholders' equity to the €25.3 billion of IFRS TNAV are as follows:

- addition of €5.1 billion of net unrealized gains and losses on assets not reflected in IFRS shareholders' equity;
- deduction of €6.8 billion of undated deeply subordinated notes (TSS) and of undated subordinated notes (TSDI) included in IFRS shareholders' equity; and
- elimination of €35.5 billion of intangible assets net of unearned revenues and fee reserves, taxes and policyholder bonuses.

IFRS TNAV decreased by €10.5 billion mainly due to the fact that it excludes additional intangibles linked to the acquisition of XL Group. This metric however reflects the IFRS accounting value of liabilities and not their economic value which is better reflected within Solvency II EOF.

The main elements of the reconciliation between the IFRS TNAV and the Group EOF unrestricted Tier 1 are as follows:

- Deduction of €3.2 billion of foreseeable dividends to be paid to shareholders in 2019;
- Addition of €12.0 billion reflecting the Solvency II technical provision adjustments corresponding to the adjustment from IFRS reserves to best estimate liabilities (€+21.4 billion) and the risk margin (€-9.3 billion); and
- Other adjustments between IFRS TNAV and Group EOF unrestricted Tier 1 (€+4.2 billion), notably the treatment of XL insurance subsidiaries under the equivalence regime (€+4.4 billion).

Group EOF are then the sum of unrestricted Tier 1, restricted Tier 1, Tier 2 and Tier 3.

Information on the Group EOF is disclosed in the "Embedded Value and Solvency II Own Funds report 2018" which is available on AXA Group website www.axa.com.

The sensitivities of the EOF to changes in major economic assumptions were calculated as follows for the 2018 values:

- **upward shift of 50 basis points in reference rates** simulates a sudden shock to the initial conditions. This means changes to: 1) the current market values of fixed-interest assets, with related possible changes to projected capital gains/losses and/or fee revenues, 2) future reinvestment rates for all asset classes, and 3) discount rates. The change is applied to the reference interest rates, including the volatility adjuster where applied in the base case. Inflation rates, the volatility on interest rates and the Ultimate Forward Rates are not changed;
- **downward shift of 50 basis points in reference rates** is the same as above but with a shift downward;
- **25% higher value of equity markets** simulates a shock to the initial conditions for equities only. Listed equities and private equity values including the impact of equity hedges are shocked. This means changes to current market values of all these equities excluding hedge funds, with related possible changes to projected capital gains/losses and/or fee revenues;
- **25% lower value of equity markets:** same methodology as mentioned above assuming a decrease.

L&S EOF sensitivities	2018 EOF *(in Euro million)*	2018 EOF *(in percentage)*
Closing amount	43,034	100%
Interest rates +50bps	1,316	3%
Interest rates -50bps	(2,283)	-5%
Equity markets +25%	1,945	5%
Equity markets -25%	(2,766)	-6%

P&C EOF sensitivities	2018 EOF *(in Euro million)*	2018 EOF *(in percentage)*
Closing amount	34,772	100%
Interest rates +50bps	(139)	0%
Interest rates -50bps	182	1%
Equity markets +25%	1106	3%
Equity markets -25%	(881)	-3%

All sensitivities are presented net of tax, and where applicable, net of policyholders' participation.

2018 interest rate sensitivities for Life & Savings business (% of L&S EOF) of 3% to upward 50 bps and -5% to downward 50 bps show an asymmetry mainly driven by guaranteed interest rates having higher value when interest rates decrease, while higher reinvestment returns would need to be shared with policyholders limiting shareholders' gains in a higher rate environment. However this classical pattern is not followed everywhere, as for certain type of business with significantly low interest rate guarantees, the EOF behaves more like a portfolio of fixed-income assets. In addition, higher interest rates affect the value both positively through higher investment rate and negatively through lower starting value of fixed income assets and higher discount rates for future profits. For different product types these interactions produce different results.

2018 interest rate sensitivities for Property & Casualty business (% of P&C EOF) of 0% to upward 50 bps and 1% to downward 50 bps reflect mainly the impacts on fixed-income assets, offset by discount on liabilities.

2018 equity market sensitivities for Life & Savings business (% of L&S EOF) of 5% 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.

2018 equity market sensitivities for Property & Casualty business (% of P&C EOF) of 3% to 25% higher value and -3% to 25% lower value reflect the impacts on equities including derivatives on equities.

EXCHANGE-RATE RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

A 10% change in foreign exchange rate as at December 31, 2018 and December 31, 2017 between euro and main functional currencies of the Group (USD, JPY and CHF) would have had the following impacts on Shareholders' equity Group share and underlying earnings Group share:

2018

(in %)	Shareholders' equity Group share		Underlying Earnings Group share	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	3%	-3%	1%	-1%
Japanese Yen	1%	-1%	1%	-1%
Swiss Franc	1%	-1%	1%	-1%

2017

(in %)	Shareholders' equity Group share		Underlying Earnings Group share	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	2%	-2%	2%	-2%
Japanese Yen	1%	-1%	1%	-1%
Swiss Franc	1%	-1%	1%	-1%

In the insurance companies, which accounted for 91% of Group assets at December 31, 2018 (90% in 2017), assets and liabilities with foreign currency exposure are generally naturally matched or hedged.

- **France:** 24% of Group assets at the end of 2018 (26% in 2017):

In France, AXA was exposed to exchange-rate risk for a total amount of €19,424 million at the end of 2018 (€18,751 million in 2017) held both directly and indirectly through investment funds partly invested in foreign currencies (US Dollar: €16,134 million *versus* €14,884 million in 2017, Pound Sterling: €2,781 million *versus* €2,581 million in 2017 and Japanese Yen: €248 million *versus* €261 million in 2017). 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 €15,632 million *versus* €15,815 million in 2017).

- **Europe:** 30% of Group assets at the end of 2018 (32% in 2017):

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 2018, Switzerland foreign exchange exposure amounted to €24,473 million (€33,188 million in 2017) which represented 28% of total assets (38% of total assets in 2017), of which €21,838 million were hedged (€29,568 million in 2017).

Germany

In Germany, AXA held €9,417 million investments denominated in foreign currencies at the end of 2018 (€9,582 million in 2017) 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 (€7,363 million *versus* €7,641 million in 2017) including the US Short Duration High Yield Fund (€481 million *versus* €741 million in 2017) and in Pound Sterling (€1,232 million *versus* €1,200 million in 2017). AXA Germany controls and limits its exchange-rate risk by using foreign exchange forwards for a notional amount of €6,701 million (notional €7,148 million in 2017), currency swaps for a notional amount of €853 million (notional €687 million in 2017), foreign exchange collars for a notional amount of €1,194 million (notional €1,241 million in 2017) and congruent coverage (matching assets and liabilities denominated in the same currency) for €29 million (€34 million in 2017).

Belgium

In Belgium, AXA held investments in foreign currency for €1,771 million in 2018 both directly and indirectly through physical assets. These investments are mainly in US Dollar for €1,116 million and in Pounds Sterling for €374 million. The exchange-rate exposure on Assets is hedged for €1,315 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 €4,078 million (€3,745 million in 2017) mainly in US Dollar (€2,496 million), with further UK exposure to the Euro (€1,097 million) and exposure to Pound Sterling (€264 million) in Ireland. This exposure is held both directly and indirectly through investment funds (CLO funds, Alternative Credit funds, Assets Backed Securities, Commercial Real Estate loans and other investment funds). Of this exposure, €3,535 million is hedged through foreign exchange forwards, options or cross currency swaps, with a further €374 million of exposure hedging liabilities held within the business.

Spain

In Spain, AXA entities held investments in foreign currency for €907 million in 2018 (€864 million in 2017), directly and indirectly through physical assets. These investments are mainly in US Dollar €760 million (€764 million in 2017). Exchange-rate risk exposure is hedged for a notional amount of €908 million using mainly foreign exchange forwards and currency swaps.

Italy

In Italy, AXA held investments in foreign currency for €1,111 million in 2018 (€1,422 million in 2017) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €913 million (€1,218 million in 2017). The overall exchange risk exposure is managed within the FX limits approved in the correspondent Local Investment Committees. Unhedged exchange-rate exposure amounts to €158 million.

- **United States:** 21% of Group assets at the end of 2018 (22% in 2017):

In United States, there is no significant exposure to exchange-rate risk.

- **Asia:** 8% of Group assets at the end of 2018 (8% in 2017):

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 2018, the total assets denominated in foreign currencies held both directly and indirectly through investment funds (mainly US Dollar) represented an amount of €9,799 million (€10,545 million in 2017). 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 €14,921 million (€13,465 million in 2017), both in directly and indirectly through investment funds.

These investments are mainly in US Dollar €14,064 million (€12,802 million in 2017), in order to take advantage of the US bond market which is more developed than the HK bond one notably in terms of liquidity and available maturities. Exchange-rate risk exposure is hedged using foreign exchange forwards and cross currency swap for a notional amount of €5,684 million.

- **International:** 5% of Group assets at the end of 2018 (5% in 2017):

International entities held investments denominated in foreign currencies for €3,384 million in 2018 (€3,003 million in 2017) both directly and indirectly through investment funds which are mainly denominated in US Dollar €2,071 million (€1,678 million in 2017). In particular, Mexico has its exchange-rate risk exposure mostly under congruent coverage, matching assets and liabilities denominated in the same currency. Besides, Singapore has its exchange-rate risk exposure hedged through forwards, cross currency swaps and forex options. The remaining part is due to investments in countries having their currency pegged to US Dollar.

- **AXA XL:** 7% Group assets at the end of 2018 (1% in 2017):

XL Group

For the majority of AXA XL's business, assets and liabilities are denominated in US Dollar. For business written in currencies other than in US Dollar, the risk is managed primarily by matching assets and liabilities in each currency. Asset positions in certain currencies, in particular Canadian Dollar and Swiss Franc, are hedged back to US Dollars using foreign exchange forwards with a notional amount of €796 million at the end of 2018.

AXA Corporate Solutions Assurance

In the course of its business, AXA Corporate Solutions Assurance carries some insurance liabilities denominated in foreign currencies, particularly in US Dollar (€1,192 million at the end of 2018 *versus* €1,193 million in 2017) and, to a lesser extent, Pound Sterling (€397 million at the end of 2018 *versus* €372 million in 2017). AXA Corporate Solutions Assurance carries assets denominated in foreign currencies to ensure balance sheet congruence. The congruence between the Company's foreign currency assets and liabilities is regularly adjusted.

- **Transversal and Central Holdings:** 6% of Group assets at the end of 2018 (7% in 2017):

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, 2018, the main hedging positions of AXA SA were as follows:

	Amount in currency *(in billion)*		Amount in Euro *(in billion)*		
Foreign currency hedging	**2018**	**2017**	**2018**	**2017**	**Comments**
US Dollar	9.6	3.9	8.4	3.2	In respect of the US activities, in the form of debt and derivatives
HK Dollar	12.4	10.3	1.4	1.1	In respect of the Hong Kong activities, in the form of derivatives
Japanese Yen	108.5	123.7	0.9	0.9	In respect of Japan activities, in the form of derivatives
Pound Sterling	1.0	1.00	1.1	1.1	In respect of the UK activities, in the form of debt and derivatives
Swiss Franc	5.8	3.00	5.1	2.6	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 three major types of counterparties, using methods suitable to each type:

- investment portfolios held by the Group's insurance operations (excluding assets backing separate-account products where the financial risk is borne by policyholders) as well as by banks and holding companies;
- receivables from reinsurers resulting from reinsurance ceded by the AXA Group; and
- exposures on third party obligors stemming from some Group insurance and assumed reinsurance businesses.

AXA Group's exposure to credit risk is covered by AXA Group's Solvency Capital Requirement metric, except for XL entities, as detailed in the paragraph "Internal Model" in the Section 4.2 "Internal control and Risk Management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity risk" of this Annual Report).

A specific set of limits take into account all AXA Group exposures on a given ultimate shareholder through debt securities, cash, equity, derivatives, reinsurance receivables, insurance and reinsurance commitments. They aim at managing globally the default risk of a given counterparty.

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and Risk Management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset Liability Management, aims to meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and Risk Management" of this Annual Report).

A specific set of limits take into account all AXA Group exposures on a given ultimate shareholder through debt securities, cash, equity, derivatives, reinsurance receivables, insurance and reinsurance commitments. They aim at managing globally the default risk of a given counterparty.

INVESTED ASSETS: A CENTRAL MONITORING OF COUNTERPARTY EXPOSURE

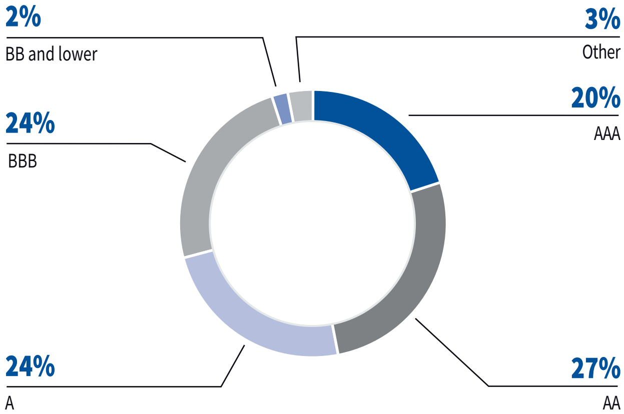
AXA Group concentration risk is monitored by different analyses performed at Group level by issuer and ultimate shareholder, in addition to local procedures and by a set of Group and local issuer limits.

These limits aim at managing the default risk of a given issuer, depending on its rating and on the maturity and seniority of all bonds issued by the issuer and held by the AXA Group (corporate, Government agency and sub sovereign).

On sovereign exposures, specific limits have also been defined on government bonds and government-guaranteed bonds.

Compliance with the limits is ensured by the Group through defined governance. The Group Credit Risk Committee handles, on a monthly basis, the issuer exposure breaches to the Group's limits and determines coordinated actions for excessive credit concentrations. A Group Credit Team reporting to the Group Chief Investment Officer (Group CIO) provides credit analyses independently from Group asset managers, in addition to local CIO teams. The Group Financial Risk Committee is regularly kept informed of the main credit risks.

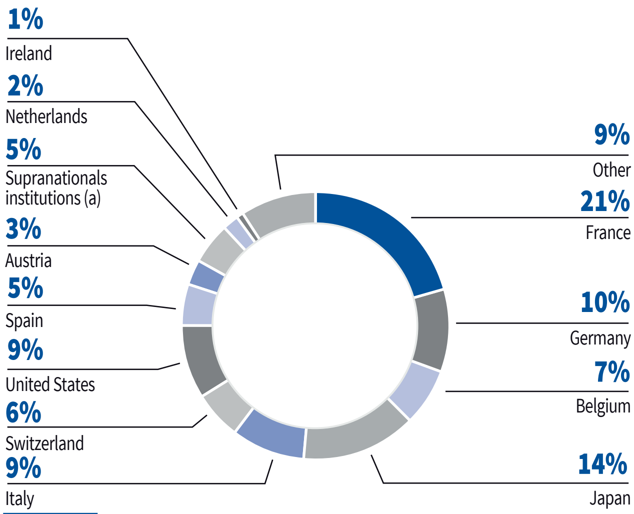
At December 31, 2018, the breakdown of the debt security portfolio (€467 billion) by credit rating category was as follows:



At December 31, 2017, the breakdown of the debt security portfolio (€431 billion) by credit rating was: 20% in AAA, 29% in AA, 22% in A, 24% in BBB, 2% in BB and lower, and 3% in other.

Credit risk diversification and analysis policies, particularly using credit ratings, are implemented by Investment Departments and monitored by Risk Management teams.

At December 31, 2018, the breakdown of Government and Government related bonds fair values (€236 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, 2018, the nominal amount of positions taken through credit derivatives was €16.2 billion (1) of CDS (cumulated notional amounts of €1.9 billion protections bought and of €14.3 billion protections sold), which can be broken down as follows:

i. €1.7 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;

ii. €0.1 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 (€0.07 billion) and United Kingdom (€0.02 billion);

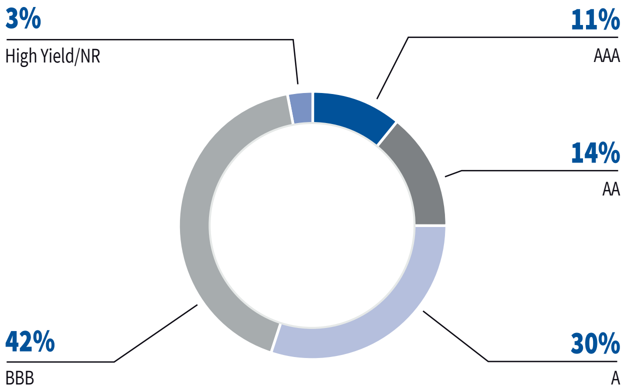
iii. €14.3 billion of CDS protections sold as an alternative to the direct purchase of a corporate bond mainly by holding government bonds and at the same time selling protection on very good quality names. This type of ALM strategy is often implemented to compensate for the lack of depth or liquidity in some markets in order to take synthetic credit risk.

Limits applied to issuers take into account the credit derivative positions.

4

(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 €17.2 billion (notional amount) of credit derivatives as total exposure including consolidated investment funds "Satellite Investment Portfolios" (€0.5 billion).

At December 31, 2018, 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

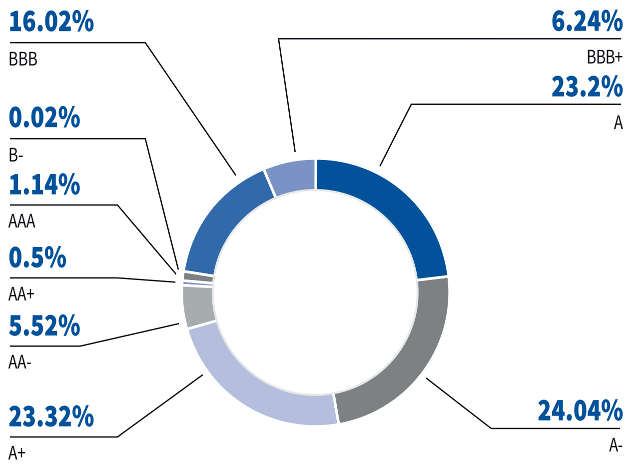
AXA Group actively manages counterparty risk generated by OTC derivatives through a specific Group-wide policy. This policy includes:

- 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.

At December 31, 2018, the breakdown of counterparty exposure coming from OTC derivatives by rating was as follows (positive fair value net of collateral received):



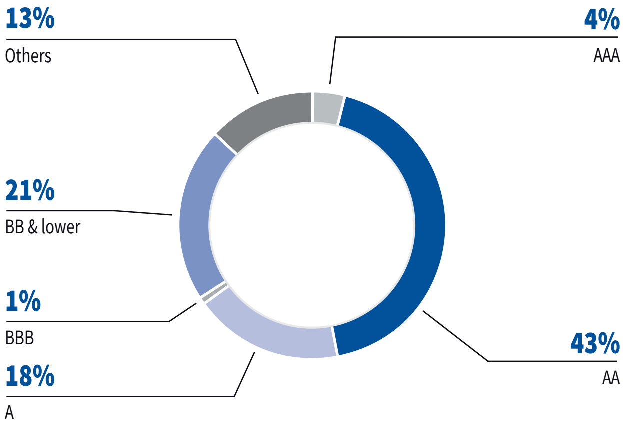
RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

To manage the risk of reinsurers' insolvency, a Security Committee is in charge of assessing reinsurers' quality and acceptable commitments. The Committee is under joint authority of GRM and AXA Global Re. This risk is monitored to oversee the credit reinsurance exposure of the Group and to avoid any excessive exposure to any specific reinsurer. The Group Security Committee meets monthly – and more frequently during renewal periods – and decides on any action to be taken with the aim of limiting AXA Group's exposure to the risk of default by any of its reinsurers.

In addition, the Group summarizes and analyzes its exposure to all reinsurers by factoring in all positions with reinsurers (claims, premiums, reserves, deposits, pledges and security deposits).

The Group's top 50 reinsurers accounted for 87% of reinsurers' share of insurance and investment contract liabilities in 2018 (*versus* 77% in 2017).

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2018 (€27.1 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, 2017, the breakdown of reserves ceded to reinsurers (€15.3 billion) by reinsurer rating was: 51% in AA, 13% in A, 15% in BB and lower, 1% in BBB and 20% in others.

The increase in reserves ceded to reinsurers is mainly driven by XL Group acquisition (€11.8 billion).

BANK CREDIT ACTIVITIES

At December 31, 2018, total invested assets of Banking activities amounted to €35.8 billion (€33.0 billion in at December 31, 2017).

AXA banking operations, based in Belgium, France and Germany, are mostly limited to retail banking activities, distributing simple investment and credit products.

As such, AXA banks Risk Management policies are based on their stated risk appetite, with the following key principles:

- dedicated counterparty and credit risk functions with appropriate Committees;
- quality sovereign, international institutions and bank counterparties portfolio closely monitored;
- adequacy to Group risk standards; and
- tightly managed market, asset & liability, foreign exchange and interest rate risks including a strict collateral policy.

Credit risk in the banks encompasses:

- retail credit risk, resulting from the commercial activity – sales of mortgages and other type of loans to retail clients and small enterprises. Credit Risk Management is done through careful risk selection (*e.g.* in Belgium "Internal Rating Based" scoring models regularly monitored to ensure a risk selection consistent with each bank's risk appetite) and a regular monitoring of portfolios by product management teams and Risk Management teams;
- other than retail credit risk, resulting from investment activity. This activity is limited with strong control processes in place.

Credit risks are regularly reviewed by the Management Board of each bank, and are subject to regulation. For instance AXA Bank Belgium's internal capital adequacy assessment and strategic planning processes take into account capital required to mitigate all material risks, capital required for expected business growth, liquidity requirements and stress testing results.

The banks aim to meet all regulatory capital obligations.

4

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, floods or hailstorms), tectonic ones (earthquakes, volcanoes) and man-made ones, such as terrorist attacks.

Life risks also include risks related to mortality, longevity, lapses, disability and pandemic events among others. The main risks to which the life business is exposed are longevity risk and lapse risk, which are both sensitive to changes in interest rates, and could be defined as follows:

- longevity risk is the risk related to the overestimation of mortality rates for business contingent on longevity;
- lapse risk is the risk of experiencing lapses lower (or higher) than expected on a permanent basis for businesses adversely sensitive to a decrease (or an increase) in lapses.

AXA Group's exposure to insurance risks is covered by the AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph "Internal Model" in Section 4.2 "Internal control and Risk Management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and Risk Management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset Liability Management, aims to meet the Group's obligations and commitments to policyholders, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and Risk Management" of this Annual Report).

Insurance risks for Life & Savings, Health and Property & Casualty businesses are covered through 4 major processes, defined at Group level but performed jointly by central and local teams:

- implementing a product approval process, which entails risk controls on new products that complement underwriting rules and product profitability analyses;
- optimizing 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 (in particular *via* its economic capital framework as detailed in Section 4.2 of the Annual Report. This enables the Group to verify that its exposure complies with consolidated risk appetite limits along the dimensions of earnings, Eligible Own Funds (EOF), solvency and liquidity. These tools also contribute substantially to monitoring the major risks (claims frequency deviation, claims severity, reinsurance, pricing consistency, natural 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.

CEDED 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 (*e.g.* 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 reinsurance market, for regulatory reason for example. A portion of the risk exposure is retained and mitigated within AXA Global Re through the internal Group covers (including pools) and the remaining part is ceded to external reinsurers.

Following the closing of the acquisition of the XL Group in September 2018, the 2019 renewal has been achieved in common to ensure that Group protections are in place at 1/1 for the main lines of business (CAT covering direct business and XL Re; property per risk, International Liability and Marine for Direct business) where risk accumulation may exist and diversification gains are material.

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 and Insurance Linked Securities).

As opposed to the other Property & Casualty internal Group covers where the risk is retained within AXA Global Re, in 2018 89,8% of the Property Pool and 54,33% 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 by 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 monitor the tasks undertaken by the Group actuarial function stakeholders (notably GRM, PBRC) as well as the local actuarial functions established in insurance entities across the Group.

The Group Actuarial Function Holder reports to the Group Chief Risk Officer and Head of Group Insurance office.

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 Group's Property & Casualty (excluding Health) technical reserves represented 14% of the Group's total technical reserves at the end of 2018 (9% at the end of 2017). Their breakdown by line of business was as follows:

- 26% at the end of 2018 (38% at the end of 2017) of the Group's Property & Casualty reserves cover Motor insurance business;
- 9% at the end of 2018 (11% at the end of 2017) of the Group's Property & Casualty reserves cover Property insurance business;
- 11% at the end of 2018 (17% at the end of 2017) of the Group's Property & Casualty reserves cover Liability insurance business;
- 6% at the end of 2018 (2% at the end of 2017) of the Group's Property & Casualty reserves cover Specialty insurance business;
- 12% at the end of 2018 of the Group's Property & Casualty reserves cover Reinsurance business;
- 36% at the end of 2018 (33% at the end of 2017) cover the other lines of business.

The Group's Life & Savings technical reserves (excluding Health) represented 81% of the Group's total technical reserves at the end of 2018 (86% at the end of 2017). Their breakdown by product type was as follows:

- 20% at the end of 2018 (20% at the end of 2017) of the Group's Life & Savings technical reserves cover separate-account products that do not materially affect AXA's risk exposure (Unit-Linked). 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;
- 11% at the end of 2018 (12% at the end of 2017) 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 2018 (16% at the end of 2017) cover savings products without guaranteed cash values upon surrender;
- 18% at the end of 2018 (20% at the end of 2017) are related to savings products offering one-year guaranteed rates that are updated every year. The risks arising from a sustained fall in interest rates in the financial markets are limited for these types of products. Hedging programs have been implemented to cover long-term fixed maturities from the risk of an increase in interest rates;
- 35% at the end of 2018 (31% at the end of 2017) cover other products like Protection. These reserves cover surrender guarantees and, in some cases, a guaranteed long-term rate. Related risks are managed in the following ways:
  - products that are not surrender-sensitive are usually backed by fixed-income investments with maturities and interest rates generally sufficient to cover guaranteed benefits, so as to reduce as much as possible the reinvestment risk,
  - derivatives may be used to hedge the risk of a fall (floor) or a rise (cap) in interest rates,
  - other products are managed with the surplus required to cover guarantees.

The Group's Health technical reserves represented 5% of the Group's total technical reserves at the end of 2018 (5% at the end of 2017). Technical reserves for Health Life-like contracts (*i.e.* contracts with long-term guarantees or coverage and/or surrender value) represented 94% of the Group's Health technical reserves at the end of 2018 (stable since 2017).

4.7 OPERATIONAL RISK

Information in this section should be read in conjunction with the paragraph "Operational-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 2018, 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 increases in legislation and regulation remains a top concern and is under the close monitoring of Group Compliance;
- 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-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 major strategic projects (*e.g.* large M&A projects). The Group governance standards require among other things a Risk Management second opinion on key processes, including significant transactions and strategic plans. Furthermore, the ORSA report provides an assessment on the overall solvency needs which include the Solvency II ratio projection made until the strategic plan horizon and in stress scenarios as detailed in Section 4.2. "Internal control and Risk Management - Own Risk and Solvency Assessment ("ORSA")" of this Annual Report.

Reputation risk

Reputation risk is the risk that an event, internal or external, will negatively influence the stakeholders' perception and trust of the Company or where there is a gap between stakeholders' expectation and the Company's behaviors, attitudes, values, actions, or inactions.

AXA Group has defined a global framework with a two-fold approach to reactively protect and proactively identify, monitor, manage and mitigate reputational issues to not only minimize value destruction, but also to build and maintain brand equity and trust among stakeholders.

AXA Group has a Global Reputation Network whose purpose is to implement locally a Reputation Risk Management framework. The objectives of the Reputation Risk Management approach are in line with AXA's overall Enterprise Risk Management approach aiming to develop a reputation risk culture and risk intelligence.

Three main objectives drive the Reputation Risk Management approach:

- proactively manage reputation risks, avoid or minimize negative issues impacting the reputation of AXA and build trust among all of AXA stakeholders;
- define accountability for reputation risks across the organization, at Group and local levels;
- implement a common reputation Risk Management framework throughout the organization.

The implementation of the Reputation Risk Framework encompasses AXA Group activities including insurance, Asset Management, banking as well as internal service providers.

Emerging risks

Emerging risks are risks which may develop or which already exist and are continuously evolving. Emerging risks are marked by a high degree of uncertainty, as some of them may never even emerge.

AXA Group has established processes to qualify emerging risks which could develop over time and become significant. The emerging risk framework encompasses a network of circa 100 people within the AXA Group (based in insurance, bank, Asset Management and supporting entities such as AXA IT 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.

Since 2015, an annual Emerging Risks Survey is conducted to collect the views of internal and external stakeholders on the most significant emerging risks for society at large.

By seeking to develop new solutions, acting as an advisor 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.

Sustainability risks

For further information on the sustainability risks to which the AXA Group may be exposed, please refer to the paragraph “Sustainability Risk Assessment” in Section 7.1 “Introduction” of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

5

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) **Notes**		**December 31, 2018**	**December 31, 2017**
5	Goodwill	16,771	15,391
6	Value of purchased business in force [(a)]	2,087	1,891
7	Deferred acquisition costs and equivalent	26,415	22,881
8	Other intangible assets	5,041	3,170
	Intangible assets	**50,313**	**43,333**
	Investments in real estate properties	20,939	23,101
	Financial investments	525,338	513,254
	Assets backing contracts where the financial risk is borne by policyholders [(b)]	160,176	175,003
9	**Investments from insurance activities**	**706,452**	**711,358**
9	**Investments from banking and other activities**	**41,809**	**37,335**
10	**Investments accounted for using the equity method**	**2,929**	**2,381**
14	**Reinsurers' share in insurance and investment contracts liabilities**	**25,751**	**13,081**
	Tangible assets	1,599	1,380
14	Deferred policyholders' participation assets	303	(0)
19	Deferred tax assets	915	837
	Other assets	**2,817**	**2,217**
	Receivables arising from direct insurance and inward reinsurance operations	25,259	16,360
	Receivables arising from outward reinsurance operations	1,944	1,013
	Receivables – current tax	962	1,266
	Other receivables	14,745	12,868
11	**Receivables**	**42,911**	**31,507**
5	**Assets held for sale [(c)]**	**26,384**	**5,019**
12	**Cash and cash equivalents**	**31,329**	**23,898**
	TOTAL ASSETS	**930,695**	**870,128**

Note: All invested assets are shown net of related derivative instruments impact.

(a) Amounts are gross of tax.

(b) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(c) As of December 31, 2018, amounts included the assets relating to the Group Life portfolio in Switzerland, AXA Life Europe and AXA Wealth Management (HK) Limited for which the disposals processes were not finalized at year-end.

As of December 31, 2017, amounts included the assets of AXA Wealth Management (HK) Limited and Germany pension business ProbAV Pensionskasse AG for which the disposals processes were not finalized at year-end.

(in Euro million) **Notes**		**December 31, 2018**	**December 31, 2017**
	Share capital and capital in excess of nominal value	26,044	25,033
	Reserves and translation reserve	34,244	38,370
	Net consolidated income – Group share	2,140	6,209
	Shareholders' equity – Group share	**62,428**	**69,611**
	Minority interests	**10,824**	**5,656**
13	**TOTAL SHAREHOLDERS' EQUITY**	**73,252**	**75,267**
	Subordinated debt	10,876	7,086
	Financing debt instruments issued	5,096	1,013
	Financing debt owed to credit institutions	-	0
17	**FINANCING DEBT** [(a)]	**15,971**	**8,099**
	Liabilities arising from insurance contracts	437,015	401,129
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(b)]	146,058	159,702
	Total liabilities arising from insurance contracts	**583,073**	**560,831**
	Liabilities arising from investment contracts with discretionary participating features	34,225	33,199
	Liabilities arising from investment contracts with no discretionary participating features	4,837	2,900
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	2,785	3,637
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	11,747	12,260
	Total liabilities arising from investment contracts	**53,593**	**51,995**
	Unearned revenue and unearned fee reserves	2,722	2,598
	Liabilities arising from policyholder participation and other obligations	40,625	44,409
	Derivative instruments relating to insurance and investment contracts	(1,795)	(2,895)
14	**LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS**	**678,219**	**656,938**
15	**Liabilities arising from banking activities** [(a)]	**36,054**	**32,898**
16	**Provisions for risks and charges**	**11,363**	**11,901**
19	**Deferred tax liabilities**	**4,621**	**5,784**
	Minority interests of consolidated investment funds and puttable instruments held by minority interest holders	6,796	8,756
	Other debt instruments issued, notes and bank overdrafts [(a)]	7,104	6,651
	Payables arising from direct insurance and inward reinsurance operations	10,307	9,318
	Payables arising from outward reinsurance operations	11,488	6,170
	Payables – current tax	940	1,023
	Collateral debts relating to investments under lending agreements or equivalent	32,814	28,401
	Other payables	17,048	14,503
18	**Payables**	**86,498**	**74,822**
5	**Liabilities held for sale** [(c)]	**24,718**	**4,419**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**930,695**	**870,128**

(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, 2018, amounts included the liabilities relating to the Group Life portfolio in Switzerland, AXA Life Europe and AXA Wealth Management (HK) Limited, for which the disposals processes were not finalized at year-end.
As of December 31, 2017, amounts included the liabilities of AXA Wealth Management (HK) Limited and Germany pension business ProbAV Pensionskasse AG for which the disposals processes were not finalized at year-end.

5

5.2 CONSOLIDATED STATEMENT OF INCOME

(in Euro million, except EPS in Euro) **Notes**		December 31, 2018	December 31, 2017
	Gross written premiums	96,309	92,050
	Fees and charges relating to investment contracts with no participating features	249	211
	Revenues from insurance activities	**96,558**	**92,261**
	Net revenues from banking activities	484	496
	Revenues from other activities	5,832	5,792
21	**Revenues** [(a)]	**102,874**	**98,549**
	Change in unearned premiums net of unearned revenues and fees	**(653)**	**(405)**
	Net investment income [(b)]	16,579	12,668
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity [(c)]	1,982	1,781
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss [(d)]	(13,104)	20,299
	of which change in fair value of assets with financial risk borne by policyholders [(e)]	*(10,706)*	*19,215*
	Change in investments impairments [(f)]	(1,271)	(300)
22	**Net investment result excluding financing expenses**	**4,186**	**34,449**
	Technical charges relating to insurance activities [(e)]	(75,069)	(102,684)
23	Net result from outward reinsurance	(285)	(578)
	Bank operating expenses	(70)	(70)
25	Acquisition costs	(11,201)	(10,753)
	Amortization of the value of purchased business in force	(470)	(44)
25	Administrative expenses	(10,976)	(10,433)
	Change in goodwill impairment and other intangible assets impairment and amortization	(6,441)	(114)
	Other income and expenses	(90)	(187)
	Other operating income and expenses	**(104,603)**	**(124,857)**
	Income from operating activities before tax	**1,805**	**7,735**
10	Income (net of impairment) from investment accounted for using the equity method	286	265
24	Financing debts expenses [(g)]	(562)	(315)
	Net income from operating activities before tax	**1,530**	**7,686**
19	Income tax	(1,474)	(1,083)
	Net operating income	**55**	**6,603**
	Net loss on held for sale Group Life portfolio in Switzerland [(h)]	(428)	-
	Net consolidated income after tax	**(373)**	**6,603**
	Split between:		
	Net consolidated income - Group share	**2,140**	**6,209**
	Net consolidated income - Minority interests	(2,513)	394
27	**Earnings per share**	**0.79**	**2.50**
	Fully diluted earnings per share	**0.79**	**2.49**

(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 (nonetheless excludes change in fair value of these derivatives).
(h) Mainly related to VBI impairment associated to the Group Life portfolio in Switzerland classified as held for sale.

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro million)	December 31, 2018	December 31, 2017
Reserves relating to changes in fair value through shareholders' equity	(4,584)	1,377
Translation reserves	1,553	(4,933)
Items that may be reclassified subsequently to Profit or Loss	**(3,031)**	**(3,557)**
Employee benefits actuarial gains and losses	253	408
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	31	(23)
Items that will not be reclassified subsequently to Profit or Loss	**284**	**385**
Net gains and losses recognized directly through shareholders' equity	**(2,747)**	**(3,172)**
Net consolidated income	**(373)**	**6,603**
Split between:		
Net consolidated income – Group share	**2,140**	**6,209**
Net consolidated income - Minority interests	(2,513)	394
TOTAL COMPREHENSIVE INCOME (CI)	**(3,120)**	**3,432**
Split between:		
Total comprehensive income - Group share	253	3,428
Total comprehensive income - Minority interests	(3,373)	4

Amounts are presented net of tax, policyholders' participation and other shadow accounting related movements. Tax, policyholder participation and related effects are further detailed in the Notes to the Consolidated Financial Statements.

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in Euro million, except for number of shares and nominal value)	Share Capital				
	Number of shares *(in thousands)*	**Nominal value** *(in Euro)*	**Share Capital**	**Capital in excess of nominal value**	**Treasury shares**
Shareholders' equity opening January 1, 2018	**2,425,236**	**2.29**	**5,554**	**20,904**	**(1,060)**
Capital	(319)	2.29	(1)	-	-
Capital in excess of nominal value	-	-	-	951	-
Equity – share based compensation	-	-	-	39	-
Treasury shares	-	-	-	-	22
Others reserves – transaction on treasury shares	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-
Financial expenses – Undated subordinated debt	-	-	-	-	-
Others (including impact on change in scope) [(b)]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**(319)**	**2.29**	**(1)**	**990**	**22**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses	-	-	-	-	-
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2018	**2,424,917**	**2.29**	**5,553**	**21,894**	**(1,038)**

Note: Amounts are presented net of impacts of shadow accounting and its effects on policyholder participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (TSS, TSDI) (see Note 13.1.1).

(b) Including changes in ownership interest in consolidated subsidiaries without losing control.

(c) Includes the first time application impact of IFRS 15 Revenue from Contracts with Customers. AXA has chosen to adopt the new standard through the cumulative effect approach meaning the cumulative effect was recognised as an adjustment to the opening balance of retained earnings in 2018. Therefore there is no restatement of comparative information for the year 2017.

Attributable to shareholders						
Other reserves						
Reserves relating to the change in fair value of financial instruments available for sale	Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)	Other [a]	Translation reserves	Undistributed profits and other reserves [c]	Shareholders' equity Group share	Minority interests
15,992	**272**	**7,318**	**(4,142)**	**24,773**	**69,611**	**5,656**
-	-	-	-	-	(1)	-
-	-	-	-	-	951	-
-	-	-	-	-	39	-
-	-	-	-	-	22	-
-	-	(0)	-	-	(0)	-
-	-	-	-	-	-	607
-	-	(665)	-	-	(665)	-
-	-	-	-	(222)	(222)	-
(0)	0	-	0	(4,562)	(4,562)	7,935
-	-	-	-	(2,998)	(2,998)	-
(0)	**0**	**(665)**	**0**	**(7,783)**	**(7,436)**	**8,542**
(4,426)	30	-	-	-	(4,396)	(188)
-	-	123	1,747	-	1,869	(317)
-	-	-	-	608	608	(355)
-	-	-	-	31	31	0
-	-	-	-	2,140	2,140	(2,513)
(4,426)	**30**	**123**	**1,747**	**2,779**	**253**	**(3,373)**
11,566	**302**	**6,776**	**(2,395)**	**19,770**	**62,428**	**10,824**

5

(in Euro million, except for number of shares and nominal value)	**Share Capital**				
	Number of shares *(in thousands)*	**Nominal value** *(in Euro)*	**Share Capital**	**Capital in excess of nominal value**	**Treasury shares**
Shareholders' equity opening January 1, 2017	**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) (b)	-	-	-	-	-
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), equity components of compounded financial instruments (e.g. convertible bonds) (see Note 13.1.2).
(b) 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**

5

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2018	December 31, 2017
Operating income including discontinued operations before tax	**1,530**	**7,686**
Net amortization expense [a]	849	431
Change in goodwill impairment and other intangible assets impairment [b]	6,323	-
Net change in deferred acquisition costs and equivalent	(1,738)	(1,273)
Net increase/(write back) in impairment on investments, tangible and other intangible assets	1,250	286
Change in fair value of investments at fair value through profit or loss	12,596	(20,054)
Net change in liabilities arising from insurance and investment contracts [c]	(7,235)	26,571
Net increase/(write back) in other provisions [d]	(9)	(228)
Income (net of impairment) from investment accounted for using the equity method	(286)	(265)
Adjustment of non cash balances included in the operating income before tax	**11,750**	**5,468**
Net realized investment gains and losses	(1,384)	(2,110)
Financing debt expenses	561	314
Adjustment for reclassification to investing or financing activities	**(823)**	**(1,796)**
Dividends recorded in profit or loss during the period	(3,489)	(3,200)
Investment income & expense recorded in profit or loss during the period [e]	(13,951)	(10,574)
Adjustment of transactions from accrued to cash basis	**(17,440)**	**(13,775)**
Net cash impact of deposit accounting	(374)	808
Dividends and interim dividends collected	3,541	3,600
Investment income [e]	18,613	14,968
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(4,130)	(3,818)
Net operating cash from banking activities	235	334
Change in operating receivables and payables	(597)	2,010
Net cash provided by other assets and liabilities [f]	(3,603)	1,593
Tax expenses paid	(663)	(1,247)
Other operating cash impact and non cash adjustment	(405)	688
Net cash impact of transactions with cash impact not included in the operating income before tax	**12,617**	**18,937**
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**7,634**	**16,521**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(9,725)	(0)
Disposal of subsidiaries and affiliated companies, net of cash ceded	71	(12)
Net cash related to changes in scope of consolidation	**(9,654)**	**(12)**
Sales of debt instruments [f]	64,655	60,356
Sales of equity instruments and non consolidated investment funds [f] [g]	20,072	39,810
Sales of investment properties held directly or not [f]	2,718	2,549
Sales and/or repayment of loans and other assets [f] [h]	26,105	30,863

(in Euro million)	December 31, 2018	December 31, 2017
Net cash related to sales and repayments of investments (f) (g) (h)	**113,550**	**133,579**
Purchases of debt instruments (f)	(65,577)	(74,051)
Purchases of equity instruments and non consolidated investment funds (f) (g)	(19,250)	(38,732)
Purchases of investment properties held direct or not (f)	(3,338)	(4,230)
Purchases and/or issues of loans and other assets (g) (h)	(21,370)	(28,287)
Net cash related to purchases and issuance of investments (f) (g) (h)	**(109,535)**	**(145,299)**
Sales of tangible and intangible assets	15	45
Purchases of tangible and intangible assets	(462)	(393)
Net cash related to sales and purchases of tangible and intangible assets	**(447)**	**(348)**
Increase in collateral payable/Decrease in collateral receivable	119,885	140,262
Decrease in collateral payable/Increase in collateral receivable	(115,923)	(140,519)
Net cash impact of assets lending/borrowing collateral receivables and payables	**3,962**	**(256)**
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	**(2,124)**	**(12,337)**
Issuance of equity instruments	957	577
Repayments of equity instruments	(530)	(1,655)
Transactions on treasury shares	(5)	(4)
Dividends payout	(3,414)	(3,098)
Interests on undated subordinated debts paid	(338)	(359)
Acquisition/sale of interests in subsidiaries without change in control	3,688	(212)
Net cash related to transactions with shareholders	**359**	**(4,750)**
Cash provided by financial debts issuance	5,685	946
Cash used for financial debts repayments	(1,652)	(2,179)
Interests on financing debt paid (i)	(530)	(128)
Net interest margin of hedging derivatives on financing debt	56	-
Net cash related to Group financing	**3,560**	**(1,361)**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**3,919**	**(6,111)**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**0**	**4**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 (j)	**23,196**	**25,734**
Net cash provided by operating activities	7,634	16,521
Net cash provided by investing activities	(2,124)	(12,337)
Net cash provided by financing activities	3,919	(6,111)
Net cash provided by discontinued operations	0	4
Impact of change in consolidation method and of reclassifications as held for sale (k)	(4,024)	(128)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	1,955	(487)
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 (j)	**30,556**	**23,196**

(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 2018, amounts include the assets and liabilities of Group Life portfolio in Switzerland, AXA Life Europe and AXA Wealth Management (HK) Limited, for which the disposals processes were not finalized at year-end.
In 2017, amounts include the assets and liabilities of AXA Wealth Management (HK) Limited and Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year-end.

Cash and cash equivalents are presented in Note 12.

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles

1.1 GENERAL INFORMATION

AXA SA, a French *société anonyme* (the "Company" and together with its consolidated subsidiaries, "AXA" or the "Group"), is the holding (parent) company of an international financial services group focused on financial protection. AXA operates principally in Europe, the Americas, Asia and Africa. The list of the main entities included in the scope of AXA's consolidated financial statements is provided in Note 2 of the Notes to the consolidated financial statements.

AXA is listed on Euronext Paris Compartiment A.

These consolidated financial statements including all Notes were set by the Board of Directors on March 8, 2019.

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, 2018. 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, 2018

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. The Group revenues in the scope of IFRS 15 mainly correspond to asset management fees and performance fees. The cumulative effect of initially applying IFRS 15 totaled €26 million (net of tax) and was recognized as an adjustment to the opening balance of retained earnings on January 1, 2018.

The application of the amendments below as of January 1, 2018 had no material impact on the Group's consolidated financial statements.

Amendments	Publication date	Topic
IFRS 2 - Share-based Payment	June 20, 2016	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.
IFRS 4 - Insurance contracts	September 12, 2016	IFRS 9 deferral information on Solely Payments of Principal and Interest (SPPI) test.
IFRS 4 - Insurance contracts	September 12, 2016	IFRS 9 deferral information on credit risk exposure.
IAS 40 - Investment Property	December 8, 2016	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.
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	December 8, 2016	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.
Annual Improvements to IFRS 2014 - 2016 Cycle	December 8, 2016	Collection of amendments to IFRS in response to issues that are not part of a major project.

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:

- probability-weighted estimates of future cash flows,
- an adjustment to reflect the time value of money (*i.e.* discounting) and the financial risks associated with those future cash flows,
- and a risk adjustment for non-financial risk;

(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 (iii) for effect of changes in financial risks not arising from underlying items (such as options and guarantees).

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for 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.

At a Board meeting on November 2018, the IASB tentatively decided to propose an amendment of the IFRS 17 effective date to reporting periods beginning on or after January 1, 2022. This is a deferral of 1 year compared to the previous date of January 1, 2021. This decision should be confirmed through amendments.

5

The Board also decided to propose an amendment to IFRS 4 to allow insurers qualifying for deferral of IFRS 9 (see below) one additional year of deferral, and thus, extending to 2022 the temporary exemption for insurers to apply IFRS 9. This would mean that qualifying insurers could apply both standards for the first time to reporting periods beginning on or after January 1, 2022.

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 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 IASB is currently reviewing stakeholder concerns as well as implementation challenges and is considering whether there is a need to amend the Standard. For any proposed amendments to IFRS 17, the Board will follow its normal due process for standard-setting, including developing an Exposure Draft. The Exposure Draft is expected at the end of the first half of 2019.

The standard has not yet been endorsed by the European Union. The implementation of IFRS 17 and its potential impact on the Group's consolidated financial statements is in progress.

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 implementation of IFRS 9 and the examination of its potential impact on the Group's consolidated financial is in progress.

The published effective date of IFRS 9 is January 1, 2018.

However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (also referred to as IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

(1) 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, 2022 following the IASB's proposal to

report the effective application date of IFRS 17/ IFRS 9 of one-year. 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

(2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before 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. Indeed, the amount of its insurance liabilities determined as of December 31, 2015 represent more than 90% of its total consolidated carrying amount of all liabilities. Consequently, the Group has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard, as mentioned above with the IASB proposal. The amendments permitting the temporary exemption are effective for annual periods beginning on or after January 1, 2018. New disclosures related to financial assets required during the deferral period are included in the Group's consolidated financial statements as of December 31, 2018 (please refer to the table above).

In addition, amendments to IFRS 9 – Financial Instruments: Prepayment Features with Negative Compensation, published on October 12, 2017, and endorsed by the European Union changes the initial IFRS 9, in regards of the classification of financial assets with prepayment features that may result in negative compensation.

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 cumulative effect of initially applying IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings in 2019. Based on the analysis in progress within the Group the amounts of both debt and right-of-use to be recognized have been estimated to €2.5 billion. The impact on retained earnings as of January 1, 2019 is not expected to be material.

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
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.
IAS 19 - Employee Benefits Plan Amendment, Curtailment or Settlement	February 7, 2018	January 1, 2019*	The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. Indeed, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Amendments also clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.
Conceptual Framework	March 29, 2018	January 1, 2020*	The revised Conceptual Framework, includes: ■ a new chapter on measurement; ■ guidance on reporting financial performance; ■ improved definitions of an asset and a liability, and guidance supporting these definitions; and ■ clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
IFRS 3 - Business combination Definition of Business	October 22, 2018	January 1, 2020*	The amendments: ■ confirm that a business must include inputs and a process; ■ narrow the definitions of a business; and ■ add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
IAS 1 - Presentation of financial statements & IAS 8 - Accounting policy changes Definition of Material	October 31, 2018	January 1, 2020*	The amendments clarify the definition of "Material" and how it has to be applied by adding in the definition the clarifications that were included so far in other IFRS standards.

* *With earlier application being permitted (subject to conditions in some cases) but no early adoption anticipated, except for IFRS 3 amendment related to definition of business.*

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.

5

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 are generally considered as being quoted in an active market when:

- quotes that represent consensus are regularly provided by external pricing services with limited dispersion; and
- prices are readily available.

Liquidity may be defined as the possibility to sell or dispose of the asset in the ordinary course of business within a certain limited time period at approximately the price at which the investment is valued. Liquidity for debt instruments is assessed using a multi-criteria approach including the number of quotes available, the place of issuance and the evolution of the widening of bid ask spreads.

A financial instrument is regarded as not quoted in an active market:

- if there is little observation of transaction prices as an inherent characteristic of the instrument;
- when there is a significant decline in the volume and level of trading activity;
- in case of significant illiquidity;
- if observable prices cannot be considered as representing fair value because of dislocated market conditions.

Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or indicative of a change in the conditions prevailing in certain markets.

1.5.3 Assets and liabilities not quoted in an active market

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 six geographies (France, Europe, Asia, AXA XL, the United States and International) and the seventh segment comprises tranversal entities as well as the Corporate Center and othe central holdings.

Following the completion of the acquisition of XL Group which took place on September 12, 2018, the financial reporting has been aligned and retroactively restated in 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 cash flows 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;

5

- 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. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

1.7.2 Value of purchased life insurance business in force (VBI)

The value of purchased insurance contracts and investment contracts with discretionary participating features recognized in a business combination (see paragraph 1.3.2) is amortized as profits emerge over the life of the contracts' portfolio. In conjunction with the liability adequacy test (see paragraph 1.14.2), VBI is subject to annual recoverability testing based on actual experience and expected changes in the main assumptions.

1.7.3 Deferred Acquisition Costs (DAC) relating to insurance contracts and investment contracts with discretionary participating features – rights to future management fees, also known as Deferred Origination Costs (DOC) relating to investment contracts with no discretionary participating features

The incremental direct costs of acquiring a portfolio of insurance contracts and investment contracts with discretionary participating features, primarily related to the selling, underwriting and initiating the insurance contracts in a portfolio, are deferred by recognizing an asset. 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, 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.

1.13.5 Preferred shares

Preferred shares issued by the Group are recorded as equity when there is no contractual obligation to redeem and there is no contractual obligation to deliver cash or other financial asset.

1.14 LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS

1.14.1 Contracts classification

The Group issues contracts that transfer an insurance risk or a financial risk or both.

Insurance contracts, including assumed reinsurance contracts, are contracts that carry significant insurance risks. Such contracts may also transfer financial risk from the policyholders to the insurer. Investment contracts are contracts that carry financial risk with no significant insurance risk.

A number of insurance and investment contracts contain discretionary participating features. These features entitle the contract holder to receive additional benefits or bonuses on top of these standard benefits:

- they are likely to represent a significant portion of the overall contractual benefits;
- their amount or timing is contractually at the discretion of the Group; and
- they are contractually based on the performance of a group of contracts, the investment returns of a financial asset portfolio or the Company profits, a fund or another entity that issues the contract.

In some insurance or investment contracts, the financial risk is borne by policyholders. Such contracts are usually Unit-Linked contracts.

The Group classifies its insurance and investment contracts into six categories:

- liabilities arising from insurance contracts;
- liabilities arising from insurance contracts where the financial risk is borne by policyholders;
- liabilities arising from investment contracts with discretionary participating features;
- liabilities arising from investment contracts with no discretionary participating features;
- liabilities arising from investment contracts with discretionary participating features where the financial risk is borne by policyholders; these relate to Unit-Linked contracts or multi-funds contracts containing a non-Unit-Linked fund with discretionary participating features;
- 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 (for group insurance policies), Germany and France where the minimum is set to 90%, 90% and 85% respectively, of a basis which may include not only financial income but also other components 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. Indeed, in the normal course of business, the Group seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk assumed in various areas of exposure with other insurers or reinsurers.

When these contracts meet the insurance contracts classification requirements, transactions relating to reinsurance are accounted for in the balance sheet and income statement in a similar way to direct business transactions in agreement with contractual clauses. Reinsurance premiums ceded are expensed (and any commissions recorded thereon are earned) on a monthly *pro-rata* basis over the period the reinsurance coverage is provided. Ceded unearned reinsurance premiums represent the portion of premiums ceded applicable to the unexpired term of policies in force. Reinstatement premiums ceded are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully earned when recognized. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Provisions are made for estimated unrecoverable reinsurance.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognizes that impairment loss in the income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

If the Group determines that reinsurance contracts do not meet the insurance contracts 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. Any subsequent differences arising on such estimates are recorded in the period they are determined. For multi-year reinsurance treaties which are payable in annual installments, generally, only the initial annual installment is included as premiums written at policy inception due to the ability of the reinsured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the multi-year term.

Reinstatement premiums are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully earned when recognized.

Retroactive loss portfolio transfer contracts are evaluated to determine whether they meet the established criteria for reinsurance accounting, and, if so, at inception, written premiums are fully earned and corresponding losses and loss expense recognized. The contracts can cause significant variances in gross premiums written, net premiums written, net premiums earned, and net incurred losses in the years in which they are written.

1.19.2 Fees and revenues from investment contracts with no discretionary participating features

Amounts collected as premiums from investment contracts with no discretionary participating features are reported as deposits net of any loadings and policy fees. Revenues from these contracts consist of loadings and policy fees relating to underwriting, investment management, administration and surrender of the contracts during the period. Front-end fees collected corresponding to fees for future services are recognized over the estimated life of the contract (see “Unearned fees reserves” paragraph 1.14.3).

1.19.3 Deposit accounting

Investment contracts with no discretionary participating features fall within the scope of IAS 39. Deposit accounting applies to these contracts, which involves the following:

- the Group directly recognizes the consideration received 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.

Revenue is recognised when the Group satisfies a performance obligation by transferring a service to a customer. In particular, as asset management entities of the Group deliver investment management services to their clients, revenue for providing this service may theoretically occur over-time, with a time-based measure of progress, which is relevant as the service is provided continuously over the contract period. However, according to IFRS 15, revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a result, as management fees and performance fees received by the Group are generally calculated based on a percentage of assets under management (AUM), they are considered as variable considerations, which are subject to market volatility and are recognised only when uncertainty is resolved.

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

	Change in scope	December 31, 2018 Voting rights percentage	December 31, 2018 Group share of interests	December 31, 2017 Voting rights percentage	December 31, 2017 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 Services SAS		100.00	100.00	100.00	100.00
Société Beaujon		100.00	100.00	100.00	100.00
Oudinot Participation	Merged with AXA	-	-	100.00	100.00
AXA China		100.00	100.00	100.00	100.00
AXA Asia		100.00	100.00	100.00	100.00
AXA US Holding		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	Dilution	98.52	98.44	98.51	98.51
Avanssur		100.00	100.00	100.00	100.00
AXA France Assurance	Merged with AXA	-	-	100.00	100.00
AXA France Participations	New entity created to hold some former participations of AXA France Assurance	100.00	100.00	-	-
Genworth Financial European Group Holdings		100.00	100.00	100.00	100.00
Financial Assurance Company Limited (Genworth)	Dilution	100.00	99.77	100.00	100.00
Financial Insurance Company Limited (Genworth)	Dilution	100.00	99.92	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	Disposal	-	-	100.00	100.00
Deutsche Ärzteversicherung		100.00	100.00	100.00	100.00
AXA Krankenversicherung AG		100.00	100.00	100.00	100.00
Kölnische Verwaltungs AG für Versicherungswerte		100.00	100.00	100.00	100.00
AXA Konzern AG		100.00	100.00	100.00	100.00
AXA Bank AG		100.00	100.00	100.00	100.00
Roland Rechtsschutz-Versicherungs-AG	From Equity Method to Full Consolidation	60.00	60.00	39.88	39.88

		December 31, 2018		December 31, 2017	
	Change in scope	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	Relution	100.00	100.00	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
Spain					
AXA Seguros Generales, S.A.		99.90	99.90	99.90	99.90
AXA Aurora Vida, S.A. de Seguros	Relution	99.83	99.83	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 Winterhur Swiss Insurance P&C)		100.00	100.00	100.00	100.00
Italy					
AXA Interlife	Merged with AXA Assicurazioni e Investimenti	-	-	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.	Merged with AXA Assicurazioni e Investimenti	-	-	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.		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	Merged with MLC Indonesia	-	-	100.00	100.00
MLC Indonesia		100.00	100.00	100.00	100.00

		December 31, 2018		December 31, 2017	
	Change in scope	Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Thailand					
AXA Insurance Public Company Limited		99.47	99.47	99.47	99.47
South Korea					
Kyobo AXA General Insurance Co. Ltd.		99.71	99.71	99.71	99.71
AXA XL					
XL Group [(a)]	Acquisition [(a)]	100.00	100.00	-	-
AXA Corporate Solutions Assurance (sub group)		98.75	98.75	98.75	98.75
AXA Art		100.00	100.00	100.00	100.00
United States					
AXA Financial, Inc.	Merged with AXA Equitable Holdings, Inc.	-	-	100.00	100.00
AXA Equitable Holdings, Inc. (previously AXA America Holdings, Inc.)	Dilution	59.25	59.25	100.00	100.00
AXA Equitable Life Insurance Company	Dilution	100.00	59.25	100.00	100.00
AB (sub group)	Dilution	65.16	38.61	64.71	64.71
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 and Slovak Republic					
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

(a) XL Group mainly operates in the United States, the United Kingdom, Bermuda, Switzerland, France, Ireland, Singapore, Germany, Australia and Canada.

	Change in scope	December 31, 2018 Voting rights percentage	December 31, 2018 Group share of interests	December 31, 2017 Voting rights percentage	December 31, 2017 Group share of interests
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
Singapore					
AXA Financial Services	Merged with AXA Financial Services Singapore pte Ltd.	-	-	100.00	100.00
AXA Financial Services Singapore pte Ltd.		100.00	100.00	100.00	100.00
AXA Life Insurance Singapore		100.00	100.00	100.00	100.00
AXA Insurance Singapore		100.00	100.00	100.00	100.00
Malaysia					
AXA Affin General Insurance Berhad		50.00	50.00	50.00	50.00
India					
AXA India Holding		100.00	100.00	100.00	100.00
Other					
AXA Investment Managers (sub group)	Minority interest buyout	97.80	97.73	97.51	97.44
AXA Global Re (previously AXA Global P&C)		100.00	100.00	100.00	100.00
AXA Assistance SA (sub group)		100.00	100.00	100.00	100.00
Colisée Ré		100.00	100.00	100.00	100.00

Main changes in scope of consolidation are detailed in Note 5.

CONSOLIDATED INVESTMENT FUNDS AND REAL ESTATE COMPANIES

As of December 31, 2018, investment funds represented a total of €117,337 million invested assets (€123,468 million at the end of 2017), corresponding to 296 investment funds mainly in France, Japan, Germany, Switzerland and Belgium.

In most investment funds (particularly open-ended investment funds), minority interests are presented as liabilities under "Minority interests of consolidated investment funds". As of December 31, 2018, minority interests in consolidated investment funds amounted to €6,799 million (€8,756 million as of December 31, 2017). Minority interests related to consolidated investment funds and real estate companies that are classified in shareholder's equity amounted to €2,275 million as of December 31, 2018 (€2,545 million as of December 31, 2017).

As of December 31, 2018, 31 consolidated real estate companies corresponded to a total of €12,798 million invested assets (€10,469 million at the end of 2017), mainly in France, Germany, Switzerland and Japan.

MAIN SUBSIDIARIES WITH MINORITY INTERESTS

As regards main subsidiaries with minority interests (other than investment funds and real estate companies):

- the financial information of AXA Equitable Holdings, Inc. is available in Part II – Item 8. Financial Statements and Supplementary Data of its Annual Report for the year ended December 31, 2018, 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, 2018 AXA MPS	December 31, 2017 AXA MPS
Net consolidated income – Minority Interests	68	91
Minority interests	1,044	1,139
Dividends paid to minority interests	(84)	0
Cash and cash equivalents	184	275
Total investments	25,985	25,841
Other assets	1,780	1,738
Total Assets	**27,949**	**27,854**
Liabilities arising from insurance & investment contracts	24,983	24,621
Other Liabilities	878	955
Total Liabilities (excluding shareholders' equity)	**25,861**	**25,577**
Total Revenues	3,312	2,724
Net Income	**136**	**182**
Other Comprehensive Income	(156)	(118)
Total Comprehensive Income	**(20)**	**64**

Excluding minority interests related to consolidated investment funds and real estate companies that are classified in shareholders' equity, these minority interests represent 1% of minority interests of the Group as of December 31, 2018 (76% as of December 31, 2017).

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, 2018		December 31, 2017	
	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	Disposal	-	-	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 Assurance 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	38.11	39.00	38.00
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
Other					
AXA Investment Managers Asia Holdings Private Limited	Relution	49.00	47.89	49.00	47.75
Kyobo AXA Investment Managers Company Limited	Relution	50.00	48.86	50.00	48.72

Main changes in scope of consolidation are detailed in Note 10.

INVESTMENT FUNDS AND REAL ESTATE ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2018, real estate companies accounted for using the equity method amounted to €157 million invested assets (€163 million at the end of 2017) and investment funds accounted for using the equity method amounted to €4,979 million invested assets (€4,953 million at the end of 2017), 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 (CEO), 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.

Following the completion of the acquisition of XL Group on September 12, 2018, the financial reporting has been aligned and retroactively restated in this Annual Report under seven segments. The CEOs supervising the main geographies (respectively CEO of AXA France, CEO of AXA in Europe, CEO of AXA in Asia, CEO of AXA XL, CEO of AXA US, CEO of International) are members of the Management Committee.

Key transversal entities and Central Holdings are managed alongside these 6 geographies.

The results of operating activities and non-operating activities are presented on the basis of 7 segments: France, Europe, Asia, AXA XL, the United States, International and Transversal & Central Holdings.

France: The France market consists of Life & Savings and Property & Casualty activities, AXA Banque France and France holdings.

Europe: The Europe market consists of Life & Savings and Property & Casualty activities in Switzerland, Germany, Belgium, United Kingdom & Ireland, Spain and Italy. The German bank and the holding companies in these countries are also included 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 (Thailand, Indonesia, China and the Philippines) as well as Property & Casualty activities in Hong Kong and Asia High Potentials (Thailand and China). The Asia-Direct entities (Japan and South Korea) and the Asia/Pacific holding are also included.

AXA XL: The AXA XL market mainly consists of Property & Casualty activities at XL Group, as well as AXA Corporate Solutions Assurance and AXA Art. XL holdings are also included.

United States: This segment includes Life & Savings activities in United States, as well as Asset Management services offered by AB. US holdings are also included.

International: The International market consists of Life & Savings and Property & Casualty activities in 14 countries within Europe, Middle East, Africa & Latin America as well as in Singapore, 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 Assistance, AXA Liabilities Managers, AXA Global Re, AXA Life Europe, as well as AXA SA and other Central Holdings.

The intersegment eliminations include only operations between entities from different countries and operating activities. They mainly relate to reinsurance treaties, assistance guarantees recharging, asset management fees and interests on loans within the Group.

In this document, "Insurance" covers the three insurance activities: Life & Savings, Property & Casualty and Health.

3.1 CONSOLIDATED STATEMENT OF INCOME BY SEGMENT

	December 31, 2018									
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Transversal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insurance [(a)]*
Gross written premiums	25,118	36,503	8,966	6,298	12,508	6,177	1,236	(497)	96,309	*96,309*
Fees and charges relating to investment contracts with no participating features	1	130	36	-	-	82	-	-	249	*249*
Revenues from insurance activities	**25,119**	**36,633**	**9,002**	**6,298**	**12,508**	**6,259**	**1,236**	**(497)**	**96,558**	***96,558***
Net revenues from banking activities	124	23	-	-	-	327	-	11	484	-
Revenues from other activities	6	287	1	0	4,089	62	1,923	(536)	5,832	*1,877*
Revenues	**25,249**	**36,942**	**9,003**	**6,298**	**16,598**	**6,648**	**3,159**	**(1,023)**	**102,874**	***98,435***
Change in unearned premiums net of unearned revenues and fees	**(47)**	**(99)**	**(199)**	**(222)**	**12**	**(128)**	**24**	**6**	**(653)**	***(653)***
Net investment income [(b)]	4,630	5,976	1,426	396	3,514	556	132	(51)	16,579	*15,338*
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	579	1,157	142	68	(30)	37	26	3	1,982	*1,953*
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(c)]	(2,872)	(1,507)	(750)	(81)	(7,613)	(26)	(255)	(1)	(13,104)	*(12,871)*
of which change in fair value of assets with financial risk borne by policyholders	*(2,558)*	*(1,168)*	*(785)*	-	*(6,109)*	*(29)*	*(55)*	*(2)*	*(10,706)*	*(10,706)*
Change in investments impairment	(480)	(456)	(140)	(61)	(39)	(63)	(31)	-	(1,271)	*(1,193)*
Net investment result excluding financing expenses	**1,857**	**5,169**	**678**	**322**	**(4,167)**	**503**	**(127)**	**(49)**	**4,186**	***3,228***
Technical charges relating to insurance activities	(20,126)	(31,711)	(6,624)	(4,854)	(6,778)	(4,281)	(971)	276	(75,069)	*(75,069)*
Net result from outward reinsurance	(249)	(344)	(1)	123	7	(228)	207	200	(285)	*(75,069)*
Bank operating expenses	(9)	(6)	-	-	-	(56)	-	-	(70)	-
Acquisition costs	(2,919)	(3,940)	(1,139)	(935)	(602)	(1,237)	(465)	35	(11,201)	*(11,201)*
Amortization of the value of purchased business in force	-	(23)	(35)	(408)	(1)	(3)	-	-	(470)	*(470)*
Administrative expenses	(1,421)	(2,552)	(493)	(609)	(2,895)	(869)	(2,573)	436	(10,976)	*(6,649)*

(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) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland classified as held for sale.

(in Euro million)	December 31, 2018 France	Europe	Asia	AXA XL	United States	Interna-tional	Transversal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insurance*[(a)]
Change in goodwill impairment and other intangible assets impairment	-	(41)	(16)	(12)	(6,335)	(37)	(1)	-	(6,441)	*(1,898)*
Other income and expenses	(8)	(25)	(100)	(3)	(339)	60	506	(181)	(90)	*(194)*
Other operating income and expenses	**(24,732)**	**(38,643)**	**(8,407)**	**(6,699)**	**(16,942)**	**(6,651)**	**(3,296)**	**766**	**(104,603)**	***(95,766)***
Income from operating activities before tax	**2,328**	**3,369**	**1,075**	**(300)**	**(4,500)**	**372**	**(240)**	**(299)**	**1,805**	***5,244***
Income (net of impairment) from investment accounted for using the equity method	20	(6)	119	(3)	-	137	20	-	286	*274*
Financing debt expenses	2	(22)	1	(62)	(173)	(18)	(588)	299	(562)	*(3)*
Net income from operating activities before tax	**2,349**	**3,341**	**1,194**	**(365)**	**(4,673)**	**492**	**(808)**	**(0)**	**1,530**	***5,515***
Income tax	(709)	(696)	(200)	(81)	53	(89)	249	-	(1,474)	*(942)*
Net operating income	**1,640**	**2,645**	**994**	**(447)**	**(4,620)**	**402**	**(559)**	**(0)**	**55**	***4,573***
Net loss on held for sale Group Life porfolio in Switzerland [(d)]	-	(428)	-	-	-	-	-	-	(428)	*(428)*
Net consolidated income after tax	**1,640**	**2,217**	**994**	**(447)**	**(4,620)**	**402**	**(559)**	**(0)**	**(373)**	***4,145***
Split between:										
Net consolidated income - Group share	**1,635**	**2,141**	**987**	**(428)**	**(1,986)**	**355**	**(564)**	**(0)**	**2,140**	***4,549***
Net consolidated income - Minority interests	5	75	7	(18)	(2,634)	47	5	0	(2,513)	*(404)*

(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) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland classified as held for sale.

(in Euro million)	December 31, 2017 restated [(a)] France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Intersegment eliminations	Total	*of which Insurance* [(b)]
Gross written premiums	24,506	35,782	8,980	2,518	12,955	6,625	1,215	(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**	**2,518**	**12,955**	**6,668**	**1,215**	**(530)**	**92,261**	***92,261***
Net revenues from banking activities	125	26	-	-	-	318	-	27	496	-
Revenues from other activities	6	262	2	0	4,072	62	1,938	(550)	5,792	*1,811*
Revenues	**24,638**	**36,198**	**9,022**	**2,518**	**17,026**	**7,047**	**3,153**	**(1,053)**	**98,549**	***94,072***
Change in unearned premiums net of unearned revenues and fees	**(120)**	**(75)**	**(24)**	**8**	**(108)**	**(67)**	**(13)**	**(6)**	**(405)**	***(405)***
Net investment income [(c)]	4,369	5,829	1,393	189	310	534	181	(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	41	(125)	17	(60)	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 [(d)]	1,840	433	1,178	(46)	16,781	241	(127)	(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)	(4)	(28)	(30)	(53)	-	(300)	*(220)*
Net investment result excluding financing expenses	**6,868**	**7,142**	**2,754**	**180**	**16,937**	**761**	**(60)**	**(135)**	**34,449**	***33,751***
Technical charges relating to insurance activities	(24,764)	(33,165)	(8,939)	(1,794)	(28,345)	(5,049)	(974)	346	(102,684)	*(102,684)*
Net result from outward reinsurance	(275)	(300)	(78)	(300)	296	(149)	46	182	(578)	*(578)*
Bank operating expenses	(9)	(4)	-	-	-	(57)	-	-	(70)	-
Acquisition costs	(2,983)	(3,873)	(1,019)	(312)	(829)	(1,302)	(458)	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)	(194)	(3,073)	(864)	(2,390)	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	(0)	(387)	46	364	(225)	(187)	*(67)*

(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 operations of AXA Life Europe in the UK and Ireland.

	December 31, 2017 restated [(a)]									
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Intersegment eliminations	Total	*of which Insurance[(b)]*
Other operating income and expenses	**(29,439)**	**(39,888)**	**(10,584)**	**(2,601)**	**(32,350)**	**(7,409)**	**(3,413)**	**826**	**(124,857)**	***(120,468)***
Income from operating activities before tax	**1,947**	**3,377**	**1,168**	**105**	**1,506**	**333**	**(332)**	**(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 debts expenses	(1)	(28)	(5)	(3)	(131)	(16)	(499)	368	(315)	*(8)*
Net income from operating activities before tax	**1,968**	**3,356**	**1,291**	**103**	**1,374**	**408**	**(815)**	**(0)**	**7,686**	***7,184***
Income tax	(542)	(825)	(257)	(42)	278	(96)	401	-	(1,083)	*(646)*
Net operating income	**1,426**	**2,531**	**1,035**	**60**	**1,652**	**312**	**(414)**	**-**	**6,603**	***6,538***
Result from discontinued operations net of tax [(e)]	-	0	-	-	-	-	-	-	0	*0*
Net consolidated income after tax	**1,426**	**2,531**	**1,035**	**60**	**1,652**	**312**	**(414)**	**-**	**6,603**	***6,539***
Split between:										
Net consolidated income - Group share	**1,420**	**2,435**	**1,028**	**60**	**1,415**	**276**	**(425)**	**-**	**6,209**	***6,394***
Net consolidated income - Minority interests	6	97	7	0	237	36	11	-	394	*145*

(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 operations of AXA Life Europe in the UK and Ireland.

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 184 to 189 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 197 to 201 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 202 to 205 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 208 to 211 of Section 4.6 “Insurance risks”, subsections “Product approval”, “Exposure Analysis”, “Ceded Reinsurance” and “Technical reserves”.

4.5 LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 91 to 95 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, 2018 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, 2018			December 31, 2017 restated [a] [b]		
	Gross value	Accumulated impairment	Net value	Gross value	Accumulated impairment	Net value
France	**225**	**-**	**225**	**225**	**-**	**225**
France Life & Savings	57	-	57	57	-	57
France Property & Casualty	168	-	168	168	-	168
Europe	**5,148**	**-**	**5,148**	**5,143**	**-**	**5,143**
Germany Life & Savings	147	-	147	147	-	147
Germany Property & Casualty	918	-	918	918	-	918
Spain Life & Savings	393	-	393	393	-	393
Spain Property & Casualty	613	-	613	613	-	613
Switzerland Life & Savings	162	-	162	156	-	156
Switzerland Property & Casualty	217	-	217	209	-	209
Italy Life & Savings	424	-	424	424	-	424
Italy Property & Casualty	356	-	356	356	-	356
Belgium Life & Savings	296	-	296	296	-	296
Belgium Property & Casualty	563	-	563	563	-	563
UK & Ireland Life & Savings	17	-	17	18	-	18
UK & Ireland Property & Casualty	1,042	-	1,042	1,051	-	1,051
Asia	**2,784**	**(77)**	**2,707**	**2,603**	**(71)**	**2,532**
Japan Life & Savings	1,904	(77)	1,827	1,765	(71)	1,694
Hong Kong Life & Savings	547	-	547	522	-	522
Hong Kong Property & Casualty	194	-	194	185	-	185
Others	139	-	139	132	-	132
AXA XL [c]	**7,479**	**-**	**7,479**	**35**	**-**	**35**
United States	**7,682**	**(7,682)**	**0**	**7,313**	**(1,089)**	**6,223**
International	**780**	**-**	**780**	**805**	**-**	**805**
Life & Savings	220	-	220	228	-	228
Property & Casualty	492	-	492	509	-	509
AXA Bank Belgium	68	-	68	68	-	68
Transversal & Central Holdings	**432**	**(0)**	**432**	**427**	**(0)**	**427**
AXA Investment Managers	381	-	381	377	-	377
AXA Assistance	51	(0)	50	50	(0)	50
TOTAL	**24,529**	**(7,758)**	**16,771**	**16,551**	**(1,161)**	**15,391**

Note: Goodwill related to entities accounted for using the equity method is not presented in this table (see Note 10).
(a) Restated: as per the new governance.
(b) Reallocation from former AXA Direct Cash Generating Units to Property & Casualty (P&C) business impacting the Cash Generating Units of France, Belgium, Italy, Spain, Asia – Others and International.
(c) Includes goodwill from AXA Corporate Solutions Assurance of €35 million.

The total goodwill Group share amounted to €16,691 million as of December 31, 2018 and €14,285 million as of December 31, 2017.

Consistent with IAS 36, each unit or group of units to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes within the Group and is never larger than an operating segment as defined by IFRS 8 such as presented in Note 3.

5

5.2 CHANGE IN GOODWILL

5.2.1 Goodwill – change in gross value

(in Euro million)	Gross value January 1, 2018	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes	Gross value December 31, 2018
France	225	-	-	-	-	225
Europe	5,143	-	-	5	-	5,148
Asia	2,603	-	-	181	-	2,784
AXA XL	35	7,354	-	91	-	7,479
United States	7,313	-	-	369	-	7,682
International	805	-	-	(25)	-	780
Transversal & Central Holdings	427	0	-	4	-	432
TOTAL	**16,551**	**7,354**	**-**	**624**	**-**	**24,529**

(in Euro million)	Gross value January 1, 2017 restated [(a)]	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes [(b)]	Gross value December 31, 2017 restated [(a)]
France	195	-	-	-	30	225
Europe	5,338	-	-	(67)	(128)	5,143
Asia	2,828	-	-	(282)	57	2,603
AXA XL	40	-	-	(6)	-	35
United States	8,325	-	-	(1,013)	-	7,313
International	826	-	-	(50)	30	805
Transversal & Central Holdings	450	-	-	(21)	(1)	427
TOTAL	**18,002**	**-**	**-**	**(1,438)**	**(13)**	**16,551**

(a) Restated: as per the new governance.
(b) Mainly reallocation from former AXA Direct Cash Generating Units to Property & Casualty (P&C) business impacting the Cash Generating Units of France, Belgium, Italy, Spain, Asia – Others and International and reclassification of AXA Wealth Management (HK) Limited to assets held for sale.

5.2.2 Goodwill – change in impairment

(in Euro million)	Cumulative impairment January 1, 2018	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other changes	Cumulative impairment December 31, 2018
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	71	-	-	6	-	77
AXA XL	-	-	-	-	-	-
United States	1,089	6,329	-	264	-	7,682
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**1,161**	**6,329**	**-**	**269**	**-**	**7,758**

(in Euro million)	Cumulative impairment January 1, 2017 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, 2017 restated [(a)]
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	78	-	-	(7)	-	71
AXA XL	-	-	-	-	-	-
United States	1,240	-	-	(151)	-	1,089
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**1,318**	**-**	**-**	**(158)**	**-**	**1,161**

(a) Restated: as per the new governance.

METHODOLOGY BY UNIT

For most Life & Savings businesses Cash Generating Units (“CGUs”) recoverability of goodwill is assessed using a fair value approach. The recoverability of AXA Belgium and AXA Equitable Holdings, Inc. (“AEH”, see Note 5.3.3), is assessed using the value in use approach. Both approaches are described in Note 1.

For the CGUs within the Property & Casualty business segment and for AXA Investment Managers (“AXA IM”), tested separately, recoverability of goodwill is also assessed using the value in use approach, as described in Note 1.

MAIN ASSUMPTIONS

For the cash generating units (CGUs) within the Property & Casualty business segment, as well as AXA IM, 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. Cash flows beyond that period are extrapolated using sustainable perpetual growth rates assumed to be achievable over the long term to derive a terminal value. The earnings included in the business plan of each CGU are agreed with AXA Management and defined locally considering best estimate operating assumptions, including expense and loss ratios, investment income, economic capital, premium rates and taxes, all compliant with the requirements of supervisory authorities.

The applicable discount rates have been calculated using the Capital Asset Pricing Model (CAPM) which includes assumptions for risk-free interest rates, equity risk premiums, insurance activity beta and leverage ratio that are consistent with the view of AXA’s Management for the specific market(s) in which the CGU operates. For the main CGUs discount rates range from 5.6% to 8.4% in 2018, compared to a range of 5.4% to 8.2% in 2017, and growth rates, applied beyond the strategic plan horizon, where applicable, vary from 2.4% to 4.2%, compared to a range of 2.3% to 4.2% in 2017.

For Life & Savings CGUs, recoverable amounts are calculated using a risk neutral approach, relying on European Embedded Value (EEV) techniques, that are industry specific and widely used. The EEV represents the excess of the market value of assets over the market value of liabilities. The market value of the liabilities relies on the best estimate which is the probability weighted average of future cash flows adjusted to allow for the time value of money, using the relevant term structure of the risk-free interest rates, as well as for deviations related to non-financial risks.

The calculation of the best estimate liabilities involves the use of operational and economic assumptions. Operational assumptions include demographic factors, such as mortality, morbidity and lapse/surrender rates, expenses allowance and taxation, all compliant with the requirements of supervisory authorities. Future cash flows are discounted using reference rates that are compliant with EIOPA specifications of using swap rates adjusted for credit and volatility risk. The table below shows the adjustments in basis points by currency:

Reference Yield Curve *(in bps)*	EUR	GBP	USD	JPY	CHF	HKD
Volatility adjustment (added)	24	27	56	3	4	56
Credit risk adjustment (deducted)	10	10	17	10	10	35

In the case of AXA Belgium, the recoverable value has been derived using Traditional Embedded Value (TEV) equivalent to a real world approach where the risk allowance is implicit to the discount rate as the projected cash flows are not risk-adjusted. The discount rate used to determine the recoverable value of AXA Belgium was 5.3%.

5

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 XL Group acquisition

On September 12, 2018, AXA announced that it had completed the acquisition of 100% of XL Group Ltd, following the announcement on March 5, 2018, that AXA had entered into an agreement to acquire XL Group Ltd. The completion of the transaction followed the fulfilment of customary closing conditions, including approval by XL Group shareholders and obtention of all necessary regulatory approvals.

Total consideration for the acquisition amounted to €13 billion, fully paid in cash.

XL Group IFRS revenues and net income included in the consolidated statement of income for the reporting period were respectively €6,287 million and €-428 million.

Acquired assets and liabilities were previously valued using US GAAP. They were adjusted to fair value in the opening balance sheet and integrated within Consolidated Financial Statements at year-end based on IFRS accounting policies. In accordance with IFRS 3 – Business Combinations, adjustments can be made within twelve months of the acquisition date if new information becomes available to complete the initial accounting.

Assets and liabilities fair valued at the acquisition date:

(in Euro million)	At the acquisition date
Intangible assets	2,878
Investments	30,885
Other assets	23,169
TOTAL ASSETS (EXCLUDING GOODWILL)	**56,932**
Liabilities arising from insurance and investment contracts	38,650
Provisions for risks and charges	141
Other liabilities	11,094
Minority interests	1,397
TOTAL LIABILITIES	**51,282**
Net asset value	**5,650**
Goodwill	**7,354**

The XL Group acquisition led to the recognition of a goodwill of €7,354 million which mainly represents expected synergies and other customer-related items that could not be measured reliably or recognized separately.

Intangible assets totaling €2,878 million were identified at the date of the acquisition. They mainly included:

- €1,083 million relating to the value of business acquired, reflecting the fair value of the contracts that have already been underwritten but that are not yet earned. This fair value takes into consideration the expected margins of these contracts calculated as the difference between unearned premium reserves and the sum of claims best estimate and risk margin corresponding to the cost of capital necessary to carry the portfolio. Deferred acquisition costs have been removed from the XL Group balance sheet, as premium reserves are already adjusted to fair value;
- €1,144 million relating to the distribution network and €427 million attributable to Lloyd's syndicate capacity intangibles, that were already recognized in XL Group accounts before the acquisition:

- the distribution network represents the future profitability of XL Group existing non-syndicate business, based on customer relationships at the acquisition date,
- the Lloyd's syndicate capacity represents the value of the broker relationship and indefinite license that allows XL Group to transact business in the Lloyd's market.

They are assessed by modelling more than 50 years of discounted cash flows expected from renewals, considering recent historical results.

These intangible assets are amortized over the residual life of the contracts except the syndicate capacity that is deemed to have an indefinite useful life.

XL GROUP ESTIMATED IFRS REVENUES AND NET INCOME FOR 2018

2018 revenues and net income for the acquired XL Group assuming the acquisition took place as at January 1, 2018 would respectively amount to €13,786 million and €-550 million.

These figures are estimates based on US GAAP financial statements prepared by the previous owner. This information is not necessarily indicative of the results that could have been achieved within the AXA Group if the acquisition had actually taken place on January 1, 2018. In particular, the information does not factor in any synergy, nor does it provide an indication of future results.

The retrospective computation of XL Group net income considers:

- adjustments relating to the amortization of purchase GAAP items and IFRS accounting differences, including in particular, the cancellation of almost all net gains and losses realized during the period and amortization of newly generated intangible assets;
- the removal of the transaction costs spent before the acquisition.

5.3.2 Roland acquisition

On October 1, 2018, AXA Germany increased its ownership in Roland Rechtsschutz from 41% to 60%.

Roland Rechtsschutz has been fully consolidated in AXA Germany since October 1, 2018. At the date of acquisition, acquired assets and liabilities were adjusted to fair value based on IFRS accounting policies for integration within the Group Consolidated Financial Statements. The badwill resulting from the difference between the consideration paid and the above-mentioned assets and liabilities adjusted to fair value was fully offset by the revaluation of the stake already held prior to the completion of the transaction.

In accordance with IFRS 3 – Business Combinations, adjustments can be made within twelve months of the acquisition date if new information becomes available to complete the initial accounting.

5.3.3 Initial Public Offering, Secondary Offering of AXA Equitable Holdings, Inc. and mandatory exchangeable bonds of AXA

AXA Equitable Holdings, Inc. ("AEH") was successfully listed on the New York Stock Exchange in May 2018. The total proceeds of the Initial Public Offering ("IPO"), the secondary offering, related share buy back and the Mandatory Exchangeable Bonds amounted to USD 5.8 billion:

- IPO proceeds amounted to USD 3.1 billion (€2.6 billion) with the sale of 24.5% of AEH's outstanding shares at USD 20 per share combined with the exercise of the over-allotment options granted to underwriters, *i.e.* an additional 20.6 million AEH shares (3.7% of AEH's outstanding shares);
- proceeds from the secondary offering of AEH shares ("secondary offering") amounted to USD 1.2 billion (€1.0 billion) with the sale of 10.4% of AEH's outstanding shares at USD 20.25 per share;
- proceeds from the sale of AEH shares to AEH ("share buy back") amounted to USD 0.6 billion (€0.5 billion) with a dilution of 2.2% of AXA Group participation in AEH; and
- proceeds from the issuance by AXA of mandatory exchangeable bonds exchangeable into AEH shares ("Mandatory Exchangeable Bonds") with a nominal value of USD 0.9 billion (€0.7 billion).

As AXA keeps control over AXA Equitable Holdings, Inc, this operation is a transaction between shareholders under IFRS 10 with no impact on the consolidated statement of income. As a result, the impact was recognized in consolidated shareholders' equity for €-2.8 billion. Additionally, the IPO and the secondary offering resulted in an increase in minority interest in shareholders' equity of €6.5 billion. Following the IPO and the second offering, AXA Group's ownership in AEH was reduced to 59.25% as of November 20, 2018.

The impacts related to the aforementioned transactions in shareholder's equity are detailed below:

(in Euro million)	Group share	Minority interests
Proceeds	3,611	
Consolidated book value divested excluding other comprehensive income and currency translation reserves	(7,329)	7,329
Reserves relating to the change in fair value of financial instruments available for sale	(259)	259
Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)	35	(35)
Employee benefits actuarial gains and losses	382	(382)
Translation Reserves	635	(482)
Transactions costs	(82)	
Share buy back	190	(226)
Total Initial Public Offering and secondary offering impacts	**(2,817)**	**6,463**
Mandatory Exchangeable Bonds		607
TOTAL INCLUDING MANDATORY EXCHANGEABLE BONDS	**(2,817)**	**7,070**

The Mandatory Exchangeable Bonds are a hybrid instrument with a debt component booked as financial debt corresponding to the present value of the coupons (€122 million – see Note 17.1) and an equity component booked in minority interests for the remaining part (€607 million – see Note 13.3.1).

The Mandatory Exchangeable Bonds will mature on May 15, 2021, unless early exchanged in full at the option of AXA for 7.7% of AEH's outstanding shares (subject to anti-dilution adjustments). At maturity, the Mandatory Exchangeable Bonds will be exchanged into a minimum of 6.5% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price is greater than or equal to USD 23.50 per share, and a maximum of 7.7% of AEH's outstanding shares (subject to anti-dilution adjustments) if the AEH share price does not exceed the IPO price.

The IPO of AEH that occurred in May 2018 has provided an external and observable value basis for minority interests in AEH. Furthermore, AXA Group has now changed the manner in which AB and AXA US are expected to be managed in the future after AXA Group's announcement of its intention to fully exit its operations in the US. As a consequence, and in line with the change in legal structure and strategy, AXA Group now combines the AXA US and AB cash generating units in order to perform the recoverability test of the goodwill accounted for in AEH.

For the recoverability test, evidence from comparable IPOs indicates that share prices remain highly volatile for a period of time following the IPO date. As a result and given the short period of time since the IPO in May 2018 and the secondary offering in November 2018, AXA did not consider the AEH share price as of December 31, 2018 as indicative of the value-in-use methodology to be applied for the purpose of evaluating goodwill recoverability at year-end. Rather, management estimated a prospective value-in-use of AEH under multiple scenarios. This estimate was based on the following assumptions:

- future operating earnings of AEH for both the Life and Asset Management segments;
- price-to-book ratios of comparable Life insurers and comparable asset managers.

Based on these calculations including sensitivities to the above key assumptions, the goodwill of AEH was deemed recoverable as at June 30, 2018. However, given the current uncertainty and volatility surrounding the markets and the completion of the secondary offering of AEH that took place in November, AXA Group updated its calculations, which resulted in a carrying value of circa €20 per share excluding currency translation adjustments, although several external analyses indicated a higher prospective evolution of the share price. As a result, the goodwill of AEH amounting to €6,329 million has been fully impaired as of December 31, 2018.

Any further potential divestment of AXA Group's equity participation in AEH will depend on a number of factors, including but not limited to the macroeconomic environment, the liquidity and performance of the United States equity markets as well as the reflection of both the strategy of AEH's management and AEH's performance in its share price. These factors may also separately impact the consolidated value of AXA Group's remaining stake in AEH and as a result adversely impact the consolidated results of the Group as well as the AXA share price.

5.3.4 Group Life portfolio transformation in Switzerland

On April 10, 2018, AXA announced that it had entered into an agreement with its main occupational benefits foundations (1) to convert their business model from a full-value insurance (2) model to a semi-autonomous model (3). The operations affected by these expected disposals were treated as held for sale in AXA's consolidated financial statements as of December 31, 2018.

As such the major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2018
Goodwill	-
Other intangible assets	-
Investments	15,851
Other assets	147
Cash and cash equivalents	3,093
TOTAL ASSETS HELD FOR SALE	**19,091**

LIABILITIES

(in Euro million)	December 31, 2018
Liabilities arising from insurance and investment contracts	18,240
Other liabilities	850
TOTAL LIABILITIES HELD FOR SALE	**19,091**

As of December 31, 2018, Other Comprehensive Income of invested assets in scope of the transaction was nil.

As of December 31, 2018, the consolidated statement of income includes a net income impact of €-428 million mainly explained by the VBI impairment related to the aforementioned disposal.

(1) Collective group pension schemes, which are managed by an independent Board.

(2) Contract covering the whole offer: guaranteed savings and annuity benefits, death and disability benefits, and administration services.

(3) Contract covering death and disability benefits, and administration services.

5.3.5 AXA to sell AXA Life Europe

On August 1, 2018, AXA announced that it has received an irrevocable offer from Cinven for the sale of AXA Life Europe. The sale is expected to take place in the first semester of 2019. The completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals. The operations affected by this expected disposal were treated as held for sale in AXA's consolidated financial statements as of December 31, 2018.

As such the major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2018
Other intangible assets	323
Investments	4,907
Other assets	(1,421)
Cash and cash equivalents	1,040
TOTAL ASSETS HELD FOR SALE	**4,849**

LIABILITIES

(in Euro million)	December 31, 2018
Liabilities arising from insurance and investment contracts	4,793
Other liabilities	70
TOTAL LIABILITIES HELD FOR SALE	**4,862**

As at December 31, 2018, other comprehensive income in scope of the transaction was €+63 million.

As of December 31, 2018, the consolidated statement of income includes an exceptional impact of €-18 million.

5.3.6 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.

This transaction is 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 operations affected by this expected disposal were treated as held for sale in AXA's consolidated financial statements as of December 31, 2018 and December 31, 2017.

At this time, the completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

5.3.7 Sale of German occupational pensions portfolio to Frankfurter Leben-Gruppe

On October 31, 2018, AXA announced that it had completed the sale of its occupational pensions portfolio in Germany (ProbAV Pensionskasse AG) to Frankfurter Leben-Gruppe. The net income impact of the sale was €+35 million gain.

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

Note 6 Value of purchased business in-force

6.1 VALUE OF PURCHASED LIFE BUSINESS IN-FORCE

The change in Value of Life Business In-force ("VBI") was as follows:

(in Euro million)	2018	2017
Gross carrying value as of January 1	5,926	6,569
Accumulated amortization and impairment	(3,857)	(4,174)
Shadow accounting on VBI	(178)	(185)
Net carrying value as of January 1	**1,891**	**2,209**
VBI capitalization	-	-
Capitalized interests	70	79
Amortization and impairment for the period [(a)]	(649)	(122)
Changes in VBI amortization, capitalization and impairment	**(579)**	**(44)**
Change in shadow accounting on VBI	27	(8)
Currency translation and other changes	52	(171)
Acquisitions and disposals of subsidiaries and portfolios [(b)]	9	(97)
Net carrying value as of December 31	**1,399**	**1,891**
Gross carrying value as of December 31	6,172	5,926
Accumulated amortization and impairment	(4,614)	(3,857)
Shadow accounting on VBI	(159)	(178)

(a) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland classified as held for sale.
(b) Mainly reclassification to assets held for sale of AXA Wealth Management (HK) Limited for which the disposal process was not finalized at year-end.

6.2 VALUE OF PURCHASED NON-LIFE BUSINESS IN-FORCE

The change in Value of non-life Business In-force ("VBI") was as follows (see Note 5.3.1):

(in Euro million)	2018
Gross carrying value as of January 1	-
Accumulated amortization and impairment	-
Net carrying value as of January 1	**-**
VBI capitalization	-
Capitalized interests	-
Changes in amortization excluding impacts of assumptions unlocking	(408)
Changes in VBI amortization and capitalized interests	**(408)**
Currency translation	12
Acquisitions of subsidiaries (manual consolidation sub group only)	-
Disposal of subsidiaries (manual consolidation sub group only)	-
Acquisitions and disposals of portfolios and other changes	1,083
Acquisitions and disposals of subsidiaries and portfolios	**1,083**
Net carrying value as of December 31 [(a)]	**687**
Gross carrying value as of December 31	1,093
Accumulated amortization and impairment	(405)

(a) Related to the acquisition of XL Group (see Note 5.3.1).

Note 7 Deferred acquisition costs and equivalent

7.1 BREAKDOWN OF DEFERRED ACQUISITION COSTS (DAC) AND EQUIVALENT

(in Euro million)	December 31, 2018	December 31, 2017
Deferred Acquisition Costs relating to Life & Savings [a]	23,798	21,935
Deferred Origination Costs [b]	625	698
Shadow accounting on DAC	(488)	(1,769)
Deferred Acquisition Costs and equivalent relating to Life & Savings	**23,934**	**20,863**
Deferred Acquisition Costs and equivalent relating to Property & Casualty	**2,481**	**2,018**
Deferred Acquisition Costs and equivalent	**26,415**	**22,881**

(a) Applicable to Life & Savings insurance contracts and investment contracts with discretionary participation features according to IFRS 4. Amounts are net of accumulated amortization.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).

7.2 ROLLFORWARD OF DEFERRED ACQUISITION COSTS AND EQUIVALENT

Changes in Deferred Acquisition Costs and equivalent were as follows:

	December 31, 2018		December 31, 2017	
(in Euro million)	Deferred Acquisition Costs [a]	Deferred Origination Costs [b]	Deferred Acquisition Costs [a]	Deferred Origination Costs [b]
Deferred Acquisition Costs and equivalent net carrying value as of January 1	**22,183**	**698**	**23,355**	**777**
Amortization and impairment for the period of Life DAC	(1,700)	(140)	(1,883)	(94)
Capitalized interests for the period of Life DAC	916	26	910	29
DAC and similar costs capitalization for the period of Life DAC	2,130	26	2,193	35
Change in Non-Life DAC	464		67	
Changes in amortization, capitalization and impairment	**1,809**	**(88)**	**1,287**	**(30)**
Change in shadow accounting on DAC	1,300	-	(375)	-
Currency translation and other changes	803	13	(1,883)	(47)
Disposals of subsidiaries and portfolios [c]	(303)	1	(202)	(2)
Deferred Acquisition Costs and equivalent net carrying value as of December 31	**25,791**	**625**	**22,183**	**698**
of which shadow accounting on DAC	*(488)*	-	*(1,769)*	-
TOTAL	**26,415**		**22,881**	

(a) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).
(c) In 2018, includes the reclassification of AXA Life Europe to held for sale and AXA Wealth Management (HK) Limited for which the disposal process was not finalized at year end. In 2017, includes the reclassification of AXA Wealth Management (HK) Limited to assets held for sale and Germany pension business ProbAV Pensionskasse AG for which the disposal process was not finalized at year end.

7.3 DEFERRED ACQUISITION COSTS AND EQUIVALENT, NET OF AMORTIZATION, UNEARNED REVENUE RESERVES AND UNEARNED FEE RESERVES

The value of Deferred Acquisition Costs and equivalent for insurance business, net of amortization, unearned revenue reserves and unearned fee reserves, was as follows:

	December 31, 2018		December 31, 2017	
(in Euro million)	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]	Deferred Acquisition Costs [(a)]	Deferred Origination Costs [(b)]
Deferred Acquisition Costs and equivalent	**25,791**	**625**	**22,183**	**698**
of which shadow DAC	*(488)*	-	*(1,769)*	-
Unearned revenues and unearned fees reserves	**2,464**	**258**	**2,316**	**282**
of which shadow unearned revenues reserves	*(278)*	-	*(403)*	-
DAC net of unearned revenues and unearned fees reserves	**23,327**	**367**	**19,867**	**416**
TOTAL	**23,693**		**20,283**	

(a) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(b) Applicable to investment contracts with no discretionary participation features (IAS 39).

Note 8 Other intangible assets

8.1 BREAKDOWN OF OTHER INTANGIBLE ASSETS

Other intangible assets represented €5,041 million net value as of December 31, 2018, and mainly included:

(in Euro million)	Gross value	Accumulated amortization	Accumulated impairment	Net Value December 31, 2018	Net Value December 31, 2017
Software capitalized	3,955	(2,804)	(18)	1,132	864
Intangible assets recognized in business combinations and other business operations	5,016	(1,242)	(27)	3,747	2,184
Other intangible assets	626	(464)	(0)	161	122
Total other intangible assets	**9,596**	**(4,510)**	**(45)**	**5,041**	**3,170**

8.2 BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	Transaction Year	December 31, 2018 Gross value	December 31, 2018 Accumulated amortization	December 31, 2018 Accumulated impairment	December 31, 2018 Net carrying value	December 31, 2017 Gross value	December 31, 2017 Accumulated amortization	December 31, 2017 Accumulated impairment	December 31, 2017 Net carrying value
AXA XL Property & Casualty	2018	1,659	(11)	-	1,647	-	-	-	-
Poland Property & Casualty	2015	70	(18)	-	52	72	(14)	-	58
Asia Property & Casualty	2012	162	(100)	-	62	155	(80)	-	75
Greece Life & Savings	2007	43	(6)	(24)	12	43	(5)	(24)	13
Greece Property & Casualty	2007	77	(47)	-	30	77	(42)	-	35
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	181	(109)	-	72	174	(96)	-	78
Switzerland Property & Casualty	2006	603	(420)	-	183	581	(381)	-	200
Germany Property & Casualty	2006	92	(49)	-	43	92	(43)	-	49
Belgium Property & Casualty	2006	67	(34)	-	33	67	(31)	-	36
Spain Property & Casualty	2006	247	(231)	-	16	247	(227)	-	20
AXA Investment Managers	2005	180	(8)	-	172	182	(7)	-	175
Others		698	(209)	(2)	487	684	(176)	-	508
TOTAL		**5,016**	**(1,242)**	**(27)**	**3,747**	**3,312**	**(1,103)**	**(24)**	**2,184**

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,926 million (net carrying value) assets with indefinite useful life.

The amortization period for intangible assets recognized in business combinations with a finite useful life ranges from 10 to 20 years.

8.3 CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	2018	2017
Net value as of January 1	**2,184**	**2,316**
Acquisition during the period [(a)]	1,672	46
Amortization allowance	(118)	(105)
Impairment allowance	(2)	-
Disposal during the period	(8)	(18)
Purchase decreases following adjustments	-	-
Currency impact	20	(57)
Other changes	-	2
Closing net value as of December 31	**3,747**	**2,184**

(a) In 2018, mainly includes €1,656 million related to the acquisition of XL Group.
In 2017, includes €29 million in Brazil due to Pernambucanas agreement and €14 million in Singapore Life from DBS bank agreement.

Other intangible assets recognized in business combinations and other business operations totaling €1,641 million were identified at the date of the acquisition of XL Group. They mainly included €1,144 million relating to the distribution network and €427 million attributable to Lloyd's syndicate capacity intangibles, that were already recognized in XL Group accounts before the acquisiton:

- the distribution network represents the future profitability of XL Group existing non-syndicate business, based on customer relationships at the acquisition date;
- the Lloyd's syndicate capacity represents the value of the broker relationship and indefinite license that allows XL Group to transact business in the Lloyd's market.

They are assessed by modelling more than 50 years of discounted cash flows expected from renewals, considering recent historical results.

These intangible assets are amortized over the residual life of the contracts except the Lloyd's syndicate capacity that is deemed to have an indefinite useful life.

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]	28,461	19,504	2.76%
Investment in real estate properties designated as at fair value through profit or loss [b]	1,435	1,435	0.20%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**29,896**	**20,939**	**2.96%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	394,649	394,649	55.86%
Debt instruments designated as at fair value through profit or loss [c]	36,059	36,059	5.10%
Debt instruments held for trading	210	210	0.03%
Debt instruments (at cost) that are not quoted in an active market [d]	9,346	9,193	1.30%
Debt instruments	**440,264**	**440,111**	**62.30%**
Equity instruments available for sale	15,131	15,131	2.14%
Equity instruments designated as at fair value through profit or loss [b]	7,815	7,815	1.11%
Equity instruments held for trading	43	43	0.01%
Equity instruments	**22,990**	**22,990**	**3.25%**
Non consolidated investment funds available for sale	7,425	7,425	1.05%
Non consolidated investment funds designated as at fair value through profit or loss [b]	5,361	5,361	0.76%
Non consolidated investment funds held for trading	250	250	0.04%
Non consolidated investment funds	**13,036**	**13,036**	**1.85%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**14,864**	**14,864**	**2.10%**
Macro-hedge and other derivatives	**744**	**744**	**0.11%**
Sub total Financial instruments (excluding Loans)	**491,897**	**491,745**	**69.61%**
Loans held to maturity	-	-	-
Loans available for sale	0	0	0.00%
Loans designated as at fair value through profit or loss [b]	-	-	-
Loans held for trading	-	-	-
Loans at cost [e]	34,087	33,592	4.76%
Macro-hedge and other derivatives	-	-	-
Loans	**34,087**	**33,593**	**4.76%**
Total Financial instruments	**525,985**	**525,338**	**74.36%**
Assets backing contracts where the financial risk is borne by policyholders	**160,176**	**160,176**	**22.67%**
INVESTMENTS	**716,056**	**706,452**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**555,881**	**546,276**	**77.33%**

(a) Includes infrastructure investments.
(b) Assets measured at fair value under the fair value option.
(c) Includes assets measured at fair value notably under the fair value option.
(d) Eligible to the IAS 39 – Loans and receivables measurement category.
(e) Mainly relates to mortgage loans and policy loans.

December 31, 2018					
Investments as per Consolidated Statement of Financial Position					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
1,581	1,495	3.58%	30,042	20,999	2.81%
-	-	-	1,435	1,435	0.19%
-	-	-	-	-	-
1,581	**1,495**	**3.58%**	**31,477**	**22,434**	**3.00%**
-	-	-	-	-	-
4,184	4,184	10.01%	398,833	398,833	53.30%
183	183	0.44%	36,242	36,242	4.84%
343	343	0.82%	553	553	0.07%
938	938	2.24%	10,284	10,131	1.35%
5,648	**5,648**	**13.51%**	**445,912**	**445,759**	**59.57%**
1,466	1,466	3.51%	16,597	16,597	2.22%
562	562	1.34%	8,377	8,377	1.12%
19	19	0.05%	62	62	0.01%
2,047	**2,047**	**4.90%**	**25,036**	**25,036**	**3.35%**
98	98	0.23%	7,523	7,523	1.01%
311	311	0.74%	5,672	5,672	0.76%
193	193	0.46%	443	443	0.06%
602	**602**	**1.44%**	**13,639**	**13,639**	**1.82%**
169	**169**	**0.40%**	**15,033**	**15,033**	**2.01%**
59	**59**	**0.14%**	**803**	**803**	**0.11%**
8,526	**8,526**	**20.39%**	**500,423**	**500,271**	**66.86%**
-	-	-	-	-	-
-	-	-	0	0	0.00%
-	-	-	-	-	-
-	-	-	-	-	-
33,608	31,789	76.03%	67,696	65,381	8.74%
0	0	0.00%	0	0	0.00%
33,609	**31,789**	**76.03%**	**67,696**	**65,381**	**8.74%**
42,134	**40,315**	**96.42%**	**568,119**	**565,652**	**75.60%**
-	**-**	**-**	**160,176**	**160,176**	**21.41%**
43,715	**41,809**	**100.00%**	**759,772**	**748,261**	**100.00%**

5

(in Euro million)	Insurance		
	Fair value	**Carrying value**	**% (value balance sheet)**
Investment in real estate properties at amortized cost [a]	31,296	21,645	3.04%
Investment in real estate properties designated as at fair value through profit or loss [b]	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 [c]	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 [d]	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 [b]	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 [b]	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 [b]	-	-	-
Loans held for trading	-	-	-
Loans at cost [e]	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) 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, 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%**

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, 2018					December 31, 2017				
(in Euro million)	Gross value	Amortization	Impairment	Carrying value	Fair value	Gross value	Amortization	impairment	Carrying value	Fair value
Investment in real estate properties at amortized cost										
Insurance [a]	21,918	(1,624)	(752)	19,542	28,499	24,282	(2,114)	(568)	21,599	31,251
Other activities	1,495	-	(0)	1,495	1,581	699	-	(0)	699	778
All activities excluding derivatives	**23,413**	**(1,624)**	**(752)**	**21,037**	**30,080**	**24,980**	**(2,114)**	**(568)**	**22,298**	**32,028**
Impact of Derivatives				(38)	(38)				46	46
Total for all activities including derivatives				**20,999**	**30,042**				**22,344**	**32,074**

(a) 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)	2018	2017	2018	2017
Value as of January 1	**568**	**704**	**2,114**	**2,202**
Increase for the period	305	94	170	246
Write back following sale or repayment	(74)	(131)	(22)	(89)
Write back following recovery in value	(47)	(92)	-	-
Others [a]	(0)	(7)	(638)	(245)
Value as of December 31	**752**	**568**	**1,624**	**2,114**

(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, 2018					December 31, 2017				
(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	360,667	394,649	394,649	41,324	7,342	337,654	380,710	380,710	47,362	4,306
Debt instruments (at cost) that are not quoted in an active market	9,192	9,346	9,193	224	71	8,158	8,350	8,130	278	87
Equity instruments available for sale	13,341	15,131	15,131	2,275	485	13,931	18,461	18,461	4,688	159
Non consolidated investment funds available for sale	6,774	7,425	7,425	741	90	8,000	9,118	9,118	1,227	109

(a) Net of impairment – including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

Other activities

	December 31, 2018					December 31, 2017				
(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	4,228	4,184	4,184	93	137	4,199	4,216	4,216	144	126
Debt instruments (at cost) that are not quoted in an active market	938	938	938	-	0	997	997	997	0	-
Equity instruments available for sale	1,030	1,466	1,466	451	15	844	1,073	1,073	257	28
Non consolidated investment funds available for sale	96	98	98	2	-	95	110	110	15	0

(a) Net of impairment – including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

TOTAL

(in Euro million)	December 31, 2018 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	December 31, 2017 Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	364,895	398,833	398,833	41,417	7,479	341,853	384,927	384,927	47,506	4,432
Debt instruments (at cost) that are not quoted in an active market	10,131	10,284	10,131	224	71	9,155	9,347	9,127	279	87
Equity instruments available for sale	14,371	16,597	16,597	2,726	500	14,775	19,534	19,534	4,945	187
Non consolidated investment funds available for sale	6,870	7,523	7,523	744	90	8,096	9,228	9,228	1,242	109

(a) Net of impairment – including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

See also Note 9.9.1 "Breakdown of financial investments subject to impairment".

9.4 DEBT INSTRUMENTS AND LOANS

9.4.1 Debt instruments by type of issuer

The table below sets out the debt instruments portfolio by issuer type, excluding macro-hedging derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges). Details of the effect of derivatives are also provided in Note 20.3.

(in Euro million)	December 31, 2018 Carrying value	December 31, 2017 Carrying value
Government and government like debt instruments	231,059	231,176
Other debt instruments issued by government related	17,064	9,758
Corporate debt instruments [(a)]	199,752	190,193
Other debt instruments [(b)]	156	322
Hedging derivatives and other derivatives	(2,272)	(1,818)
TOTAL DEBT INSTRUMENTS	**445,759**	**429,632**

(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, 2018 Fair value	Carrying value	December 31, 2017 Fair value	Carrying value
Mortgage loans	28,213	26,594	25,249	23,670
Other loans	5,309	5,109	5,147	4,938
Total Banking loans	**33,522**	**31,703**	**30,397**	**28,609**
Loans from activities other than insurance and banks	86	86	125	125
Total excluding the impact of derivatives	**33,608**	**31,789**	**30,522**	**28,734**
Derivatives impact	0	0	(0)	(0)
TOTAL	**33,609**	**31,789**	**30,522**	**28,734**

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, 2018 Net carrying amount by maturity						December 31, 2017 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
Debt instruments	27,337	102,793	307,771	437,901	(2,272)	435,628	24,533	98,907	298,855	422,294	(1,790)	420,504
Loans [a]	7,747	22,759	41,296	71,801	(447)	71,354	8,159	21,837	37,394	67,390	(411)	66,979
Total Financial investments exposed to interest rate risk	**35,083**	**125,552**	**349,067**	**509,702**	**(2,720)**	**506,982**	**32,692**	**120,744**	**336,249**	**489,684**	**(2,201)**	**487,484**
of which Financial investments exposed to fair value interest rate risk	*32,586*	*112,885*	*327,949*	*473,420*			*29,770*	*108,272*	*315,432*	*453,473*		

(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, 2018	8,978	6,637	741	1,290	2,550	932	1,453	2,490	25,072	(35)	25,036
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

9.7 TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Group is part of repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. While substantially all of the risks and rewards of the financial assets remain with the Group over the entire lifetime of the transaction, the Group does not derecognize the financial assets. The proceeds of the sale are reported separately. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

Additionally, the Group is party to total return swaps where financial assets are sold to a counterparty with an agreement in which the Group retains substantially all the risk and rewards of the financial instruments. Therefore, the Group doesn't derecognize the assets.

The breakdown of transferred financial assets/liabilities not qualifying for derecognition was as follows:

	December 31, 2018			December 31, 2017		
(in Euro million)	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt ins-truments – Loans & Receivables	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt ins-truments – Loans & Receivables
Carrying value of assets	**12**	**40,772**	**64**	**18**	**35,293**	**147**
Carrying value of associated liabilities (a)	**-**	**35,658**	**66**	**-**	**31,153**	**100**

(a) Amounts do not include securities received as collateral to securities lending transactions if such collateral is not recognized under the terms of the agreement because the risks and rewards have not been transferred to the Group (detailed in Note 29).

9.8 NON CONSOLIDATED INVESTMENT FUNDS

The detail of "non-consolidated" investment funds breakdown was as follows:

	December 31, 2018			December 31, 2017		
	Fair value (a)			Fair value (a)		
(in Euro million)	Insurance	Other activities	Total	Insurance	Other activities	Total
Non consolidated investment funds mainly holding equity securities	2,605	470	3,075	2,359	698	3,057
Non consolidated investment funds mainly holding debt instruments	3,897	41	3,939	3,622	0	3,622
Other non consolidated investment funds	6,511	90	6,602	7,345	46	7,391
Non consolidated investment at cost	-	-	-	-	-	-
Derivatives related to non consolidated investment funds	23	-	23	(88)	-	(88)
TOTAL	**13,036**	**602**	**13,639**	**13,238**	**744**	**13,982**

(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: €1,566 million in 2018 compared to €1,103 million in 2017;
- funds mainly holding debt instruments: €2,702 million in 2018 compared to €2,872 million in 2017;
- other funds: €2,603 million in 2018 compared to €4,121 million in 2017.

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, 2018					December 31, 2017				
(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	364,973	(78)	364,895	33,938	398,833	342,096	(243)	341,853	43,074	384,927
Debt instruments (at cost) that are not quoted in an active market [(c)]	10,131	(0)	10,131	1	10,131	9,156	(0)	9,155	(28)	9,127
Debt instruments	**375,104**	**(78)**	**375,025**	**33,939**	**408,964**	**351,252**	**(243)**	**351,008**	**43,046**	**394,054**
Equity instruments available for sale	**17,104**	**(2,733)**	**14,371**	**2,226**	**16,597**	**17,056**	**(2,280)**	**14,775**	**4,759**	**19,534**
Non consolidated investment funds available for sale	**7,785**	**(915)**	**6,870**	**654**	**7,523**	**9,180**	**(1,084)**	**8,096**	**1,133**	**9,228**
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Loans available for sale	0	-	0	-	0	-	-	-	-	-
Loans at cost [(d)]	65,999	(199)	65,800	(419)	65,381	61,864	(228)	61,635	(393)	61,242
Loans	**65,999**	**(199)**	**65,800**	**(419)**	**65,381**	**61,864**	**(228)**	**61,635**	**(393)**	**61,242**
TOTAL	**465,991**	**(3,925)**	**462,066**	**36,400**	**498,466**	**439,351**	**(3,837)**	**435,515**	**48,544**	**484,059**

(a) Asset value including impact of discounts/premiums and accrued interests, but before impairment and revaluation to fair value of assets available for sale.
(b) Asset value including impairment, discounts/premiums and accrued interests, but before revaluation to fair value of assets available for sale.
(c) Revaluation to fair value for instruments at cost related to the application of hedge accounting.
(d) Including policy loans.

9.9.2 Change in impairment on financial investments

(in Euro million)	January 1, 2018	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [(a)]	December 31, 2018
Impairment – Debt instruments	243	53	(220)	(0)	2	78
Impairment – Equity instruments	2,280	764	(295)	-	(16)	2,733
Impairment – Non consolidated investment funds	1,084	186	(41)	-	(314)	915
Impairment – Loans	228	49	(3)	(60)	(16)	199
TOTAL	**3,837**	**1,052**	**(560)**	**(60)**	**(344)**	**3,925**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

(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.

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, 2018					December 31, 2017				
	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	315,367	84,894	877	401,138	398,833	284,910	101,209	838	386,956	384,927
Equity instruments	12,168	1,843	2,624	16,635	16,597	15,900	1,609	2,009	19,518	19,534
Non consolidated investment funds	1,272	4,781	1,464	7,517	7,523	930	6,620	1,677	9,226	9,228
Loans	(28)	0	28	0	0	-	-	-	-	-
Financial investments and loans available for sale	**328,779**	**91,518**	**4,992**	**425,290**	**422,954**	**301,740**	**109,437**	**4,524**	**415,701**	**413,689**
Investment in real estate properties	-	1,435	-	1,435	1,435	-	1,456	-	1,456	1,456
Debt instruments	26,681	8,262	1,126	36,069	36,242	25,195	9,299	262	34,756	34,946
Equity instruments	2,790	700	4,885	8,375	8,377	3,323	870	5,135	9,328	9,328
Non consolidated investment funds	409	3,216	2,031	5,656	5,672	561	2,272	1,501	4,334	4,243
Other assets held by consolidated investment funds designated as at fair value through profit or loss	1,135	6,765	7,125	15,025	15,033	3,297	6,136	5,875	15,309	15,339
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans designated as at fair value through profit or loss	**31,014**	**20,378**	**15,167**	**66,560**	**66,759**	**32,377**	**20,033**	**12,773**	**65,183**	**65,313**
Debt instruments	512	181	0	694	553	329	252	2	582	632
Equity instruments	43	-	19	62	62	41	-	0	41	41
Non consolidated investment funds	197	245	0	443	443	239	271	0	510	510
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held for trading	**753**	**427**	**19**	**1,198**	**1,059**	**609**	**523**	**2**	**1,134**	**1,183**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**360,546**	**112,323**	**20,179**	**493,048**	**490,771**	**334,726**	**129,994**	**17,298**	**482,017**	**480,185**

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 consolidated 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, 2018, Irish, Portuguese and Spanish government bonds were transferred from level 2 to level 1. Indeed, a sustained improvement has been observed over the previous years and current year on the market indicators especially on bid/ask spreads of these sovereign bonds reflecting an increased market liquidity of these securities.

As of December 31, 2018, the net transfer between level 1 and level 2 was €15,752 million. This amount was comprised of €18,161 million transferred investments from level 2 to level 1 and €2,409 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, 2018 to December 31, 2018, the amount of level 3 assets increased to €20.1 billion, representing 4.1% of the total assets at fair value (3.6% in 2017 *i.e.* €17.3 billion).

Main movements related to level 3 assets to be noted were the following:

- €+4.3 billion of new investments;
- €+1.0 billion of change in unrealized gains and losses;
- €+0.2 billion of net asset transfers in and out of level 3 and foreign exchange fluctuation impact;
- €-2.6 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, 2018					December 31, 2017				
	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 deriva-tives	Total including deriva-tives	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 deriva-tives	Total including deriva-tives
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held to maturity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in real estate properties at amortized cost	-	29,660	420	30,080	30,042	-	32,028	(0)	32,028	32,074
Debt instruments at cost (loans & receivables)	221	7,340	2,722	10,283	10,284	299	6,062	3,013	9,375	9,347
Loans at amortized cost	48	31,214	36,880	68,143	67,696	43	28,587	36,576	65,206	63,930
Non consolidated investment at cost	-	-	-	-	-	-	-	-	-	-
Financial investments and loans at amortized cost	**269**	**68,214**	**40,022**	**108,506**	**108,021**	**343**	**66,677**	**39,589**	**106,609**	**105,351**
TOTAL FAIR VALUE OF INVESTED ASSETS AT AMORTIZED COST	**269**	**68,214**	**40,022**	**108,506**	**108,021**	**343**	**66,677**	**39,589**	**106,609**	**105,351**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

5

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. Specifics to the valuation of investments are further described in Note 9.10.1 and the same principles apply to the fair value of investments at amortized cost.

Generally fair values of investments in real estate properties cannot be determined *via* reference to quotes of an active market from an exchange market or service provider and no property is therefore categorized in level 1. However, AXA's investments in real estate properties are mostly physically located within liquid markets with identical or comparable asset sales. Given the regulatory environment, some real estate properties located in markets like France are valued by experts using very similar approaches leading to very limited dispersion in prices, with a majority of market inputs themselves homogeneous in terms of sources and values. Hence, the Group, consistently with the policy described in Note 1.5 which notably considers, for assets not quoted in an active market, the weight of observable inputs in the valuation, concludes that the fair value calculations, which are based on valuations performed by qualified property appraisers mainly based on market observable inputs, are considered as level 2 fair values. However, as 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, 2018**	**December 31, 2017**
Investment in real estate properties	3,560	3,157
Equity instruments & non consolidated investment funds	145,396	159,532
Debt instruments	10,375	11,428
Others	845	885
Total Insurance activities	**160,176**	**175,003**

(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.

9.12 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9

9.12.1 Solely Payments of Principal and Interest (SPPI) test

As mentioned in Section 1.2. "General accounting principles", in the context of IFRS 9 implementation, the Group has determined that it is eligible for the temporary exemption option, introduced by the amendment to IFRS 4 – Insurance Contracts, until the earlier of annual reporting periods beginning on or after January 1, 2022. During this deferral period, additional disclosures related to SPPI criterion (Solely Payments of Principal and Interest) and to credit risk exposure are required.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") *i.e.* cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit and loss.

The tables below set out the result of the SPPI test for the assets not currently designated as at fair value with change in fair value through income statement, with a split between Insurance and Other activities.

Each investment item is presented gross of tax and excluding the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) and the potential impact resulting from the application of the future IFRS 17 standard on insurance contracts that will avoid accounting mismatches in particular for contracts eligible to the Variable Fee Approach measurement model.

INSURANCE

	December 31, 2018				December 31, 2017			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2017	Fair value	Change in unrealized gain or loss in 2017
Debt instruments held to maturity	0	0	0	0	0	0	0	(0)
Debt instruments available for sale	4,784	(179)	392,053	(9,051)	5,274	(113)	377,345	(3,633)
Debt instruments (at cost) not quoted in an active market	(0)	(0)	9,345	(69)	0	0	8,378	11
Equity instruments available for sale	15,170	(2,564)	-	-	18,445	1,039	-	-
Non consolidated investment funds available for sale	7,419	(242)	-	-	9,116	207	-	-
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	0	0	(0)	0	0	0	0	0
Loans at cost	97	(0)	28,874	(380)	5	0	28,517	(237)
TOTAL	**27,468**	**(2,985)**	**430,272**	**(9,500)**	**32,839**	**1,133**	**414,240**	**(3,860)**

5

OTHER ACTIVITIES

	December 31, 2018				December 31, 2017			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2017	Fair value	Change in unrealized gain or loss in 2017
Debt instruments held to maturity	0	0	0	0	0	0	0	0
Debt instruments available for sale	3	(0)	4,298	(64)	34	4	4,303	(76)
Debt instruments (at cost) not quoted in an active market	0	0	938	(0)	0	0	997	0
Equity instruments available for sale	1,466	228	-	-	1,073	17	-	-
Non consolidated investment funds available for sale	98	(13)	-	-	110	(1)	-	-
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	0	0	0	0	0	0	0	0
Loans at cost	8	0	33,973	30	9	0	30,797	(69)
TOTAL	**1,575**	**215**	**39,209**	**(34)**	**1,226**	**20**	**36,097**	**(145)**

TOTAL

	December 31, 2018				December 31, 2017			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2017	Fair value	Change in unrealized gain or loss in 2017
Debt instruments held to maturity	0	0	0	0	0	0	0	(0)
Debt instruments available for sale	4,787	(179)	396,351	(9,114)	5,308	(108)	381,648	(3,709)
Debt instruments (at cost) not quoted in an active market	(0)	(0)	10,283	(69)	0	0	9,375	11
Equity instruments available for sale	16,635	(2,337)	-	-	19,518	1,055	-	-
Non consolidated investment funds available for sale	7,517	(254)	-	-	9,226	206	-	-
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	0	0	(0)	0	0	0	0	0
Loans at cost	105	(0)	62,847	(350)	13	0	59,314	(307)
TOTAL	**29,043**	**(2,771)**	**469,481**	**(9,534)**	**34,066**	**1,153**	**450,337**	**(4,005)**

9.12.2 Credit risk exposure

The tables below set out the gross carrying amount and the fair value (excluding the impact of derivatives) information on credit risk exposure for financial assets that pass the SPPI test:

For debt instruments, the credit risk information is available by rating grades [1].

	December 31, 2018							December 31, 2017						
	Gross Carrying Amount of debt instruments that pass the SPPI test							Gross Carrying Amount of debt instruments that pass the SPPI test						
(in Euro million)	AAA	AA	A	BBB	BB and lower	Other	Total	AAA	AA	A	BBB	BB and lower	Other	Total
Debt instruments held to maturity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt instruments available for sale	80,997	98,087	84,834	88,036	4,310	5,535	361,800	75,193	96,264	74,787	81,930	4,781	5,340	338,295
Debt instruments (at cost) not quoted in an active market	76	1,699	1,086	2,278	411	4,581	10,131	1,033	958	526	2,434	393	3,812	9,156
Total Gross Carrying amount of debt instruments that pass the SPPI test	**81,073**	**99,786**	**85,921**	**90,313**	**4,721**	**10,117**	**371,931**	**76,226**	**97,223**	**75,312**	**84,364**	**5,174**	**9,152**	**347,450**

	December 31, 2018							December 31, 2017						
	Fair value of debt instruments that pass the SPPI test							Fair value of debt instruments that pass the SPPI test						
(in Euro million)	AAA	AA	A	BBB	BB and lower	Other	Total	AAA	AA	A	BBB	BB and lower	Other	Total
Debt Instruments held to maturity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Instruments available for sale	86,520	118,467	89,844	91,777	4,141	5,602	396,351	82,732	118,280	81,080	89,333	4,782	5,442	381,648
Debt instruments (at cost) not quoted in an active market	68	1,734	1,101	2,316	414	4,651	10,283	1,056	1,028	545	2,486	397	3,863	9,375
Total Fair value of debt instruments that pass the SPPI test	**86,587**	**120,201**	**90,945**	**94,093**	**4,555**	**10,253**	**406,634**	**83,788**	**119,308**	**81,624**	**91,819**	**5,179**	**9,305**	**391,023**

For loans, the credit risk information is available through three categories: rating grades, range of probability of default (PD, scoring) which is issued by AXA banking entities and past due information.

(1) There are external ratings corresponding to the average of the three main rating agencies, which are S&P, Fitch and Moody's.

	December 31, 2018				December 31, 2017			
	Gross Carrying Amount of loans that pass the SPPI test				Gross Carrying Amount of loans that pass the SPPI test			
(in Euro million)	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	(0)	0	0	(0)	0	0	0	0
Loans at cost	13,393	31,549	15,796	60,738	11,875	28,291	16,690	56,857
Total Gross Carrying amount of loans that pass the SPPI test	**13,393**	**31,549**	**15,796**	**60,738**	**11,875**	**28,291**	**16,690**	**56,857**

	December 31, 2018				December 31, 2017			
	Fair value of loans that pass the SPPI test				Fair value of loans that pass the SPPI test			
(in Euro million)	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	(0)	0	0	(0)	0	0	0	0
Loans at cost	13,077	33,175	16,594	62,847	11,832	29,881	17,600	59,314
Total Fair value amount of loans that pass the SPPI test	**13,077**	**33,175**	**16,594**	**62,847**	**11,832**	**29,881**	**17,600**	**59,314**

Below are detailed the gross carrying value and the fair value of loans that pass the SPPI test for which the credit risk based on:

A) RATING GRADES:

Loans at cost	December 31, 2018 Gross carrying value of loans that pass the SPPI test	December 31, 2018 Fair value of loans that pass the SPPI test	December 31, 2017 Gross Carrying value of loans that pass the SPPI test	December 31, 2017 Fair value of loans that pass the SPPI test
AAA	2,989	2,893	2,792	2,793
AA	7,934	7,739	6,547	6,513
A	1,247	1,255	1,291	1,303
BBB	1,196	1,170	1,184	1,169
BB and lower	23	17	54	48
Other	4	4	7	7
Total amount of loans that pass the SPPI test and for which the credit risk information is based on ratings	**13,393**	**13,077**	**11,875**	**11,832**

B) RANGES OF PROBABILITY OF DEFAULT (1-YEAR PD):

Loans at cost	December 31, 2018 Gross carrying value of loans that pass the SPPI test	December 31, 2018 Fair value of loans that pass the SPPI test	December 31, 2017 Gross Carrying value of loans that pass the SPPI test	December 31, 2017 Fair value of loans that pass the SPPI test
0%<PD<0.35%	21,346	22,694	18,561	19,921
0,35<PD<3.78%	8,177	8,524	8,081	8,403
3,78<PD<10.00%	1,035	1,077	618	659
PD>10.00%	485	506	499	528
Default	506	373	531	370
Total amount of loans that pass the SPPI test and for which credit risk information is based on scoring	**31,549**	**33,175**	**28,291**	**29,881**

C) PAST DUE INFORMATION:

Loans at cost	December 31, 2018 Gross carrying value of loans that pass the SPPI test	December 31, 2018 Fair value of loans that pass the SPPI test	December 31, 2017 Gross Carrying value of loans that pass the SPPI test	December 31, 2017 Fair value of loans that pass the SPPI test
Current	15,689	16,498	16,284	17,218
0-30 days past due	41	42	291	289
31-60 days past due	5	5	48	46
61-89 days past due	6	6	5	5
90 days and more past due	56	43	62	42
Total amount of loans that pass the SPPI test and for which credit risk is provided on the basis of past due information	**15,796**	**16,594**	**16,690**	**17,600**

Note 10 Investments accounted for using the equity method

10.1 BREAKDOWN OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2018					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	170	-	9	-	(8)	171
Philippine AXA Life Insurance Corporation	76	-	20	0	(13)	83
Krungthai AXA Life Insurance Company Ltd	181	-	32	12	0	224
ICBC-AXA Assurance Co. Ltd.	413	-	41	(2)	30	481
PT AXA Mandiri Financial Services	52	-	35	(0)	(21)	67
Bharti AXA Life	105	-	9	(4)	6	116
Bharti AXA General Insurance Company Limited	25	-	1	(1)	(0)	25
Reso Garantia	500	-	123	(58)	(11)	553
Kyobo AXA Investment Managers Company Limited	33	-	4	0	(3)	34
AXA SPDB Investments Managers Company Limited	32	-	15	(1)	75	122
Natio Assurance	45	(54)	10	-	(1)	-
AXA Tian Ping	549	-	(8)	(2)	3	542
AXA Mansard Insurance plc (P&C including Assur African Holding)	74	-	0	3	(0)	77
AXA Mansard Insurance plc (L&S)	24	-	4	1	(2)	27
Roland Rechtsschutzversicherung	45	(0)	2	-	(48)	-
XL Group	-	450	-	7	(104)	352
Other	56	-	(6)	1	4	56
TOTAL	**2,381**	**396**	**289**	**(45)**	**(93)**	**2,929**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.

	2017					
(in Euro million)	January 1	Acquisitions & disposals	Contribu-tion 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.	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 Investments 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
Roland Rechtsschutzversicherung	39	-	7	-	-	45
Other	52	-	4	(3)	3	56
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.

10.2 MAIN JOINT VENTURES

Financial information for main joint ventures is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

	December 31, 2018		December 31, 2017	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping
Cash and cash equivalents	108	188	101	152
Total assets (including cash and cash equivalents)	**7,543**	**1,407**	**6,387**	**1,586**
Financing debts	-	-	0	-
Total liabilities (including financing debts but excluding shareholders' equity)	**7,095**	**949**	**6,026**	**1,116**
Net assets	**448**	**457**	**361**	**470**
Revenues	1,536	800	1,655	1,054
Change in unearned premiums net of unearned revenues and fees	1	89	(8)	21
Net investment result excluding financing expenses	43	40	423	53
Other operating income and expenses	(1,503)	(941)	(1,925)	(1,113)
Financing debt expenses	-	-	-	-
Income tax expense or income	(14)	(5)	(28)	(2)
Net income	**63**	**(17)**	**118**	**14**
Other Comprehensive Income	23	4	(13)	(38)
Total Comprehensive Income	**87**	**(12)**	**104**	**(24)**
Dividends received by AXA from the joint venture	**-**	**-**	**48**	**-**

As of December 31, 2018, the Group share of interest in both Krungthai AXA Life Insurance Company Ltd. and AXA Tian Ping was of 50.0%.

A reconciliation of the summarized financial information to the carrying amount of the joint ventures is as follows:

	December 31, 2018		December 31, 2017	
(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	448	457	361	470
Group share in net assets	224	229	181	235
Goodwill	-	313	-	314
Carrying value	224	542	181	549

Under IAS 39, all financial assets of Krungthai AXA Life Insurance Company Ltd. are accounted for at fair value through profit and loss and consequently the SPPI test (Solely Payments of Principal and Interest) is not applicable.

10.3 MAIN ASSOCIATES

Financial information for main associates is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

	December 31, 2018		December 31, 2017	
(in Euro million)	Reso Garantia	ICBC-AXA Assurance Co. Ltd.	Reso Garantia	ICBC-AXA Assurance Co. Ltd.
Total assets	**2,745**	**15,199**	**2,333**	**14,843**
Total liabilities (excluding shareholders' equity)	**1,780**	**13,449**	**1,555**	**13,342**
Net assets	**966**	**1,750**	**778**	**1,501**
Revenues	1,438	4,319	1,404	5,202
Net income	**312**	**148**	**199**	**(12)**
Other Comprehensive Income	(112)	107	14	(310)
Total Comprehensive Income	**199**	**255**	**214**	**(322)**
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, 2018		December 31, 2017	
(in Euro million)	Reso Garantia	ICBC-AXA Assurance Co. Ltd.	Reso Garantia	ICBC-AXA Assurance Co. Ltd.
Net assets as presented above	966	1,750	778	1,501
Group share of net assets	380	481	306	413
Goodwill	173	-	194	-
Impairment of associate	-	-	-	-
Carrying value	553	481	500	413

Note that Reso Garantia already applies IFRS 9.

Disclosures about the temporary exemption from IFRS 9 for ICBC-AXA Assurance Co. Ltd.

The table below sets out the result of the SPPI test (Solely Payments of Principal and Interest) for the assets not currently designated as at fair value with change in fair value through income statement as of December 31, 2018. The amounts exclude the impact of derivatives.

	December 31, 2018				December 31, 2017			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2018	Fair value	Change in unrealized gain or loss in 2017	Fair value	Change in unrealized gain or loss in 2017
Debt instruments held to maturity	0	0	0	0	0	0	0	0
Debt instruments available for sale	0	0	2,047	213	0	0	2,464	(189)
Debt instruments (at cost) not quoted in an active market	888	0	1,992	0	798	0	2,241	0
Equity instruments available for sale	371	(43)	-	-	355	25	-	-
Non consolidated investment funds available for sale	1,036	(69)	-	-	925	18	-	-
Loans held to maturity	0	0	0	0	0	0	0	0
Loans available for sale	0	0	0	0	0	0	0	0
Loans at cost	1,131	0	1,606	0	1,138	0	2,265	0
TOTAL	**3,426**	**(112)**	**5,645**	**(213)**	**3,216**	**42**	**6,970**	**(189)**

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, 2018				December 31, 2017			
	Gross value	Impairment	Carrying value	Fair value	Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	3,315	(2)	3,313	3,313	1,761	(2)	1,759	1,759
Current accounts receivables from other Companies	1,928	(4)	1,923	1,923	1,104	(4)	1,100	1,100
Receivables from policyholders, brokers and general agents	14,941	(511)	14,431	14,431	8,393	(426)	7,967	7,967
Premiums earned not yet written	5,592	-	5,592	5,592	5,534	-	5,534	5,534
Receivables arising from direct insurance and inward reinsurance operations	**25,776**	**(517)**	**25,259**	**25,259**	**16,792**	**(432)**	**16,360**	**16,360**
Deposits and guarantees	5	-	5	5	69	-	69	69
Receivables from reinsurers	2,002	(65)	1,937	1,937	996	(57)	940	940
Receivables from brokers and general agents	5	(3)	3	3	9	(5)	4	4
Receivables arising from outward reinsurance operations	**2,012**	**(68)**	**1,944**	**1,944**	**1,074**	**(61)**	**1,013**	**1,013**
Current tax receivables	**962**	**-**	**962**	**962**	**1,266**	**-**	**1,266**	**1,266**
Employee benefits & related	1,507	(0)	1,507	1,507	1,492	(0)	1,492	1,492
Other deposits	1,845	-	1,845	1,845	1,950	-	1,950	1,950
Others	12,226	(833)	11,393	11,393	10,173	(747)	9,426	9,426
Other receivables	**15,578**	**(833)**	**14,745**	**14,745**	**13,615**	**(747)**	**12,868**	**12,868**
TOTAL RECEIVABLES	**44,328**	**(1,417)**	**42,911**	**42,911**	**32,747**	**(1,241)**	**31,507**	**31,507**

Note 12 Cash and cash equivalents

(in Euro million)	December 31, 2018 Carrying value [(a)]	December 31, 2017 Carrying value [(a)]
Arising from insurance activities	25,972	19,060
Arising from banking activities	1,220	970
Arising from other activities	4,137	3,867
Cash and cash equivalents [(b)]	**31,329**	**23,898**

(a) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(b) Including €905 million deposits in the central banks in 2018 and €708 million in 2017.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(in Euro million)	December 31, 2018	December 31, 2017
Cash and cash equivalents	31,329	23,898
Bank overdrafts [(a)]	(773)	(702)
Cash and cash equivalents as of December 31 [(b)]	**30,556**	**23,196**

(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, 2018, total consolidated net cash and cash equivalents amounted to €30,556 million, net of €773 million bank overdrafts classified under “Other debt instrument issued and bank overdrafts” in the consolidated statement of financial position.

Net cash and cash equivalents increased by €7,360 million compared to 2017 mainly due to:

- Switzerland (€+4,167 million) temporary cash position in the context of Group Life portfolio disposal;
- AXA XL (€+3,030 million) related to the acquisition of XL Group;
- France (€+2,366 million) mainly related to regular insurance activities (€+1,620 million) and dividends received from real estate funds (€+497 million);
- AXA SA (€+409 million) mainly from the proceeds coming from the disposal of the AXA Equitable Holdings, Inc. shares, additional loans granted by subsidiaries, dividends received, the issuance of subordinated debt at the end of March 2018, partly offset by the acquisition of XL Group, the dividend paid, and the repayment of undated subordinated debt;
- AXA Life Europe (€-1,040 million) reclassified as assets held for sale;
- Germany (€-556 million) mainly due to a loan granted to AXA SA (€-300 million);
- The United States (€-546 million) mainly related to regular insurance activities.

Regarding the consolidated statement of cash flows presented together with the primary financial statements, net cash provided by operating activities totaled €7,634 million in 2018, compared to €16,521 million in 2017.

Net cash used in investing activities was €-2,124 million in 2018, mainly reflecting:

- €-9,247 million of net of cash acquired used in purchase of XL Group;
- €+4,015 million of net cash used in purchases and sales of financial invested assets;
- €+3,962 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash 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 relating to financing activities was €+3,919 million in 2018 mainly driven by:

- sale of interests in subsidiaries without change in control €+4,097 million, mostly related to the partial disposal of AXA Equitable Holdings, Inc.;
- subordinated debt issued €+5,685 million and repayment of financing debt €-1,681 million and undated subordinated debt €-665 million in 2018;
- dividends payments of €-3,414 million.

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.

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 2018

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2018, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €1,016 million from the merger of AXA France Assurance took over by AXA SA;
- a capital increase of €329 million from the employee share offering of 15.4 million shares in December 2018;
- a capital increase of €38 million due to the exercise of stock options;
- share-based payments for €39 million;
- a capital decrease of €429 million corresponding to 18.4 million shares in order to eliminate the dilutive effect of share-based compensation schemes (AXA SA's stocks options, performance shares plans and share plan).

TREASURY SHARES

As of December 31, 2018, the Company and its subsidiaries owned 41.6 million AXA shares, representing 1.7% of the share capital, a decrease of 0.2 million shares compared to December 31, 2017.

As of December 31, 2018, the carrying value of treasury shares and related derivatives amounted to €1,038 million. There was no AXA shares held by consolidated Mutual funds not backing contracts where financial risk borne by policyholders.

As of December 31, 2018, 1.9 million treasury shares backing contracts where financial risk is borne by policyholders held in consolidated investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €33 million and their market value €35 million at the end of December 2018.

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 2018, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-665 million from repayment of undated subordinated debt;
- €+123 million from foreign exchange rate fluctuations;
- €-222 million from interest expenses related to the undated subordinated debt (net of tax).

As of December 31, 2018 and December 31, 2017, undated subordinated debt recognized in shareholders' equity broke down as follows:

	December 31, 2018		December 31, 2017	
(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	391	350	394
December 14, 2006 – US$ 750 M 6.5%	-	-	750	623
December 14, 2006 – US$750 M 6.4%	750	652	750	623
October 16, 2007 – £700 M 6.8% [(a)]	219	243	219	245
November 7, 2014 – €984 M 3.941% [(a)]	984	981	984	981
November 7, 2014 – £724 M 5.453% [(a)]	724	806	724	813
May 20, 2014 – €1,000 M – 3.9%	1,000	997	1,000	997
January 22, 2013 – US$850 M, 5.5%	850	737	850	703
Undated notes – €625 M, variables rates	625	625	625	625
Undated notes – JPY 27,000 M, 3.3%	27,000	215	27,000	200
Undated notes – US$375 M, variables rates	375	328	375	313
TOTAL		**6,849**		**7,391**

(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, 2018, Shareholders' Meeting, shareholders approved a dividend distribution of €1.26 per share corresponding to €2,998 million with respect to the 2017 financial year.

13.1.2 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 exercise 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

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).

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.

13.2 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 2018

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 totaling €-11,702 million, of which €8,971 million decrease in unrealized capital gains on debt securities which was mainly driven by corporate spreads widening, and to a lower extent by interest rates increase in the United States.

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, 2018	December 31, 2017
Gross unrealized gains and losses [(a)]	**38,575**	**50,277**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholder participation and other obligations	(22,154)	(27,019)
Shadow accounting on Deferred Acquisition Costs [(b)]	(210)	(1,367)
Shadow accounting on Value of purchased Business In force	(159)	(178)
Unallocated unrealized gains and losses before tax	**16,052**	**21,714**
Deferred tax	(4,189)	(5,540)
Unrealized gains and losses (net of tax) - Assets available for sale	**11,863**	**16,174**
Unrealized gains and losses (net of tax) - Equity accounted companies	(32)	20
UNREALIZED GAINS AND LOSSES (NET OF TAX) - 100% - TOTAL	**11,831**	**16,194**
Minority interests' share in unrealized gains and losses [(c)]	**(42)**	**(215)**
Translation reserves [(d)]	(223)	14
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**11,566**	**15,992**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves and held for sale activities.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

On December 31, 2018, most of the unrealized gains on assets available for sale are related to Life & Savings activities.

5

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, 2018:

(in Euro million)	December 31, 2018			
	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings	Belgium Life & Savings
Gross unrealized gains and losses [(a)]	**14,970**	**6,544**	**2,771**	**4,731**
Less unrealized gains and losses attributable to:				
Shadow accounting on policyholders' participation and other obligations	(11,311)	(5,563)	(1,759)	(1,851)
Shadow accounting on Deferred Acquisition Costs [(b)]	(217)	-	(68)	(77)
Shadow accounting on Value of purchased Business In force	-	-	(93)	(5)
Unallocated unrealized gains and losses before tax	**3,442**	**981**	**851**	**2,799**
Deferred tax	(859)	(290)	(170)	(711)
Unrealized gains and losses (net of tax) - Assets available for sale	**2,583**	**691**	**681**	**2,087**
Unrealized gains and losses (net of tax) - Equity accounted companies	(42)	-	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) - 100% - TOTAL	**2,541**	**691**	**681**	**2,087**
Minority interests' share in unrealized gains and losses [(c)]	**(6)**	**0**	**-**	**(0)**
Translation reserves [(d)]	0	-	(181)	(0)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**2,535**	**691**	**500**	**2,087**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

The change in reserves related to changes in fair value of available for sale financial instruments included in shareholders' equity as of December 31, 2018, and December 31, 2017 broke down as follows:

(in Euro million)	December 31, 2018	December 31, 2017
Unrealized gains and losses (net of tax) 100%, opening	**16,194**	**15,376**
Transfer in the income statement on the period [(a)]	(874)	(725)
Investments bought in the current accounting period and changes in fair value	(3,715)	2,177
Foreign exchange impact	289	(629)
Change in scope and other changes	(62)	(6)
Unrealized gains and losses (net of tax) 100%, closing	**11,831**	**16,194**
Minority interests' share in unrealized gains and losses [(b)]	**(42)**	**(215)**
Translation reserves [(c)]	**(223)**	**14**
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(d)]	**11,566**	**15,992**

(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 €+1,552 million (of which €+1,869 million from Group share and €-319 million from minority interests) as at December 31, 2018.

The change in Group share translation reserves €1,869 million was mainly driven by Japan (€+495 million), Switzerland (€+404 million), the United States (€+368 million), Asia (€+175 million), partly offset by International Market (€-79 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €+253 million (of which Group share was €+608 million and minority interests were €-355 million) as of December 31, 2018.

The positive impact in equity arising from employee defined benefits obligation was mainly explained by:

- an overall increase in discount rate assumptions used to value liabilities in different countries (an increase in discount rate per reference to financial conditions entails a decrease in defined benefit obligation thus, a gain on liabilities);
- an update of longevity assumptions in Switzerland (adoption of the latest Continuous Mortality Investigation Projection Model - CMI);

partly offset by:

- losses on plan assets backing the defined benefit obligation mainly in the United Kingdom, the United States and Switzerland.

Additional information on pension benefits is provided in Note 26.2.

13.2.2 Comprehensive income for 2017

RESERVE RELATED TO CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS INCLUDED IN SHAREHOLDERS' EQUITY

The decrease of gross unrealized gains and losses on assets available for sale 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.

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 change in 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 the United States) 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 2018

The €5,168 million increase in minority interests to €10,824 million was driven by transactions with minority interests' holders and comprehensive income:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €-2,513 million,
  - employee benefits actuarial gains and losses €-355 million,
  - reserves relating to changes in fair value through shareholders' equity for €-188 million,
  - foreign exchange movements for €-317 million;

- transactions with minority interests' holders, mainly included:
  - increase in minority interests following the IPO of the United States and the Second Offering of AXA Equitable Holdings, Inc. for €+6,463 million (see Note 5.3.3),
  - equity component of Mandatory Exchangeable Bonds for €+607 million (see Note 5.3.3),
  - XL Group preferred shares for €+1,025 million,
  - dividend payout to minority interests' holders for €-428 million,
  - minority interests qualified as equity resulting from the consolidation of a new investment fund and capital addition to existing consolidated investment funds for €+532 million.

13.3.2 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.

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, 2018							
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Total Insurance
Insurance liabilities (A)	149,939	153,272	56,141	45,689	165,179	10,917	1,936	583,073
Investment liabilities (B)	10,384	33,982	2,035	864	3,910	2,417	-	53,593
Other liabilities (C) [(a)]	14,633	23,706	2,863	0	(172)	516	5	41,552
Total insurance and investment liabilities (D = A+B+C)	**174,956**	**210,961**	**61,039**	**46,553**	**168,917**	**13,850**	**1,942**	**678,219**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,563	1,258	251	13,641	5,251	1,057	(270)	25,751
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**170,392**	**209,703**	**60,788**	**32,913**	**163,667**	**12,794**	**2,211**	**652,468**

(a) Other liabilities 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, 2017 restated [(a)]							
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Total Insurance
Insurance liabilities (A)	149,411	174,578	51,814	6,483	164,688	10,761	3,096	560,831
Investment liabilities (B)	10,476	34,098	2,197	-	2,849	2,375	-	51,995
Other liabilities (C) [(b)]	16,153	26,092	2,360	0	(962)	529	(60)	44,113
Total insurance and investment liabilities (D = A+B+C)	**176,040**	**234,767**	**56,371**	**6,484**	**166,575**	**13,665**	**3,036**	**656,938**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,773	1,138	264	1,980	3,905	1,055	(34)	13,081
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**171,267**	**233,629**	**56,107**	**4,504**	**162,670**	**12,610**	**3,070**	**643,857**

(a) Restated: as per the new governance.
(b) 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.

5

14.1.2 Breakdown of Liabilities arising from Insurance and Investment contracts (gross and reinsurers' share)

(in Euro million)	December 31, 2018			December 31, 2017		
	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Liabilities arising from insurance contracts	333,688	103,327	437,015	334,913	66,216	401,129
Liabilities arising from insurance contracts where risk is borne by policyholders	146,058	-	146,058	159,702	-	159,702
Total insurance liabilities (A)	**479,746**	**103,327**	**583,073**	**494,615**	**66,216**	**560,831**
Liabilities arising from investment contracts with discretionary participating features	34,225	-	34,225	33,199	-	33,199
Liabilities arising from investment contracts with no discretionary participating features	3,973	864	4,837	2,900	-	2,900
Liabilities arising from investment contracts where the financial risk is borne by policyholders	14,532	-	14,532	15,896	-	15,896
Total investment liabilities (B)	**52,729**	**864**	**53,593**	**51,995**	**-**	**51,995**
Unearned revenue and unearned fee reserves	2,711	10	2,722	2,586	12	2,598
Liabilities arising from participation	40,367	259	40,625	44,161	248	44,409
Derivative instruments	(1,984)	189	(1,795)	(3,061)	167	(2,895)
Other liabilities (C)	**41,094**	**458**	**41,552**	**43,685**	**427**	**44,113**
Total insurance and investment liabilities (D = A+B+C)	**573,569**	**104,650**	**678,219**	**590,295**	**66,643**	**656,938**
Reinsurers' share in insurance contracts liabilities	12,280	13,358	25,637	8,272	4,730	13,002
Reinsurers' share in insurance contract liabilities relating to policyholders' participation	1	22	23	1	9	10
Reinsurers' share in liabilities arising from investment contracts	91	-	91	69	-	69
Total reinsurers' share in insurance and investment contracts liabilities (E)	**12,371**	**13,380**	**25,751**	**8,342**	**4,739**	**13,081**
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURERS' SHARE (F = D-E)	**561,198**	**91,270**	**652,468**	**581,953**	**61,904**	**643,857**

14.2 LIABILITIES ARISING FROM INSURANCE CONTRACTS (GROSS AND REINSURERS' SHARE)

Liabilities arising from insurance contracts, including those where the financial risk is borne by policyholders, as disclosed in the total (A) of Note 14.1.1, were split by as follows:

	December 31, 2018			December 31, 2017		
(in Euro million)	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Future policy benefit reserves	311,915	102	312,017	314,660	89	314,749
Unearned premiums reserves	836	19,091	19,927	662	10,961	11,623
Claims reserves [(a)]	14,054	78,703	92,757	13,290	49,841	63,131
of which IBNR	*5,050*	*29,474*	*34,524*	*4,335*	*12,818*	*17,152*
Liability adequacy test reserves	-	-	-	-	-	-
Other reserves [(b)]	6,884	5,431	12,315	6,302	5,324	11,626
Liabilities arising from insurance contracts (A)	**333,688**	**103,327**	**437,015**	**334,913**	**66,216**	**401,129**
of which measured at current assumptions [(c)]	*14,123*	-	*14,123*	*13,427*	-	*13,427*
Future policy benefit reserves	145,889	-	145,889	159,488	-	159,488
Claims reserves [(a)]	93	-	93	56	-	56
of which IBNR [(b)]	*2*	-	*2*	*1*	-	*1*
Other reserves	76	-	76	158	-	158
Liabilities arising from insurance contracts where the financial risk is borne by policyholders (B)	**146,058**	**-**	**146,058**	**159,702**	**-**	**159,702**
Sub-total Liabilities arising from insurance contract (C = A+B)	**479,746**	**103,327**	**583,073**	**494,615**	**66,216**	**560,831**
Reinsurers' share in future policy benefit reserves	9,525	(6)	9,519	5,697	(5)	5,693
Reinsurers' share in unearned premiums reserves	49	2,705	2,754	45	805	850
Reinsurers' share in claims reserves [(a)]	2,072	10,670	12,742	1,897	3,952	5,849
of which IBNR	*49*	*5,143*	*5,192*	*6*	*224*	*230*
Reinsurers' share in other reserves	633	(11)	622	632	(22)	611
Reinsurers' share in liabilities arising from insurance contracts (D)	**12,280**	**13,358**	**25,637**	**8,272**	**4,730**	**13,002**
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)	**12,280**	**13,358**	**25,638**	**8,272**	**4,730**	**13,003**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURERS' SHARE (G = C-F)	**467,466**	**89,970**	**557,436**	**486,343**	**61,486**	**547,828**

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 (€23 million in 2018 and €10 million in 2017), as well as derivative instruments (none in 2018 and 2017) are excluded from the table above.

(a) Includes reserves for claims handling expenses.

(b) Notably includes non-life annuities mathematical reserves.

(c) See Note 1.14.2 – Reserves measured according to the option offered by IFRS 4.24 for selective re-measurement of reserves at current market assumptions.

5

14.3 LIABILITIES ARISING FROM INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

The following table shows a breakdown of liabilities arising from investment contracts including those where the financial risk is borne by policyholders, as disclosed in the sub total (B) of Note 14.1.1:

(in Euro million)	December 31, 2018	December 31, 2017
Future policy benefit reserves	33,937	32,956
Unearned premiums reserves	0	0
Claims reserves [(a)]	285	241
Liability adequacy test reserves	-	-
Other reserves	3	3
Liabilities arising from investment contracts with discretionary participating features (A)	**34,225**	**33,199**
of which measured at current assumptions [(b)]	-	-
Future policy benefit reserves	3,963	2,892
Claims reserves [(a)]	10	8
Other reserves	865	0
Liabilities arising from investment contracts with no discretionary participating features (B)	**4,837**	**2,900**
Future policy benefit reserves	14,519	15,885
Claims reserves [(a)]	13	12
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders (C)	**14,532**	**15,896**
Sub-total liabilities arising from investment contract (D = A+B+C)	**53,593**	**51,995**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features (E)	**88**	**65**
Reinsurers' share in liabilities arising from investment contracts with no discretionary participating features (F)	**-**	**-**
Reinsurers' share in liabilities arising from investment contracts where the financial risk is borne by policyholders (G)	**3**	**4**
Sub-total Reinsurers' share (H = E+F+G)	**91**	**69**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS – NET OF REINSURERS' SHARE (I = D-H)	**53,502**	**51,926**

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 2018 and 2017), as well as derivatives instruments (none in 2018 and 2017) 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:

	2018	2017
(in Euro million)	Property & Casualty	Property & Casualty
Claims reserves as of January 1	48,445	48,586
Claims handling cost reserves as of January 1	1,396	1,438
Gross claims reserve as of January 1 [a]	**49,841**	**50,024**
Current year charge	25,116	22,179
Loss reserves development (prior years)	(709)	(388)
Total claims expenses [b]	**24,407**	**21,791**
Claims payments (current year)	(12,900)	(10,540)
Claims payments (prior years)	(10,335)	(10,046)
Claim payments [b]	**(23,235)**	**(20,586)**
Change in scope of consolidation and change in accounting method	**27,430**	**73**
Impact of foreign currency fluctuation	**338**	**(1,460)**
Claims reserves as of December 31	75,782	48,445
Claims handling cost reserves as of December 31	2,921	1,396
Gross claims reserves as of December 31 [a]	**78,703**	**49,841**

(a) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €5.3 billion in 2018 and €5.2 billion in 2017.
(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:

	2018	2017
(in Euro million)	Property & Casualty	Property & Casualty
Reinsurers' share in claims reserves as of January 1	**3,952**	**4,475**
Reinsurers' share in total claims expenses	3,109	1,653
Reinsurers' share in claims payments	(2,536)	(1,837)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	6,014	(151)
Impact of foreign currency fluctuation	138	(187)
Reinsurers' share in claims reserves as of December 31	**10,670**	**3,952**

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 & Savings presented in Note 14.2 (C):

	2018			2017		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Technical reserves as of January 1 [a]	**494,615**	**51,995**	**546,610**	**508,096**	**50,358**	**558,454**
Collected premiums net of loadings on premiums (+)	48,423	5,421	53,844	48,217	5,146	53,364
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(52,390)	(5,190)	(57,581)	(49,363)	(5,322)	(54,686)
Unit-Linked technical reserves value adjustment (+/-)	(10,344)	(791)	(11,135)	17,991	386	18,377
Change in reserves relating to technical and actuarial items (+/-) [b]	6,130	880	7,011	4,816	2,467	7,283
Transfers following technical reserves/ contract reclassification	19	(19)	-	(6)	6	(0)
Change in scope of consolidation, portfolio transfers and change in accounting principles	(19,828)	111	(19,717)	(2,710)	(216)	(2,926)
Impact of foreign currency fluctuation	13,121	321	13,442	(32,427)	(830)	(33,257)
Technical reserves as of December 31 [a]	**479,746**	**52,729**	**532,475**	**494,615**	**51,995**	**546,610**

(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 2018, the change in scope of consolidation totaled €19,717 million mainly due to the reclassification in held for sale of the Group Life portfolio in Switzerland for €17,111 million and AXA Life Europe for €5,108 million, partly offset by the acquisition of XL Group for €3,064 million.

In 2017, the change in scope of consolidation totaled €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 in Hong Kong for €914 million, partly offset by €1,097 million related to a change in reserve classification at AXA France.

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)	2018 Insurance contracts	2018 Investment contracts	2018 Total	2017 Insurance contracts	2017 Investment contracts	2017 Total
Reinsurers' share in technical reserves as of January 1 [(a)]	**8,272**	**69**	**8,342**	**9,483**	**93**	**9,576**
Reinsurers' share in collected premiums net of loadings on premiums (+)	1,110	25	1,135	1,240	7	1,247
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(872)	(17)	(889)	(732)	(15)	(747)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) [(b)]	913	12	925	(1,275)	(13)	(1,288)
Change in scope of consolidation and change in accounting principles [(c)]	2,651	-	2,651	193	-	193
Impact of foreign currency fluctuation	206	1	207	(636)	(3)	(638)
Reinsurers' share in technical reserves as of December 31 [(a)]	**12,280**	**91**	**12,371**	**8,272**	**69**	**8,342**

(a) Includes: future policy benefit reserves (including shadow accounting reserves), unearned premium reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefit reserves. Excludes: unearned revenue and unearned fee reserves, liabilities from policyholder participation.

(b) Notably includes interests credited and policyholder participation credited to reserves, fees on account balance and investment management fees and change in reserves relating to other technical and actuarial items.

(c) Following the acquisition of XL Group.

14.6 LIABILITIES ARISING FROM INVESTMENT CONTRACTS BY ACCOUNTING METHOD

The table below gives detailed information on liabilities arising from investment contracts presented in Note 14.3 (D).

(in Euro million)	Carrying value December 31, 2018	Carrying value December 31, 2017
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [(a) (d)]	34,225	33,199
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	4,837	2,900
(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)]	2,785	3,637
Investment contracts with no Discretionary Participation Features (DPF) measured at current unit value [(d)]	11,747	12,260
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**53,593**	**51,995**

Note: This information is presented net of the impact of derivatives, which is described in Note 20.4.1.

(a) In accordance with IFRS 4 which allows, under certain conditions, to continue to use a previous accounting policy for liabilities arising from contracts with discretionary participating features.

(b) See Note 1.14.2 – Reserves measured according to IFRS 4.24 option which allows to evaluate certain portfolios with current assumptions.

(c) & (d) As unit-linked contracts reserves are measured on the basis of held asset units fair value ("current unit value").

Only the valuation of related assets is different:

- *for Unit-Linked contracts with a discretionary participating feature (c), an asset representing the deferred acquisition costs is recognized in continuity with previous accounting policies;*
- *for Unit-Linked contracts with no discretionary participating feature (d), an asset representing the rights to future management fees is recognized in accordance with IFRS 15 (Rights to future management fees also known as Deferred Origination Costs "DOC") – see Note 1.7.3 and Note 7.*

5

The recognition of investment contracts with discretionary participating features is subject to IFRS 4, which allows, under certain conditions, the use of accounting principles applied prior to the adoption of IFRS. However, these contracts must be treated in accordance with IFRS 7 with regards to the disclosures to be provided in the Notes to the financial statements. IFRS 7 requires the disclosure of fair value or value ranges for these contracts, unless the Group cannot reliably measure the participating features.

In the context of the current IFRS 4, the IASB acknowledged the difficulties involved in the recognition and the measurement of discretionary participating features included in insurance or investment contracts. The IASB issued guidance to measure fair value but with no principles addressing policyholder participation features. It would therefore be premature to interpret this definition before the implementation guidance of the future standard IFRS 17 (see Note 1.2) clarified it.

Therefore, too many uncertainties remain outstanding to define how to determine the fair value of participating contracts. As a result, fair value or value ranges for investment contracts with discretionary participating features cannot be reliably disclosed.

14.7 LOSS RESERVE DEVELOPMENT TABLE FOR PROPERTY & CASUALTY

The loss reserve development table shows movements in loss reserves between 2008 and 2018, 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 €44,046 million appearing in the first line of the table in the 2008 column represents all loss reserves developed in all years of occurrence prior to and including 2008, recognized on the Group's balance sheet as of December 31, 2008.

The second line titled "Gross reserves for unpaid claims and claim expenses developed in 2018 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 2018 adjusted for changes in exchange rates and scope of consolidation) and the amount shown in the final diagonal under "Reserve re-estimated".

Loss reserve development table: Property and Casualty

The 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)	2008 [(a)]	2009	2010	2011 [(b)]	2012	2013 [(c)]	2014	2015 [(d)]	2016	2017	2018
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	**44,046**	**44,470**	**46,367**	**45,946**	**46,440**	**47,031**	**49,868**	**51,965**	**53,286**	**52,973**	**82,134**
Gross reserves for unpaid claims and claims expenses developed in 2018 adjusted for changes in exchange rates and scope of consolidation	**41,450**	**38,775**	**39,138**	**39,752**	**40,623**	**41,560**	**43,040**	**43,728**	**45,132**	**52,912**	**82,134**
Cumulative payments at:											
One year later	9,145	9,483	8,953	9,183	9,361	9,422	10,111	9,621	9,055	9,174	
Two years later	13,358	13,360	13,016	12,841	13,315	13,727	13,388	13,757	12,772		
Three years later	15,549	16,078	15,330	15,911	16,284	15,299	14,954	14,824			
Four years later	17,525	17,684	18,012	18,331	17,000	16,126	16,397				
Five years later	18,679	19,741	19,775	18,328	17,532	17,002					
Six years later	20,317	20,845	19,305	18,569	18,370						
Seven years later	21,408	20,815	19,075	19,122							
Eight years later	20,990	19,093	19,833								
Nine years later	19,272	20,498									
Ten years later	23,514										
Reserve re-estimated at:											
One year later	42,610	44,814	44,518	44,971	45,394	47,707	49,716	51,097	50,111	51,727	
Two years later	42,501	41,973	42,904	43,412	44,479	46,051	46,359	43,321	41,951		
Three years later	39,889	41,301	41,782	42,449	43,953	44,106	41,132	40,108			
Four years later	39,302	40,250	40,769	42,013	41,813	39,233	38,463				
Five years later	38,372	39,653	40,674	40,122	37,902	36,626					
Six years later	37,931	39,684	38,907	36,153	35,242						
Seven years later	38,067	38,079	34,807	33,932							
Eight years later	36,330	33,075	32,991								
Nine years later	31,779	32,019									
Ten years later	34,154										
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves [(e)]:											
Amounts	7,295	6,756	6,147	5,820	5,381	4,934	4,577	3,620	3,182	1,184	
Percentages	17.6%	17.4%	15.7%	14.6%	13.2%	11.9%	10.6%	8.3%	7.0%	2.2%	

(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 IFRS 10 and 11.

(d) Amounts prior to 2015 contains the Life & Savings entities historically 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 for an amount of €119 million for 2013.

The gross developed reserves and total gross recognized claims reserves and the other reserves arising from insurance contracts for the segment AXA XL during 2018 amounts €34,527 million. The net developed reserves and total net recognized claims reserves and the other reserves arising from insurance contracts for the segment AXA XL during 2018 amounts €25,613 million.

5

Reconciliation between developed reserves and 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.

	December 31, 2018	December 31, 2017
(in Euro million)	Carrying value	Carrying value
Gross claims and other reserves developed		
Property & Casualty [(a)]	82,134	52,973
of which future policy benefit annuity reserves	*4,830*	*4,815*
of which construction reserves (PSNEM)	*1,946*	*1,897*
Total gross claims and other reserves developed	**82,134**	**52,973**
Other reserves non developed [(b)]	**2,000**	**2,193**
TOTAL GROSS CLAIMS RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY	**84,134**	**55,165**

(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 (€1,033 million in 2018, €1,029 million in 2017).

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 2018, key data relating to asbestos claims were as follows:

	2018		2017	
(in Euro million)	Gross	Net	Gross	Net
Evolutions of reserves				
Claims reserves at end of year	560	432	878	832
of which Reported claims	*164*	*129*	*140*	*129*
of which IBNR claims	*397*	*303*	*738*	*704*
Reserves adequacy ratios				
3-Year survival ratio excluding commutations [(a)]	15 years	15 years	28 years	30 years
IBNR/Case Reserves	242%	236%	526%	548%
Cumulative Payments to date/Projected Ultimate Cost	71%	69%	52%	50%

(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 €432 million at year-end 2018. The reserve decrease by €400 million and is mainly driven by the sale of the UK asbestos portfolio to a third party company by €397 million partly offset by the XL Group acquisition that increased asbestos exposure by €128 million. On a comparable basis, restated from the sale of the UK asbestos portfolio, the 3-Year survival ratio excluding commutations in 2017 would have been 16 years (compared to 15 years in 2018), and the IBNR / case reserves ratio would have been 316% (compared to 242% in 2018) and cumulative Payments to date / Projected Ultimate Cost would have been 58% (compared to 71% in 2018).

The decrease of respectively the IBNR/Case Reserves and survival ratio comes from the shift of AXA asbestos exposure from the UK exposure to the US and Rest of the World exposures that usually have lower such ratios.

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, 2018:

(in Euro million)	December 31, 2018	December 31, 2017
Policyholder participation reserves	9,421	9,054
Policyholder deferred participation liabilities and other obligations	31,205	35,355
TOTAL LIABILITIES ARISING FROM POLICYHOLDER PARTICIPATION AND OTHER OBLIGATIONS	**40,625**	**44,409**
Total Assets arising from policyholder participation	**(303)**	**(0)**

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. The increase in deferred policyholders' participation assets was attributable to Hong Kong.

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.

	2018				2017			
(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	32,792	87,403	513,163	633,358	28,551	72,764	506,306	607,620
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*14,481*	*57,692*	*354,384*	*426,557*	*14,929*	*52,438*	*352,491*	*419,858*

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, 2018: 86% of Life & Savings reserves (excluding unit-linked contracts) were discounted, of which 16% were subject to a revision of the discount rate and 70% retained the rate set at inception, subject to the liability adequacy test described in Note 1.

By convention, contracts with zero guaranteed rates are deemed undiscounted, except for products offering guaranteed rates updated annually and for one year: these contracts are presented in discounted reserves. Reserves for savings contracts with non-zero guaranteed rates are discounted at the technical restatements at closing mainly consist of reserves for guarantees (Guaranteed Minimum Death Benefits, etc.).

In Property & Casualty business, most reserves (94% as of December 31, 2018) are not discounted, with the exception of disability annuities and workers' compensation liabilities that are deemed structured settlements and where the discount rate is revised regularly. Undiscounted reserves are not sensitive to interest rate risks in the financial statements.

The rates presented in the table below are weighted average rates for all the portfolios under consideration. For contracts with guaranteed rates that are revised annually, rates are considered at the closing date. The risk factors associated with policyholders contracts are set out in Note 4.

Discount rate are qualified as locked-in when those used in the first recognition of the technical liabilities remain unchanged in the subsequent years and are qualified as unlocked when updated in subsequent years.

(in Euro million)	December 31, 2018 Carrying value	December 31, 2018 Average discount rate %	December 31, 2017 Carrying value	December 31, 2017 Average discount rate %
Life & Savings - locked-in discount rate [(a)]	262,164	1.80%	271,906	1.87%
Life & Savings - unlocked discount rate	59,282	2.73%	54,964	2.62%
Life & Savings - undiscounted reserves	50,511	-	44,143	-
Sub-total Life & Savings	**371,881**	**-**	**371,012**	**-**
Non Life - locked-in discount rate [(a)]	4,924	3.16%	4,285	3.15%
Non Life - unlocked discount rate	1,568	2.22%	1,510	2.25%
Non Life - undiscounted reserves	97,703	-	60,422	-
Sub-total Non Life	**104,195**	**-**	**66,216**	**-**
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**476,077**	**-**	**437,228**	**-**

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.

This following table shows the reconciliation of previous table with the consolidated Statements of Financial position (chapter 5.1):

(in Euro million)	December 31, 2018	December 31, 2017
Liabilities arising from insurance contracts (as per Note 14.2)	437,015	401,129
Liabilities arising from investment contracts with discretionary participating features (as per Note 14.3)	34,225	33,199
Liabilities arising from investment contracts with no discretionary participating features (as per Note 14.3)	4,837	2,900
TOTAL	**476,077**	**437,228**

In accordance with IFRS 7, the Group discloses, in Note 4 of its consolidated financial statements, quantitative sensitivities of the Group EOF (Eligible Own Funds) (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 €634 million reserve decrease for 2018 (compared to €745 million reserve decrease for 2017) 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.

5

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, 2018		December 31, 2017	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Banking liabilities issued at fair value – Retail customers	2,125	2,125	2,710	2,710
Retail customers	21,560	21,561	21,016	21,016
Corporate customers	5,272	5,285	3,271	3,301
Interbanking refinancing	1,517	1,518	1,390	1,390
Refinancing with central banks	1,371	1,371	1,677	1,677
Other liabilities arising from banking activities	4,436	4,490	3,169	3,231
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(227)	(227)	(334)	(334)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**36,054**	**36,124**	**32,898**	**32,991**

The fair value option is used to measure the fair value through profit or loss of certain banking liabilities. As of December 31, 2018, the carrying value and fair value amount and the related contractual amount due at maturity for such liabilities were €2,125 million and €1,997 million respectively (€2,710 million and €2,483 million at December 31, 2017), including the Euro Medium Term Notes.

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. The valuation method of liabilities arising from banking activities excluding derivatives (detailed in Note 20.5) are as follows:

- banking liabilities issued at fair value – Retail customers (€2,125 million as of December 31, 2018):
  - €914 million as of December 31, 2018 (€1,361 million as of December 31, 2017) based upon market prices that are available in active markets and are considered as level 1 fair values,
  - €707 million as of December 31, 2018 (€808 million as of December 31, 2017) mainly based on observable market data inputs and are considered as level 2 fair values, and
  - €504 million fair values as of December 31, 2018 (€541 million as of December 31, 2017) mainly based on non-observable market data inputs and are considered to be level 3 fair values;
- retail customers (€21,560 million as of December 31, 2018), Corporate customers (€5,272 million as of December 31, 2018), and Interbanking refinancing (€1,517 million as of December 31, 2018), 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, 2018, debt relating to investments under lending agreements and equivalent in banking activities was €431 million whereas it amounted to €383 million as of December 31, 2017.

15.2 BREAKDOWN BY MATURITY

The table below sets out the contractual maturities of liabilities arising from banking activities. These contractual maturities are mostly classified under the category "12 months or less". Consequently, the difference between maturities based on contractual cash flows in comparison with the carrying values is not significant.

	December 31, 2018				December 31, 2017			
	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	129	1,004	991	2,125	53	1,114	1,543	2,710
Retail customers	21,432	120	8	21,560	19,456	1,557	3	21,016
Corporate customers	3,248	1,834	190	5,272	1,565	1,621	85	3,271
Interbanking refinancing	1,360	19	139	1,517	1,324	49	17	1,390
Refinancing with central banks	-	1,371	-	1,371	303	1,374	-	1,677
Other liabilities arising from banking activities	554	2,378	1,504	4,436	42	2,127	1,000	3,169
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	(21)	(169)	(37)	(227)	(65)	(179)	(89)	(334)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**26,702**	**6,557**	**2,795**	**36,054**	**22,677**	**7,661**	**2,559**	**32,898**

5

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, 2018	December 31, 2017
Employee benefits	8,716	9,075
Share-based compensation	118	98
Sub-total employee benetifs and share-based compensation	**8,834**	**9,173**
Restructuring provisions	307	345
Lawsuits contingency provisions	278	279
Other provisions for risks and charges	1,943	2,105
Sub-total others	2,528	2,728
TOTAL PROVISIONS FOR RISKS AND CHARGES	**11,363**	**11,901**

Provisions relating to employee benefits and share-based compensations are commented in Note 26 "Employees".

As of December 31, 2018, the "Other provisions for risks and charges" mainly included provisions for tax liability (€862 million) principally in the United States (€524 million) and Germany (€162 million). Other provisions for risks and charges other than provisions for tax liability amounted to €1,080 million mainly in France (€254 million), Switzerland (€172 million), Germany (€147 million), AXA SA (€119 million) and Belgium (€100 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)	2018	2017
Carrying value as of January 1	**2,728**	**2,930**
Financial cost related to unwind	1	0
Impact of change in scope of consolidation and other changes	106	295
Increase in provisions	498	886
Write back after use	(258)	(713)
Write back after final cost review	(589)	(523)
Impact of foreign exchange fluctuations	42	(146)
Carrying value as of December 31	**2,528**	**2,728**

Note 17 Financing debt

17.1 FINANCING DEBT BY ISSUANCE

(in Euro million)	Carrying value December 31, 2018	Carrying value December 31, 2017
AXA	**9,358**	**6,950**
Subordinated Notes, 5.25% due 2040 (in Euro)	1,300	1,300
Subordinated Notes, 5.125% due 2043 (in Euro)	1,000	1,000
US registered redeemable subordinated debt, 8.60% 2030 (in US$)	1,064	1,052
US registered redeemable subordinated debt, 7.125% 2020 (in £)	363	366
Subordinated debt, 5.625% due 2054 (in £)	838	845
Derivatives relating to subordinated debts [(a)]	(324)	(655)
Subordinated debt, 3.375%, due 2047 (in Euro)	1,500	1,500
Undated Subordinated Notes, US$850M, 4.5%	742	709
Subordinated Notes, 5.125%, due 2047 (in US$)	873	834
Subordinated Notes, 3.25%, due 2049 (in Euro)	2,000	-
AXA XL	**1,385**	**-**
Subordinated Notes, 4.45%, due March 2025 (in US$)	437	-
Subordinated Notes, 5.5%, due March 2045 (in US$)	448	-
Subordinated Notes, 3.25%, due March 2025 (in Euro)	501	-
AXA Bank Belgium	**26**	**38**
Subordinated debt maturity below 10 years fixed rate	11	22
Undated Subordinated debt fixed rate	16	17
AXA Italy	**67**	**69**
Subordinated Notes, EURIBOR 6 months +81bps	67	69
Other subordinated debt (under €100 million)	**39**	**28**
Subordinated debt	**10,876**	**7,086**
AXA	**622**	**500**
Debt component of bonds mandatorily exchangeable into shares of AXA Equitable Holdings, Inc	122	-
Euro Medium Term Note, due 2028	500	500
AXA XL	**607**	**-**
Senior Notes, 6.25%, due May 2027 (in US$)	322	-
Senior Notes, 5.25%, due December 2043 (in US$)	285	-
AXA Financial	**3,594**	**291**
Senior Notes, 7%, due 2028	305	291
Senior Notes, 3.9%, due 2023	694	-
Senior Notes, 4.35%, due 2028	1,300	-
Senior Notes, 5%, due 2048	1,295	-
AXA UK Holdings	**168**	**170**
GRE: Loan Notes, 6.625%, due 2023	168	170
Other financing debt instruments issued (under €100 million)	**104**	**52**
Other financing debt instruments issued (under €100 million)	104	94
Derivatives relating to other financing debt instruments issued [(a)]	(1)	(42)
Financing debt instruments issued	**5,096**	**1,013**
TOTAL FINANCING DEBT [(b)]	**15,971**	**8,099**

(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 197 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, 2018	New debt issued	Repayments	Currency translation adjustment	Others [(a)]	As on December 31, 2018
Subordinated debt	7,742	2,000	(18)	100	1,377	11,200
Financing debt	1,055	3,356	(994)	103	1,576	5,096
Preferred shares	-	-	(372)	-	1,397	1,025
Undated subordinated debt	7,391	(0)	(665)	123	-	6,849
TOTAL	**16,188**	**5,356**	**(2,049)**	**325**	**4,350**	**24,169**

(a) Debt from the acquisition of XL Group including €1,377 million subordinated debt, €1,576 million financing debt and €1,397 million preferred shares.

(in Euro million)	January 1, 2017	New debt issued	Repayments	Currency translation adjustment	Others	As on 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, 2018		December 31, 2017	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Subordinated debt at cost	11,200	11,749	7,742	9,244
Derivatives on subordinated debt	(324)	(324)	(655)	(655)
Subordinated debt	**10,876**	**11,425**	**7,086**	**8,588**
Financing debt instruments issued at cost	5,096	4,937	1,055	1,196
Derivatives on financing debt instruments issued	(1)	(1)	(42)	(42)
Financing debt instruments issued	**5,096**	**4,936**	**1,013**	**1,154**
FINANCING DEBT	**15,971**	**16,361**	**8,099**	**9,742**

(a) Hedging instruments in accordance with IAS 39 and economic hedge derivatives which are not acting as hedge under IAS 39.

The Group does not hold any financing debt designated as at fair value through profit or loss (fair value option or trading instruments).

Information on the fair value figures presented in this Note is provided in addition to information on carrying values and should be used with caution. On the one hand, these estimates are based on closing date parameters such as interest rates and spreads, which fluctuate over time, and resulting in instantaneous values, and on the other hand because there are multiple possible methods to derive these estimates.

Data used when calculating the fair value of financing debt are period-end market data that reflect (i) interest rates by currency, (ii) AXA's average spread by maturity and currency, distinguishing subordinated and senior debt and (iii) options included in issued contracts, such as issuer redemption options.

The fair value of financing debt as of December 31, 2018, excluding accrued interests, was €16,361 million, including related hedging derivative instruments. The fair value increased by €6,619 million compared to December 31, 2017, mainly driven by the issuance of new financing debt instruments in AXA Equitable Holdings, Inc. for €3,031 million and in AXA SA for €1,561 million and in the context of the acquisition of XL Group for €1,974 million.

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 maturities based on contractual cash flows of financing debt (including the impact of derivatives detailed in Note 20.1). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	Contractual cash flows of financing debt by contractual maturity as of December 31			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total contractual cash flows
2018	697	3,649	27,426	31,772
2017	494	2,887	16,584	19,965

Note 18 Payables

18.1 BREAKDOWN OF PAYABLES

(in Euro million)	Carrying value December 31, 2018	Carrying value December 31, 2017
Minority interests of consolidated investment funds	**6,796**	**8,756**
Other debt instruments issued, notes and bank overdrafts	**7,104**	**6,651**
Debts relating to investments under total *return swap agreement ("TRS")*	4,365	3,608
Other debt instruments issued, notes and *bank overdrafts excluding TRS* [(a)]	2,739	3,043
Payables arising from direct insurance and inward reinsurance operations	**10,307**	**9,318**
Deposits and guarantees	564	373
Current accounts payables to other insurance companies	781	688
Payables to policyholders, brokers and general agents	8,962	8,257
Payables arising from direct outward reinsurance operations	**11,488**	**6,170**
Deposits and guarantees	1,808	1,532
Current accounts payable to other companies	9,677	4,632
Other payables arising from direct outward reinsurance operations	4	6
Payable – current tax position	**940**	**1,023**
Collateral debts relating to investments under lending agreements and equivalent [(b)]	**32,814**	**28,401**
Other payables	**17,048**	**14,503**
TOTAL PAYABLES	**86,498**	**74,822**

(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 €6,796 million as of December 31, 2018, a decrease of €1,960 million compared to December 31, 2017, mainly coming from France.

"Collateral debts relating to investments under lending agreements and equivalent" totaled €32,814 million as of December 31, 2018, an increase of €4,413 million compared to December 31, 2017, mainly due to activities in France and Belgium, partially offset by those in the United States.

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, 2018**	**December 31, 2017**
AXA Financial	**-**	**1,075**
Commercial paper	-	1,075
AB	**456**	**409**
Short term commercial paper, 4.3%	456	409
Other	**48**	**124**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**505**	**1,608**
AXA Financial	**262**	**-**
AXA Financial (Delayed draw term loan, 3 month LIBOR + 1.125%, due 2021 (in US$)	262	-
AXA Life Insurance Japan	**150**	**139**
Collateralized debt – JPY Libor 3M + 4bps annual interest – maturity March 27, 2021	150	139
Real estate investment funds	**342**	**543**
Other	**706**	**52**
OTHER DEBT (OTHER THAN FINANCING DEBT) – OWED TO CREDIT INSTITUTIONS	**1,460**	**734**
Bank overdrafts	**773**	**702**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS EXCLUDING TRS	**2,739**	**3,043**

As of December 31, 2018, other debt instruments issued and bank overdrafts excluding total return swap agreement ("TRS") totaled €2,739 million, a decrease of €304 million compared to December 31, 2017, mainly due to the decreased 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 €2,739 million as of December 31, 2018. 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, 2018, payables arising from direct insurance and inward reinsurance operations as disclosed in the Note 18.1, totaled €10,307 million, an increase of €989 million compared to December 31, 2017, mainly related to the XL Group acquisition.

As of December 31, 2018, payables arising from direct outward reinsurance operations totaled €11,488 million, an increase of €5,318 million compared to December 31, 2017, mainly related to the XL Group acquisition.

Payables arising from direct insurance, inward reinsurance and direct outward reinsurance operations are measured at amortized cost.

18.5 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of other debt instruments (excluding the impact of derivatives which is detailed in Note 20.1). These maturities are mostly "12 months or less", therefore the difference between maturities based on contractual cash flows or based on carrying values is not significant. Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2018			
	Carrying value of other debt instrument by contractual maturity			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Debts relating to investments under total return swap agreement ("TRS")	-	426	3,939	4,365
Other debt instruments issued, notes and bank overdrafts excluding TRS – Carrying value	1,425	314	999	2,739
Collateral debts relating to investments under a lending agreement or equivalent	25,433	7,381	-	32,814

	December 31, 2017			
	Carrying value of other debt instrument by contractual maturity			
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Debts relating to investments under total return swap agreement ("TRS")	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 or equivalent	25,394	2,468	539	28,401

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, 2018	December 31, 2017
Income tax – France	**346**	**126**
Current	398	(436)
Deferred	(52)	562
Income tax – Foreign countries	**1,128**	**957**
Current	672	827
Deferred	456	129
TOTAL INCOME TAX FROM CONTINUED OPERATIONS	**1,474**	**1,083**
TOTAL INCOME TAX FROM LOSS ON HELD FOR SALE GROUP LIFE PORTFOLIO IN SWITZERLAND	**(110)**	**-**
TOTAL INCOME TAX	**1,364**	**1,083**

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, 2018	December 31, 2017
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	1,243	7,421
Notional tax rate	34.43%	34.43%
Notional tax charge	**428**	**2,555**
Impact of rates difference on notional tax charges	311	(420)
Impact of change in tax rates	(82)	(144)
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	11	26
Impact of differences in tax rates and tax bases	**240**	**(539)**
Tax losses of prior years used in the current year without DTA recognized previously	(20)	(26)
Deferred tax assets recognized on tax losses of prior years	(9)	(30)
Deferred tax assets not recognized on tax losses of the year	79	31
Derecognition of deferred tax assets on tax losses of prior years [(a)]	4	19
Tax losses impact	**52**	**(5)**
Impact of permanent differences	**848**	**(497)**
Adjustments of tax relating to prior years	(122)	(459)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) [(a)]	1	3
Other	27	25
Impact of adjustments, decrease in value and other items	**(95)**	**(431)**
EFFECTIVE TAX CHARGE	**1,474**	**1,083**
EFFECTIVE TAX RATE *(%)*	**118.59%**	**14.59%**

(a) Derecognition of Deferred Tax Assets (DTA) arising on tax losses is shown in "Tax losses impact".

Effective tax rate stood at 119% in 2018 *versus* 15% in 2017. The 104 points increase is mainly explained by exceptional €6,328 million impairment of the United States Goodwill and is detailed as follows (excluding this goodwill impairment, the effective tax rate would have stood at 22%):

- **impact of permanent differences** (€+1,345 million) mainly represented the impact in some countries of non-taxable dividends and realized capital gains on equity instruments, partly compensated by non-deductible impairment on financial assets and realized capital losses on equity instruments. The change was mainly driven by the above mentioned goodwill impairment in the United States (impact of €1,100 million);
- **impact of rate differences on notional tax charges** (€+731 million) 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 (33.33%) and a social contribution (1.1%). The blended standard rate was 59% in 2018 and 29% in 2017. The increase was mainly driven by the above mentioned goodwill impairment in the United States. Excluding this impact, the blended rate would have been 27%;
- **adjustments of tax relating to prior years** (€+337 million) were mainly driven by the non-repeat of 2017 favorable settlement related to past tax audit in the United States as well as the refund of the 3% dividend tax in France;
- **impact of the change in tax rate** mainly corresponded to tax reforms in France, the United States and Belgium enacted in 2017. In 2018, it also included the cantonal tax reform in Switzerland.

19.2 DEFERRED TAX

In the table below, the net deferred tax position corresponds to the difference between Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) carried on the Group's consolidated statement of financial position. Note that the breakdown of DTA/DTL disclosed in these tables corresponds to the deferred tax before the netting that occurs for balance sheet presentation purposes as required by IAS 12. Net deferred tax balances are broken down as follows:

	December 31, 2018			December 31, 2017
(in Euro million)	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
Value of Business In-force	-	355	(355)	(362)
Deferred Acquisition Costs	72	3,216	(3,144)	(2,848)
Other intangible assets (including Goodwill)	39	739	(700)	(715)
Real estate	416	259	157	155
Financial assets	1,275	11,910	(10,635)	(12,972)
Technical reserves	10,378	2,571	7,807	8,490
Provision for risks and charges	293	255	39	62
Pensions and other employees benefits	1,776	199	1,577	1,631
Tax losses carried forward	1,008	0	1,008	922
Other	676	136	541	690
TOTAL DEFERRED TAX BY NATURE	**15,932**	**19,639**	**(3,706)**	**(4,947)**
of which				
Deferred tax through Profit and Loss	*9,177*	*9,780*	*(603)*	*(545)*
Deferred tax through reserves relating to the change in fair value of financial instruments available for sale and financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	*5,615*	*9,800*	*(4,186)*	*(5,520)*
Deferred tax through other equity reserves	*1,141*	*59*	*1,082*	*1,118*

As of December 31, 2018, the €15,932 million DTA were mainly related to entities located in France (€5,989 million), Germany (€2,862 million), the United States (€2,248 million), Switzerland (€1,616 million) and Belgium (€769 million).

(in Euro million)	December 31, 2018	December 31, 2017
Deferred tax assets	915	837
Deferred tax liabilities	4,621	5,784
Net deferred tax position	**(3,706)**	**(4,947)**

The change from net liability position €-4,947 million in 2017 to €-3,706 million in 2018 mainly came from the decrease in unrealized capital gains on fixed-income assets.

	2018	2017
(in Euro million)	Net deferred tax	Net deferred tax
January 1	**(4,947)**	**(4,770)**
Movements through profit or loss	(404)	(692)
Movements through shareholders' equity [(a)]	1,399	290
Forex impact	(158)	172
Change in scope and other variations	404	53
December 31	**(3,706)**	**(4,947)**

(a) The movements through shareholders' equity mainly concern net investment hedge in the Company, revaluation to fair value of financial investments through shareholders' equity and employee benefits actuarial gains and losses.

Recognized deferred tax assets (DTA) on tax loss carried forward by maturity and expiration date

The tables below are broken down (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 €15,932 million DTA included €1,008 million of DTA on tax losses carried forward as of December 31, 2018, of which €509 million for the French Tax Group.

	2018									
(in Euro million)	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	**230**	**257**	**195**	**153**	**117**	**24**	**24**	**9**	**-**	**1,008**
Corresponding carry forward losses	939	1,032	826	620	472	123	84	48	2	4,145
	Latest date of possible use									
DTA recognized on tax losses carried forward	**2**	**0**	**4**	**1**	**1**	**2**	**66**	**148**	**783**	**1,008**
Corresponding carry forward losses	6	0	22	5	7	10	311	693	3,091	4,145

As of December 31, 2017, the €4,947 million net DTL position included €16,814 million DTA of which €923 million DTA on tax losses carried forward 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

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 amounted to €764 million (€237 million in 2017) of which:

- €556 million concerned unrecognized DTA on €2,771 million tax losses carried forward (€170 million DTA on €913 million tax losses carried forward in 2017). The major part of these losses occurred in countries where losses can be carried forward without time limit (€2,154 million in 2018 and €730 million in 2017);
- €207 million related to other unrecognized deferred tax assets (€66 million in 2017).

The significant increase in unrecognized DTA was mainly driven by the XL Group acquisition with a total of €312 million non recognized DTA on tax losses carried forward and €199 million related to other unrecognized deferred tax assets.

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

(in Euro million)	Maturity of notional amount as of December 31, 2018 [(a)] < 1 year	1 to 5 years	> 5 years	Notional amount December 31, 2018	December 31, 2017	Positive fair value December 31, 2018	December 31, 2017	Negative fair value December 31, 2018	December 31, 2017	Net fair value December 31, 2018	December 31, 2017
Interest rates derivatives	57,685	60,370	82,269	200,324	231,078	5,448	7,184	4,441	5,459	1,007	1,725
Equity derivatives	17,383	22,006	3,998	43,387	37,977	2,763	3,277	1,104	1,311	1,660	1,966
Currencies derivatives	113,594	43,103	10,177	166,873	147,884	4,192	3,291	6,487	4,158	(2,295)	(867)
Credit derivatives	3,111	12,504	600	16,215	17,928	182	283	46	37	136	246
Other derivatives	21,934	2,645	6,529	31,108	32,290	656	384	845	939	(189)	(555)
TOTAL	**213,707**	**140,628**	**103,572**	**457,907**	**467,157**	**13,240**	**14,418**	**12,922**	**11,904**	**318**	**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.
(a) By convention, notional amounts are displayed in absolute value, and exclude potential netting out.

Main reasons for the evolution in the use of derivatives (mostly interest rates, currencies and equity derivatives) are detailed in Note 20.2.

20.2 DERIVATIVE INSTRUMENTS BY IAS 39 TYPE OF HEDGE

Derivative instruments are broken down as follows:

	December 31, 2018									
	Derivative instruments used in fair value hedging relationship		Derivative instruments used in cash flow hedging relationship		Derivative instruments used in hedges of net investment in a foreign operation		Macro-hedges and other derivative instruments not qualifying under IAS 39 but generally used as economic hedges		Total	
(in Euro million)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	52,686	(780)	4,334	306	-	-	143,304	1,481	200,324	1,007
Equity derivatives	1,170	49	-	-	-	-	42,217	1,610	43,387	1,660
Currencies derivatives	4,521	25	6,725	(392)	12,919	(200)	142,708	(1,728)	166,873	(2,295)
Credit derivatives	140	(2)	-	-	-	-	16,075	137	16,215	136
Other derivatives	287	(22)	4,526	(82)	-	-	26,294	(86)	31,108	(189)
TOTAL	**58,804**	**(729)**	**15,585**	**(168)**	**12,919**	**(200)**	**370,599**	**1,415**	**457,907**	**318**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.

	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 IAS 39 but generally used as economic hedges		Total	
(in Euro million)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	52,411	(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.

As of December 31, 2018, the notional amount of all derivative instruments totaled €457.9 billion (€467.2 billion at the end of 2017). Their net fair value totaled €318 million as of December 31, 2018 (€2,515 million at the end of 2017), comprised of the fair value of derivatives on invested assets (€-1,800 million and €-1,354 million at the end of 2017 – see Note 20.3) and the fair value of derivatives on liabilities (€-2,285 million and €-3,869 million at the end of 2017 – 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 €443.6 billion as of December 31, 2018 (€453.5 billion at the end of 2017) 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 €-0.5 billion as of December 31, 2018 (€1.0 billion at the end of 2017). 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 193 of Section 4.2 "Internal control and Risk Management".

In 2018, the use of derivatives within the Group decreased overall by €9.2 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 decreased by €30.7 billion mainly due to (i) the reclassification of AXA Life Europe as held for sale, and (ii) the decrease of interest rate derivatives mainly in the Company driven by the unwind of the EUR Interest Rate Swaps tactical portfolio which aimed to benefit from a steepening of the EUR curve;
- notional amount of credit derivatives decreased by €1.7 billion explained by the unwind of some negative basis trade strategies;
- notional amount of equity derivatives increased by €5.4 billion mainly in the Company through equity optional strategies implemented during 2018 to support Group solvency;
- notional amount of currency derivatives increased by €19.0 billion compared to 2017 mainly explained by the increase in the Company to protect the value of AXA Equitable Holding, Inc. shares against foreign risk and the model transformation of the Swiss Group Life business.

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, 2018, 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 €87.3 billion *versus* €78.1 billion at the end of 2017. The net fair value recorded was €-1,097 million as of December 31, 2018, *versus* €-1,111 million at the end of 2017.

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, 2018, the notional amount of interest rate derivative instruments totaled €200.3 billion (€231.1 billion at the end of 2017). Their net fair value as of December 31, 2018 totaled €1,007 million (€1,725 million at the end of 2017). AXA mainly uses (i) interest rate swaps (57% of total notional amount of interest rate derivative instruments), (ii) interest rate options (22%), and (iii) futures and forwards (18%).

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 €25.4 billion at the end of 2018 (€53.3 billion at the end of 2017) mainly in the United States (notional amount of €20.8 billion at the end of 2018 *versus* €22.5 billion at the end of 2017, this strategy also includes €12.8 billion of interest Total Return Swaps classified as Other derivatives instruments at the the end of 2018 *versus* €12.6 billion at the end of 2017), and in Switzerland (notional amount of €2.1 billion at the end of 2018 *versus* €1.6 billion at the end of 2017);
- 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 €61.5 billion (*versus* €60.7 billion at the end of 2017), Japan for €17.3 billion at the end of 2018 (*versus* €16.8 billion at the end of 2017) and in Switzerland for €5.4 billion at the end of 2018 (*versus* €3.5 billion at the end of 2017);
- minimize the cost of Group debt and limit volatility of financial charges, mainly in the Company, with notional amount of €30.9 billion at the end of 2018 *versus* €40.5 billion at the end of 2017, 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 €21.7 billion at the end of 2018 *versus* €18.6 billion at the end of 2017).

20.2.2 Equity derivative instruments

As of December 31, 2018, the notional amount of equity derivative instruments totaled €43.4 billion (€38.0 billion at the end of 2017). Their net fair value totaled €1,660 million as of December 31, 2018 (€1,966 million at the end of 2017). AXA mainly uses (i) equity option contracts (72% of total notional amount of equity derivative instruments), (ii) equity futures and forwards (15%) and (iii) equity swaps (13%).

These instruments are mainly used to:

- hedge the exposure to equity risk, mainly in the Company €4.6 billion in 2018 (nil in 2017) to support Group Solvency;
- hedge equity risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, which totaled €5.9 billion at the end of 2018 (7.7 billion at the end of 2017) mainly in the United States (notional amount of €5.8 billion in 2018 compared with €6.4 billion in 2017, this strategy also includes €6.5 billion of equity Total Return Swaps classified as Other derivatives instruments in 2018 and €6.3 billion in 2017);
- 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 €18.0 billion in 2018 compared with €17.1 billion in 2017).

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, 2018, the notional amount of currency derivative amounted to €166.9 billion *versus* €147.9 billion at the end of 2017. Their market value was €-2.295 million *versus* €-867 million at the end of 2017. AXA mainly uses (i) currency future and forward contracts (63% of total notional amount of currency derivative instruments), (ii) currency swaps (24%) and (iii) currency option contracts (13%).

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 €27.0 billion at the end of 2017 to €36.0 billion at the end of 2018.

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 €48.0 billion at the end of 2018 *versus* €43.5 billion at the end of 2017, 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 €13.2 billion at the end of 2018 *versus* €12.0 billion at the end of 2017.

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, 2018, the notional amount of credit derivatives held by the Group was €16.2 billion compared to €17.9 billion at the end of 2017 (including the instruments held within investment funds of the "Satellite Investment Portfolio" (€0.5 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 €1.8 billion at the end of 2018 *versus* €3.9 billion at the end of 2017);
- enhance the return mainly on government bonds portfolios by holding government bonds and at same time selling protection on very good quality names as an alternative to the direct purchase of a corporate bond. This type of ALM strategy is implemented to compensate for the lack of depth or liquidity in some markets by taking a synthetic credit risk (notional amount of €14.3 billion at the end of 2018 *versus* €13.6 billion at the end of 2017).

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, 2018								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(b)]	Net book value including effect of derivatives [(c)]
Investment in real estate properties	**20,977**	**(38)**	**20,939**	**1,495**	**-**	**1,495**	**22,472**	**(38)**	**22,434**
Debt instruments	442,267	(2,156)	440,111	5,764	(116)	5,648	448,031	(2,272)	445,759
Equity securities	23,025	(35)	22,990	2,047	-	2,047	25,072	(35)	25,036
Non consolidated investment funds	13,013	23	13,036	602	-	602	13,615	23	13,639
Other investments [(d)]	14,847	17	14,864	169	-	169	15,016	17	15,033
Macro-hedge and other derivatives	(150)	894	744	1	59	59	(149)	952	803
TOTAL FINANCIAL INVESTMENTS	**493,002**	**(1,257)**	**491,745**	**8,583**	**(57)**	**8,526**	**501,585**	**(1,315)**	**500,271**
Loans	**33,565**	**27**	**33,593**	**32,263**	**(474)**	**31,789**	**65,829**	**(447)**	**65,381**
Assets backing contracts where the financial risk is borne by policyholders	**160,176**	**(0)**	**160,176**	**-**	**-**	**-**	**160,176**	**(0)**	**160,176**
TOTAL INVESTMENTS	**707,720**	**(1,268)**	**706,452**	**42,341**	**(532)**	**41,809**	**750,061**	**(1,800)**	**748,261**

(a) Carrying value, i.e. net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(b) Including macro-hedge and other derivatives.
(c) Carrying value (see (a)), including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(d) Other investments held through consolidated investment funds designated as at fair value through profit or loss.

	December 31, 2017								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(b)]	Net book value including effect of derivatives [(c)]	Net book value excluding effect of derivatives [(a)]	Impact of derivative instru-ments [(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	(0)	(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.

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, 2018			December 31, 2017		
(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	437,015	(812)	436,204	401,129	(1,109)	400,020
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	146,058	(0)	146,058	159,702	(0)	159,702
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACT	**583,073**	**(812)**	**582,262**	**560,831**	**(1,109)**	**559,722**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**53,593**	**(73)**	**53,520**	**51,995**	**(79)**	**51,916**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**(910)**	**(910)**	**-**	**(1,706)**	**(1,706)**
Subordinated debt	11,200	(324)	10,876	7,742	(655)	7,086
Financing debt instruments issued	5,096	(0)	5,096	1,055	(42)	1,013
Financing debt owed to credit institutions	-	-	-	0	-	0
FINANCING DEBT [(a)]	**16,295**	**(324)**	**15,971**	**8,797**	**(698)**	**8,099**
Liabilities arising from banking activities	**36,281**	**(227)**	**36,054**	**33,232**	**(334)**	**32,898**
PAYABLES	**86,436**	**61**	**86,498**	**74,754**	**57**	**74,811**
TOTAL DERIVATIVES		**(2,285)**			**(3,869)**	

(a) Financing debts are disclosed in the balance sheet net of the impact of derivatives. As a result, the amount showing in the column "value including effect of derivatives" is their carrying value.

As of December 31, 2018, 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, 2018				December 31, 2017			
	Instruments quoted in an active market	Instruments not quoted in an active market – No active market			Instruments quoted in an active market	Instruments not quoted in an active market – No active market		
(in Euro million)	Fair value determined directly by reference to an active market (Level 1)	Fair value mainly based on observable market data Level 2)	Fair value mainly not based on observable market data Level 3)	Total	Fair value determined directly by reference to an active market (Level 1)	Fair value mainly based on observable market data (Level 2)	Fair value mainly not based on observable market data (Level 3)	Total
Net value of derivative instruments – assets (A)	**(1,165)**	**(802)**	**-**	**(1,966)**	**(601)**	**(753)**	**(0)**	**(1,354)**
Derivative instruments relating to insurance and investment contracts	7	(1,802)	-	(1,795)	18	(2,912)	-	(2,895)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	(324)	-	(324)	-	(698)	-	(698)
Derivatives on Liabilities arising from banking activities and Payables	3	(170)	1	(166)	2	(262)	(17)	(277)
Net value of derivative instruments – liabilities (B)	**10**	**(2,295)**	**1**	**(2,285)**	**20**	**(3,872)**	**(17)**	**(3,869)**
Net fair value (C= A-B)				**318**				**2,515**

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, 2018, the adjustment to the fair value of derivatives for non-performance risk was not material.

5

Note 21 Information by segment

For more information about the Group's segments identification, please refer to page 253 to 257 of Note 3 "Consolidated statement of income by segment".

21.1 TOTAL REVENUES

21.1.1 Revenues by segment

(in Euro million)	December 31, 2018	December 31, 2017 restated [(a)]
France	25,175	24,475
Europe	36,738	35,992
Asia	8,973	8,985
AXA XL	6,287	2,512
United States	16,483	16,911
International	6,535	7,034
Transversal & Central Holdings	2,684	2,640
TOTAL [(b)]	**102,874**	**98,549**
of which direct premiums	*89,160*	*86,198*
of which reinsurance assumed	*7,149*	*5,852*
of which fees and charges on investment contracts with no participation features	*249*	*211*
of which revenues from other activities (including revenues from banking activities)	*6,316*	*6,288*

(a) Restated: as per the new governance.
(b) Net of intercompany eliminations.

Given the Group's scale and diversity, none of its clients accounts for more than 10% of its business.

21.1.2 Revenues from non-insurance contracts

Revenues from non-insurance contracts including revenues from other activities (€5,832 million), fees & charges relating to investment contracts with no participating features (€249 million), and commissions from banking activities (€138 million) correspond to the following type of services:

(in Euro million)	December 31, 2018							
	Investment management	Trade Execution	Distribution of financial product	Administration services	Advisory	Assistance	Other	Total
France	6	-	1	-	-	-	59	66
Europe	109	-	35	71	0	14	147	376
Asia	38	-	-	-	-	-	-	38
AXA XL	-	-	-	-	-	-	0	0
United States	2,678	291	968	38	-	-	-	3,975
International	110	2	37	3	-	-	44	197
Transversal & Central Holdings	1,151	1	0	2	1	319	92	1,567
TOTAL	**4,091**	**293**	**1,042**	**115**	**1**	**333**	**344**	**6,219**
of which recognized over time	*3,309*	*291*	*389*	*13*	*0*	*254*	*64*	*4,321*
of which recognized at a point in time	*782*	*2*	*653*	*102*	*1*	*79*	*280*	*1,899*

21.2 TOTAL ASSETS

(in Euro million)	December 31, 2018	December 31, 2017 restated [(a)]
France	225,332	223,592
Europe	275,048	280,805
Asia	76,493	69,891
AXA XL	61,117	10,048
United States	193,220	188,211
International	41,951	40,499
Transversal & Central Holdings	57,534	57,082
TOTAL [(b) (c)]	**930,695**	**870,128**

(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.

5

21.3 OTHER INFORMATION BY LINE OF BUSINESS

21.3.1 Life & Savings (including Health)

	December 31, 2018			December 31, 2017		
(in Euro million)	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts
Protection	21,494	180,938	3,292	21,400	191,025	2,407
G/A Savings	12,398	158,109	30,917	11,706	152,874	30,729
Unit-Linked	14,141	144,939	3,131	14,934	159,686	4,076
Health	9,385	31,734	51	8,848	29,576	34
Funds & Others	297	4,739	0	201	4,729	0
Sub-total	**57,714**	**520,459**	**37,391**	**57,089**	**537,889**	**37,247**
Fees and charges relating to investment contracts with no participating features [(a)]	257		15,719	220		15,159
Fees, commissions and other revenues	1,472			1,445		
TOTAL	**59,444**	**520,459**	**53,110**	**58,755**	**537,889**	**52,406**

(a) 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)

	Gross revenues		Liabilities arising from insurance contracts	
(in Euro million)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Personal lines	**17,814**	**17,962**	**27,377**	**26,868**
Motor	9,966	10,093	17,713	17,777
Property damage	3,916	3,909	3,295	3,206
Liability	399	405	932	938
Health	1,694	1,621	1,241	1,157
Other Personal lines	1,838	1,934	4,196	3,790
Commercial lines	**21,093**	**17,236**	**77,208**	**39,390**
Motor	3,568	3,568	5,766	5,538
Property damage	4,100	3,762	6,847	4,637
Liability	2,193	2,199	10,329	10,038
Health	1,977	1,934	983	923
Specialty	1,794	884	7,811	1,525
Reinsurance	1,093	0	11,695	0
Other Commercial lines	6,368	4,889	33,777	16,728
Other	**84**	**120**	**65**	**385**
TOTAL	**38,991**	**35,318**	**104,650**	**66,643**
of which fees, commissions and other revenues	*392*	*353*	*-*	*-*

21.4 NET REVENUES FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2018	December 31, 2017
Net interests revenues	391	401
Net commissions	93	95
Net revenues from banking activities	**484**	**496**

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:

(in Euro million)	December 31, 2018				
	Net investment income [(a)]	Net realized gains and losses relating to investments at cost and at fair value through shareholders'equity	Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	Change in investment impairments	Net investment result
Investment in real estate properties at amortized cost	888	574	0	(258)	1,204
Investment in real estate properties as at fair value through profit or loss	57	-	21	-	78
Investment in real estate properties	**945**	**574**	**21**	**(258)**	**1,281**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	10,796	58	(321)	(53)	10,480
Debt instruments designated as at fair value through profit or loss [(b)]	981	-	(933)	-	48
Debt instruments held for trading	18	-	(10)	-	8
Non quoted debt instruments (amortized cost)	220	(2)	-	-	218
Debt instruments	**12,015**	**57**	**(1,264)**	**(53)**	**10,754**
Equity instruments available for sale	653	1,253	(116)	(764)	1,026
Equity instruments designated as at fair value through profit or loss [(c)]	551	-	143	-	694
Equity instruments held for trading	3	-	1	-	4
Equity instruments	**1,206**	**1,253**	**28**	**(764)**	**1,723**
Non consolidated investment funds available for sale	324	144	27	(186)	310
Non consolidated investment funds designated as at fair value through profit or loss	288	-	2	-	290
Non consolidated investment funds held for trading	13	-	(26)	-	(13)
Non consolidated investment funds	**626**	**144**	**3**	**(186)**	**587**
Other assets held *by* consolidated investment funds designated as at fair value through profit or loss	**107**	**-**	**(35)**	**-**	**72**
Loans held to maturity	-	-	-	-	-
Loans available for sale	2	-	-	-	2
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	1,111	2	-	(10)	1,102
Loans	**1,112**	**2**	**-**	**(10)**	**1,104**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**(10,706)**	**-**	**(10,706)**
Derivative instruments	**689**	**-**	**(1,321)**	**-**	**(632)**
Investment management expenses	**(625)**	**-**	**-**	**-**	**(625)**
Other	**503**	**(47)**	**170**	**0**	**626**
NET INVESTMENT RESULT	**16,579**	**1,982**	**(13,104)**	**(1,271)**	**4,186**

(a) Includes gain/losses from derivatives hedging variable annuities.
(b) Includes debt instruments held by consolidated investment funds, designated as at fair value through profit or loss.
(c) Includes equity instruments held by consolidated investment funds, designated as at fair value through profit or loss.

5

(in Euro million)	December 31, 2017				
	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.

Net investment income is presented net of impairment charges on directly-owned investment properties, and net of amortization of debt instruments premiums/discounts. All investment management fees are also included in the aggregate figure.

Net realized gains and losses relating to investment at cost and at fair value through shareholders' equity include write back of impairment following investment sales.

Net realized gains and losses and change in fair value of investments designated as at fair value through profit or loss consist mainly of:

- adjustments relating to investments backing contracts where the financial risk is borne by policyholders which are offset by an adjustment of related policyholder reserves, as there is a full pass through of the performance of held assets to the individual contract holder;
- changes in the fair value of investments designated as at fair value through profit or loss held by funds of the "Satellite Investment Portfolios" as defined in Note 1.8.2;
- changes in fair value of underlying hedged items in fair value hedges (as designated by IAS 39) or "natural hedges" (*i.e.* underlying assets designated as at fair value through profit or loss part of an economic hedge not eligible for hedge accounting as defined by IAS 39).

The changes in investment impairments for available for sale assets include impairment charges on investments, and release of impairments only following revaluation of the recoverable amount. Write back of impairments following investment sales are included in the net realized capital gains or losses on investments aggregate.

Note 23 Net result of reinsurance ceded

Net result of reinsurance ceded was as follows:

	December 31, 2018								
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(1,324)	(761)	(473)	(2,220)	(1,046)	(793)	(144)	457	(6,303)
Claims ceded (including change in claims reserves)	957	327	384	2,021	1,046	443	245	(231)	5,191
Commissions received from/paid to reinsurers	117	90	88	322	7	122	107	(26)	828
NET RESULT OF REINSURANCE CEDED	**(249)**	**(344)**	**(1)**	**123**	**7**	**(228)**	**207**	**200**	**(285)**

	December 31, 2017 restated [(a)]								
(in Euro million)	France	Europe	Asia	AXA XL	United States	International	Transversal & Central Holdings	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(1,682)	(721)	(489)	(969)	(559)	(790)	(147)	502	(4,855)
Claims ceded (including change in claims reserves)	1,221	320	322	577	849	511	86	(290)	3,597
Commissions received from/paid to reinsurers	186	100	89	92	6	130	107	(30)	680
NET RESULT OF REINSURANCE CEDED	**(275)**	**(300)**	**(78)**	**(300)**	**296**	**(149)**	**46**	**182**	**(578)**

(a) Restated: as per the new governance.

5

Note 24 Financing debt expenses

As of December 31, 2018, financing debt expenses, which include income and expenses relating to hedging derivative instruments on financing debt, amounted to €562 million (€315 million as of December 31, 2017) mainly in the Company: €387 million (€206 million as of December 31, 2017).

Note 25 Expenses by type

25.1 ACQUISITION EXPENSES

(in Euro million)	December 31, 2018				December 31, 2017
	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses - gross [(a)]	12,549	-	(35)	12,514	12,005
Change in deferred acquisition expenses and equivalents [(b)]	(1,312)	-	-	(1,312)	(1,252)
NET ACQUISITION EXPENSES	**11,237**	**-**	**(35)**	**11,201**	**10,753**

(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

(in Euro million)	December 31, 2018				December 31, 2017
	Insurance	Other activities	Intersegment eliminations	Total	Total
Acquisition expenses - gross	12,549	-	(35)	12,514	12,005
Claims handling expenses	2,451	-	(18)	2,433	2,156
Investment management expenses	156	45	(12)	189	137
Administrative expenses	6,791	4,621	(436)	10,976	10,433
Banking expenses	-	91	-	91	78
Increase/(write back) of tangible assets amortization	0	-	-	0	(5)
Other income/expenses	153	(304)	182	30	175
TOTAL EXPENSES BY DESTINATION	**22,099**	**4,453**	**(320)**	**26,233**	**24,980**
Breakdown of expenses by type					
Staff expenses	6,254	2,217	(1)	8,471	8,039
Outsourcing and professional services	886	254	(45)	1,095	1,034
IT expenses	1,231	339	93	1,663	1,664
Charges relating to owner occupied properties	525	213	2	740	766
Commissions paid	10,919	730	(260)	11,389	10,869
Other expenses	2,285	699	(109)	2,875	2,609

Expenses increased by €1,253 million compared to December 31, 2017. On a constant exchange rate basis expenses increased by €1,757 million.

On a constant exchange rate basis, insurance activities expenses increased by €1,510 million, mainly from:

- AXA XL (€+1,252 million) mainly due to the acquisition of XL Group completed on September 12, 2018 (€+1,250 million);
- Asia (€+188 million) notably in Hong Kong mainly from higher expenses in coinsured business;
- Europe (€+85 million) mainly from higher restructuring costs in Belgium and Spain.

Partly offset by:

- France (€-119 million) mainly from lower commissions in line with lower revenues in the Credit & Lifestyle Protection business.

On a constant exchange rate basis, other activities expenses has increased by €241 million mainly from:

- Transversal (€+164 million) notably in Other French Holdings from the non-repeat of the release of provisions for risks and charges in 2017.

Note 26 Employees

26.1 BREAKDOWN OF STAFF EXPENSES

(in Euro million)	December 31, 2018	December 31, 2017
Wages and benefits	6,202	6,141
Social contributions	900	767
Employee benefits expenses	634	614
Share based compensation	326	299
Other staff expenses and employees' profit sharing [(a)]	408	217
TOTAL STAFF EXPENSES	**8,471**	**8,039**

(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 €183 million in 2018 (€157 million in 2017). The 2018 cost included €17 million of expenses for defined contribution plans in force at XL Group since the acquisition date.

26.2.2 Defined benefit plans

AXA operates various defined post-employment benefit plans mainly in the United Kingdom, the United States, Germany, Switzerland, France and Belgium.

The defined benefit pension plans within AXA are mostly final salary pension plans or based on a cash balance formula, which provide 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 financial guarantees, risks related to the mortality and disability coverage.

In the United Kingdom, the United States and Germany, pensions in payment are generally updated in line with the retail price index or inflation, as opposed to other countries where pensions do not necessarily receive inflationary increases once in payment.

Most of the defined benefit pension 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 the 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 the defined benefit sections had the option to participate in the defined contribution sections.

In the United States, AXA US discontinued benefit accruals under its defined benefit pension plans after December 31, 2013, and provided a company defined contribution plan for services after January 1, 2014.

Following the acquisition of XL Group and the full consolidation of Roland Rechtsschutz, AXA assumed additional liabilities and plan assets associated with further defined benefit plans in the United Kingdom, the United States and Germany. Main pension plans are closed to new entrants, partially funded, governed by local regulations and trustees. XL Group also maintains deferred cash awards which are qualified as other long-term benefits under IAS 19.

26.2.3 Significant actuarial assumptions

The assumptions used to value defined benefit plans are consistent with the economic and financial conditions in the countries where they are located. The weighted-average financial assumptions used by AXA for pension plans in the principal regions and countries were as follows:

DECEMBER 2018 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation - assumptions as of December 31, 2018						
Discount rate	1.7%	0.8%	2.8%	4.1%	0.5%	8.0%
Salary increase for future years	2.5%	1.7%	0.0%	6.3%	2.3%	3.5%
Inflation rate	1.8%	1.1%	2.2%	2.5%	0.0%	3.7%

DECEMBER 2017 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation - assumptions as of December 31, 2017						
Discount rate	1.6%	0.6%	2.5%	3.4%	0.6%	7.2%
Salary increase for future years	2.5%	1.8%	0.0%	6.3%	1.7%	5.0%
Inflation rate	1.8%	1.0%	2.2%	2.5%	0.0%	4.0%

For any given plan, the discount rate is determined at the closing date using market yields for the corresponding currency on high quality corporate bonds with consideration of AA-rated bonds, 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 average remaining life expectancy at retirement age (between 60 and 65 in average), the mortality assumptions would give:

- 22.65 years for male and 25.17 years for female retiring at end of December 2018;
- 24.68 years for male and 27.24 years for female retiring at end of December 2028 (*i.e.* 10 years after the reporting date).

26.2.4 Statement of financial position/balance sheet information

The table below presents the change in benefit obligation and the change in plan assets associated with pension plans and other benefit plans sponsored by AXA, together with the separate assets and the balance sheet position.

	Pension benefits		Other benefits		Total	
(in Euro million)	2018	2017	2018	2017	2018	2017
Change in benefit obligation						
Defined Benefit Obligation at the beginning of the year	20,497	22,132	566	645	21,062	22,777
Current service cost	230	259	41	5	271	264
Interest cost	306	330	16	16	322	345
Employee contributions	65	65	-	-	65	65
Plan amendments and curtailments [(a)]	(0)	(25)	(11)	-	(11)	(25)
Experience (gains) and losses	92	221	(0)	(9)	92	212
Actuarial (gains) and losses arising from changes in demographic assumptions	(158)	(198)	(3)	(3)	(161)	(201)
Actuarial (gains) and losses arising from changes in financial assumptions	(579)	(166)	(31)	17	(610)	(149)
Benefits paid by plan assets and by separate assets	(636)	(644)	(1)	(1)	(637)	(645)
Benefits directly paid by the employer	(300)	(310)	(44)	(38)	(344)	(348)
Settlements [(b)]	(216)	0	-	-	(216)	0
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(c)]	161	(0)	67	0	228	(0)
Other	4	6	-	-	4	6
Foreign exchange impact	288	(1,173)	22	(67)	311	(1,239)
Defined Benefit Obligation at the end of the year (A)	**19,754**	**20,497**	**622**	**566**	**20,376**	**21,062**
Change in plan assets						
Fair value of plan assets at the beginning of year	12,420	12,436	5	6	12,425	12,442
Interest income on plan assets	217	227	0	0	217	227
Actual return on plan assets, excluding interest income	(279)	657	(0)	(1)	(279)	657
Employer contributions [(d)]	236	399	-	-	236	399
Employee contributions	55	55	-	-	55	55
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(c)]	72	(0)	-	-	72	(0)
Benefits paid by plan assets	(515)	(510)	-	-	(515)	(510)
Amount paid in respect of settlements [(b)]	(226)	-	-	-	(226)	-
Other	(11)	(7)	-	-	(11)	(7)
Foreign exchange impact	171	(837)	-	-	171	(837)
Fair value of plan assets at the end of the year (B)	**12,139**	**12,420**	**5**	**5**	**12,145**	**12,425**
Change in separate assets						
Fair value of separate assets at the beginning of year	1,281	1,204	-	-	1,281	1,204
Interest income on separate assets	12	11	-	-	12	11
Actual return on separate assets, excluding interest income	(36)	94	-	-	(36)	94
Employer contributions	73	95	1	1	74	96
Employee contributions	11	11	-	-	11	11
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [(c)]	14	(0)	-	-	14	(0)
Benefits paid by separate assets	(121)	(134)	(1)	(1)	(122)	(135)
Other	-	-	-	-	-	-
Fair value of separate assets at the end of the year	**1,233**	**1,281**	**-**	**-**	**1,233**	**1,281**
Change in the cumulative effect of asset ceiling						
Cumulative effect of asset ceiling at the beginning of the year	17	18	-	-	17	18
Interest cost on asset ceiling	0	0	-	-	0	0
Changes in the asset ceiling, excluding the interest cost	1	(0)	-	-	1	(0)
Foreign exchange impact	(0)	(1)	-	-	(0)	(1)
Cumulative effect of asset ceiling at the end of the year	**19**	**17**	**-**	**-**	**19**	**17**
Funded status						
Funded status (B)-(A)	(7,614)	(8,077)	(617)	(560)	(8,231)	(8,637)
Cumulative impact of asset ceiling	(19)	(17)	-	-	(19)	(17)
Liability and asset recognized in the statement of financial position (excluding separate assets)						
Net position (excluding separate assets)	(7,633)	(8,094)	(617)	(560)	(8,250)	(8,654)
Fair value of separate assets at the end of the year	1,233	1,281	-	-	1,233	1,281
Net balance sheet position (including separate assets)	**(6,400)**	**(6,813)**	**(617)**	**(560)**	**(7,017)**	**(7,373)**

(a) In 2018, this amount mainly reflected a plan amendment in Belgium.
In 2017, this amount included a plan amendment effect in Japan.
(b) In 2018, this amount mainly included an annuity purchase for some group of retired participants in the United States.
(c) In 2018, this amount comprised the additional liabilities and assets in connection with the XL acquisition and the consolidation of Roland Rechtsschutz.
(d) In 2018, this amount included contributions to plan assets in Switzerland and the United Kingdom.
In 2017, this amount also included an one-off contribution in the United Kingdom.

5

Benefits classified in "Other benefits" include post-retirement benefits other than pensions, principally health care benefits for retirees, pre-retirement benefits and deferred cash awards.

A surplus (including any minimum funding requirement effect) is recognized to the extent that it is recoverable, either through future contribution reductions or a refund to which AXA has an unconditional right, including the ability to use the surplus to generate future benefits.

26.2.5 Pension and other benefits expense

The annual expense for employee pension and other benefits recorded in the income statement (included in Note 26.1.), for the years ended December 31, 2018 and 2017 is presented below:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Pension and other benefits expense						
Current service cost	230	259	41	5	271	264
Plan amendments and curtailments	(0)	(25)	(11)	-	(11)	(25)
Settlement gains or losses	10	0	-	-	10	0
Other	15	13	-	-	15	13
Total Service Cost	**255**	**247**	**30**	**5**	**285**	**252**
Interest cost on the defined benefit obligation	306	330	16	16	322	345
Interest income on plan assets	(217)	(227)	(0)	(0)	(217)	(227)
Interest income on separate assets	(12)	(11)	-	-	(12)	(11)
Interest cost on asset ceiling	0	0	-	-	0	0
Net Interest Cost/Income	**78**	**92**	**16**	**16**	**94**	**107**
Defined pension and other benefits expense (Service Cost + Net Interest Cost/Income)	**332**	**339**	**46**	**21**	**378**	**359**

The calculation of the periodic pension cost is based on a "spot rate approach" or "full yield approach" that involves the use of separate discount rates of the yield curve, to determine the related service cost, interest cost and interest income on assets associated to each discounted cash flow or segregated subsets of the plan's obligation.

26.2.6 Change in the liability (net of plan assets but excluding separate assets and assets within the insurance General Accounts backing employee benefits) recognized in the statement of financial position

Consistently with IAS 19, the statement of financial position liability reflects the funded status (liabilities net of plan assets and cumulative impact of asset ceiling), excluding Separate Assets and Assets within the insurance General Accounts that are backing employee benefits.

DESCRIPTION OF THE RELATIONSHIP BETWEEN SEPARATE ASSETS (OR REIMBURSEMENT RIGHTS) AND RELATED OBLIGATIONS

Separate Assets amounted to €1,233 million as of December 31, 2018 (€1,281 million as of December 31, 2017) mainly in France and Belgium. This represents the fair value of assets backing Defined Benefit Obligations covered by both (i) insurance policies written within the Group that provide direct rights to the employees and (ii) insurance policies with related parties that are outside the scope of consolidation. Under these circumstances, these assets are not considered as Plan Assets that would be deducted from the pensions' Defined Benefit Obligation (DBO), but represent reimbursement rights accounted for as Separate Assets under IAS 19. Insurance assets or liabilities (within the Group) and pension obligations remain on the balance sheet.

Similarly in some other countries (mainly in Switzerland), although non-transferable insurance policies related to Defined Benefit Obligations 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 asset disclosures.

IAS 19 considers liabilities net of Plan Assets on the one hand and Separate Assets and a part of Swiss assets on the other hand separately, while economically, Separate Assets and a part of Swiss assets should be considered as backing the Defined Benefit Obligations like any other Plan Assets (which are presented in Note 26.2.8.) and deducted from the Defined Benefit Obligations.

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, 2018 to December 31, 2018 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)	2018	2017	2018	2017	2018	2017
Change in the liability recognized in the statement of financial position						
Statement of financial position liability at the beginning of the year	(8,094)	(9,713)	(560)	(639)	(8,654)	(10,352)
Pension and other benefits expense	(332)	(339)	(46)	(21)	(378)	(359)
Adjustment due to Separate Assets	14	(116)	-	-	14	(116)
Employer contributions	236	399	-	-	236	399
Benefits directly paid by the employer	300	310	44	38	344	348
Benefits paid by Separate Assets	121	134	1	1	122	135
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	(89)	0	(67)	(0)	(156)	-
Actuarial gains and losses recognized in OCI	329	894	34	(5)	362	889
Other	-	-	-	-	-	-
Foreign exchange impact	(117)	336	(22)	67	(139)	402
Statement of financial position liability at the end of the year	**(7,633)**	**(8,094)**	**(617)**	**(560)**	**(8,250)**	**(8,654)**
Fair value of Separate Assets at the end of the year	1,233	1,281	-	-	1,233	1,281
Net balance sheet position at the end of the year	**(6,400)**	**(6,813)**	**(617)**	**(560)**	**(7,017)**	**(7,373)**

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 €20,376 million as of December 31, 2018 and €21,062 million as of December 31, 2017) would have been affected by changes in the relevant actuarial assumption that is reasonably possible for year ended as of December 31, 2018, and 2017 is presented below:

	2018		2017	
	effect of 0.50% increase	effect of 0.50% decrease	effect of 0.50% increase	effect of 0.50% decrease
Discount rate	-6.2%	7.0%	-6.6%	7.5%
Salary growth rate	0.8%	-0.6%	0.8%	-0.6%
Inflation rate	3.1%	-2.9%	3.4%	-3.1%

One year increase in the life expectancy (derived from adjusted mortality rates) would result in an increase of 3.3% of the Defined Benefit Obligation.

The sensitivity analysis are performed plan by plan using the projected unit credit method (same than the method applied when calculating the defined benefit obligation recognized in the statement of financial position) and are based on a change in an assumption while all other assumptions remain constant.

26.2.8 Near-term cash flows (benefits paid and employer contributions)

FUNDING POLICY AND FUNDING ARRANGEMENTS THAT AFFECT FUTURE CONTRIBUTIONS

In the United Kingdom, the Pensions Act 1995 legislation governs pension funds and the Pensions Act 2004 introduced regulations on the funding of defined benefit pension arrangements and several other measures. Central to the funding regime are the Statutory Funding Objective (SFO) which is a requirement that the Scheme has appropriate and adequate assets to meet its technical provisions and the Statement of Funding Principles (SFP) which is a document prepared by the Trustees setting out their policy to ensure 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 pension scheme following discussions with the entity. This includes a 10 year recovery plan to ensure that the 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 asset disclosures as described in Note 26.2.6) because managed internally by the insurance company and not handled by a third party. However, legally, the sole purpose of these assets is the coverage of the liabilities of the pension fund. This means that under statutory (and legal) requirements, the pension fund of AXA Switzerland is not underfunded and therefore there is no requirement of additional contributions from AXA.

In France, voluntary regular employer annual contributions are made to Separate Assets, with an objective of the coverage ratio remaining within a targeted range of the total defined benefit obligation after consideration of the yearly predetermined service cost.

In Germany, there is no requirement to fund employee defined benefit obligation.

In summary, considering both the Swiss case (and other entities in a similar case) and Separate Assets, the net economic situation of the funding for defined benefit plans is the following:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Statement of financial position liability [(a)]	(7,633)	(8,094)	(617)	(560)	(8,250)	(8,654)
Assets other than plan assets [(b)]	2,701	2,767	-	-	2,701	2,767
Net economic position	**(4,932)**	**(5,328)**	**(617)**	**(560)**	**(5,549)**	**(5,888)**

(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 2019 employer contributions for pension benefits is €205 million (€280 million estimated in 2017 for 2018).

ESTIMATED FUTURE BENEFITS TO BE PAID BY THE ASSETS OR THE EMPLOYER

(in Euro million)	Pension benefits	Other benefits
2019	1,027	105
2020	966	67
2021	983	47
2022	977	38
2023	995	35
Five years thereafter	5,119	165
From year N+11 until the last benefit payments is paid	21,311	506

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, 2018, and 2017, respectively (fair value hierarchy principles described in Note 1.5):

	Total Group			Europe			United States			Other		
December 31, 2018 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	11.0%	0.1%	11.1%	7.5%	0.2%	7.6%	27.9%	0.0%	27.9%	0.5%	0.0%	0.6%
Debt instruments	48.3%	0.0%	48.3%	45.0%	0.0%	45.0%	63.7%	0.0%	63.8%	87.5%	11.0%	98.5%
Other [(a)]	12.8%	27.9%	40.6%	14.0%	33.4%	47.4%	6.7%	1.7%	8.4%	0.8%	0.2%	0.9%
TOTAL	**72.0%**	**28.0%**	**100.0%**	**66.5%**	**33.5%**	**100.0%**	**98.3%**	**1.7%**	**100.0%**	**88.8%**	**11.2%**	**100.0%**
TOTAL *(in Euro million)*	**8,741**	**3,404**	**12,145**	**6,682**	**3,367**	**10,049**	**2,048**	**36**	**2,084**	**11**	**1**	**12**

(a) The other category of plan assets mainly includes Investment funds.

	Total Group			Europe			United States			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.

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, in accordance with local legislation if any and the risk framework defined at local level.

Defined benefit plans expose AXA mainly to market investment risk, interest rate risk, inflationary risk and longevity risk:

- a decline in asset market value (equity, real estate, alternatives etc.) will immediately increase the balance sheet liability and the near-term cash flows for countries where there is minimum funding requirements;
- a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the value of the plans' bonds;
- and an increase in inflation rate or an increase in life expectancy will result in higher plan liabilities thus, an increase in future employer contributions in countries where there is minimum funding requirements.

INVESTMENT POLICIES AND STRATEGIES USED BY ENTITIES/TRUSTEES TO MANAGE RISKS

In most countries, Trustees or Investment Committees set the general investment policies and guidelines regarding the allocation of plan assets in accordance with the long term horizon of the benefit plans. The investment strategy is reviewed regularly, following actuarial valuations of the funded benefit plans.

The investment positions are managed within an Asset Liability Management (ALM) framework defining an optimal strategic allocation with respect to the liabilities structure. The management of the assets notably includes liquidity management, diversification of each asset type so that the failure of any specific investment does not present a material risk to the plans, and implementation of hedging programs.

In 2015, the UK pension scheme entered into a longevity swap transaction with the aim of economically hedging longevity risk inherent within the pensioner population of the Scheme.

Moreover, caps on inflationary increases are in place to protect the plans 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, 2018	December 31, 2017
Statement of financial position reconciliation		
Net position (excluding Separate Assets) [(a)]	(8,250)	(8,654)
■ (assets)/liabilities held for sale [(b)]	-	-
Other liabilities	(426)	(420)
TOTAL [(c)]	**(8,676)**	**(9,075)**

(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 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 €8,716 million as of December 31, 2018 (€9,075 million as of December 31, 2017) included in the statement of financial position under the caption "provision for risks and charges", and an asset of €40 million included in the statement of financial position under the caption "other receivables".

26.3 SHARE-BASED COMPENSATION

All figures are gross of tax.

(in Euro million)	2018	2017
Cost by plan		
AXA SA stock options	**3.4**	**3.8**
■ 2013 grants	-	0.1
■ 2014 grants	0.3	0.9
■ 2015 grants	0.6	1.0
■ 2016 grants	1.0	1.2
■ 2017 grants	1.1	0.6
■ 2018 grants	0.4	-
AXA stock options for US holding company	**0.3**	**0.7**
■ 2014 AXA SA grants	0.0	0.1
■ 2015 AXA SA grants	0.1	0.1
■ 2016 AXA SA grants	0.1	0.1
■ 2017 AXA SA grants	0.1	0.5
■ 2018 AXA SA grants	-	-
AXA Group Shareplan	**3.0**	**8.9**
■ Classic Plan	0.3	0.2
■ Leverage Plan	2.7	8.7
AXA Performance Shares (in France)	**45.8**	**36.2**
■ 2014 grants	-	1.7
■ 2015 grants	5.3	10.9
■ 2016 grants	15.0	14.8
■ 2017 grants	16.4	8.8
■ 2018 grants	9.0	-
AXA International Performance Shares plans and Performance Units	**59.2**	**85.9**
■ 2014 grants	2.2	7.3
■ 2015 grants	15.4	23.0
■ 2016 grants	16.5	24.6
■ 2017 grants	17.8	31.0
■ 2018 grants	7.3	-
AXA Retirement Performance Shares	**14.0**	**14.0**
AXA Financial share-based compensation instruments	(0.1)	**1.9**
■ AXA Financial TSARs/SARs	0.1	-
■ AXA Financial Restricted Shares and PARS	(0.2)	1.9
AXA Investment Managers Performance Shares	**25.4**	**18.9**
AB share-based compensation instruments	**158.8**	**131.9**
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**309.7**	**302.1**

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.

5

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 in instalments of 33.33% per year on each of the third, fourth and fifth anniversaries of the grant date.

Since 2013, for all beneficiaries, the vesting of the final instalment has been subject to the fulfilment of the market performance conditions regarding the performance of the AXA shares compared to the STOXX Insurance Index ("SXIP").

All options granted to the members of the Management 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)*	
	2018	**2017**	**2018**	**2017**
Options AXA				
Outstanding on January 1	**23.1**	**35.5**	**18.79**	**20.86**
Granted	2.7	3.1	21.60	23.92
Exercised	(2.6)	(8.0)	14.51	16.48
Cancelled and expired	(3.3)	(7.4)	20.11	33.33
Outstanding as of December 31	**20.0**	**23.1**	**19.38**	**18.79**

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		Exercisable options (taking into account the market-based performance condition)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
2018	-	2.8	-	1.5
2019	0.8	1.4	0.8	1.4
2020	1.7	2.1	1.7	2.1
2021	2.0	2.6	2.0	2.6
2022	0.8	1.1	0.8	1.1
2023	1.1	1.5	1.1	1.5
2024	2.2	2.6	1.3	0.7
2025	2.8	2.9	0.5	-
2026	2.9	3.2	-	-
2027	3.0	3.1	-	-
2028	2.7	-	-	-
TOTAL	**20.0**	**23.1**	**8.3**	**10.7**

Options AXA	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
	Number *(in million)*	Exercise price *(in Euro)*	Number *(in million)*	Exercise price *(in Euro)*
Price range				
€6.48 - €12.96	1.3	11.26	1.3	11.26
€12.97 - €19.44	7.4	15.97	6.5	15.59
€19.45 - €25.92	11.3	22.50	0.5	22.90
€6.48 - €25.92	**20.0**	**19.38**	**8.3**	**15.40**

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.

5

The option pricing assumptions and fair value at grant date for plans issued in 2018, 2017, 2016, and 2015 are as follows:

	2018	2017	2016	2015
Assumptions [(a)]				
Dividend yield	5.79%	6.50%	6.60%	6.39%
Volatility	20.72%	25.05%	26.60%	23.68%
Risk-free interest rate	0.72%	0.55%	0.36%	0.99%
Expected life *(in years)*	8.6	8.5	8.5	8.8
Weighted average fair value per option at grant date *(in Euro)* [(b) (c)]	1.21	1.81	1.80	1.42

(a) Assumptions at grant date, in average weighted by grants of the year.

(b) The options with market performance criteria were valued at €1.17 per option granted in 2018 and €1.66 per option granted in 2017, based on the Monte-Carlo model. The options without performance criteria were valued at €1.27 per option granted in 2018 and €1.96 per option granted in 2017, based on the Black & Scholes model.

(c) Based on an estimated pre-vesting annual lapse rate of 0% for options granted from 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, 2018 was €3.7 million (€4.5 million for the year ended December 31, 2017).

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 year lock-up 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 5 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 2018, the AXA Group offered its employees to subscribe to a share offering, at a price of €18.56 per share for the traditional plan (discount of 20% to the reference price of €23.19 representing the average over the twenty trading days ending on the date preceding the Chief Executive Officer's decision setting the definitive terms of the operation) and at a price of €21.83 per share for the leveraged plan (discount of 5.85% to the reference price). A total of 15.4 million new shares were issued, increasing the share capital by €330 million. This offering represented a total cost of €3.0 million taking into account the 5 year lock-up period. In 2018, the cost of the lock-up period was measured at 19.40% for the traditional plan and 5.85% for the leveraged plan (due to different discounts). In addition to the lock-up cost, the opportunity gain offered to the employees under the leveraged plan was measured at 0.89%.

The table below shows the main features of the plan, the amounts subscribed, valuation assumptions, and the cost of the plan for 2017 and 2018:

	2018		2017	
	Traditional	**Leveraged**	**Traditional**	**Leveraged**
Plan maturity *(in years)*	5	5	5	5
[A] Discount to face value	20.00%	5.85%	20.00%	8.98%
Reference price *(in Euro)*		23.19		25.23
Subscription price *(in Euro)*	18.56	21.83	20.19	22.96
Amount subscribed by employee *(in Euro million)*	39.8	29.0	37.5	40.6
Total amount subscribed *(in Euro million)*	39.8	289.9	37.5	406.4
Total number of shares subscribed *(in million shares)*	2.1	13.3	1.9	17.7
Interest rate on employee loan	6.73%	6.87%	6.64%	7.16%
5-year risk-free rate (euro zone)		0.16%		0.23%
Dividend yield		6.83%		5.53%
Early exit rate		1.77%		1.43%
Interest rate for borrowing securities (repo)		-0.20%		0.00%
Retail/institutional volatility spread	N/A	1.26%	N/A	2.50%
[B] Cost of the lock-up for the employee	19.40%	5.85%	19.61%	8.95%
[C] Opportunity gain	N/A	0.89%	N/A	1.92%
Total cost for AXA GROUP = [A] – [B] + [C] (as a percentage of the reference price)	**0.60%**	**0.89%**	**0.39%**	**1.95%**
TOTAL COST FOR AXA GROUP *(in Euro million)*	**0.30**	**2.73**	**0.18**	**8.71**

OTHER SHARE-BASED COMPENSATION

AXA Performance Shares

Performance Shares are granted to executive officers and other key employees mainly in France. These Performance Share plans are equity-settled award plans subjected to a non-market performance criteria and have a three years vesting period 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 2018, the valuation was based on a market price of €21.03 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 2018 was €14.06 (€15.91 for 2017 grants).

The total cost of Performance Shares recognized was €45.8 million as of December 31, 2018 (€36.2 million as of December 31, 2017).

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, 2018, was €59.2 million in earnings (€85.9 million as of December 31, 2017).

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.

Since 2016 grants, after the three-year 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 Retirement Performance Shares recorded as of December 31, 2018, was €14.0 million in earnings, gross of tax (€14.0 million as of December 31, 2017).

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, 2018, amounted to €25.4 million in earnings (€18.9 million as of December 31, 2017), 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 awards, 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 since 2016 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 2018 aggregating €155.2 million (€148.8 million in December 2017) of which €140.0 million in the form of Restricted AB Holding Units (€135.1 million in 2017), elected in December 2018 and representing 6.2 million restricted AB Holding Units year-end awards (6.1 million in 2017).

AB also awarded restricted Holding Units in connection with certain employee and separation agreements.

The 2018 total cost amounted to €158.8 million (€131.9 million in 2017), 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 2018 amounted to €20.8 million (€13.9 million in 2017), including fixed salary, bonuses, directors' fees, benefits in kind and other short-term benefits;
- share-based compensation: the expense recognized in 2018 in respect of share-based compensation granted by AXA SA to Management Committee members was €7.4 million (€7.5 million in 2017);
- 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 €2.7 million in 2018 (€2.1 million in 2017).

26.5 SALARIED WORKFORCE

At December 31, 2018, the Group employed 104,065 salaried people on a full-time equivalent basis (95,728 at the end of December 2017).

The increase of salaried employees by 8,338 in 2018 was mainly driven by:

- AXA XL (+7,528) mainly due to the acquisition of XL Group;
- Germany (+953) mainly driven by the full consolidation of Roland Rechtsschutz.

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, preferred shares and mandatory exchangeable bonds.

(in Euro million) [a]		December 31, 2018	December 31, 2017
Net income Group share		**2,140**	**6,209**
Undated subordinated debt financial charge [d]		(262)	(229)
Net income including impact of undated subordinated debt	**A**	**1,878**	**5,980**
Weighted average number of ordinary shares (net of treasury shares) – opening		2,383	2,419
Increase in capital (excluding stock options exercised) [b]		1	2
Stock options exercised [b]		1	3
Treasury shares [b]		1	(18)
Capital increase/Decrease		(4)	(12)
Weighted average number of ordinary shares	**B**	**2,383**	**2,395**
BASIC NET INCOME PER ORDINARY SHARE	**C = A/B**	**0.79**	**2.50**
Potentially dilutive instruments:			
Stock options		3	5
Other		4	4
Fully diluted – weighted average number of shares [c]	**D**	**2,389**	**2,404**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**E = A/D**	**0.79**	**2.49**

(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.
(d) In 2018, it includes financial charges of €23 million related to Mandatory Exchangeable Bonds and €17 million related to preferred shares.

In 2018, net income per ordinary share stood at €0.79 on a basic calculation, all attributable to continuing operations, and €0.79 on a fully diluted basis also all attributable to continuing operations.

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.

Note 28 Related-party transactions

In 2018, 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, 2018, the Mutuelles AXA collectively owned 14.40% of the Company's outstanding ordinary shares representing 24.16% 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 économique*) 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 €1,664 million in 2018 (of which €1,483 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 2018 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 2018 and 2017 amounted to respectively €255 million and €242 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, 2018, 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 2018	December 31 2017
Financing commitments	**16,311**	**13,811**
Customers	-	-
Credit institutions	16,311	13,811
Guarantee commitments	**25,936**	**23,992**
Credit institutions	4,330	4,877
Customers	21,605	19,114
Other	**39,385**	**45,066**
Pledged securities and collaterized commitments	32,625	37,192
Letters of credit	2,762	3,882
Other commitments	3,998	3,992
TOTAL	**81,631**	**82,868**

Commitments received by AXA totaled €81,631 million at the end of 2018, and decreased by €1,237 million compared to the end of 2017, mainly due to a decrease in pledged assets and collaterals (€4,567 million) and letters of credit (€1,120 million), partly offset by an increase in financing commitments (€2,499 million) and guarantee commitments (€1,944 million). These commitments can be broken down as follows:

Financing commitments received totaled €16,311 million at the end of 2018, and mainly consisted of:

- credit facilities received from banks for €12,608 million mainly by AXA SA (€12,337 million) and AB (€219 million);
- commitment lines granted to AXA XL (€2,419 million), AB (€853 million) and Japan (€431 million) as part of their operations.

Guarantee commitments received totaled €25,936 million at the end of 2018, and mainly consisted of (i) guarantees from customers related to mortgage loans (€17,268 million) received mainly at Switzerland (€11,288 million), AXA Bank Belgium (€2,112 million), AXA Banque France (€3,157 million) and Belgium (€707 million), (ii) €4,131 million guarantees received from credit institutions mainly by AXA Banque France (€4,022 million) and Belgium (€109 million), and (iii) €4,335 million other guarantees received from customers, mainly at AXA Banque France (€4,320 million).

Pledged securities and collateralized commitments received totaled €32,625 million at the end of 2018, and mainly consisted of:

- mortgage security collateral taken for loans totaled €21,331 million, mainly from AXA Bank Belgium (€21,234 million);
- collaterals for reinsurance operations totaled €5,531 million mainly from the United States (€2,517 million), France (€2,128 million), AXA Global Re (€620 million) and AXA XL(€213 million);
- collateral for derivatives totaled €3,291 million mainly from AXA Bank Belgium (€976 million), Germany (€962 million), Belgium (€569 million), France (€335 million) and Spain (€191 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 €2,323 million mainly in Germany (€1,681 million) and Japan (€438 million).

Letters of credit received totaled €2,762 million at the end of 2018 and were mainly from the United States (€2,425 million), AXA Global Re (€210 million) and Turkey (€97 million) due to letter of credits related to reinsurance transactions.

Other commitments received totaled €3,998 million at the end of 2018, and mainly consisted of:

- €2,930 million mainly received by Germany (€802 million), France (€721 million), Japan (€606 million), Italy (€389 million) and Belgium (€370 million) related to mortgages as guarantees to debt instruments;
- €638 million received by France relating to security lending;
- €187 million received by AXA XL relating to security lending and monetary pledge in the context of reinsurance operations;
- €94 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, 2018					December 31 2017
	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	**2,050**	**1,282**	**187**	**11**	**3,530**	**2,795**
Customers	2,028	1,282	187	11	3,508	2,709
Credit institutions	22	-	-	-	22	86
Guarantee commitments	**6,928**	**2,339**	**1,259**	**1,269**	**11,796**	**10,957**
Credit institutions	3,221	2,213	1,256	1,224	7,915	10,871
Customers	3,707	126	3	45	3,881	86
Other	**41,633**	**10,802**	**2,175**	**11,506**	**66,115**	**54,373**
Pledged securities and collaterized commitments	38,444	4,057	116	3,514	46,131	36,914
Letters of credit	47	6	0	80	133	151
Other commitments [(a)]	3,143	6,739	2,059	7,912	19,852	17,308
TOTAL	**50,611**	**14,423**	**3,621**	**12,786**	**81,441**	**68,126**

(a) Includes future minimum payments for operating leases.

Commitments given totaled €81,441 million at the end of 2018, increasing by €13,315 million compared to the end of 2017, mainly due to an increase of €9,211 million in pledged securities and collateralized commitments, €3,246 million in other commitments, and €735 million in financing commitments. These commitments can be broken down as follows:

Financing commitments given totaled €3,530 million at the end of 2018, and mainly consisted of (i) financing commitments to customers (€3,508 million) notably comprising loan commitments granted at AXA Bank Belgium (€1,743 million), AXA Banque France (€1,271 million) and Germany (€479 million) provided to their customers, and (ii) financing commitments given to credit institutions at AB with commitment lines (€22 million).

Guarantee commitments given totaled €11,796 million at the end of 2018, and mainly consisted of (i) guarantees related to financial obligations (€4,254 million) notably from AXA XL (€2,560 million), AXA Bank Belgium (€846 million) and AB (€736 million), (ii) guarantee commitments given to credit institutions related to loans (€1,654 million) from AXA SA, and (iii) guarantees in case of insolvency and defaults (€1,412 million) notably from AXA Bank Belgium (€1,231 million) and France (€179 million).

Pledged securities and collateralized commitments given totaled €46,131 million at the end of 2018, and mainly consisted of:

- security repurchase agreements and similar operations totaled €33,560 million mainly from France (€15,540 million), Japan (€8,129 million), Belgium (€4,797 million), Switzerland (€1,479 million), Hong Kong (€1,359 million), AXA XL (€641 million) and Spain (€383 million);
- pledged assets and collaterals for reinsurance operations totaled €7,051 million mainly from AXA XL (€5,925 million) and France (€1,048 million);
- pledged assets and collaterals for derivatives instruments totaled €3,773 million mainly in Japan (€1,073 million), AXA Bank Belgium (€929 million), France (€853 million), Germany (€389 million) and Belgium (€121 million);

5

- other pledged assets/collaterals totaled €1,747 million mainly in AXA Banque France (€731 million), AXA Bank Belgium (€604 million) and Hong Kong (€372 million).

Letters of credit given totaled €133 million at the end of 2018 and were mainly from Turkey (€72 million) and AXA XL (€23 million).

Other commitments given totaled €19,852 million at the end of 2018 and mainly consisted of:

- €7,720 million commitment to private equity funds mainly from France (€2,668 million), Germany (€1,679 million), Switzerland (€1,276 million), Japan (€850 million), the United States (€808 million), Hong Kong (€269 million) and AXA XL(€99 million);
- €4,076 million commitments to invested assets other than real estate funds or private equity funds mainly from Germany (€1,858 million), France (€1,454 million), the United Kingdom (€298 million), Japan (€220 million) and Belgium (€115 million);
- €2,110 million as lease commitment given mainly by AB (€678 million), France (€413 million), United States (€367 million), Germany (€337 million), AXA Investment Managers (€242 million) and AXA Services (€122 million);
- €1,238 million as commitments to Real Estate funds mainly from the United States (€543 million), Germany (€316 million), France (€226 million) and Hong Kong (€57 million);
- €850 million as commitments for constructions, renovations and pre sale of real estate assets contracts notably given by Switzerland (€785 million);
- €818 million as commitments to insurance protection funds and other regulatory requirements from AXA SA (€402 million), Germany (€352 million) and Turkey (€63 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 bylaws.

In accordance with European Union directives, insurance companies with their registered office in a European Union member country are required to maintain minimum solvency ratios which must be supported by eligible elements. AXA's insurance operations in countries outside the European Union are also subject to local capital adequacy and solvency margin regulations.

AXA SA is exposed to foreign currency fluctuations notably stemming from its Non-Euro participations. The aim of the hedging programs of the Company is to protect the shareholder value while managing the associated costs.

Note 30 Fees paid to Statutory Auditors

30.1 STATUTORY AUDITORS

Incumbent auditors

PRICEWATERHOUSECOOPERS AUDIT

63, rue de Villiers – 92208 Neuilly-sur-Seine Cedex, represented by 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 2023.

Membership in a professional body

PricewaterhouseCoopers Audit is registered as an independent auditor with the *Compagnie régionale des Commissaires aux Comptes de Versailles*.

MAZARS

61, rue Henri Regnault – 92400 Courbevoie, represented by Messrs. Jean-Claude Pauly and Maxime Simoen, first appointed on June 8, 1994. The current appointment is for a term of 6 years, until the General Shareholders' Meeting called to approve the financial statements for the fiscal year 2021.

Membership in a professional body

Mazars is registered as an independent auditor with the *Compagnie régionale des Commissaires aux Comptes de Versailles*.

Alternate auditors

Mr. Patrice Morot: 63, rue de Villiers – 92208 Neuilly-sur-Seine, first appointed on April 25, 2018. The current appointment is for a period of 6 years, until the Annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2023.

Mr. Emmanuel Charnavel: 61, rue Henri Regnault – 92400 Courbevoie Cedex, first appointed on April 27, 2016. The current appointment is for a period of 6 years, until the Annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2021.

30.2 FEES PAID TO STATUTORY AUDITORS

The table below distinguishes the fee amounts paid by AXA to each of the Statutory Auditors in charge of auditing the Group's financial statements between the fees for the legal mission of Statutory Auditors of the statements and for other services.

	PwC (PricewaterhouseCoopers)							
	2018				2017			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	PwC Audit	Network	Total	%	PwC Audit	Network	Total	%
Statutory audit and certification of local and consolidated financial statements	**5**	**38**	**43**	**76%**	**5**	**23**	**28**	**67%**
AXA SA	3	-	3	4%	2	-	2	6%
Integrated subsidiaries globally	3	38	41	71%	3	23	26	61%
Other [(a)]	**4**	**10**	**14**	**24%**	**4**	**10**	**14**	**33%**
AXA SA	3	-	3	5%	3	-	3	7%
Integrated subsidiaries globally	1	10	11	19%	1	10	11	27%
TOTAL	**9**	**48**	**57**	**100%**	**9**	**33**	**42**	**100%**

(a) Fees for other services paid to Statutory Auditors mainly relate to (i) other insurance assignments – agreed upon procedures on financial information, insurance services over regulatory information, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.

5

	Mazars							
	2018				2017			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million)	Mazars	Network	Total	%	Mazars	Network	Total	%
Statutory audit and certification of local and consolidated financial statements	**3**	**7**	**9**	**68%**	**3**	**6**	**9**	**72%**
AXA SA	1	-	1	5%	1	-	1	6%
Integrated subsidiaries globally	2	7	9	63%	2	6	8	66%
Other [(a)]	**2**	**2**	**4**	**32%**	**2**	**2**	**4**	**28%**
AXA SA	1	-	1	10%	1	-	1	10%
Integrated subsidiaries globally	1	2	3	21%	-	2	2	18%
TOTAL	**5**	**9**	**14**	**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, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.

External audit fees are also paid by certain Affiliates and Mutual funds which are not required to be included in the table above.

Note 31 Litigation

With respect to all significant litigation matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we establish a reserve and record an estimated loss for the expected outcome of the litigation. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope.

31.1 MATTERS DIRECTLY CONCERNING AXA SA

AXA SA is involved in lawsuits, investigations and other actions arising in the various jurisdictions where it does business, including the following:

In 2007, AXA SA completed the squeeze out of the minority shareholders at two German subsidiaries, AXA Konzern AG ("AKAG") and Kölnische Verwaltungs-AG für Versicherungswerte ("KVAG"). Following the effective date of these squeeze out transactions in July 2007, certain former AKAG and KVAG shareholders brought proceedings in Germany alleging that the cash compensation offered by AXA SA was not adequate. In the first half of 2016, an initial expert valuation report was delivered to the court based on recent precedents in other German minority buy-out transactions and recommending a significant increase in the cash compensation to be paid to minority shareholders. In addition, interest will be payable on any additional amount finally decided. AXA SA has appointed an independent expert to challenge this report and submitted its statement in February 2017. A court-appointed expert provided a revised report in response to AXA's expert in November 2018. A first instance decision is expected at the end of 2019, at the earliest and an appeal decision would not be rendered before 2021. 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 first instance decision is currently expected in late 2019/early 2020.

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 Holdings, Inc. and its subsidiaries (including AllianceBernstein LP) is included in the annual reports on Form 10-K for the year ended December 31, 2018 and subsequent reports on Form 10-Q, respectively, of AXA Equitable Holdings, Inc. (Securities and Exchange Commission ("SEC") file no. 001-38469) and AllianceBernstein LP (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. Copies of the Subsidiary SEC Reports can be obtained through the SEC's website (www.sec.gov).

A number of lawsuits have been filed against insurers and other financial institutions in the United States and elsewhere involving the scope and interpretation of policies 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.

AXA EQUITABLE LIFE INSURANCE COMPANY

In August 2015, a class action (O'Donnell) was filed against AXA Equitable Life Insurance Company ("AXA Equitable Life") in Connecticut state court. This action was brought on behalf of all persons who purchased variable annuities from AXA Equitable Life which were subject to the volatility management strategy and suffered losses as a result. The complaint asserts a claim for breach of contract and alleges that AXA Equitable Life implemented the volatility management strategy in violation of applicable law. Damages sought are not quantified and are difficult to estimate. The case was removed from the Connecticut state court to the US District Court for the District of Connecticut and subsequently transferred to the US District Court for the Southern District of New York ("SDNY"). This case was dismissed in March 2017 by the SDNY and, on appeal, the US Court of Appeals for the Second Circuit reversed the trial court's decision with instructions to remand the case to the Connecticut state court. The case was transferred in December 2018 and is currently pending before the Connecticut state court. AXA Equitable Life believes that it has strong defenses to these claims and will defend the O'Donnell matter vigorously.

In February 2016, a class action (Brach Family Foundation) was filed against AXA Equitable Life in the SDNY. It challenges AXA Equitable Life's decision to increase the cost of insurance for a specific block of life insurance policies with issue ages over 70 and face amounts in excess of $1 million ("COI"). The complaint alleges breach of contract and seeks recovery under the New York Insurance Law, as well as various remedies (including refund of premiums paid and cancellation of the increase in the cost of insurance, interest and costs). Since 2016, additional actions challenging the COI increase have been filed against AXA Equitable Life, bringing the total number of COI litigations to twelve as at December 31, 2018. AXA Equitable Life believes that it has strong defenses to these claims and will defend these matters 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 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"). AXA CS was joined to proceedings, as insurer, in over 200 cases. AXA CS pleaded the illegality of the Decrees as its defense and in September 2016, the Court of Appeal of Versailles referred the question as to the legality of the Decrees to the European Court of Justice ("ECJ") which rendered a decision in favor of the arguments raised in March 2017. Since 2017, the courts continue to dismiss cases based on this ECJ ruling.

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. In addition, as of December 31, 2018, to the Company's knowledge, there were no other governmental, judicial or arbitration proceedings, either pending or threatened, that may have, or have had a significant impact on the financial situation or profitability of the Company or the Group over the past 12 months. However, due to the nature of such lawsuits and investigations and the frequency of large damage awards and regulatory sanctions in certain jurisdictions (particularly the United States) that bear little or no relation to actual economic damages incurred by plaintiffs or the underlying regulatory violations, Management cannot make an estimate of loss, if any, or predict whether 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 completed the sale of its Ukrainian operations

On February 14, 2019, AXA announced that it had completed the sale of both its non-life entity (AXA Insurance [1]) and life entity (AXA Insurance Life) in Ukraine to Fairfax Financial Holdings Limited [2].

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

(2) Through its subsidiary FFHL Group Ltd.

5.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

Mazars
61, rue Henri Régnault
92400 Courbevoie

Statutory Auditors' report on the Consolidated Financial Statements

For the year ended December 31, 2018

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, 2018.

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, 2018, 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, 2018 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, 2018 was as follows: ■ 11% of the Life & Savings technical reserves of the Group, covering unit-linked products with related financial guarantees; ■ 35% 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. At each closing, the Company uses a Liability Adequacy Test to determine that the deferred acquisition costs are recoverable and that future policy benefit reserves are sufficient. 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 and based on our risk assessment, the calculation models applied to estimate the future cash flows used to determine the future policy benefit reserves and for the liability adequacy tests; ■ we applied procedures to test the reliability of the underlying data used in the models and reserve calculations; ■ we 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. Finally, we assessed the adequacy of the disclosures in the financial statements.

Measurement of claim reserves in the Property & Casualty line of business
(See Notes 1.14.2, 5.3.1 and 14 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2018, the Group had recorded claim reserves of €78, 703 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 (IBNR) 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 not being achieved are generally higher. New in 2018 and important to this key audit matters are the initial opening balance sheet reserves for the XL Group acquisition for €38,650 million, as stated in Note 5.3.1 to the consolidated financial statements, including the exposure to catastrophe events in the business written through XL Group. Accordingly, due to these inherent uncertainties to calculate the estimates, we deemed the measurement of claim reserves in the Property & Casualty line to be a key audit matter.	Our audit approach to the risk relating to the valuation of claim reserves was as follows: ■ we assessed the compliance of the methodology applied by the Group with current accounting standards; ■ we evaluated and tested the internal control environment relating to: - the management of claims and, in particular, the measurement of reserves on a case-by-case basis, - the process of calculating the ultimate cost (assumptions, judgments, data, methods, compliance with the applicable accounting principles and methods), including any second opinions supplied by Risk Management with respect to technical reserves, - the IT systems used to process the technical data and integrate that data into the accounting system; ■ we applied procedures to test the reliability 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; ■ focusing on those classes of business where reserve estimates present a higher risk of uncertainty and judgement, we undertook an independent evaluation of the reserves for certain insurance risk categories with a view to providing a basis for our professional judgment and our assessment of the estimates used by the Group. We assessed the adequacy of the disclosures in the financial statements.

Measurement of the recoverable amount of goodwill
(See Notes 1.3.2, 1.7.1 and 5 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2018, the Group's statement of financial position showed goodwill with a net carrying amount of €16,770 million. As stated in Note 1.7.1 to the consolidated financial statements, 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. 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. Value in use calculations are based on assumptions including discount rates and financial assumptions such as growth rates to forecast future earnings and cash flows thus requiring significant judgment from management. 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 & Savings and AB CGU in the United States, for which the Group determined, in the second half of 2018, the net carrying amount exceeded the recoverable amount based on value in use. As a result, the Group fully impaired the Life & Savings and AB CGU goodwill, which led to implies an additional impairment of € 6,329 million at 2018 year-end closing. 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. We performed sensitivity analysis around the key assumptions to ascertain that selected adverse changes to key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. With respect to the Life & Savings and AB CGU in the United States, we assessed the various inputs, assumptions and methodologies with respect to the assessment performed by the Group to determine the recoverable amount of the CGU and the resulting full impairment of the goodwill. We assessed the adequacy of the disclosures in the financial statements.

Acquisition Accounting and Purchase Price allocation to the identified the assets and liabilities related to the XL Group Acquisition

(See Note 5.3.1 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
During the year ended December 31, 2018, the Group acquired XL Group Ltd for €13 billion. In this context, the Company proceeded at the first consolidation of this acquisition, and determined the fair value of identifiable net assets amounted to €5,7 billion, including identifiable intangible assets of €2,9 billion. A temporary goodwill of €7,4 billion was booked at 2018 year-end closing. When determining the fair value of intangible assets, including the XL Distribution Network and the Syndicate Capacity, the valuations were primarily based on discounted cash flow models. Key assumptions for the amortizable intangible XL Distribution Network included future attrition rates, loss ratios and underwriting expense ratios, as well as the discount rate. Key assumptions for the non-amortizable Syndicate Capacity included the discount rate and future return on syndicate capacity. Other assumptions include long-term future growth rates and the expected level of required capital. Any significant changes in these key assumptions may give rise to material changes in the fair *value of* the acquired intangible assets, which directly impacts the goodwill recognized. Accordingly, we deemed the accounting for the acquisition and the purchase price allocation to the assets and liabilities of the acquired company to be a key audit matter because: (a) the acquisition is very significant, (b) there are critical accounting estimates and judgements involved in the identification and valuation of intangible assets acquired, in particular for those amounts valued using projections of future ratios or amounts, and (c) the determination of the nature and life of the intangibles requires judgement and can have implications for future statements of income.	Our audit approach to the risk identified was as follows: We assessed and tested the internal controls over the acquisition and purchase price allocation. We performed the following for the key assumptions used in assessing the fair value of the XL Distribution Network and Syndicate Capacity intangible assets that used discounted cash flow models: ■ for the XL distribution network, we obtained relevant historical data on attrition rates, loss ratios, and underwriting expense ratios; ■ for the Syndicate Capacity, we obtained relevant company historical data on return on syndicate capacity, long-term growth rates, and required capital; ■ we compared future assumptions to these historical data and to other external information such as that from other companies in the same industry and business lines; ■ we involved our valuation experts where we deemed necessary to evaluate the methodologies used to determine the fair values of the acquired assets and assumed liabilities, including the intangibles; ■ we compared the discount rate used to historical rates in acquisitions and external sources; ■ we performed sensitivity analysis around the key assumptions to ascertain that selected adverse changes to key assumptions would not cause the carrying amount of intangible assets to exceed the recoverable amount. We assessed the adequacy of the disclosures in the financial statements.

VERIFICATION OF INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required Bylaw 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 the fair presentation and the consistency with the consolidated financial statements, reminded that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by Article L.356-23 of the French Insurance Code (*Code des assurances*).

We attest that the consolidated declaration of extra-financial performance provided for in Article L.225 102-1 of the French Commercial Code is included in the management report, it being specified that, in accordance with the provisions of Article L.823 10 of the Code, the information contained in this statement has not been the subject of verifications of fairness or consistency of our means with the consolidated financial statements and must be reported by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of AXA SA at the Shareholders' Meetings held on February 28, 1989 (PricewaterhouseCoopers Audit) and on June 8, 1994 (Mazars). At December 31, 2018, PricewaterhouseCoopers Audit and Mazars were in the thirty and in the twenty-five-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 11, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars	
Xavier Crépon	Jean-Claude Pauly	Maxime Simoen

SHARES, SHARE CAPITAL AND GENERAL INFORMATION

6

6.1 AXA SHARES

The principal trading market for AXA ordinary shares is Euronext Paris (Compartment A). Since the delisting of AXA ADRs (American Depositary Receipts representing American Depositary Shares ("ADS"), each representing one AXA ordinary share) from the New York Stock Exchange on March 26, 2010, AXA ADRs have traded on the US over-the-counter ("OTC") market and are listed on the OTC QX platform under the symbol AXAHY.

Trading on Euronext Paris

In France, AXA ordinary shares are included in the principal index published by Euronext Paris, the CAC 40 Index, which comprises the 40 most capitalized and actively traded shares on Euronext Paris. AXA ordinary shares are also included in Euronext 100, the index representing Euronext's blue chip companies based on market capitalization and liquidity and in EURO STOXX 50, the blue chip index comprised of the 50 most highly capitalized and most actively traded equities of the main industry sectors of the eurozone. In addition, AXA ordinary shares are also included in STOXX® Europe 600 Insurance, the insurance sector index for European companies and in the EURO STOXX Sustainability 40, the index representing the largest sustainability leaders in the eurozone in terms of long-term environmental, social and governance criteria.

The table below sets forth, for the periods indicated, the reported high and low prices (intraday) in Euro for AXA ordinary shares on Euronext Paris:

Calendar period	Intraday High *(in Euro)*	Intraday Low *(in Euro)*
2017		
Third quarter	25.7	23.8
Fourth quarter	26.3	24.6
2018		
First quarter	27.7	20.9
Second quarter	24.0	20.7
Third quarter	23.7	20.5
Fourth quarter	23.9	18.4
Annual	27.7	18.4
2018 and 2019		
August 2018	22.3	21.3
September 2018	23.7	21.6
October 2018	23.9	21.4
November 2018	22.6	20.8
December 2018	22.0	18.4
January 2019	20.6	18.4
February 2019	22.4	19.9

6.2 SHARE CAPITAL

Capital ownership

On December 31, 2018, AXA's fully paid up and issued share capital amounted to €5,553,059,073.54 divided into 2,424,916,626 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1, 2018.

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, 2018:

	Number of shares	% of capital ownership	% of voting rights [a]
Mutuelles AXA [b]	349,083,119	14.40%	24.16%
Employees and agents	125,932,806	5.19%	6.37%
Treasury shares held directly by the Company	41,245,315	1.70%	[1.44%] [c]
Treasury shares held by Company subsidiaries [d]	368,439	0.02%	[0.01%] [c]
General public	1,908,286,947	78.69%	68.02%
TOTAL	**2,424,916,626 [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 (11.52% of capital ownership and 19.29% of voting rights) and AXA Assurances Vie Mutuelle (2.88% of capital ownership and 4.87% 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 11, 2019.

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, no shareholder held more than 5% of the Company's share capital or voting rights on December 31, 2018 except as indicated in the table above.

Certain of the Company's shares are entitled to double voting rights as described in Section 6.3 "General information – Voting rights" of this Annual Report. Of the Company's 2,424,916,626 outstanding ordinary shares on December 31, 2018, 438,958,629 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, 2016 and December 31, 2018 are set forth in the table below:

	On December 31, 2018 [a]				On December 31, 2017 [a]				On December 31, 2016 [a]			
	Number of shares	Capital ownership *(in %)*	Number of voting rights	Voting rights *(in %)*	Number of shares	Capital ownership *(in %)*	Number of voting rights	Voting rights *(in %)*	Number of shares	Capital ownership *(in %)*	Number of voting rights	Voting rights *(in %)*
Mutuelles AXA [b]	349,083,119	14.40%	691,850,894	24.16%	342,767,775	14.13%	685,535,550	23.97%	342,767,775	14.13%	685,535,550	23.93%
Employees and agents	125,932,806	5.19%	182,434,659	6.37%	129,418,305	5.34%	196,680,918	6.88%	138,280,839	5.70%	211,925,732	7.40%
Treasury shares held directly by the Company	41,245,315	1.70%	[41,245,315] [c]	[1.44%] [c]	41,395,855	1.71%	[41,395,855] [c]	[1.45%] [c]	5,463,201	0.23%	[5,463,201] [c]	[0.19%] [c]
Treasury shares held by Company subsidiaries [d]	368,439	0.02%	[375,587] [c]	[0.01%] [c]	413,421	0.02%	[420,569] [c]	[0.01%] [c]	450,272	0.02%	[457,420] [c]	[0.02%] [c]
General public	1,908,286,947	78.69%	1,947,968,800	68.02%	1,911,240,395	78.81%	1,935,625,200	67.69%	1,938,187,043	79.92%	1,961,501,796	68.47%
TOTAL	**2,424,916,626 [e]**	**100%**	**2,863,875,255**	**100%**	**2,425,235,751**	**100%**	**2,859,658,092**	**100%**	**2,425,149,130**	**100%**	**2,864,883,699**	**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 11, 2019.

On December 31, 2018, to the best of the Company's knowledge based on the information available to it, the Company had 11,090 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2018 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 26, 2017 (resolution 17) and April 25, 2018 (resolution 18) and pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*), (i) 22,906,117 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 €23.11, and (ii) no AXA shares were sold between January 1 and December 31, 2018.

As a result, on December 31, 2018, the total number of AXA treasury shares, all allocated for hedging or cancellation purposes, was 41,245,315 (or 1.70% of AXA's share capital at that date). The booking value of the 41,245,315 treasury shares on December 31, 2018 is €987,285,339.88. These shares were acquired for an aggregate purchase price of €529,383,668.85 (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 25, 2018, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the Shareplan 2018 program. The shareholders waived their preferential subscription rights so that this offering could be made exclusively to Group employees (Shareplan 2018).

In countries that met the legal, regulatory and tax requirements to participate in Shareplan, two investment options were offered to the Group employees in 2018:

- the traditional plan, offered in 38 countries;
- the leveraged plan, offered in 36 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 2018 allowed employees to subscribe, on the basis of 10 times their personal investment, in AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on their countries of residence) with a 5.85% 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 2018 program was carried out through a capital increase that took place in November 2018. Over 24,000 employees took part in the Shareplan 2018 program, representing over 23% of eligible employees:

- the total amount invested was approximately €330 million, as follows:
  - €40 million in the traditional plan, and
  - €290 million in the leveraged plan;
- a total of over 15 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1, 2018.

On December 31, 2018, AXA employees and agents held 5.19% of the share capital and 6.37% 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, 2018, AXA's share capital was comprised of 2,424,916,626 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, 2018.

The following table sets forth changes in the number of shares from January 1, 2016 to December 31, 2018:

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)*
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
2018	Share capital reduction by cancellation of shares	(2,935,769)	(63,784,085)	2,422,299,982	5,547,066,959
	Exercise of stock options	1,047,114	14,226,407	2,423,347,096	5,549,464,850
	New equity issue reserved for employees of AXA (*SharePlan* 2018)	15,423,549	290,581,688	2,438,770,645	5,584,784,777
	Share capital reduction by cancellation of shares	(15,423,549)	(323,167,103)	2,423,347,096	5,549,464,849
31/12/2018	Exercise of stock options	1,569,530	17,745,639	2,424,916,626	5,553,059,074

Fully diluted capital on December 31, 2018

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, 2018 [(a)]	2,424,916,626
Stock options	19,954,302
Maximum total number of shares	2,444,870,928

(a) Source: Euronext Notice of January 11, 2019.

Financial authorizations

FINANCIAL AUTHORIZATIONS VALID AS OF DECEMBER 31, 2018

AXA's authorizations to issue shares or other types of securities that were valid as of December 31, 2018 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 25, 2019
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [c]	18 months	October 25, 2019
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 24, 2019:

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 24, 2021
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise [b]	6 billion [c]	2 billion [d]	26 months	June 24, 2021

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) The aggregate nominal value of debt instruments associated with the issue of securities with or without preferential subscription rights may not exceed the global upper limit of €6 billion.
(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

6

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 24, 2021
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(c)]	18 months	October 24, 2020
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(c)]	18 months	October 24, 2020
Performance shares *(actions de performance)* [(d)]	–	1% [(f)]	38 months	June 24, 2022
Performance shares *(actions de performance)* [(d) (e)]	–	0.40% [(f)]	38 months	June 24, 2022

(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) Dedicated to retirement.
(f) At the date on which performance shares are granted by the Board of Directors.

USE OF THE FINANCIAL AUTHORIZATIONS IN 2018

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 2018, by virtue of the authorization granted by the shareholders at the Shareholders' Meeting of April 26, 2017 (resolution 29), 2,730,217 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 2018, by virtue of the authorizations granted by the shareholders at the Shareholders' Meeting of April 27, 2016 (resolutions 19 and 20) respectively 2,979,171 performance shares and 758,076 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. AXA's legal entity identifier (LEI) is F5WCUMTUM4RKZ1MAIE39.

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 Registration Document, and (iii) AXA SA's financial statements and Consolidated Financial Statements for each of the two financial years preceding the publication of this Registration Document. These documents are also available on AXA's website and, more specifically, at the following links for the Bylaws of the Company (https://group.axa.com/en/about-us/governance-overview) and the documents referred to in (ii) and (iii) (https://group.axa.com/en/investor/annual-and-interim-reports).

Regulation and Supervision

AXA is engaged in regulated business activities on a global scale through numerous operating subsidiaries. The Group's principal business activities of (re)insurance and Asset Management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. AXA SA, the ultimate parent holding company of the AXA Group, is also subject to extensive regulation as a result of its listing on Euronext Paris and its direct and indirect shareholding in numerous regulated insurance and Asset Management subsidiaries. Given that the AXA Group is headquartered in Paris, France, this supervision is based to a significant extent on European Union directives and regulations and on the French regulatory system. AXA's principal regulators in France are the *Autorité des marchés financiers* (the "AMF"), which is the financial markets regulator, and the *Autorité de contrôle prudentiel et de résolution* (the "ACPR"), which is the insurance and financial services regulator.

INSURANCE AND REINSURANCE OPERATIONS

While the extent and nature of regulation varies from country to country, most jurisdictions in which AXA's (re)insurance subsidiaries operate have laws and regulations governing distribution practices, standards of solvency, levels of capital and reserves, permitted types and concentrations of investments, and business conduct to be maintained by (re)insurance companies, as well as agent licensing, approval of policy forms and, for certain lines of insurance, approval or filing of rates. In certain jurisdictions, regulations limit sales commissions, fees and certain other marketing expenses that may be incurred by the insurer and impose product suitability and disclosure requirements. In general, (re)insurers are required to file detailed annual financial statements with their supervisory agencies in each of the jurisdictions in which they do business. Such agencies may conduct regular or unexpected examinations of the (re)insurers' operations and accounts and request additional information from the (re)insurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed (re)insurer. This holding company legislation typically requires periodic disclosure, reporting concerning the corporation that controls the licensed (re)insurer and other affiliated companies, including prior approval (or notice) of transactions between the (re)insurer and other affiliates such as intra-group transfers of assets and payment of dividends by the controlled (re)insurer. In general, these regulatory schemes are designed to protect the interests of policyholders rather than shareholders. For additional information, see the paragraph "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

REGULATORY CAPITAL AND SOLVENCY REQUIREMENTS

The Company's (re)insurance subsidiaries are subject to regulatory capital requirements in the jurisdictions where they do business, which are designed to monitor capital adequacy and to protect policyholders. While the specific regulatory capital requirements (including the definition of admitted assets and methods of calculation) vary between jurisdictions, an insurer's required regulatory capital can be impacted by a wide variety of factors, including, but not limited to, business mix, product design, sales volume, invested assets, liabilities, reserves and movements in the capital markets, including interest rates and financial markets. Regulatory capital requirements may increase, possibly significantly, during periods of declining financial markets and/or lower interest rates.

In recent years, the European Union has implemented a regulatory regime for European insurers which became effective on January 1, 2016, following the adoption of Directive 2009/138/EC of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance, as amended (the "Solvency II Directive") and the regulations promulgated thereunder (together with the Solvency II Directive, "Solvency II"). Solvency II was implemented into French law beginning in 2015. Solvency II is designed to implement solvency requirements that better reflect the risks that (re)insurance companies face and build a supervisory system that is consistent across all EU Member States. Solvency II is based on three pillars: (1) Pillar 1 consists of the quantitative requirements around own funds, valuation rules for assets and liabilities and solvency capital requirements; (2) Pillar 2 sets out qualitative requirements for the governance and risk management of insurers, as well as for the effective supervision of insurers, including the requirement for insurers to submit an Own Risk and Solvency Assessment ("ORSA"); and (3) Pillar 3 introduces an enhanced reporting and disclosure regime, pursuant to which subject insurance undertakings headquartered in the European Union are required to prepare the Regular Supervisory report ("RSR"), to be submitted by the undertaking to the competent national regulator on a regular basis as determined by the regulation, and the Solvency and Financial Condition report ("SFCR"), to be made publicly available on an annual basis. Solvency II covers, among other matters, valuation of assets and liabilities, the treatment of insurance groups, the definition of capital and the overall level of required capital. A key aspect of Solvency II is that assessment of the Group's risks and capital requirements is aligned more closely with economic capital methodologies and allows the use of either a standard model or an insurer's own internal economic capital model (to permit a better understanding of the actual risks and risk management of the insurer) to calculate the Solvency Capital Requirement ("SCR"), subject in the latter case to the approval of the insurer's lead regulator.

Solvency II provides for two separate levels of solvency capital requirements: (i) the Minimum Capital Requirement ("MCR"), which is the amount of own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk should the (re)insurance companies be allowed to continue their operations, and (ii) the SCR, which corresponds to a level of eligible own funds that enables (re)insurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

The ACPR has approved the use by AXA of its internal model (the "Internal Model") to calculate its SCR under Solvency II. The Solvency II ratio of the Group as of December 31, 2018, published on February 21, 2019, was estimated at 193% [(1)], compared to 205% as of December 31, 2017, and remains within AXA's target range of 170-220%. The Group maintained eligible own funds in excess of its SCR at all times during 2018.

AXA continues to regularly review the scope, underlying methodologies and assumptions of the Internal Model, and will adjust its SCR accordingly. In addition, AXA's Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any significant change to the Internal Model would be subject to the prior approval of the ACPR which may require adjustments to the level of SCR.

For more information on the Internal Model, please refer to Section 4.2 "Internal control and Risk Management – Internal Model" of this Annual Report. For further information on AXA's SCR, Internal Model and other Solvency II disclosures, please refer to the AXA Group's SFCR for the year ended December 31, 2017, available on AXA's website (www.axa.com). AXA Group's SFCR for the year ended December 31, 2018 is expected to be published on May 23, 2019, on the same website.

In the event of a failure by a (re)insurance company or an insurance holding company to meet applicable regulatory capital requirements (including the MCR and the SCR, as applicable), insurance regulators generally have broad authority to require or take various regulatory actions, including limiting or prohibiting the issuance of new business, prohibiting payment of dividends or other shareholder distributions, and/or putting a company into rehabilitation or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry, set forth in Order no. 2017-1608 of November 27, 2017 and its various implementing measures (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as

(1) The Solvency II ratio is estimated based on the Internal Model calibrated based on adverse 1/200 year shock and assuming US equivalence; entities that were part of the XL Group we acquired in 2018 were subject to exceptional and transitional measures for the year ended December 31, 2018. For additional information, please refer to Section 4.2 "Internal control and Risk Management - Internal Model" of this Annual Report. The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be published on May 23, 2019.

AXA SA, and (re)insurance companies, including prohibiting payment of dividends, ordering portfolio transfers, establishing temporary bridge institutions and imposing a temporary stay on early termination rights. Under the French Resolution Framework, French major insurance groups, such as the AXA Group, are required to prepare and file with the ACPR a preventive recovery plan (*plan préventif de rétablissement*) by July 1, 2019, which should cover insurance holding companies, insurance and reinsurance subsidiaries thereof, and any other entity of such groups providing key services (*services indispensables*) thereto, and to ensure that such recovery plan remains up-to-date thereafter.

In addition, there are continuing discussions regarding the development of recovery and resolution frameworks and strategies in the insurance industry, as the FSB, in consultation with the IAIS, is currently developing guidance on effective recovery and resolution tools and strategies for the insurance industry, and the EIOPA is working towards harmonization and strengthening of recovery and resolution frameworks within the EU.

While EIOPA continues to issue regulations and guidelines under Solvency II, the European Commission and EIOPA are currently reviewing Solvency II, including regarding insurance group supervision and the consistency of European insurers' internal models. Such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups, as well as changes to internal models and Solvency II capital requirements.

In addition, in connection with Solvency II, on September 22, 2017, the European Union and the United States signed the "Bilateral Agreement between the European Union and the United States of America on Prudential Measures Regarding Insurance and Reinsurance" (the "Covered Agreement") which sets out principles governing the imposition of group capital and supervisory standards for insurance groups headquartered in an EU Member State or the United States with operations in both. Following approval by the European Parliament on March 1, 2018 and the European Council on March 20, 2018, the Covered Agreement entered into force on April 4, 2018 and will be fully implemented within five years from its signing date. Pursuant to the Covered Agreement, the AXA Group will remain subject to group supervisory and capital requirements, as currently provided under Solvency II, with AXA's US insurance subsidiaries remaining subject to local requirements. The Covered Agreement also addresses various regulatory information-sharing and reporting matters, as well as EU/US reinsurance market issues.

For further information on the risks related to regulatory capital requirements, see the paragraph "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position" in Section 4.1 "Risk Factors" of this Annual Report.

IAIS AND INTERNATIONALLY ACTIVE INSURANCE GROUP ("IAIG") STATUS

The IAIS has developed three sets of supervisory requirements and actions applicable to the insurance industry: (i) insurance core principles ("ICPs"), which are intended to apply to the supervision of all insurers and insurance groups, regardless of size or importance; (ii) the Common Framework ("ComFrame"), including the development of a comprehensive, group-wide, risk-based International Insurance capital standard (the "ICS") for IAIGs; and (iii) policy measures for global systemically important insurers ("GSIIs") and an assessment methodology for designating GSIIs. From 2013 to 2016, the FSB, in consultation with the IAIS and national authorities, annually published a list of GSIIs, which included AXA in each of such years.

On November 14, 2018, the IAIS issued a public consultation document (the "Consultation") proposing a holistic approach for assessing and mitigating systemic risk in the insurance sector (the "Holistic Framework"), which combines an activities-based approach for sector-wide risk monitoring and management, and an entity-based approach. The Consultation would evolve the IAIS's approach to systemic risk by (i) recognizing that such risk may arise from both the collective activities and exposures of insurers at a sector-wide level, as well as from the distress or failure of individual insurers, (ii) addressing cross-sectoral aspects of systemic risk and (iii) moving from an approach where additional policy measures were applied to a small group of insurers to an approach with a proportionate application of an enhanced set of policy measures targeted at exposures and activities in the insurance sector as a whole. The key components of the proposed Holistic Framework comprise, *inter alia*, an enhanced set of supervisory policy measures (*e.g.*, ongoing supervisory requirements, enhanced macroprudential surveillance, crisis management and recovery planning), an ongoing annual global monitoring exercise by the IAIS (at individual insurer and sector-wide levels), and strengthened supervisory powers of intervention aimed at responding promptly and adequately where a potential systemic risk is detected. The supervisory policy measures included in the Holistic Framework will be integrated in the ICPs and the ComFrame and applied in a proportionate manner. The Holistic Framework and the revised ICPs and ComFrame are scheduled to be adopted in November 2019 for implementation in 2020.

The IAIS has indicated that the implementation of the Holistic Framework should remove the need for an annual identification of GSIIs by the FSB and national authorities. On November 14, 2018, the FSB expressed its support for the Holistic Framework and announced its decision not to engage in an identification of GSIIs in 2018. In addition, the FSB stated that it will assess the IAIS's recommendation to suspend GSII identification from 2020 once the Holistic Framework is finalized in November 2019. In November 2022, the FSB will, based on the initial years of implementation of the Holistic Framework, review the need to either discontinue or re-establish an annual identification of GSIIs in consultation with the IAIS and national authorities. In the meantime, the relevant group-wide supervisors have committed to continue applying existing enhanced supervisory policy measures related to liquidity management planning, supervisory colleges and crisis management groups and recovery planning, since these are proposed to be integrated in the ICPs and ComFrame.

AXA will continue to monitor the development of the Holistic Framework, ICPs and ComFrame and expects the regulatory landscape with respect to (re)insurance and financial markets to continue to evolve in 2019 and beyond with further legislative and regulatory initiatives.

For additional information, see paragraphs "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position", "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" and "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

ASSET MANAGEMENT & BANKING ACTIVITIES

AXA Investment Managers, AB and other AXA Asset Management entities are subject to extensive regulation in the various jurisdictions in which they operate. These include, in Europe, Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers, and Directive 2009/65/EC of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), and their various implementing regulations and transposition measures. In addition, AB and AXA's investment management operations in the United States are subject to extensive regulation by the SEC.

These regulations are generally designed to safeguard client assets and ensure adequacy of disclosures concerning investment returns, risk characteristics of invested assets in various funds, suitability of investments for client investment objectives and risk tolerance, as well as the identity, regulatory approvals and qualifications of the investment manager. These regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in business for specific periods, the revocation of the registration as an investment adviser, censures and/or fines.

The European Union (Regulation (EU) No. 648/2012 of July 4, 2012, also referred to as the European Market Infrastructure Regulation – "EMIR") and the US regulations (principally the Dodd-Frank Act), as amended from time to time, set several requirements and prescriptive guidelines for derivatives which impact operations, liquidity and credit risk management for derivatives. AXA's asset managers and banks, which manage derivatives on behalf of various AXA Group affiliates (including on behalf of AXA), are currently operating in conformity with these rules, in line with the Group's financial risk framework. On May 4, 2017, the Commission proposed a regulation amending EMIR to address, in particular, compliance costs and transparency issues, and insufficient access to clearing for certain derivative counterparties. Most recently on February 5, 2019, the EU Parliament and Council announced that they reached a political agreement on the draft regulation, wich is expected to be adopted in 2019.

In addition, certain AXA entities must comply with revised obligations on capital resources for banks and certain investment firms, including Directive 2013/36/EU of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended, and Regulation (EU) No. 575/2013 of June 26, 2013 on prudential requirements for credit institutions and investment firms, as amended, which set forth specific capital, governance and remuneration requirements.

MiFID II and Regulation (EU) No. 600/2014 on markets in financial instruments, as amended (together with MiFID II, and the various regulations promulgated thereunder, the "MiFID II Package"), both adopted in May 2014, entered 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, enhanced governance and investor protection standards, restrictions and/or prohibitions on certain types of compensation arrangements or other monetary inducements to firms providing independent investment advice and greater regulation of structured products and other complex financial instruments.

While the reforms introduced by the MiFID II Package significantly impacted EU securities and derivatives markets, the full impact of the wide ranging and complex set of measures included in the MiFID II Package has yet to be determined. The MiFID II Package may also be revised in the future, including as a result of implementing regulations, transposition laws and regulatory guidance enacted or issued in connection therewith, and any such modification or revision may have an adverse impact on our business, results of operations and financial condition.

For additional information, see the paragraph "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

OTHER SIGNIFICANT LEGISLATIVE OR REGULATORY DEVELOPMENTS

EU Data Protection Reform

The EU Data Protection Reform, which was adopted in 2016 and entered into force in 2018, establishes a comprehensive framework governing the protection and processing of personal data in the private and public sectors, which includes the GDPR.

The main principles of the GDPR include (i) the strengthening of citizens' fundamental rights, giving them more control over their personal data and making it easier for them to access it, (ii) an increased harmonization of the applicable law across the European Union and a "one-stop-shop" that will streamline cooperation between the data protection authorities on issues with implications for all the European Union, and (iii) a stronger enforcement regime, under which data protection authorities will be able to fine companies which do not comply with EU rules up to 4% of their global annual turnover. The GDPR applies to both EU and non-EU companies, if the latter are offering goods and services or monitoring the behavior of individuals in the European Union. As (re)insurance companies need an EU license for providing insurance services in the European Union, the GDPR applies primarily, in the insurance and reinsurance sector, to companies operating in the European Union.

In France, the EU Data Protection Reform has been transposed by law No. 2018-493 regarding personal data protection, which entered into force on May 25, 2018, and various implementing measures, including Decree No. 2018-687 of August 1, 2018.

For further information concerning data protection, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 4.1 "Risk Factors" of this Annual Report.

Personal data transfers to the United States

Following invalidation in 2015 of the European Commission's Safe Harbor Decision by the European Union Court of Justice, which allowed for the transfer of personal information for commercial purposes from companies in the European Union to companies in the United States which had signed up to the US Department of Commerce "Safe Harbor Privacy Principles," transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with US companies and binding corporate rules for transfers within a multinational corporate group. While a new safe harbor, referred to as the "EU-US Privacy Shield," was adopted in July 2016, banks and insurance companies are generally not currently eligible to register on the EU-US Privacy Shield list, and the AXA Group has accordingly been relying on the above-mentioned mechanisms to transfer personal data from the Company or its EU-based affiliates to its banking and insurance affiliates based in the United States. For further information concerning transatlantic data transfers, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 4.1 "Risk Factors" of this Annual Report.

Executive compensation

Solvency II sets out the remuneration policy principles and governance requirements to be implemented by European insurers and specifies that the companies subject to Solvency II must adopt a written remuneration policy compliant with a number of principles set out in the Delegated Regulation (EU) 2015/35 of October 10, 2014 which promotes sound and effective risk management and does not encourage risk-taking that exceeds the risk tolerance limits of the Company. In this context, AXA has reviewed and formalized its existing Group remuneration policy, identified the individuals responsible for managing and having an impact on the Group's overall risk profile, and defined a consistent approach to manage remuneration of individuals in charge of control functions. AXA's Compensation & Governance Committee is in charge of overseeing the design of the remuneration policy and remuneration practices, their implementation and operation.

Since 2008, there have been a variety of proposals with respect to executive compensation practices at financial institutions including from the FSB and other regulatory bodies. Certain of these proposals have been embodied in regulation or legislation, while others remain best practice recommendations.

In 2009, the FSB published the "Principles for Sound Compensation Practices", together with implementation standards. Among the matters covered in these standards and principles are a variety of mechanisms (including minimum recommended deferrals of cash bonuses, greater use of long-term equity grants rather than cash as a form of compensation, minimum vesting/deferral periods, and performance criteria for vesting of long-term awards) that are designed to ensure an appropriate alignment of interests between (i) Executive

Management and certain employees (such as traders) who can have a potentially significant impact on the nature and duration of risks incurred, (ii) the Company and (iii) shareholders.

These principles and standards are reflected in a variety of regulations and legislative initiatives that have been enacted over the past few years in various jurisdictions where the Group does business. While these restrictions are often aimed primarily at the banking sector and do not apply uniformly to the Group across the various jurisdictions where it does business, the Group has largely aligned its global executive compensation practices with these standards and principles, and conducts regular reviews of its compensation practices and policies in light of these standards as well as applicable legal and regulatory requirements. The application of these principles and standards may vary among the different actors in the financial sector (such as banks, insurers, asset managers, private equity funds, hedge funds) and across the various jurisdictions where the Group does business, which may give rise to certain competitive issues for the Group, including by affecting the Group's ability to attract and retain top-rate talents.

Evolution of accounting standards

Policyholders' liabilities are currently accounted for according to IFRS 4, which generally allows the use of a wide variety of accounting practices for insurance contracts, reflecting different national accounting requirements, and the continuation of accounting policies applied prior to conversion to IFRS. On May 18, 2017, the IASB issued IFRS 17 – Insurance Contracts, which will replace IFRS 4, finalizing a long-standing project of the IASB to develop a single, consistent approach to the accounting for insurance contracts. In particular, IFRS 17 requires insurance obligations to be accounted for using current values, instead of historical costs. Subject to adoption by the European Union, IFRS 17 is scheduled to become effective for annual periods beginning on or after January 1, 2021. On November 14, 2018, the IASB voted to propose a further one-year deferral to January 1, 2022 of (i) the effective date of IFRS 17 and (ii) the expiry date of the temporary exemption from applying IFRS 9. This deferral and other proposed amendments to IFRS 17 remain subject to the final approval of IASB and their adoption by the European Union.

In parallel with IFRS 17, the Group will apply IFRS 9 – Financial Instruments first 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 was eligible for this temporary exemption and has decided to apply it.

While the implementation of these standards within the Group is in progress, Management is currently assessing the impact of the adoption of these new standards, which may significantly affect the accounting treatment of policyholder liabilities and investments. For additional information, see the paragraph "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" of this Annual Report.

Evolution of the compliance regulatory and litigation environment

The Group's (re)insurance, Asset Management and banking operations are subject to an increasing number of legislative and regulatory initiatives designed to increase consumer protection in the sector of financial services. In the European Union, initiatives related to the financial sector include in particular the IDD, MiFID II and the PRIIPs Regulation. Similar initiatives are under review (or in the course of implementation) in other jurisdictions where the Group operates and are likely to increase operational compliance costs to ensure point-of-sale compliance.

The IDD supersedes the Insurance Mediation Directive and is designed to improve consumer protection by ensuring that all distributors of insurance products operate on a level playing field. The main provisions of the IDD relate to enhanced professional requirements (*e.g.* continuing training and development for distributors), conduct of business rules, conflicts of interest (relating to fees, commissions and bonuses), increased disclosure and transparency and extensive product governance requirements. It also includes additional requirements for the sale of insurance products with investment elements in order to ensure that policyholders receive a similar level of protection as buyers of retail investment products regulated under MiFID II (*e.g.*, when providing advice, distributors have to assess whether the insurance-based investment product is suitable for the customer).

The IDD entered into force on October 1, 2018, while MiFID II and the PRIIPs Regulation entered into force at the beginning of January 2018.

Finally, financial crime compliance programs of financial institutions (anti-money laundering, anti-corruption and international sanctions compliance) continue to be a major focus of regulatory and law enforcement authorities with increasingly significant penalties imposed for compliance failures. In particular, French Law No. 2016-1691 of December 9, 2016 on transparency, fight against corruption and modernization of the economy, known as "Sapin II", which entered into force on June 1, 2017, introduces new requirements for all large French companies and corporate groups, such as the Group, including the establishment of internal procedures to prevent and detect acts of corruption and influence peddling committed in France and abroad. "Sapin II" also established a new French anti-corruption agency (*Agence française anticorruption*), which was given strengthened supervisory and enforcement powers.

In light of this and other initiatives in respect of compliance requirements, Management believes that the complexity and risks for international financial institutions like AXA in this area will likely continue to increase, and that compliance costs will also increase accordingly.

The litigation environment in which the Group operates also continues to evolve. In continental Europe, the introduction of class actions, including in France in 2014, has, and is likely to continue to, increase litigation risks and costs for insurers, asset managers and other financial institutions. Most recently, on April 11, 2018, the EU Commission proposed a directive on representative actions for the protection of the collective interests of consumers, as part of its 'New Deal for Consumers' initiative. This proposed directive aims at enabling qualified entities to seek remedy through representative actions against infringements of provisions of EU law in a variety of areas (including data protection and financial services), in order to provide an effective and efficient way of protecting the collective interests of consumers. The EU Parliament is expected to consider the adoption of this proposed directive in 2019, although the EU legislative calendar remains unclear.

For additional information, please see "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk Factors" and Section 4.8 "Other material risks – Regulatory risks" of this Annual Report.

AXA Group Tax Policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues.

The taxes AXA pays are an important part of its wider economic and social impact and play a key role in the development of countries where it operates [(1)]. AXA regards it as a critical element of its commitment to grow in a sustainable, responsible and socially inclusive way.

AXA also squares its responsibilities as a co-operative, compliant taxpayer in each and every country in which it operates, with the need to support competitive business growth – serving all its stakeholders including investors, suppliers and employees.

TAX ASPECTS IN RELATION TO AXA AS A MULTINATIONAL COMPANY

The AXA Group's approach to tax issues

In the countries where it operates, AXA is both a tax payer and a tax collector, given that many specific taxes are levied on (re) insurance policies and collected from our customers as part of the insurance and Asset Management revenues while others are remitted to the various state and federal administrations around the world.

The tax function is organized within the Group to ensure full compliance with all tax legislation in the countries where AXA operates. In addition to the Group Tax Department based in France, all key operational entities/countries/geographic zones have a tax team in charge of ensuring that tax regulations are well understood and satisfied by the entities.

As a part of the global internal risk assessment, a specific tax internal control program is implemented. These controls must be reported and documented by each team in scope to ensure full compliance.

A Tax Code of Ethics, agreed between Group Tax Department and local tax teams, highlights the key principles guiding the actions of the various tax teams:

- to remain up to date with respect to applicable laws and regulations;
- to comply with tax laws and regulations;
- to maintain a good relationship with the local tax authorities;
- and not to engage in aggressive tax driven transactions that could compromise the good reputation of the Group.

The satisfaction of this Code of Ethics is a prerequisite of the activities performed by all AXA tax teams. In this respect, a bi-annual tax review process of each key entity or business line is performed by the Group Tax Department in connection with each local team. During these reviews, specific attention is given to tax audits and associated tax risks as well as market positions on tax matters that may impact AXA. These reviews offer a global framework for the tax teams to identify, analyze, control, and report tax risks.

6

(1) The list of the Group's main subsidiaries and participating interests is available in Appendix III "AXA parent company financial statements" of this Annual Report. The legal organizational chart of the Group is also published on the Company's website (www.axa.com).

In addition, an International Tax Committee composed of various senior tax executives within AXA tax teams meets every quarter to ensure consistency in approach on some technical topics, as well as agreements on guidelines connected to specific items.

As an international group operating in several countries, the AXA Group is subject to various tax regimes and regulations and takes into account any changes in tax law. AXA is specifically vigilant about the changes that could result in higher tax expenses and payments, higher compliance costs or that may affect the AXA Group's tax liability, return on investments and business operations. In particular, please see the paragraph "Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations" in Section 4.1 "Risk Factors" of this Annual Report.

When considering how AXA entities structure commercial arrangements, tax implications are analyzed in parallel with other consequences such as capital efficiency and legal and regulatory aspects when deciding between potential alternative arrangements.

AXA has no licensed insurance or operating business activities in the countries specifically identified as non-cooperative jurisdictions [(1)] under French and European rules, except in Panama. 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.

Any presence in countries in which AXA operates with tax rates lower than France are driven by business operations. With the recent acquisition of the XL Group, AXA now has a material presence and substance in Bermuda with nearly 200 employees working for AXA XL there. Despite the fact that Bermuda is a low-tax jurisdiction, it is a center of expertise and one of the key location of the worldwide reinsurance market. It is not considered as a non-cooperative jurisdiction according to the French and European laws. This presence is mainly driven by local capital management regulation enabling flexibility on the required capital for reinsurance activities and AXA supports the Economic Substance legislation recently enacted in this country. This situation will in no way change how the AXA Group is managed on the tax side. AXA will remain a French tax resident group and will continue to tax its operations in the various countries where operational profits are made.

Disclosure on tax matters and information on taxes connected with the Group's activities in each country

The consolidated financial statements are prepared in compliance with IFRS standards (as disclosed in Note 1 "Accounting principles" in Part 5 – "Consolidated Financial Statements" of this Annual Report). Accounting for income taxes recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of the entity's assets and liabilities, as required by IAS 12 (see Note 1.17.1 "Income taxes" in Part 5 – "Consolidated Financial Statements" of this Annual Report).

The Consolidated Financial Statements present the reconciliation between the theoretical tax charge and the effective tax charge under IFRS. All differences are fully explained (see Note 19 "Tax" in Part 5 – "Consolidated Financial Statements" of this Annual Report). It should be noted that in many jurisdictions where AXA operates, the income and capital gains on savings-products benefit from a favorable tax treatment, also when such products are included in life insurance products. This leads to a lower effective tax rate for life insurance companies.

In addition to the details reported around the Group effective tax rate, AXA reports substantial information on the impacts of any change in local tax regulations on its business, as well as details of the tax burden per line of business and per country. AXA's income tax expenses/benefits are extensively disclosed in the Annual Report and are broken down by business segment and country. For each, a dedicated paragraph provides a comment about the line related to Tax Income (see Section 2.3 "Activity Report – Underlying Earnings, Adjusted Earnings and Net Income Group share" of this Annual Report).

A geographical split of the key figures is available on the Company's website [(2)].

(1) 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. As of December 1, 2018, pursuant to Article 238-0 A of the Code général des impôts, this list is extended to include the states and jurisdictions on the blacklist set out in Annex I to the conclusions adopted by the Council of the European Union on December 5, 2017, as updated from time to time (the most recent version of this list was published on November 9, 2018, and is composed of American Samoa, Guam, Samoa, Trinidad and Tobago, US Virgin Islands).

(2) https://group.axa.com/en/about-us/tax-strategy.

TAX ASPECTS OF ACTIVITIES AND PRODUCTS OFFERED BY THE GROUP

Activities of the Group

The Group's activities are subject to strict regulations and rigorous control in each territory in which AXA operates. In addition to these regulations, AXA has developed a set of detailed internal standards that applies to all Group entities that are managed or controlled by AXA, regardless of the activities undertaken by the entity or its ownership structure.

According to these internal standards, CEOs must ensure that staff are fully conversant, and comply with applicable laws, mandatory Codes of Conduct, rules and regulations (including applicable tax laws and regulations) relevant to their area of operations.

This means that local senior management must appreciate the tax implications of the activities in their entity. The main considerations are:

- compliance with the taxation of employees in the territory in which they are employed;
- compliance with the taxation of business undertaken in the territory (including levies and sales taxes); and
- cross-border tax issues.

A specific focus on transfer pricing is made in application of these standards, to ensure that the pricing of our intra-group activities is consistent with the OECD "arm's length" principle as well as with local transfer pricing rules to pay adequate tax on profits where the value is created.

In particular, Chief Financial Officers must ensure that (re) insurance policies entered into represent a true transfer of risk and that their status as (re)insurance contracts could not be subject to challenge. Business between Group companies must be transacted at market prices where a market price exists, or in the absence of market prices, must be supported by formally documented justification for the charge made.

Products offered by the Group

AXA products are not designed to allow or encourage tax evasion. The Group has set up a validation framework to ensure that new products undergo a thorough approval process before they go to market.

The local decision to launch a new product must result from a documented approval process that complies with the AXA Group's standards in terms of product features, pricing, Asset-Liability Management and aspects related to legal, compliance, regulatory, accounting and reputation.

Moreover, AXA has established strict policies regarding its cross-border activities and knowledge of its customers, in order to ensure that our products and services are not misused for money laundering or tax evasion purposes and are governed by specific rules according to which cross-border life insurance proposals must be presented to the Group Tax and Compliance Departments for validation (as mentioned in section 34 of the AXA Group Standards).

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. Copies of AXA's Bylaws are available at the Paris Trade and Companies Register (*Registre du commerce et des sociétés du Tribunal de commerce de Paris*) and on the Company's website (axa.com).

CORPORATE PURPOSE

Pursuant to Article 3 of its Bylaws, AXA's corporate purpose is generally to:

- acquire all types of ownership interests in any French or foreign company or business, including insurance companies;
- acquire, manage and sell all listed or unlisted shares and securities, as well as personal or real estate properties, rights, shares or securities, whether listed or unlisted, that are related to such properties; and
- perform all industrial, commercial, financial, personal or real estate property transactions, directly or indirectly related to any of the foregoing.

MEMBERS OF THE BOARD OF DIRECTORS

In addition to French law provisions, AXA's Bylaws and the Board's Terms of Reference include a number of specific provisions concerning members of the Board of Directors and corporate officers, including the following:

Compensation

The corporate officers of the Company receive compensation in the amount and on conditions set by the Board of Directors, upon proposal of the Compensation & Governance Committee.

Members of the Board of Directors receive a fixed annual directors' fee, the maximum overall amount of which is determined by the Shareholders' Meeting and apportioned by the Board of Directors among its members, pursuant to the rules set forth in the Terms of Reference of the Board of Directors. Notwithstanding the above, the Board's Terms of Reference provide that no directors' fee shall be paid to corporate officers.

For further information, please see Part 3 – "Corporate governance" of this Annual Report.

Age limit

Notwithstanding the term of office for which the Chairman of the Board of Directors is appointed, his/her functions shall terminate, at the latest, at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chairman reaches the age of 70.

Notwithstanding the term of office for which the Chief Executive Officer is appointed, his/her functions shall terminate at the latest at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chief Executive Officer reaches the age of 65. The same rule applies for the Deputy Chief Executive Officers.

An individual aged 70 or older may be appointed or reappointed to the Board of Directors exclusively for a two-year term of office. His/her term of office can be renewed only once.

When the number of Board members aged 70 or older exceeds one-third of the directors in office, the oldest director is deemed to have resigned automatically unless any member of the Board of Directors aged 70 or older voluntarily resigns within three months.

When the permanent representative of a legal entity member of the Board of Directors reaches 70 years old, the legal entity is deemed to have resigned automatically unless it designates a new representative within three months.

Shareholding

In accordance with the Afep-Medef Code and regardless of any statutory obligation of holding shares, the directors, with the exception of directors representing employees, shall personally be shareholders of the Company and own a significant number of shares in the Company; if they do not own such shares at the time they are first appointed, they shall use their directors' fees to acquire AXA shares. Accordingly, the Board of Directors has set for each Board member, whether an individual or a permanent representative of a legal entity to whom directors' fees were paid, the objective of holding, within two years after first being appointed, a number of shares in the Company, the value of which, on the basis of the closing price of the AXA share on December 31 of the preceding fiscal year, shall correspond to an amount at least equivalent to the gross director's fees earned in respect of the previous fiscal year. The shares purchased for the purpose of this holding objective will be held in registered form.

For additional information regarding the Board of Directors and corporate officers of the Company, please see Part 3 – "Corporate governance" of this Annual Report.

RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE SHARES

Voting rights

Each AXA share entitles its holder to one vote at every AXA Shareholders' Meeting, subject to the provisions regarding double voting rights described below. On May 26, 1977, the Shareholders' Meeting decided that each ordinary share fully paid up and held in registered form by the same person for at least two full fiscal years entitled its holder to double voting rights with respect to such share.

In the event of a capital increase by capitalization of existing reserves, profits or premiums, shares granted for free to any shareholder holding shares entitled to double voting rights will also carry double voting rights.

The rights of the holders of double voting rights may only be modified or cancelled upon the decision of an Extraordinary Shareholders' Meeting and after authorization by a special meeting of the holders of these rights.

With the exception of double voting rights, there is currently only one class of shares with equal rights for all shareholders.

Dividends

Upon proposal by the AXA Board of Directors, the shareholders of AXA may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends. If AXA has earned a distributable profit since the end of the previous fiscal year, as reflected in an interim balance sheet certified by its Statutory Auditors, the Board of Directors may distribute interim dividends to the extent of the distributable profit without prior approval of the shareholders. AXA's Bylaws require AXA to distribute any dividends between its shareholders in proportion to their share in the capital.

Under the provisions of AXA's Bylaws, the actual dividend payment date is decided by the Board of Directors.

AXA's Bylaws provide that, the Shareholders' Meeting may grant each shareholder the choice to receive dividends in either cash or additional ordinary shares.

Pre-emptive rights

Under French law, shareholders have preferential subscription rights to subscribe, on a *pro rata* basis, additional ordinary shares (and/or convertible, exchangeable or other securities giving a claim, directly or indirectly, to AXA ordinary shares). This subscription right is transferable and normally trades separately during the subscription period for a capital increase. Issuing additional shares without preferential subscription rights, except for issues already approved or authorized by AXA shareholders, requires the approval of two-thirds of the shareholders attending or represented at an Extraordinary Shareholders' Meeting.

Liquidation rights

If AXA is liquidated, the assets remaining after it pays its debts, liquidation expenses and all prior claims will be used to repay AXA shareholders up to the amount of the liquidation balance and the par value of the shares held by each shareholder. Any surplus will be divided among all shareholders, subject to rights arising, if any, from different classes of shares, in proportion to the rights they own in the Company's share capital.

MODIFICATION OF SHAREHOLDERS' RIGHTS

Under French law, shareholders of a French public company (*société anonyme*) have the power to amend AXA's Bylaws. Such an amendment generally requires the approval of two-thirds of the shareholders attending or represented at an Extraordinary Shareholders' Meeting. However, no such Extraordinary Shareholders' Meetings may decide (i) to increase the liability of the shareholders in respect of the Company or a third party; or (ii) to reduce the individual rights vested in each shareholder (such as voting rights, right to distributable profits of the Company, right to sell one's shares and right to sue the Company).

SHAREHOLDERS' MEETINGS

Shareholders are convened, meet and deliberate in accordance with applicable French laws and AXA's Bylaws.

A notice of meeting must be published in the *Bulletin des annonces légales obligatoires* ("BALO"), at least 35 days before any Shareholders' Meeting (or 15 days in certain specific cases), and must indicate, in particular, the agenda and the proposed resolutions.

At least 15 days (or six days in certain cases) prior to the date set for the meeting on first call, and at least 10 days (or four days in certain cases) before any second call, the Company shall send a final notice containing all the information requested by law by mail to all registered shareholders who have held shares for more than one month prior to the date of this final notice and publish a final notice in a bulletin of legal notices, as well as the BALO.

All shareholders are entitled to attend these meetings, either in person or by proxy, provided that they show valid proof of ID and share ownership as specified under French law. This ownership is justified by a book entry showing the number of shares in the name of the shareholder (or the intermediary for the account), on the second business day preceding the meeting at 0:00 am, Paris time (France), either in the registered share accounts kept by the Company or in the bearer share accounts kept by a qualified intermediary.

In accordance with the provisions of Article L.225-37-4, 9° of the French *Code de commerce*, the conditions for the participation to Shareholders' Meetings are detailed in Article 23 of AXA's Bylaws, which is expressly incorporated by reference herein.

In addition, the information referred to in Article L.225-37-5 of the French *Code de commerce* is made public in the corporate governance report approved by AXA's Board of Directors' and attached to the Board of Directors' report of AXA included in this Annual Report. For further information, please refer to Appendix VII "Corporate governance report – Cross Reference Table" to this Annual Report.

ANTI-TAKEOVER PROVISIONS

There are no French anti-takeover statutes similar to the anti-takeover statutes enacted by certain states in the United States and other jurisdictions. However, a number of French law provisions, in particular those resulting from the Law No. 2014-384 of March 29, 2014 (*visant à reconquérir l'économie réelle*) or from certain provisions of the European Directive of April 21, 2004 (which was implemented in France in 2006) concerning takeover bids, may have certain anti-takeover effects. In the case of AXA, the relevant provisions include, among other things, the existence of AXA shares with double voting rights, which are described above, and specific notification requirements applicable when holdings exceed specified thresholds, as described below.

French law generally requires mergers and certain consolidations to be approved by two-thirds of the shareholders attending or represented at the Extraordinary Shareholders' Meeting convened to decide on such matters.

NOTIFICATION REQUIREMENTS WHEN HOLDINGS EXCEED SPECIFIED THRESHOLDS

Pursuant to Article 7 of AXA's Bylaws, any person, acting alone or jointly, who comes to hold, directly or indirectly through companies it controls within the meaning of Article L.233-3 of the French *Code de commerce*, a number of shares representing 0.5% of the Company's share capital or voting rights, shall notify the Company by registered letter with acknowledgment of receipt within five days from the threshold crossing. This notification shall detail the total number of shares and voting rights held as well as the total number of securities giving a differed claim to the share capital and the potential voting rights attached thereto.

The notification shall be repeated in the conditions stated above each time an additional fraction of 0.5% of the share capital or voting rights is crossed upward or downward.

In the event of failure to comply with the notification requirements described above, shares exceeding the fraction that should have been notified will be deprived of voting rights at Shareholders' Meetings if, at such meetings, the notification failure has been recorded and if one or more shareholders jointly holding at least 5% of the share capital so request. Loss of voting rights shall be applicable in all Shareholders' Meetings that would be held up until two years following proper notification.

CHANGES IN CAPITAL

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions of the Bylaws or the Board's Terms of Reference shall not prevail over changes in the law governing the Company's share capital.

CORPORATE RESPONSIBILITY

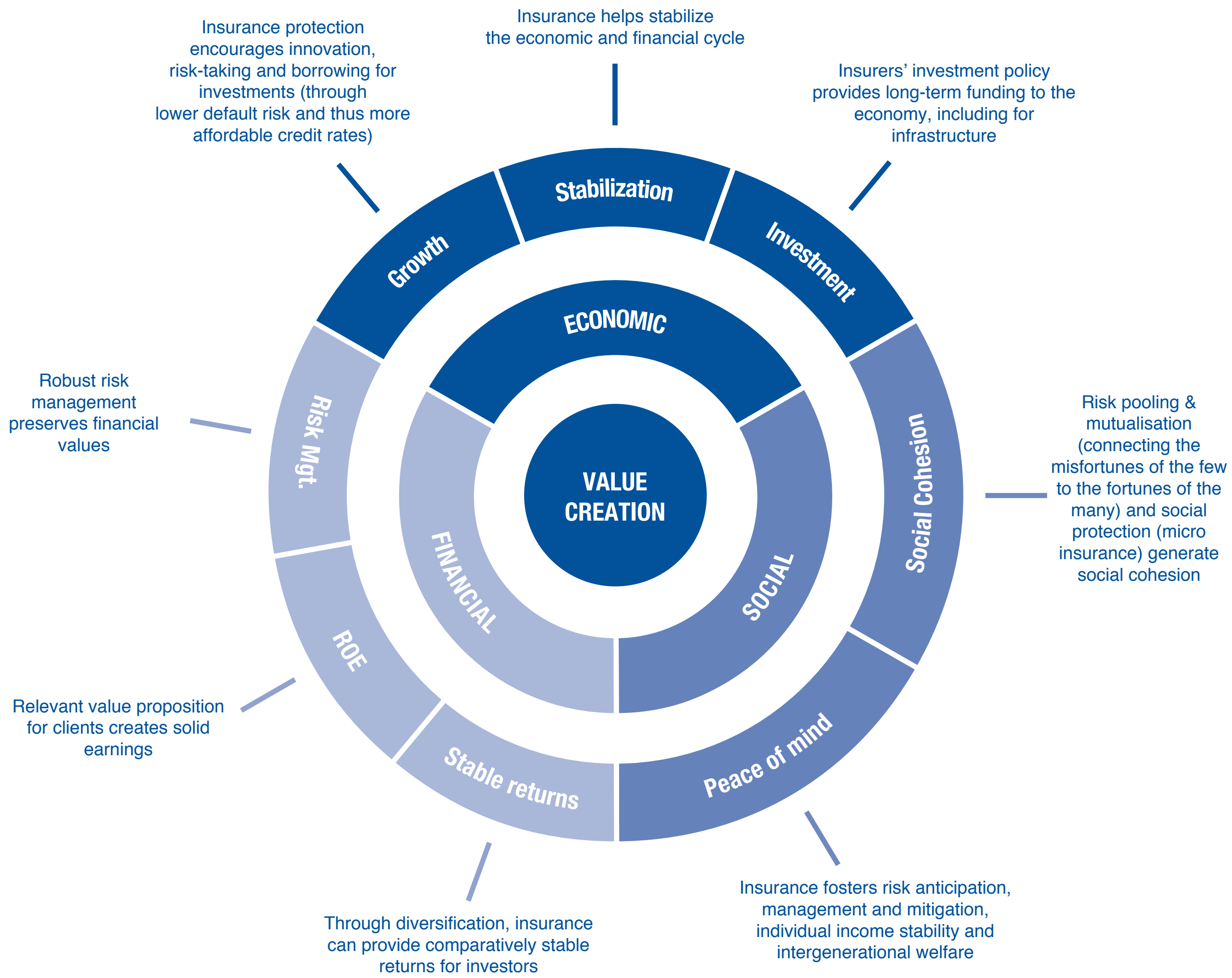
7

7.1 INTRODUCTION

This chapter describes our Corporate Responsibility (CR) Strategy in accordance with the provisions of the EU Directive 2014/95 ("Non-Financial Reporting" directive). In-depth information on the AXA Group's Corporate Responsibility-related policies and practices is also available in the "Integrated Report", in the online "Social Data Report" and on the AXA Group's website (www.axa.com), in particular in the "Corporate Responsibility Section".

Sustainable Value Creation

AXA's business is to protect people 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 CR strategy. For more information on AXA's business model, please refer to Chapter 1 "Business overview" and Chapter 2 "Activity report and capital management."

AXA's Corporate Responsibility Strategy

Our 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 CR strategy is focused on the core topics of climate change and environment, health risk prevention, social inequalities & inclusion and using data for social good, while continuing to address broader environmental, social and societal concerns.

- Climate Change and the environment: AXA reduces its own carbon footprint and leverages its core business of insurance and investment to help better face climate risks.
- Health risk and disease prevention: as a trusted partner of our clients and with our expertise as risk managers, we develop our health risk prevention efforts to achieve positive outcomes for public health.
- Social inequalities & inclusion: as an insurance company, we aim to provide protection and risk prevention to under-served populations, thereby contributing to global socio-economic development.
- Responsible data and Artificial Intelligence (AI): data and AI 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 2018, the Group also developed a new "CR Framework" to identify future topics for engagement which takes into account the "Sustainable Development Goals" (UN SDGs), a UN-level vision. The UN SDGs are a set of 17 global goals developed by the United Nations General Assembly in 2015, covering social and economic development issues including poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanization, environment and social justice. The full framework is described in the following website: sustainabledevelopment.un.org.

The UN SDG framework is also matched with internal expertise. The topics identified are then screened with the help of a "business case" filter which notably ensures AXA invests efforts on topics on which it can truly have an impact. This process enabled us to identify biodiversity loss and the twin epidemic of obesity and diabetes as key areas for action going forward. While the Group has not developed its sustainability strategy based on the UN SDG framework, and this work is still underway, the following pages highlight correlations between some CR initiatives and certain UN SDGs.

AXA is also committed to be a responsible employer, striving to maintain employee engagement at the core of our business strategy and to create a workplace inspired by our values, which fosters diversity and equal opportunities for all, promotes employee participation, encourages professional development and supports employee well-being.

CR governance & Stakeholder dialogue

AXA has established a robust governance framework to develop and implement its CR Strategy. Every year, the Board of Directors' Compensation and Governance Committee examines the Group's CR strategy. Moreover, the Group Management Committee reviews the CR strategy at least once a year. On a local entity level, a network of "Chief Corporate Responsibility Officers" is responsible for coordinating the CR strategy and promoting best practices. The CCROs are supported by local CR teams.

AXA also leverages its Stakeholder Advisory Panel to better evaluate future topics of interest. Indeed, in 2014, AXA created a Stakeholder Advisory Panel to advance the company's role as an insurer in building a stronger, safer and more sustainable society. Twice a year, it gathers senior external and influential figures who are collectively representative of AXA's stakeholder groups, as well as AXA's top management and members of our Board of Directors.

The Panel is designed to provide an informal forum for in-depth discussions on global trends shaping the world by addressing a mix of business and sustainability issues. For example, the topics reviewed in 2018 included the AXA Research Fund's strategy, the "Future of Learning", AXA's innovation strategy, the "Circular Economy", our new CR framework for engagement, with an in-depth discussion on biodiversity and the twin epidemic of obesity and diabetes, AXA's Health strategy in Africa, and the "Future of Trust". External panelists are encouraged to provide long term views on AXA business and challenge its strategy with a CR perspective. It enables AXA to maximize its positive impact on clients and on the communities in which it operates. Full information about the Stakeholder Panel is available here: www.axa.com/en/about-us/stakeholder-advisory-panel.

More generally, AXA has developed a culture of stakeholder dialogue by working closely with a number of civil society partners, with a view to strengthen its risk assessment (AXA's stakeholders being defined as individuals or groups affected by its business operations, or who may affect the Group's performance or the environment in which it operates – such as our clients, shareholders and investors, employees, suppliers, as well as governments and community groups).

Sustainability Risk Assessment

As required by the EU Non-Financial Directive, AXA conducted an internal risk assessment to identify its main sustainability risks. These risks were grouped into the following main categories: social risks, human rights risks, environmental risks and risks related to business conduct.

These risks were correlated to the following impacts on AXA's business: financial (impacting our profit bearing capacity), employee (impacting our human resources), reputational (impacting our brand image), operational (impacting our capacity to carry out our daily business operations) and environmental (impacting our investments, insurance or operations on environmental concerns).

To identify these material risks, a risk assessment methodology was developed by a transversal working group featuring Group Legal, Group Corporate Responsibility, Group HR, Group Risk Management and Group Communications. The teams assessed the materiality of sustainability risks, based on their severity and frequency. These risks were compared to several impacts on AXA's business, notably financial, employee (*e.g.* talent attraction), reputation, operational (*e.g.* business continuity) and environmental impacts.

The results were then cross-referenced with the AXA Group Operational Risk Profile (for more information on operational risks, please refer to Section 4.7 "Operational risk") as well as AXA's Emerging Risks Survey, which outlines major emerging risks for society at large (for more information on emerging risks, please refer to Section 4.8 "Other material risks"). The most material risks are also compared to the Dow Jones Sustainability Index' evaluation to integrate a third-party analyst view. Based on this methodology, the following risks were identified:

- social risks. The issues identified are: responsible employment practices, social dialogue and working conditions; employee development; talent attraction and retention. See Chapters 7.2 and 7.4 for further information;
- human rights risks-related issues identified are: "inclusive" insurance solutions; customer protection; customer data; and preventing human rights violations within our supply chain. More information on these risks can be found in Sections 7.4, 7.5 and 7.6;
- environmental risks relate to environmental and climate change-related issues, developed in Section 7.3;
- societal risks-related issues include addressing the UN Sustainable Development Goals; partnerships and philanthropy; stakeholder engagement practices. See Section 7.4 and CR governance & stakeholder dialogue for further information;
- fair business practices-related issues include ensuring our suppliers and contractors meet CR requirements; fighting bribery, corruption and tax evasion. See Sections 7.5 and 7.6.

AXA XL, our new Commercial lines entity

AXA acquired the XL Group in September 2018, and merged it with existing AXA teams to create AXA XL, a new entity focused on P&C Commercial lines. AXA XL was not included in the Sustainability Risk Assessment described above but is nonetheless gradually integrated into AXA's policies and processes, including our social and environmental reporting processes (the social and environmental data published in this report integrates XL Group data for the last quarter of 2018). AXA XL applies the Group's underwriting restrictions (coal, tobacco, etc.). Notable initiatives include the "Ocean Risk Initiative", launched in 2017 to highlight the implications of ocean-derived risks and develop cross-sectoral solutions that help to build resilience at local, regional and global levels. It is underpinned by thought leadership projects, industry responses to ocean risk, and educational resources for schools. AXA XL has also implemented an environmental management system, and offsets its global travel emissions through the purchase of carbon credits with The Nature Conservancy. Finally, AXA XL employees are encouraged to invest in their local communities through employee volunteering and philanthropy programs. In 2018, over 5,000 employees (out of a total number of 7,500 employees) participated, and over $4 million were donated to communities around the world.

Ratings

The Group's Environment, Social and Governance (ESG) performance is evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also included in main international sustainability indices. These ratings are described in further detail under Chapter 1.

Reporting certification

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third party, presents in its report, featured in this Annual Report, their reasoned opinion on the compliance of the consolidated non-financial information statement disclosed in the Company's management report prepared for the year ended December 31, 2018, with the French regulation, as well as on the fairness of the information.

Reporting methodology

An assessment of the social, environmental, societal, business conduct and human rights impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the French Commercial Code.

Scope of social indicators

The social data provided for in Section 7.1 are collected from 315 active entities of the AXA Group, all included in the consolidation scope of AXA (*i.e.* fully consolidated for the preparation of the consolidated financial statements as of December 31, 2018, in other words, the subsidiaries in which AXA holds, directly or indirectly, management control). Except for a few entities which may pre-consolidate data on a local level, the social indicators are consolidated at Group level.

The scope corresponds to legal entities (companies and/or organizations) which AXA owns, as of the end of year, directly or indirectly with at least 50% of the capital or voting rights. This scope is updated annually following potential acquisitions/mergers or business disposals. 315 active legal entities reported their 2018 social data. Therefore the subsidiaries that were financially consolidated during the reporting year or whose employees were incorporated during the reporting year are included in the 2018 scope (*e.g.* XL Group).

Scope of environmental indicators

The environmental data provided for in Section 7.3 "Own operations" are collected from 81 entities, in accordance with the same rules used to define the scope of the social indicators (*i.e.* subsidiaries that are consolidated using the full consolidation method as at December 31, 2018). AXA sites with fewer than 50FTEs are not included in the data collection, but are part of an extrapolation process. In 2018, environmental indicators were collected for 101,977 FTEs working on AXA sites (unless otherwise indicated) and were then extrapolated, continent by continent, to cover all 124,355 salaried FTEs (all types of contracts, including XL Group, for which FTE data was included on a pro-rata basis for Q4 2018) working at AXA Group in average in 2018.

Section 7.3 also describes the manner in which AXA strives to integrate environmental issues into our business, as an insurer and an investor. The perimeter of our responsible investment strategy (which includes climate finance) covers our General Accounts assets, while our climate-related insurance activities cover essentially our P&C Commercial lines business.

Scope of societal indicators

Our Community Investment Survey, as described under Chapter 7.4, covers 73% of AXA's FTEs.

CONSOLIDATION METHOD AND GUIDELINES

For the scopes defined above, indicators are 100% consolidated, unless otherwise indicated. In order to develop its CR Strategy and disclose its non-financial performance, AXA voluntarily complies with some international guidelines as specifically indicated in the relevant paragraphs of this Chapter 7. These guidelines include for example the Greenhouse Gas Protocol (ghgprotocol. org) for CO_2-related KPIs. Other guidelines are highlighted where appropriate.

PERIOD

The indicators cover the period from January 1 to December 31, 2018, unless mentioned otherwise (*e.g.* XL Group data were included on a pro-rata basis for Q4 2018). The data are collected at December 31 each year as a status report at the date or at the end of the period under consideration. To facilitate their collection and processing, some data may be collected earlier in the year. The data for any remaining months (maximum 6 months) is then estimated in accordance with the assumptions set out in the description of the indicators/pre-established assumptions.

DATA COLLECTION

The social data provided for in Section 7.2 are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. Social data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There is no estimation or extrapolation made on the data provided. Regarding data published in ratios and percentages, numerator and denominator are realigned for each calculation to exclude entities with empty data points. The social data from XL Group are integrated into the Group's headcount, compensation and new hires data, but not for absenteeism, accidents and training.

As explained above, environmental data is collected from AXA sites with more than 50 FTEs as well as AXA-owned data centers. Environmental data contributors are required to gather all the relevant data into a dedicated reporting tool. For each site, contributors specify whether data has been measured or estimated based on the calculation rules defined in the Group's reporting procedures. In 2018, environmental data was collected for 82% of our total FTEs, and the remaining 18% was extrapolated. For AXA-owned data centers, 100% of the data is reported on actual basis (no extrapolations). Please refer to Chapter 7.3 "Environmental reporting process and verification"n as well as perimeter notes below our environmental data table for further information. Environmental data and more generally policies regarding our investments and insurance business is handled by various teams including Group Investments, Group Corporate Responsibility and Group Insurance Office.

Regarding societal data, please refer to Section 7.4 "Community investment". Notably, the number of unique volunteers is an estimate based on local entity knowledge of volunteering activities.

METHODOLOGICAL PRECISIONS AND LIMITATIONS

Reporting on certain indicators may have limitations due to:

- the absence of nationally and/or internationally recognized definitions, in particular concerning the different categories of employment contracts;
- the necessary estimates, the representativeness of the measurements made or the limited availability of external data required for calculations;
- the practical procedures for collecting and entering this information.

Therefore, whenever possible, definitions, methodologies and, where applicable, the associated margins of uncertainty are specified for the concerned indicators.

METHODOLOGY AND REPORTING SCOPE: BUSINESS BEHAVIOUR

Over the year 2018, AXA has provided in-depth information related to policy and governance of the main risk linked to business behavior. Specific to these, AXA has developed robust internal processes and has implemented necessary policies as well as Key Performance Indicators to measure their effectiveness.

However for some specific risks such as Corruption, Customer Protection, Human Rights and CR requirements related to Responsible Procurement, the current disclosure includes internal policies, framework and due-diligences measures implemented by AXA. These are described in Sections 7.5 "Business Behavior" and 7.6 "Vigilance Plan". In line with Non-Financial Directive requirements, the Group has been working towards the development of Key Performance Indicators for these specific topics as part of its 2019 non-financial disclosure.

7.2 SOCIAL INFORMATION [1]

Foreword

AXA strives to be a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this ambition has meant creating a workplace built on AXA's values, which foster diversity and equal opportunities for all, promote employee participation, encourage professional development and support employee well-being. For additional and more comprehensive information, refer to "About Us" and "Career" pages on www.axa.com.

It is generally known that social and economic changes will increase the share of diversity at work. Digital will enhance multiple customers interactions and provide more information upon which to make decisions. Technology and data advancements will allow machines to take over labor-intensive tasks so to improve working conditions and to shift people contribution to more value-added activities. Climate change will impose private corporations to adopt more environmentally friendly policies and continuous progresses in medical research will extend life expectations leading to a later retirement.

Therefore, AXA is committed to analyze those trends, to anticipate and adapt its employer proposition and practices accordingly and develop our people to new ways to perform our business.

To achieve our purpose ("we want to empower people to live a better life") and reveal the potential of our employees, we are committed to creating a workplace built on our values, a workplace which:

- fosters diversity as it breeds performance and innovation, promotes equal opportunities for all and creates the conditions for everybody to express his/her full potential at work;
- encourages employees' participation in the decision-making process and enable them to take risks;
- provides best in class solutions and opportunities to maintain employability and encourages continuous learning and professional development;
- promotes a generational mix at work;
- promotes the balance between work and life and safeguards health of people at work.

To confirm the relevance of our proposition and its adequate global execution, we have established a continuous dialogue with our people who have the responsibility to spot potential misalignments and suggest the management actions to repair. Regular employee engagement surveys are managed across the organization.

(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 315 active 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 January 1, 2018 and December 31, 2018, unless mentioned otherwise. Evolutions are measured with ratios between 2017 and 2018 end-of-year data. The data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There 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 at a glance

AXA's overall salaried workforce on December 31, 2018, was 125,934 employees (open-ended and fixed-term contracts), which represents an increase of more than 8% compared to 2017. This increase is mainly due to the acquisition of the XL Group, which has a global footprint, representing some 7,400 employees.

HIGHLIGHT & KEY FIGURES: GENDER AND BUSINESS DISTRIBUTIONS (*)

	Non-sales	Sales	Total
Women	55,449	8,566	64,015
Men	47,394	8,371	55,765
TOTAL	**102,843**	**16,937**	**119,780**
Women Proportion	***54%***	***51%***	***53%***

(*) *Open-ended contract headcount only.*

In terms of geographies, the footprint of AXA's salaried workforce in 2018 was: 56.6% in Europe (-2.5 points compared to 2017), 22.5% in Asia-Pacific (+1 point compared to 2017), 15.5% in the Americas (+1 point compared to 2017) and 5.4% in Africa (+0.5 point compared to 2017).

HIGHLIGHT & KEY FIGURES: GEOGRAPHICAL FOOTPRINT DISTRIBUTIONS (*)

Continent	Headcount	Distribution
Europe	71,260	56.6%
Asia-Pacific	28,322	22.5%
Americas	19,580	15.5%
Africa	6,772	5.4%
TOTAL	**125,934**	

(*) *Open-ended and fixed-term contract headcount.*

AXA continued to recruit in 2018 and hired more than 17,400 employees on open-ended contracts (excluding entries due to mergers and acquisitions), of which more than 4,200 were sales employees.

For further details on the above figures and a comparison between 2017 and 2018, please refer to the tables at the end of Section 7.2.

Social challenges outlook

In accordance with the EU Non-Financial Reporting Directive, the AXA Group has identified three main potential social risks:

- not maintaining sustainable and responsible employer practices everywhere through an ambitious employer value proposition and continuous social dialogue;
- insufficient growth and development opportunities, limited internal and external employability and skills becoming obsolete in a disrupted business environment;
- not attracting, retaining and managing talents because of inability to build an inclusive and engaging environment.

Those have been identified through working groups with AXA Group experts from different departments and also on internal documentation that AXA, as a mature insurance company and an expert in the management of all kind of risks, has been improving over the past years. They consist of documents developed by Group Risk Management (Operational Risk Grid) and by Group Human Resources (HR) Departments (Pager on AXA HR ambition and roadmap, and AXA HR Group Standards). AXA's human resources teams are regularly involved with Corporate Responsibility teams to answer to external stakeholders' (Non-Governmental Organizations, Rating Agencies, press, etc.) requests regarding the responsibility and sustainability of social practices.

The AXA Group globally, and AXA human resources professionals in particular, are all committed to mitigate those potential social risks.

Employee relations and work conditions

Maintaining sustainable and responsible employer practices and fostering social dialogue and work conditions are priorities at AXA. Over the past years, AXA, as a mature organization, implemented processes and instances that let the social dialogue and work conditions develop in its different entities globally.

A CONTINUOUS AND ESTABLISHED SOCIAL DIALOGUE

AXA is committed to building an environment where the voices of employees are heard (through employee engagement surveys amongst others), and actions are taken to ensure they remain engaged. AXA is a United National Global Compact signatory and is committed to uphold the right to freedom of association and collective bargaining. Labor-management communications and social dialogue pave the way for the stability required to implement the Group's business development strategy. Each AXA entity, therefore engages with staff 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.

In Europe, a first labor agreement was signed at AXA in 1996. In June 2009, a Group EWC agreement (available at www.axa.com) was concluded to guarantee a high level of social dialogue and that cover the majority of Group's employees. AXA holds two EWC plenary meetings a year – gathering 50 employee representatives from European countries, and chaired by AXA's CEO – as well as monthly sessions, held by 12 members of the EWC, to stay abreast of labor and economic developments in each country.

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. Sessions of exchange are planned regularly during the year between the Group and local Heads of Social Relations.

RESPONSIBLE WORK CONDITIONS RESPECTING WORK-LIFE BALANCE

AXA is committed to helping its clients and its employees to live a better life, which includes a better life at work and work-life balance.

Work conditions form a significant part of AXA's overall employee value proposition. It is part of the Group's responsibility to build an inclusive work environment hence operating as a source of personal fulfillment. AXA has implemented programs on preventing stress at work, and promoting mental health and wellbeing. The Group is also working on building an inclusive workplace environment through the New Way of Working (NWOW) approach: an environment that sustains different forms of flexible work arrangements (teleworking, part-time work, hot desking, desk sharing, flexible hours, compressed work week) and respects the work-life balance. 8 countries have deployed all or part of the NWOW approach across several campuses. As of end 2018, at AXA France, 3,706 employees were practicing teleworking while 2,200 employees were experiencing other aspects of NWOW. In Belgium, 3,155 employees are encouraged to do 2 days teleworking per week. In Spain, at AXA Spain, 63% of employees (more than 1,700 individuals) benefit from a "smart working" model.

Also, in terms of work-life balance, AXA is committed to supporting working parents globally. In January 2017, AXA launched a Global Parental Policy which gives all AXA employees across all countries where AXA operates the same rights and opportunities when expanding their family: a minimum of 16 weeks fully paid maternity/primary parent leave and 4 weeks fully paid paternity/co-parent leave, respectively. The number of maternity/paternity-absence-related days has globally increased by 8% compared to 2016 with a more significant impact on sales population (+17%) compared to 2016. The Global Parent Policy had a major impact in some countries where local benefits were not as generous as in Europe. For illustration, in India, in the AXA Business Services entity, the number of maternity/paternity-absence-related days tripled in 2 years (from 5,100 days in 2016 to 15,600 days in 2018) and in US at AXA Equitable, the number increased by more than 60% over the same period.

SECURED AND PROCESSED WORK CONDITIONS

As a responsible insurer and employer, it is in AXA's DNA to protect all its personnel as per international best practices, under the legal requirements of "duty of care" and "duty of vigilance" and in three major dimensions:

- "Physical security": protection of employees from intentional threats (crime, terrorism, political and social instability);
- "Health & safety": protection of personnel from hazard and accidents (fire, pandemics, natural disasters, etc.);
- "Crisis management": when an incident requires extraordinary processes to be managed.

In that context, the "Physical security" Group Standard is implemented across AXA since 2014, enabling to create a consistent approach for physical security in all entities, based on the locally identified risks, which are rated by external providers. The framework focuses on the operational procedures to mitigate risks for personnel during working hours, when travelling, or during an expatriation. It also enables to limit the impact of incidents and crises, when they occur. This Standard is applicable in the whole AXA Group and CEOs of entities are accountable for applying it.

Maturity improvements are being monitored every quarter based on 20 points of control, in line with the objectives set by Group Management Committee.

These objectives cover the entire AXA Group and are the followings:

- implementing a minimum baseline for physical security;
- having a particular focus where risks are the highest.

All improvements are controlled through evidences and on-site visits from the AXA Group central teams.

The baseline defined by Group Security has been implemented in 90% of the Group as of end 2018 – in line with Group Management Committees objectives. The objective is to have 100% of the Group aligned and to reach higher maturity levels according to risk levels. The management of physical security is reflected through the global absenteeism rate of 5% in 2018 for salaried workforce and with the low proportion of absences due to work-related accidents, stable at 2%.

Learning environment and skills management

In an unpredictable business environment, with the emergence of new risks and competitors, AXA needs to ensure that its business, organization and people are ready to face new challenges. The insurance sector is changing fast as technologies and customers' expectations disrupt the market. Therefore, business and support functions need to constantly adapt to the environment, which opens plenty of opportunities for AXA people to enhance their skills-set. Learning is more than a key lever to enable employees to grow and develop the skills of the future. A lack of career, skills and talent management, in a highly-competitive environment, could impact AXA's competitiveness.

TALENT AND SKILLS MANAGEMENT FRAMEWORKS AIMING AT ATTRACTING KEY TALENTS

A standard performance management process has been set up and must be used by each AXA entity to cover 100% of its employees, at least once a year.

This process is tightly linked to AXA's remuneration policy that aims to support the Group's long-term business strategy (incorporating AXA's Dow Jones Sustainability Index "DJSI" results in the calculation of AXA's Long-Term Incentives for 10% of the grant weight) and to align the interests of its employees and other stakeholders.

The remuneration policy approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA's leadership. Besides, benefits form a significant part of AXA's overall employee value proposition. 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.

Through the Organization and Talent Review (OTR) that is in place since 2005, AXA performs a systematic review of the organization structure required by its current business and its future needs. OTR is the review of the senior leadership roles in all AXA markets and functions. Commitments, embedded in recruitment, talent, performance and learning and development processes, have been taken to guide the way AXA employees work and interact with each other and take the management of their career in their own hands. AXA ambitions to act on 5 key dimensions of the employee lifecycle:

- employer brand, to continue attracting the workforce of tomorrow, and integrate candidate satisfaction in our recruitment strategy, both internally and externally;
- resourcing, where qualified professionals are enablers of the decision making in the business;
- manage the performance of our employees and grow high potentials, by putting in place systemic performance and

talent reviews and by understanding the competencies and skills needed for today and tomorrow;

- employee development, to offer differentiating learning and development actions to employees; and
- leadership management, to ensure current and future leaders, as well as High Potential profiles get the continuous support they need to lead and transform our business and culture.

AN AMBITIOUS AND GLOBAL LEARNING AND DEVELOPMENT OFFER

AXA's talent, performance, learning and development objectives focus on building the organization of tomorrow and transforming AXA into a self-learning organization in which people learn continuously in the flow of work, individually and collectively, from mistakes, feedback, setbacks and challenges, and are able to not only learn, but also unlearn and relearn continuously. One of the pillars of this transformation is a seamless digital ecosystem with the Global Learning Management System being its backbone and its accessibility to approximately 154,000 employees and distributors worldwide across 55 business units as of the end of 2018. AXA is also committed to developing its managers in the areas of leadership, integrity, collaboration and empowerment of their teams.

AXA focuses on delivering new digital learning experiences to foster a self-learning organization, leveraging on the latest approaches and technologies:

- the partnership signature with Coursera offers over 550 courses on critical skills to all AXA employees with university certificates recognized on the market. In 2018, more than 7,800 employees have started a course and 2,400 have been certified. Overall, we have reached a total level of 19,000 courses started, *i.e.* more than 85,000 training hours delivered,
  - after only one year of partnership with Coursera, this provider represents more than 80% of AXA's total digital learning time, doubling from 2017,
  - we also note that around 50% of learners on Coursera have more than one certificate;
- 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 48,000 "Click & Learn" courses have been launched and more than 30,000 are completed;
- the effort made by AXA to develop the skills of the future for its people is a reality, as 50% of digital learning time was spent on hard skills such as Data science (30%), Artificial Intelligence and Machine learning (7%) and other hard skills (14%). More than 10,000 courses, representing 30% of digital learning time was spent on personal development and soft skills topics (communication, interpersonal relationships and resilience, leadership, empathy, dealing with stress, productivity, and others);
- AXA's competencies development is now impacting almost all employees. The number of training days of salaried workforce remained stable (327,000 days in 2018 *vs.* 330,000 days in 2017). However, with 97% of its employees trained at least once a year, it is a very significant increase compared to last year (+13 points compared to 2017);
- in 2018, more than 25,000 people worldwide downloaded the supporting application and took part to the AXA Learning Games, which consisted of several challenges and events to make AXA's people more sensitive to learning topics. The time spent on learning during the AXA Learning Games went up by 100% and we saw an impressive increase in time spent on courses that were promoted during the Learning Games. This result confirmed the Group's hypothesis that proper marketing of our learning offer can have a large impact on the learners.

AXA'S PEOPLE, EMPOWERED TO MANAGE THEIR CAREER

AXA established Group-wide mobility policies and processes and enabled Group-wide posting of internally and externally available jobs. All vacant jobs are advertised internally, within one global recruitment platform adopted by AXA's entities representing 80% of AXA's Full-time equivalents. This makes the mobility opportunities for our employees immediately visible, thereby helping AXA better source the right people for its business needs. International mobility, governed by a globally consistent International Mobility framework and the Centers of Expertise for International Mobility (CEMI), is another important enabler of the organization transformation, as AXA wants to improve the visibility of international offers and allow fuller access to a culture of trust and achievement through direct exposure to new environments.

In 2018, international mobility slowed down, although in the second half of the year the usual dynamic returned. As the result of 2018 the overall volume of employees supported by the CEMI in relations with their international moves remained stable (785 employees supported *vs.* 788 in 2017). For the third year in a row we keep observing a change in the range of assignments and transfer types. Traditionally, long-term assignments have always been popular, but the declining trend of the previous years continued in 2018 which decreased the portion of this population among active assignees 44% (*vs.* 50% in 2017). On the contrary, a trend on the rise is Cross-border commuting assignments, which reached an all-time high of 13% of international assignments (*vs.* 5% in 2016 and 8% in 2017).

Diversity and Inclusion breeding talent and innovation

To tackle tomorrow's challenges, AXA aims at setting and enriching an environment and culture, which values diversity and inclusion, for its entire people, whatever their profiles are. AXA's workforce should reflect the diversity of the world in which AXA operates, and the middle and top management need to play a central role in reaching those objectives. Indeed, the AXA Group is convinced that diversity and inclusion management are key levers to breed talent and innovation within the organization and to remain a top player of the market.

DIVERSITY AND INCLUSION AMBITION AND FOCUS ON GENDER BALANCE

As diversity and inclusion are important drivers to breed talent and innovation, attract and retain the best talents and remain the preferred employer of the market, AXA promotes diversity through its recruitment, learning and development and talent management processes. AXA Group has developed a Diversity and Inclusion (D&I) Policy and ambitious commitments to drive initiatives, including public commitments, linked to our Group D&I priorities. AXA's leaders act as advocates for those commitments and are committed to support the Group to: reach gender balance across all levels of the organization; raise awareness on disability; maintain the momentum on the inclusion of LGBT community and embark our senior executives as advocates for D&I.

As of end of 2018, women made up over 53.4% of AXA's sales and non-sales workforce and held 29% of all Executives sales and non-sales positions. Since 2009, AXA has been tracking representation of women among its Top Senior Executives' population.

In March 2018, AXA reaffirmed its priority to reach gender parity by 2023 among Top Senior Executives' population and focused on several actions:

- ask top management to play a more active role to foster gender diversity – diversity objectives are set to all Top Senior Executives with a clear focus on gender diversity. Diversity in teams is a shared goal for AXA's 150 Top Senior Executives. Management Committee and Partners members are involved in a sponsorship initiative launched in December 2018 targeting 30 talents: 23 women (among them 83% are in operational roles) and 7 men (among them 86% are in operational roles).

  This sponsorship initiative is a component of two different programs feeding the pipeline of future leaders:

  - launched in 2014, the "Group Sponsorship Tandem" program was designed to develop female talent across the Group. 42% of the women who have participated in the program from the first three waves got promoted to Top Senior Executive position as of end-2018,
  - launched in 2017, the "Global Executive Development" program was a 2-year program built for executives, women and men, that the management believes have the potential to grow into key global leadership positions. 36% of participants of the 2017 wave were promoted to Top Senior Executive positions in 2018, after only 1 year of involvement;
- strengthen gender balanced talent pipelines and succession plans – AXA entities have been requested to set up local targets of female representation at Executive Committee level (roughly 300 people) and executive level (roughly 3,000 people);
- in addition, AXA has focused 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 skills. 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. At the end of 2018, 4,500 managers have already participated in the AXELERATE journey worldwide and AXA targets to train 5,000 more managers in the AXELERATE program in 2019;
- hire and promote talented women at leadership levels – AXA applies gender equality in recruitment processes. For each opened Senior position, the shortlisted applicants are at least one man and one woman. Recruiter managers are key players in that domain. In 2018, 200 Recruiters have received the Resourcing Academy training across seven major countries but also in International New Markets and in two of AXA major transversal operations (AXA Investment Managers and AXA Partners) which operate in up to 36 countries. D&I are some of the topics that are covered in that program;
- the Resourcing Academy, available to entities subject to their needs, encourages best practice in terms of culture, diversity and inclusion in the selection process.

As of the end of 2018, the gender diversity within leadership teams was the following:

HIGHLIGHT & KEY FIGURES: AXA'S LEADERSHIP TEAMS GENDER DIVERSITY

	Management Committee	Partners Group	Top Senior Executives
Women	9%	17%	32%
Men	91%	83%	68%
Pool	***11***	***36***	***150***

The Management Committee assists the Chief Executive Officer in the operational management of the Group.

The Partners Group is composed of the members of the Management Committee and approximately thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in the definition and implementation of key strategic initiatives.

The Top Senior Executives are AXA's most senior leaders accountable for AXA's long-term strategy, sustainable results and culture. A key strategic initiative has been defined by the Management Committee with the support of the Partners Group: Reach gender parity on Top Senior Executive Population by 2023.

For more information on AXA's D&I Policy in top management, please refer to www.axa.com.

AXA, GLOBALLY COMMITTED WITH CIVIL SOCIETY ABOUT DIVERSITY AND INCLUSION

AXA is also committed with civil society in many dimensions.

In January 2018, AXA made public its support to the United Nations LGBTI Standards of Conduct for Business. AXA reinforced its partnerships with LGBT organizations to raise awareness across the Group and extend our network in those communities. Entities have continued to engage employees through participation to several LGBT events: sponsorship (or participation in) Pride marches and events. Entities have made significant progress in embedding LGBT as a business priority, with inclusive policies supporting same-sex couples named as beneficiaries.

On December 3, 2018, on the International Day of People with Disabilities, a global webinar was offered to all AXA employees to raise awareness on the topic.

On December 10, 2018, AXA's CEO Thomas Buberl committed to support the United Nations Women's Empowerment Principles, in the name of all AXA entities.

Finally, for the sixth time, in 2018, 140 people, mainly senior executives, gathered to work and reflect on "Inclusive Leadership: how can we act as catalysts for change?" to demonstrate that diversity and inclusion remains a priority at AXA and discuss on areas for progress.

WORKFORCE [a]

Headcount (number of persons) as of December 31	2018		Evolution	2017	
Total headcount of salaried workforce (open-ended and fixed-term contract)	**125,934**	**emp.**	**+8.1%**	**116,514**	**emp.**
Headcount of salaried workforce with open-ended contract	**119,780**	**emp.**	**+7.3%**	**111,588**	**emp.**
■ Proportion of men	46.6	%		46.6	%
■ Proportion of women	53.4	%		53.4	%
Headcount of salaried non-sales force	**102,843**	**emp.**	**+7.7%**	**95,447**	**emp.**
All Executives	3,583	emp.		3,255	emp.
■ Proportion of men	71.0	%		70.6	%
■ Proportion of women	29.0	%	-0.4pt	29.4	%
All Professionals	48,504	emp.		14,828	emp.
■ Proportion of men	54.9	%		57.4	%
■ Proportion of women	45.1	%	+2.5pts	42.6	%
Associates	50,756	emp.		77,364	emp.
■ Proportion of men	36.0	%		42.7	%
■ Proportion of women	64.0	%		57.3	%
Headcount of salaried sales force	**16,937**	**emp.**	**+4.9%**	**16,141**	**emp.**
■ Proportion of men	49.4	%		50.8	%
■ Proportion of women	50.6	%	+1.4pts	49.2	%
Headcount of salaried workforce with fixed-term contract	**6,154**	**emp.**		**4,926**	**emp.**
■ Non-sales force	4,752	emp.		4,282	emp.
■ Sales force	1,402	emp.		644	emp.

Full-Time Equivalents (headcount converted into full-time equivalents)	2018		Evolution	2017	
Average FTE of salaried workforce	**115,768.5**	**fte**	**+8.3%**	**106,928.6**	**fte**
Average FTE of salaried non-sales force	99,134.4	fte		91,109.7	fte
■ All Executives	3,657.6	fte		3,203.2	fte
■ All Professionals	46,263.1	fte		14,804.2	fte
■ Associates	49,213.7	fte		73,102.3	fte
Average FTE of salaried sales force	16,634.1	fte		15,818.9	fte
Average FTE of temporary non-salaried staff	**8,586.9**	**fte**		**8,399.9**	**fte**
■ Non salaried temporary staff and contingent workers	5,768.1	fte		5,784.9	fte
■ Trainees/Apprentices	2,818.8	fte		2,615.0	fte

Profile of employees	2018		Evolution	2017	
Average age of salaried workforce	**40.8**	**yrs**		**40.9**	**yrs**
■ Non-sales force	40.7	yrs		40.8	yrs
■ Sales force	41.4	yrs		41.4	yrs
Average length of service of salaried workforce	**10.4**	**yrs**		**10.8**	**yrs**
■ Non-sales force	10.7	yrs		11.3	yrs
■ Sales force	8.2	yrs		8.3	yrs
Disability (open-ended and fixed-term contract)					
Number of employees with disabilities – concerns entities operating in France only	743	emp.		770	emp.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

WORKFORCE DYNAMICS [1]

Movements	2018		Evolution	2017	
Movements of salaried workforce					
Net headcount evolution (entries versus departures)	707	emp.		-2,176	emp.
■ Entries	19,533	emp.	+16.5%	16,766	emp.
■ Departures	18,826	emp.	-0.6%	18,942	emp.
Movements of salaried non-sales force					
Net headcount evolution (entries versus departures)	234	emp.		-1,729	emp.
Entries	15,165	emp.	+14.0%	13,302	emp.
■ Number of external recruitments (including re-hires)	13,218	emp.		11,467	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,915	emp.		1,637	emp.
■ Number of entries following mergers and acquisitions	32	emp.		198	emp.
Departures	14,931	emp.	-0.7%	15,031	emp.
■ Number of resignations	9,460	emp.		8,332	emp.
■ Number of economic/collective layoffs	1,352	emp.		1,894	emp.
■ Number of individual layoffs	2,028	emp.		1,847	emp.
■ Number of retirements/pre-retirements	1,769	emp.		1,538	emp.
■ Number of departures due to external transfers [a]	129	emp.		1,252	emp.
■ Number of other departures	193	emp.		168	emp.
Movements of salaried sales force					
Net headcount evolution (entries versus departures)	473	emp.		-447	emp.
Entries	4,368	emp.	+26.1%	3,464	emp.
■ Number of external recruitments (including re-hires)	4,265	emp.		3,336	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	98	emp.		94	emp.
■ Number of entries following mergers and acquisitions	5	emp.		34	emp.
Departures	3,895	emp.	-0.4%	3,911	emp.
■ Number of resignations	2,913	emp.		2,752	emp.
■ Number of economic/collective layoffs	122	emp.		82	emp.
■ Number of individual layoffs	500	emp.		490	emp.
■ Number of retirements/pre-retirements	264	emp.		240	emp.
■ Number of departures due to external transfers [a]	77	emp.		321	emp.
■ Number of other departures	19	emp.		26	emp.
Movements of salaried workforce with fixed-term contract					
Net headcount evolution of salaried non-sales force (entries versus departures)	2,212	emp.		1,828	emp.
■ Number of external recruitments	5,531	emp.		5,337	emp.
■ Number of fixed-term contracts ended	3,319	emp.		3,509	emp.
Net headcount evolution of salaried sales force (entries versus departures)	376	emp.		172	emp.
■ Number of external recruitments	585	emp.		335	emp.
■ Number of fixed-term contracts ended	209	emp.		163	emp.

(a) 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.

7

(1) The XL Group, Kamet and AllianceBernstein businesses only partially reported the movement indicators.

Mobility	2018		Evolution	2017	
Internal mobility rate of salaried workforce	**8.9**	**%**	**-1.6pts**	**10.5**	**%**
■ Non-sales force	9.6	%		11.3	%
■ Sales force	5.0	%		6.1	%

Employee turnover	2018		Evolution	2017	
Turnover rate of salaried workforce	**15.6**	**%**	**+0.2pt**	**15.4**	**%**
■ Involuntary (layoffs/dismissals)	3.6	%		3.8	%
■ Voluntary (resignations)	10.4	%		9.8	%
■ Other reasons (pre/retirements and miscellaneous)	1.9	%		1.8	%
Turnover rate of salaried non-sales force	**14.4**	**%**	**+0.1pt**	**14.3**	**%**
■ Involuntary (layoffs/dismissals)	3.6	%		3.9	%
■ Voluntary (resignations)	9.2	%		8.6	%
■ Other reasons (pre/retirements and miscellaneous)	1.9	%		1.8	%
Turnover rate of salaried sales force	**22.8**	**%**	**+0.5pt**	**22.3**	**%**
■ Involuntary (layoffs/dismissals)	3.7	%		3.6	%
■ Voluntary (resignations)	17.4	%		17.0	%
■ Other reasons (pre/retirements and miscellaneous)	1.7	%		1.7	%

LABOUR RELATIONS (1)

Working time	2018		Evolution	2017	
Average number of working days	**229.1**	**days**	**+0.6%**	**227.7**	**days**
Average number of working hours per week	**36.8**	**hrs**	**-0.3%**	**36.9**	**hrs**
■ Full-time employees	38.6	hrs		38.0	hrs
■ Part-time employees	25.9	hrs		26.6	hrs
Part-time salaried workforce					
■ Proportion of part-time salaried non-sales force	10.0	%		11.1	%
■ Proportion of part-time salaried sales force	3.1	%		2.7	%

Absenteeism	2018		Evolution	2017	
Absenteeism rate of salaried workforce	**4.7**	**%**	**0,0pt**	**4.7**	**%**
■ Proportion of absences due to sickness	69.7	%		69.9	%
■ Proportion of absences due to work related accidents	1.9	%		2.0	%
■ Proportion of absences linked to maternity/paternity leave	28.4	%		28.1	%
Absenteeism rate of salaried non-sales force	**4.9**	**%**		**4.9**	**%**
■ Proportion of absences due to sickness	69.7	%		69.5	%
■ Proportion of absences due to work related accidents	1.7	%		1.9	%
■ Proportion of absences linked to maternity/paternity leave	28.6	%		28.6	%
Absenteeism rate of salaried sales force	**3.5**	**%**		**3.7**	**%**
■ Proportion of absences due to sickness	69.4	%		72.5	%
■ Proportion of absences due to work related accidents	3.4	%		2.9	%
■ Proportion of absences linked to maternity/paternity leave	27.1	%		24.6	%

(1) The XL Group and Kamet entities did not report the labour indicators.

COMPENSATION

Compensation cost	2018		Evolution	2017	
Compensation cost of salaried workforce [(a)]	**9,275**	**M€**	**+9.1%**	**8,501**	**M€**
■ Proportion of fixed pay (related to wages)	77.2	%		76.2	%
■ Proportion of variable pay (related to wages)	22.8	%		23.8	%
Annual gross payroll of salaried non-sales force					
■ Proportion of fixed pay (related to wages)	83.1	%		83.1	%
■ Proportion of variable pay (related to wages)	16.9	%		16.9	%
Annual gross payroll of salaried sales force					
■ Proportion of fixed pay (related to wages)	45.0	%		44.9	%
■ Proportion of variable pay (related to wages)	55.0	%		55.1	%

(a) As per the definition of compensation, it includes the individual fixed pay, the individual variable pay, employer social contribution and collective profit sharing (if any) and excludes equity based compensation (stocks options, performance shares, AXA Miles). On a constant exchange rate basis, total compensation cost increased by 11.2%.

TRAINING [(1)]

Training days	2018		Evolution	2017	
Number of training days of salaried workforce	**327,011.4**	**days**	**-1.0%**	**330,248.7**	**days**
■ Non-sales force	224,034.3	days		226,600.0	days
■ Sales force	102,977.1	days		103,648.7	days

Training attendees	2018		Evolution	2017	
Percentage of salaried workforce having received at least one training course	**97.8**	**%**	**+13.6pts**	**84.2**	**%**
■ Non-sales force	97.6	%		83.5	%
■ Sales force	99.2	%		88.6	%
Average number of training days per salaried workforce	**2.7**	**days**		**3.1**	**days**
■ Non-sales force	2.2	days		2.5	days
■ Sales force	6.1	days		6.6	days

(1) The XL Group and Kamet entities did not report the training indicators.

7.3 CLIMATE CHANGE AND THE ENVIRONMENT

As described above in the "Sustainability Risk Assessment" section, environmental protection, including the interconnected issues related to climate change and biodiversity loss, is a key concern for the AXA Group as an insurer, investor and a large multinational corporation. This chapter covers all three dimensions. The initiatives described below are in line with the UN Sustainable Development Goals (SDG) #12 (Responsible Consumption and Production) and #13 (Climate Action).

AXA's position on climate change and the environment

AXA's position regarding climate change and environmental risks is not only to adapt, but also to take advantage of its expertise to provide solutions. Indeed insurers are well equipped to address climate-related risks. They can fund and promote research. 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.

AXA's work focuses on enhancing knowledge on climate risk, and developing adequate insurance products and investment policies. This strategy addresses both the "carbon emissions *mitigation*" and the "*adaptation*/resilience" dimensions of climate change. To be effective, it requires both collective efforts and more competitive initiatives.

More specifically, our strategy currently includes the following initiatives:

- investments: investing in green assets, divesting from certain carbon-intensive industries (coal and oil sands), climate-related shareholder engagement, climate risk analysis with a long-term view to align investments with a "+2°C" target;
- insurance: underwriting restrictions on the coal and oil sands industries, "green/sustainable" products in both Property & Casualty and Life & Savings ranges;
- operations: direct environmental footprint targets covering energy & carbon emissions, water and paper across all three Greenhouse Gas Protocol "scopes";
- thought leadership, NGO partnerships, academic research (AXA Research Fund);
- in 2018, the Group has also decided to start addressing the issue of biodiversity loss through a comprehensive strategy that will be gradually rolled out.

These initiatives are detailed in the following pages. See also "Risk factors" Section 4.1.

Investments

This section describes our Responsible Investment (RI) initiatives in line with the voluntary disclosure requirements of the Taskforce on Climate-related Financial Disclosures (TCFD [(1)]) and the compulsory framework provided for by the French decree implementing Article 173 VI of the law n°2015-992 of August 15, 2015 for Energy Transition for Green Growth Act (which also considers social and governance issues in addition to environmental issues). This is why the text below occasionally extends beyond purely environmental factors. Furthermore, this text is an overview of our full "2019 Climate Risk report", to be published on www.axa.com in the spring of 2019, based on the TCFD's general guidance for the financial sector, and supplemental guidance for Insurance companies and asset owners.

(1) Recommendations from the TaskForce on Climate-related Financial Dislosures: www.fsb-tcfd.org.

DEFINITIONS AND GOVERNANCE

AXA defines RI 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 CR commitments. AXA developed a comprehensive RI strategy covering the Group's General Account assets and is gradually extending it to its Unit-Linked investments. The process of ESG integration is coordinated centrally, with an active input from our asset managers that include ESG metrics in their investment analysis across asset classes and regions.

AXA created a Group-level Responsible Investment Committee (RIC), chaired by the Group Chief Investment Officer, and including representatives from AXA Asset Management entities, Corporate Responsibility, Risk Management and Communications. 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. In addition, as mentioned in Section 7.1, the Board of Directors and Stakeholder Advisory Panel provide input into the Group's CR strategy.

RESPONSIBLE INVESTMENT STRATEGY

AXA's RI strategy is based on four main pillars:

- integrating ESG and carbon metrics into investment processes and decision-making, using KPIs and qualitative research across most of our assets;
- excluding sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions (which apply both to investments and insurance) currently include: controversial weapons, coal mining/coal-based power generation, oil sands and associated pipelines, palm oil, food commodity derivatives, and tobacco. These policies are disclosed on axa.com;
- promoting "Green" investments across different asset classes, based on proprietary criteria derived from a recognized market standard. This includes "impact investments" delivering positive environmental or social as well as financial returns which are actively tracked;
- 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 Global) are signatories of the UN-backed principles for Responsible Investment (UN PRI). The Group's global RI Policy (public on www.axa.com) will be revamped to better reflect our current RI strategy.

ESG 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 AXA's General Account assets (Sovereign and corporate bonds, equity, property, infrastructure and Commercial Real Estate debt). RI Search is also used to develop dedicated Responsible Investment funds and can guide shareholder engagement targets. AXA IM's RI team regularly trains portfolio managers in order for them to use RI Search optimally. In 2019, this tool will gradually be replaced by a new more comprehensive "ESG solution engine" enabling a better screening of investment universes, scores & KPI computation and reporting.

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 (*e.g.* environment, social and political risks). The criteria are adapted to the development levels of all countries;
- **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 questionnaires covering criteria such as energy efficiency, environmental certificates, and accessibility;
- finally, a "carbon footprinting", which is applied to our equities, corporate Fixed Income and Sovereign Debt assets, complements the ESG metrics.

CLIMATE RISK 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. AXA is testing different approaches since 2016. Building on previous efforts, in 2018 AXA has decided to deepen its work based on the methodology provided by an external climate risk partner (Carbon Delta, also used in 2017), while also extending its use of internal "NatCat" models to cover a wider spectrum of our Real Assets investments. This work covers two broad areas: "transition risk" and "physical risks", as defined by the TCFD and explained in more details below.

"Transition" risks: financial risks and "2°C" portfolio alignment

Modelling the extent to which investors may be impacted by shifting market and regulatory trends related to the transition to a low-carbon economy is termed "transition risk". It can be measured in financial or purely "climate" terms.

- For equity and corporate bonds assets, AXA uses 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. Our top down approach first identifies emissions reductions targets by country (according to the "Nationally Determined Contributions"/NDCs of the Paris Agreement), then splits them into sector-level targets based on policy research and eventually into company-level targets based on their individual assets/facilities after which a carbon price assumption is applied to any budgetary exceedance of actual carbon intensity. It also factors a separate future "green revenue" estimate derived from an analysis of current green patents filings. This approach enables us to project companies' potential costs or gains associated with reaching the 2°C scenario per sector and country. These results are translated into a forward-looking set of climate cost and revenue metrics per security, which represents the proportion of a company's revenues that may decrease or increase due to climate change-related constraints. For our sovereign portfolios, we also use another methodology (developed by another service provider) to approximate a comparable "transition risk" metric based on the allocation of carbon budget by countries supporting various warming scenarios depending on various macroeconomic variables such as GDP growth, population growth and energy efficiency.
- In addition to this financial risk indicator, AXA is exploring ways to measure the "temperature" of its investments by positioning its corporate bonds and equity and sovereign debt assets *versus* the "2°C" target enshrined in the Paris Agreement. This approach captures the climate-related aspects of a company's activities, including its direct and indirect greenhouse gas emissions, technology developments, and "green revenue" opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed for each sector to make its contribution to reach the global 2°C target. This produces a "**warming potential**" per company and sector, and ultimately for AXA's investments, for which long-term targets may be set. This is likely to become a key dimension of the "climate finance" narrative going forward.

Further explanations will be developed in our full "2019 Climate Risk" report (www.axa.com).

"Physical" risks: climate impacts on AXA'S real assets portfolio

In addition to the aforementioned "transition" risks, climate change, and in particular, extreme weather events, may impact "Real assets" such as real estate. This is termed "physical" risks according to the TCFD guidelines. As an insurer, AXA has a significant amount of claims-related data that it can leverage to conduct a "physical risks" analysis on its Real Estate portfolio. Indeed AXA's Investments and Group Risk Management teams collaborate to evaluate the financial impact of floods and windstorms on the buildings and infrastructure of these portfolios.

Our physical risk assessment for Real Estate uses "NatCat" models – generally only used to assess the impact of natural catastrophes on insured exposure – combining stochastic events (windstorms, floods, hurricanes) and a geolocalised portfolio of Real assets. Specific "destruction rates", which factor location, building/infrastructure type and construction materials are then used to determine potential damage rates and derive a loss for each and every building/infrastructure. Again, the results of this innovative work will be disclosed in more detail in our full report.

Moreover, for corporate bonds and equities, we assess the costs of "physical risks" by modeling the expected financial impacts of extreme weather events on companies' facilities. The physical risk cost estimates factor in vulnerability to business interruption risk and asset damage, based on the exposure of facility locations to extreme weather events.

ESG AND CLIMATE-RELATED EXCLUSIONS

AXA's Responsible Investment strategy includes several sector-level divestments. Indeed, certain activities and products are deemed to be inconsistent with our climate strategy and broader CR goals of protecting people over the long term. In this context, AXA has developed specific "sector guidelines" which apply both to investments [(1)] and insurance (see following section). These currently include the following sectors:

- coal and oil sands: developed below;
- "controversial weapons" manufacturers that are banned by international conventions (antipersonnel landmines, cluster munitions/cluster bombs chemical, biological and depleted uranium weapons, nuclear weapons proliferation);
- tobacco manufacturers, whose products conflict with our role as one of the world's largest health insurers;
- palm oil producers which do not adhere to this industry's best sustainability practices (notably regarding deforestation, land and labor rights);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities.

In 2018, the Group extended its investment restrictions to the XL Group's assets, representing an extra €660 million divested. In total, AXA's divestments represent approximately €7.15 billion (coal, tobacco, oil sands, controversial weapons and palm oil, in decreasing order of magnitude, and including XL Group assets).

More specifically, regarding climate change, in 2015, AXA was the first global investor to initiate divestment from coal. Ahead of COP21, we signaled that while climate finance is a complex issue, it can nonetheless be tackled. This helped AXA and some peers to overcome paralysis by analysis and shift into "action" mode. In 2017, AXA strengthened its climate-related divestment strategy.

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. This is why AXA decided to divest from the coal industry, by targeting coal mining and coal-based electric utilities based on 3 criteria:

- 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";
- companies that are actively developing new coal-based power capacity (with coal-based power "expansion plans" exceeding 3 gigaWatts. This approach captures "real" climate impact, beyond pure financial risks;
- mining companies with annual coal production over 20 million tons.

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 divested 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.

GREEN INVESTMENTS

AXA has a target to invest €12 billion in "green" assets by 2020, which doubles the recommendations by Christiana Figueres, one of the main architects of the COP21, to dedicate 1% of institutional investments to green assets. This target includes notably green infrastructures, green bonds, Impact Investments, property and commercial real-estate loans 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 assets and Commercial Real Estate loans (CRE), AXA applies the strictest environmental certifications & standards to classify the property or underlying asset of the CRE loan as Green. In December 2018, AXA's green investments reached €11.3 billion.

In addition, AXA and the IFC, a member of the World Bank Group focused on the private sector, launched 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. Coal and oil-sands related projects are explicitly excluded.

CLIMATE AND ESG "OUTREACH" AND ENGAGEMENT

Shareholder engagement

AXA's divestments are complemented by an active engagement strategy. Indeed, as a shareholder and bondholder, AXA has the possibility to engage with the management of companies in which it invests in order to help catalyze positive change on certain issues (such as climate change, health, governance, market practices, etc.). This is undertaken directly by the Group and *via* AXA IM's engagement team. In addition, AXA and AXA IM joined several shareholder coalitions, notably:

- 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;

7

(1) *Equity assets are divested immediately; debt assets are run-off (except for controversial weapons, for which debt assets are also divested immediately).*

- the UN PRI ESG Engagement Advisory Committee, providing strategic direction and feedback on themes for future collaborative engagements;
- various other initiatives related to plastic pollution, the TCFD guidelines, arctic drilling, palm oil, the automotive industry, etc.

Outreach, memberships and partnerships

AXA supports various initiatives related to climate change and environmental protection. These include the following:

- Climate Finance Leadership Initiative: the CFLI, which was launched in September 2018 by the UN Secretary General, and is presided by Michael Bloomberg, seeks to develop standardized and securitized investments at scale to tackle climate change;
- Alliance of CEO Climate Leaders: a group of 50 CEOs set up by the World Economic Forum (Davos) to actively engage in global efforts to create market opportunities for tackling climate change. Its goals are to promote strong climate action including a commitment to reduce carbon emissions, support the TCFD, support low-carbon solutions and finance, and promote adequate regulation. AXA joined in 2018;
- IDF: AXA's Chairman presides over the Insurance Development Forum since 2018. The IDF is a public-private partnership that brings together insurers, reinsurers and brokers, together with the World Bank and the United Nations Development Program. By optimising and extending the use of insurance and Risk Management capabilities, the IDF aims to support the G20 "InsuResilience" objective of insuring 400 million more people in emerging countries by 2020 against climate-related disasters and of improving their climate resilience. The organisation is made up of 500 experts, including specialists from AXA, that focus on i) improving catastrophe risk modelling by developing models in emerging countries where they don't yet exist as well as enhancing their interoperability; ii) addressing the critical role that the proper legal, regulatory environment and supportive government policies play in closing the protection gap; iii) launching new and improving existing insurance programmes at the sovereign and sub-sovereign level, building on successful models such as the African, Caribbean and Pacific Islands risk pools; iv) driving new inclusive insurance schemes for individuals in emerging countries aligned with the work of AXA's Emerging Customers; and v) closing the gap between funding needed for climate-resilient infrastructure in emerging countries and insurers' role as institutional investors with the ability to invest in these assets. The IDF has already catalogued all existing catastrophe models, published a catalogue of laws, regulations and policies that enhance or impede insurance sector resources in an economy and is working on two sovereign insurance pilots in Sri Lanka and Pakistan. Since AXA's chairmanship, the IDF has also set up a permanent Secretariat in London and co-hosted a seminal event with the Bank of England on infrastructure investment;
- TCFD: AXA co-presided (2015-2017) the global industry-led Task Force on Climate Related Financial Disclosures (TCFD), set up by the Financial Stability Board (FSB) as well as Michael Bloomberg. The TCFD provides guidance on how to disclose climate change risk and opportunities;
- EU High-Level Expert Group on Sustainable Finance: a senior AXA executive presided (2016-2018) the EU High Level Expert Group on Sustainable Finance, developing recommendations on sustainable finance which formed the basis for the European Commission's "Action Plan on Financing Sustainable Growth".

The Group has signed several NGO partnerships:

- C40: in October 2018 AXA partnered with C40 to produce a public report on how cities' understanding of infrastructure interdependencies informs their climate adaptation planning. The aim of the report is to help cities better manage climate risk;
- UN Habitat: our 2016-2019 partnership with the UN agency for human settlements and sustainable urban development focuses on supporting housing reconstruction after disasters and implementing technical assistance at scale, to help communities to "build back better", and to reduce fatalities and limit economic losses as a result of disasters. These (re) building guidelines will be published by Q2 2019;
- UNISDR: AXA partnered (2015-2018) with the UN Office for Disaster Risk Reduction to support the "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;
- CARE: AXA's partnership (launched in 2009) with CARE International (major international humanitarian agency delivering emergency relief and long-term international development projects) to work on both disaster risk reduction and climate change adaptation (notably better mapping climate refugee dynamics).

AXA has also joined or supported many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and CR: UN PRI, UN PSI, IIGCC, Montreal Carbon Pledge, Science Based Targets, RE100, Caring for Climate Carbon Pricing Leadership Coalition, UN Global Compact, CDP, ORSE, EpE, BSR, Finance for Tomorrow, "Kyoto statement" of the Geneva Association, etc. Finally, AXA also supports climate-related academic research *via* the AXA Research Fund (see Chapter 7.4).

Insurance

GOVERNANCE

Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee, which defines underwriting restrictions. The Group CR team provides a bridge with the RI-related governance. In addition, a dedicated team with Group Risk Management analyses Emerging Risks *via* a specific framework, tools and local network. These risks, which often relate to long term ESG issues, are monitored and their potential impact assessed within a risk mapping framework (regulatory & legal, environmental, socio & political, economic & financial, medical and technological).

UNDERWRITING RESTRICTIONS

It is inconsistent to commercially support industries that the Group has divested from. Therefore, AXA also restricts insurance coverage for coal and oil sands-related assets (as well as for the other industries mentioned in the previous section, and arctic drilling). The exclusions cover the following:

- the development of new coal capacity is strictly banned by not providing Construction covers (both Direct Insurance and Facultative Reinsurance) for any new coal plant and new coal mine. This applies whichever the region or client (regardless of our investment exclusion list);
- property covers for existing coal power plants and coal mines are also banned. This does not apply to the least developed countries in the world, according to UN classification;
- oil sands extraction business: both Property and Construction covers are banned (both Direct Insurance and Facultative Reinsurance);
- oil sands transportation business, in particular *via* pipelines: both Property and Construction covers are banned (both Direct Insurance and Facultative Reinsurance);
- oil & gas extraction in Arctic Region: both Property and Construction covers are banned (Direct Insurance and Facultative Reinsurance).

More detailed internal rules apply for complex cases such as “mixed risks” packages, etc. These restrictions were initiated in 2017; we believe AXA to be the first large insurer to have implemented such restrictions, which represent a significant commercial commitment. Indeed, in 2018, AXA extended its underwriting restrictions (coal, oils sands, tobacco, controversial weapons, palm oil, arctic drilling) to the XL Group’s operations, representing a significant commercial effort (premium impact in excess of €100 million).

OUR PRODUCTS

In addition to reorienting its investment strategy, the Group seeks to minimize its “indirect” impact on the environment by offering insurance solutions that promote environmentally-friendly behavior. In the Commercial lines business, AXA XL underwriters have significant 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 (above). Some local entities also develop motor and car fleet insurance policies encouraging low CO_2 emission vehicles, home insurance policies encouraging energy efficiency, renewable energy installations, and environmentally friendly claims strategies. As described in Section 7.4, AXA France has developed the comprehensive “Assurance Citoyenne” label, and AXA Global Parametrics offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding).

Own operations

As part of AXA's Sustainability Risk Assessment, the environmental impacts of our operations has been identified as one of the risks to mitigate. This mainly includes carbon emissions as well as water and paper consumption. In response to this risk, AXA has developed an environmental policy and strategy which covers both business and operational issues. AXA's environmental footprint management also contributes to improving our operational eco-efficiency, notably through cost savings on energy, fuel, travel, paper and water.

AXA's Environmental Policy describes our key focus areas and expected practices to reduce our direct and indirect environmental impacts. As part of this policy, AXA has:

- established an environmental reporting process to measure and reduce the environmental impact of our business operations;
- developed a due-diligence process to ensure an adequate governance is implemented at entity level;
- set 2020 environmental performance targets.

Through its environmental policy and strategy, AXA, as an insurer, investor and global corporation, can play an important role 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. Through our strategy, we contribute to UN SDG #12 "Responsible Production and Consumption" (sub-target 12.6 "encouraging companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle").

ENVIRONMENTAL REPORTING PROCESS AND VERIFICATION

AXA has implemented an environmental reporting process and related policies since 2002. Managing our environmental footprint, in line with EU Directive on Non-Financial Reporting, is one of the pillars of our CR strategy.

This process is based on an internal reporting tool and involves collecting information on power consumption, business travel, AXA-owned vehicle fleets and paper consumption, with their related CO_2 emissions, as well as waste and water. To measure our environmental footprint, the Group CR team coordinates a network of around 300 dedicated environmental managers in local entities. This network monitors our annual progress on reduction targets, which helps local entities evaluate their own action plans and targets. The final results of this annual reporting process are disclosed in our Annual Reference Document.

AXA's environmental reporting is part of its broader management system which includes internal controls, processes, and progress on target deployment. The data collected and reported *via* the reporting is validated locally by the Chief Financial Officer of the entities. Further, AXA conducts group and entity level audits to ensure data quality as well as measures the efficiency of the local environmental management systems. The accuracy of the data and indicators reported is measured by conducting the following steps:

- review of Environmental Protocol and reporting procedures at Group and entity levels;
- data review and detailed tests on selected entities, which includes testing data accuracy, verifying local reporting processes and feedback on reported data;
- data review consolidation covering all indicators, as well as consistency and control tests carried out by the Group and our auditors;
- audit review of the qualitative information (organization, policies and actions), as well as quantitative information (indicators, using sampling techniques). The audit covers all the entity data that is used to feed the environmental information published in this report. Please refer to Statutory Audit statement at the end of Chapter 7.

PERFORMANCE TARGETS

AXA has a target to reduce its carbon emissions covering all greenhouse gas emissions "Scopes [1]":

- Scope 1: emissions from fuel consumed on AXA sites as well as by AXA-owned car fleet;
- Scope 2: emissions from purchased energy (essentially electricity consumed by AXA buildings);
- Scope 3: emissions from business travel and paper consumption. Note: investment-related "indirect" Scope 3 emissions are analyzed in Section 7.3 "Investments".

AXA's target for the 2012-2020 period is to reduce CO_2 emissions per Full-Time Employee (FTE) by 25%, broken-down into the following sub-targets:

- -35% power consumption (kwh/FTE) – Scopes 1&2;
- -15% business travel: vehicle fleet (km/FTE) – Scope 1;
- -5% business travel: air and train (km/FTE) – Scope 3;
- -45% office paper (kg/FTE) – Scope 3;

(1) *As defined by the Greenhouse Gas Protocol www.ghgprotocol.org.*

- -50% marketing and distribution paper consumption (kg/client) – Scope 3.

The Group has also set two environmental targets that are unrelated to carbon emissions:

- -15% water consumption;
- 95% of paper must originate from recycled or sustainable sources.

In addition, the Group has set a target to source 100% of its electricity consumed (office sites and AXA-owned data centers) from renewable energy sources by 2025, in line with our "RE100" commitment (RE100 is a coalition of companies pledging to buy 100% of their electricity from renewable sources).

Progress on these targets is described below.

2018 PERFORMANCE OVERVIEW

CO_2 emissions

AXA's CO_2 emissions per FTE related to energy, paper and business travel (air, rail and car fleet) decreased by 14% between 2017 and 2018 and by 38% between 2012 and 2018 (our global 2020 target has thus been achieved ahead of schedule). 43% of the Group's CO_2 emissions are related to energy consumption, 35% from business travel (air and train), 15% from AXA's vehicle fleet and 7% from paper.

SCOPE 1 CO_2 EMISSIONS

AXA's Scope 1 emissions include CO_2 emissions generated from gas and heating oil burned onsite, as well as fuel used by AXA's car fleets. Scope 1 emissions per FTE decreased by 15% between 2017 and 2018 and by 37% since 2012. Concerning gas consumption, some entities (Switzerland, Germany) have largely replaced gas by steam, which has a lower carbon intensity per KWh. In 2018, AXA's car fleet-related CO_2 emissions decreased by 14% compared to 2017.

SCOPE 2 CO_2 EMISSIONS

AXA's Scope 2 emissions per FTE decreased by 14% between 2017 and 2018 and by 52% since 2012. This performance is notably related to the purchase of renewable electricity. In order to calculate our CO_2 emissions from purchased electricity, AXA uses both market-based (electricity supplier energy mix) and location-based (average country energy mix) approaches. For the entities buying renewable electricity and which have electricity consumption data by technology (such as hydro, solar, wind, biomass and geothermal or others based on power generation mix used by their providers), AXA uses a more precise "market-based" approach, thus attributing the corresponding emissions factors to each source type. For entities which do not have information about their energy provider's energy mix, AXA uses a "location-based" approach (with emissions factors provided by the French Environmental Regulatory body ADEME).

SCOPE 3 CO_2 EMISSIONS

AXA's Scope 3 emissions include CO_2 emissions from business travel and paper consumption. In 2018, our Scope 3 CO_2 emissions per FTE have decreased by 17% compared to 2012 and slightly increased by 4% between 2017 and 2018. To reduce their carbon footprint, some AXA entities also purchased carbon offsets.

In addition, AXA also measures the carbon emissions related to its employee commuting, even though such indirect emissions may be considered to be outside of the scope of the Group's responsibilities. In 2018, based on responses collected from 32 countries where AXA employees commuted a total of 920 million kilometers, out of which 50% were travelled by public transport, 6% by company cars, and 38% by personal vehicles and the rest by foot or bicycle. Employee commuting-related CO_2 emissions per FTE increased by 16% compared to 2017 (representing 0.88 tons eq. CO_2 per FTE). This increase in emissions is linked to a higher participation and response rate from AXA employees as well as more employees using personal transportation for commuting.

Power consumption

AXA's power consumption includes the total energy consumed by our corporate sites and data centers during the reporting year. This includes on-site energy consumption for heating and cooling as well as electricity for daily operational activities. In 2018, our total energy mix consisted of electricity (74%), gas (14%), fuel/steam (9%) and chilled water (3%). We have achieved a 5% decrease in total power consumption between 2017 and 2018, and a 25% decrease compared to 2012. Our power consumption per FTE decreased by 12% between 2017 and 2018, and by 37% between 2012 and 2018. 53 AXA sites benefit from an environmental certificate from building certification programs such as Building Research Establishment Environmental Assessment Methodology (BREEAM), Leadership in Energy and Environmental Design (LEED), HQE *(Haute Qualité Environnementale)*, etc.

In 2018, 55% of the electricity consumed by AXA originated from renewable energy sources (hydro, wind, solar, geothermal, biomass). AXA's "RE100" target is to reach 100% by 2025.

Business travel

Business travel per FTE decreased by 5% between 2017 and 2018, but increased by 13% between 2012 and 2018. Business travel trends are closely correlated to our business dynamics, despite the implementation of online collaborative tools which help to reduce business travel.

Vehicle fleet

AXA's car fleet consists of sales vehicles and benefits-related vehicles. In 2018, the total distance travelled by the Group's car fleet has decreased by 16% compared to 2017. Further, in terms of per FTE usage, there has been a decrease of 29% compared to 2012. The Group has implemented car fleet guidelines which define carbon emission limits for all types of vehicles regardless of employee contributions. The guidelines also feature vehicle security standards and promote employee access to “safe and green driving” courses. In 2018, AXA owned 27% of vehicles emitting equal to or less than 100 g of CO_2/km (and 24% in 2017), 41% of vehicles emitting equal or less than 101g and 120g (46% in 2017) and an average emissions rate of 120 g of CO_2/km (119 g in 2017). Employees are also incentivized to opt for hybrid or electric cars.

Paper

AXA’s use of paper concerns office (printing, measured per employee) and marketing & distribution (leaflets, etc., measured per customer). Our office paper consumption per FTE has decreased by 17% between 2017 and 2018, and by 54% between 2012 and 2018. Many entities have implemented a printing policy which includes reducing the number of printers per person and installing an employee badging system to collect all printed documents. In 2018, AXA’s marketing and distribution paper consumption per customer increased by 18% *versus* 2017 (but only increased by 6% between 2012 and 2018). This recent additional increase is linked to significant documentation requirements related to the AXA Equitable Holdings, Inc. IPO. We are aware that our 2020 Marketing & distribution paper target will prove challenging; the Group CR team will investigate more options to reverse this trend notably through further dematerialization.

In 2018, AXA also procured 58% of office paper and 41% of marketing and distribution paper from recycled sources.

Water consumption

AXA’s water consumption per FTE has remained stable between 2017 and 2018, and decreased by 19% between 2012 and 2018. This decrease in our water consumption is linked to better water management initiatives led by our local entities.

Waste management

In 2018, AXA’s sorted paper for recycling decreased by 10% compared to 2017, and decreased by 39% between 2012 and 2018. This decrease in the total recycling rate is due to the overall decrease in office paper consumption (see paragraph above). 66% of ink cartridges and toners were recycled. AXA’s IT business unit, AXA Services, for which electronic waste is of particular relevance, is a key contributor to this effort, as it ensures compliance with the Waste Electronic and Electrical Equipment (WEEE) Directive. Unsorted waste has increased from 5% compared between 2017 and 2018, and decreased by 29% between 2012 and 2018. This is mainly due to better waste measurement processes in local entities as well as integration of new entities such as AXA Brazil, AXA Partners Malaysia and AXA XL. Finally, over 75 canteens in the Group collect and recycle organic waste from their restaurants.

2018 GROUP ENVIRONMENTAL PERFORMANCE

AXA Group environmental indicators [a]	Unit	2017	2018
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	115,328	124,355
Net internal area (sites)	m2	1,777,687	1,705,774
POWER (SITES)			
Power consumption [b]	MWh	363,283	344,684
KPI: Power consumption per person	**kWh/FTE**	**3,150**	**2,772**
Evolution compared to previous year			***-12%***
TRANSPORTATION			
Business travel: airplane and train [c]	Thousands of km	328,523	336,918
Business travel: AXA vehicle fleet	Thousands of km	266,242	223,577
Home/workplace commute (round trip) [d]	Thousands of km	932,534	920,155
CO_2 EMISSIONS [e]			
CO_2 emissions: onsite power consumption	T. eq CO_2	94,756	80,652
CO_2 emissions: business travel: airplane and train	T. eq CO_2	63,494	64,948
CO_2 emissions: business travel: AXA vehicle fleet [f]	T. eq CO_2	31,799	27,287
CO_2 emissions: paper	T. eq CO_2	11,446	13,056
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**	**1,75**	**1,50**
Evolution compared to previous year			***-14%***
CO_2 emissions: home/workplace commute [g]	T. eq CO_2	87,116	109,389
WATER			
Water consumption [h]	m3	927,017	1,003,964
KPI: Water consumption per person	**m3/FTE**	**8,04**	**8,07**
Evolution compared to previous year			***0%***
PAPER [i]			
Office paper consumption	T	1,815	1,616
KPI: Office paper consumption per person	**kg/FTE**	**16**	**13**
Evolution compared to previous year			***-17%***
Paper recycled and/or garanteeing sustainable management: office	%	58	58
Marketing and distribution paper consumption	T	10,220	12,078
KPI: Marketing and distribution paper consumption per customer [j]	**kg/customer**	**0,10**	**0,12**
Evolution compared to previous year			***18%***
Paper recycled and/or garanteeing sustainable management: marketing & distribution	%	51	41
WASTE			
Unsorted waste [k]	T	4,301	4,512
Sorted paper for recycling	T	3,588	3,223
Cartridge and/or toners for recycling	%	55	66

Data collected from 81 entities, including XL Group (XL Group environmental data was included on a pro-rata basis for Q4 2018). Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in our data collection, but are part of our extrapolation process.

(a) In 2018, environmental indicators were collected for 101,977 FTEs working on AXA sites (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 124,355 salaried FTEs (all types of contracts, including XL Group FTEs) working at the AXA Group in average in 2018.

(b) Includes electricity, natural gas, heating oil, steam, chilled water data colleted from entities representing 93,740 FTEs.

(c) This data has been collected from entities representing 86,364 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 survey answers by 15,084 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 data is collected from entities representing 93,497 FTEs.

(g) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(h) This data has been collected from entities representing 91,339 FTEs. Some sites are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation.

(i) Paper data collected from entities representing 93,854 FTEs.

(j) The Group had 111 million customers in 2018.

(k) Unsorted waste data collected from entities representing 91,928 FTEs.

7.4 INCLUSIVE INSURER

As described under the Sustainability Risk Assessment section, doing business sustainably while adhering to United Nation Sustainable Development Goals (SDGs) is identified as an important topic for AXA. As an insurer, it is inherent to our business that we create and develop products that add value to society. Through our products, we encourage and reward healthy and socially responsible behavior, as well as help reduce social exclusion.

In addition, as part of its commitment to Health and disease prevention (one of the four pillars of its CR strategy), AXA decided in 2018 to tackle the rising incidence of obesity and type 2 Diabetes. Acknowledging the link between diet and lifestyle factors and this disease, AXA's initiatives will be guided by health risk education and the promotion of healthy lifestyles.

The initiatives described below are in line with the UN SDG #1 (No poverty), #3 (Good health & wellbeing), and #10 (reduced inequalities).

Business-related societal initiatives

By sharing our knowledge about protection and Risk Management with those who need it the most, AXA contributes to the inclusive economic growth and mirroring our own internal commitments in terms of inclusion. As AXA pools risks and premiums to share the good fortunes of the majority with the difficulties of the few, insurance protects individuals and reinforces a sense of community. In addition, insurance solutions provide a sense of protection and peace of mind. These include:

- integrating societal issues in our product range through dedicated product labels such as Assurance Citoyenne;
- focusing on clients in emerging countries with few financial resources, AXA is actively engaged in the financial inclusion space to better serve the middle class of tomorrow;
- providing insurance solution and opportunities for women;
- developing parametric insurance solutions to protect vulnerable populations from the effects of climate change;
- divesting from the tobacco industry.

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

In addition to the green products described in the previous section, AXA develops products with social/societal added value. For example:

- in France, demand for responsible products from our clients continues to increase. AXA France thus created, in 2015, the "Assurance Citoyenne" label that ensures all insurance contracts benefit clients as well as positively impact society. This label is based on an assessment toolkit built in collaboration with a panel of external stakeholders and audited by an independent third party. Our engagements are communicated through the label's four key pillars, which are the following: "Trust" (*e.g.* simple contracts), "Prevention" (*e.g.* preventive services to minimize the risks our clients are facing), "Environment" (*e.g.* paperless contract), and "Fairness" (*e.g.* product accessibility for populations usually excluded from insurance mechanisms). In 2018, AXA France commercialized 52 labeled products and now builds all its new insurance offers around these engagements. Since 2015, 3.3 million such contracts have been sold;
- in 2018, AXA France launched the Perspectiv'Allegro offer. This product enables clients to invest in companies that are at the heart of social and environmental challenges, such as climate change, longevity, well-being, or changes in lifestyles. All the underlying funds are evaluated on their financial performance and ESG practices, and include labelled platforms (based on official French savings labels). Perspectiv'Allegro accounts for 55% of these funds in Unit-Linked accounts, invested in

equities and debt (including green bonds). The remaining 45% is invested in euros funds which integrate AXA's responsible investment screening (see 7.3). Finally, a tree is planted in France for each deposit, to promote reforestation.

EMERGING CUSTOMERS

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. Our approach is to design products that are simple, fair and accessible. A dedicated team based in Paris along with employees either fully or partially dedicated to the business locally provide expert support to AXA entities to drive growth. In 2018, AXA's Emerging Customers business covered almost 9.3 million unique customers and has continued to develop various partnerships:

- India: Bharti AXA General Insurance (BAGI) partners since 2017 with Airtel Payment Bank (APB) to insure APB clients with free personal accident insurance. The insurance is subsequently renewed for active clients, covering approx. 1 million customers every month in 2018. BAGI covers 1.8 million travellers on the national railways. In addition, BAGI also covers (with the support of the Indian government) more than 360,000 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 pilot to provide Personal Accident and Hospital Cash products in partnership with AIS, the first mobile network operator in Thailand, to reward 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 110,000 customers. AXA Malaysia has also launched (in partnership with Merchantrade, the largest money transfer operator in the country) the first migrant insurance product for workers sending money back home;
- Philippines: AXA Philippines works with TSKI, a leading Microfinance Institution (MFI), as well as several digital players to distribute insurance to emerging customers. AXA Philippines also participates to the Overseas 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;
- local AXA entities have also established distribution partnerships in Nigeria (*via* a MFI), Egypt (MFI for credit and Health products), Brazil (*via* a leading retailer) and Mexico (MFI for P&C and credit life insurance to micro-entrepreneurs).

Finally, AXA has started to develop an internal approach to measure the effects insurance can have within communities. The first step has been to work on a methodology to assess the customer centricity of our existing products, and in 2019 the full Emerging Customers portfolio will be evaluated for the first time. The objective is to design an improvement plan that keeps the client at the heart of the business and improves our offer.

WOMEN IN INSURANCE

Women, particularly in emerging countries, are less well insured than men, despite being a powerful force in the economy. In 2014, AXA commissioned a special report, "SheForShield", which looked at women's attitudes towards insurance, as well as their needs and expectations. As a result, we developed the "Women in Insurance" initiative aimed at increasing women's access to insurance products and services that respond to their needs and expectations, in line with our "Payer-to-Partner" vision.

The 3 main focus areas are: women as retail clients, as entrepreneurs and in the distribution force. AXA has developed a dual approach: in mature markets, AXA will empower women to be financially independent, and in emerging markets the objective is to empower women to "live better lives". In 2018, 12 entities included "Women in Insurance" as a strategic priority and 18 products have been developed. This strategy is implemented through our "2020 Women Insurer of Choice" targets:

- 45% of women retail clients;
- 30% of SME clients to be women (mirroring the global market opportunity);
- 25% of women in distribution and sales management;
- 40% of women amongst recruits and promotions.

Further, through AXA Research Fund, we are dedicating €1 million to research to better understand and prevent health and entrepreneurial barriers for women.

In 2017, AXA also partnered with "Global Invest Her" (GIH), a platform that makes it easier for women entrepreneurs to access capital and expertise to grow their business; 260 applications were received from 57 countries and 5 women entrepreneurs were included in the mentorship program. Together with Sparknews, a social business start-up specialized in media operations, and Makesense, an international community helping social entrepreneurs solve problems, in 2018, AXA launched "Women in Business for Good", a media and mentoring program that highlights and accelerates women businesses addressing social challenges around the world. As part of this collaboration, 100 women entrepreneurs were identified, 6 were chosen to participate in exploration workshops with AXA teams to overcome business challenges, and 3 finalists were selected to partake in a 4 month acceleration program to design and prototype solutions.

The partnership gives us a chance to share our expertise, change and challenge perceptions, and stimulate innovative investment in tech *via* a mentoring program pairing women entrepreneurs with senior AXA executives. Currently running in Mexico, the US and Nigeria, the program is successfully accelerating women-led businesses, empowering them to develop professionally and co-innovate products with AXA, and become part of our international network.

PARAMETRIC INSURANCE

AXA is leveraging the latest advancements in data science and technology to support populations in emerging markets that are vulnerable to climate change. AXA Global Parametrics creates parametric insurance that triggers payouts based on satellite and other weather data just days after a natural disaster or extreme weather event has struck. This allows governments to receive fast funding for emergency response or affected populations to receive food or cash distributions which stops them from falling into poverty traps. The weather data can also be used as an early warning system to kickstart contingency planning before an extreme event hits.

- Africa: AXA Global Parametrics is a lead reinsurer and technical advisor to the African Risk Capacity, a mutual risk pool of African governments that purchase parametric drought insurance. The drought model, that uses satellite rainfall data, allows governments to already anticipate potential droughts in the middle of the relevant crop season;
- Pacific Islands: The Pacific Catastrophe Risk Insurance Company is a risk pool for Pacific Islands that provides parametric typhoon and earthquake coverage to four governments. AXA Global Parametrics is also a lead reinsurer, having contributed to the $3.5 million payout to Tonga last year after it was struck by Cyclone Gita;
- Caribbean Islands and Central America: AXA Global Parametrics reinsures the Caribbean Catastrophe Risk Insurance Facility which parametrically covers 21 countries in the region against cyclones, earthquakes and excess rainfall. A number of governments struck by disasters last year received payouts within 14 days;
- Philippines: The World Bank facilitated a major $390 million coverage for the Philippines protecting 25 municipalities against typhoon and earthquake. AXA Global Parametrics is supporting the deal for the second year;
- Senegal: with support of the West African Development Bank and in partnership with the Senegalese national agriculture insurer and bank as well as the major cotton and maize associations has covered thousands of farmers against drought. The parametric coverage was triggered at the end of 2018 with the President of Senegal himself offering the payout to the farmers' cooperative;
- Cameroon and Côte d'Ivoire: AXA partners with the World Bank Group's Global Index Insurance Facility to develop parametric drought coverage for cotton and maize farmers. AXA Global Parametrics works with AXA Cameroon and AXA Cote d'Ivoire as well as key cooperatives to build these new products.

TOBACCO INVESTMENT AND INSURANCE RESTRICTIONS

As announced publicly in May 2016, AXA decided to divest from and end insurance covers for the Tobacco industry. AXA believes supporting an industry which is the main cause of long-term non-communicable diseases, including cancer, heart disease and chronic respiratory illnesses, is not compatible with our role as one of the world's largest health insurers, and our strategy to become our clients' health risk prevention partner. We also believe that sending such a signal to markets and regulators reinforces the development of tobacco controls, which ultimately contribute to improving our customers' health, and it is aligned with our broader CR strategy to promote a stronger and safer society. Our divestment covers €2.05 billion (including XL Group assets added in 2018): equity assets have been divested immediately, while debt assets are run off gradually.

AXA supports the "Tobacco-Free Portfolios" and supported the launch of the Tobacco-Free Finance Pledge at the UN General Assembly in September 2018. This initiative, co-founded by AXA, BNP Paribas, Natixis and AMP Capital, aims to "denormalize" relationships between the financial community and the tobacco industry. It is now supported by more than 130 investors representing $6.8 trillion in assets under management: the strong momentum launched with our divestment continues.

Our divestments are also mirrored on the underwriting side: AXA no longer covers the operations of tobacco manufacturers.

Corporate Philanthropy and engagement

In line with our Sustainability Risk Assessment (described under Chapter 7.1), we have identified community involvement and corporate philanthropy as key enablers of AXA's role as a responsible corporate citizen. As a result, AXA has developed and implemented various policies and initiatives designed to address certain societal concerns, as described below. These can be correlated to the following UN SDGs: #17 "Partnerships for the goals", #4 "Quality Education" and #10 "Reduced inequalities".

COMMUNITY INVESTMENT

As a responsible corporate citizen, AXA strives to play a positive role in society, by sharing our business expertise by helping to build better understanding of the risks faced by individuals and society at large, and by building a culture that promotes employee volunteering to support the communities in which we operate. AXA's Community Investment program promotes "risk research and prevention" and assistance to those who need it most. This approach is included in the Group's Community Investment Guidelines encouraging AXA entities to focus their community investments on 4 main pillars: health, environment, social inclusion and new technologies and data.

In 2018, 71% of the €25.8 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 road safety, education and humanitarian aid.

As an extension of its activities, AXA also financially supports several NGOs notably on climate change (CARE) and resilient cities (UN Habitat and C40) as well as cultural institutions to preserve and protect cultural heritage.

As the program tackling child obesity in Mexico (mentioned in our previous Annual Report) was not implemented due to local circumstances, the partnership with UNICEF was terminated.

AXA RESEARCH FUND

The AXA Research Fund supports academic projects led by top-tier researchers all over the world in the fields of Health, Climate and Environment, New Technology and Socio-Economic issues. The Fund provides researchers with the means and freedom to complete their work successfully. The awarding of grants is based on strict academic criteria through a transparent and rigorous selection process which is overseen by an independent Scientific Board. AXA's support to scientific research goes beyond funding: to better inform decision making and build a platform for science, the AXA Research Fund provides grantees with communication resources, media and engagement opportunities and encourages exchanges and discussion around supported areas through conferences and events.

In 2018, through the Fund, AXA selected 13 Post-Doctoral Fellowships, 2 AXA Chairs, and 9 Joint Research Initiatives (AXA business/Academic partnerships) and among other strategic projects, supported a joint Chair on women's entrepreneurship with partner private companies. As of December 31, 2018, the AXA Research Fund supported a total of 597 research projects led by researchers of 58 nationalities in 36 countries and a total project funding of €146.6 million.

In 2018, for its 10th anniversary, the AXA Research Fund announced a renewed commitment of €50M over the next five years during an event bringing together grantees, academic partners, public decision makers and AXA management and employees.

More information on the AXA Research Fund is available at axa-research.org.

EMPLOYEE VOLUNTEERING

AXA Hearts in Action is an international program for AXA employees, through which they carry out volunteering activities addressing various issues (for example disability, education, environment, health and social welfare). In 2018, more than 34,000 employees (estimate) volunteered their time, mainly through AXA Hearts in Action local programs set up in 38 AXA entities (73% of FTEs), making their skills and time available to conduct community investment projects. Their engagement represented approx. 97,000 hours (93,000 hours in 2017), dedicated by AXA employees to volunteering activities (during working hours).

Every year, AXA entities organize a "CR Week" for employees to volunteer time in favor of the community and increasingly putting the AXA Hearts in Action Program at the forefront. In 2018, more than 36,000 volunteering acts during this event, representing 67,000 hours in support of local communities.

In addition, in 2018 through the 'AXA Expérience Solidaire' skill-based volunteering program (AXA Hearts in Action France), 47 employees performed volunteering missions at partner charities. In total, the salary expenditures paid over the 60,000 hours dedicated to these skill-based volunteering missions represent the equivalent of a €4.5 million donation.

7.5 BUSINESS BEHAVIOUR

AXA is committed to conducting its business according to the high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where we operate, to earn the continued trust of our clients, shareholders, employees and business partners, but also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

The initiatives described below are notably in line with the UN SDG Goal #16 (Peace, justice and strong institutions).

Business ethics

COMPLIANCE & ETHICS GUIDE

AXA's Group Compliance and Ethics Guide seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, transactions involving AXA securities confidentiality, control of sensitive information and record keeping. The Guide is available on the Group's website (www.axa.com). In 2019, a new AXA Group Compliance & Ethics Code was launched. The Code includes some subjects that have become increasingly important in recent years; these include Health & Safety at work, Protection and Responsible use of Customer Data, Engagement with Social Media, Prevention of Discrimination and Harassment and Fair and Professional Treatment of customers. The content and style of the Code has also been revised to make it more accessible and easier to reference.

ANTI-BRIBERY & CORRUPTION (ABC)

To prevent this risk of bribery and corruption, AXA Group has introduced a Group ABC Policy that establishes minimum standards for ABC that must be implemented by AXA entities. This Policy has been regularly updated to take account of new regulations and most notably the recent French law known as "Sapin II". A Group Anti-Bribery Officer has been designated to design and reinforce the global ABC program at Group level and to guide its implementation across AXA. AXA entities have designated local Anti-Bribery Officers to implement their ABC programs in accordance with AXA's Policy. Processes and procedures are in place to monitor compliance with AXA ABC standards across the Group.

BUSINESS CONDUCT

The Group's insurance, banking and Asset Management operations are subject to an increasing number of legislative and regulatory initiatives designed to increase customer protection in the financial services sector. In the European Union, initiatives related to financial service include the Insurance Distribution Directive, MiFID II and the regulation on Key Information Documents for Packaged Retail and Insurance based Investment Products (PRIIPs regulations).

As a result, consumer protection regulations have become an increasingly important area for the financial services sector and AXA has taken significant action to comply with these requirements in each of its businesses operating in the EU. Similar regulatory developments regarding business conduct are also taking place in many other parts of the world in which AXA operates and similar measures are in place to respond to those and to share experience between businesses facing similar challenges. Compliance risks, including business conduct risks, are assessed on an annual basis and the results and any necessary mitigation actions are developed and shared with senior management.

Responsible data use and data privacy

In line with AXA's sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure client data is protected.

DATA PRIVACY

AXA has implemented a Group Data Privacy Policy with the following objectives:

- to ensure that AXA entities adequately protect the personal and sensitive data of customers and other persons obtained during their business activities;
- to minimize the risk of AXA entities breaching applicable data privacy and protection laws (*e.g.* EU General Data Protection Regulation – GDPR).

AXA has created a Data Privacy team at Group level and a network of over 100 Data Privacy Officers (DPOs) whose mandate is to ensure that personal and sensitive data is protected across the Group.

AXA is the first insurance group to have adopted Binding Corporate Rules (BCR), an internationally recognized standard for the protection of personal data. They were approved by the French Data Protection Authority (CNIL) and 15 other EU Data Protection Authorities (Germany, Austria, Belgium, Spain, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Czech Republic, Romania, United Kingdom, Slovakia, and Sweden). Today, 315 AXA entities have signed up to the BCR. AXA has also published a "Data Privacy Declaration" with a clear commitment to not sell client data to third parties.

AXA has established an Advisory Board of independent experts on data privacy and the ethics of Artificial Intelligence (AI): the "Data Protection and Ethics Panel". The panel provides critical input to the Group's teams in the area of data privacy and responsible use of AI. This panel meets twice a year and is an important forum to ensure that in a field that is developing very quickly, AXA's strategy around the use of data receives input from independent experts.

The information related to AXA's policy and control mechanisms to address data privacy risks are explained in the "Personal Data Protection" section in Chapter 7.6. Information related to why AXA considers data privacy as a key risk topic is detailed in the "EU Data Protection Reform" sections under Chapters 4.1 and 6.3.

In addition to our data privacy policies, AXA has developed cybersecurity capabilities. Indeed, security is a business imperative. A key success factor for AXA's "payer to partner" strategy is that customers trust AXA to keep them and their data safe and secure. While social unrest, terrorism, disruptive technologies, unpredictable natural disasters, cyber risk and misuse of information are a reality, it is critical for AXA to remain operational in case of crisis, to protect its customers' data, employees, reputation, and assets. Security at AXA is managed by Group Security and based on three disciplines: Information Security, Operational Resilience and Physical Security & Safety. Data hacking, identity theft, and trading of sensitive information are daily threats, in a context where cyber criminals are becoming more and more professional. AXA has developed and strengthened its capabilities to protect, detect and react to cyber threats. AXA employees have a key role to play and are fully part of our Security strategy, and Group Security implements worldwide Security awareness campaigns and training.

DATA FOR GOOD

In addition to protecting data, AXA can leverage it to address certain societal issues, for example as follows:

- **Give Data Back –** AXA has created the "Give data back" website in 2017, one of the first concrete illustrations of our "Payer to Partner" strategy. Its objective is to share information with our customers and non-customers to better protect their homes by understanding and preventing the two most frequent risks (water damage and theft). We opted for data sharing by publicizing the anonymized analysis and consolidation of our claims and policy data for seven European countries (Germany, Belgium, Spain, France, UK, Italy and Switzerland) on these risks. In Mexico, we also share our data about car accidents and identify the most dangerous roadways to alert drivers where they should take precautions to avoid accidents. Since 2017, the website counted 190,000 unique visitors. In Singapore, the website was adapted for its users to better manage and understand motor-related risks. It was launched in conjunction with the AXA Mobility Survey 2018 which seeks to understand public sentiment and perceptions of road safety, and in particular, opinions regarding the more vulnerable road users like the elderly. By sharing these insights and data with society, we hope to not only encourage safer road habits but also to help people in Singapore to understand real risks on the road.

- **Responsible AI –** AXA is one of the founding member (2018) of the French association Impact AI (artificial intelligence), where we are contributed to the creation of an online library of tools for a responsible use of Artificial Intelligence within the working group "Responsible AI". The library includes trainings, technical and governance tools. Impact AI is a "think and do tank" composed of companies, consulting firms, startups, schools and actors working on Responsible AI with 5 programs of actions, such as analyzing the perception of AI and the development of a "trusted AI", sharing tools for a responsible use of AI, helping people adapt to the digital era, and creating partnerships to foster responsible AI among all types of actors (companies, schools, associations, etc.).
- **High Level Expert Group on Artificial Intelligence –** In 2018, AXA joined the High Level Expert Group (HLEG) on Artificial Intelligence whose mandate is to support the implementation of the European strategy on Artificial Intelligence. This includes developing recommendations on future-related policy development and on ethical, legal and societal issues related to AI, including socio-economic challenges. The AI HLEG will serve as the steering group for the European AI Alliance's work, interact with other initiatives, help stimulate a multi-stakeholder dialogue, gather participants' views and reflect them in its analysis and reports. As part of this High Level Expert Group, AXA has contributed to its first report on Responsible AI.

Responsible Procurement

AXA is a major buyer of products and services, both for its internal operating needs and for services to its insured customers. As part of our Sustainability Risk Assessment, we have identified "responsible procurement" as an important topic for AXA. AXA's responsible procurement strategy is based on three pillars:

- **responsible buyer:** AXA strives to ensure that our supply-chain practices are fair. Each AXA buyer is required to sign and adhere to the Group's Code of Ethics, which promotes fairness, neutrality, confidentiality and transparency. The Code aims to ensure that financial, operational and reputational risks linked to suppliers selection are mitigated;
- **responsible suppliers:** AXA ensures that its suppliers follow responsible practices by requiring them to sign our "Corporate Responsibility Clause" which includes complying with the principles of the International Labor Organization (prohibiting the resort to child/forced labor, promoting employee health & safety and freedom of expression, and non-discrimination).

  In addition, AXA implemented a CR Risk assessment of its suppliers based on a third party platform (Ecovadis) and a risk categorization. Suppliers are classified into procurement risk categories and evaluated against five CR criteria (environment, social, product & services end-use impact, suppliers' supply chain, and business integrity), then evaluated using the EcoVadis platform scores. An awareness training pack is available for all the procurement community *via* a network of AXA CR "Champions";
- **responsible goods and products:** AXA encourages the procurement of environmentally and socially friendly products and services wherever relevant.

Detailed information on our responsible procurement policy and standard is elaborated in AXA's Group Procurement Guidelines. The document is used for supplier selection and management purposes.

Tax policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues. Please refer to Chapter 6 for further information on AXA's tax policy.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the Group management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31st, 2018

To the shareholders

In our capacity as Statutory Auditor of AXA SA (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31st, 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce).*

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, *i.e.,* the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and Risk Management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.,* all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, which are AXA Belgium, AXA Bank Belgium, AXA France VIE, AXA France IARD, AXA Partners Holding SA, 1001 Vies Habitat, AXA Investment Managers Paris, AXA Konzern AG, AXA Business Services, AXA Insurance DAC, AXA Assicurazioni S.p.A, AXA ITALIA Servizi S.c.p.A, AXA MPS Ass.Vita S.p.A, AXA MPS Ass. Danni S.p.A, AXA Partners CLP Operaciones S. de R.L.de C.V., AXA Assistance Mexico S.A. de C.V., AXA Seguros S.A. de C.V., AXA Assurance Maroc, AXA France IARD Maroc, AXA France Vie Maroc, Philippine AXA Life Insurance Corporation, Charter Ping An Insurance Corp, AXA Versicherungen AG and AXA Services Switzerland AG, and covers between 18% and 77% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESSOURCES

Our work was carried out by a team of 10 people between September 2018 and March 2019 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about fifteen interviews with the people responsible for preparing the Statement, representing Group Public Affairs and Corporate Responsibility, Risk Management, Compliance, Tax, Legal, Procurement and Human Resources.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

COMMENTS

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comments:

- for some principal risks, including non-compliance by suppliers with the principles of the International Labor Organization and non-compliance with consumer protection regulatory requirements, the entity is currently working on the presentation of key performance indicators (see the “Methodology and Reporting Scope, : Business Behaviour” section of the Statement);
- the XL entity, representing 6% of the Group’s workforce, is not always included in the consolidation of certain indicators given the integration date in the fourth quarter of 2018 (see “Reporting Scope, Methodology and Perimeter“ and “AXA XL” sections of the Statement).

Neuilly-sur-Seine, March 11, 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Xavier Crépon	Sylvain Lambert
Partner	Sustainable Development Partner

Appendix: List of the information we considered most important

QUANTITATIVE INFORMATION (AMONG WHICH KEY PERFORMANCE INDICATORS):

- environment: energy consumption, distance covered by business travel and vehicle fleet, CO_2 emission by scope, water consumption, office and marketing paper consumption, waste production, “green” investments;
- human resources: headcounts and distribution, number of external recruitments, number of resignations, number of dismissals, annual gross payroll (fixed and variable), number of training days, absenteeism rate;
- human rights: number of emerging customers, number of entities which adhered to “Binding Corporate Rules”;
- social: number of Stakeholder Advisory Panels, cash donations for community investment projects, number of employees who participated to volunteering acts, total hours contributed to volunteering acts;
- corruption and tax evasion: tax expense of the consolidated financial statements.

QUALITATIVE INFORMATION (ACTIONS AND RESULTS):

- environment: information relative to environment and climate change;
- human resources: information relative to employee relations and work conditions, learning environment and skills management, diversity and inclusion;
- human rights: information relative to women in insurance, emerging customers, parametric insurance, business behaviour, responsible data use, responsible procurement;
- social: information relative to the Sustainable Development Goals, stakeholder dialogue, corporate philanthropy and engagement;
- corruption and tax evasion: information relative to corruption and tax policy.

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 the 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, and submits its report on the implementation of the Vigilance Plan over the year 2018.

Scope of the Vigilance Plan

The Vigilance Plan applies to AXA Group companies and their respective activities, including intra-group activities and operations, 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 the 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 of service providers and suppliers to AXA Group companies with whom there is an established business relationship.

As legally required, the AXA Group conducted an analysis to measure how the AXA Group's activities and operations as defined by applicable laws potentially impact the environment and each of human rights, with a view to ensuring each identified potential risk is covered by an AXA Group policy; it being specified that according to AXA and pursuant to the United Nations' principles, the definition of human rights includes the fundamental freedoms, health and safety.

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 favorable 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 "Climate Change and the Environment – Own Operations – Environmental reporting process and verification" of this Annual Report for further information on AXA's environmental reporting process.

As an investor, AXA had proactively implemented a Global Responsible Investment Policy, available on the AXA Group's website (www.axa.com), and built an analysis framework in order to identify potential indirect impacts on human rights and the environment. Please refer to Section 7.3 "Climate Change and the Environment – Investments" of this Annual Report for further information on AXA's investment strategy.

(1) *Law No. 2017-399 of March 27, 2017 relating to the duty of vigilance of parent companies and instructing companies ("devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre") and Article L. 225-102-4 of the French Commercial Code.*

As a business partner, AXA had implemented processes to identify and assess risks to human rights and the environment associated with its use of service providers and suppliers. AXA produced a matrix assessing the level of procurement risks and opportunities categorized by topic (social, environmental, end-use impact, supply chain, business integrity) that allows Group Procurement and Corporate Responsibility teams to identify the risks and analyze 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 (the "Human Rights Policy"), 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 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 – Employee relations and work conditions – A continuous and established social dialogue" of this Annual Report for further information on AXA employee relations and collective bargaining.

Protection of employee health and safety

The AXA Group had implemented a security standard with which entities must certify compliance covering physical security and health and safety. These standards set out processes to identify local health and safety requirements, to report health and safety issues as well as consult and train AXA employees.

See further details in Section 7.2 "Social Information – Employee relations and work conditions – Secured and processed work conditions" of this 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 applicable legislation on Personal Data protection. AXA's Data Privacy Declaration, the public statement covering AXA's network of privacy-related policies, including the fact that AXA Group undertakes not to sell Personal Data of its customers, is available on the AXA Group's website.

AXA was the first insurance group to have adopted privacy-related Binding Corporate Rules, 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 consultations 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.

Finally, from 2016 to 2018, the AXA Group is fully committed to the implementation of the General Data Protection Regulation (GDPR), through some thirty projects dedicated to data privacy implemented in the AXA Group involving over three hundred people and entities located in sixteen countries. The AXA Group welcomed the new Regulation of the European Parliament, which was already in accordance with the commitments made to stakeholders.

See further details in Section 7.5 "Business behaviour – Responsible data use and data privacy – Data privacy".

Integration of human rights into business processes

As an insurer, AXA strives to incorporate Environmental, Social and Governance (ESG) criteria (including those relating to human rights) into its insurance business processes, in line with AXA's commitment to the UN Principles for Sustainable Insurance. Further, underwriting guidelines define prohibited business and integrate AXA's policies 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 while preventing or mitigating adverse human rights impacts that may arise from the provision of insurance products and services to corporate customers by:

- ensuring fair treatment of all customers;
- offering products and services which help reduce social exclusion and empower people to achieve positive health and safety outcomes;
- providing customers with the means to express and resolve any disputes that may arise with AXA Group companies, notably through dedicated complaints departments.

Please refer to Sections 7.3 "Climate Change and the Environment – Investments" and 7.4 "Inclusive insurer – Business-related societal initiatives" of this Annual Report for further information on integration of ESG criteria in products & services.

Please refer to Section 7.3 "Climate Change and the Environment – Investments" of this Annual Report for further information on the protection of human rights in the context of AXA's investments.

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.

Part of AXA's sites benefit from environmental certificates such as BREEAM, LEED, HQE. Please refer to Section 7.3 "Climate Change and the Environment – Own Operations – 2018 performance overview – Power consumption" of this Annual Report for further details on AXA's certifications.

Please refer to Section 7.3 "Climate Change and the Environment" of this 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 7.3 "Climate Change and the Environment – Investments" of this Annual Report for detailed information about AXA's responsible investment governance, policy, targets and results.

Responsible procurement activities

As a business partner, AXA works with service providers and suppliers including professional service firms and advisers as well as companies providing technical and maintenance services.

The AXA Group ensures that it works with service providers and suppliers that meet AXA standards with respect to human rights and the environment. Please refer to Section 7.5 "Business behaviour – Responsible procurement" of the Annual Report for detailed information.

Alert Procedure

The current alert procedure allows all stakeholders (employees, business partners, etc.) to share their doubts and/or report any practice, action or behaviour that they consider inappropriate, illegal, unethical. Alerts can be made within the relevant entity or also sent directly to the Group. Since 2017, the Group has had a dedicated email (speak-up@AXA.com) for receiving alerts from all geographical areas where the Group conducts business, irrespective of the stakeholders in question and without restrictions.

The AXA Group examines all alerts received with the objective of ensuring an adequate response (intervention of adequate actors, deployment of immediate corrective actions and/or precautionary measures, investigations etc.). Alerts are handled in accordance with a strict, independent process that includes key stakeholders in the Vigilance Plan where relevant. The author of the alert's identity is treated in a confidential manner and no element enabling to identify him/her can be disclosed without his/her consent (except for judicial authorities). Furthermore, AXA does not tolerate any act of retaliation against anyone who makes a good faith report of actual or suspected misconduct and/or has participated in establishing the facts confirming a misconduct by providing evidence.

All AXA Group companies are required to define internal regulations and other policies governing whistleblowing pursuant to local laws and regulations. In 2018, after considering whether its employees had been sufficiently encouraged to report any deviant practices, the Group defined action plans aimed at bolstering its communications around the procedure. These action plans will be rolled out in all Group entities beginning in Q2 2019.

Stakeholder Involvement

It is essential for AXA to dialogue on the Vigilance Plan with the French employee representatives, and to further promote dialogue over this Vigilance Plan with its employees, shareholders, investors, business partners as well as public institutions, international organisations and community groups.

Please refer to Section 7.1 “Introduction – CR governance & stakeholder dialogue” of this Annual Report for further details about the stakeholder dialogue implemented by AXA.

Monitoring of the Vigilance Plan

The AXA Group ensures the implementation of all policies and procedures described in this Vigilance Plan through a network of professionals including in compliance, data privacy, corporate responsibility and physical security.

Report on effective implementation of the Vigilance Plan

In 2018, various working groups involving representatives from the Group Legal Department, the Human Resources Department, the Corporate Responsibility Department, the Procurement Department, the Compliance Department and the Risk Management Department were involved not only in reviewing the Vigilance Plan but also in its effective implementation.

REPORTING PROCESS

One of the first steps in implementing the Vigilance Plan was the presentation to Group entities in France or abroad of the new French regulations on the duty of vigilance of parent companies and instructing companies, along with the penalties incurred for non-compliance with the resulting legal obligations.

In addition, in order to disseminate the Group's Vigilance Plan as widely as possible and to raise awareness of its full content among all its stakeholders, a reporting process was established for Group entities. The Group entities were asked to review the Vigilance Plan, to discuss its provisions with their local Corporate Responsibility and Compliance Managers and express any comments on the Vigilance Plan, as well as on any difficulties they might anticipate and/or encounter with its implementation.

This reporting process enabled the Group entities to carry out an internal risk assessment and to identify areas where improvement was necessary to implement the Vigilance Plan at their level. At Group level, the conclusions drawn from this reporting enabled the identification of a few entities whose internal practices and policies were not in strict compliance, on certain points, with the Vigilance Plan. To remedy this discrepancy, the entities at issue determined, in association with the Group, the appropriate corrective actions to implement locally, *e.g.*: establishing a system for human rights and environmental audits of local service providers, inserting CR clauses in certain commercial contracts, or amending local reporting policies to cover human rights and/or environmental matters.

ALERT PROCEDURE

At entity level, most alert procedures currently apply to serious violations relating to financial, banking and accounting matters, fight against corruption, data theft, discrimination, workplace harassment and the protection of health, hygiene and security at work and more generally, violation of laws, regulations and standards of the AXA Group.

In 2018, entities were reminded that they were required to set up a human rights and environmental alert procedure or to extend the scope of their alert procedure in accordance with local regulations. At the date of this Annual Report, a few entities are still adapting the scope of their alert procedure in order for it to cover the protection of human rights and of the environment.

XL GROUP

Entities of the XL Group acquired by AXA in 2018, although still in the integration phase, are particularly concerned with complying with AXA Group standards and specifically the Vigilance Plan within a reasonable interval. These entities are already working on implementing due diligence processes enabling them to select service providers and suppliers that meet AXA standards for human rights and environmental observance and on updating their internal alert procedure to comply with Group standards.

RESPONSIBLE PURCHASING BUSINESS

The AXA Group selected its panel of main suppliers in 2018 using an approach based on an analysis of supplier risk by purchasing category and volume. Most of the main suppliers were evaluated, *inter alia,* thanks to the specialised evaluation platform EcoVadis. With the assessment, the Group ascertained that very few of its main suppliers had been identified as deficient. EcoVadis has sent to the said suppliers a corrective action plan. The main suppliers belonging to the panel of the AXA Group may be assessed through EcoVadis every two years.

The AXA Group is pursuing its commitment to applying these same principles and received a "Gold" score in its last EcoVadis evaluation.

Most contracts concluded or renewed in 2018 included a "Corporate Responsibility clause" or "CR clause", requiring Group suppliers to be socially and environmentally responsible and to abide by International Labour Organization standards.

For more information, please refer to Section 7.5 "Business behaviour – Responsible Procurement".

STAKEHOLDER ENGAGEMENT

With the aim of maintaining effective communication between employees and Management and a constructive social dialogue, the Vigilance Plan was presented to employee representatives in 2018. Through discussions established with the Group's employee representatives in France and more particularly with the Social Committee of the Group France Works Council, certain provisions of the Vigilance Plan have been placed at the heart of the employer-employee dialogue.

The AXA Group also wanted to share its Vigilance Plan with the international organisation CARE, with which it has a longstanding partnership, in the interests of addressing key social and/or environmental issues such as disaster risk reduction, or climate change and financial inclusiveness, to identify areas for progress.

For more information about CARE, please refer to Section 7.3 "Climate Change and the Environment – Investments – Climate and ESG "outreach" and engagement – Outreach, memberships and partnerships" of this Annual Report.

This page was intentionally left blank.

APPENDICES

APPENDIX I MANAGEMENT'S ANNUAL EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The AXA Group's Internal Control Over Financial Reporting (ICOFR) is a process designed under the supervision of the Group Chief Financial Officer (CFO) 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 sponsoring the program, with Group CRO responsible for Group Internal Control function and involves the Planning Budgets Results Central (PBRC) department and other relevant AXA departments. The IFC program and the conclusion of management as to the effectiveness of AXA Group's ICOFR are also reviewed by AXA's Audit Committee.

(a.3) IFC PRINCIPLES

AXA Group's ICOFR includes policies and procedures that provide reasonable assurance that:

- the maintenance of records accurately and fairly reflect the transactions and dispositions of Group assets;
- the transactions are recorded as necessary to permit the preparation of financial statements in accordance with the applicable generally accepted accounting principles;
- the receipts and expenditures are being made only in accordance with the authorization of management and directors of the Group; and
- unauthorized acquisition, use or disposition of Group assets that could have a material effect on the Group's financial statements would be prevented or detected in a timely manner.

In order to assess the effectiveness of ICOFR, financial reporting risks are initially identified at Group level with a focus on identifying those risks that may result in a material misstatement of Consolidated Financial Statements not being prevented or detected in a timely manner. This top-down and risk-based approach enables to identify in-scope entities and processes.

In line with the COSO framework, AXA Group's ICOFR is organized around the following key process categories: Entity-Level Controls (ELC), IT ELC, Financial Statement Closing Process, Business Processes, and IT General Controls.

For every key process category, the in-scope entities (i) document the significant processes and/or controls, as well as the rationale of how the associated risk of material misstatement due to error or fraud can be reduced to an acceptable level, (ii) test the design and operational effectiveness of key controls based on the test plans elaborated with insight into risks, and (iii) remediate identified control deficiencies.

Outstanding control deficiencies are consolidated at Group level to evaluate their impact on Consolidated Financial Statements, compensating controls and other qualitative factors. This evaluation process is designed to identify any control deficiencies that may rise to the level of a material weakness. A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on time.

(a.4) IFC CERTIFICATION

At each year-end, the in-scope entities are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the entity's process owners and culminates with a formal management report from the entity's CFO or another senior executive officer 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, 2018.

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, 2018, 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, 2018. 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 442 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, 2018 is effective, in all material respects, is fairly stated based on the criteria established in the IFC framework.

Neuilly-sur-Seine and Courbevoie, March 11, 2019

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 480 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 11, 2019

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, 2018 resulted in a profit of €307 million compared to a profit of €4,958 million for the year ended December 31, 2017. This decrease was mainly due to capital losses on the disposal of AXA Equitable Holdings, Inc. shares (AXA's ownership decreased from 100% to 59.25%), the impairment on the remaining shares and lower dividends received from subsidiaries.

Dividends received from subsidiaries amounted to €3,973 million, versus €4,989 million in 2017, representing a decrease of €1,016 million, mainly due to:

- dividends received from French entities of €1,575 million, compared to €1,188 million in 2017, representing a €387 million increase primarily due to the €415 million dividend paid by AXA Partners Holdings Limited;
- dividends paid by the European entities of €1,576 million, compared to €3,436 million in 2017, representing a decrease of €1,860 million, mainly due to the dividends paid by Belgium and Germany having decreased by €895 million and €634 million respectively following the exceptional dividends paid in 2017 thanks to capital surplus, as well as Switzerland for €444 million due to the acceleration of dividend payment in 2017;
- €179 million in dividends paid by the Asian entities compared to €108 million in 2017;
- €643 million in dividends received from other Group entities compared to €257 million in 2017, an increase of €386 million due to €163 million paid by AXA Global Re and €133 million paid by Colisée Re.

Net financial charges, which include interest and similar charges net of income from loans and investments, amounted to €919 million, compared to €744 million in 2017, an increase of €175 million taking into account the issuance of €2 billion in subordinated debt and foreign exchange hedging costs as part of the acquisition of XL Group.

Operating expenses amounted to €441 million, compared to €443 million in 2017, taking into account the continuation of the cost savings program, partly offset by the priority given to Innovation.

Capital operations resulted in a loss of €3,048 million in 2018, versus a gain of €122 million in 2017, and breaks down as follows:

- a €1,869 million net impairment on investments, of which €1,449 million on AXA Equitable Holdings, Inc. remaining shares and €467 million on AXA Partners Holdings Limited shares, taking into account the above-mentioned dividend;
- capital losses of €1,731 million on the disposal of AXA Equitable Holdings, Inc.;
- a one-off profit of €479 million primarily due to the surplus premiums resulting from the mergers with Oudinot Participations and AXA France Assurance totalling €856 million, partly offset by the payment of internal guarantees of €179 million in the context of a business litigation, €106 million in premiums relating to hedging derivatives on equity markets and €62 million for the acquisition and integration costs of XL Group.

The corporate income tax benefit amounted to €762 million, compared to €1,048 million in 2017, and included €864 million of tax receivables from members of the tax consolidation group, partly offset by €66 million in corporate income tax expense for the fiscal year.

BALANCE SHEET

At December 31, 2018, total assets amounted to €79,033 million, versus €73,065 million at December 31, 2017.

Assets

Intangible assets totaled €333 million. They mainly include 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 €26 million relating to the capitalization of software expenses.

Investments in subsidiaries, net of valuation allowances, totaled €71,317 million, versus €62,373 million at year-end 2017, representing an increase of €8,944 million, reflecting:

- €12,995 million related to the acquisition of XL Group shares;
- €1,028 million in capital increases, of which €620 million for XL Group (financing of debt repayment);

- €1,872 million for the mergers referred to above;

partly offset by:

- €5,829 million for the book value of the AXA Equitable Holdings, Inc. shares sold;
- €1,869 million in net impairments on investments referred to above.

Receivables from subsidiaries amounted to €774 million, compared to €3,773 million at year-end 2017, i.e. a decrease of €2,999 million primarily due to the repayment of $2 billion (€1,729 million) in loans granted to the US operations and the repayment of a €925 million loan granted to AXA Mediterranean Holding.

Tax receivables amounted to €27 million, a reduction of €379 million, of which €369 million related to the refund of the 3% tax on dividends paid to shareholders.

Other receivables at €255 million, have declined by €454 million given the lack of dividend receivables compared to €514 million at year end-2017.

Marketable securities of €987 million represent the repurchase of 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 €290 million and concern the option premiums paid within the context of the purchase of protection on equity markets.

Cash and cash equivalents amounted to €1,538 million, compared to €990 million at the end of 2017, up €548 million given the proceeds coming from the disposal of the AXA Equitable Holdings, Inc. shares, additional loans granted by the subsidiaries, the dividends received, the issuance of subordinated debt at the end of March 2018, partly offset by the acquisition of XL Group, the dividend paid, and the repayment of undated subordinated debt.

Unrealized foreign exchange losses amounted to €3,133 million, including €2,829 million related to the deferred recognition of net foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The €124 million increase over 2017 is primarily due to the recognition in profits of the foreign exchange translation differences on the dollar following the partial disposal of AXA Equitable Holdings, Inc. shares.

Liabilities

Shareholders' equity, before net income for the period and after the payment of the dividends relating to the prior fiscal year, stood at €40,274 million, i.e. an increase of €954 million, of which €1,016 million due to the merger premium with AXA France Assurance, €329 million for the capital increase reserved for employees, €38 million following the exercise of stock options, partly offset by €429 million related to the cancellation of shares bought back.

Other shareholders' equity, including the undated deeply subordinated debts totaling €4,032 million, compared to €4,640 million in 2017, due to a debt repayment of $750 million (or €569 million).

Provisions for risks and charges amounted to €561 million and mainly include €379 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group and a €44 million provision for exchange-rate risk.

Subordinated debt amounted to €12,885 million, compared to €10,667 million in 2017, up €2,218 million, primarily due to the issuance of €2 billion in subordinated debt and an unfavorable foreign exchange rate impact of €176 million.

Financial debt amounted to €19,522 million, compared to €13,230 million at December 31 2017, an increase of €6,292 million, reflecting the increase in loans granted by Group entities to manage the company cash position, as a way to upstream to the company cash related to the pre-Initial Public Offering reorganization transactions and as a contribution to the financing of the acquisition of XL Group.

Unrealized foreign exchange gains totaled €1,099 million, compared to €1,253 million at December 31, 2017. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. It decreased mainly due to an unfavorable impact of the US dollar on debts.

Other information

In accordance with Article L.225-102-1 of the French Commercial Code *(Code de commerce)*, disclosures related to the Company's executive compensation appear in Part 3, Section 3.2. "Executive compensation and share ownership" of this Annual Report.

	Payment delay group					
Invoices issued during the period and not paid at the closing date	**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	25	7	38	21	49	115
Total Amount VAT included of invoices concerned *(euros)*	28,452,033	757,656	11,323,001	3,471,091	5,829,683	21,381,430
Percentage of revenue VAT included of the period	14.81%	0.39%	5.89%	1.81%	3.03%	11.13%

	Payment delay group					
Invoices issued during the period with a delay of payment	**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	295	76	43	18	74	211
Total Amount VAT included of invoices concerned *(euros)*	76,303,661	36,726,186	19,068,539	3,424,447	10,479,765	69,698,937
Percentage of revenue VAT included of the period	39.72%	19.12%	9.93%	1.78%	5.46%	36.28%

	Payment delay group					
Invoices received and not paid at the closing date	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total (1 day and more)**
Number of invoices concerned	6	4	1	0	3	8
Total Amount VAT included of invoices concerned *(euros)*	590,357	2,616,851	17,600	-	48,534	2,682,985
Percentage of the total amount VAT included period purchases *(euros)*	0.10%	0.45%	0.00%	0.00%	0.01%	0.46%

	Payment delay group					
Invoices received and paid with a delay during the period	**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	198	4049	72	16	37	4,174
Total Amount VAT included of invoices concerned *(euros)*	180,929,088	376,618,799	16,094,452	3,301,882	2,801,366	398,816,500
Percentage of the total amount VAT included period purchases (euros)	31.21%	64.96%	2.78%	0.57%	0.48%	68.79%

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 2018, The Company did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Commercial Code.

This page was intentionally left blank.

BALANCE SHEET

Assets

(in Euro million)		December 31, 2018			
		Gross carrying value	Amortizations and provisions	Net carrying value	Net carrying value as at December 31, 2017
Fixed assets					
Intangible assets		**376**	**43**	**333**	**336**
Tangible assets					
Land		-	-	-	-
Buildings and other fixed assets		1	-	1	1
Financial assets					
Investments in subsidiaries		74,552	3,235	71,317	62,373
Receivables from subsidiaries		775	1	774	3,773
Other financial assets		327	97	230	231
Loans		70	-	70	106
	I	**76,101**	**3,376**	**72,725**	**66,821**
Current assets					
Operating receivables					
Tax receivables		27	-	27	406
Receivables and subsidiaries' current accounts		255	-	255	709
Marketable securities		987	-	987	1,000
Cash instruments		290	-	290	76
Cash and cash equivalents		1,538	-	1,538	990
Prepaid expenses		9	-	9	10
	II	**3,106**	**-**	**3,106**	**3,191**
Prepayments and accrued income					
Deferred charges		325	285	40	28
Bond redemption premiums		29	-	29	17
Unrealized foreign exchange losses		3,133	-	3,133	3,009
TOTAL ASSETS		**82,694**	**3,661**	**79,033**	**73,065**

Liabilities

(in Euro million)		December 31, 2018	December 31, 2017
Shareholders' equity			
Capital			
Ordinary shares		5,553	5,554
Capital in excess of nominal value			
Issue premiums		18,981	19,045
Merger and contribution premiums		2,076	1,060
Reserves			
Legal reserve		558	560
Specific reserves for long term capital gains		2,316	2,316
Other reserves		1,488	1,488
Retained earnings		9,257	7,293
Tax driven provision		45	45
Net income for the financial year		307	4,958
	I	**40,581**	**42,318**
Other shareholders' equity			
Undated subordinated notes		4,032	4,640
	II	**4,032**	**4,640**
Provisions for risks and charges	**III**	**561**	**571**
Liabilities			
Subordinated debt		**12,885**	**10,667**
Financial debt		**19,522**	**13,230**
Operating payables			
Tax payables		4	1
Social payables		-	-
Other payables			
Debt on fixed assets		75	75
Other		273	307
Cash instruments		-	-
Deferred income		1	3
	IV	**32,760**	**24,283**
Prepayments and accrued expense			
Unrealized foreign exchange gains		1,099	1,253
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**79,033**	**73,065**

INCOME STATEMENT

(in Euro million)		2018	2017
I. Result on ordinary activities			
Financial & operating revenues			
Dividends received from subsidiaries		3,973	4,989
Revenues on short-term investments		187	299
Other revenues		27	15
	I	**4,187**	**5,302**
Operating expenses			
External expenses and other expenses		(440)	(424)
Tax expenses		(2)	(3)
Payroll and compensation		(14)	(21)
Interest expenses		(1,106)	(1,042)
Allowances for depreciation of buildings and deferred charges		(13)	(9)
	II	**(1,575)**	**(1,500)**
Operating profit	**(III = I + II)**	**2,612**	**3,802**
Contribution on common operations	**IV**	**-**	**-**
Financial operations on securities			
Reversals to provisions for marketable securities		-	-
Net income on sale of short-term securities		(19)	(14)
Allowances to provisions for marketable securities		-	-
Investment result on securities	**V**	**(19)**	**(14)**
Profit on ordinary activities before tax	**(VI = III + IV + V)**	**2,593**	**3,788**
II. Result on capital operations			
Proceeds from the sale of fixed assets		4,765	22
Releases of provisions for risks and charges		28	1
Releases of equity securities provisions		320	374
Foreign exchange result		3	39
Net book value on the sale of fixed assets		(6,422)	(197)
Allowances to provisions for risks and charges		(32)	(21)
Allowances to equity shares provisions		(2,189)	(70)
Exceptional result		479	(27)
	VII	**(3,048)**	**122**
INCOME TAX BENEFIT/(EXPENSE)	**VIII**	**762**	**1,048**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII + VIII**	**307**	**4,958**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
1 - Closing balance sheet summary					
a) Capital - Ordinary shares ***(in Euro million)***	5,593	5,557	5,554	5,554	5,553
b) Ordinary shares ***(numbers in million)***	2,442	2,426	2,425	2,425	2,425
c) Bonds convertible into ordinary shares ***(numbers in million)***	7	7	7	-	-
2 - Income statement summary *(in Euro million)*					
a) Gross revenues before sales tax	3,394	2,709	3,608	5,287	4,161
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	1,785	1,079	252	3,799	2,610
c) Income tax expense/benefit	646	784	692	1,048	762
d) Net after-tax income after depreciation, amortization and releases	2,392	1,747	432	4,958	307
e) Net dividend distribution	2,317	2,656	2,808	3,056	3,249
3 - Per share data *(in Euro)*					
a) After tax income, before depreciation, amortization and releases	1.00	0.71	0.31	1.44	0.90
b) After tax income, after depreciation, amortization and releases	0.98	0.72	0.18	2.04	0.13
c) Net dividend per share [(a)]	0.95	1.10	1.16	1.26	1.34

(a) Dividend proposed at year end 2018 is submitted to the Shareholders' Meeting of April 24, 2019 and based on 2,424,916,626 outstanding ordinary shares.

STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2018	December 31, 2017
CASH INFLOWS		
Profit on ordinary activities before tax	2,594	3,788
Result on capital operations before tax	(3,048)	122
Income tax expense/benefit	762	1,048
Changes in reserves and amortization	1,019	(1,457)
Cash flow for the year	**1,327**	**3,501**
Increases in shareholders' equity	368	576
New borrowings	9,489	1,152
Sale or decrease in fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	8,697	1,773
TOTAL CASH INFLOWS	**19,881**	**7,002**
Cash outflows		
Dividends paid out during the year	2,998	2,808
Reduction in shareholders' equity	429	688
Repayment of financial debt	1,761	2,113
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	14,956	2,041
Expenses amortized over several years	37	11
TOTAL CASH OUTFLOWS	**20,181**	**7,661**
CHANGE IN WORKING CAPITAL	**(300)**	**(659)**
SHORT-TERM EQUIVALENTS		
Change in:		
■ operating receivables	(841)	136
■ operating payables	(14)	209
■ cash and cash equivalent	555	(1,004)
TOTAL	**(300)**	**(659)**

This page was intentionally left blank.

SUBSIDIARIES AND PARTICIPATING INTERESTS

(in Euro million)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
1) Subsidiaries (at least 50%-owned)				
AXA ASIA	8,401,354	341,302	100.00%	8,413,436
21, avenue Matignon - 75008 PARIS	-	-		-
ARCHITAS LIMITED	7	12,790	100.00%	76,851
5 Old Broad Street - EC2N 1AD - LONDON - Royaume-Uni	-	-		-
AXA PARTNERS HOLDINGS SA	152,000	21,419	100.00%	158,280
6, rue André Gide - 92320 CHATILLON	-	-		-
AXA BANK BELGIUM (ex AXA BANK EUROPE SA)	636,318	396,594	100.00%	915,000
25, Boulevard du Souverain - 1170 BRUXELLES - Belgium	-	-		-
AXA CHINA	461,655	(13,745)	51.00%	235,448
23, avenue Matignon - 75008 PARIS	-	-		-
AXA France VIE	487,725	4,851,766	98.34%	2,525,109
313 Terrasses de l'Arche - 92727 Nanterre - France	-	-		-
AXA France IARD	214,799	2,359,507	99.92%	1,801,832
313 Terrasses de l'Arche - 92727 Nanterre - France	-	-		-
AXA France PARTICIPATIONS	453,966	(2)	100.00%	453,966
313 Terrasses de l'Arche - 92727 Nanterre - France	-	-		-
AXA CORPORATE SOLUTIONS ASSURANCE	190,069	694,698	98.75%	489,251
61 rue Mstislav Rostropovitch - 75832 Paris - France	-	-		-
AXA EQUITABLE HOLDINGS INC	(567,577)	5,042,764	59.25%	7,364,854
1290 Avenue of the Americas -New York, NY 10104 - Etats-Unis	-	-		-
AXA EQUITY AND LAW PLC	1,140	2,192,091	99.96%	1,133,234
5 Old Broad Street - EC2N 1AD - LONDON - Royaume-Uni	-	-		-
XL GROUP	-	13,784,543	100.00%	13,615,136
O'Hara House, One Bermudiana Road - Hamilton Bermuda HM 08	-	-		-
AXA GENERAL INSURANCE	196,669	(445)	99.71%	293,728
395-70, Shindaebang-dong, Dongjak-gu - SEOUL - Corée du Sud	-	-		-
AXA GLOBAL RE (ex AXA GLOBAL P&C)	196,723	63,497	95.74%	490,268
61, rue Mstislav Rostropovitch - 75017 PARIS	-	-		-
AXA HOLDINGS BELGIUM	453,101	428,341	100.00%	4,493,243
25, Boulevard du Souverain - 1170 BRUXELLES - Belgique	-	-		-
AXA HOLDING MAROC	216,207	178,314	100.00%	229,113
120-122, avenue Hassan II - 21000 CASABLANCA - Maroc	-	-		-
AXA INVESTMENT MANAGERS	52,843	831,738	78.96%	1,550,558
Cœur Défense - Tour B - La Défense 4 - 100 Esplanade du Général de Gaulle - 92932 PARIS LA DEFENSE	-	-		-

(a) *For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.*
(b) *Consolidated data.*

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/ participation	Last closing revenues available [(a)]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
8,413,436	-	-	-	47,464	52,508	December 31, 2018
-	-	-	-	-	-	
76,851	-	-	-	19,984	-	December 31, 2018
-	-	-	-	-	-	
158,280	69,000	-	1,597,055	(10,589)	-	December 31, 2018
-	-	-	-	-	-	
915,000	-	-	330,435	125,777	50,000	December 31, 2018
-	-	-	-	-	-	
235,448	-	-	-	26	-	December 31, 2018
-	-	-	-	-	-	
2,525,109	-	-	17,893,705	861,891	580,140	December 31, 2018
-	-	-	-	-	-	
1,801,832	-	-	6,003,451	784,954	536,570	December 31, 2018
-	-	-	-	-	-	
453,966	-	-	-	(19)	-	December 31, 2018
-	-	-	-	-	-	
489,251	-	-	1,059,324	107,370	-	December 31, 2018
-	-	-	-	-	-	
7,364,854	-	-	-	(739,239)	77,550	December 31, 2018
-	-	-	-	-	-	
1,133,234	-	-	-	145,412	198,563	December 31, 2018
-	-	-	-	-	-	
13,615,136	-	-	3,660,924	(564,884)	-	December 31, 2018
-	-	-	-	-	-	
293,728	-	-	533,551	13,102	-	December 31, 2018
-	-	-	-	-	-	
490,268	-	-	2,504,746	103,376	162,919	December 31, 2018
-	-	-	-	-	-	
4,493,243	-	-	434,391	434,541	410,000	December 31, 2018
-	-	-	-	-	-	
229,113	-	-	31,585	31,896	26,923	December 31, 2018
-	-	-	-	-	-	
1,550,558	-	129,837	549,171	548,251	177,676	December 31, 2018
-	-	-	-	-	-	-

A

(in Euro million)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
AXA LIFE INSURANCE COMPANY	677,719	2,292,946	78.01%	2,384,259
NBF Platinium Tower 1-17-3 Shirokane - Minato-ku	-	-		-
108 - 8020 TOKYO - Japon	-	-		-
AXA LIFE EUROPE	99,970	850,337	100.00%	1,019,424
Guild House, Guild Street, IFSC, Dublin - Irlande	-	-		-
AXA LIFE INVESTMENT SERVICES	120,000	(115,245)	100.00%	120,000
Guild House, Guild Street, IFSC, Dublin - Irlande	-	-		-
AXA MEDITERRANEAN HOLDING	206,753	3,427,606	100.00%	4,135,473
Calle monseñor Palmer numéro 1 - PALMA DE MALLORCA - Iles Baléares	-	-		-
AXA SERVICES SAS (ex AXA TECHNOLOGY SERVICES)	38,893	109,431	99.92%	236,406
Les collines de l'Arche - 76 route de la Demi Lune	-	-		-
92057 PARIS LA DEFENSE	-	-		-
AXA UK PLC (b)	1,702,124	4,581,843	53.12%	4,555,833
5 Old Broad Street - LONDON EC2N 1AD - Angleterre	-	-		-
AXA VERSICHERUNGEN AG	149,707	2,212,097	100.00%	5,171,327
General Guisan-str, 40 - CH-8401 WINTERTHUR - Suisse	-	-		-
CFP MANAGEMENT	1,300	2,262	100.00%	139,808
21, avenue Matignon - 75008 PARIS	-	-		-
KAMET (ex AXA Matignon 5)	75,010	(8,409)	100.00%	141,360
30, Rue Fortuny - 75017 PARIS	-	-		-
COLISEE RE	95,436	24,097	100.00%	619,892
61, rue Mstislav Rostropovitch - 75017 PARIS	-	-		-
AXA PARTNERS HOLDINGS LTD (ex GENWORTH FINANCIAL EUROPEAN GROUP HOLDINGS LTD)	660,197	(359,988)	100.00%	501,834
Building 11 Chiswick, 566 Chiswick High Road, Chiswick, London, W4 5XR - Angleterre	-	-		-
HOLDING VENDOME 3	145	(44)	100.00%	159,400
21, avenue Matignon - 75008 PARIS	-	-		-
AXA US HOLDINGS INC	859,030	(2)	100.00%	798,031
525 Washington Blvd # 3300, Jersey City, NJ 07310, États-Unis	-	-		-
AVANSSUR	99,429	110,069	100.00%	367,793
313 Terrasses de l'Arche - 92727 Nanterre - France	-	-		-
SOCIETE BEAUJON	52,537	1,092,072	99.99%	1,375,662
21, avenue Matignon - 75008 PARIS	-	-		-
VINCI B.V.	1,438,711	800,925	100.00%	4,284,806
Graadt van Roggenweg 500 - Postbus 30800	-	-		-
3503 AP UTRECHT - Pays Bas	-	-		-

(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
2,384,259	-	-	4,564,097	521,687	126,585	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	
925,000	-	-	3,177	(6,389)	-	December 31, 2018
-	-	-	-	-	-	
8,995	6,000	-	16,304	3,649	-	December 31, 2018
-	-	-	-	-	-	
4,135,473	550,500	331,274	280,753	226,645	162,663	December 31, 2018
-	-	-	-	-	-	
164,281	71,000	-	-	15,957	-	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	
4,555,833	-	1,341,487	-	387,205	166,826	December 31, 2018
-	-	-	-	-	-	
5,171,327	-	-	2,944,201	727,960	192,051	December 31, 2018
-	-	-	-	-	-	
14,424	-	-	-	1,961	520	December 31, 2018
-	-	-	-	-	-	
123,412	-	-	7,902	(9,116)	-	December 31, 2018
-	-	-	-	-	-	
202,677	-	-	5,948	29,027	133,166	December 31, 2018
-	-	-	-	-	-	
34,732	-	-	442,740	(265,478)	415,000	December 31, 2018
-	-	-	-	-	-	
95	-	-	-	(6)	-	December 31, 2018
-	-	-	-	-	-	
798,031	-	-	-	(20,444)	-	December 31, 2018
-	-	-	-	-	-	
367,793	-	-	547,391	11,860	16,831	December 31, 2018
-	-	-	-	-	-	
1,298,050	-	119,190	55,442	15,364	-	December 31, 2018
-	-	-	-	-	-	
4,284,806	-	-	255,877	255,666	255,877	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	

(in Euro million)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
2) Participating interests (10 to 50%-owned)				
AXA HOLDING AS	206,113	6,520	16.76%	112,497
Meclisi Mebusan cadn° 15 - Salipazari	-	-		-
34433 ISTANBUL - Turquie	-	-		-
AXA MILLESIMES	97,828	91,403	22.09%	70,396
21-23 avenue Matignon - 75008 Paris - France	-	-		-
AXA KONZERN AG	79,840	1,415,744	34.63%	2,119,549
Colonia Allee, 10-20 - 51067 KOLN - Allemagne	-	-		-
LOR MATIGNON	8,538	137,623	27.78%	56,695
100, Esplanade du Général De Gaulle - Cœur Défense Tour B	-	-		-
92400 COURBEVOIE	-	-		-
RESO GARANTIA (RGI Holdings B.V.)	133,008	586,840	39.34%	805,217
Ul, Svetlanskaya, 250/1, Vladivostok,Primorsky Territory	-	-		-
Far Eastern federal district, 690000 Russian Federation	-	-		-
Sub-total A	**18,349,287**	**48,443,299**	**3253.27%**	**73,414,969**
B. GENERAL INFORMATION ABOUT OTHER UNITS AND PARTICIPATING INTERESTS	-	-		-
1) Subsidiaries not shown in Section A	-	-		-
a) French subsidiaries (total)	-	-		94,566
b) Foreign subsidiaries (total)	-	-		160,995
2) Participating interests not shown in Section A	-	-		-
a) in French companies (total)	-	-		8,025
b) in foreign companies (total)	-	-		134,085
TOTAL (A + B)	**-**	**-**		**73,812,640**

(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**
112,497	-	-	-	595	-	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	
70,396	-	-	84,242	8,450	-	December 31, 2018
-	-	-	-	-	-	
2,119,549	-	-	509,155	571,802	157,775	December 31, 2018
-	-	-	-	-	-	
56,695	-	-	15,033	7,808	-	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	
727,463	-	-	1,437,779	295,935	-	December 31, 2018
-	-	-	-	-	-	
-	-	-	-	-	-	
71,795,095	**696,500**	**1,921,787**	**45,768,379**	**4,689,451**	**3,900,143**	
-	-	-	-	-	-	
-	-	-	-	-	-	
63,218	6,000	3,517	-	-	-	
81,101	4,661	-	-	-	4,216	
-	-	-	-	-	-	
8,025	-	-	-	-	8,025	
84,111	746	-	-	-	13,371	
72,031,550	**707,907**	**1,925,304**	**45,768,379**	**4,689,451**	**3,925,755**	

A

Notes to the financial statements as at December 31, 2018

Net income

Net income for the fiscal year ended December 31, 2018 resulted in a profit of €307 million compared to a profit of €4,958 million for the year ended December 31, 2017.

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, 2018 are prepared and presented in accordance with the provisions of the 2014 Chart of Accounts (regulation ANC n°2014-03 dated June 5, 2014).

Since January 1, 2011, AXA has applied regulation ANC n°2015-05 linked to term financial instrument and hedge operation.

Since January 1, 2005, AXA has applied regulations CRC 2002-10 related to depreciation and amortization of assets (amended by regulations CRC 2003-07 and CRC 2005-09), and CRC 2004-06 related to the definition, recognition and measurement of assets, repealed and replaced by regulation ANC n°2014-03 chapter "titre II, chapitre I Actifs non financiers"; application of these regulations has had no impact on the Company's financial statements.

In accordance to regulation CRC 2008-15, repealed and replaced by regulation ANC n°2014-03 chapter "titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salariés" (especially Articles 624-15 and 624-16) and chapters "titre IX, chapitre IV, section 5 Comptes financiers" (especially Article 945-50) treasury shares are recorded in "Marketable securities". At December 31, 2018 41,245,315 shares were allocated to hedging purposes, representing €987 million.

The application of regulations relating to the accounting treatment of stock options (subscription and purchase) and performance shares/units (free shares granted to employees and subject to performance conditions) had no impact on the Company's financial statements (regulation ANC n° 2014-03 chapter "titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salariés").

Find below a summary of options and performances or units shares granted in 2018 and 2017 to members of the Management Committee paid by the Company:

	Year 2018		Year 2017	
(in Euro)	Value of options granted during the year	Value of performance shares and performance units granted during the year	Value of options granted during the year	Value of performance shares granted during the year
TOTAL	**687,288**	**4,004,072**	**603,955**	**3,710,871**

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 marketable securities;

- capital operations include gains or losses on the disposal of investments in subsidiaries and affiliates and portfolio management investments, impairment charges and reversals in respect of these securities and related receivables, gains and losses arising from exchange rate movements, charges and reversals of provisions for risks and charges, and exceptional income and expense.

Disposals of investments in subsidiaries and affiliates are measured using the weighted average unit cost method.

To improve the transparency of the financial statements, (i) charges and releases of provisions for exchange rate risk are recognized in foreign exchange result, and (ii) charges and reversals of provisions for tax repayment risk are recognized in income tax benefit/expense.

2.3. Intangible assets

Intangible assets totaled €333 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 €26 million relating to the capitalization of software expenses.

2.4. Tangible assets

Tangible assets are recognized at acquisition cost or transfer value. Buildings are depreciated using the straight line method over fifty years, and fitting work is depreciated over five or ten years as appropriate.

2.5. Financial assets

Financial assets are measured at acquisition cost or transfer cost. At the balance sheet date, the acquisition cost is compared to the fair value, and the lower of these two values is then recognized in the balance sheet.

The fair value of investments in subsidiaries and affiliates is their going concern value for the firm. This may be determined as a function of (i) their share price, 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, 2018. 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 subordinated debts (TSS), amounted to €4,032 million, compared to €4,640 million in 2017, taking into account the $750 million (or €569 million) repayment of TSS.

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 €26 million relating to the capitalization of software expenses.

3.2. Movements in financial assets (before provisions)

(in Euro million)	Gross value at December 31, 2017	Acquisitions	Disposals/ Translation variance and accrued interests	Gross value at December 31, 2018
Investments in subsidiaries [(a)]	63,718	34,112	23,278	74,552
Receivables from subsidiaries [(b)]	3,774	1,518	4,517	775
Other financial assets	327	-	-	327
Loans	106	99	135	70
TOTAL	**67,925**	**35,729**	**27,930**	**75,724**

(a) The net increase of €10,834 million is mainly related to the acquisition of XL Group shares for €12,995 million.

(b) A decrease of €2,999 million primarily due to the repayment of $2 billion (€1,729 million) in loans granted to the US operations and the repayment of a €925 million loan granted to AXA Mediterranean Holding.

3.3. Movement in provisions for impairment of financial assets

(in Euro million)	Provisions at December 31, 2017	Allowances	Releases	Provisions at December 31, 2018
Investments in subsidiaries [(a)]	1,345	2,210	320	3,235
Receivables from subsidiaries	1	-	-	1
Other financial assets	96	1	-	97
TOTAL	**1,442**	**2,211**	**320**	**3,333**

(a) Net impairments allowance by €1,869 million of which €1,449 million on AXA Equitable Holdings, Inc. remaining shares and €467 million on AXA Partners Holdings Limited shares.

3.4. Statement of receivables by maturity

(in Euro million)	Gross value at December 31, 2018	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	775	35	667	73
Tax receivables	27	27	-	-
Loans	70	54	5	11
Miscellaneous receivables and currents accounts with subsidiaries	255	255	-	-
TOTAL	**1,127**	**371**	**672**	**84**

3.5. Miscellaneous receivables and subsidiaries' current accounts

(in Euro million)	
Income receivable	13
Miscellaneous debtors	114
Accrued interest on swaps	128
TOTAL	**255**

3.6. Expenses payable over more than one period

(in Euro million)	Gross value at 31 Décembre 2018	Amount amortised at December 31, 2017	Charge and increase for the period	Net value at December 31, 2018
Bond issue expenses	129	123	2	4
Other debt issue expenses	125	81	8	36
Investment acquisition expenses	71	71	-	-
TOTAL	**325**	**275**	**10**	**40**

3.7. Unrealized foreign exchange losses

Unrealized foreign exchange losses amounted to €3,133 million, including €2,829 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The increase of €124 million compared with 2017 is mainly due to favorable impact of the US dollar on debts, following the AXA Equitable Holdings, Inc.'s securities disposal.

3.8. Share capital

The Company's share capital is represented by 2,424,916,626 shares with a par value of €2.29, giving a total value of €5,553,059,073.54 at December 31, 2018. These shares were all entirely subscribed and paid with rights from January 1, 2018.

3.9. Movement in shareholders' equity

(in Euro million)	Year ending December 31, 2017	Year ending December 31, 2018
Net income	4,958	307
Per share	2.04	0.13
Movement in shareholders' equity compared to opening balance	2,038	(1,737)
Per share	0.84	(0.72)
Proposed dividend [a]	3,056	3,249
Per share	1.26	1.34

(a) Proposed dividend at year end 2018 is submitted to Shareholders' Meeting of April 24, 2019.

A

(in Euro million)	
Equity at December 31, 2017	**42,318**
Capital increase for employees	329
Exercise of equity instruments	38
Shares buyback/cancellation	(429)
Dividends paid out	(2,998)
Merger premium	1,016
Net income for the period	307
Tax driven provision and others	-
Equity at December 31, 2018	**40,581**

3.10. Other shareholders'equity

Other shareholders' equity including the undated deeply securities (TSS), amounted to €4,032 million, compared to €4,640 million in 2017, due to the $750 million (or €569 million) repayment of TSS.

(in Euro million)	Value at December 31, 2017	Repayment	Translation variance/ accrued interests	Value at December 31, 2018
Undated deeply Subordinated Notes (nominal)	4,567	(569)	(38)	3,960
Accrued interests	73	-	(1)	72
TOTAL	**4,640**	**(569)**	**(39)**	**4,032**

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)]	360	49	13	-	396
Provision for foreign exchange losses	103	-	59	-	44
Other provisions for risks	108	49	36	-	121
TOTAL	**571**	**98**	**108**	**-**	**561**

(a) The €396 million provision for deferred taxes at end of the period includes €379 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, 2018	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	214	-	-	214
Undated subordinated Euro Medium Term Notes	2,695	-	-	2,695
Subordinated bonds 5,25% 2040	1,300	-	-	1,300
Subordinated bonds 5,125% 2043	1,000	-	-	1,000
Subordinated bonds 4,5% 2046	742	-	-	742
Subordinated bonds 3,375% 2047	1,500	-	-	1,500
Subordinated bonds 5,625% 2054 *(£)*	839	-	-	839
Subordinated bonds 5,125% 2047	873	-	-	873
Subordinated bonds 3,337% - 2049	2,000	-	-	2,000
Redeemable subordinated bonds 8,60% 2030 *($)*	1,092	-	-	1,092
Redeemable subordinated bonds 7,125% 2020 *(£)*	363	-	363	-
Subordinated EMTN	10	-	-	10
Accrued interests	257	257	-	-
TOTAL	**12,885**	**257**	**363**	**12,265**

Subordinated debt stood at €12,885 million compared to €10,667 million in 2017, up €2,218 million, mainly reflecting the issuance of €2 billion in subordinated debt and an unfavorable foreign exchange rate impact of €176 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 debt

(in Euro million)	Value at December 31, 2018	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	500	-	-	500
Bonds	8,215	660	4,979	2,576
Deposits under collateral agreements	497	497	-	-
Loans granted by Group entities	10,204	772	7,360	2,072
Accrued interests	106	106	-	-
TOTAL	**19,522**	**2,035**	**12,339**	**5,148**

Financial debt amounted to €19,522 million, compared to €13,230 million at December 31, 2017, an increase of €6,292 million, reflecting the increase in loans granted by Group entities to manage the company cash position, as a way to upstream to the company cash related to the pre-Initial Public Offering reorganization transactions and as a contribution to the financing of the acquisition of XL Group.

A

3.14. Statement of operating payables

(in Euro million)	Value at December 31, 2018	Less than 1 year	1 to 5 years
Debt on fixed assets [(a)]	75	75	-
Other payables, including tax and social payables [(b)]	278	278	-
TOTAL	**353**	**353**	**-**

(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 212 million of expenses payable.

3.15. Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €1,099 million at year end, compared to €1,253 million at December 31, 2017. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. It decreased mainly due to an unfavorable impact of the US dollar on debts.

4. NOTES TO THE STATEMENT OF INCOME

4.1. Executive remuneration

- Directors' fees allocated to members of the Board of Directors €2 million.
- Other remuneration (net of recharging) €12 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)]	2,593	-	2,593
Income from capital operations	(3,048)	-	(3,048)
Income tax expense [(b)]	-	762	762
TOTAL	**(455)**	**762**	**307**

** 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 €762 million compared to €1,048 million in 2017. It mainly included €864 million of tax receivables from members of the tax consolidation group, partly offset by €66 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	**69,249**	**456**
Foreign exchange Forward	**15**	**-**
Swaps	**58,534**	**39**
Interest rate swaps	31,685	631
Cross Currency swaps (long term)	10,328	(380)
Foreign Exchange swaps (short term)	16,521	(212)
Options	**10,700**	**417**
Foreign Exchange Options	10,695	-
Equity options	-	261
Index options	-	156
Floor	5	-
Other commitments	**Commitments given**	**Commitments received**
Credit facilities (authorized but not drawn)	898	12,337
Guarantees and securities		
Commitments to buy back shares and bonds from Group entities	-	-
Other commitments	12,028	84
Of which financial guarantees given to Group entities	7,408	-

6. SENSITIVITY

By virtue of its business, the Company is mainly exposed to interest rate and exchange rate risks.

The table below shows an estimate of changes in the fair value of debt, loans and hedging instruments in the event of a 1% rise in the interest rate curve or a 10% depreciation of the Euro.

(in Euro million)	Change in fair value	
Sensitivity	**Interest rates: +100 bps (1)**	**Depreciation of the Euro: 10% (2)**
Debt (a)	3.7%	5.9%
Derivatives (b)	61.1%	-103.2%
Loans (c)	-8.2%	-1.2%

(a) External and internal debts.
(b) Both eligible and not eligible derivatives to hedge accounting.
(c) External and internal loans.
(1) A 100 bps rise in interest rates leads to a 3.7% improvement in the fair value of debt, a -8.2% deterioration in the fair value of loans, and an improvement of 61.1% in the fair value of loans.
(2) A 10% depreciation of the Euro leads to a 5.9% improvement in the fair value of debt, a -103.2% deterioration in the fair value of derivatives and a -1.2% 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).

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, 2018)

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,

AXA SA

25, Avenue Matignon

75008 Paris

France

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, 2018.

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, 2018 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, 2018 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, 2018, investments in subsidiaries and affiliates represented €71,317 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. In particular, management determined at December 31, 2018 that the value in use of the participation in AXA Equitable Holding Inc. was less than the net book value. As a result, an impairment has been accounted for €1,449 million as described in Note 3.3. 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; ■ with respect to the participation in AXA Equitable Holdings Inc., assess the data, assumptions and methodologies with respect to the assessment performed by management to determine the value in use and the resulting impairment. 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, reminded that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by Article L. 355-5 of the French Insurance Code *(Code des assurances)*.

We attest to the sincerity and consistency of the information relating to the payment terms mentioned in Article D. 441-4 of the French Commercial Code *(Code de commerce)*.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by 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, 2018, PricewaterhouseCoopers Audit and Mazars were in the thirty and in the twenty-fifth 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 of AXA SA.

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;
- evaluates 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 11, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Crepon	Jean-Claude Pauly – Maxime Simoen

APPENDIX IV GROUP EMBEDDED VALUE AND SOLVENCY II OWN FUNDS

The information is disclosed in the “Embedded Value and Solvency II Own Funds Report 2018” which is available on AXA’s website (www.axa.com).

APPENDIX V GLOSSARY

This glossary includes definitions of non-GAAP financial measures, or alternative performance measures ("APMs"), indicated by an asterisk*, that Management believes are useful to understand the Group's business and analyze the Group's performance. The scope of the following definitions of APMs remains unchanged compared to prior periods, except that the scope of certain definitions was updated to take into account the impact of the issuance by AXA of mandatory exchangeable bonds into shares of AXA Equitable Holdings, Inc. (AEH) in May 2018, which are recorded in "shareholders' equity - Minority interests" and "financial debt".

SCOPE AND COMPARABLE BASIS

Split by geographies

The split by geographies is detailed below:

- **France** (insurance and banking activities, and holdings);
- **Europe**, consisting of:
  - 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 of:
  - Japan (insurance activities),
  - Hong Kong (insurance activities),
  - Asia High Potentials, consisting of:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities),
  - Asia - Direct, consisting of:
    - AXA Global Direct Japan,
    - AXA Global Direct South Korea,
  - Asia Holding;
- **AXA XL**, consisting of:
  - XL Group (insurance activities and holdings) as acquired on September 12, 2018,
  - AXA Corporate Solutions Assurance (insurance activities),
  - AXA Art (insurance activities);
- **United States** (insurance activities, AB and holdings);
- **International**, consisting of:
  - AXA Bank Belgium (banking activities),
  - Brazil (insurance activities and holding),
  - Colombia (insurance activities),
  - Czech Republic and Slovak Republic (insurance activities),
  - Greece (insurance activities),
  - The Gulf Region (insurance activities and holding),
  - India (insurance activities and holding),
  - 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 and holding),
  - Turkey (insurance activities and holding);
- **Transversal & Central Holdings**, consisting of:
  - AXA Investment Managers,
  - AXA Assistance,
  - AXA Liabilities Managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

A

Current Engines and High Potentials

The split between current engines and high potentials is detailed below:

- **Current Engines**: Belgium, France, Germany, Hong Kong, Italy, Japan, Spain, Switzerland, UK & Ireland, AXA XL, the United States and AB;
- **High Potentials**: Brazil, China, Indonesia, Mexico, the Philippines and Thailand.

Comparable basis for Revenues, Annual Premium Equivalent and NBV Margin

"On a comparable basis" means the following:

- data for the current period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate basis**);
- data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural basis**) and for changes in accounting principles (**constant methodological basis**).

EARNINGS AND CAPITAL

Adjusted Earnings*

Adjusted Earnings represent the net income (Group share) as disclosed in the table set forth on pages 49 and 50 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 and liabilities.

Derivatives related to invested assets:

- include all foreign exchange derivatives, except the ones related to currency options in earnings hedging strategies which are included in underlying earnings;
- exclude derivatives related to insurance contracts evaluated according to the "selective unlocking" accounting policy; and
- exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities backing General Account and shareholders' funds, for which cost at inception, intrinsic value and pay-off flow through adjusted earnings, and only time value flows through net income when there is no intention to sell the derivatives in the short term (if not, flows through adjusted earnings).

Underlying Earnings*

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

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

Earnings per share

Earnings per share (**EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt and preferred shares recorded through shareholders' equity - Group share, and mandatory exchangeable bonds recorded through shareholders' equity - Minority interests and financial debt), divided by the weighted average number of outstanding ordinary shares.

Diluted Earnings per share (**diluted EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt and preferred shares recorded through shareholders' equity - Group share, and mandatory exchangeable bonds recorded through shareholders' equity – Minority interests and financial debt), divided by the weighted average number of outstanding ordinary shares, on a diluted basis (*i.e.* including the potential impact of all outstanding dilutive stock options being exercised, performance shares, and conversion of existing convertible debt into shares, provided that their impact is not anti-dilutive).

Underlying Earnings per share* corresponds to Underlying Earnings (net of financial charges related to undated subordinated debt and preferred shares recorded through shareholders' equity - Group share, and mandatory exchangeable bonds recorded through shareholders' equity - Minority interests and financial debt), divided by the weighted average number of outstanding ordinary shares.

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), preferred shares and mandatory exchangeable bonds (MEB) recorded through shareholders' equity – Minority interests and financial debt, and Other Comprehensive Income "OCI", and net income not reflecting any interest charges on TSS/TSDI;
- for adjusted RoE* and underlying RoE:
  - undated subordinated debt (TSS/TSDI) and mandatory exchangeable bonds are treated as financing debt, thus excluded from shareholders' equity,
  - interest charges on TSS/TSDI, preferred shares and mandatory exchangeable bonds 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.

EOF (Eligible Own Funds)

Surplus derived from a Solvency II balance sheet. It is defined as the excess of market value of assets over best estimate liabilities and Risk Margin as per Solvency II regulation.

Solvency II ratio

This ratio is calculated as per Solvency II, and is equal to the total amount of the Group's Eligible Own Funds ("EOF") divided by the Group's Solvency Capital Requirement ("SCR"). The solvency capital requirement, *i.e.*, the denominator of the Solvency II ratio, is set at a level ensuring that insurers and reinsurers are able to meet their obligations towards policyholders and beneficiaries over the next 12 months, with a 99.5% probability. The solvency capital requirement can be calculated either based on the standard formula or an internal model. The Group is using an internal model.

The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock and assuming equivalence for AXA Equitable Holdings, Inc. in the US. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's SFCR for FY 2017, available on AXA's website (www.axa.com). As in previous disclosures all AXA US entities are taken into account assuming US equivalence. The contribution to the AXA Group Solvency II ratio from the entities that were part of the XL Group ("XL entities") as at December 31, 2018, was calculated in accordance with the equivalence regime, based on the Bermudian Standard Formula SCR, plus a 5% add-on required by the AXA's lead supervisor (ACPR), as a transitional measure. Furthermore, in compliance with the decision from ACPR, XL entities will be fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement will be calculated using the Solvency II standard formula from March 31, 2019. Subject to the prior approval of the ACPR, the Group intends as soon as FY 2020 to extend its internal model to XL entities.

Debt Gearing*

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed as a percentage. Debt Gearing is used by Management to measure the financial leverage of the Group and the extent to which its operations are funded by creditors as opposed to shareholders. AXA's Debt Gearing is calculated by dividing the gross debt (financing debt and undated subordinated debt) by total capital employed (consolidated shareholders' equity excluding undated subordinated debt and reserves relating to the change in the fair value of financial instruments and of hedge accounting derivatives plus 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 EOF than the economic capital they consume.

LIFE & SAVINGS NET INFLOWS

Life & Savings Net Inflows are defined as the collected premiums (including risk premiums, fees and revenues), net of surrenders, maturities, claims paid and other benefits paid. This definition is applicable to all Life and Savings products as well as Life-like Health products, with the exception of Mutual Funds products.

A

NEW BUSINESS APE (NEW BUSINESS 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.

Underlying net technical margin includes the following components:

- mortality and morbidity margin: the difference between income or earned premiums for assuming risk and the cost of benefits and claims charges directly linked to the claims experience or its anticipation (death or disability);
- surrender margin: the difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination;
- GMxB (Variable Annuity guarantees) active financial risk management: the net result from GMxB lines corresponding to explicit charges related to these types of guarantees less cost of hedging. It also includes the unhedged business result;
- policyholder bonuses if the policyholders participate in the risk margin;
- ceded reinsurance results;
- other changes in claims and insurance reserves: all the reserve strengthening or release coming from changes in valuation assumptions, claims experience, additional reserves for mortality risk and other technical impacts such as premium deficiencies net of derivatives if any; and
- claims handling costs.

Underlying expenses include the following components:

- acquisition expenses, including commissions and general expenses allocated to new business;
- capitalization of acquisition expenses linked to new business: Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF;
- amortization of Deferred Acquisition Costs (DAC) and net rights to future management fees for investment contracts without DPF, including the impact of interest capitalized;
- administrative expenses; and
- policyholder bonuses if the policyholder participates in the expenses of the Company.

Underlying VBI amortization includes VBI (Value of Purchased Life Business In-force) amortization related to underlying margins.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Life & Savings Margin Analysis as set out below:

- for insurance contracts and investment contracts with Discretionary Participation Features (DPF):
  - gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between “Fees & Revenues” and “Net Technical Margin”,
  - policyholders’ interest in participating contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, *i.e.* primarily “Investment Margin” and “Net Technical Margin”,
  - the “Investment margin” represents the net investment result in the Statement of Income and is adjusted to consider the related policyholder participation (see above) as well as changes in specific reserves linked to invested assets’ returns and to exclude the fees on (or contractual charges included in) contracts with the financial risk borne by policyholders, which are included in “Fees & Revenues”,

- change in URR (Unearned Revenue Reserve – capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues and fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin Analysis;

- for investment contracts without DPF:
  - deposit accounting is applied. As a consequence, fees and charges related to these contracts are presented in the Underlying Statement of Income within Gross Consolidated Revenues on a separate line, and in Margin Analysis in the lines "Fees & Revenues" and "Net Technical Margin",
  - change in UFR (Unearned Fee Reserve - capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues & fees" in the Underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin Analysis.

INSURANCE RATIOS (APPLICABLE TO PROPERTY & CASUALTY, HEALTH AND PROTECTION ACTIVITIES)

Current accident year loss ratio net of reinsurance is the ratio of:

- current year claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on current accident year, excluding for the discounted reserves the unwind of the discount rate used in calculating technical reserves; to
- earned revenues gross of reinsurance.

All accident year loss ratio net of reinsurance is the ratio of:

- all accident years claims charge gross of reinsurance + claims handling costs + result of reinsurance ceded on all accident years excluding 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 all accident year loss ratio and the underlying expense ratio.

Asset Management

Net inflows: Inflows of client money less outflows of client money. Net inflows are used by the Management to measure the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

Underlying cost income ratio is the ratio of:

- general expenses excluding distribution related expenses; to
- gross revenues excluding distribution fees received.

Assets under management (AUM) are defined as the assets whose management has been delegated by their owner to an asset management company such as AXA Investment Managers 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.

A

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.

A

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 11, 2019.

ANNEX 1 OF REGULATION (EC) NO. 809/2004

A

			Pages
	21.2.	Memorandum and Articles of association	
		21.2.1 Corporate purpose	394
		21.2.2 Members of the administrative, management and supervisory bodies	100 to 126; 394 to 395
		21.2.3 Rights, privileges and restrictions attaching to each class of existing shares	395 to 396
		21.2.4 Description of actions necessary to change shareholders rights	395
		21.2.5 Convening of and admission to Annual Ordinary and Extraordinary General Meetings	395 to 396
		21.2.6 Provisions likely to defer, delay or prevent a change in control of the issuer	396
		21.2.7 Statutory declarations of threshold crossing	396
		21.2.8 Conditions governing changes in share capital, where more restrictive than legal provisions	396
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	431 to 434
	23.2.	Information obtained from third parties	n/a
24.		Documents on display	385
25.		Information on holdings	247 to 252; 456 to 461

* *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, 2017 and the Statutory Auditors' report thereon, presented respectively on pages 188 to 330 and on pages 331 to 336 of the Annual Report (Registration Document), the French version of which was filed with the AMF on March 19, 2018 under reference no. D.18-0145;*
- *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.*

APPENDIX IX ANNUAL FINANCIAL REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the components of the Annual Financial Report (*Rapport Financier Annuel*) referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) as well as in Article 222-3 of the AMF General Regulation.

The following references to sections of this Annual Report correspond to the components of the Annual Financial Report.

NOTES

NOTES

CONTACTS

Readers can address any comments and questions
on this document to:

Analysts and Institutional Investors

AXA Group

25, avenue Matignon
75008 Paris – France
Phone: + 33 (0) 1 40 75 48 42
E-mail: investor.relations@axa.com

Individual Shareholders

AXA Group

Retail Shareholders Relations
25, avenue Matignon
75008 Paris – France
Phone: 0 800 43 48 43
(toll-free number from France)
Phone: + 33 (0) 1 40 75 48 43
E-mail: actionnaires.web@axa.com

THIS 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.

Photos: © Raphaël Dautigny, Benjamin Boccas, Antoine Doyen, Alys Thomas.

This document is printed in compliance with ISO 14001.2004 for an environment management system.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

www.axa.com

Référence : 974538 0219