



# Half Year Financial Report /

**June 30, 2009**

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**redefining / standards**



# **Activity Report /**

# **Half Year 2009**

## Cautionary statements concerning forward-looking statements

This report includes certain terms that are used by AXA in analyzing its business operations and, therefore, may not be comparable with terms used by other companies; these terms are defined in the glossary provided at the end of this document.

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predication of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Référence for the year ended December 31, 2008, for a description of certain important factors, risks and uncertainties that may affect AXA's business. 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.

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## Financial market conditions in the first half of 2009

After a difficult end to 2008, economies went deeper into recession in the first quarter of 2009 before showing signs of recovery in the spring, helped by more favorable economic surveys, in particular for the corporate sector, and receding concerns about the financial system and banks' solidity. As a result, investors began to show some renewed interest in risky assets (such as equities and credit) in the second quarter.

From a macro-economic perspective, oil prices rose to exceed \$70 per barrel in June 2009, compared to \$36 at the start of the year. However, the weakness in energy demand drew inflation figures downwards with inflation falling to -1.3% in the US in May and to -0.1% in Europe in June.

Signs of economic stabilisation have increased in the US and Europe, although, households' high debt levels, doubts concerning the real estate market and rising unemployment (at 9.5% in June 2009 in the US, its highest level in 25 years) preclude any hope of a recovery in the short term. The contrast is more marked with Asia which is being driven by the Chinese locomotive.

Various governments have striven to clean up the situation in their domestic banking systems and to support their economy. The recovery plan presented by President Obama amounted to \$787 billion, or 5.5 points of GDP, and is a massive support program for the US economy over two to three years. The Public-Private Investment Program (PPIP) proposed by the US Treasury Secretary entails buying banks' toxic assets to clean up bank balance sheets, but has not yet achieved significant results.

The zero interest rate monetary policy is now practically universal among developed economies, while central banks are beginning to apply measures to monetize debt. In the US, the Fed (Federal Reserve) kept the range of the Fed Funds at between 0 and 0.25% and announced quantitative measures to buy US Treasury bonds of up to \$300 billion, as well as extending programs to acquire mortgage company debt (Freddie Mac, Fannie Mae) and Mortgage-Backed Securities (MBS). In Switzerland, the SNB (Swiss National Bank) further lowered its target range to 0-0.75% and also began buying Swiss private debt while injecting Swiss francs into the currency market. In Japan, the BoJ (Bank of Japan) kept its main rate unchanged at 0.1% and has committed to buy shares held by Japanese banks for ¥1 trillion. In Europe, the BoE (Bank of England) also followed the same trend by lowering its main rate to 0.5% in March and finally decided to buy back Gilts for an overall amount of £150 billion from March onwards. The ECB (European Central Bank) lowered its main rate to 1% in May 2009 and decided to extend its refinancing operations to 12 months, injecting approximately €442 billion in half year 2009. It also decided, through a program, to acquire covered bonds totaling €60 billion from July onwards.

### STOCK MARKETS

Trends in equity markets varied significantly in the first two quarters of 2009. The decline of 9.5% in the first two months was followed by an improvement of the world's stock markets, especially emerging markets, thanks to additional measures announced by the US Federal Reserve (including measures to buy long-term US Treasury bonds), the US Treasury (acquisition of "toxic" assets) and the publication of better economic indicators than in the first quarter. Finally, the end of the first half of 2009 witnessed a phase of profit-taking which prompted a 2% drop in Global equities in June.

Overall, the Dow Jones in New York and the FTSE in London both depreciated by 4%, while the S&P 500 gained 2% in the first half of 2009. The CAC 40 and the DJ Euro stoxx 50 both decreased by 2% in the first half year of 2009. In Japan, the Nikkei increased by 12%. The MSCI World Index increased by 5% and the MSCI Emerging by 34% in the first half of the year.

### BOND MARKETS

Trends in long rates also varied during the first half of 2009, with rates rising in the first two months and in May, while they decreased in March and June. Overall, the US 10-year T-bond ended the half year at 3.53%, an increase of 128bps compared to December 31, 2008 and the Bund yield rose by 44bps to 3.38%, while Euribor and Libor were both broadly flat at 3.65%.

Regarding spreads, they widened considerably at the beginning of the year in Europe with the downgrading of sovereign debts in Spain, Greece and Portugal in January. Although they subsequently tightened, with the announcement of a budget solidarity program in the event of a problem within the European Union, they are still at

pre-Monetary Union levels. Overall, the iTRAXX Main (Investment Grade) moved from 178bps to 112bps in the first half of 2009 while the iTRAXX Crossover (Below Investment Grade) decreased from 1,029bps to 713bps.

#### **EXCHANGE RATES**

Compared to December 31, 2008, the Dollar remained stable against the Euro (closing exchange rate moved from \$1.40 at the end of 2008 to \$1.41 at the end of June 2009). The Euro gained 4% against the Yen in the six months ending March 31, 2009 (closing exchange rate moved from Yen 126.8 at the end of September 2008 used for Full Year 2008 accounts to Yen 131.4 at the end of March 2009 used for half year 2009 accounts). The Euro lost 11% against the Pound Sterling (closing exchange rate moved from £0.958 at the end of 2008 to £0.853 at the end of June 2009). The Euro gained 2% against the Swiss Franc (closing exchange rate moved from CHF 1.49 at the end of 2008 to CHF 1.52 at the end of June 2009).

On an average rate basis, compared to the first half of 2008, the Euro lost 13% against the Dollar (from \$1.53 over the first half of 2008 to \$1.33 over the first half of 2009), and lost 23% against the Yen (from Yen 160.8 over the six months to March 31, 2008 used for half year 2008 accounts to Yen 124.5 over the six months to March 31, 2009 used for half year 2009 accounts). The Euro gained 15% against the Pound Sterling (from £0.775 over the first half of 2008 to £0.895 over the first half of 2009). The Euro lost 6% against the Swiss Franc in the first half of 2009 (from CHF 1.61 over the first half of 2008 to CHF 1.51 over the first half of 2009).

# Operating highlights

## Significant acquisitions

In connection with **AllianceBernstein**'s acquisition of the business of Sanford C. Bernstein Inc. in 2000, AXA Financial Inc. entered into a purchase agreement under which certain former shareholders of Sanford C. Bernstein have the right to sell ("Put") to AXA Financial, subject to certain restrictions set forth in the agreement, limited partnership interests in AllianceBernstein L.P. ("AllianceBernstein Units") issued at the time of the acquisition.

As of the end of 2008, AXA Financial, either directly or indirectly through wholly owned subsidiaries, had acquired a total of 32.7 million AllianceBernstein units for an aggregate market price of \$1,631 million through several purchases made pursuant to the Put. At December 31, 2008, AXA's ownership in AllianceBernstein L.P. was 62.4%.

On January 6, 2009, the purchase of the last tranche of 8.16 million AllianceBernstein Units was completed at \$18.3 per unit for a total price of 150 million pursuant to the final installment of the Put. At June 30, 2009 the ownership of AXA in AllianceBernstein L.P. was 64.2%.

## Capital operations

During the first semester 2009, **AXA** continued to dynamically manage its hedging program on its direct equity exposure on Property & Casualty businesses and non participating Life businesses.

In January 2009, AXA unwound €11 billion out of the first €14 billion tranche and the €9 billion second tranche of the 2008 program in order to lock in the positive mark-to-market on the hedging program. In addition, €2.5 billion calls on remaining exposure were bought back. This resulted in a €46 million gain recorded in adjusted earnings.

In addition, AXA supplemented its program in March 2009 with a new put spread strategy on €4 billion on Eurostoxx 50 maturing on June 30, 2009 and July 1, 2009. This resulted in a €66 million loss recorded in adjusted earnings. Then, following the equity market rally between March and May 2009, AXA lengthened its hedging programme in June 2009 by an additional €3.5 billion put spread strategy on Eurostoxx 50, maturing at December 30, 2009. The hedge is effective between 17% and 27% below June 30 Eurostoxx level.

At June 2009 closing, AXA's remaining position consisted of:

- €250 million put spreads financed by the sale of call options on FTSE 100 and €2.5 billion put spreads, both maturing in March 2010 with a mark-to-market of €496 million as of June 30, 2009. The difference with December 31, 2008 mark-to-market, i.e. €+57 million after tax, was recorded in adjusted earnings as AXA unwound its residual 2008 position,
- €4 billion put options with a strike price 24% below closing price as at December 30, 2008 on Eurostoxx 50 maturing on July 1, 2009 and €3.5 billion put spread options, maturing on December 30, 2009 with a hedge which is effective between 17% and 27% below June 30 Eurostoxx level: at June 30. The mark-to-market was €62 million and resulted in a €41 million gain recorded in net income.

At June 30, 2009, **AXA Equitable** had \$6.6 billion nominal of protection on the S&P index consisting of put spread collar strategies. These positions were implemented to mitigate the impact of a decline in equity markets on AXA Equitable's statutory liabilities. Total premium of this program amounted to \$0.5 billion. The change in fair value of these derivatives was reflected through earnings with a €-0.2 billion negative impact net of tax recorded in half year 2009 earnings.

Given improved market conditions, **AXA** issued in June 2009 a €1.0 billion senior debt (maturity 2015, 4.5% annual coupon, all-in issuance spread of 146bps over Euribor).

In first half 2009, **AXA** subscribed for its share (approximately 53.1%) to the AUD 878 million capital increase of **AXA Asia Pacific Holdings** (AXA APH), corresponding to an amount of approximately €234 million for AXA SA. This operation had (i) no impact on the Group's Solvency I ratio and (ii) no material impact on AXA SA's liquidity position, because AXA APH used the proceeds from this capital increase to repay approximately €214 million of outstanding debts to AXA SA.

## Other

In the United Kingdom, since January 31, 2008, a temporary deferral period of up to six months has been in place for certain transactions involving the **AXA Life Property Fund** (£0.7 billion or €0.8 billion at June 30, 2009) and **AXA Pension Property Fund** (£0.5 billion or €0.6 billion at June 30, 2009) which is allowed under the terms of the customer's policy in order to help manage liquidity. In the event that sufficient liquidity to honor all outstanding withdrawal requests by the end of the deferral period cannot be generated through the sale of properties held by the funds and other sources of liquidity available to the funds, AXA UK, as sponsor of the funds, is required to provide the funds with sufficient liquidity to honor these withdrawal requests. As at June 30, 2009, liquidity in both funds has remained at levels consistent with the position at end December 2008. The AXA Pension Property Fund started accelerating the payment of deferrals during the last quarter of 2008 due to its strengthened liquidity position. However, current economic uncertainty, ongoing net outflows being experienced by the funds and difficult selling conditions warrant a prudent approach therefore both funds still keep in force the deferral notification (but continue to accelerate deferred payments where forecast liquidity permits).

## Related-party transactions

During the first half of the fiscal year 2009, there were (1) no modifications to the related-party transactions described in Note 27 "Related-Party transactions" of the audited consolidated financial statements of the fiscal year ended December 31, 2008 included in the full year 2008 Annual Report (pages 402 and 403) filed with the *Autorité des marchés financiers* and available on its website ([www.amf-france.org](http://www.amf-france.org)) as well as on the Company's website ([www.axa.com](http://www.axa.com)), which significantly influenced the financial position or the results of the Company during the first six months of the fiscal year 2009, and (2) no new transaction concluded between AXA SA and related parties that significantly influenced the financial position or the results of the Company during the first six months of 2009.

## Risk factors

The principal risks and uncertainties facing the Group are described in detail in Section 4.1 "Risk factors" and in Section 2.2 "Additional factors which may affect AXA's business" of the full year 2008 Annual Report (respectively on pages 192 to 195 and pages 40 to 46) filed with the *Autorité des marchés financiers* and available on its website ([www.amf-france.org](http://www.amf-france.org)) as well as on the Company's website ([www.axa.com](http://www.axa.com)).

The description in these Sections of the 2008 Annual Report remains valid in all material respects as of the date of this Report for the appreciation of the major risks and uncertainties affecting the Group at June 30, 2009 and which management expects may affect the Group during the remainder of 2009.

## Events subsequent to June 30, 2009

In July 2009, AXA unwound all its residual 2008 equity macrohedging position (€2,500 million on Eurostoxx50 and €250 million on FTSE 100), resulting in a €19 million loss.

# Consolidated gross revenues

## Consolidated Gross Revenues (a)

(in Euro million)

	HY 2009	HY 2008	FY 2008	HY 2009/HY 2008
<b>Life &amp; Savings</b>	<b>30,065</b>	<b>30,826</b>	<b>57,977</b>	<b>-2.5%</b>
of which <i>Gross written premiums</i>	29,254	29,884	56,071	-2.1%
of which <i>Fees and revenues from investment contracts with no participating feature</i>	274	342	662	-20.0%
<b>Property &amp; Casualty</b>	<b>14,919</b>	<b>14,519</b>	<b>26,039</b>	<b>2.8%</b>
<b>International Insurance</b>	<b>1,731</b>	<b>1,673</b>	<b>2,841</b>	<b>3.5%</b>
<b>Asset Management</b>	<b>1,503</b>	<b>2,102</b>	<b>3,947</b>	<b>-28.5%</b>
<b>Banking (b)</b>	<b>195</b>	<b>197</b>	<b>412</b>	<b>-0.7%</b>
<b>Holdings and other companies (c)</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>-38.7%</b>
<b>TOTAL</b>	<b>48,414</b>	<b>49,319</b>	<b>91,221</b>	<b>-1.8%</b>

(a) Net of intercompany eliminations.

(b) Excluding net realized capital gains and change in fair value of assets under fair value option and derivatives, net banking revenues and total consolidated revenues would respectively amount to €209 million and €48,431 million for first half 2009, €191 million and €49,316 million for first half 2008, and €473 million and €91,285 million for full year 2008.

(c) Includes notably CDOs and real estate companies.

On a comparable basis means that the data for the current year period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate** basis). It also means that 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).

In particular, comparable basis for revenues and APE in this document means including acquisitions, disposals and business transfers, and net of intercompany transactions in both periods.

**Consolidated gross revenues for first half year 2009 reached €48,414 million, down 2% compared to first half 2008.**

Taking into account the restatements to comparable basis, mainly the depreciation of the Euro against most currencies (€1,157 million or -2.3 points, mainly from the US Dollar and Japanese Yen), and the impact of the acquisition of Seguros ING in Mexico (€688 million or -1.3 points), **gross consolidated revenues were down 6% on a comparable basis.**

**Total Life & Savings gross revenues** were down 2% to €30,065 million, or down 7% on a comparable basis mainly due to the United States, Belgium, the United Kingdom, and Japan, partly offset by France and Germany.

**Total Life & Savings New Business APE<sup>1</sup>** amounted to €3,111 million, down 14% compared to first half 2008. On a comparable basis, APE decreased by 16%, mainly due to the United States, the United Kingdom, Japan and Australia/New Zealand, partly offset by France.

**The United States** APE decreased by €305 million (-38%) to €576 million driven by (i) Variable Annuities APE down 35%, primarily in the Wholesale channel, reflecting challenging market conditions and planned product actions, (ii) Life APE down 39% following planned product modifications in the first half of 2008 and the elimination of certain Universal Life guaranteed features in the first quarter of 2009, and (iii) Mutual Funds APE down 44% reflecting lower sales under challenging market conditions.

**United Kingdom** APE decreased by €122 million (-18%) to €493 million, primarily due to (i) lower investment & savings volumes (€-92 million or -46%), due to the impact of economic uncertainty on consumer confidence, and (ii) a

<sup>1</sup> Annual Premium Equivalent (APE) is new regular premium plus one tenth of single premiums, in line with EEV methodology. APE is Group Share.

€57 million decrease (-31%) in Individual and Executive Pensions as economic conditions have undermined savers' confidence, partly offset by (iii) a €23 million increase (+10%) in Group Pension volumes, buoyed by winning large group pension scheme business in line with the recent strategic decision to reposition the business away from an initial commission to a fee based model, and (iv) a €7 million increase (+18%) in Life Risk products reflecting the strengthening of the AXA Protection brand in the market.

**Japan** APE decreased by €59 million (-23%) to €254 million. Excluding the impact of the bankruptcy of a large independent agent (LINA) (€-36 million sales in Life and Medical), APE decreased by €22 million (-10%). This was driven by a €15 million decrease (-17%) in Life to €94 million mainly due to lower Term products sales and a €11 million decrease (-12%) in Health to €105 million following lower sales of Cancer products. This was partially compensated by a €4 million increase (+10%) of Investments & Savings sales to €55 million, mainly due to higher sales of Variable Annuity products.

**Australia/New-Zealand** APE decreased by €76 million (-36%) to €129 million mainly due to a drop in mutual fund net sales and AllianceBernstein joint venture sales following negative market conditions. These negative impacts were partially offset by the wholesale single premiums in wealth management guaranteed savings accounts, and by Accumulator product sales.

**France** APE increased by €86 million (+13%) to €776 million, mainly due to Group lines strong performance (+48%) with large contracts in Group lines and good sales in Group Protection, and also a positive contribution in Individual lines (+1%).

**Property & Casualty gross revenues** were up 3% to €14,919 million, or +1% on a comparable basis mainly driven by Personal lines (+1%) especially in France and Belgium, partly offset by Germany and the Mediterranean & Latin American Region. Commercial lines remained stable.

**Personal lines (59% of P&C gross revenues) were up 1% on a comparable basis**, stemming from both Motor (+1%) and Non-Motor (+1%).

Motor revenues grew by 1% mainly driven by (i) the United Kingdom & Ireland (+19%), due to +59% growth in new business written through the internet platform Swiftcover, (ii) France (+3%) reflecting positive net inflows (+46,000 contracts) in a competitive market, and (iii) Canada (+21%) mainly driven by rate increases in Ontario, partly offset by (iv) the Mediterranean & Latin American Region (-4%) driven by difficult market conditions in Spain, Portugal, Turkey and the Gulf Region, partly compensated by strong performances in Mexico and Morocco, and (v) Germany (-3%) as a result of contract losses and declining average premium in the context of market price pressure.

Non-Motor revenues increased by 1% mainly driven by (i) France (+4%) driven by positive net inflows (+28,000 contracts) combined with an increase in average premium in Household, and (ii) Canada (+26%) mainly driven by Property in Quebec and Ontario, partly offset by (iii) the United Kingdom & Ireland (-7%) due to selective underwriting notably in travel, and despite Property up 8% benefiting from new deals from intermediary and corporate partners.

**Commercial lines (40% of P&C gross revenues) remained stable on a comparable basis** with Motor down 1% while Non-Motor was stable.

Motor revenues were down 1%, driven by (i) the United Kingdom & Ireland (-8%) due to continued focus on profitability with tariff increases affecting renewal retention, and (ii) France (-3%) due to negative premiums adjustments with a negative volume impact, partly offset by (iii) Asia (+31%) notably driven by tariff increase.

Non-Motor revenues remained stable with notably the United Kingdom & Ireland down 3% in a soft market environment, while Switzerland increased by 3% mainly due to new large Health contracts.

**International Insurance revenues** were up 3% to €1,731 million or up 3% on a comparable basis mainly driven by **AXA Corporate Solutions Assurance** (up 3% to €1,256 million) due to portfolio development in Liability and Marine, and by premium adjustments on previous years in Construction.

**Asset management revenues** decreased by 28% or -34% on a comparable basis to €1,503 million mainly driven by lower management fees (-36%) due to lower average Assets under Management (-26%) and lower average management fees (-4.1 bps).

**AllianceBernstein** revenues were down 40% to €924 million due to advisory fees down 45% in line with 43% lower average AUM, distribution fees down 44% related to lower average mutual fund assets, and Institutional Research Services down 5% due to lower trading activity by hedge fund clients.

Assets Under Management decreased by €13 billion from year-end 2008 to €318 billion at June 30, 2009 driven by net outflows of €-33 billion (€-24 billion from Institutional clients, €-5 billion from Retail and €-4 billion for Private Client) and negative exchange rate impact of €-2 billion, partly offset by market appreciation of €22 billion.

**AXA Investment Managers** revenues decreased by €182 million (-24%) to €579 million. Excluding distribution fees (retroceded to distributors), net revenues decreased by €122 million (-19%) mainly due to lower management fees (€-107 million), equally driven by lower average AUM and unfavorable client and product mix.

Assets Under Management were flat from year-end 2008 to €485 billion at the end of June 2009 mainly as a result of (i) €-5 billion net outflows (mainly on main funds), and (ii) €-4 billion negative market impact (mostly on structured finance funds) partly offset by (iii) €+7 billion favorable exchange impact (mainly on Pound Sterling).

**Net banking revenues** were down 1%, or up 1% on a comparable basis to €195 million, mainly attributable to AXA Banque (+8% mainly due to an increase in the commercial margin) and AXA Bank Zrt in Hungary (+55% mainly driven by higher interest margin), partly offset by AXA Bank Europe (-4% due to a decrease in net capital gains and impairments partly offset by a higher net interest and fee income).

# Consolidated underlying, adjusted earnings and net income

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
Gross written premiums	45,770	45,942	84,662
Fees and revenues from investment contracts with no participating feature	274	342	662
<b>Revenues from insurance activities</b>	<b>46,044</b>	<b>46,284</b>	<b>85,324</b>
<b>Net revenues from banking activities</b>	<b>209</b>	<b>191</b>	<b>473</b>
<b>Revenues from other activities</b>	<b>2,178</b>	<b>2,841</b>	<b>5,488</b>
<b>TOTAL REVENUES</b>	<b>48,431</b>	<b>49,316</b>	<b>91,285</b>
<i>Change in unearned premium reserves net of unearned revenues and fees</i>	(3,265)	(3,121)	(208)
<i>Net investment result excluding financing expenses (a)</i>	7,098	(7,663)	(27,620)
Technical charges relating to insurance activities (a)	(38,982)	(24,312)	(37,493)
Net result of reinsurance ceded	(391)	(576)	(101)
Bank operating expenses	(54)	(23)	(59)
Insurance acquisition expenses	(4,445)	(4,062)	(8,672)
Amortization of value of purchased life business in force	(142)	(149)	(473)
Administrative expenses	(4,938)	(4,940)	(10,076)
Valuation allowances on tangibles assets	(0)	(2)	(1)
Change in value of goodwill	(8)	(1)	(7)
Other	(136)	(97)	(181)
<b>Other operating income and expenses</b>	<b>(49,095)</b>	<b>(34,162)</b>	<b>(57,063)</b>
<b>INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE</b>	<b>3,169</b>	<b>4,369</b>	<b>6,394</b>
Net income from investments in affiliates and associates	15	18	23
Financing expenses	(250)	(350)	(685)
<b>OPERATING INCOME GROSS OF TAX EXPENSE</b>	<b>2,933</b>	<b>4,038</b>	<b>5,732</b>
<i>Income tax expenses</i>	(657)	(964)	(1,150)
<i>Minority interests in income or loss</i>	(161)	(307)	(538)
<b>UNDERLYING EARNINGS</b>	<b>2,116</b>	<b>2,766</b>	<b>4,044</b>
Net realized capital gains or losses attributable to shareholders	(379)	524	(345)
<b>ADJUSTED EARNINGS</b>	<b>1,736</b>	<b>3,290</b>	<b>3,699</b>
Profit or loss on financial assets (under fair value option) & derivatives	(335)	(1,057)	(2,501)
Exceptional operations (including discontinued operations)	(10)	13	(49)
Goodwill and other related intangible impacts	(42)	(43)	(99)
Integration costs	(26)	(41)	(127)
<b>NET INCOME</b>	<b>1,323</b>	<b>2,162</b>	<b>923</b>

(a) For the periods ended June 30, 2009, June 30, 2008 and December 31, 2008, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively €+3,132 million, €-14,755 million and €-43,687 million, and benefits and claims by the offsetting amounts respectively.

NB: Line items of this income statement are on an underlying earnings basis, and not on a net income basis.

***Underlying, Adjusted earnings and Net Income***

(in Euro million)

	HY 2009	HY 2008	FY 2008
Life & Savings	1,232	1,396	1,508
Property & Casualty	986	1,133	2,394
International Insurance	122	172	188
Asset Management	176	285	589
Banking	15	24	33
Holdings and other companies (a)	(415)	(245)	(668)
<b>UNDERLYING EARNINGS</b>	<b>2,116</b>	<b>2,766</b>	<b>4,044</b>
Net realized capital gains or losses attributable to shareholders	(379)	524	(345)
<b>ADJUSTED EARNINGS</b>	<b>1,736</b>	<b>3,290</b>	<b>3,699</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(335)	(1,057)	(2,501)
Exceptional operations (including discontinued operations)	(10)	13	(49)
Goodwill and related intangibles impacts	(42)	(43)	(99)
Integration costs	(26)	(41)	(127)
<b>NET INCOME</b>	<b>1,323</b>	<b>2,162</b>	<b>923</b>

(a) Includes notably CDOs and real estate companies.

**Group underlying earnings** amounted to €2,116 million. On a constant exchange rate basis, underlying earnings decreased by €714 million (-26%), driven by all business lines.

**Life & Savings** underlying earnings amounted to €1,232 million. On a constant exchange rate basis, Life & Savings underlying earnings were down €228 million (-16%) mainly attributable to France (€-166 million) and the United States (€-90 million), partly offset by the United Kingdom (€+62 million).

Excluding the change in scope related to the acquisitions of Seguros ING in Mexico (€1 million), Quadrifoglio Vita (€5 million), the brokerage company SBJ in the United Kingdom (€1 million), and the financial advisor Genesys in Australia (€-4 million), as well as from the minority shareholders' buyout in Turkey (€3 million), and on a constant exchange rate basis, Life & Savings **underlying earnings** decreased by €235 million (-17%) mainly resulting from:

- (i) **Lower investment margin** (€-320 million or down 24%). Investment margin was impacted by €-12 million reclassification to fees & revenues in the United Kingdom. Excluding this impact, investment margin was down €308 million (-23%) with **Investment income** down €270 million (-4%) mainly driven by lower yields while **Policyholders' participation** was up €39 million (+1%) mainly due to higher policyholder allocation in France and Switzerland.
- (ii) **Lower Fees & Revenues** (€-300 million or -9%). Fees & Revenues were impacted by €+10 million of URR (Unearned Revenue Reserve) release in France (offset by DAC amortization) and €+12 million reclassification from investment margin in the United Kingdom. Excluding the impact of these items, Fees & Revenues decreased by €322 million (-10%) driven by:
  - a. **Loadings on premiums and Mutual Funds** down €38 million (-2%), mainly due to the United Kingdom (€-39 million driven by lower volumes of Creditor and Offshore cash bonds) and Germany (€-29 million from lower loadings on unit-linked regular premiums in line with new business development), partly offset by Japan (€+26 million mainly due to €22 million higher URR amortization on Variable Annuity products, which was offset by higher DAC amortization).
  - b. **Unit-linked management fees** down €212 million (-21%), mainly driven by the United States (€-143 million or -25%), France (€-49 million or -27%), and the United Kingdom (€-16 million or -8%), due to 18% lower average balances (down 25% in the United States, 27% in France and 12% in the United Kingdom) together with slightly lower average fees due to an unfavorable country mix.
  - c. **Other fees & revenues** down €72 million (-24%) driven notably by Australia/New Zealand (€-40 million reflecting the impact on financial advisory fees of lower funds under management).

- (iii) **Higher net technical margin**, up €484 million (+85%), mainly driven by (i) €199 million higher profits from Variable Annuity guarantees in the United States (mainly due to significantly lower basis cost, credit spread narrowing and gains from interest rate hedging, partially offset by higher financial market volatility), (ii) €165 million one off gain in the United Kingdom as a result of a reduction in liabilities using a higher discount rate related to an internal restructuring of an annuity portfolio and (iii) €71 million higher prior year reserve development in Group Health and Life in France.
- (iv) **Higher expenses** (up €193 million or 6%). Expenses were impacted by €-10 million higher amortization of DAC offsetting higher unearned revenue reserve (URR) release in France. Excluding this impact, expenses increased by €183 million (+6%), with **acquisition expenses** up €145 million (+10%) mainly driven by DAC amortization (up €216 million or 31%) notably reflecting reactivity to higher margins on Variable Annuity guarantees, while **administrative expenses** increased by €38 million (+2%).
- (v) **Lower tax expenses and minority interests** (down €85 million or -15%). Excluding €24 million higher positive tax one-offs (€52 million in Belgium in half year 2009 on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities), versus €19 million in the United Kingdom in half year 2008), tax expenses and minority interests decreased by €61 million (-11%), driven by lower pre-tax earnings.

**Property & Casualty** underlying earnings amounted to €986 million. On a constant exchange rate basis, Property & Casualty underlying earnings decreased by €141 million (-12%) mainly due to the **combined ratio** up 1.7 points to 98.0%. Excluding the change in scope related to the acquisition of Seguros ING in Mexico (€12 million) and Reso in Russia (€15 million, consolidated under equity method), as well as from the minority shareholders' buyout in Turkey (€8 million), and on a constant exchange rate basis, Property & Casualty underlying earnings decreased by €181 million (-16%) mainly due to a higher combined ratio (up 1.5 points to 97.8%) in almost all countries.

- (i) **Lower net technical result (including expenses)** down €204 million (or down €183 million excluding Mexico) due to :
  - a. **An all year loss ratio** increasing by 2.0 points to 70.3%. Excluding the contribution of Mexico, the all year loss ratio increased by 1.7 points to 70.0% mainly due to higher impact of natural events in 2009 (Klaus storm for 1.4 points and other natural events in France and the United Kingdom for 0.9 point) than in 2008 (storms in Germany for 0.2 point).
 

Partly offset by:
  - b. **An expense ratio** decreasing by 0.2 point to 27.7%. Excluding the contribution of Mexico, the **expense ratio** decreased by 0.2 point to 27.7% driven by the administrative ratio down 0.4 point to 9.8%, partly offset by the acquisition expense ratio up 0.2 point to 17.9% (mainly due to one-off change in own pension scheme in 2008 and sales structure in Switzerland).
- (ii) **Lower investment result** (€-35 million), or down €72 million (-7%) excluding the contribution of Mexico, driven by lower asset yields.
- (iii) **Lower income tax expense and minority interests** (down €98 million). Excluding Mexico, Reso and the impact of the minority shareholders' buyout in Turkey, income tax expenses and minority interests decreased by €101 million. Excluding €4 million lower positive tax one-offs (€23 million in Belgium in half year 2009 mainly on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities), versus €13 million in the United Kingdom and €14 million in Germany in half year 2008), tax expenses and minority interests decreased by €105 million (-22%) due to lower pre-tax earnings.

**International Insurance** underlying earnings amounted to €122 million. On a constant exchange rate basis, underlying earnings decreased by €52 million (-30%) mainly driven by lower non-life run-off results.

**Asset Management** underlying earnings amounted to €176 million. On a constant exchange rate basis, asset management underlying earnings decreased by €120 million (-42%) mainly due to lower gross revenues (-34% mainly due to 36% lower management fees, driven by lower average AUM (-26%) and lower average fees (-4.1 basis points)) and the non recurrence of a €58 million carried interest on real estate in 2008 at AXA Investment Managers, only partly offset by lower general expenses (-22%, mainly from lower staff costs) and a one-time tax benefit of €65

million at AllianceBernstein due primarily to the release of reserves relating to the tax treatment of compensation plans.

**Banking segment's** underlying earnings amounted to €15 million. On a constant exchange rate basis, banking underlying earnings decreased by €10 million (-40%), mainly due to AXA Bank Zrt (Hungary) down €11 million due to higher provision for doubtful receivables.

**Holdings and other companies'** underlying earnings amounted to €-415 million. On a constant exchange rate basis, holdings underlying earnings decreased by €164 million mainly due higher financial charges related to currency impacts and acquisitions done in the second half of 2008, lower result on hedging of earnings denominated in foreign currencies and higher administrative costs, partly offset by lower tax expenses.

**Group net capital losses attributable to shareholders** amounted to €-379 million. On a constant exchange rate basis, Group net capital gains and losses attributable to shareholders were down €926 million mainly due to:

- (i) €-614 million lower **net realized gains excluding impairments**, to €241 million in half year 2009, mainly driven by €591 million lower realized gains on equities.
- (ii) €94 million lower **net impairments**, to €-691 million in half year 2009 as lower impairments on equity securities were partly offset by higher impairments on debt securities and real estate.
- (iii) €-406 million decrease in impact of equity derivatives in first half 2009 mainly driven by AXA SA.

**Adjusted earnings** amounted to €1,736 million. On a constant exchange rate basis, adjusted earnings were down €1,640 million (-50%) as a result of lower underlying earnings and lower net capital gains.

**Net Income** amounted to €1,323 million. On a constant exchange rate basis, net income decreased by €821 million (-38%) mainly as a result of:

- (i) **Lower adjusted earnings**: €-1,640 million, on a constant exchange rate basis, partly offset by
- (ii) **Higher result on change in fair value of financial assets and derivatives including foreign exchange impacts**: €+827 million to €-335 million in half year 2009. These €-335 million can be analyzed as follows:
  - a. €-161 million change in fair value and realized gains on Mutual Funds and other assets, mainly driven by private equity investments, partly offset by favorable impact of credit spread tightening.
  - b. €-156 million change in fair value of freestanding derivatives notably impacted by a decline in the fair value of equity derivatives related to the statutory liability hedge program in the United States (€-220 million), partly offset by the €106 million reversal of provisional loss for Japan fiscal first quarter 2009 which was included in full year 2008 net income.

## Consolidated Shareholders' Equity

As of June 30, 2009, consolidated shareholders' equity totaled €38.8 billion. The movements in shareholders' equity since December 31, 2008 are presented in the table below:

	(in Euro million)
	<b>Shareholders' Equity</b>
<b>At December 31, 2008</b>	<b>37,440</b>
Share Capital	0
Capital in excess of nominal value	(14)
Equity-share based compensation	38
Treasury shares sold or bought in open market	26
Deeply subordinated debt (including accrued interests)	(62)
Fair value recorded in shareholders' equity	897
Impact of currency fluctuations	358
Cash dividend	(836)
Other	84
Net income for the period	1,323
Actuarial gains and losses on pension benefits	(442)
<b>At June 30, 2009</b>	<b>38,811</b>

## Shareholder Value

### EARNINGS PER SHARE (“EPS”)

	(in Euro million except ordinary shares in million)							
	HY 2009		HY 2008		FY 2008		Var. HY 2009 versus HY 2008	
	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)
<b>Weighted average number of shares</b>	2,060.8	2,064.8	2,032.1	2,042.8	2,035.4	2,043.6		
<i>Net income (Euro per Ordinary Share)</i>	0.50	0.50	1.07	1.07	0.44	0.44	-53.2%	-53.1%
<i>Adjusted earnings (Euro per Ordinary Share)</i>	0.77	0.77	1.55	1.54	1.67	1.66	-50.2%	-50.0%
<i>Underlying earnings (Euro per Ordinary Share)</i>	0.95	0.95	1.29	1.28	1.84	1.83	-25.9%	-25.7%

(a) EPS calculation takes into account interest payments and foreign exchange impacts related to perpetual debts classified in shareholders' equity with retrospective application.

**RETURN ON EQUITY ("ROE")**

	Period ended , June 30, 2009	Period ended , June 30, 2008	Change in % points
<b>ROE</b>	<b>7.0%</b>	<b>10.2%</b>	<b>-3.2%</b>
Net income group share	1,323	2,162	
Average shareholders' equity	37,627	42,329	
<b>Adjusted ROE</b>	<b>10.7%</b>	<b>19.6%</b>	<b>-8.9%</b>
Adjusted earnings (a)	1,588	3,142	
Average shareholders' equity (b)	29,595	32,065	
<b>Underlying ROE</b>	<b>13.3%</b>	<b>16.3%</b>	<b>-3.0%</b>
Underlying earnings (a)	1,968	2,618	
Average shareholders' equity (b)	29,595	32,065	

(a) Including adjustment to reflect financial charges related to perpetual debt (recorded through shareholders' equity).

(b) Excluding change in fair value on invested assets and derivatives (recorded through shareholders' equity), and excluding perpetual debt (recorded through shareholders' equity).

## Life & Savings Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income attributable to AXA's Life & Savings segment for the periods indicated:

Life &amp; Savings Segment (a)

(in Euro million)

	HY 2009	HY 2008	FY 2008
Gross written premiums	29,278	29,907	56,127
Fees and revenues from investment contracts without participating feature	274	342	662
<b>Revenues from insurance activities</b>	<b>29,552</b>	<b>30,249</b>	<b>56,789</b>
<b>Net revenues from banking activities</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Revenues from other activities</b>	<b>538</b>	<b>602</b>	<b>1,246</b>
<b>TOTAL REVENUES</b>	<b>30,090</b>	<b>30,850</b>	<b>58,035</b>
<i>Change in unearned premium reserves net of unearned revenues and fees</i>	(962)	(1,014)	(235)
<b>Net investment result excluding financing expenses (b)</b>	<b>5,925</b>	<b>(9,236)</b>	<b>(30,578)</b>
Technical charges relating to insurance activities (b)	(29,158)	(15,015)	(18,380)
Net result of reinsurance ceded	(118)	(46)	913
Bank operating expenses	-	-	-
Insurance acquisition expenses	(1,969)	(1,675)	(3,622)
Amortization of value of purchased life business in force	(142)	(149)	(473)
Administrative expenses	(1,787)	(1,672)	(3,481)
Valuation allowances on tangible assets	(0)	(0)	0
Change in value of goodwill	(6)	-	(4)
Other	(76)	(60)	(117)
<b>Other operating income and expenses</b>	<b>(33,256)</b>	<b>(18,618)</b>	<b>(25,164)</b>
<b>INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE</b>	<b>1,796</b>	<b>1,982</b>	<b>2,058</b>
Net income from investments in affiliates and associates	(1)	16	21
Financing expenses	(50)	(36)	(63)
<b>OPERATING INCOME GROSS OF TAX EXPENSE</b>	<b>1,745</b>	<b>1,963</b>	<b>2,016</b>
<i>Income tax expenses</i>	(424)	(445)	(314)
<b>Minority interests in income or loss</b>	<b>(89)</b>	<b>(121)</b>	<b>(193)</b>
<b>UNDERLYING EARNINGS</b>	<b>1,232</b>	<b>1,396</b>	<b>1,508</b>
Net realized capital gains or losses attributable to shareholders	(178)	105	(784)
<b>ADJUSTED EARNINGS</b>	<b>1,054</b>	<b>1,501</b>	<b>725</b>
Profit or loss on financial assets (under fair value option) & derivatives	(646)	(469)	(1,079)
Exceptional operations (including discontinued operations)	(27)	1	(29)
Goodwill and other related intangible impacts	(10)	(12)	(25)
Integration costs	(6)	(13)	(38)
<b>NET INCOME</b>	<b>364</b>	<b>1,007</b>	<b>(446)</b>

(a) Before intercompany transactions.

(b) For the periods ended June 30, 2009, June 30, 2008, and December 31, 2008, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively € +3,132 million, € -14,755 million and € -43,687 million, and benefits and claims by the offsetting amounts respectively.

**Consolidated Gross Revenues**

(in Euro million)

	HY 2009	HY 2008	FY 2008
France	8,033	7,447	14,298
United States	5,584	6,733	13,757
United Kingdom	1,292	1,900	3,549
Japan	2,909	2,354	4,628
Germany	3,055	2,955	6,233
Switzerland	3,396	3,281	4,495
Belgium	1,051	1,602	2,563
Mediterranean & Latin American Region (a)	2,958	2,794	4,822
Other countries	1,811	1,785	3,690
<b>TOTAL</b>	<b>30,090</b>	<b>30,850</b>	<b>58,035</b>
Intercompany transactions	(25)	(24)	(59)
<b>Contribution to consolidated gross revenues</b>	<b>30,065</b>	<b>30,826</b>	<b>57,977</b>

(a) Mediterranean &amp; Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.

**Underlying, Adjusted earnings and Net Income**

(in Euro million)

	HY 2009	HY 2008	FY 2008
France	264	431	675
United States	271	326	(225)
United Kingdom	133	92	122
Japan	168	132	238
Germany	29	67	43
Switzerland	84	93	218
Belgium	124	84	136
Mediterranean & Latin American Region (a)	64	43	108
Other countries	95	128	192
<b>UNDERLYING EARNINGS</b>	<b>1,232</b>	<b>1,396</b>	<b>1,508</b>
Net realized capital gains or losses attributable to shareholders	(178)	105	(784)
<b>ADJUSTED EARNINGS</b>	<b>1,054</b>	<b>1,501</b>	<b>725</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(646)	(469)	(1,079)
Exceptional operations (including discontinued operations)	(27)	1	(29)
Goodwill and related intangible impacts	(10)	(12)	(25)
Integration costs	(6)	(13)	(38)
<b>NET INCOME</b>	<b>364</b>	<b>1,007</b>	<b>(446)</b>

(a) Mediterranean &amp; Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.

## Life & Savings operations – France

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>8,033</b>	<b>7,447</b>	<b>14,298</b>
APE (Group share)	776	690	1,347
Investment margin	448	603	1,022
Fees & revenues	713	749	1,516
Net technical margin	317	219	467
Expenses	(1,082)	(1,025)	(2,100)
Amortization of VBI	(24)	(15)	(50)
Other	3	-	8
<b>Underlying operating earnings before tax</b>	<b>375</b>	<b>532</b>	<b>862</b>
Income tax expenses / benefits	(109)	(99)	(185)
Minority interests	(1)	(2)	(3)
<b>Underlying earnings Group share</b>	<b>264</b>	<b>431</b>	<b>675</b>
Net capital gains or losses attributable to shareholders net of income tax	(42)	279	311
<b>Adjusted earnings Group share</b>	<b>223</b>	<b>710</b>	<b>986</b>
Profit or loss on financial assets (under FV option) & derivatives	(10)	(114)	(561)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
<b>Net income Group share</b>	<b>213</b>	<b>596</b>	<b>425</b>

**Gross Revenues** increased by €586 million (+8%) to €8,033 million<sup>2</sup> mainly due to a few large contracts in Group lines subscribed in half year 2009 and a positive performance in Individual lines.

**APE** increased by €86 million (+13%) to €776 million, mainly due to Group lines strong performance (+48%) with large contracts in Group lines and good sales in Group Protection, and also a positive contribution in Individual lines (+1%).

**Investment margin** decreased by €155 million (-26%) to €448 million mainly due to a €-57 million decrease in investment income and a €-98 million increase in unallocated policyholder bonus reserve.

**Fees & revenues** decreased by €36 million (-5%) to €713 million resulting from (i) €-65 million lower unit-linked management fees and loadings partly offset by (ii) €+23 million higher loadings in Health and Life activities and (iii) €+10 million higher URR (unearned revenues reserve).

**Net technical margin** rose by €98 million to €317 million driven by (i) €71 million higher prior year reserve development in Group Health and Life, (ii) €+16 million due to higher volumes in Group Health and Life and (iii) €+10 million due to disability insurance improved loss ratio.

**Expenses** increased by €57 million (+6%) to €1,082 million driven by (i) a €14 million increase in commissions due to volume effect in Group Health and Life, (ii) a €27 million increase in general expenses due to a significant increase in social taxes on health (offset by a tariff increase in the revenues line), and (iii) a €16 million increase in DAC amortization net of capitalization (partly offset by €+10 million higher URR).

**Amortization of VBI** increased by €9 million (+62%) to €-24 million.

<sup>2</sup> €8,024 million after intercompany eliminations.

As a result, the **underlying cost income ratio** increased by 8.7 points to 74.8%.

**Income tax expenses** increased by €10 million (+10%) to €-109 million resulting from a lower level of non taxable dividends partly offset by lower pre-tax earnings.

**Underlying earnings** decreased by €166 million (-39%) to €264 million.

**Adjusted earnings** decreased by €487 million (-69%) to €223 million resulting from (i) the evolution of underlying earnings (€-166 million), (ii) €-215 million lower net realized capital gains net of hedging derivatives, (iii) a €-105 million higher charge of impairments mostly on real estate and equities.

**Net income** decreased by €383 million (-64%) to €213 million reflecting (i) €-487 million lower adjusted earnings and (ii) €-33 million unfavorable change in fair value of real estate funds, partly offset by (iii) €141 million positive impact of mutual funds and derivatives mainly due to credit spread tightening.

## Life & Savings operations - United States

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>5,584</b>	<b>6,733</b>	<b>13,757</b>
APE (Group share)	576	808	1,540
Investment margin	227	265	487
Fees & revenues	749	794	1,595
Net technical margin	317	44	(984)
Expenses	(913)	(628)	(1,433)
Amortization of VBI	(14)	(13)	(64)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>366</b>	<b>462</b>	<b>(400)</b>
Income tax expenses / benefits	(95)	(135)	175
Minority interests	-	-	-
<b>Underlying earnings Group share</b>	<b>271</b>	<b>326</b>	<b>(225)</b>
Net capital gains or losses attributable to shareholders net of income tax	16	(20)	(153)
<b>Adjusted earnings Group share</b>	<b>287</b>	<b>306</b>	<b>(378)</b>
Profit or loss on financial assets (under FV option) & derivatives	(418)	(8)	83
Exceptional operations (including discontinued operations)	-	1	2
Goodwill and other related intangibles impacts	(1)	(2)	(2)
Integration costs	-	-	-
<b>Net income Group share</b>	<b>(131)</b>	<b>297</b>	<b>(296)</b>
Average exchange rate : 1.00 € = \$	1.3349	1.5309	1.4706

**Gross revenues** decreased by €1,148 million (-17%) to €5,584 million. On a comparable basis, gross revenues decreased by €1,863 million (-28%):

- *Variable Annuity* premiums (65% of gross revenues) decreased by 35% reflecting a slowdown in sales related to challenging market conditions and management repricing actions, including the new Accumulator product which has a lower GMIB rollup rate,
- *Life* premiums (23% of gross revenues) decreased by 6% primarily driven by market conditions, the impact on first year life premiums of planned product modifications in the first half of 2008 and the elimination of certain Universal Life guaranteed features,
- *Mutual Funds gross revenues* (6% of gross revenues) decreased by 27% driven by prevailing poor market conditions.

**APE** decreased by €232 million (-29%) to €576 million. On a comparable basis, APE decreased by €305 million (-38%):

- *Variable Annuities* APE decreased by 35%, primarily in the Wholesale channel, reflecting challenging market conditions and planned product actions,
- *Life* APE decreased by 39% following planned product modifications in the first half of 2008 and the elimination of certain Universal Life guaranteed features in the first quarter of 2009,
- *Mutual Funds* APE decreased by 44% reflecting lower sales under challenging market conditions.

**Investment margin** decreased by €37 million (-14%) to €227 million. On a constant exchange rate basis, investment margin decreased by €66 million (-25%). Investment income decreased by €89 million primarily reflecting lower returns on alternative investments and lower prepayments. Interest and bonus credited decreased by €23 million primarily reflecting favorable reserve adjustments for pre-demutualization participating annuity business.

**Fees & revenues** decreased by €45 million (-6%) to €749 million. On a constant exchange rate basis, fees & revenues decreased by €141 million (-18%) primarily due to lower fees earned on lower average separate account balances resulting from market depreciation.

**Net technical margin** rose by €273 million to €317 million. On a constant exchange rate basis, net technical margin increased by €232 million primarily due to €199 million higher GMxB margin to €28 million mainly due to significantly lower basis cost, credit spread narrowing and gains from interest rate hedging, partially offset by higher financial market volatility. Also impacting the increase in net technical margin was a slight improvement in life mortality margin.

**Expenses** increased by €285 million (+45%) to €-913 million. On a constant exchange rate basis, expenses increased by €168 million (+27%) due to:

- Expenses, net of capitalization (including commissions and DAC capitalization) increased by €27 million primarily due to higher pension plan expenses partially offset by lower commissions and other expense reductions from management initiatives, including headcount reductions,
- DAC amortization increased by €141 million primarily reflecting higher GMxB margins and higher lapse rates on Variable Life products.

**Amortization of VBI** increased by €1 million (+12%) to €-14 million. On a constant exchange rate basis, amortization of VBI was flat over the prior year.

As a result, the **underlying cost income ratio** increased by 13.6 points to 71.7%.

**Income tax expense** decreased by €41 million (-30%) to €-95 million. On a constant exchange rate basis, income tax expense decreased by €53 million (-39%). The effective tax rate declined from 29.3% to 25.9% in the first half of 2009, reflecting the beneficial impact of an increase in non-taxable investment income and lower interest on tax audit reserves.

**Underlying earnings** decreased by €55 million (-17%) to €271 million. On a constant exchange rate basis, underlying earnings decreased by €90 million (-28%).

**Adjusted earnings** decreased by €19 million (-6%) to €287 million. On a constant exchange rate basis, adjusted earnings decreased by €58 million (-19%) reflecting the decrease in underlying earnings partially offset by realized gains on the sale of fixed income investments.

**Net income** decreased by €428 million (-144%) to €-131 million. On a constant exchange rate basis, net income decreased by €412 million (-139%). In addition to the decrease in adjusted earnings, net income decreased due to (i) a decline in the fair value of private equity investments (€-92 million net of DAC amortization and tax), (ii) a decline in the fair value of interest rate hedges (€-92 million net), and (iii) a decline in the fair value of equity derivatives related to the statutory liability hedge program (€-191 million net).

## Life & Savings operations - United Kingdom

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>1,292</b>	<b>1,900</b>	<b>3,549</b>
APE (Group share)	493	692	1,287
Investment margin	67	131	244
Fees & revenues	307	403	787
Net technical margin	168	13	46
Expenses	(335)	(458)	(924)
Amortization of VBI	(13)	(22)	(97)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>193</b>	<b>67</b>	<b>57</b>
Income tax expenses / benefits	(60)	26	65
Minority interests	(0)	(0)	(0)
<b>Underlying earnings Group share</b>	<b>133</b>	<b>92</b>	<b>122</b>
Net capital gains or losses attributable to shareholders net of income tax	(45)	(16)	(71)
<b>Adjusted earnings Group share</b>	<b>88</b>	<b>76</b>	<b>50</b>
Profit or loss on financial assets (under FV option) & derivatives	(122)	44	232
Exceptional operations (including discontinued operations)	(2)	-	-
Goodwill and other related intangibles impacts	(6)	(6)	(14)
Integration costs	(1)	(2)	(12)
<b>Net income Group share</b>	<b>(43)</b>	<b>113</b>	<b>257</b>
<i>Average exchange rate : 1.00 € = £</i>	<i>0.8945</i>	<i>0.7753</i>	<i>0.7970</i>

**Gross revenues** decreased by €608 million (-32%) to €1,292 million. On a comparable basis, gross revenues decreased by €432 million (-23%):

- *Investment & Savings* (75% of gross revenues):

- Insurance Premiums (60% of gross revenues) reduced by 30% primarily due to lower volumes of Onshore Bond business driven by the recessionary market conditions and the switch to mutual funds following the change of capital gain taxation,
- Fees on Investment products (15% of gross revenues) reduced by 13%, mainly driven by adverse stock market conditions,
- *Life Insurance Premiums* (21% of gross revenues) reduced by 1% with the rise in protection sales offset by the fall in Creditor business,
- *Other revenues* (4% of gross revenues) decreased by 20% largely as a result of the impact of the economic situation.

**APE** decreased by €198 million (-29%) to €493 million. On a comparable basis, APE decreased by €122 million (-18%) primarily due to:

- Decrease in investment & savings volumes of €92 million (-46%) due to the impact of economic uncertainty on consumer confidence,
- Decrease in Individual and Executive Pensions of €57 million (-31%) as economic conditions have undermined savers' confidence,
- Increase in Group Pension volumes of €23 million (+10%) buoyed by winning large group pension scheme business in line with the recent strategic decision to reposition the business away from an initial commission to a fee based model,
- Increase in Life Risk products of €7 million (+18%) reflecting the strengthening of the AXA Protection brand in the market.

**Investment margin** decreased by €64 million (-49%) to €67 million. On a constant exchange rate basis, investment margin decreased by €54 million (-41%) primarily due to:

- A €22 million decrease in shareholder participation in with-profit bonuses paid (annual and terminal) as a result of market conditions and lower asset base,
- Decrease in investment return on shareholder assets of €20 million due to lower asset yield,
- A €12 million decrease as a result of a reclassification into fees & revenues.

**Fees & revenues** decreased by €96 million (-24%) to €307 million. On a constant exchange rate basis and excluding fees & revenues relating to the 2008 acquisition of SBJ Holdings within the brokerage business (€23 million), fees & revenues decreased by €72 million (-18%) due to:

- Lower fund management charges of around €57 million largely due to lower fund values as a result of the depressed stock market conditions,
- A decrease in loadings of €25 million as a result of lower volumes of Creditor and Offshore cash bonds, offset in the expenses margin,
- A €12 million increase as a result of a reclassification from investment margin.

**Net technical margin** increased by €155 million to €168 million. On a constant exchange rate basis, net technical margin increased by €180 million. This was mainly due to a €165 million one off gain as a result of reduction in liabilities using a higher discount rate related to an internal restructuring of an annuity portfolio.

**Expenses** decreased by €123 million (-27%) to €-335 million. On a constant exchange rate basis and excluding expenses of SBJ Holdings within the brokerage business (€21 million), expenses decreased by €93 million (-20%) primarily due to:

- A decrease of €49 million mainly resulting from cost containment measures, including a one off positive impact of €33 million on employee pension scheme,
- A decrease of €25 million due to lower commission charge from reduced volumes of Creditor and Offshore cash bonds offset in the fees & revenues margin,
- A decrease of €15 million due to additional capitalisation of acquisition expenses as a result of the increased weighting of protection contracts in new business.

**Amortization of VBI** decreased by €9 million (-41%). On a constant exchange rate basis, amortization of VBI decreased by €7 million (-32%) mainly due to decreased with-profit terminal bonuses.

As a result, the **underlying cost income ratio** decreased by 23.6 points to 64.3%.

**Income tax** expenses increased by €86 million to €-60 million. On a constant exchange rate basis, income tax expenses increased by €95 million largely driven by higher pre-tax earnings, along with non-recurrence of €19 million one off tax benefits in 2008.

**Underlying earnings** increased by €41 million (+45%) to €133 million. On a constant exchange rate basis, underlying earnings increased by €62 million (+67%).

**Adjusted earnings** increased by €12 million (+16%) to €88 million. On a constant exchange rate basis, adjusted earnings increased by €26 million (+33%), due to the underlying earnings evolution, partly offset by €29 million adverse movement in impairment charges on equities and bonds.

**Net income** decreased by €155 million to €-42 million. On a constant exchange rate basis, net income decreased by €162 million. In addition to the changes in adjusted earnings, net income included a €71 million decrease in undiscounted tax adjustment on unrealised gains attributable to policyholders in unit-linked life funds<sup>3</sup>, a €57 million decrease on fixed income and equity derivatives and a €34 million decrease in relation to foreign exchange.

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<sup>3</sup> Undiscounted deferred tax provided on unit-linked assets while the unit-linked liability reflects the expected timing of the payment of future tax therefore using a discounted basis.

## Life & Savings operations – Japan

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>2,909</b>	<b>2,354</b>	<b>4,628</b>
APE (Group share)	254	253	482
Investment margin	(0)	1	(1)
Fees & revenues	699	514	1,013
Net technical margin	74	43	98
Expenses	(445)	(299)	(619)
Amortization of VBI	(45)	(40)	(99)
Other	(1)	-	-
<b>Underlying operating earnings before tax</b>	<b>282</b>	<b>219</b>	<b>392</b>
Income tax expenses / benefits	(111)	(85)	(150)
Minority interests	(3)	(2)	(4)
<b>Underlying earnings Group share</b>	<b>168</b>	<b>132</b>	<b>238</b>
Net capital gains or losses attributable to shareholders net of income tax	10	24	92
<b>Adjusted earnings Group share</b>	<b>178</b>	<b>157</b>	<b>330</b>
Profit or loss on financial assets (under FV option) & derivatives	(170)	(183)	(478)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(2)	(2)	(3)
<b>Net income Group share</b>	<b>7</b>	<b>(28)</b>	<b>(151)</b>
Average exchange rate : 1.00 € = Yen	124.4623	160.7719	161.6709

**Gross revenues** increased by €555 million (+24%) to €2,909 million. On a comparable basis and excluding the estimated €96 million impact caused by the bankruptcy of one large independent agent (LINA), revenues declined by €27 million (-1%). This was driven by €47 million (-5%) lower sales in Life, partly offset by €25 million higher revenues from Variable Annuity products. Health business remained stable over the period.

**APE** was stable at €254 million. On a comparable basis and excluding the impact of LINA (€-36 million sales in Life and Medical), APE decreased by €22 million (-10%). This was driven by a €15 million decrease (-17%) in Life to €94 million mainly due to lower Term products sales and a €11 million decrease (-12%) in Health to €105 million following lower sales of Cancer products. This was partially compensated by a €4 million increase (+10%) of Investments & Savings sales to €55 million, mainly due to higher sales of Variable Annuity products.

**Investment Margin** remained stable at €0 million.

**Fees & revenues** increased by €185 million (+36%) to €699 million. On a constant exchange rate basis, fees & revenues increased by €27 million (+5%) mainly due to €22 million higher URR (Unearned Revenue Reserve) amortization on Variable Annuity products (this was offset by higher amortization of deferred acquisition costs). Excluding URR, fees and revenues slightly increased driven by the inforce growth.

**Net technical margin** increased by €31 million (+68%) to €74 million. On a constant exchange rate basis, net technical margin increased by €14 million (+33%) mainly driven by:

- Surrender margin up €+36 million to €50 million following LINA's shock lapses of Medical Rider and Medical Whole Life products (€+21 million) and model refinement (€+11 million),
- Margin on Variable Annuity guarantees down €-25 million to €-35 million due to higher volatility (notably in Q4 2008) and lower interest rate.

**Expenses** increased by €146 million (+49%) to €-445 million. On a constant exchange rate basis, expenses increased by €45 million (+15%) driven by €52 million higher DAC amortization caused by the higher amortization on Variable Annuity products (€22 million), LINA's shock lapses (€14 million), and higher surrenders and model changes (€18 million). This was partially offset by lower non-payroll and project expenses (€4 million), and lower commissions net

of DAC capitalization (€4 million).

**VBI Amortization** increased by €5 million (+14%) to €45 million. On a constant exchange rate basis, VBI amortization decreased by €5 million (-12%) driven by the natural decline in VBI balance that was partially offset by higher surrenders.

As a consequence, the **underlying cost income ratio** increased by 2.6 points to 63.4%.

**Income tax expenses** increased by €26 million (+31%) to €-111 million. On a constant exchange rate basis, income tax expenses remained flat.

**Underlying earnings** increased by €36 million (+27%) to €168 million or remained flat on a constant exchange rate basis.

**Adjusted earnings** increased by €21 million (+13%) to €178 million or decreased by €19 million (-12%) on a constant exchange rate basis, driven by €6 million higher impairments (mainly equities) and €10 million lower realized capital gains.

**Net income** increased by €36 million to €7 million. As a reminder, AXA Japan closes its full year accounts at the end of September. According to IFRS principles, full year 2008 accounts were adjusted with a €106 million provisional loss reflecting the increase in credit spreads from October to December 2008. This adjustment was reversed in 2009. On a constant exchange rate basis and excluding the €+106 million reversal, net income decreased by €49 million, mainly due to €19 million lower adjusted earnings and the impact of the mark-to-market of the alternative portfolio and the widening of credit spreads on CDS.

## Life & Savings operations – Germany

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>3,055</b>	<b>2,955</b>	<b>6,233</b>
APE (Group share)	218	236	468
Investment margin	45	53	104
Fees & revenues	73	101	221
Net technical margin	(6)	49	(24)
Expenses	(50)	(69)	(187)
Amortization of VBI	(6)	(6)	(8)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>56</b>	<b>129</b>	<b>106</b>
Income tax expenses / benefits	(27)	(61)	(63)
Minority interests	(0)	(1)	(1)
<b>Underlying earnings Group share</b>	<b>29</b>	<b>67</b>	<b>43</b>
Net capital gains or losses attributable to shareholders net of income tax	(58)	(14)	(41)
<b>Adjusted earnings Group share</b>	<b>(28)</b>	<b>53</b>	<b>2</b>
Profit or loss on financial assets (under FV option) & derivatives	6	(9)	(59)
Exceptional operations (including discontinued operations)	(7)	-	(10)
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(2)	(1)	(4)
<b>Net income Group share</b>	<b>(30)</b>	<b>43</b>	<b>(70)</b>

**Gross revenues** increased by €100 million (+3%) to €3,055 million especially due to Health (€+57 million) driven by premium adjustment and the impact of high new business in prior year. In Life, gross revenues increased (€+44 million) due to the rise in single premiums from savings business including Variable Annuity products (TwinStar).

**APE** decreased by €19 million (-8%) to €218 million. On a comparable basis, APE decreased by €25 million (-10%) mainly as a result of the non-recurring 2008 Riester step-up effect (increase in retirement premiums due to higher fiscal incentive for policyholders in 2008) and decreasing unit-linked sales, partly offset by an increase in the Health business boosted by legal changes in 2009.

**Investment margin** decreased by €8 million (-15%) to €45 million driven by lower income from equities due to equity exposure reduction and lower dividends, partly offset by lower policyholder participation.

**Fees & revenues** decreased by €28 million (-28%) to €73 million mainly driven by lower loadings on unit-linked regular premiums in line with new business development.

**Net technical** margin decreased by €56 million to €-6 million mainly driven by a negative result from Variable Annuity products' guarantees (€ -39 million) due to high interest rate volatility level.

**Expenses** decreased by €18 million (-27%) to €-50 million primarily due to the realization of synergies in connection with Winterthur integration process and lower costs for projects, partly offset by higher DAC amortization.

As a result, the **underlying cost income ratio** increased by 13.2 points to 49.8%.

**Income tax expenses** decreased by €35 million (-57%) to €-27 million attributable to lower pre-tax earnings.

**Underlying earnings** decreased by €37 million (-56%) to €29 million.

**Adjusted earnings** decreased by €81 million to €-28 million mainly driven by the decrease in underlying earnings and higher realized losses and impairments on equities net of derivatives.

**Net income** decreased by €73 million to €-30 million mainly driven by lower adjusted earnings.

## Life & Savings operations – Switzerland

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>3,396</b>	<b>3,281</b>	<b>4,495</b>
APE (Group share)	170	193	280
Investment margin	9	45	109
Fees & revenues	101	91	190
Net technical margin	100	66	145
Expenses	(83)	(71)	(153)
Amortization of VBI	(19)	(10)	(11)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>108</b>	<b>121</b>	<b>281</b>
Income tax expenses / benefits	(24)	(28)	(63)
Minority interests	-	-	-
<b>Underlying earnings Group share</b>	<b>84</b>	<b>93</b>	<b>218</b>
Net capital gains or losses attributable to shareholders net of income tax	(15)	(63)	(245)
<b>Adjusted earnings Group share</b>	<b>68</b>	<b>30</b>	<b>(27)</b>
Profit or loss on financial assets (under FV option) & derivatives	(17)	(49)	(56)
Exceptional operations (including discontinued operations)	(3)	-	-
Goodwill and other related intangibles impacts	(3)	(2)	(5)
Integration costs	-	(2)	(5)
<b>Net income Group share</b>	<b>46</b>	<b>(24)</b>	<b>(93)</b>
<i>Average exchange rate : 1.00 € = Swiss Franc</i>	<i>1.5055</i>	<i>1.6059</i>	<i>1.5866</i>

**Gross revenues** increased by €115 million (+4%) to €3,396 million. On a comparable basis, gross revenues decreased by €91 million (-3%):

- *Group Life* decreased by €64 million (-2%) to €3,080 million mainly due to lower single premiums (-10%) due to lower new business, partly offset by higher regular premiums (+4%) mainly attributable to salary increases,
- *Individual Life* decreased by €34 million (-10%) to €316 million due to the business shift from insurance products to Variable Annuity investment product (Twinstar Income).

**APE** decreased by €23 million (-12%) to €170 million. On a comparable basis, APE decreased by €33 million (-17%):

- *Group Life* decreased by €37 million (-23%) to €132 million after the strong new business in 2008. The slowdown in new business was a consequence of the financial crisis, where less cancellations on the market led to less new business opportunities at the end of 2008 (less cancellations in the market also due to underfunding in autonomous and semi-autonomous pension funds),
- *Individual Life* increased by €3 million (+10%) to €38 million driven by the Variable Annuity product Twinstar Income (€+9 million) partly offset by the decrease in unit-linked regular premiums.

**Investment margin** decreased by €36 million (-80%) to €9 million. On a constant exchange rate basis, investment margin decreased by €37 million (-82%) mainly due to a higher policyholder bonus allocation.

**Fees & revenues** increased by €10 million (+12%) to €101 million. On a constant exchange rate basis, fees & revenues increased by €4 million (+5%) due to lower policyholder bonus allocation.

**Net technical margin** rose by €34 million (+51%) to €100 million. On a constant exchange rate basis, net technical margin increased by €28 million (+42%) due to the non-recurrence of a 2008 reserve strengthening in Individual Life (€-20 million).

**Expenses** increased by €12 million (+16%) to €-83 million. On a constant exchange rate basis, expenses increased by €6 million (+9%) mainly due to the 2008 one-time positive impact of the change in own pension scheme.

**Amortization of VBI** increased by €10 million (+102%) to €-19 million. On a constant exchange rate basis, amortization of VBI increased by €9 million (+90%) mainly due to a negative unlocking effect.

As a result, the **underlying cost income ratio** increased by 8.7 points to 48.7%.

**Income tax expenses** decreased by €4 million (-13%) to €-24 million. On a constant exchange rate basis, income tax expenses decreased by €5 million (-19%) in line with pre-tax earnings.

**Underlying earnings** decreased by €10 million (-10%) to €84 million. On a constant exchange rate basis, underlying earnings decreased by €15 million (-16%).

**Adjusted earnings** increased by €38 million to €68 million. On a constant exchange rate basis, adjusted earnings increased by €34 million, resulting from higher net realized capital gains on bonds and hedge funds.

**Net income** increased by €69 million to €46 million. On a constant exchange rate basis, net income increased by €66 million due to higher adjusted earnings (€+34 million), lower foreign currency losses and a favorable change in fair value on convertible bonds.

## Life & Savings operations – Belgium

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>1,051</b>	<b>1,602</b>	<b>2,563</b>
APE (Group share)	106	154	260
Investment margin	112	100	193
Fees & revenues	70	76	144
Net technical margin	27	37	65
Expenses	(120)	(122)	(228)
Amortization of VBI	-	(2)	(6)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>89</b>	<b>89</b>	<b>167</b>
Income tax expenses / benefits	35	(5)	(30)
Minority interests	(0)	(0)	(0)
<b>Underlying earnings Group share</b>	<b>124</b>	<b>84</b>	<b>136</b>
Net capital gains or losses attributable to shareholders net of income tax	(9)	(32)	(474)
<b>Adjusted earnings Group share</b>	<b>115</b>	<b>52</b>	<b>(338)</b>
Profit or loss on financial assets (under FV option) & derivatives	100	(133)	(249)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	(1)	(2)
Integration costs	(2)	(4)	(10)
<b>Net income Group share</b>	<b>213</b>	<b>(85)</b>	<b>(597)</b>

**Gross revenues** decreased by €551 million (-34%) to €1,051 million<sup>4</sup>:

- *Individual Life & Savings revenues* decreased by 39% to €766 million mainly due to the 40% drop in non unit-linked investment and savings products (notably Crest products) and to the 68% drop in unit-linked investment and savings products, while Traditional Life products were more resilient with a decrease of only 3% to €128 million.
- *Group Life & Savings revenues* decreased by 16% to €285 million mainly due to the non recurrence of a large contract sale in January 2008.

**APE** decreased by €48 million (-31%) to €106 million. Individual Life & Savings decreased by 29% to €97 million mainly driven by Crest products. Group Life & Savings decreased by 47% to €10 million as a result of a non recurring premium in 2008.

**Investment margin** increased by €12 million (+12%) to €112 million mainly due to €+16 million impact of assets transferred from the Property & Casualty segment.

**Fees & revenues** decreased by €6 million (-8%) to €70 million as a result of the drop of loadings on sales.

**Net technical margin** decreased by €10 million (-27%) to €27 million mainly driven by an unfavorable mortality experience.

**Expenses** decreased by €3 million (-2%) to €-120 million driven by lower acquisition expenses (€+8 million) partly offset by higher administrative expenses (€-5 million) mainly due to salary increases linked to inflation indexation.

**Amortization of VBI** decreased by €2 million to €0 million.

As a consequence, the **underlying cost income ratio** decreased by 0.9 point to 57.5%.

<sup>4</sup> €1,047 million after intercompany eliminations.

**Income tax benefits** increased by €40 million to €35 million mainly resulting from the favorable court decision for insurance companies on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities) (€+52 million).

**Underlying earnings** increased by €41 million (+48%) to €124 million.

**Adjusted earnings** increased by €63 million (+121%) to €115 million mainly driven by (i) higher underlying earnings (+€41 million), and (ii) higher net capital gains (€+22 million) boosted by €+92 million lower policyholders' participation.

**Net income** increased by €299 million to €213 million driven by (i) higher adjusted earnings (€+63 million) and (ii) favorable net change in fair value (€+236 million) mainly on fixed income mutual funds due to (i) credit spread tightening and (ii) €+123 million lower policyholders' participation.

## Life & Savings operations – Mediterranean and Latin American Region

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>2,958</b>	<b>2,794</b>	<b>4,822</b>
APE (Group share)	219	204	406
Investment margin	111	92	254
Fees & revenues	151	120	266
Net technical margin	58	25	68
Expenses	(199)	(145)	(363)
Amortization of VBI	(18)	(12)	(41)
Other	-	-	-
<b>Underlying operating earnings before tax</b>	<b>103</b>	<b>80</b>	<b>185</b>
Income tax expenses / benefits	(29)	(22)	(45)
Minority interests	(11)	(16)	(32)
<b>Underlying earnings Group share</b>	<b>64</b>	<b>43</b>	<b>108</b>
Net capital gains or losses attributable to shareholders net of income tax	(10)	10	(40)
<b>Adjusted earnings Group share</b>	<b>53</b>	<b>53</b>	<b>68</b>
Profit or loss on financial assets (under FV option) & derivatives	6	(11)	(12)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(0)	(0)	(0)
Integration costs	(0)	(2)	(4)
<b>Net income Group share</b>	<b>59</b>	<b>39</b>	<b>52</b>

**The Mediterranean and Latin American Region includes the following changes in scope :**

- *Mexico consolidated as of 01/07/08*
- *Turkey buyout of minority shareholders as of 01/07/08*
- *Quadrifoglio Vita consolidated as of 31/12/08*

*For volume indicators, the comparable basis reflects 2009 scope.*

**Gross revenues** increased by €164 million (+6%) to €2,958 million. On a comparable basis, gross revenues increased by €34 million (+1%) mainly driven by a strong growth in general account savings products in Italy (€+743 million or +82%), partly offset by lower sales in index-linked and unit-linked products in Italy (€-500 million or -47%) and in short term traditional savings products in Spain (€-104 million or -48%).

**APE** increased by €15 million (+7%) to €219 million. On a comparable basis, APE decreased by €9 million (-4%) mainly driven by the lower contribution from index-linked and unit-linked products in Italy (€-27 million), and from short term traditional savings products in Spain (€-14 million), partly offset by the contribution of general account savings products in Italy (€+41 million or +69%).

**Investment margin** increased by €19 million (+21%) to €111 million of which €23 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, investment margin decreased by €3 million (-3%) to €88 million mainly due to lower revenues on bonds.

**Fees & revenues** increased by €32 million (+26%) to €151 million of which €39 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, fees & revenues decreased by €6 million (-5%) mainly driven by a change in business mix in Italy towards more non unit-linked products with a lower level of loadings.

**Net technical margin** rose by €33 million (+131%) to €58 million of which €5 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, net technical margin increased by €28 million (+110%) to €53 million due to the release of a risk reserve in Spain.

**Expenses** increased by €54 million (+37%) to €-199 million of which €49 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, expenses increased by €5 million (+4%) to €-149 million mainly driven by higher net DAC expenses.

**Amortization of VBI** increased by €6 million (+54%) to €-18 million of which €2 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, amortization of VBI increased by €4 million (+37%) to €-16 million.

As a result, the **underlying cost income ratio** increased by 1.5 points to 67.7%. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, the underlying cost income ratio decreased by 1.0 point to 65.3%.

**Income tax expenses** increased by €8 million (+35%) to €-29 million, of which €4 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, income tax expenses increased by €4 million (+17%) to €-25 million mainly driven by higher pre-tax earnings.

**Underlying earnings** increased by €21 million (+48%) to €64 million of which €9 million from Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey. On a constant exchange rate basis, excluding Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey, underlying earnings increased by €12 million (+28%) to €55 million.

**Adjusted earnings** were stable at €53 million of which €9 million from Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey. On a constant exchange rate basis and excluding Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey, adjusted earnings decreased by €9 million (-16%) to €44 million as the increase in underlying earnings was more than offset by lower equity realized capital gains.

**Net income** increased by €19 million (+48%) to €59 million of which €8 million from Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey. On a constant exchange rate basis and excluding Mexico, Quadrifoglio Vita and the buyout of minority shareholders in Turkey, net income increased by €12 million (+30%) to €51 million driven by positive change in fair value of interest rate derivatives and mutual funds mainly due to credit spread tightening.

## Life & Savings Operations - Other Countries

The following tables present the operating results for the other Life & Savings operations of AXA:

### Consolidated Gross Revenues

	HY 2009	HY 2008	FY 2008
Australia / New Zealand	813	801	1,719
Hong Kong	607	533	1,126
Central and Eastern Europe	229	230	467
Other countries	164	221	378
o/w Canada	56	55	108
o/w Luxembourg	37	32	60
o/w South East Asia (a)	70	134	210
<b>TOTAL</b>	<b>1,811</b>	<b>1,785</b>	<b>3,690</b>
Intercompany transactions	(1)	(1)	(2)
<b>Contribution to consolidated gross revenues</b>	<b>1,810</b>	<b>1,784</b>	<b>3,688</b>

(a) South East Asia gross revenues include Indonesia and Singapore.

### Underlying, Adjusted earnings and Net Income

	HY 2009	HY 2008	FY 2008
Australia / New Zealand	13	48	31
Hong Kong	76	64	133
Central and Eastern Europe	8	6	7
Other countries	(3)	11	22
o/w Canada	2	4	7
o/w Luxembourg	3	2	5
o/w South East Asia and China (a)	(5)	4	10
<b>UNDERLYING EARNINGS</b>	<b>95</b>	<b>128</b>	<b>192</b>
Net realized capital gains or losses attributable to shareholders	(25)	(65)	(161)
<b>ADJUSTED EARNINGS</b>	<b>69</b>	<b>63</b>	<b>31</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(23)	(6)	21
Exceptional operations (including discontinued operations)	(15)	-	(21)
Goodwill and related intangibles impacts	(1)	(1)	(2)
Integration costs	-	-	-
<b>NET INCOME</b>	<b>30</b>	<b>56</b>	<b>29</b>

(a) South East Asia earnings include Indonesia, Thailand, Philippines, Singapore and India.

## AUSTRALIA AND NEW ZEALAND <sup>5</sup>

**Gross revenues** increased by €12 million (+1%) to €813 million. On a comparable basis, gross revenues increased by €76 million (+9%):

- *Gross written premiums and fees* (80% of gross revenues) increased by €108 million (+17%) to €650 million, mainly driven by wholesale single premiums in wealth management guaranteed savings products (within the life company) reflecting the recent investors' trend to seek more conservative investments given market volatility;
- *Revenues from mutual fund and advice business* (20% of gross revenues) decreased by €32 million (-19%) to €163 million due to a decline in funds under management levels resulting from market volatility and lower mutual fund net sales, which decreased by €459 million (-112%) to €-43 million driven by lower inflows partly offset by lower outflows.

**APE** decreased by €83 million (-39%) to €129 million. On a comparable basis, APE decreased by €76 million (-36%) mainly due to a drop in mutual fund net sales and AllianceBernstein joint venture sales following negative market conditions. These negative impacts were partially offset by the wholesale single premiums in wealth management guaranteed savings accounts, and by Accumulator product sales.

**Underlying earnings** decreased by €35 million (-73%) to €13 million. On a constant exchange rate basis, underlying earnings decreased by €33 million (-69%). Excluding Genesys, a financial advice business acquired on July 1, 2008, underlying earnings decreased by €29 million (-64%). On a 100% ownership basis, the evolution of underlyings earnings was as follows:

- **Investment margin** decreased by €3 million (-47%) to €3 million. On a constant exchange rate basis, investment margin decreased by €2 million (-40%) due to a lower asset base and lower returns on assets.
- **Fees & revenues** decreased by €54 million (-15%) to €300 million. On a constant exchange rate basis, fees & revenues decreased by €13 million (-4%). Excluding Genesys, fees & revenues decreased by €52 million (-4%), mainly due to lower average funds under management driven by the 2008 and 2009 investment market downturn.
- **Net technical margin** fell by €32 million to €-4 million. On a constant exchange rate basis, net technical margin decreased by €33 million driven by one-off actuarial refinements mainly in individual income protection in 2008 and a less favorable claims experience in Individual Income Protection in 2009.
- **Expenses** decreased by €3 million (-1%) to €-261 million. On a constant exchange rate basis, expenses increased by €32 million (+12%) mainly due to the acquisition of Genesys. Excluding Genesys, expenses decreased by €9 million or -3% due to achieved reduction of expenses across the business.
- **Amortization of VBI** increased by €1 million (+13%) to €-10 million. On a constant exchange rate basis, amortization of VBI increased by €3 million (+28%) due to the amortization of VBI relating to the acquisition of Genesys.

As a consequence, the **underlying cost income ratio** increased by 20.2 points to 90.7%.

**Income tax expenses** decreased by €23 million (-88%) to €-3 million. On a constant exchange rate basis, income tax expenses decreased by €22 million (-86%) mainly due to the decrease in pre-tax underlying earnings.

**Adjusted earnings** increased by €4 million (+43%) to €-5 million. On a constant exchange rate basis, adjusted earnings increased by €3 million (+37%) as lower impairments more than offset the decrease in underlying earnings.

**Net income** decreased by €11 million (-84%) to €-23 million. On a constant exchange rate basis, net income decreased by €14 million (-109%) as unrealized losses on interest rate swaps and equity puts more than offset the increase in adjusted earnings.

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<sup>5</sup> AXA interest in AXA Asia Pacific Group is 53.81% broken down into 53.59% direct interest holding and an additional 0.22% owned by the AAPH Executive plan trust.

**HONG-KONG<sup>6</sup>**

**Gross revenues** increased by €74 million (+14%) to €607 million. On a comparable basis, gross revenues decreased by €6 million (-1%).

**APE** increased by €4 million (+7%) to €60 million. On a comparable basis, APE decreased by €4 million (-7%) due to the reduction in unit-linked Investment & Savings products (€-9 million), partly offset by an increase (€+6 million) in Traditional Life sales.

**Underlying earnings** increased by €12 million (+19%) to €76 million. On a constant exchange rate basis, underlying earnings increased by €2 million (+3%), mainly driven by non-recurring favorable impacts on VBI amortization (€+22 million) (revised actuarial assumptions) and lower expenses, partly offset by lower underlying investment margin and lower fees & revenues due to poor investment market conditions.

**Adjusted Earnings** increased by €10 million (+16%) to €71 million. On a constant exchange rate basis, adjusted earnings increased by €1 million (+1%).

**Net Income** increased by €1 million (+2%) to €62 million. On a constant exchange rate basis, net income decreased by €7 million (-11%) mainly due to negative impacts on marked-to-market derivatives.

**CENTRAL AND EASTERN EUROPE**

**Gross revenues** were stable at €229 million. On a comparable basis, gross revenues increased by €25 million (+11%) driven by Czech Republic and Poland, partly offset by Hungary.

**APE** decreased by €8 million (-11%) to €68 million. On a comparable basis, APE was stable driven by a 26% growth in Pension Funds offset by lower volumes on the Polish tax-wrapper product.

**Underlying earnings** increased by €3 million to €8 million. On a constant exchange rate basis, underlying earnings increased by €3 million (+60%) mainly due to higher net bond yields linked with the increase in interest rates notably in Czech Republic.

**Adjusted earnings** and **Net income** increased by €3 million to respectively €6 million and €5 million in line with underlying earnings.

**CANADA**

**Gross revenues** increased by €1 million (+2%) to €56 million. On a comparable basis, gross revenues increased by €4 million (+7%) mainly due to an increase in Individual Life & Savings driven by €2 million from Variable Annuity products and €2 million from Term insurance & Universal Life.

**Underlying earnings** decreased by €2 million (-54%) to €2 million. On a constant exchange rate basis, underlying earnings decreased by €2 million (-52%) mostly due to €2 million acquisition costs related to the increased new business.

**Adjusted earnings** and **Net Income** were stable at €4 million on a constant exchange rate basis.

**SOUTH EAST ASIA AND CHINA**

**Gross revenues**<sup>7</sup> decreased by €64 million (-48%) to €70 million. On a comparable basis, gross revenues decreased by €66 million (-49%) mainly due to a significant decrease of the individual life unit-linked products (€-62 million or -61%) in Singapore and Indonesia due to the volatile stock market.

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<sup>6</sup> AXA interest in AXA Asia Pacific Group is 53.81% broken down into 53.59% direct interest holding and an additional 0.22% owned by the AAPH Executive plan trust.

**APE<sup>7</sup>** increased by €4 million (+12%) to €40 million. On a comparable basis, APE decreased by €1 million (-2%) mainly due to adverse financial market conditions, especially in Philippines, Indonesia and Singapore resulting in a significant decrease in unit-linked Life products (€-9 million or -44%). This was partly offset by strong sales of unit-linked Life products in India (€+3 million or 80%), traditional life products in Thailand and China (€+4 million) and an overall increase in Group Life products (€+2 million).

**Underlying Earnings and Adjusted earnings** both decreased by €10 million on a constant exchange rate basis to €-5 million, mainly driven by increase in losses in Singapore (€-2 million) with lower fees, Thailand (€-2 million) and India (€-5 million).

**Net Income** decreased by €15 million on a constant exchange rate basis to €-19 million, mainly due to the impact of the entry of India in the scope of consolidation (one-time recognition of past losses, €-14 million).

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<sup>7</sup> Please note that only full consolidated entities (Singapore & Indonesia) report their gross revenues, while APE also includes Thailand, Philippines, China and India.

# Property & Casualty Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income attributable to AXA's Property & Casualty segment for the periods indicated.

## *Property and Casualty Segment (a)*

	HY 2009	HY 2008	FY 2008
Gross written premiums	15,033	14,589	26,107
Fees and revenues from investment contracts without participating feature	-	-	-
<i>Revenues from insurance activities</i>	<b>15,033</b>	<b>14,589</b>	<b>26,107</b>
<i>Net revenues from banking activities</i>	-	-	-
<i>Revenues from other activities</i>	39	52	102
<b>TOTAL REVENUES</b>	<b>15,072</b>	<b>14,641</b>	<b>26,209</b>
<i>Change in unearned premium reserves net of unearned revenues and fees</i>	(2,130)	(2,132)	(244)
<i>Net investment result excluding financing expenses</i>	1,108	1,161	2,263
Technical charges relating to insurance activities	(8,731)	(8,192)	(16,649)
Net result of reinsurance ceded	(366)	(360)	(780)
Bank operating expenses	-	-	-
Insurance acquisition expenses	(2,330)	(2,239)	(4,776)
Amortization of value of purchased life business in force	-	-	-
Administrative expenses	(1,255)	(1,266)	(2,602)
Valuation allowances on tangible assets	-	(1)	(1)
Other	(3)	0	(5)
<i>Other operating income and expenses</i>	(12,684)	(12,058)	(24,812)
<b>INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE</b>	<b>1,366</b>	<b>1,613</b>	<b>3,415</b>
Net income from investments in affiliates and associates	16	3	5
Financing expenses	(3)	(5)	(10)
<b>OPERATING INCOME GROSS OF TAX EXPENSE</b>	<b>1,379</b>	<b>1,610</b>	<b>3,410</b>
<i>Income tax expense</i>	(372)	(452)	(967)
<i>Minority interests in income or loss</i>	(21)	(25)	(49)
<b>UNDERLYING EARNINGS</b>	<b>986</b>	<b>1,133</b>	<b>2,394</b>
Net realized capital gains or losses attributable to shareholders	(210)	136	(665)
<b>ADJUSTED EARNINGS</b>	<b>775</b>	<b>1,269</b>	<b>1,729</b>
Profit or loss on financial assets (under fair value option) & derivatives	(15)	(192)	(656)
Exceptional operations (including discontinued operations)	12	2	1
Goodwill and other related intangible impacts	(32)	(27)	(69)
Integration costs	(18)	(24)	(78)
<b>NET INCOME</b>	<b>722</b>	<b>1,028</b>	<b>926</b>

(a) Before intercompany transactions.

**Consolidated Gross Revenues**

(in Euro million)

	HY 2009	HY 2008	FY 2008
France	3,127	3,054	5,633
United Kingdom & Ireland	2,086	2,415	4,471
Germany	2,228	2,218	3,554
Belgium	1,171	1,165	2,156
Mediterranean & Latin American Region (a)	3,426	3,004	6,437
Switzerland	1,964	1,811	2,024
Other countries	1,070	974	1,934
<b>TOTAL</b>	<b>15,072</b>	<b>14,641</b>	<b>26,209</b>
Intercompany transactions	(153)	(122)	(170)
<b>Contribution to consolidated gross revenues</b>	<b>14,919</b>	<b>14,519</b>	<b>26,039</b>

(a) Mediterranean &amp; Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.

**Underlying, Adjusted earnings and Net Income**

(in Euro million)

	HY 2009	HY 2008	FY 2008
France	230	254	623
United Kingdom & Ireland	87	174	306
Germany	166	173	355
Belgium	93	107	181
Mediterranean & Latin American Region (a)	217	243	557
Switzerland	123	131	238
Other countries	70	52	134
<b>UNDERLYING EARNINGS</b>	<b>986</b>	<b>1,133</b>	<b>2,394</b>
Net realized capital gains or losses attributable to shareholders	(210)	136	(665)
<b>ADJUSTED EARNINGS</b>	<b>775</b>	<b>1,269</b>	<b>1,729</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(15)	(192)	(656)
Exceptional operations (including discontinued operations)	12	2	1
Goodwill and related intangibles impacts	(32)	(27)	(69)
Integration costs	(18)	(24)	(78)
<b>NET INCOME</b>	<b>722</b>	<b>1,028</b>	<b>926</b>

(a) Mediterranean &amp; Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.

## Property & Casualty Operations – France

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>3,127</b>	<b>3,054</b>	<b>5,633</b>
Current accident year loss ratio (net)	85.0%	76.8%	74.8%
All accident year loss ratio (net)	74.8%	71.9%	68.5%
<b>Net technical result</b>	<b>690</b>	<b>756</b>	<b>1,777</b>
Expense ratio	24.7%	25.0%	24.5%
Net investment result	335	307	569
<b>Underlying operating earnings before tax</b>	<b>350</b>	<b>390</b>	<b>962</b>
Income tax expenses / benefits	(120)	(136)	(339)
Net income from investments in affiliates and associates	-	-	-
Minority interests	(0)	(0)	(1)
<b>Underlying earnings Group share</b>	<b>230</b>	<b>254</b>	<b>623</b>
Net capital gains or losses attributable to shareholders net of income tax	(35)	24	(83)
<b>Adjusted earnings Group share</b>	<b>195</b>	<b>278</b>	<b>539</b>
Profit or loss on financial assets (under FV option) & derivatives	(27)	(91)	(290)
Exceptional operations (including discontinued operations)	-	(4)	(4)
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
<b>Net income Group share</b>	<b>168</b>	<b>184</b>	<b>245</b>

**Gross revenues** increased by €73 million (+2%) to €3,127 million<sup>8</sup>:

- Personal lines (60% of gross revenues) increased by 3% to €1,851 million reflecting positive net inflows in Motor (+46,000 new contracts mainly stemming from Direct channel and agent's network) in a competitive market, and positive net inflows (+28,000) in household combined with an increase in the average premium,
- *Commercial lines* (40% of gross revenues) remained stable at €1,237 million. The increase in Property (+5%) and in Liability (+14%) in a context of competitive markets was partly offset by lower volumes in Construction (-12%) and in Motor (-3%).

**Net technical result** decreased by €66 million (-9%) to €690 million:

- *Current accident year loss ratio* increased by 8.2 points to 85.0% due to Klaus storm (4.4 points), and winter adverse conditions and hail claims (3.7 points),
- *All accident year loss ratio* increased by 2.9 points to 74.8% as a result of the increase in current accident year loss ratio partly offset by higher prior year positive reserves development (+5.3 points) mainly in Construction and Property.

**Expense ratio** decreased by 0.3 point to 24.7% reflecting a favorable commissions business mix partly offset by an increase in the Natural Catastrophe taxes.

As a result, the **combined ratio** increased by 2.6 points to 99.4%.

**Net investment result** increased by €28 million (+9%) to €335 million mainly driven by a higher net corporate bond yield.

**Income tax** expenses decreased by €16 million (-12%) to €-120 million in line with lower pre-tax earnings.

**Underlying earnings** decreased by €24 million (-10%) to €230 million.

<sup>8</sup> €3,088 million after intercompany eliminations.

**Adjusted earnings** decreased by €83 million (-30%) to €195 million as the consequence of the decrease in underlying earnings (€-24 million) and lower capital gains net of hedging derivatives (€-66 million) partly offset by lower impairment charges (€+7 million).

**Net income** decreased by €16 million (-9%) to €168 million as the adjusted earnings decrease was more than offset by the favorable change in fair value of mutual funds and derivatives (€+53 million) mainly due to credit spread tightening and a positive impact on foreign exchange for €+10 million.

## Property & Casualty Operations - United Kingdom & Ireland

	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>2,086</b>	<b>2,415</b>	<b>4,471</b>
Current accident year loss ratio (net)	71.6%	68.0%	69.3%
All accident year loss ratio (net)	68.9%	62.5%	63.3%
<b>Net technical result</b>	<b>616</b>	<b>856</b>	<b>1,643</b>
Expense ratio	31.5%	35.7%	35.7%
Net investment result	119	174	352
<b>Underlying operating earnings before tax</b>	<b>113</b>	<b>216</b>	<b>397</b>
Income tax expenses / benefits	(26)	(42)	(90)
Net income from investments in affiliates and associates	-	-	-
Minority interests	(0)	(0)	(1)
<b>Underlying earnings Group share</b>	<b>87</b>	<b>174</b>	<b>306</b>
Net capital gains or losses attributable to shareholders net of income tax	(80)	(55)	(227)
<b>Adjusted earnings Group share</b>	<b>6</b>	<b>118</b>	<b>78</b>
Profit or loss on financial assets (under FV option) & derivatives	1	(4)	7
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(3)	(10)	(24)
Integration costs	-	-	-
<b>Net income Group share</b>	<b>5</b>	<b>105</b>	<b>62</b>
Average exchange rate : 1.00 € = £	0.8945	0.7753	0.7970

**Gross revenues** decreased by €328 million (-14%) to €2,086 million<sup>9</sup>. On a comparable basis, gross revenues decreased by €47 million (-2%):

- *Personal* lines (52% of the P&C premiums) remained stable at €1,084 million. Motor was up 19% to €372 million mainly due to further growth in new business written through the internet platform Swiftcover (+59% to €137m). Non-Motor was down 7% to €712 million due to selective underwriting notably in travel.
- Property was up 8% to €263 million benefiting from new deals from intermediary and corporate partners. Health was down 4% to €285 million due to lower volume on Private Medical Insurance,
- *Commercial lines* (46% of the P&C premiums) were down 4% to €960 million. Motor was down 8% as the focus on profitability continued with tariff increases affecting renewal retention. Non-Motor was down 3% in a soft market environment.

**Net technical result** decreased by €239 million (-28%) to €616 million. On a constant exchange rate basis, net technical result decreased by €153 million (-18%):

- *Current accident year loss ratio* increased by 3.4 points to 71.6% as a result of a very large Commercial Property claim (0.9 point), adverse weather events including Klaus storm (0.8 point) and January freeze in the United Kingdom and Ireland (0.9 point),
- *All accident year loss ratio* increased by 6.3 points to 68.9% reflecting the deterioration in current accident year loss ratio combined with a reduced level of favorable development in prior years reserves.

**Expense ratio** decreased by 4.1 points to 31.5% with an acquisition ratio down 1.5 points following the renegotiation of broker commissions. The administrative expense ratio decreased by 2.6 points reflecting cost containment including a positive one off impact on employee pension scheme (€35 million or -1.8 points).

As a result, the **combined ratio** was up by +2.2 points to 100.3%.

**Net investment result** decreased by €55 million (-32%) to €119 million. On a constant exchange rate basis, net investment result decreased by €42 million (-24%) as a result of lower cash, equity and property income reflecting the current market conditions.

<sup>9</sup> €2,048 million after intercompany eliminations.

**Income tax expenses** decreased by €16 million (-38%) to €-26 million. On a constant exchange rate basis, income tax expenses decreased by €13 million (-31%) reflecting a lower pre-tax result partly offset by a €13 million decrease in positive tax one off.

**Underlying earnings** decreased by €87 million (-50%) to €87 million. On a constant exchange rate basis, underlying earnings decreased by €79 million (-46%).

**Adjusted earnings** decreased by €112 million (-95%) to €6 million. On a constant exchange rate basis, adjusted earnings decreased by €116 million (-98%) due to lower underlying earnings, lower realized gains on equities and higher fixed income impairments.

**Net income** decreased by €100 million (-95%) to €5 million. On a constant exchange rate basis, net income decreased by €104 million (-99%) reflecting adjusted earnings evolution, exchange rate impacts and reduced amortization of intangible assets.

## Property & Casualty Operations – Germany

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>2,228</b>	<b>2,218</b>	<b>3,554</b>
Current accident year loss ratio (net)	77.0%	76.7%	76.2%
All accident year loss ratio (net)	66.5%	66.7%	66.1%
<b>Net technical result</b>	<b>591</b>	<b>583</b>	<b>1,198</b>
Expense ratio	30.6%	31.3%	32.1%
Net investment result	187	201	394
<b>Underlying operating earnings before tax</b>	<b>239</b>	<b>235</b>	<b>458</b>
Income tax expenses / benefits	(74)	(64)	(106)
Net income from investments in affiliates and associates	1	3	5
Minority interests	(0)	(1)	(2)
<b>Underlying earnings Group share</b>	<b>166</b>	<b>173</b>	<b>355</b>
Net capital gains or losses attributable to shareholders net of income tax	(23)	72	(57)
<b>Adjusted earnings Group share</b>	<b>143</b>	<b>244</b>	<b>298</b>
Profit or loss on financial assets (under FV option) & derivatives	(18)	(45)	(146)
Exceptional operations (including discontinued operations)	12	-	(1)
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(10)	(6)	(25)
<b>Net income Group share</b>	<b>127</b>	<b>194</b>	<b>127</b>

**Gross revenues** increased by €10 million (+0%) to €2,228 million<sup>10</sup>:

- *Personal lines* (63% of gross written premiums) decreased by 2% as a result of (i) contract losses and declining average premium in Motor in the context of market price pressure, (ii) decreasing net production in Accident Risk insurance in most segments, and (iii) the sale of the Legal Protection business (€13 million), partly offset by (iv) new business in the packaged product “Profischutz” for professionals,
- *Commercial lines* (31% of gross written premiums) remained stable,
- *Other lines* (6% of gross written premiums) increased by 33% due to a rise in the treaty segment in Assumed business, where AXA quota share reinsurance rose in legal protection insurance.

**Net technical result** increased by €8 million (+1%) to €591 million:

- *Current accident year loss ratio* remained stable at 77.0%,
- *All accident year loss ratio* remained stable at 66.5%.

**Expense ratio** decreased by 0.8 point to 30.6% as the decrease in the non-commission expense ratio stemming from productivity gains was partly offset by a rise in the commission ratio resulting from a change in the portfolio and distribution mix.

As a result, the **combined ratio** decreased by 1.0 point to 97.0%.

**Net investment result** decreased by €14 million (-7%) to €187 million mainly due to lower dividends on equities and lower coupons on fixed income.

**Income tax** expenses increased by €10 million (+15%) to €-74 million mostly due to €14 million non recurring favorable tax impacts in 2008.

**Underlying earnings** decreased by €7 million (-4%) to €166 million.

**Adjusted earnings** decreased by €102 million (-42%) to €143 million due to lower realized gains in equity investments.

<sup>10</sup> €2,206 million after intercompany eliminations.

**Net income** decreased by €66 million (-34%) to €127 million mainly due to lower adjusted earnings partly compensated by positive effects from spread tightening on fixed income investments and 2008 non-recurring foreign exchange losses.

## Property & Casualty Operations – Belgium

	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>1,171</b>	<b>1,165</b>	<b>2,156</b>
Current accident year loss ratio (net)	80.9%	79.5%	80.9%
All accident year loss ratio (net)	69.0%	69.5%	69.0%
<b>Net technical result</b>	<b>332</b>	<b>324</b>	<b>669</b>
Expense ratio	30.0%	28.5%	29.9%
Net investment result	94	131	235
<b>Underlying operating earnings before tax</b>	<b>103</b>	<b>151</b>	<b>255</b>
Income tax expenses / benefits	(10)	(43)	(75)
Net income from investments in affiliates and associates	-	-	-
Minority interests	0	(0)	(0)
<b>Underlying earnings Group share</b>	<b>93</b>	<b>107</b>	<b>181</b>
Net capital gains or losses attributable to shareholders net of income tax	(16)	86	(41)
<b>Adjusted earnings Group share</b>	<b>77</b>	<b>194</b>	<b>140</b>
Profit or loss on financial assets (under FV option) & derivatives	21	(22)	(133)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(1)	(0)	(1)
Integration costs	(5)	(9)	(24)
<b>Net income Group share</b>	<b>92</b>	<b>161</b>	<b>(17)</b>

**Gross revenues** increased by €6 million (+1%) to €1,171 million<sup>11</sup>:

- *Personal lines* were up 2% driven by Non-Motor (+3%) mainly due to Property (+4%) reflecting the evolution of the ABEX household index partly offset by portfolio losses (due to lower number of guarantees),
- *Commercial lines* were up 1% as a result of increases in all lines except Workers' Compensation and Group Accident.

**Net technical result** increased by €8 million (+2%) to €332 million:

- *Current accident year loss ratio* increased by 1.3 points to 80.9% mainly resulting from an increase in attritional claims charge in most lines of business,
- *All accident year loss ratio* decreased by 0.6 point to 69.0% due to a higher prior year result following a low inflation rate in Workers' Compensation and favorable claims evolution.

**Expense ratio** rose by 1.6 points to 30.0% with an acquisition ratio up 0.9 point and an administrative expense ratio up 0.7 point mainly due to salary increases linked to inflation indexation.

As a result, the **combined ratio** increased by 1.0 point to 99.0%.

**Underlying investment result** decreased by €37 million (-28%) to €94 million mainly resulting from assets transferred to the Life & Savings segment (€-16 million) and lower asset yields.

**Income tax expenses** decreased by €34 million (-77%) to €-10 million resulting from the favorable court decision for insurance companies on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities) (€+23 million), and lower pre-tax results.

**Underlying earnings** decreased by €14 million (-13%) to €93 million.

**Adjusted earnings** decreased by €117 million (-60%) to €77 million reflecting lower underlying earnings and lower net realized capital gains net of hedging derivatives.

<sup>11</sup> €1,160 million after intercompany eliminations.

**Net Income** decreased by €70 million (-43%) to €92 million mainly reflecting lower adjusted earnings partly offset by a favorable change in fair value of fixed income mutual funds due to credit spread tightening.

## Property & Casualty Operations – Mediterranean and Latin American Region

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>3,426</b>	<b>3,004</b>	<b>6,437</b>
Current accident year loss ratio (net)	78.4%	74.0%	76.2%
All accident year loss ratio (net)	72.2%	69.0%	68.5%
<b>Net technical result</b>	<b>929</b>	<b>868</b>	<b>1,979</b>
Expense ratio	25.1%	24.7%	24.8%
Net investment result	228	195	414
<b>Underlying operating earnings before tax</b>	<b>317</b>	<b>369</b>	<b>833</b>
Income tax expenses / benefits	(82)	(105)	(235)
Net income from investments in affiliates and associates	-	-	-
Minority interests	(18)	(22)	(40)
<b>Underlying earnings Group share</b>	<b>217</b>	<b>243</b>	<b>557</b>
Net capital gains or losses attributable to shareholders net of income tax	(38)	38	(43)
<b>Adjusted earnings Group share</b>	<b>180</b>	<b>281</b>	<b>515</b>
Profit or loss on financial assets (under FV option) & derivatives	5	(12)	(37)
Exceptional operations (including discontinued operations)	-	6	6
Goodwill and other related intangibles impacts	(12)	(3)	(16)
Integration costs	(3)	(5)	(20)
<b>Net income Group share</b>	<b>170</b>	<b>266</b>	<b>447</b>

The Mediterranean and Latin American Region includes the following changes in scope :

- Mexico consolidated as of 01/07/08
- Turkey buyout of minority shareholders as of 01/07/08

For volume indicators, the comparable basis reflects 2009 scope.

**Gross revenues** increased by €422 million (+14%) to €3,426 million<sup>12</sup>. On a comparable basis, gross revenues decreased by €48 million (-1%) driven by the difficult economic context in the Southern Europe countries, partly compensated by a good performance in emerging markets (Mexico +7%, Morocco +5%, Turkey +2%):

- *Personal lines* (63% of total revenues) were down 2% to €2,138 million mainly due to Motor, down 4% driven by difficult market conditions in Spain, Portugal, Turkey and the Gulf Region, partly compensated by strong performances in Mexico and Morocco. Non-Motor was up 2%, with Household developing positively in all the countries,
- *Commercial lines* (37% of total revenues) were stable at €1,258 million, with a stability in Motor and an increase in Property driven by Turkey and Mexico (thanks to new large contracts), partly offset by a decrease in Liability, directly correlated with the negative economic trend, especially for Construction in Spain.

**Net technical result** increased by €61 million (+7%) to €929 million of which €128 million from Mexico. On a constant exchange rate basis and excluding Mexico, net technical result decreased by €65 million (-8%) to €801 million:

- *Current accident year loss ratio* increased by 4.4 points to 78.4%. On a constant exchange rate basis and excluding Mexico, the current accident year loss ratio increased by 4.9 points to 78.9% mainly due to Individual Motor and Commercial lines in most of the countries, and also to the cost of Klaus storm (+0.7 point),
- *All accident year loss ratio* increased by 3.3 points to 72.2 %. On a constant exchange rate basis and excluding Mexico, the all accident year loss ratio increased by 2.4 points to 71.4% mainly driven by the

<sup>12</sup> €3,402 million after intercompany eliminations.

increase in the current accident year loss ratio, partly offset by favorable prior year reserves development notably in Liability and Motor.

**Expense ratio** rose by 0.4 point to 25.1%. On a constant exchange rate basis and excluding Mexico, the expense ratio was flat at 24.8%.

As a result, the **combined ratio** was up 3.8 points to 97.3%. On a constant exchange rate basis and excluding Mexico, the combined ratio was up 2.5 points to 96.2%.

**Net investment result** increased by €33 million (+17%) to €228 million of which €33 million from Mexico. On a constant exchange rate basis and excluding Mexico, net investment result increased by €4 million (+2%) to €195 million.

**Income tax expenses** decreased by €23 million (-22%) to €-82 million of which €-3 million from Mexico. On a constant exchange rate basis and excluding Mexico, income tax expenses decreased by €26 million (-24%) to €-78 million in line with lower pre-tax earnings.

**Underlying earnings** decreased by €25 million (-10%) to €217 million of which €20 million from Mexico and the buyout of minority shareholders in Turkey. On a constant exchange rate basis and excluding Mexico and the buyout of minority shareholders in Turkey, underlying earnings decreased by €46 million (-19%) to €197 million.

**Adjusted earnings** decreased by €101 million (-36%) to €180 million of which €18 million from Mexico and the buyout of minority shareholders in Turkey. On a constant exchange rate basis and excluding Mexico and the buyout of minority shareholders in Turkey, adjusted earnings decreased by €120 million (-43%) to €162 million mainly due to the decrease in underlying earnings and lower capital gains, partly offset by lower impairments on equities.

**Net income** decreased by €96 million (-36%) to €170 million of which €17 million from Mexico and the buyout of minority shareholders in Turkey. On a constant exchange rate basis, excluding Mexico and the buyout of minority shareholders in Turkey, net income decreased by €114 million (-43%) to €153 million mainly due to lower adjusted earnings.

## Property & Casualty Operations – Switzerland

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>1,964</b>	<b>1,811</b>	<b>2,024</b>
Current accident year loss ratio (net)	79.1%	77.6%	73.7%
All accident year loss ratio (net)	65.9%	74.5%	69.1%
<b>Net technical result</b>	<b>366</b>	<b>258</b>	<b>627</b>
Expense ratio	28.0%	18.3%	24.5%
Net investment result	92	95	181
<b>Underlying operating earnings before tax</b>	<b>158</b>	<b>168</b>	<b>311</b>
Income tax expenses / benefits	(34)	(36)	(70)
Net income from investments in affiliates and associates	-	-	-
Minority interests	(1)	(1)	(2)
<b>Underlying earnings Group share</b>	<b>123</b>	<b>131</b>	<b>238</b>
Net capital gains or losses attributable to shareholders net of income tax	(19)	(32)	(170)
<b>Adjusted earnings Group share</b>	<b>104</b>	<b>99</b>	<b>68</b>
Profit or loss on financial assets (under FV option) & derivatives	(1)	(17)	(52)
Exceptional operations (including discontinued operations)	(1)	-	-
Goodwill and other related intangibles impacts	(12)	(10)	(21)
Integration costs	-	(4)	(10)
<b>Net income Group share</b>	<b>90</b>	<b>67</b>	<b>(14)</b>
Average exchange rate : 1.00 € = Swiss Franc	1.5055	1.6059	1.5866

**Gross revenues** increased by €152 million (+8%) to €1,964 million<sup>13</sup>. On a comparable basis, gross revenues increased by €29 million (+2%):

- *Personal lines* remained stable at €975 million,
- *Commercial lines* increased by 2% to €994 million mainly due to new large Health contracts.

**Net technical result** increased by €108 million (+42%) to €366 million. On a constant exchange rate basis, net technical result increased by €85 million (+33%):

- *Current accident year loss ratio* increased by 1.5 points to 79.1% driven by Commercial lines,
- *All accident year loss ratio* decreased by 8.6 points to 65.9% reflecting the increase in prior year results (€+101 million) following the positive evolution of Motor Liability, Workers' compensation and Commercial liability.

**Expense ratio** increased by 9.7 points to 28.0% mainly due to the non recurrence of positive 1H08 impacts:

- acquisition ratio up 6.1 points, mainly as a result of a one-off change in own pension scheme in 2008 and sales structure,
- administration ratio up 3.6 points, mainly as a result of a one-off change in own pension scheme in 2008 and other miscellaneous items.

As a result, the **combined ratio** increased by 1.1 points to 93.9%.

**Net investment result** decreased by €3 million (-3%) to €92 million. On a constant exchange rate basis, net investment result decreased by €9 million (-9%) driven by lower income on cash.

**Income tax expenses** decreased by €2 million (-5%) to €-34 million. On a constant exchange rate basis, income tax expenses decreased by €4 million (-11%) driven by lower pre-tax earnings.

**Underlying earnings** decreased by €8 million (-6%) to €123 million. On a constant exchange rate basis, underlying earnings decreased by €16 million (-12%).

<sup>13</sup> €1,957 million after intercompany eliminations.

**Adjusted earnings** increased by €5 million (+5%) to €104 million. On a constant exchange rate basis, adjusted earnings decreased by €1 million (-1%) reflecting lower underlying earnings (€-16 million) partly offset by lower impairments mainly on equities.

**Net income** increased by €22 million (+33%) to €90 million. On a constant exchange rate basis, net income increased by €17 million (+25%) mainly driven by a positive foreign exchange impact.

## Property & Casualty Operations - Other Countries

### Consolidated Gross Revenues

(in Euro million)

	HY 2009	HY 2008	FY 2008
Canada	576	531	1,076
Others	494	443	858
o/w South Korea	142	171	326
o/w Japan	133	95	195
o/w Asia (excluding Japan) (a)	147	112	230
o/w Luxembourg	58	55	88
o/w Central and Eastern Europe	13	10	19
<b>TOTAL</b>	<b>1,070</b>	<b>974</b>	<b>1,934</b>
Intercompany transactions	(13)	(7)	(9)
<b>Contribution to consolidated gross revenues</b>	<b>1,057</b>	<b>966</b>	<b>1,925</b>

(a) Includes Hong Kong, Singapore and Malaysia (Malaysia was fully consolidated for the first time in 2007).

### Underlying, Adjusted earnings and Net Income

(in Euro million)

	HY 2009	HY 2008	FY 2008
Canada	47	49	103
Others	23	3	31
o/w South Korea	2	(2)	4
o/w Japan	(0)	(1)	6
o/w Asia (excluding Japan) (a)	5	6	17
o/w Luxembourg	6	6	13
o/w Central and Eastern Europe	(5)	(6)	(10)
<b>UNDERLYING EARNINGS</b>	<b>70</b>	<b>52</b>	<b>134</b>
Net realized capital gains or losses attributable to shareholders	1	3	(44)
<b>ADJUSTED EARNINGS</b>	<b>71</b>	<b>55</b>	<b>90</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	4	0	(6)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and related intangibles impacts	(4)	(4)	(7)
Integration costs	-	-	-
<b>NET INCOME</b>	<b>71</b>	<b>51</b>	<b>77</b>

(a) Includes Malaysia, Hong Kong and Singapore.

### CANADA

**Gross revenues** increased by €45 million (+8%). On a comparable basis, gross revenues increased by €67 million due to increased volumes in personal lines.

**Underlying earnings** decreased by €2 million (-3%) to €47 million. On a constant exchange rate basis, underlying earnings were stable reflecting an improved combined ratio by 0.5 point to 93.0% partly offset by lower net investment income and higher effective income tax rate.

**Adjusted earnings** decreased by €3 million (-7%) to €46 million. On a constant exchange rate basis, adjusted earnings decreased by €1 million (-3%) mostly due to lower capital gains, partly offset by lower impairments.

**Net income** remained stable on a constant exchange rate basis at €44 million.

**SOUTH KOREA**

**Gross revenues** decreased by €29 million (-17%) to €142 million. On a comparable basis, gross revenues decreased by €2 million (-1%), driven by the Motor business.

The all accident year loss ratio increased by 2.9 points to 83.5%, following the increase in the current accident year loss ratio due to higher frequency and one large claim, partly offset by the favorable prior year reserves developments. Expense ratio decreased by 5.8 points to 18.2% following lower administrative and marketing costs. As a result, the **combined ratio** decreased by 2.9 points to 101.7%

**Underlying earnings** increased by €4 million to €2 million. On a constant exchange rate basis, underlying earnings increased by €5 million.

**Adjusted earnings** were in line with underlying earnings.

**Net income** increased by €5 million on both current and constant exchange rate bases to €1 million.

**JAPAN**

**Gross revenues** increased by €38 million (+40%) to €133 million. On a comparable basis, gross revenues increased by €11 million (+11%) mainly driven by the growth in Motor business.

The **combined ratio** improved by 2.0 points to 100.2%, as a result of an 8.3 points improved expense ratio driven by lower marketing costs and a favorable volume effect, partly offset by a 6.4 points increase in the loss ratio due to non-recurring favorable reserve developments last year and higher claims handling costs this year.

**Underlying earnings** increased by €1 million to €0 million, reflecting the improvement of the combined ratio.

**Adjusted earnings** and **net income** increased by €1 million, in line with underlying earnings.

**ASIA (EXCLUDING JAPAN)****SINGAPORE**

**Gross revenues** increased by €21 million (+39%) to €75 million<sup>14</sup>. On a comparable basis, gross revenues increased by €15 million (+28%) mainly driven by the increase in premium rates.

The all accident year loss ratio deteriorated by 6.3 points to 71.1%, mainly driven by an 8.6 points increase in the current accident year loss ratio in property and liability lines, partly offset by favorable reserve developments. The expense ratio decreased by 3.7 points to 26.0% benefiting from a volume effect. As a result, the **combined ratio** was up 2.7 points to 97.1%.

**Underlying earnings** were stable at €3 million, as the better investment income offset the lower technical result.

**Adjusted earnings** decreased by €1 million to €4 million due to lower realized capital gains.

**Net income** was in line with adjusted earnings.

<sup>14</sup> €72 million after intercompany eliminations.

**HONG KONG**

**Gross revenues** increased by €10 million (+40%) to €36 million<sup>15</sup>. On a constant exchange rate basis, gross revenues increased by €4 million (+18%) mainly due to a €2 million growth in Motor business driven by the agent channel and the increase in premium rates, and a €2 million growth in Health business.

**The Combined Ratio** deteriorated by 2.2% to 104.1%, mainly due to a €1 million loss incurred on the Klaus storm and the earthquake in Italy within AXA Group's reinsurance pool.

**Underlying earnings** decreased by €1 million to €0 million reflecting the deterioration of the combined ratio.

**Adjusted earnings** decreased by €2 million to €2 million due to lower underlying earnings and lower realized gains from equities.

**Net income** was in line with adjusted earnings.

**MALAYSIA**

**Gross revenues** increased by €4 million (+12%) to €36 million. On a comparable basis, gross revenues increased by €3 million (+9%) mainly attributable to the growth in Motor business as a result of the higher retention rate coupled with increase in new business.

The all accident year loss ratio increased by 0.8 point to 67.1% mainly due to the unfavorable claims experience in Motor business. The expense ratio increased by 0.6 point to 27.9% mainly driven by higher general administrative costs.

As a result, the **combined ratio** increased by 1.4 points to 95.0%.

**Underlying earnings** were stable at €1 million.

**Adjusted earnings** decreased by €1 million to €1 million, mainly due to lower capital gains.

**Net income** decreased by €1 million to €1 million, in line with adjusted earnings.

**CENTRAL AND EASTERN EUROPE (POLAND)**

**Gross revenues** increased by €3 million (+34%) to €13 million. On a comparable basis, gross revenues increased by €8 million (+79%) reflecting higher net inflows in Motor (+35k new contracts).

**Underlying and adjusted earnings** rose by €1 million to €-5 million.

**Net income** increased by €3 million to €-2 million.

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<sup>15</sup> €33 million after intercompany eliminations.

## International Insurance Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income for the International Insurance Segment for the periods indicated:

### **Consolidated Gross Revenues**

(in Euro million)

	HY 2009	HY 2008	FY 2008
AXA Corporate Solutions Assurance	1,270	1,234	1,970
AXA Cessions	58	61	51
AXA Assistance	432	407	870
Other (a)	52	40	89
<b>TOTAL</b>	<b>1,813</b>	<b>1,742</b>	<b>2,980</b>
Intercompany transactions	(82)	(69)	(139)
<b>Contribution to consolidated gross revenues</b>	<b>1,731</b>	<b>1,673</b>	<b>2,841</b>

(a) Including AXA Liabilities Managers and AXA Corporate Solutions Life Reinsurance Company.

### **Underlying, Adjusted earnings and Net Income**

(in Euro million)

	HY 2009	HY 2008	FY 2008
AXA Corporate Solutions Assurance	48	46	113
AXA Cessions	(3)	6	14
AXA Assistance	8	10	20
Other (a)	69	109	41
<b>UNDERLYING EARNINGS</b>	<b>122</b>	<b>172</b>	<b>188</b>
Net realized capital gains or losses attributable to shareholders	5	7	(16)
<b>ADJUSTED EARNINGS</b>	<b>127</b>	<b>179</b>	<b>172</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(10)	(24)	(71)
Exceptional operations (including discontinued operations)	-	-	1
Goodwill and related intangibles impacts	-	-	-
Integration costs	-	-	-
<b>NET INCOME</b>	<b>117</b>	<b>155</b>	<b>103</b>

(a) Including AXA Liabilities Managers and AXA Corporate Solutions Life Reinsurance Company.

## AXA Corporate Solutions Assurance

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>1,270</b>	<b>1,234</b>	<b>1,970</b>
Current accident year loss ratio (net)	92.2%	101.2%	97.5%
All accident year loss ratio (net)	88.7%	88.8%	88.2%
<b>Net technical result</b>	<b>118</b>	<b>112</b>	<b>227</b>
Expense ratio	12.8%	13.1%	13.2%
Net investment result	96	83	190
<b>Underlying operating earnings before tax</b>	<b>79</b>	<b>64</b>	<b>163</b>
Income tax expenses / benefits	(31)	(17)	(48)
Net income from investments in affiliates and associates	-	-	-
Minority interests	(1)	(1)	(1)
<b>Underlying earnings Group share</b>	<b>48</b>	<b>46</b>	<b>113</b>
Net capital gains or losses attributable to shareholders net of income tax	9	2	(8)
<b>Adjusted earnings Group share</b>	<b>56</b>	<b>48</b>	<b>105</b>
Profit or loss on financial assets (under FV option) & derivatives	(10)	(23)	(77)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
<b>Net income Group share</b>	<b>46</b>	<b>25</b>	<b>27</b>

**Gross revenues** increased by €37 million (+3%) to €1,270 million<sup>16</sup>. On a comparable basis, gross revenues increased by €36 million (+3%) driven by portfolio development in Liability and Marine, and by positive premium adjustments on previous years in Construction.

**Net technical result** increased by €7 million (+6%) to €118 million. On a constant exchange rate basis, net technical result increased by €9 million (+8%):

- *Current accident year net technical result* increased by €92 million on a constant exchange rate basis to €79 million reflecting a lower level of major losses in Property. Current year loss ratio reached 92.2% (-9.1 points),
- *The prior accident year net technical result* decreased by €83 million on a constant exchange rate basis to €39 million due to major losses on aviation line (Air France, Colgan Air) underwritten in 2008.

As a consequence, the all accident year loss ratio decreased by 0.1 point to 88.7%.

**Expense ratio** decreased by 0.3 point to 12.8% resulting from a decrease in general expenses on premises partly offset by staff costs on the new international branches, and also a decrease in commissions mainly due to higher fronting business with lower commission rates.

As a result, the **combined ratio** was down by 0.4 point to 101.6%.

**Net investment result** increased by €13 million (+15%) to €96 million. On a constant exchange rate basis, net investment result increased by €15 million (+18%) mainly driven by a higher net corporate bond yield and a higher asset base.

**Income tax** expenses increased by €14 million (+84%) to €-31 million. On a constant exchange rate basis, income tax expenses increased by €15 million (+88%) reflecting the improvement of technical result and the 2008 non-recurrent positive past adjustment (€19 million).

<sup>16</sup> €1,256 million after intercompany eliminations.

**Underlying earnings** increased by €1 million (+3%) to €48 million. On a constant exchange rate basis, underlying earnings increased by €3 million (+7%).

**Adjusted earnings** increased by €8 million (+17%) to €56 million. On a constant exchange rate basis, adjusted earnings increased by €10 million (+21%) reflecting the increase in underlying earnings and higher realized capital gains.

**Net income** increased by €21 million (+83%) to €46 million. On a constant exchange rate basis, net income increased by €22 million (+90%) reflecting the increase in adjusted earnings (€+10 million) and a positive variation of the change in fair value of mutual funds (€+15 million) mainly due to credit spread tightening.

## AXA Cessions

**Underlying earnings** decreased by €9 million (-142%) to €-3 million mainly impacted by Klaus storm and mali on Group Motor Liability Cover.

**Net income** decreased by €6 million (-111%) to €-1 million with lower underlying earnings partly offset by positive impact of foreign exchange rates.

## AXA Assistance

**Gross revenues** increased by €25 million (+6%) to €432 million.

**Underlying and adjusted earnings** decreased by €2 million (respectively -19% and -20%) to €8 million due to adverse claims development.

**Net income** decreased by €3 million (-31%) to €6 million.

## Other international activities

**Gross revenues** increased by €13 million (+32%) to €52 million. On a comparable basis, gross revenues decreased by €6 million (-14%) mainly driven by higher advanced run-off status.

**Underlying earnings** decreased by €40 million (-37%) to €69 million. On a constant exchange rate basis, underlying earnings decreased by €44 million (-40%) driven by non-life run-off portfolio due to (i) the non recurrence of the booking of deferred tax assets in half year 2008 and (ii) lower technical results in 2009, partly offset by higher life run-off result.

**Adjusted earnings** decreased by €49 million (-43%) to €66 million. On a constant exchange rate basis, adjusted earnings decreased by €53 million (-46%) mainly driven by underlying earnings and lower net realized capital gains in non-life run-off business.

**Net income** decreased by €50 million (-43%) to €67 million. On a constant exchange rate basis, net income decreased by €53 million (-46%) in line with adjusted earnings.

## Asset Management Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income for the Asset Management Segment for the periods indicated:

### *Consolidated Gross Revenues*

(in Euro million)

	HY 2009	HY 2008	FY 2008
AllianceBernstein	967	1,402	2,627
AXA Investment Managers	698	891	1,716
<b>TOTAL</b>	<b>1,664</b>	<b>2,293</b>	<b>4,342</b>
Intercompany transactions	(161)	(191)	(395)
<b>Contribution to consolidated gross revenues</b>	<b>1,503</b>	<b>2,102</b>	<b>3,947</b>

### *Underlying, Adjusted earnings and Net Income*

(in Euro million)

	HY 2009	HY 2008	FY 2008
AllianceBernstein	95	128	318
AXA Investment Managers	81	158	271
<b>UNDERLYING EARNINGS</b>	<b>176</b>	<b>285</b>	<b>589</b>
Net realized capital gains or losses attributable to shareholders	-	-	-
<b>ADJUSTED EARNINGS</b>	<b>176</b>	<b>285</b>	<b>589</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	16	(93)	(163)
Exceptional operations (including discontinued operations)	(5)	10	(22)
Goodwill and related intangibles impacts	-	(4)	(5)
Integration costs	(0)	(1)	(2)
<b>NET INCOME</b>	<b>187</b>	<b>198</b>	<b>396</b>

## AllianceBernstein

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>967</b>	<b>1,402</b>	<b>2,627</b>
Net investment result	2	(26)	(125)
General expenses	(864)	(977)	(1,768)
<b>Underlying operating earnings before tax</b>	<b>105</b>	<b>400</b>	<b>734</b>
Income tax expenses / benefits	29	(132)	(151)
Minority interests	(40)	(140)	(265)
<b>Underlying earnings Group share</b>	<b>95</b>	<b>128</b>	<b>318</b>
Net capital gains or losses attributable to shareholders net of income tax	-	-	-
<b>Adjusted earnings Group share</b>	<b>95</b>	<b>128</b>	<b>318</b>
Profit or loss on financial assets (under FV option) & derivatives	5	(12)	(45)
Exceptional operations (including discontinued operations)	(5)	10	(22)
Goodwill and other related intangibles impacts	-	(4)	(5)
Integration costs	-	-	-
<b>Net income Group share</b>	<b>95</b>	<b>122</b>	<b>245</b>
Average exchange rate : 1.00 € = \$	1.3349	1.5309	1.4706

**Assets under Management ("AUM")** decreased by €13 billion from year-end 2008 to €318 billion at June 30, 2009 driven by net outflows of €-33 billion (€-24 billion from Institutional clients, €-5 billion from Retail and €-4 billion for Private Client) and negative exchange rate impact of €-2 billion, partly offset by market appreciation of €22 billion.

**Gross revenues** decreased by €436 million (-31%) to €967 million<sup>17</sup>. On a comparable basis, gross revenues decreased by €534 million (-40%) due to advisory fees down 45% in line with 43% lower average AUM, distribution fees down 44% related to lower average mutual fund assets, and Institutional Research Services down 5% due to lower trading activity by hedge fund clients.

**Net investment result** increased by €28 million to €2 million. On a constant exchange rate basis, net investment result increased by €28 million due to higher realized and unrealized gains on investments related to deferred compensation obligations.

**General expenses** decreased by €113 million (-12%) to €-864 million. On a constant exchange rate basis, general expenses decreased by €224 million (-23%) primarily due to (i) lower compensation expenses (-26% or €146 million due to workforce reductions, partly offset by severance costs) and (ii) lower promotion and servicing expenses (-36% or €73 million) due to lower distribution plan payments (from lower average Retail AUM), lower amortization of deferred sales commission and lower travel and entertainment costs.

As a result, the **underlying cost income ratio** increased by 20.4 points to 88.0%.

**Income tax expenses** decreased by €161 million to a €29 million benefit. On a constant exchange rate basis, income tax expenses decreased by €158 million due to lower pre-tax earnings and one-time tax benefit of €65 million due primarily to the release of reserves relating to the tax treatment of compensation plans.

**Underlying and adjusted earnings** decreased by €33 million (-26%) to €95 million. On a constant exchange rate basis, underlying and adjusted earnings decreased by €45 million (-35%). Note that earnings reflect the increase in ownership interest of approximately 3% due to the exercise of the final Bernstein put. AXA ownership of AllianceBernstein as of June 30, 2009 is 64.2%.

<sup>17</sup> €924 million after intercompany eliminations.

**Net income** decreased by €27 million (-22%) to €95 million. On a constant exchange rate basis, net income decreased by €39 million (-32%) as a result of adjusted earnings decrease partly offset by €17 million favorable change in fair value of assets.

## AXA Investment Managers (“AXA IM”)

	(in Euro million)		
	HY 2009	HY 2008	FY 2008
<b>Gross revenues</b>	<b>698</b>	<b>891</b>	<b>1,716</b>
Net investment result	8	66	101
General expenses	(565)	(713)	(1,375)
<b>Underlying operating earnings before tax</b>	<b>141</b>	<b>244</b>	<b>442</b>
Income tax expenses / benefits	(48)	(62)	(129)
Minority interests	(12)	(25)	(42)
<b>Underlying earnings Group share</b>	<b>81</b>	<b>158</b>	<b>271</b>
Net capital gains or losses attributable to shareholders net of income tax	-	-	-
<b>Adjusted earnings Group share</b>	<b>81</b>	<b>158</b>	<b>271</b>
Profit or loss on financial assets (under FV option) & derivatives	11	(81)	(118)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(0)	(1)	(2)
<b>Net income Group share</b>	<b>92</b>	<b>76</b>	<b>151</b>

**Assets under management (“AUM”)** were flat from year-end 2008 to €485 billion at the end of June 2009 mainly as a result of (i) €-5 billion net outflows (mainly on AXA main funds), and (ii) €-4 billion negative market impact (mostly on structured finance funds) partly offset by (iii) €+7 billion favorable exchange impact (mainly on Pound Sterling).

**Gross revenues** decreased by €193 million (-22%) to €698 million<sup>18</sup>. On a comparable basis and excluding distribution fees (retroceded to distributors), net revenues decreased by €122 million (-19%) mainly due to lower management fees (€-107 million), equally driven by lower average AUM and unfavorable client and product mix.

**Net investment result** decreased by €58 million (-88%) (both on current and constant exchange rate bases) to €8 million, mainly due to lower realized carried interest in 2009 (€58 million non recurring carried interest on real estate in 2008 versus €11million in 2009).

**General expenses** decreased by €148 million (-21%) to €565 million. On a constant exchange rate basis, general expenses decreased by €141 million (-20%). Excluding distribution fees (commissions paid to third party distributors), general expenses decreased by €75 million (-16%) mainly as a result of lower variable compensation costs.

As a result, the **underlying cost income ratio** increased by 7.7 points to 73.1%.

**Income tax expenses** decreased by €14 million (-23%) to €48 million (both on current and constant exchange rate bases), in line with lower operating income.

**Underlying and adjusted earnings** decreased by €77 million (-49%) to €81 million. On a constant exchange rate basis, underlying and adjusted earnings decreased by €75 million (-47%).

**Net income** increased by €15 million (+20%) to €92 million. On a constant exchange rate basis, net income increased by €17 million (+22%), mainly driven by a positive change in fair value of “Libor plus” funds (€+3 million in 2009 versus €-64 million in 2008) and positive variation in unrealized Private Equity and Real Estate carried interests, more than offsetting the decrease in adjusted earnings.

<sup>18</sup> €579 million after intercompany eliminations.

## Banking

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and the net income attributable to AXA's banking for the periods indicated:

### **Consolidated Gross Revenues**

(in Euro million)

	HY 2009	HY 2008	FY 2008
Axa Bank Europe (Belgium)	154	138	224
AXA Banque (France)	49	35	118
Others (a)	28	34	59
<b>TOTAL</b>	<b>230</b>	<b>206</b>	<b>401</b>
Intercompany transactions	(35)	(10)	11
<b>Contribution to consolidated gross revenues</b>	<b>195</b>	<b>197</b>	<b>412</b>

(a) Includes notably German banks.

### **Underlying, Adjusted earnings and Net Income**

(in Euro million)

	HY 2009	HY 2008	FY 2008
Axa Bank Europe (Belgium)	33	35	69
AXA Banque (France)	(2)	(8)	(12)
Others (a)	(16)	(3)	(24)
<b>UNDERLYING EARNINGS</b>	<b>15</b>	<b>24</b>	<b>33</b>
Net realized capital gains or losses attributable to shareholders	(7)	(5)	(64)
<b>ADJUSTED EARNINGS</b>	<b>8</b>	<b>19</b>	<b>(32)</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	(10)	(4)	4
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and related intangibles impacts	(0)	(0)	(0)
Integration costs	(1)	(3)	(10)
<b>NET INCOME</b>	<b>(3)</b>	<b>11</b>	<b>(38)</b>

(a) Includes notably German banks.

## AXA Bank Europe (Belgium)

**Net banking revenues** increased by €16 million (+12%) to €154 million. On a comparable basis, net banking revenues decreased by €5 million (-4%) mainly due to a decrease of the net capital gains and impairments partly offset by a higher net interest and fee income.

**Underlying earnings** decreased by €2 million (-5%) to €33 million mainly due to an increase in expenses (€-14 million) from the expansion of the banking activity to other countries, a higher provision on credit losses (€-6 million) and higher distribution commissions (€-4 million), partly offset by a higher interest margin (€+21 million) and higher realized capital gains on the bond portfolio (€+1 million).

**Adjusted earnings** decreased by €3 million (-11%) to €26 million mainly due to the decrease in the underlying earnings (€-2 million) and a decrease in net realized capital gains net of impairments (€-2 million).

**Net income** decreased by €9 million (-37%) to €15 million driven by the decrease in adjusted earnings (€-3 million), and the unfavorable change in fair value and capital gains of mutual funds and other assets (€-4 million) as well as freestanding derivatives (€-4 million).

## AXA Banque (France)

**Net banking revenues** increased by €14 million (+41%) to €49 million. On a comparable basis, net banking revenues increased by €3 million (+8%) net of intercompany transactions mainly due to an increase in the commercial margin.

Administrative expenses decreased by €5 million following a cost control program, whereas the cost of credit risk increased by €-7 million in a context of economic crisis.

**Underlying and adjusted earnings** increased by €5 million to €-2 million.

**Net income** increased by €9 million to €-2 million, reflecting a favorable net impact of the change in fair value of macro-hedge derivative instruments.

## Others

### AXA BANK (GERMANY)

**Net banking revenues** decreased by €6 million (-61%) to €4 million. On a comparable basis, net banking revenues decreased by €7 million (-79%) mainly due to decreasing interest margin caused by higher interest paid for term accounts, and less commissions and interest received from credit business.

**Underlying earnings** decreased by €3 million (+353%) to €-4 million due to lower commission margin mainly from lower fees in the credit business partly offset by lower expenses.

**Adjusted earnings and net income** decreased by €3 million to €-4 million driven by lower underlying earnings.

## Holdings and other companies

The Holdings and other companies consist of AXA's non-operating companies, including mainly AXA parent company, AXA France Assurance, AXA Financial, AXA Asia Pacific Holdings, AXA United Kingdom Holdings, AXA Germany Holdings, AXA Belgium Holdings, CDOs and real estate companies.

### *Underlying, Adjusted earnings and Net Income*

(in Euro million)

	HY 2009	HY 2008	FY 2008
AXA	(251)	(114)	(437)
Other French holdings companies	(19)	(5)	(4)
Foreign holdings companies	(146)	(134)	(250)
Others (a)	2	8	22
<b>UNDERLYING EARNINGS</b>	<b>(415)</b>	<b>(245)</b>	<b>(668)</b>
Net realized capital gains or losses attributable to shareholders	11	282	1,185
<b>ADJUSTED EARNINGS</b>	<b>(404)</b>	<b>37</b>	<b>517</b>
Profit or loss on financial assets (under Fair Value option) & derivatives	331	(275)	(535)
Exceptional operations (including discontinued operations)	10	0	0
Goodwill and related intangibles impacts	0	0	0
Integration costs	0	0	0
<b>NET INCOME</b>	<b>(63)</b>	<b>(238)</b>	<b>(19)</b>

(a) Includes notably CDOs and real estate entities.

## AXA<sup>19</sup>

**Underlying earnings** decreased by €137 million to €-251 million mainly due to:

- €-40 million higher financial charges mainly linked to higher US Dollar/Euro and Yen/Euro rates increasing the interest charge denominated in foreign currencies,
- €-33 million loss related to an internal swap (expected to be nil on a full year basis as dividends are completely paid during first half of the year and interest charge accrued throughout the year),
- €-33 million lower result on hedging of earnings denominated in foreign currencies.

**Adjusted earnings** decreased by €367 million to €-221 million driven by the underlying earnings evolution and by the lower impact of equity derivatives from €+284 million in 2008 to €+34 million in 2009.

**Net income** increased by €150 million to €59 million mainly driven by:

- the adjusted earnings evolution of €-367 million,
- €+392 million change in the mark to market on interest rate and foreign exchange derivatives instruments which are not eligible to hedge accounting,
- €+115 million related to the decrease in the time value of equity derivatives.

<sup>19</sup> All the figures are after tax.

## Other French holding companies

### AXA France Assurance.

**Underlying earnings, adjusted earnings** and **net income** decreased by €10 million to €-23 million, mainly due to the increase in tax expenses (€9 million) resulting from higher dividends (eliminated in consolidation) received from operational entities.

### Other French holdings.

**Underlying earnings** decreased by €4 million to €4 million mainly due to lower investment income.

**Adjusted earnings** decreased by €40 million to €0 million mainly driven by €32 million lower net realized capital gains.

**Net income** decreased by €33 million to €-2 million driven by adjusted earnings evolution partly offset by a favorable change in fair value of derivatives non eligible to hedge accounting (from a €9 million loss in 2008 to a €2 million loss in 2009).

## Foreign Holding Companies

### AXA Financial Inc.

**Underlying earnings** decreased by €20 million (-41%) to €-68 million. On a constant exchange rate basis, underlying earnings decreased by €11 million (-23%) primarily due to a €27 million increase in net interest expenses partially offset by a higher income tax benefit ( €+14 million) reflecting a lower tax cost on stock based compensation.

**Adjusted earnings** decreased by €20 million (-41%) to €-68 million. On a constant exchange rate basis, adjusted earnings decreased by €11 million (-23%) due to lower underlying earnings.

**Net income** decreased by €14 million (-29%) to €-63 million. On a constant exchange rate basis, net income decreased by €6 million (-12%) due to lower adjusted earnings partially offset by an increase in the fair value of interest rate derivatives.

### AXA Asia Pacific Holdings<sup>20</sup>

**Underlying earnings** increased by €4 million (+51%) to €-4 million. On a constant exchange rate basis, underlying earnings increased by €3 million (+44%) due to lower interest expenses partially offset by higher Asian regional corporate expenses.

**Adjusted earnings** increased by €6 million (+82%) to €-1 million. On a constant exchange rate basis, adjusted earnings increased by €6 million (+80%) driven by underlying earnings evolution and realized gains from interest rate swaps.

**Net income** increased by €10 million (+113%) to €1 million. On a constant exchange rate basis, net income increased by €10 million (+114%) as a result of a foreign exchange revaluation gain on the US Dollar denominated debt.

### AXA UK Holdings

**Underlying earnings** increased by €18 million (+59%) to €-13 million. On a constant exchange rate basis, underlying earnings increased by €16 million (+53%) principally reflecting a €13 million release of deferred tax provision held against an overseas dividend payment.

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<sup>20</sup> AXA interest in AXA Asia Pacific Group is 53.81% broken down into 53.59% direct interest holding and an additional 0.22% owned by the AAPH Executive plan trust.

**Adjusted earnings** increased by €18 million (+58%) to €-13 million. On a constant exchange rate basis, adjusted earnings increased by €16 million (+52%) in line with underlying earnings.

**Net income** increased by €99 million (+177%) to €43 million. On a constant exchange rate basis, net income increased by €106 million (+189%) reflecting adjusted earnings evolution together with €90 million exchange rate gain primarily arising from the revaluation of Euro-denominated inter-company loans.

### ***German Holding companies***

**Underlying earnings** increased by €4 million (+16%) to €-20 million driven by €9 million lower net interest charges partly offset by increase in administrative expenses.

**Adjusted earnings** decreased by €6 million (-18%) to €-41 million due to impairments on equities.

**Net income** decreased by €6 million (-18%) to €-41 million due to adjusted earnings.

### ***Belgium Holding companies***

**Underlying earnings** increased by €9 million (+83%) to €-2 million mainly due to lower tax expenses resulting from lower dividends (eliminated in consolidation) received from operational entities.

**Adjusted earnings** and **net income** increased by €9 million (+83%) to €-2 million in line with underlying earnings.

### ***Mediterranean and Latin American Region Holdings***

**Underlying earnings** decreased by €16 million to €-43 million. On a comparable exchange rate basis, underlying earnings decreased by €16 million due to higher interest charges resulting from the purchase of ING Seguros (Mexico).

**Adjusted earnings** and **net income** decreased by €16 million to €-43 million. On a comparable exchange rate basis, adjusted earnings and net income decreased by €16 million in line with underlying earnings.

## **Other**

### ***CFP***

**Underlying earnings, adjusted earnings** and **net income** decreased by €-7 million (-83%) to €2 million driven by lower positive run-off developments.

## Outlook

Our confidence in AXA Group's strategy is supported by the solid performance recorded during the first half of 2009, as well as the efficiency of the risk management actions undertaken to mitigate the consequences of the crisis.

The insurance sector and AXA were not immune to the adverse market environment. However, the Group demonstrated its capacity to act quickly and to take the necessary actions in order to preserve a solid balance sheet, manage business efficiently and maintain the trust of our customers.

Going forward, we are prepared to withstand a further possible market downturn and we are well positioned to benefit from a market upturn: we have not stopped investing and focusing on our core business in a market with continuing growth potential.

# Glossary

## **COMPARABLE BASIS FOR REVENUES AND ANNUALIZED PREMIUMS EQUIVALENT**

On a comparable basis means that the 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). It also means that 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).

## **ADJUSTED EARNINGS**

**Adjusted earnings** represent the net income (group share) before the impact of:

- (i) Exceptional operations (primarily change in scope and discontinued operations)
- (ii) Integration and restructuring costs related to material newly acquired companies
- (iii) Goodwill and other related intangibles, and
- (iv) Profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder), foreign exchange impacts on assets and liabilities, and derivatives related to invested assets.

Derivatives related to invested assets:

- include all foreign exchange derivatives, except the ones related to currency options in earnings hedging strategies which are included in underlying earnings,
- exclude derivatives related to insurance contracts evaluated according to the “selective unlocking” accounting policy,
- and also exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities and real estate 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 excluding net capital gains or losses attributable to shareholders.

Net capital gains or losses attributable to shareholders include the following elements net of tax:

- realized gains and losses and change in impairment valuation allowance (on assets not designated under fair value option or trading assets),
- cost at inception, intrinsic value and pay-off of derivatives involved in the economic hedging of realized gains and impairments of equity securities and real estate backing general account and shareholders’ funds,
- related impact on policyholder participation (Life & Savings business),
- DAC and VBI amortization or other reactivity to those elements if any (Life & Savings business) and net of hedging if any.

## **EARNINGS PER SHARE**

Earnings per share (**EPS**) represent AXA's consolidated earnings (including interest charges and foreign exchange impacts related to perpetual debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares.

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (including interest charges and foreign exchange impacts related to perpetual debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares, on a diluted basis (that is to say including the potential impact of all

outstanding dilutive stock options being exercised performance shares, and conversion of existing convertible debt into shares, provided that their impact is not anti-dilutive).

## **RETURN ON EQUITY (“ROE”)**

The calculation is prepared with the following principles:

- For net income ROE: Calculation is based on consolidated financial statements, i.e. shareholders' equity including perpetual debt (“Super Subordinated Debts” TSS / “Perpetual Subordinated Debts” TSDI) and Other Comprehensive Income “OCI”, and net income not reflecting any interest charges on TSS / TSDI.
- For adjusted and underlying ROE :
  - All perpetual debts (TSS / TSDI) are treated as financing debt, thus excluded from shareholders' equity
  - Interest charges on TSS / TSDI are deducted from earnings
  - OCI is excluded from the average shareholders' equity.

## **LIFE & SAVINGS MARGIN ANALYSIS**

Life & Savings margin analysis is presented on an underlying basis.

Even though the presentation of 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. As a result, the operating income under the Margin Analysis is equal to that reported in AXA's Statement of Income for the segment.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Margin Analysis as set out below.

- For insurance contracts and investment contracts with Discretionary Participation Features (DPF):
  - (i) Gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between “Fees and Revenues” and “Net Technical Margin”.
  - (ii) 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”.
  - (iii) The “Investment margin” represents the net investment result in the Statement of Income and is adjusted to take into account the related policyholders' 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 and Revenues”.
  - (iv) 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:
  - (i) 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”.
  - (ii) Change in UFR (Unearned Fees 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.

**Underlying Investment margin** includes the following items:

- (i) Net investment income
- (ii) 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.

### **Underlying Fees & Revenues** include:

- (i) Revenues derived from mutual fund sales (which are part of consolidated revenues),
- (ii) Loading charged to policyholders on premiums / deposits and fees on funds under management for separate account (unit-linked) business,
- (iii) Loading on (or contractual charges included in) premiums / deposits received on all non unit-linked product lines,
- (iv) Deferral income such as capitalization net of amortization of URR (Unearned Revenue Reserve) and UFR (Unearned Fee Reserve),
- (v) Other fee revenues, e.g., fees received on financial planning or sales of third party products.

### **Underlying Net Technical margin** includes the following components:

- (i) Mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefits and claims. It is equal to the difference between income for assuming risk and the actual cost of benefits. This margin does not include the claims handling costs and change in claims handling cost reserves,
- (ii) Surrender margin: The difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination,
- (iii) GMxB (Variable Annuity guarantees) Active Financial Risk Management is the net result from GMxB lines corresponding to explicit charges related to these types of guarantees less cost of hedge. It also includes the unhedged business result,
- (iv) Policyholder bonuses if the policyholder participates in the risk margin,
- (v) Ceded reinsurance result,
- (vi) Other changes in insurance reserves are all the reserves strengthening or release coming from changes in valuation assumptions, additional reserves for mortality risk and other technical impacts such as premium deficiency.

### **Underlying Expenses** are:

- (i) Acquisition expenses, including commissions and general expenses allocated to new business, related to insurance products as well as to other activities (e.g., mutual fund sales),
- (ii) 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,
- (iii) Amortization of acquisition expenses on current year and prior year new business, including the impact of interest capitalized: amortization charge for Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF,
- (iv) Administrative expenses,
- (v) Claims handling costs,
- (vi) 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, as well as amortization of other intangibles related to the inforce business

**Life & Savings underlying cost income ratio:** Underlying expenses plus underlying VBI amortization divided by "underlying" operating margin, where "Underlying" operating margin is the sum of (i) Underlying Investment margin; (ii) Underlying Fees and revenues, and (iii) Underlying Net technical Margin (all items defined above).

**PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)**

**Underlying net investment result** includes the net investment income less the recurring interests credited to insurance annuity reserves

**Underlying net technical result** is the sum of the following components:

- (i) Earned premiums, gross of reinsurance,
- (ii) Claims charges, gross of reinsurance,
- (iii) Change in claims reserves, including claims handling costs reserves, gross of reinsurance, less the recurring interests credited to insurance annuity reserves,
- (iv) Claims handling costs,
- (v) Net result of ceded reinsurance.

**Current accident year loss ratio** net of reinsurance is the ratio of:

- (i) current year claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on current accident year excluding the recurring interests credited to the insurance annuity reserves, to
- (ii) Earned revenues, gross of reinsurance.

**All accident year loss ratio** net of reinsurance is the ratio of:

- (i) all accident years claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on all accident years excluding the recurring interests credited to the insurance annuity reserves, to
- (ii) Earned revenues, gross of reinsurance.

**Underlying expense ratio** is the ratio of:

- (i) Underlying expenses (excluding claims handling costs), to
- (ii) Earned revenues, gross of reinsurance.

Underlying expenses include two components: expenses (including commissions) related to acquisition of contracts (with the related **acquisition ratio**) and all other expenses (with the related **administrative expense ratio**). Underlying expenses exclude customer intangible amortization and integration costs related to material newly acquired companies.

The **underlying combined ratio** is the sum of the underlying expense ratio and the all accident year loss ratio.

**ASSET MANAGEMENT**

**Net New Money:** Inflows of client money less outflows of client money. Net New Money measures 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:** (general expenses including distribution revenues) / (gross revenues excluding distribution revenues).

**redefining** / standards



# Consolidated financial statements

June 30, 2009

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# CONSOLIDATED BALANCE SHEET

**Assets**

(in Euro million)

Notes		June 30, 2009	December 31, 2008 Restated (c) (d)
	Goodwill	16,999	16,998
	Value of purchased business in force (a)	4,203	4,405
	Deferred acquisition costs and equivalent	19,422	18,756
	Other intangible assets	3,104	3,156
	<b>Intangible assets</b>	<b>43,728</b>	<b>43,315</b>
	Investments in real estate properties	15,414	15,256
	Financial investments	339,491	341,170
	Loans	25,326	25,706
	Assets backing contracts where the financial risk is borne by policyholders (b)	141,482	131,990
4	<b>Investments from insurance activities</b>	<b>521,713</b>	<b>514,123</b>
4	<b>Investments from banking and other activities</b>	<b>12,604</b>	<b>12,615</b>
	<b>Investments in associates - Equity method</b>	<b>976</b>	<b>1,018</b>
	<b>Reinsurers' share in insurance and investment contracts liabilities</b>	<b>11,549</b>	<b>11,745</b>
	Tangible assets	1,486	1,496
	Other long-term assets	83	548
	Deferred policyholders' participation assets	3,313	2,232
	Deferred tax assets	4,803	5,396
	<b>Other assets</b>	<b>9,685</b>	<b>9,672</b>
	Receivables arising from direct insurance and inward reinsurance operations	13,899	12,629
	Receivables arising from outward reinsurance operations	1,433	1,142
	Receivables arising from banking activities	18,051	18,604
	Receivables - current tax	1,948	2,524
	Other receivables	12,176	13,531
	<b>Receivables</b>	<b>47,507</b>	<b>48,430</b>
	<b>Assets held for sale including discontinued operations</b>	<b>414</b>	<b>415</b>
	<b>Cash and cash equivalents</b>	<b>26,563</b>	<b>32,227</b>
	<b>TOTAL ASSETS</b>	<b>674,739</b>	<b>673,560</b>

All invested assets are shown net of related derivative instruments impact.

(a) Amounts gross of tax.

(b) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(c) AXA Japan's balances were translated using December 31, 2008 exchange rates.

(d) 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.

**Liabilities**

(in Euro million)

Notes		June 30, 2009	December 31, 2008 Restated (d) (e)
	Share capital and capital in excess of nominal value	21,841	22,077
	Reserves and translation reserve	15,648	14,440
	Net consolidated income for the period - Group share (c)	1,323	923
	Shareholders' equity – Group share	38,811	37,440
	Minority interests	3,380	3,058
5	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>42,191</b>	<b>40,498</b>
	Liabilities arising from insurance contracts	333,443	330,561
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders (a)	90,724	85,916
	<b>Total liabilities arising from insurance contracts</b>	<b>424,167</b>	<b>416,476</b>
	Liabilities arising from investment contracts with discretionary participating features	39,660	38,081
	Liabilities arising from investment contracts with no discretionary participating features	1,026	1,295
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	8,587	7,840
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	42,431	38,680
	<b>Total liabilities arising from investment contracts</b>	<b>91,704</b>	<b>85,896</b>
	Unearned revenue and unearned fee reserves	2,633	2,454
	Liabilities arising from policyholders' participation	12,651	13,859
	Derivative instruments relating to insurance and investment contracts	(534)	(1,176)
	<b>LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS</b>	<b>530,621</b>	<b>517,509</b>
	<b>Provisions for risks and charges</b>	<b>9,509</b>	<b>9,348</b>
	Subordinated debt	6,428	6,734
	Financing debt instruments issued	5,047	6,564
	Financing debt owed to credit institutions	186	1,216
6	<b>Financing debt (b)</b>	<b>11,660</b>	<b>14,514</b>
	<b>Deferred tax liabilities</b>	<b>3,814</b>	<b>3,609</b>
	Minority interests of controlled investment funds and puttable instruments held by minority interest holders	4,408	5,108
	Other debts instruments issued, notes and bank overdrafts (b)	6,165	6,676
	Payables arising from direct insurance and inward reinsurance operations	5,872	7,167
	Payables arising from outward reinsurance operations	5,973	6,211
	Payables arising from banking activities (b)	21,262	20,890
	Payables – current tax	1,542	2,130
	Derivative instruments relating to other financial liabilities	235	23
	Other payables (c)	31,486	39,876
	<b>Payables</b>	<b>76,945</b>	<b>88,082</b>
	<b>Liabilities held for sale including discontinued operations</b>	<b>-</b>	<b>-</b>
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>674,739</b>	<b>673,560</b>

(a) Also includes liabilities arising from contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(b) Amounts are shown net of related derivative instruments impact.

(c) AXA Japan closes its full year accounts at the end of September. According to IFRS principles whereby the financial statements of the subsidiary shall be adjusted to reflect the effects of significant events that would have been recognised with a closing date aligned with the AXA Group, AXA Japan's 2008 accounts were adjusted by €-106 million with the provisional loss reflecting the further increase of the credit spreads from October to December 2008. This adjustment was reversed in half year 2009.

(d) AXA Japan's balances were translated using December 31, 2008 exchange rates.

(e) 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.

**Liabilities**

(in Euro million)

	June 30, 2009	December 31, 2008 Restated (a)
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	90,724	85,916
Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	8,587	7,840
Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	42,431	38,680
<b>Total Liabilities arising from contracts where the financial risk is borne by policyholders</b>	<b>141,741</b>	<b>132,436</b>
Liabilities arising from insurance contracts	333,443	330,561
Liabilities arising from investment contracts with discretionary participating features	39,660	38,081
Liabilities arising from investment contracts with no discretionary participating features	1,026	1,295
<b>Total Liabilities arising from other insurance and investment contracts</b>	<b>374,130</b>	<b>369,936</b>

(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.

# CONSOLIDATED STATEMENT OF INCOME

Notes	(In Euro million, except EPS in Euro)	
	June 30, 2009	June 30, 2008
Gross written premiums	45,770	45,942
Fees and charges relating to investment contracts with no participating features	274	342
<b>Revenues from insurance activities</b>	<b>46,044</b>	<b>46,284</b>
Net revenues from banking activities	192	194
Revenues from other activities	2,178	2,841
<b>Revenues (a)</b>	<b>48,414</b>	<b>49,319</b>
<b>Change in unearned premiums net of unearned revenues and fees</b>	<b>(3,279)</b>	<b>(3,158)</b>
Net investment income (b)	5,911	9,481
Net realized investment gains and losses (c)	(541)	1,545
Change in fair value of other investments designated as at fair value through profit or loss (h)	1,832	(19,310)
of which change in fair value of assets with financial risk borne by policyholders (e)	3,132	(14,755)
Change in investments impairment (d)	(1,464)	(1,546)
<b>Net investment result excluding financing expenses</b>	<b>5,737</b>	<b>(9,829)</b>
Technical charges relating to insurance activities (e)	(38,393)	(23,724)
Net result from outward reinsurance	(387)	(573)
Bank operating expenses	(54)	(23)
Acquisition costs	(4,358)	(4,018)
Amortization of the value of purchased business in force	(96)	(134)
Administrative expenses	(4,990)	(4,981)
Change in tangible assets impairment	(0)	(2)
Change in goodwill impairment and other intangible assets impairment	(62)	(53)
Other income and expenses	(254)	(88)
<b>Other operating income and expenses</b>	<b>(48,595)</b>	<b>(33,596)</b>
<b>Income from operating activities before tax</b>	<b>2,278</b>	<b>2,735</b>
Income arising from investments in associates - Equity method	(13)	18
Financing debts expenses (f)	(250)	(350)
<b>Operating income before tax</b>	<b>2,015</b>	<b>2,404</b>
Income tax (g)	(572)	(9)
<b>Net operating income</b>	<b>1,443</b>	<b>2,395</b>
Result from discontinued operations net of tax	-	-
<b>Net consolidated income</b>	<b>1,443</b>	<b>2,395</b>
Split between :		
Net consolidated income - Group share	1,323	2,162
Net consolidated income - Minority interests	121	234
 <b>7 Earnings per share</b>	<b>0.50</b>	<b>1.07</b>
<b>Fully diluted earnings per share</b>	<b>0.50</b>	<b>1.07</b>

(a) Gross of reinsurance.

(b) Net of investment management costs.

(c) Includes impairment releases on investments sold.

(d) Excludes impairment releases on investments sold.

(e) Offset by a balancing entry in technical charges relating to insurance activities.

(f) Includes net balance of income and expenses related to derivatives on financing debt (however excludes change in fair value of these derivatives).

(g) The Income tax line item as at June 30, 2008 includes an out-of-period adjustment related to the prior years' double recognition of Deferred tax liabilities in relation with the changes in fair values of assets held by some consolidated investment funds (€188 million). The Group evaluated the impact for each individual year and in aggregate and concluded that they were immaterial to the financial statements for all years in which they were included. The prior years' Income tax expense recognised since the transition to IFRS was overstated by €13 million as at December 31, 2004, €51 million as at December 31, 2005, €36 million as at December 31, 2006, €88 million as at December 31, 2007 (€6 million as at June 30, 2007).

(h) AXA Japan closes its full year accounts at the end of September. According to IFRS principles whereby the financial statements of the subsidiary shall be adjusted to reflect the effects of significant events that would have been recognised with a closing date aligned with the AXA Group, AXA Japan's 2008 accounts were adjusted by €-106 million with the provisional loss reflecting the further increase of the credit spreads from October to December 2008. This adjustment was reversed in half year 2009.

# CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD

	(in Euro million)	
	June 30, 2009	June 30, 2008
Reserves relating to changes in fair value through shareholders' equity	953	(4,356)
Translation reserves	390	(585)
Employee benefits actuarial gains and losses through OCI	(439)	(149)
<b>Net gains and losses recognized directly through shareholders' equity</b>	<b>904</b>	<b>(5,090)</b>
Net consolidated income (a)	1,443	2,395
<b>Total recognized income and expense for the period (SORIE)</b>	<b>2,347</b>	<b>(2,694)</b>
<i>Split between :</i>		
SORIE - Group share	2,135	(2,733)
SORIE - Minority interests	212	38

(a)AXA Japan closes its full year accounts at the end of September. According to IFRS principles whereby the financial statements of the subsidiary shall be adjusted to reflect the effects of significant events that would have been recognised with a closing date aligned with the AXA Group, AXA Japan's 2008 accounts were adjusted by €-106 million with the provisional loss reflecting the further increase of the credit spreads from October to December 2008 . This adjustment was reversed in half year 2009.

The consolidated statement of shareholders' equity is presented in Note 5.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)

	June 30, 2009	June 30, 2008
<b>Operating income before tax</b>	<b>2,015</b>	<b>2,404</b>
Net amortization expense (a)	294	241
Change in goodwill impairment and other intangible assets impairment (c)	62	53
Net change in deferred acquisition costs and equivalent	(600)	(1,116)
Net increase / (write back) in impairment on investments, tangible and other intangible assets	1,469	1,552
Change in fair value of investments at fair value through profit or loss (j)	(1,389)	17,895
Net change in liabilities arising from insurance and investment contracts (b)	7,773	(6,210)
Net increase / (write back) in other provisions (d)	(28)	(50)
Income arising from investments in associates – Equity method	13	(18)
<b>Adjustment of non cash balances included in the operating income before tax</b>	<b>7,593</b>	<b>12,346</b>
Net realized investment gains and losses	1,359	(1,223)
Financing debt expenses	250	350
<b>Adjustment for reclassification to investing or financing activities</b>	<b>1,609</b>	<b>(873)</b>
Dividends recorded in profit or loss during the period	(664)	(1,291)
Interests paid & received recorded in profit or loss during the period	(5,846)	(8,736)
<b>Adjustment of transactions from accrued to cash basis</b>	<b>(6,510)</b>	<b>(10,027)</b>
Net cash impact of deposit accounting	121	6
Dividends and interim dividends collected	658	1,424
Interests collected	7,187	10,222
Interests paid (excluding interests on financing and perpetual debts)	(659)	(1,052)
Change in operating receivables and payables (e)	(2,263)	(3,118)
Net cash provided by other assets and liabilities (g)	238	(1,005)
Tax expenses paid	248	(1,060)
Other operating cash impact and non cash adjustment	380	1,440
<b>Net cash impact of transactions with cash impact not included in the operating income before tax</b>	<b>5,910</b>	<b>6,857</b>
<b>Net cash provided by operating activities</b>	<b>10,617</b>	<b>10,707</b>
Purchase of subsidiaries and affiliated companies, net of cash acquired	(192)	(83)
Disposal of subsidiaries and affiliated companies, net of cash ceded	(0)	(26)
<b>Net cash related to changes in scope of consolidation</b>	<b>(193)</b>	<b>(109)</b>
Sales of debt securities (g)	29,008	26,620
Sales of equity securities and non controlled investment funds (f) (g)	7,425	13,533
Sales of investment properties held directly or not (g)	173	803
Sales and/or repayment of loans and other assets (g) (h)	19,611	23,453
<b>Net cash related to sales and repayments of investments (f) (g) (h)</b>	<b>56,217</b>	<b>64,410</b>
Purchases of debt securities (g)	(36,098)	(31,576)
Purchases of equity securities and non controlled investment funds (f) (g)	(6,401)	(13,922)
Purchases of investment properties held direct or not (g)	(532)	(1,145)
Purchases and/or issues of loans and other assets (g) (h)	(18,561)	(25,727)
<b>Net cash related to purchases and issuance of investments (f) (g) (h)</b>	<b>(61,592)</b>	<b>(72,371)</b>
Sales of tangible and intangible assets	4	6
Purchases of tangible and intangible assets	(153)	(233)
<b>Net cash related to sales and purchases of tangible and intangible assets</b>	<b>(149)</b>	<b>(226)</b>
Increase in collateral payable / Decrease in collateral receivable	5,641	2,001
Decrease in collateral payable / Increase in collateral receivable	(11,634)	(2,177)
<b>Net cash impact of assets lending / borrowing collateral receivables and payables</b>	<b>(5,994)</b>	<b>(176)</b>
<b>Other investing cash impact and non cash adjustment</b>	<b>(340)</b>	<b>1,590</b>
<b>Net cash provided by investing activities</b>	<b>(12,051)</b>	<b>(6,882)</b>
Issuance of equity instruments	254	155
Repayments of equity instruments	(132)	(19)
Transactions on treasury shares	(106)	(5)
Dividends payout	(929)	(2,752)
Interests on perpetual debts paid	(120)	(119)
<b>Net cash related to transactions with shareholders</b>	<b>(1,033)</b>	<b>(2,740)</b>
Cash provided by financial debts issuance	1,047	1,949
Cash used for financial debts repayments	(3,561)	(89)
Interests on financing debt paid (i)	(276)	(171)
<b>Net cash related to Group financing</b>	<b>(2,790)</b>	<b>1,689</b>
<b>Other financing cash impact and non cash adjustment</b>	<b>(30)</b>	<b>59</b>
<b>Net cash provided by financing activities</b>	<b>(3,853)</b>	<b>(991)</b>

<b>Net cash provided by discontinued operations</b>	-	(0)
<b>Cash and cash equivalent as at January 1 (j)</b>	<b>30,811</b>	<b>17,192</b>
Net cash provided by operating activities	10,617	10,707
Net cash provided by investing activities	(12,051)	(6,882)
Net cash provided by financing activities	(3,853)	(991)
Net cash provided by discontinued operations	-	(0)
Impact of change in consolidation method	3	38
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	(252)	(457)
<b>Cash and cash equivalent as at June 30 (j)</b>	<b>25,277</b>	<b>19,645</b>

(a) Includes premium/discount capitalization and relating amortization, amortization of investment and owner occupied properties (held directly).

(b) Includes impact of reinsurance and change in liabilities arising from contracts where the financial risk is borne by policyholders.

(c) Includes impairment and amortization of intangible assets booked during business combinations.

(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 impact of asset lending / borrowing and equivalent relating to banking activities.

(f) Includes equity securities held directly or by controlled investment funds as well as non controlled investment funds.

(g) Includes relating derivatives.

(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.

	(in Euro million)	
	June 30, 2009	June 30, 2008
Cash and cash equivalents as at June 30	26,563	21,974
Bank overdrafts (a)	(1,286)	(2,329)
<b>Net cash and cash equivalents as at June 30 (b)</b>	<b>25,277</b>	<b>19,645</b>

(a) Included in "Other debt instruments issued and bank overdrafts".

(b) The "Cash and cash equivalents" balances shown in the statement of consolidated cash flows do not include cash balances of consolidated investment funds from the Satellite Investment Portfolio (see note 1.7.2). The "Cash and cash equivalents" item in the statement of consolidated cash flows excludes cash backing contracts where the financial risk is borne by policyholders (unit-linked contracts).

# 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 for an international financial services group focused on financial protection. AXA operates principally in Europe, North America and Asia-Pacific. The list of the main entities included in the scope of the AXA’s consolidated financial statements is provided in Note 2 of the notes to the interim consolidated financial statements.

AXA operates in the following primary business segments:

- Life & Savings,
- Property & Casualty,
- International Insurance,
- Asset Management,
- Banking.

AXA has its primary listing on the Paris stock exchange’s Euronext market and has been listed since June 25, 1996 on the New York Stock Exchange.

These interim consolidated financial statements including all Notes were finalized by the Management Board on July 31, 2009.

## 1.2. *General accounting principles*

### 1.2.1. *Basis for preparation*

AXA’s interim consolidated financial statements are prepared as at June 30. However, certain entities within AXA have a different reporting half year end, in particular AXA Life Japan, which has a March 31 financial half-year end.

The interim consolidated financial statements were prepared in compliance with IFRS standards according to IAS 34 – Interim Financial Reporting and IFRIC interpretations that were definitive and effective as at June 30, 2009, as adopted by the European Union before the balance sheet date. However, the Group does not use the “carve out” option to avoid applying all the hedge accounting principles required by IAS 39. As a consequence, the consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (“IASB”).

### **Amendments to standards and Interpretations published and effective on January 1, 2009**

The application of the following standards, amendments to standards and interpretation, as of January 1, 2009, had no significant impact on the Group’s consolidated financial statements:

- IFRS 8 – Operating Segments, published in November 2006 and the amendment to IFRS 8, published in April 2009, replaces IAS 14 – Segment Reporting. The new standard requires disclosed operating segments to be based on the segmentation used in the entity’s internal reporting, on the basis of which operational heads allocate capital and resources to the various segments and assess the segments’ performance. The standard requires the entity to explain the basis on which segments are determined, and provide a reconciliation between consolidated balance sheet and income statement amounts. The segmental information provided by AXA in its previous consolidated financial statements already complied, for the major part, with the IFRS 8 requirements.
- The amendment to IAS 23 – Borrowing Costs, published on March 29, 2007, makes it compulsory to capitalize borrowing costs and removes the option to expense these costs. The amendment excludes eligible assets measured at fair value from the revised standard’s scope of application.
- Revised IAS 1 – Presentation of financial statements, published on September 6, 2007, represents the first step in the IASB’s comprehensive project on reporting financial information. The new standard requires to present all non-owner changes in equity either in one statement of comprehensive income or in two statements, to present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. It also requires to disclose income tax relating to each component of other comprehensive income and reclassification adjustments relating to components of other comprehensive income. Finally, revised IAS 1 changes the titles of financial statements.

- The amendment of IFRS 2 – Share based payments, published on January 17, 2008 clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- The amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments with Obligations Arising on Liquidation, published on February 14, 2008 respectively require i) certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met and ii) disclosure on these instruments.
- The Improvements to IFRSs, published on May 22, 2008, include amendments that are not part of a major project. They are presented in a single document rather than as a series of piecemeal changes. They involve accounting changes for presentation, recognition or measurement purposes and terminology or editorial changes with minimal effect on accounting.
- IFRIC 15, Agreements for the Construction of Real Estate, published July 3, 2008, applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11, Construction Contracts or IAS18, Revenue, and when revenue from the construction should be recognized.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation, published July 3, 2008, provides guidance to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. IFRIC 16 does not apply to other types of hedge accounting. The interpretation provides guidance on identifying the foreign currency risks that qualify for hedge accounting and where within a group, the hedging instrument can be held. The guidance is to be applied prospectively to transactions and hedging arrangements after the adoption date.
- The amendment to IFRS 7 Improving Disclosures about Financial Instruments, published March 5, 2009, introduces a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used (such as quoted prices, observable market data, other inputs). It also enhances disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which the entity is exposed.
- The amendments to IFRIC 9 and IAS 39 related to Embedded Derivatives, published March 12, 2009, clarify that, on reclassification of a financial asset out of the “at fair value through profit or loss” category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements. No reclassification of financial assets, such as allowed by the amendments to IAS39 published in 2008, was made by the Group.

On June 30, 2009, there is no standard or interpretation published by the IASB and effective as at January 1, 2009, but not yet endorsed by the European Union, which is applicable to the Group.

### **Standards and interpretations published but not yet effective**

Revised IFRS 3 – Business Combinations and amendments to IAS 27 – Consolidated and Separate Financial Statements, published on January 10, 2008 and effective for financial years beginning on or after July 1, 2009 with earlier adoption permitted, represent the second phase of the IASB business combination project. Revised IFRS 3 introduces a number of changes in the accounting of business combinations that could impact the amount of goodwill to be recognized, the net income of the period of the acquisition and future results. The amendments to IAS 27 require that a change in the ownership interest of a subsidiary be accounted for as an equity transaction, with no impact on goodwill or net income. In addition, they introduce changes in the accounting for losses incurred by subsidiaries and the loss of control of an entity. The changes will be applied prospectively to new acquisitions and transactions with minority interests after the adoption date.

Eligible Hedged Items (an amendment to IAS 39 Financial Instruments: Recognition and Measurement), published on July 31, 2008 and applicable for the Group from January 1, 2010, clarifies how the existing principles underlying hedge accounting should be applied. Additional guidance is given to illustrate how hedge accounting should be applied in (a) a one-sided risk in a hedge item, and (b) inflation in a financial hedged item. These amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

IFRIC 17. Distribution of Non-cash Assets to Owners, published on November 27, 2008 and applicable to the Group from January 1, 2010, provides guidance on how an entity should measure distribution of assets other than cash when it pays dividends to its owners. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. The guidance is to be applied prospectively to distributions after the adoption date.

The Improvements to IFRSs, published on April 16, 2009, include amendments that will not be part of another major project. They are presented in a single document rather than as a series of piecemeal changes. They are generally applicable from

January 1, 2010 unless otherwise specified. These amendments are not expected to have a significant impact on the Group's consolidated financial statements. Regarding the amendment to IFRS 8 – Operating segment, that relates to the disclosure requirements on total assets, AXA decided, as permitted, to early adopt it from January 1, 2009, in order to be consistent with the first application of IFRS 8 that also starts from January 1, 2009.

### **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 Group accounting principles described below. The main balance sheet captions concerned are goodwill (in particular impairment tests described in section 1.6.1), 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, 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 balance sheet, consolidated statement of income, consolidated statement of cash flows, consolidated statement of recognized income and expense for the period and in the notes are expressed in Euro million, and rounded up to the nearest whole unit, unless otherwise stated.

#### *1.2.2. First time adoption of IFRS*

The AXA Group's transition date is January 1, 2004. The Group prepared its opening IFRS balance sheet at that date. The Group's IFRS adoption date is January 1, 2005.

The major options elected in accordance with IFRS 1 were the following:

#### **Purchase Accounting, goodwill and other intangibles related to past business combinations performed prior to January 1, 2004**

AXA chose not to restate past business combinations based on the option available in IFRS 1. As a result, past business combinations prior to January 1, 2004 are accounted for on a previous GAAP basis in the IFRS financial statements, except:

- goodwill has been denominated in the functional currency of the acquired entity under IFRS since January 1, 2004 (transition to IFRS), and
- any item recognized under previous GAAP that did not qualify for recognition as an asset or liability under IFRS was reclassified into goodwill.

As a result, the goodwill gross value represents the gross value of these goodwills net of cumulated amortization recognised in French GAAP as at December 31, 2003.

#### **Currency Translation Differences**

AXA elected the option to reset to zero all past cumulative currency translation differences for all foreign operations as of January 1, 2004.

#### **Pension accounting**

All cumulative past actuarial gains and losses on all employee benefit plans were recognized in retained earnings as of January 1, 2004.

The AXA's accounting policies have been consistently applied to all the periods presented in its financial statements, including policies relating to the classification and measurement of insurance contracts, investment contracts and other financial investments and liabilities including derivatives.

### **1.3. Consolidation**

#### *1.3.1. Scope and basis of consolidation*

Companies in which AXA exercises control are known as subsidiaries. Under the current definition of IAS 27, control is the

power to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control according to the IAS 27 / SIC 12 current model is transferred to AXA. Control is presumed to exist when AXA directly or indirectly holds more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether AXA controls another entity.

Entities that are controlled in substance, even without any ownership interest, are also consolidated, as well as entities that are controlled in substance because of a specific statute or an agreement, even without any ownership interest. In particular this relates to special purpose entities, such as securitization vehicles.

Companies over which AXA exercises a joint controlling influence alongside one or more third parties are consolidated proportionately.

Companies in which AXA exercises significant long-term influence are accounted for under the equity method. Significant influence is presumed when AXA directly or indirectly holds 20% or more of the voting rights or, for example, when significant influence is exercised through an agreement with other shareholders. AXA's share of equity associates' post-acquisition profits or losses 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 proportionately consolidated or accounted for under the equity method, depending on which conditions of IAS 27 / SIC 12 listed above they satisfy. 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".

### *1.3.2. Business combinations: purchase accounting and goodwill including minority interests buyout*

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. The principles described below apply to the business combinations that occurred after January 1, 2004.

#### **Valuation of assets acquired and liabilities assumed of newly acquired subsidiaries and contingent liabilities**

Upon first consolidation, all assets, liabilities and contingent liabilities of the acquired company are estimated at their fair value. However as 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 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). 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 this exemption permitted by IFRS 4 in phase I of the IASB's insurance project, 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 intangible assets such as the value of customer relationships are recognized only if they can be measured reliably. The value of customer relationships intangible in this case represents the value of future cash flows expected from renewals and the cross-selling of new products to customers known and identified at the time of the acquisition. These projections include assumptions regarding claims, expenses and financial revenues, or they can be estimated on the basis of the new business value. In line with accounting practices in force before the adoption of IFRS, which may continue to be applied under IFRS 4, future premiums relating to acquired business may be recognized in the "Value of purchased business in force" item.

To the extent that these other intangible assets can be estimated separately and reliably, they can also be measured by looking at the purchased marketing resources that will allow to generate these future cash flows.

The nature of the intangible assets recognized is consistent with the valuation methods used when purchasing the acquired entity.

In the context of a business combination, only restructuring costs that can be measured reliably and which correspond to an existing liability of the acquired company prior to the acquisition date are included in restructuring provisions recognized in

the acquired company's balance sheet at acquisition date.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at completion date, plus external fees directly attributable to the acquisition.

The adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably. In the estimate of the contingent consideration, attention is paid to use assumptions that are consistent with the assumptions used for the valuation of intangible assets such as VBI. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly, taking account of the impact in terms of additional goodwill and/or adjustments of the valuation of acquired assets and liabilities.

If the transaction is denominated in a foreign currency, the exchange rate used is that in force on the date of the transaction or on the starting date of the transaction (if it occurs over a period).

### **Goodwill**

The excess of the cost of acquisition over the net fair value of the assets, liabilities and contingent liabilities acquired represents goodwill. 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 fair value of the assets, liabilities and contingent liabilities acquired, 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; however, the impact is offset by a reduction in goodwill through net income.

Goodwill is allocated across business segments (Life & Savings, Property & Casualty, International Insurance, Asset Management and Banking) 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.

### **Minority interests buyouts**

In the event of a minority interests buyout of a subsidiary, the new goodwill is recognized as the difference between the price paid for the additional shares and the shareholders' equity acquired (including changes in fair value posted through equity).

### **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, and since IFRIC's Agenda Committee decided in 2006 not to take any position on the accounting treatment of these transactions, 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 as an addition to goodwill. Similarly, subsequent changes in the liability will be recorded against goodwill.

### **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 or proportionate consolidation.

The effect on net income of transactions between consolidated entities is always eliminated, except for permanent losses, which are maintained.

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 balance sheet.

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 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 section 1.9.

As mentioned in section 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 hedge 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.

#### **1.5. *Segment reporting***

The segmental analysis provided in AXA's Annual Report and Financial Statements reflects both business lines (primary business segment) and geographical zones; it is based on five business lines: Life & Savings, Property & Casualty, International Insurance, Asset Management and Banking. An additional "Holdings" segment includes all non-operational activities.

#### **1.6. *Intangible assets***

##### **1.6.1. *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-criterion 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 market value 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 figures published by AXA or similar calculations for other activities. Market values are based on various valuation multiples.

### **1.6.2. 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 section 1.3.2) is amortized as profits emerge over the life of the contracts' portfolio. In conjunction with the liability adequacy test (see section 1.13.2), VBI is subject to annual recoverability testing based on actual experience and expected changes in the main assumptions.

### **1.6.3. Other intangible assets**

Other intangible assets include softwares 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, provided that their fair value can be measured reliably and it is probable that future economic benefits attributable to the assets will benefit to the Group. If these assets have a finite useful life, they are amortized 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 market value.

### **1.6.4. Deferred acquisition costs (DAC) relating to insurance contracts and investment contracts with discretionary participating features – Deferred origination costs (DOC) relating to investment contracts with no discretionary participating features**

The variable costs of writing insurance contracts and investment contracts with discretionary participating features, primarily related to the underwriting of new business, are deferred by recognizing an asset. This asset is amortized based on the estimated gross profits emerging over the life of the contracts. In conjunction to the liability adequacy test (see section 1.13.2) this asset is tested for recoverability: any amount above future estimated gross profits is not deemed recoverable and expensed.

For investment contracts with no discretionary participating features, a similar asset is recognized (DOC) but limited to 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. Investments from insurance, banking and other activities**

Investments include investment in real estate properties and financial instruments including equities, debt securities and loans.

### **1.7.1. Investment properties**

Investment properties (excluding investment properties totally or partially backing liabilities arising from contracts where the financial risk is borne by policyholders and from "With-Profit" contracts) are 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 properties that totally or partially back liabilities arising from:

- contracts where the financial risk is borne by policyholders,
- “With-Profit” contracts where dividends are based on real estate assets, are recognized at fair value with changes in fair value through profit or loss.

### *1.7.2. 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;
- loans and receivables (including unquoted debt instruments) 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.

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;
  - debts held by structured bond funds controlled and consolidated by the Group and made up of CDOs (Collateralized Debt Obligations);
- 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 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 P&L 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.

Loans which are not designated under the fair value option are accounted at amortized cost, net of amortized premiums and discounts and impairment.

#### **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 securities 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 securities 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 securities 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 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. 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 properties, debt securities or equity securities, etc). Details of these assets are provided in the notes.

## **1.9. 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.

### **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.

The Group holds financial investments that include embedded derivatives. Such embedded derivatives are separately recorded and measured at fair value through profit or loss if the impact is deemed significant.

For balance sheet presentation, derivatives are presented alongside with the underlying assets or liabilities for which they are used, regardless of whether these derivatives meet the criteria for hedge accounting.

## **1.10. 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.

Details on information presented in the balance sheet and income statement are provided in the notes to the consolidated financial statements.

## **1.11. 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.

## **1.12. Share capital and shareholders' equity**

### **1.12.1. 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.

### **1.12.2. Perpetual debts**

Perpetual debts 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 pressure from shareholders to pay a dividend).

### **1.12.3. Compound financial instruments**

Any financial instrument issued by the Group with an equity component (for example an option 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.

#### **1.12.4. 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. Liabilities arising from insurance and investment contracts**

#### **1.13.1. 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 the 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.

#### **1.13.2. Insurance contracts and investment contracts with discretionary participating features**

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 and selective changes as permitted by IFRS 4 (see paragraph below on guaranteed benefits).

**Unearned premium reserves** represent the prorated portion of written premiums that relates to unexpired risks at the balance sheet 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 regulation provided methods used are consistent with the Group's policies and using assumptions on investment yields, morbidity/mortality and expenses.

Additional reserves are booked if there are any adverse impacts on reserves level caused by a change in 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 calculated using a prospective approach based on discount rates set at inception (similar to the retrospective approach, i.e. "account balance"

methodology).

The discount rates used by AXA are less 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.

The “Liabilities arising from policyholders participation” caption includes the entire “Fund for Future Appropriation” (FFA) relating to UK with-profit contracts, which principally covers future terminal bonuses according to the terms of these contracts. The combination of provisions on with-profit contracts and the FFA varies in line with the market value of the assets supporting the participating with-profit funds. Technical reserves are measured on a “realistic” basis in accordance with UK accounting standard FRS 27 and in line with the practice used by UK insurance companies with respect to these contracts.

For insurance and investment contracts with discretionary participating features, if the contracts include a minimum guaranteed rate, any potential reserve deficiency caused by insufficient future investment return is immediately booked.

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 takes into account 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 contracts portfolios covered by the risk management program at that date. Any additional contracts 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.

### **Claims reserves (non-life insurance)**

The purpose of claims reserves is to cover the ultimate cost of settling an insurance claim. Claims reserves are not discounted, except when relating to 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.

### **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 (see section 1.6.4).

### **Shadow accounting and Deferred policyholders Participation Asset (DPA) or Liability (DPL)**

In compliance with IFRS 4 option, shadow accounting is applied to insurance and investment contracts with discretionary participating features. Shadow accounting is applied to technical liabilities, 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. 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 determined by applying an estimated participation rate to unrealized gains and losses.

Deferred policyholders participation is fully classified as liabilities (or assets). 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 is accounted, a deferred participating asset (DPA) should be recognized only to the extent that its recoverability toward future policyholders participation, by entity, is highly probable. That 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 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 or loss, along with any other entry impacting the income statement and generating a timing difference, are accounted in the statement of income with a corresponding shadow entry adjustment 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 also booked through shareholders' equity.

### **Liability adequacy test (LAT)**

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 liability or asset. To perform these tests, entities group contracts together according to how they have been acquired, are serviced and have their profitability measured. Entities also use current best estimates of all future contractual cash flows as well as claims handling and administration expenses, and they take into account embedded options and guarantees and investment yields relating to assets backing these contracts. Contract specific risks (insurance risk, asset return risk, inflation risk, persistency, adverse selection, etc.) directly related to the contracts that might make the net liabilities inadequate, are also considered.

Any identified deficiency is charged to the income statement, initially by respectively writing off DAC or VBI, and subsequently by establishing a LAT provision for losses arising from the liability adequacy test for any amount in excess of DAC and VBI. For non-life insurance contracts, an unexpired risk provision is accounted 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 if they are not considered as closely related to the host insurance contract and/or do not meet the definition of an insurance contract.

#### *1.13.3. 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" section 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 recognized under existing accounting policies are valued based on the fair value of the financial investments backing those contracts at the balance sheet date.

### **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 (see section 1.6.4).

#### *1.14. Reinsurance: Ceded reinsurance*

Transactions relating to reinsurance assumed and ceded are accounted in the balance sheet and income statement in a similar way to direct business transactions provided that these contracts meet the insurance contracts classification requirements and in agreement with contractual clauses.

#### *1.15. Financing debts*

Financing debts issued to finance the solvency requirements of an operational entity or to acquire a portfolio of contracts are isolated in a specific balance sheet aggregate.

#### *1.16. Other liabilities*

##### *1.16.1. Income taxes*

The half-year income tax charge is based on the best estimate of the expected full-year tax rate (if progressive tax rates, based on income levels) for each Group entity and for each tax category.

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 carryforwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. Therefore, deferred tax assets that are not expected to be recovered are derecognized.

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 a 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.

### *1.16.2. 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 framework 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 benefits is the difference between the Defined Benefit Obligation and the market value at the balance sheet date of the corresponding invested plan assets after adjustment at fair value. If the net result is negative, a provision is recorded in the balance sheet under the provision for risks and charges heading. If the net result is positive, a prepaid asset is recorded in the balance sheet. **Actuarial gains and losses** arising from experience adjustments and changes in actuarial assumptions are recognized in shareholders' equity (in the Statement of Recognized Income and Expense – SoRIE) in full in the period in which they occur. Similarly, any adjustment arising from the asset ceiling is recognized in shareholders' equity. Unrecognized past service cost represents non-vested benefits on the date of a change in the amount of benefits following an amendment to the plan. It is amortised on a straight-line basis over the average vesting period.

### *1.16.3. Share-based compensation plans*

Group's share-based compensation plans are predominantly equity-settled plans.

**All equity-settled share-based compensation plans granted** after November 7, 2002 and not fully vested as at January 1, 2004 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 specific French regulatory framework includes two options: traditional and leveraged

option.

The cost of the traditional option Shareplan is valued according to the specific guidance issued in France by the CNC (*Conseil National de la Comptabilité*). The cost of the leveraged option 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.

## **1.17. Provisions for risks, charges and contingent liabilities**

### **1.17.1. 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.

### **1.17.2. Other provisions and contingencies**

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of past events, when it is more likely than not 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 section 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.

## **1.18. Revenue recognition**

### **1.18.1. Gross written premiums**

Gross written premiums correspond to the amount of **premiums written** by insurance and reinsurance companies on business inceptioned in the year with respect to both insurance contracts and investment contracts with discretionary participating features, net of cancellations and gross of reinsurance ceded. For reinsurance, premiums are recorded on the basis of declarations made by the ceding company, and may include estimates of gross written premiums.

### **1.18.2. 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" section 1.13.3).

### **1.18.3. 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.

### **1.18.4. 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 to recognize 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, there are no situations in which all rights and obligations related to contracts are not recognized.

#### *1.18.5. Change in unearned premiums reserves net of unearned revenues and fees*

Changes in unearned premiums reserves net of unearned revenues and fees include both the change in the unearned premium reserve reported as a liability (see “Unearned premium reserves” in section 1.13.2) 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 section 1.13.2) and investment contracts with no discretionary participating features (see section 1.13.3 “Unearned fees reserves”).

#### *1.18.6. Net revenues from banking activities*

Net revenues from banking activities include all revenues and expenses from banking operating activities, including interests and banking fees.

They exclude bank operating expenses and change in bad debts provisions, doubtful receivables or loans, which are recorded in the item “Bank operating expenses”.

#### *1.18.7. Revenues from other activities*

Revenues from other activities mainly include:

- insurance companies revenues from non insurance activities, notably commissions received on sales or distribution of financial products,
- commissions received and fees for services relating to asset management activities, and
- rental income received by real estate management companies.

#### *1.18.8. Policyholders’ participation*

The half-year policyholders’ participation charge is based on the best estimate of the planned full-year distribution rate for each portfolio of contracts at each Group entity level.

#### *1.18.9. Net investment result excluding financing expenses*

The net investment result includes:

- investment income from investments from non banking activities, net of depreciation expense on real estate investments (depreciation expense relating to owner occupied properties is included in the “administrative expenses” aggregate); 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,
- 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” item (see section 1.18.6).

Any gain or loss arising from a decrease in AXA’s ownership interest in a consolidated entity is recorded in the net investment result, to the extent it does not result from an internal restructuring within the Group. The gain or loss corresponds to the change in AXA’s share of the subsidiary’s shareholders’ equity before and after the subsidiary equity transaction.

### 1.19. ***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

Parent and Holding Companies	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (d)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
AXA		Parent company	-	Parent company	
AXA China		100.00	77.37	100.00	77.18
AXA France Assurance		100.00	100.00	100.00	100.00
Colisée Excellence		100.00	100.00	100.00	100.00
AXA Participations II		100.00	100.00	100.00	100.00
Oudinot Participation		100.00	100.00	100.00	100.00
Société Beaujon		100.00	100.00	100.00	100.00
AXA Technology Services		100.00	99.99	100.00	99.99
<b>United States</b>					
AXA Financial, Inc.		100.00	100.00	100.00	100.00
AXA America Holding Inc.		100.00	100.00	100.00	100.00
<b>United Kingdom</b>					
Guardian Royal Exchange Plc		100.00	99.99	100.00	99.99
AXA UK Plc		100.00	99.99	100.00	99.99
AXA Equity & Law Plc		99.96	99.96	99.96	99.96
<b>Ireland</b>					
AXA Life Europe		100.00	100.00	100.00	100.00
<b>Asia/Pacific (excluding Japan)</b>					
National Mutual International Pty Ltd (a)		100.00	53.81	100.00	53.42
AXA Life Singapore Holding (a)		100.00	53.81	100.00	53.42
AXA Asia Pacific Holdings Ltd (c)		53.81	53.81	53.15	53.42
<b>Japan</b>					
AXA Japan Holding		98.40	98.40	98.40	98.40
<b>Germany</b>					
Kölnische Verwaltungs AG für Versicherungswerte		100.00	100.00	100.00	100.00
AXA Konzern AG		100.00	100.00	100.00	100.00
DBV-Winterthur Holding AG	Minority interest buyout	100.00	100.00	98.81	98.81
WinCom Versicherungs-Holding AG		100.00	100.00	100.00	100.00
Winterthur Beteiligungs-Gesellschaft mbH		100.00	100.00	100.00	100.00
<b>Belgium</b>					
AXA Holdings Belgium		100.00	100.00	100.00	100.00
<b>Luxembourg</b>					
AXA Luxembourg SA		100.00	100.00	100.00	100.00
<b>The Netherlands</b>					
Vinci BV		100.00	100.00	100.00	100.00
<b>Spain (MedLA) (b)</b>					
AXA Mediterranean Holding SA		100.00	100.00	100.00	100.00
<b>Italy (MedLA) (b)</b>					
AXA Italia SpA		100.00	100.00	100.00	100.00
<b>Morocco (MedLA) (b)</b>					
AXA Holding Maroc S.A.		100.00	100.00	100.00	100.00
<b>Turkey (MedLA) (b)</b>					
AXA Holding A.S.		100.00	100.00	100.00	100.00
<b>Switzerland</b>					
Finance Solutions SARL		100.00	100.00	100.00	100.00

(a) Wholly owned by AXA Asia Pacific Holdings Limited.

(b) "MedLA" country is part of the Mediterranean and Latin American Region.

(c) AXA interest in AXA Asia Pacific Group is 53.81% broken down into 53.59% direct interest holding and an additional 0.22% owned by the AAPH executive plan trust.

(d) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

Life & Savings and Property & Casualty	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (c)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
AXA France Iard		100.00	99.92	99.92	99.92
Avansur (formerly Direct Assurances Iard)		100.00	100.00	100.00	100.00
AXA France Vie		100.00	99.77	99.77	99.77
AXA Protection Juridique		99.99	98.51	98.51	98.51
<b>United States</b>					
AXA Financial (sub group)		100.00	100.00	100.00	100.00
<b>Canada</b>					
AXA Canada Inc. (sub group including Citadel)		100.00	100.00	100.00	100.00
<b>United Kingdom</b>					
AXA Insurance Plc		100.00	99.99	100.00	99.99
AXA Sun Life Plc		100.00	99.99	100.00	99.99
AXA PPP Healthcare Limited		100.00	99.99	100.00	99.99
Bluefin Advisory Services Limited		100.00	99.99	100.00	99.99
Bluefin Insurance Group Ltd	Deconsolidated (below materiality threshold)	-	-	97.84	97.83
Winterthur Life UK Limited		100.00	99.99	100.00	99.99
Whale CDO Equity Fund		99.98	99.97	99.98	99.97
<b>Ireland</b>					
AXA Insurance Limited		100.00	99.99	100.00	99.99
<b>Asia/Pacific (excluding Japan)</b>					
AXA Life Insurance Singapore (a)		100.00	53.81	100.00	53.42
AXA Australia New Zealand		100.00	53.81	100.00	53.42
AXA China Region Limited (including MLC Hong-Kong) (a)		100.00	53.81	100.00	53.42
AXA General Insurance Hong Kong Ltd.		100.00	100.00	100.00	100.00
AXA Insurance Singapore		100.00	100.00	100.00	100.00
PT AXA Life Indonesia		80.00	43.05	80.00	42.74
MLC Indonesia		100.00	53.81	100.00	53.42
Kyobo Automobile Insurance		92.36	92.36	92.36	92.36
AXA Affin General Insurance Berhad		50.48	50.48	50.48	50.48
<b>Japan</b>					
AXA Life Insurance		100.00	98.40	100.00	98.40
AXA Non Life Insurance Co., Ltd.		100.00	98.40	100.00	98.40
Winterthur Swiss Life Insurance Co., Ltd.		100.00	98.40	100.00	98.40
<b>Germany</b>					
AXA Versicherung AG		100.00	100.00	100.00	100.00
AXA Art		100.00	100.00	100.00	100.00
AXA Leben Versicherung AG		100.00	100.00	100.00	100.00
Pro Bav Pensionskasse		100.00	100.00	100.00	100.00
Deutsche Aerzteversicherung		100.00	100.00	100.00	100.00
AXA Kranken Versicherung AG		100.00	100.00	100.00	99.33
DBV-Winterthur Lebensversicherung AG		100.00	99.74	99.74	98.55
Winsecuria Pensionskasse AG		100.00	99.74	100.00	98.55
Rheinisch-Westfälische Sterbekasse Lebensversicherung AG	Minority interest buyout	100.00	100.00	100.00	98.81
DBV Deutsche Beamten-Versicherung AG	Minority interest buyout	100.00	100.00	100.00	98.81
DBV-Winterthur Versicherung AG (DWS)	Merged with AXA Versicherung AG	-	-	100.00	98.81
DBV-WinSelect Versicherung AG	Merged with AXA Versicherung AG	-	-	100.00	98.81
<b>Belgium</b>					
Ardenne Prévoyante		100.00	100.00	100.00	100.00
AXA Belgium SA		100.00	100.00	100.00	100.00
Servis (formerly Assurance de la Poste)		100.00	100.00	100.00	100.00
Assurances de la Poste Vie		100.00	100.00	100.00	100.00
Les Assurés Réunis		99.93	99.93	99.93	99.93
Touring Assurances SA		100.00	100.00	100.00	100.00
<b>Luxembourg</b>					
AXA Assurances Luxembourg		100.00	100.00	100.00	100.00
AXA Assurances Vie Luxembourg		100.00	100.00	100.00	100.00
<b>Spain (MedLA) (b)</b>					
Hilo Direct SA de Seguros y Reaseguros		100.00	100.00	100.00	100.00
Winterthur Vida y Pensiones		99.80	99.80	99.79	99.79
Winterthur Seguros Generales, S.A. de Seguros y Reaseguros		99.89	99.89	99.89	99.89
Winterthur Salud (SA de Seguros)		100.00	100.00	100.00	100.00
<b>Italy (MedLA) (b)</b>					
AXA Interlife		100.00	99.99	100.00	100.00
AXA Assicurazioni e Investimenti		100.00	99.99	100.00	99.99
AXA-MPS Vita		50,00	50,00	50,00	50,00
	+ 1 voting right			+ 1 voting right	+ 1 voting right
AXA-MPS Danni		50,00	50,00	50,00	+ 1 voting right
	+ 1 voting right				50,00
Quadrifoglio		50,00	50,00	50,00	+ 1 voting right
	+ 1 voting right				50,00
<b>Portugal (MedLA) (b)</b>					
AXA Portugal Companhia de Seguros SA		99.73	99.49	99.73	99.49
AXA Portugal Companhia de Seguros de Vida SA		95.09	94.89	95.09	94.89
Seguro Directo		100.00	100.00	100.00	100.00
<b>Morocco (MedLA) (b)</b>					
AXA Assurance Maroc		100.00	100.00	100.00	100.00
<b>Turkey (MedLA) (b)</b>					
AXA Oyak Hayat Sigorta AS		100.00	100.00	100.00	100.00
AXA Oyak Sigorta AS		72.55	72.55	72.55	72.55
<b>Gulf Region (MedLA) (b)</b>					
AXA Cooperative Insurance Company (Saudi Arabia)		50,00	34,00	50,00	34,00
AXA Insurance (Gulf) B.S.C.C.		50,00	50,00	50,00	50,00
<b>Greece (MedLA) (b)</b>					

AXA Insurance Life	99.89	99.89	99.89	99.89
AXA Insurance P&C	99.89	99.89	99.89	99.89
<b>Mexico (MedLA) (b)</b>				
Seguros ING Life	99.94	99.94	99.94	99.94
Seguros ING P&C	99.94	99.94	99.94	99.94
<b>Switzerland</b>				
AXA Life (previously Winterthur Life)	100.00	100.00	100.00	100.00
Winterthur-ARAG Legal Assistance	66.67	66.67	66.67	66.67
AXA Insurance (previously Winterthur Swiss Insurance P&C)	100.00	100.00	100.00	100.00
<b>Central and Eastern Europe</b>				
Winterthur Czech Republic Pension Funds	92.85	92.85	92.85	92.85
Winterthur Czech Republic Insurance	79.49	79.49	79.49	79.49
Winterthur Hungary	67.40	67.40	65.00	65.00
Winterthur Poland	65.00	65.00	65.00	65.00
Winterthur Poland Pension Funds	70.00	70.00	70.00	70.00
Winterthur Slovakia	100.00	100.00	100.00	100.00

(a) Wholly owned by AXA Asia Pacific Holdings Limited.

(b) "MedLA" country is part of the Mediterranean and Latin American Region.

(c) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

International Insurance (entities having worldwide activities)	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
AXA Corporate Solutions Assurance (sub group)	100.00	98.75	98.75	98.75	98.75
AXA Cessions	100.00	100.00	100.00	100.00	100.00
AXA Assistance SA (sub group)	100.00	100.00	100.00	100.00	100.00
AXA Global Risks UK	100.00	100.00	100.00	100.00	100.00
Saint-Georges Ré	100.00	100.00	100.00	100.00	100.00

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

Asset Management (entities having worldwide activities)	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
AXA Investment Managers (sub group)	99.98	95.29	95.29	95.06	95.05
AllianceBernstein (sub group)	64.16	64.16	64.16	62.38	62.38

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

Banking	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
AXA Banque	100.00	99.89	100.00	99.89	
AXA Banque Financement	65.00	64.93	65.00	64.93	
<b>Germany</b>					
AXA Bank AG	100.00	100.00	100.00	100.00	100.00
<b>Belgium</b>					
AXA Bank Europe	100.00	100.00	100.00	100.00	100.00
<b>Hungary</b>					
ELLA Bank	100.00	100.00	100.00	100.00	100.00

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

Other	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
Compagnie Financière de Paris	100.00	100.00	100.00	100.00	100.00
Sofinad	100.00	100.00	100.00	100.00	100.00

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

## Consolidated investments and investment funds

At June 30, 2009, consolidated investment funds represented total invested assets of €91,791 million (€89,139 million at the end of 2008), corresponding to 320 investment funds mainly in France, Germany, Australia, Japan and the Mediterranean and Latin American Region and in majority relating to the Life & Savings segment.

At June 30, 2009, the 34 consolidated real estate companies corresponded to total invested assets of €7,902 million (€7,740 million at the end of 2008), mainly in Germany and France.

At June 30, 2009, the 7 consolidated CDOs represented total investments of €505 million (€417 million at the end of 2008). These CDO's are consolidated in AXA's balance sheet in line with IFRS rules even though AXA's investments in these CDO's assets represented only approximately €127 million out of the €505 million.

Given the nature of the Group activities (no securitization of AXA's own invested assets), the current market conditions did not lead to the consolidation of off balance sheet special purpose vehicles originated by the Group.

In most investment funds (particularly open-ended investment funds), minority interests do not meet the definition of shareholders' equity. They are therefore presented as liabilities under "Minority interests of controlled investment funds and puttable instruments held by minority interest holders". At June 30, 2009, minority interests in controlled investment funds amounted to €4,261 million (€4,847 million at December 31, 2008).

### 2.1.2. Proportionately consolidated companies

Life & Savings and Property & Casualty	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
Natio Assurances		50.00	49.96	50.00	49.96
Fonds Immobiliers Paris Office Funds		50.00	49.91	50.00	49.91

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

### 2.1.3. Investments in companies consolidated by equity method

Companies consolidated by equity method listed below exclude investment funds and real estate entities:

	Change in scope	June 30, 2009		December 31, 2008	
		Voting rights percentage (a)	Group share of interests	Voting rights percentage	Group share of interests
<b>France</b>					
Argovie		100.00	95.01	95.23	95.01
Banque de Marchés et d'Arbitrages	Deconsolidated (below materiality threshold)	-	-	27.71	27.70
Neufize Vie (previously NSM Vie)		40.00	39.98	39.98	39.98
<b>Asia/Pacific</b>					
Philippines AXA Life Insurance Corporation		45.00	24.22	45.00	24.04
Krungthai AXA Life Insurance Company Ltd		50.00	26.90	50.00	26.71
AXA Mimmets Assurance Co Ltd		51.00	39.46	51.00	39.36
PT AXA Mandiri Financial Services		51.00	27.44	51.00	27.25
Bharti AXA Life	Newly consolidated	27.14	20.88	-	-
<b>Russia</b>					
RESO GARANTIA (RGI Holdings B.V.)		39.34	39.34	39.34	39.34
<b>Asset Management</b>					
AXA IM Asia Holding Private Ltd		50.00	47.65	50.00	47.53
Kyobo AXA Investment Managers Company Limited		50.00	47.65	50.00	47.53

(a) Starting half year 2009, the voting rights percentages include the AXA Mutuelles investors.

### Investment funds and real estate entities consolidated by equity method

At June 30, 2009, real estate companies consolidated by equity method represented total assets of €358 million (€430 million at the end of 2008) and investment funds consolidated by equity method represented total assets of €3,273 million (€3,036 million at the end of 2008) mainly in the United Kingdom, the United States and France.

## 2.2. Consolidated entities relating to specific operations

### Acacia

The Acacia SPV is consolidated within the operations of AXA France Vie. This structure was set up in order to improve AXA France Vie assets/liabilities adequacy ratio by ceding receivables resulting from eligible insurance operations against cash. The main impact is a €250 million increase in the AXA Group's other liabilities, and a parallel increase in receivables.

### Securitization of motor insurance portfolios

On December 9, 2005, AXA announced the closing of the €200 million securitization of its French motor insurance portfolio. Since the threshold for transferring risk to the financial markets was not reached, the recognition of this operation in AXA's consolidated financial statements mainly involves the consolidation of the vehicle carrying the portion subscribed by AXA, and the recognition on the balance sheet under other liabilities of a €200 million deposit received from reinsurers.

On July 6, 2007, AXA announced the closing of the €450 million securitization of its pan-European motor insurance portfolio (diversified portfolio spread across 4 countries: Belgium, Germany, Italy and Spain). AXA consolidated its €96 million stake in the vehicle carrying the junior tranches.

Through securitization, AXA transferred to the financial markets the potential deviation of the cost of claims on the securitized insurance portfolios above certain thresholds.

**Matignon Finances**

AXA set up an intra-group financing and cash management company, which entered the scope of consolidation in 2005.

**Arche Finance**

AXA France invested in Arche Finance, an investment vehicle dedicated to credit investment, which entered the scope of consolidation in June 2008. The investment amounted to €1.2 billion at June 30, 2009.

## Note 3 : Segmental information

Given the activities of AXA, the operating results that are regularly reviewed by the Management Board of the Group for the assessment of the performance and for decisions purposes are presented on the basis of five operating business segments: Life & Savings, Property & Casualty, International Insurance, Asset Management and Banking. An additional “Holding companies” segment includes all non-operational activities. The financial information relating to AXA’s business segments and holding company activities is consistent with the presentation provided in the consolidated financial statements.

**Life & Savings:** AXA offers a broad range of Life & Savings products including individual and group savings retirement products, life and health products. They comprise traditional term and whole life insurance, immediate annuities and investment products (including endowments, savings-related products, such as variable life and variable annuity products). The Life & Savings segment aggregates nine geographical operating components: France, the United States, the United Kingdom, Japan, Germany, Switzerland, Belgium, the Mediterranean and Latin American Region, and Other countries.

**Property & Casualty:** This segment includes a broad range of products including mainly motor, household, property and general liability insurance for both personal and commercial customers (commercial customers being mainly small to medium-sized companies). In some countries, this segment includes health products. The Property & Casualty segment aggregates seven geographical operating components: France, Germany, the United Kingdom and Ireland, Switzerland, Belgium, the Mediterranean and Latin American Region, and Other countries.

**International Insurance:** This segment’s operations include insurance products that specifically relate to AXA Corporate Solutions Assurance. These products provide coverage to large national and international corporations. The segment also includes assistance activities and the group’s run-off management activities, managed by AXA Liabilities Managers, including risks underwritten by AXA RE relating to 2005 and prior underwriting years. Years after 2005 are covered by a treaty ceding 100% of the reinsurance business to Paris Ré.

The **Asset Management** segment includes diversified asset management (including investment fund management) and related services offered by AXA Investment Managers and AllianceBernstein entities, which are provided to a variety of institutional investors and individuals, including AXA’s insurance companies.

The **Banking** segment includes banking activities conducted primarily in France and Belgium.

The **Holding companies** segment (that includes all non-operational activities), also includes some financial vehicles including certain Special-Purpose Entities such as consolidated CDOs.

In this document, “Insurance” covers the three insurance segments: Life & Savings, Property & Casualty and International Insurance. The term “Financial Services” includes both the Asset Management segment and the Banking segment.

(In Euro million)

	June 30, 2009							
	Life & savings	Property & Casualty	International Insurance	Asset Management	Banking	Holding companies (a)	Inter-segment eliminations	TOTAL
Gross written premiums	29,278	15,033	1,684	-	-	-	(225)	45,770
Fees and charges relating to investment contracts with no participating features	274	-	-	-	-	-	-	274
<b>Revenues from insurance activities</b>	<b>29,552</b>	<b>15,033</b>	<b>1,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(225)</b>	<b>46,044</b>
Net revenues from banking activities	-	-	-	-	227	2	(36)	192
Revenues from other activities	538	39	129	1,664	4	-	(196)	2,178
<b>TOTAL REVENUES</b>	<b>30,090</b>	<b>15,072</b>	<b>1,813</b>	<b>1,664</b>	<b>230</b>	<b>2</b>	<b>(458)</b>	<b>48,414</b>
Change in unearned premiums net of unearned revenues and fees	(976)	(2,130)	(243)	-	-	-	71	(3,279)
Net investment income	4,681	1,108	130	26	0	361	(395)	5,911
Net realized investment gains and losses	(480)	117	25	(374)	-	170	-	(541)
Change in fair value of other investments at fair value through profit or loss (b)	958	9	(14)	414	-	499	(34)	1,832
of which change in fair value of assets with financial risk borne by policyholders	3,132	-	-	-	-	-	-	3,132
Change in investments impairment	(1,042)	(363)	(15)	(0)	(0)	(43)	-	(1,464)
<b>Net investment result excluding financing expenses</b>	<b>4,117</b>	<b>871</b>	<b>126</b>	<b>66</b>	<b>0</b>	<b>987</b>	<b>(430)</b>	<b>5,737</b>
Technical charges relating to insurance activities	(28,566)	(8,734)	(1,261)	-	-	-	168	(38,393)
Net result from outward reinsurance	(118)	(366)	90	-	-	-	7	(387)
Bank operating expenses	-	-	-	-	(55)	1	-	(54)
Acquisition costs	(1,879)	(2,334)	(149)	-	-	-	4	(4,358)
Amortization of the value of purchased business in force	(96)	-	-	-	-	-	-	(96)
Administrative expenses	(1,816)	(1,275)	(201)	(1,309)	(181)	(326)	117	(4,990)
Change in tangible assets impairment	(0)	-	(0)	(0)	-	(0)	-	(0)
Change in goodwill impairment and other intangible assets impairment	(19)	(42)	-	-	(1)	-	-	(62)
Other income and expenses	(87)	16	10	(121)	8	(74)	(5)	(254)
<b>Other operating income and expenses</b>	<b>(32,581)</b>	<b>(12,735)</b>	<b>(1,511)</b>	<b>(1,430)</b>	<b>(229)</b>	<b>(399)</b>	<b>291</b>	<b>(48,595)</b>
<b>Income from operating activities before tax</b>	<b>650</b>	<b>1,077</b>	<b>184</b>	<b>301</b>	<b>2</b>	<b>590</b>	<b>(526)</b>	<b>2,278</b>
Income arising from investments in associates – Equity method	(28)	16	0	(1)	-	0	-	(13)
Financing debts expenses	(56)	(3)	(3)	(17)	(11)	(680)	519	(250)
<b>Operating income before tax</b>	<b>566</b>	<b>1,090</b>	<b>182</b>	<b>283</b>	<b>(9)</b>	<b>(91)</b>	<b>(6)</b>	<b>2,015</b>
Income tax	(164)	(347)	(64)	(37)	6	27	6	(572)
<b>Net operating result</b>	<b>401</b>	<b>743</b>	<b>118</b>	<b>246</b>	<b>(3)</b>	<b>(63)</b>	<b>(0)</b>	<b>1,443</b>
Result from discontinued operations net of tax	-	-	-	-	-	-	-	-
<b>Net consolidated income</b>	<b>401</b>	<b>743</b>	<b>118</b>	<b>246</b>	<b>(3)</b>	<b>(63)</b>	<b>(0)</b>	<b>1,443</b>
<i>Split between :</i>								
Net consolidated income - Group share	363	722	117	187	(3)	(63)	(0)	1,323
Net consolidated income - Minority interests	38	21	1	59	1	0	-	121

(a) Includes SPEs and CDOs.

(b) AXA Japan closes its full year accounts at the end of September. According to IFRS principles whereby the financial statements of the subsidiary shall be adjusted to reflect the effects of significant events that would have been recognised with a closing date aligned with the AXA Group, AXA Japan's 2008 accounts were adjusted by €-106 million with the provisional loss reflecting the further increase of the credit spreads from October to December 2008. This adjustment was reversed in half year 2009.

	June 30, 2008							(In Euro million)
	Life & savings	Property & Casualty	International Insurance	Asset Management	Banking	Holding companies (a)	Inter-segment eliminations	TOTAL
Gross written premiums	29,907	14,589	1,638	-	-	-	(192)	45,942
Fees and charges relating to investment contracts with no participating features	342	-	-	-	-	-	-	342
<b>Revenues from insurance activities</b>	<b>30,249</b>	<b>14,589</b>	<b>1,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192)</b>	<b>46,284</b>
Net revenues from banking activities	-	-	-	-	203	3	(12)	194
Revenues from other activities	601	52	104	2,293	4	2	(215)	2,841
<b>TOTAL REVENUES</b>	<b>30,850</b>	<b>14,641</b>	<b>1,742</b>	<b>2,293</b>	<b>206</b>	<b>5</b>	<b>(419)</b>	<b>49,319</b>
Change in unearned premiums net of unearned revenues and fees	(1,051)	(2,132)	(41)	-	-	-	66	(3,158)
Net investment income	7,783	1,160	219	207	(1)	432	(319)	9,481
Net realized investment gains and losses	985	438	54	18	-	49	(0)	1,545
Change in fair value of other investments at fair value through profit or loss	(18,802)	(144)	(67)	(306)	(0)	8	1	(19,310)
of which change in fair value of assets with financial risk borne by policyholders	(14,755)	-	-	-	-	-	-	(14,755)
Change in investments impairment	(1,002)	(479)	(10)	-	-	(56)	-	(1,546)
<b>Net investment result excluding financing expenses</b>	<b>(11,035)</b>	<b>976</b>	<b>196</b>	<b>(81)</b>	<b>(1)</b>	<b>434</b>	<b>(318)</b>	<b>(9,829)</b>
Technical charges relating to insurance activities	(14,422)	(8,197)	(1,187)	-	-	-	83	(23,724)
Net result from outward reinsurance	(46)	(360)	(232)	-	-	-	64	(573)
Bank operating expenses	-	-	-	-	(27)	4	-	(23)
Acquisition costs	(1,620)	(2,251)	(150)	-	-	-	2	(4,018)
Amortization of the value of purchased business in force	(134)	-	-	-	-	-	-	(134)
Administrative expenses	(1,694)	(1,290)	(184)	(1,571)	(175)	(239)	172	(4,981)
Change in tangible assets impairment	(0)	(1)	(0)	(0)	(1)	(0)	-	(2)
Change in goodwill impairment and other intangible assets impairment	(14)	(37)	-	-	(1)	-	-	(53)
Other income and expenses	(71)	0	44	(110)	20	3	27	(88)
<b>Other operating income and expenses</b>	<b>(18,001)</b>	<b>(12,136)</b>	<b>(1,710)</b>	<b>(1,681)</b>	<b>(185)</b>	<b>(232)</b>	<b>348</b>	<b>(33,596)</b>
<b>Income from operating activities before tax</b>	<b>762</b>	<b>1,350</b>	<b>187</b>	<b>531</b>	<b>20</b>	<b>207</b>	<b>(323)</b>	<b>2,735</b>
Income arising from investments in associates – Equity method	16	3	(0)	(2)	-	1	-	18
Financing debts expenses	(41)	(5)	(13)	(23)	(14)	(579)	325	(350)
<b>Operating income before tax</b>	<b>737</b>	<b>1,348</b>	<b>175</b>	<b>507</b>	<b>6</b>	<b>(371)</b>	<b>2</b>	<b>2,404</b>
Income tax	330	(291)	(19)	(159)	6	126	(2)	(9)
<b>Net operating result</b>	<b>1,068</b>	<b>1,056</b>	<b>156</b>	<b>349</b>	<b>11</b>	<b>(245)</b>	<b>0</b>	<b>2,395</b>
Result from discontinued operations net of tax	-	-	-	-	-	-	-	-
<b>Net consolidated income</b>	<b>1,068</b>	<b>1,056</b>	<b>156</b>	<b>349</b>	<b>11</b>	<b>(245)</b>	<b>0</b>	<b>2,395</b>
<i>Split between :</i>								
Net income Group share	1,007	1,028	155	198	11	(238)	0	2,162
Minority interests share in net consolidated result	61	28	1	150	1	(7)	-	234

(a) Includes SPEs and CDOs.

# Note 4 : Investments

Certain investment properties (see note 1), available-for-sale investments, trading assets, instruments designated as at fair value through P&L and all derivatives are measured at fair value in the financial statements. In addition, this note also discloses the fair value of investment properties and financial assets held at cost. Principles applied in measuring fair value are described in Note 1 and further illustrated in note 4.5 by the classification of financial assets excluding derivatives held at fair value between (1) fair values determined directly by reference to an active market and (2) assets not quoted in an active market/no active market.

## 4.1. 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 shown separately.

	June 30, 2009 Other activities									(in Euro million)		
	Fair value	Insurance Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)	Total		
Investment in real estate properties at amortized cost	16,804	13,011	2.49%	3,027	2,721	21.59%	19,832	15,732	2.94%			
Investment in real estate properties designated as at fair value through profit or loss (b)	2,403	2,403	0.46%	-	-	-	2,403	2,403	0.45%			
Macro hedge and other derivatives	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>19,207</b>	<b>15,414</b>	<b>2.95%</b>	<b>3,027</b>	<b>2,721</b>	<b>21.59%</b>	<b>22,234</b>	<b>18,135</b>	<b>3.39%</b>			
Debt securities held to maturity	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities available for sale	258,638	258,638	49.57%	4,627	4,627	36.71%	263,265	263,265	49.27%			
Debt securities designated as at fair value through profit or loss (b)	43,440	43,440	8.33%	85	85	0.67%	43,525	43,525	8.15%			
Debt securities held for trading	95	95	0.02%	646	646	5.12%	741	741	0.14%			
Debt securities (at cost) that are not quoted in an active market	1,140	1,203	0.23%	-	-	-	1,140	1,203	0.23%			
<b>Debt securities</b>	<b>303,314</b>	<b>303,376</b>	<b>58.15%</b>	<b>5,357</b>	<b>5,357</b>	<b>42.51%</b>	<b>308,671</b>	<b>308,734</b>	<b>57.78%</b>			
Equity securities available for sale	12,925	12,925	2.48%	2,909	2,909	23.08%	15,834	15,834	2.96%			
Equity securities designated as at fair value through profit or loss (b)	9,693	9,693	1.86%	274	274	2.17%	9,967	9,967	1.87%			
Equity securities held for trading	30	30	0.01%	232	232	1.84%	262	262	0.05%			
<b>Equity securities</b>	<b>22,648</b>	<b>22,648</b>	<b>4.34%</b>	<b>3,414</b>	<b>3,414</b>	<b>27.09%</b>	<b>26,063</b>	<b>26,063</b>	<b>4.88%</b>			
Non controlled investment funds held for sale	5,263	5,263	1.01%	109	109	0.86%	5,372	5,372	1.01%			
Non controlled investment funds designated as at fair value through profit or loss (b)	1,923	1,923	0.37%	71	71	0.57%	1,995	1,995	0.37%			
Non controlled investment funds held for trading	293	293	0.06%	-	-	-	293	293	0.05%			
<b>Non controlled investment funds</b>	<b>7,479</b>	<b>7,479</b>	<b>1.43%</b>	<b>180</b>	<b>180</b>	<b>1.43%</b>	<b>7,659</b>	<b>7,659</b>	<b>1.43%</b>			
Other assets designated as at fair value through profit or loss, held by controlled investment funds	5,865	5,865	1.12%	8	8	0.06%	5,873	5,873	1.10%			
Macro hedge and other derivatives	122	122	0.02%	22	22	0.17%	144	144	0.03%			
<b>Financial investments</b>	<b>339,429</b>	<b>339,491</b>	<b>65.07%</b>	<b>8,982</b>	<b>8,982</b>	<b>71.26%</b>	<b>348,410</b>	<b>348,473</b>	<b>65.22%</b>			
Loans held to maturity	-	-	-	-	-	-	-	-	-	-	-	-
Loans available for sale	753	753	0.14%	0	0	0.00%	753	753	0.14%			
Loans designated as at fair value through profit or loss (b)	63	63	0.01%	-	-	-	63	63	0.01%			
Loans held for trading	-	-	-	10	10	0.08%	10	10	0.00%			
Mortgage loans	14,235	13,971	2.68%	1	1	0.01%	14,236	13,972	2.61%			
Other loans (a)	10,551	10,539	2.02%	858	855	6.78%	11,409	11,394	2.13%			
Macro hedge and other derivatives	-	-	-	35	35	0.27%	35	35	0.01%			
<b>Loans</b>	<b>25,603</b>	<b>25,326</b>	<b>4.85%</b>	<b>904</b>	<b>901</b>	<b>7.15%</b>	<b>26,507</b>	<b>26,227</b>	<b>4.91%</b>			
Assets backing contracts where the financial risk is borne by policyholders	141,482	141,482	27.12%				141,482	141,482	26.48%			
<b>INVESTMENTS</b>	<b>525,721</b>	<b>521,713</b>	<b>100.00%</b>	<b>12,913</b>	<b>12,604</b>	<b>100.00%</b>	<b>538,633</b>	<b>534,317</b>	<b>100.00%</b>			
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	384,239	380,231	72.88%									
Life & Savings	326,598	323,225	61.95%									
Property & Casualty	49,374	48,734	9.34%									
International Insurance	8,266	8,273	1.59%									

(a) Mainly includes policy loans.

(b) Use of fair value option.

	December 31, 2008						(in Euro million)		
	Insurance			Other activities			Total		
	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost	18,165	12,859	2.50%	2,332	2,306	18.28%	20,497	15,165	2.88%
Investment in real estate properties designated as at fair value through profit or loss (b)	2,398	2,398	0.47%	-	-	-	2,398	2,398	0.46%
Macro hedge and other derivatives	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>20,563</b>	<b>15,256</b>	<b>2.97%</b>	<b>2,332</b>	<b>2,306</b>	<b>18.28%</b>	<b>22,895</b>	<b>17,562</b>	<b>3.33%</b>
Debt securities held to maturity	-	-	-	-	-	-	-	-	-
Debt securities available for sale	255,465	255,465	49.69%	3,894	3,894	30.87%	259,359	259,359	49.24%
Debt securities designated as at fair value through profit or loss (b)	44,199	44,199	8.60%	57	57	0.45%	44,256	44,256	8.40%
Debt securities held for trading	102	102	0.02%	875	875	6.94%	977	977	0.19%
Debt securities (at cost) that are not quoted in an active market	1,132	1,212	0.24%	-	-	-	1,132	1,212	0.23%
<b>Debt securities</b>	<b>300,898</b>	<b>300,978</b>	<b>58.54%</b>	<b>4,826</b>	<b>4,826</b>	<b>38.26%</b>	<b>305,725</b>	<b>305,805</b>	<b>58.06%</b>
Equity securities available for sale	15,468	15,468	3.01%	3,959	3,959	31.38%	19,427	19,427	3.69%
Equity securities designated as at fair value through profit or loss (b)	10,503	10,503	2.04%	259	259	2.05%	10,761	10,761	2.04%
Equity securities held for trading	89	89	0.02%	179	179	1.42%	268	268	0.05%
<b>Equity securities</b>	<b>26,060</b>	<b>26,060</b>	<b>5.07%</b>	<b>4,396</b>	<b>4,396</b>	<b>34.85%</b>	<b>30,456</b>	<b>30,456</b>	<b>5.78%</b>
Non controlled investment funds held for sale	5,336	5,336	1.04%	76	76	0.61%	5,412	5,412	1.03%
Non controlled investment funds designated as at fair value through profit or loss (b)	2,187	2,187	0.43%	63	63	0.50%	2,250	2,250	0.43%
Non controlled investment funds held for trading	147	147	0.03%	-	-	-	147	147	0.03%
<b>Non controlled investment funds</b>	<b>7,670</b>	<b>7,670</b>	<b>1.49%</b>	<b>140</b>	<b>140</b>	<b>1.11%</b>	<b>7,810</b>	<b>7,810</b>	<b>1.48%</b>
Other assets designated as at fair value through profit or loss, held by controlled investment funds	6,353	6,353	1.24%	13	13	0.10%	6,365	6,365	1.21%
Macro hedge and other derivatives	110	110	0.02%	4	4	0.03%	114	114	0.02%
<b>Financial investments</b>	<b>341,090</b>	<b>341,170</b>	<b>66.36%</b>	<b>9,380</b>	<b>9,380</b>	<b>74.35%</b>	<b>350,470</b>	<b>350,550</b>	<b>66.55%</b>
Loans held to maturity	(0)	-	-	-	-	-	(0)	-	-
Loans available for sale	743	743	0.14%	64	64	0.51%	807	807	0.15%
Loans designated as at fair value through profit or loss (b)	45	45	0.01%	-	-	-	45	45	0.01%
Loans held for trading	-	-	-	7	7	0.06%	7	7	0.00%
Mortgage loans	14,056	13,751	2.67%	1	1	0.01%	14,057	13,752	2.61%
Other loans (a)	11,189	11,168	2.17%	854	849	6.73%	12,043	12,017	2.28%
Macro hedge and other derivatives	-	-	-	8	8	0.06%	8	8	0.00%
<b>Loans</b>	<b>26,033</b>	<b>25,706</b>	<b>5.00%</b>	<b>934</b>	<b>929</b>	<b>7.37%</b>	<b>26,966</b>	<b>26,635</b>	<b>5.06%</b>
Assets backing contracts where the financial risk is borne by policyholders	131,990	131,990	25.67%				131,990	131,990	25.06%
<b>INVESTMENTS</b>	<b>519,676</b>	<b>514,123</b>	<b>100.00%</b>	<b>12,645</b>	<b>12,615</b>	<b>100.00%</b>	<b>532,321</b>	<b>526,738</b>	<b>100.00%</b>
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	387,685	382,133	74.33%						
Life & Savings	330,132	325,240	63.26%						
Property & Casualty	49,109	48,448	9.42%						
International Insurance	8,444	8,445	1.64%						

(a) Mainly includes policy loans.

(b) Use of fair value option.

## ABS (Asset Backed Securities) held by the Group

At June 30, 2009, the total amount of ABS (excluding Collateral Mortgage Obligations) was €10.7 billion (€11.8 billion as at December 31, 2008).

The changes in fair value of the ABS in half year 2009 amounted to €56 million (of which €185 million through the income statement and €-129 million through shareholders' equity), or €-4 million net of policyholders participation, tax and VBI/DAC reactivity, of which €44 million through the income statement and €-48 million through shareholders' equity.

These figures represent 100% of assets held directly and in consolidated "core block" funds, the group share in instruments held in consolidated "satellite funds" as defined in note 1.7.2 and instruments held by non consolidated funds (economic view).

## Equity hedging

At June 30, 2009, the Group hedged its equity portfolio using put, put spread, future, collar and equity swap strategies for a total notional amount of €24.6 billion of which €10.2 billion in AXA SA and €14.4 billion in local entities (France, the United

Kingdom, the United States, Belgium, Germany, Hong Kong, Australia, Mediterranean and Latin American Region, Switzerland and Japan).

At December 31, 2008, the Group hedged its equity portfolio using notably put spread and equity swap strategies for a total notional amount of €32.6 billion of which €22.7 billion in AXA SA and €9.9 billion in local entities (France, Germany, the United States, Australia, Belgium, Japan, Switzerland, Mediterranean and Latin American Region and Hong Kong).

## CDS (Credit Default Swaps) held by the group

The AXA Group, as part of its investment and credit risk management activities, uses strategies that involve selling protection credit derivatives, which are mainly used as an alternative to corporate bond portfolios when coupled with government bonds. At June 30, 2009, the nominal amount of positions taken through these credit derivatives was €23.4 billion<sup>1</sup> including €7.8 billion of CDSs held through consolidated CDOs. Credit risk relating to CDOs is monitored separately, depending on the tranches held, and regardless of the type of collateral (bonds or credit derivatives). CDOs are consolidated in AXA's balance sheet, in line with IFRS principles, even though AXA's investments in these CDO's assets are limited.

The AXA Group also uses CDS to hedge corporate bonds portfolios and other credit positions. The notional amount of these derivatives amounted to €2.9 billion as at June 30, 2009.

As a result, the net exposure of the Group to CDS excluding CDOs amounted to €12.7 billion as at June 30, 2009 (€19.1 billion as at December 31, 2008).

These figures represent 100% of assets held directly and in consolidated "core block" funds, the group share in instruments held in consolidated "satellite funds" as defined in note 1.7.2 and instruments held by non consolidated funds (economic view).

## 4.2. *Investment properties*

Investment properties include buildings owned directly and through real estate subsidiaries. Investment properties stated at fair value on the balance sheet mainly consist of assets backing UK with-profit contracts.

Breakdown of the carrying value and fair value of investment properties at amortized cost, excluding the impact of all derivatives:

	June 30, 2009					December 31, 2008				
	Gross value	Amortization	Impairment	Carrying value	Fair value	Gross value	Amortization	Impairment	Carrying value	Fair value
	Investment properties at amortized cost					Investment properties at amortized cost				
Insurance	14,671	(1,370)	(373)	12,928	16,722	14,526	(1,483)	(250)	12,793	18,099
Other activities	2,918	(197)	(0)	2,721	3,027	2,307	(1)	(0)	2,306	2,332
All activities	17,589	(1,567)	(373)	15,649	19,749	16,833	(1,484)	(250)	15,099	20,431

Fair value is generally based on valuations performed by qualified property surveyors. They are based on a multi-criteria approach and their frequency and terms are often based on local regulations.

Change in impairment and amortization of investment properties at amortized cost (all activities):

	Impairment - Investment properties		Amortization - Investment properties		
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008	
	Opening value		250	166	1,484
Increase for the period		155	144	113	226
Write back following sale		(0)	(25)	(27)	(80)
Write back following recovery in value		(9)	(7)		
Others (a)		(23)	(28)	(4)	(20)
Closing value		373	250	1,567	1,484

(a) Mainly includes change in scope and the effect of changes in exchange rates.

<sup>1</sup> Excluding structured derivatives in synthetic instruments, reported as ABS.

### 4.3. Unrealized gains and losses on financial investments

Excluding the effect of all derivatives, the unrealized capital gains and losses on financial investments when not already reflected in the income statement is allocated as follows:

#### INSURANCE

	June 30, 2009					December 31, 2008					(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 securities available for sale	259,106	258,083	258,083	8,499	9,521	254,174	254,720	254,720	10,405	9,858	
Debt securities (at cost) that are not quoted in an active market	1,203	1,140	1,203	-	63	1,212	1,132	1,212	-	80	
Equity securities available for sale	10,169	12,780	12,780	2,929	1,072	12,509	14,768	14,768	1,753	478	
Non controlled investment funds held for sale	4,819	5,157	5,157	592	253	5,153	5,336	5,336	346	163	

(a) Net of impairment - including premiums/discounts and related accumulated amortization.

(b) Net of impairment (details in note 4.4).

#### OTHER ACTIVITIES

	June 30, 2009					December 31, 2008					(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 securities available for sale	4,964	4,640	4,640	46	371	4,155	3,913	3,913	43	285	
Debt securities (at cost) that are not quoted in an active market	-	-	-	-	-	-	-	-	-	-	
Equity securities available for sale	2,881	2,273	2,273	146	0	2,638	1,457	1,457	117	314	
Non controlled investment funds held for sale	109	109	109	0	-	77	76	76	0	0	

(a) Net of impairment - including premiums/discounts and related accumulated amortization.

(b) Net of impairment (details in note 4.4).

#### TOTAL

	June 30, 2009					December 31, 2008					(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 securities available for sale	264,071	262,723	262,723	8,545	9,892	258,328	258,633	258,633	10,448	10,142	
Debt securities (at cost) that are not quoted in an active market	1,203	1,140	1,203	-	63	1,212	1,132	1,212	-	80	
Equity securities available for sale	13,049	15,052	15,052	3,076	1,072	15,147	16,226	16,226	1,871	792	
Non controlled investment funds held for sale	4,927	5,266	5,266	592	253	5,230	5,413	5,413	346	163	

(a) Net of impairment - including premiums/discounts and related accumulated amortization.

(b) Net of impairment (details in note 4.4).

See also table 4.4.1. Breakdown of financial assets subject to impairment.

## 4.4. Financial assets subject to impairment

### 4.4.1. Breakdown of financial assets subject to impairment (excluding investment properties)

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 shown separately.

	June 30, 2009					December 31, 2008					(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	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	Carrying value	
Debt securities available for sale	266,041	(1,396)	264,645	(1,380)	263,265	260,469	(1,389)	259,080	279	259,359	
Debt securities (at cost) that are not quoted in an active market	1,203	-	1,203	-	1,203	1,212	-	1,212	-	1,212	
Debt securities	267,244	(1,396)	265,848	(1,380)	264,468	261,681	(1,389)	260,292	279	260,572	
Equity securities available for sale	17,381	(4,264)	13,117	2,717	15,834	20,287	(5,019)	15,268	4,159	19,427	
Non controlled investment funds available for sale	6,063	(1,031)	5,031	340	5,372	6,060	(834)	5,226	186	5,412	
Loans held to maturity	-	-	-	-	-	-	-	-	-	-	
Loans available for sale	962	(23)	939	(186)	753	1,130	(6)	1,124	(317)	807	
Mortgage loans	13,986	(14)	13,972	-	13,972	13,762	(9)	13,752	-	13,752	
Other loans (c)	11,400	(51)	11,349	45	11,394	12,008	(51)	11,957	60	12,017	
Loans	26,348	(89)	26,259	(141)	26,119	26,899	(66)	26,833	(257)	26,576	
<b>TOTAL</b>	<b>317,036</b>	<b>(6,780)</b>	<b>310,256</b>	<b>1,536</b>	<b>311,792</b>	<b>314,927</b>	<b>(7,307)</b>	<b>307,620</b>	<b>4,367</b>	<b>311,987</b>	

(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) Including policy loans.

### 4.4.2. Change in impairment on invested assets (excluding investment properties)

	January 1, 2009	Increase for the period	Write back following sale or reimbursement	Write back following recovery in value	Other (a)	June 30, 2009	(in Euro million)
Impairment - debt securities	1,389	299	(288)	(9)	6	1,396	
Impairment - equity securities	5,019	710	(1,380)	-	(84)	4,264	
Impairment - non controlled investment funds	834	305	(85)	-	(24)	1,031	
Impairment - loans	66	29	(2)	(3)	(2)	89	
<b>TOTAL</b>	<b>7,307</b>	<b>1,342</b>	<b>(1,755)</b>	<b>(12)</b>	<b>(103)</b>	<b>6,780</b>	

(a) Changes in the scope of consolidation and impact of changes in exchange rates.

	January 1, 2008	Increase for the period	Write back following sale or reimbursement	Write back following recovery in value	Other (a)	December 31, 2008	(in Euro million)
Impairment - debt securities	373	1,193	(142)	(59)	23	1,389	
Impairment - equity securities	2,307	3,719	(1,146)	-	139	5,019	
Impairment - non controlled investment funds	97	723	(61)	-	75	834	
Impairment - loans	66	18	(6)	(11)	(0)	66	
<b>TOTAL</b>	<b>2,843</b>	<b>5,652</b>	<b>(1,354)</b>	<b>(71)</b>	<b>237</b>	<b>7,307</b>	

(a) Changes in the scope of consolidation and impact of changes in exchange rates.

#### 4.5. Financial assets recognized at fair value excluding derivatives

Amounts presented below exclude the impact of derivatives and investment funds consolidated by equity method.

Among invested financial investments measured at fair value in the financial statements (excluding derivatives, investment funds consolidated by equity method and contracts where the financial risk is borne by policyholders), i.e. €349 billion at June 30, 2009 (€348 billion as December 31, 2008):

- €196 billion were determined directly by reference to an active market (1) (€194 billion at the end of 2008) and
- €153 billion related to assets not quoted in an active market/no active market (2) (€154 billion at the end of 2008)

- (1) 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 and those prices represent actual and regularly occurring market transactions on an arm's length basis, i.e. the market is still active.
- (2) Fair values for assets not quoted in an active market/no active market include:
  - values provided at the request of the Group by pricing services and which are not readily publicly available or values provided by external parties which are readily available but relate to assets for which the market is not always active, and
  - assets measured on the basis of valuation techniques including a varying degree of assumptions supported by market transactions and observable data.

The amount of assets measured at fair value using in whole or in part a valuation technique based on assumptions that are not supported by prices from current market transactions and not based on available observable market data is less than 3% of the Group's financial investments excluding assets backing contracts where the financial risk is borne by policyholders, at June 30, 2009 (3% at December 31, 2008) (including an estimation of the extent to which external quotes used in the valuation of assets in inactive markets are based on observable data).

# Note 5 : Shareholders' equity, minority interests and other equity

## 5.1. Impact of transactions with shareholders

### 5.1.1. Change in shareholders' equity Group share for the first half of 2009

#### a) Share capital and capital in excess of nominal value

During the first half of 2009, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- Share-based payments for €38 million.
- Realized losses on AXA shares for €14 million.

#### b) Treasury shares

At June 30, 2009, the Company and its subsidiaries owned approximately 28 million AXA shares, a decrease of 1.7 million shares or €26 million compared to December 31, 2008.

At June 30, 2009, the carrying value of treasury shares and related derivatives was €425 million, representing 1.30% of the share capital. This figure included €2.1 million relating to AXA shares held by consolidated mutual funds (0.1 million shares) not used to back contracts where the financial risk is borne by policyholders.

This caption also included a €96 million premium paid in 2007 for call options on AXA shares.

At June 30, 2009, 2.6 million treasury shares backing contracts where the financial risk is borne by policyholders held in controlled funds were not deducted from shareholders' equity. Their total estimated historical cost was €53 million and their market value €35 million at the end of June 2009.

#### c) Perpetual debt and related financial expenses

As described in paragraph 1.12.2 of the accounting principles, the perpetual deeply subordinated notes issued by the Group do not qualify as liabilities under IFRS.

Subordinated perpetual debt is classified in shareholders' equity at its historical value as regards interest rates and its closing value as regards exchange rates. The corresponding exchange differences are cancelled out through the translation reserve.

During the first half of 2009, the change in other reserves was due to €-126 million repayment of deeply subordinated notes, €-149 million in interest expense on the deeply subordinated debt, and €+213 million in exchange rate differences.

At June 30, 2009, December 31, 2008 and June 30, 2008, perpetual debt recognized in shareholders' equity broke down as follows:

	(in Euro million)					
	June 30, 2009		December 31, 2008		June 30, 2008	
	Value of the perpetual debt in currency of issuance (in million)	Value of the perpetual debt in Euro million	Value of the perpetual debt in currency of issuance (in million)	Value of the perpetual debt in Euro million	Value of the perpetual debt in currency of issuance (in million)	Value of the perpetual debt in Euro million
October 29, 2004 - 375 M€ 6%	375	375	375	375	375	375
December 22, 2004 - 250 M€ 6%	250	250	250	250	250	250
January 25, 2005 - 250 M€ 6%	250	250	250	250	250	250
July 6, 2006 - 1000 M€ 5.777%	1,000	994	1,000	994	1,000	994
July 6, 2006 - 500 M€ 6.666%	500	581	500	520	500	626
July 6, 2006 - 350 M€ 6.6862%	350	411	350	367	350	442
October 26, 2006 - 600 M A\$ (of which 300M A\$ 7.5%)	600	343	600	293	600	364
November 7, 2006 - 150 M A\$ 7.5%	150	86	150	74	150	91
December 14, 2006 - 750 M US\$ 6,4630%	750	528	750	536	750	473
December 14, 2006 - 750 M US\$ 6,3790%	750	528	750	536	750	473
October 5, 2007 - 750 M€ 6.211 %	750	746	750	746	750	746
October 16, 2007 - 700 M€ 6.772 %	700	819	700	732	700	881
<b>Sub-total Perpetual Deeply Subordinated notes ("TSS")</b>		<b>5,911</b>		<b>5,674</b>		<b>5,965</b>
Perpetual notes - variables rates in €	718	718	844	844	844	844
Perpetual notes - 3.29% in JPY	27,000	199	27,000	214	27,000	162
Perpetual notes - (of which 500 M US\$ at 7,1%) in US\$	875	619	875	629	875	555
<b>Sub-total Deeply Subordinated notes ("TSDI")</b>		<b>1,536</b>		<b>1,687</b>		<b>1,561</b>
Net Related Financial Expenses		(1,104)		(956)		(805)
<b>Sub-Total Perpetual debt</b>		<b>6,343</b>		<b>6,405</b>		<b>6,721</b>
Equity component of convertible debt (2017)	95	95	95	95	95	95
<b>TOTAL</b>		<b>6,438</b>		<b>6,500</b>		<b>6,816</b>

Some of these instruments contained the following features:

- Early redemption clauses (calls) at the Group's option, giving AXA the ability to redeem the principal amount before settlement without penalty on certain dates;
- Interest rate step-up clauses with effect from a given date.

#### d) *Dividends paid*

At the April 30, 2009 shareholders' meeting, shareholders approved a dividend distribution of €836 million with respect to the 2008 financial year.

#### 5.1.2. *Change in shareholders' equity Group share for the first half of 2008*

##### a) *Share capital and capital in excess of nominal value*

During the first half of 2008, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- Exercise of stock options for a total of €58 million (including €6 million in nominal share capital),
- Share-based payments for €45 million,
- Realized losses on AXA shares for €18 million.

##### b) *Treasury shares*

At June 30, 2008, the Company and its subsidiaries owned approximately 28 million AXA shares, a decrease of 2 million shares or €53 million compared to December 31, 2007, mainly resulting from the following:

- During the first half of 2008, AXA purchased 2 million shares for a total amount of €33 million mainly as part of the share purchase program to control dilution.
- Other movements in treasury shares for a total net amount of €+86 million, or 4 million shares sold, mainly resulting from the attribution of AXA shares held for the hedging of (i) "performance share" plans and (ii) AXA ADR stock option programs at AXA Financial.

**c) Perpetual debt and related interests**

During the first half of 2008, the change in other reserves was due to €-148 million in interest expense on the deeply subordinated debt, and €-255 million in exchange rate differences.

**d) Dividends paid**

At the April 22, 2008 shareholders' meeting, shareholders approved a dividend distribution of €2,473 million with respect to the 2007 financial year.

## 5.2. Recognized income and expense for the period

The statement of recognized income and expense for the period (SoRIE), which is a part of the consolidated statement of shareholders' equity, includes net income for the period, the reserve 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.

### 5.2.1. Recognized income and expense for the first half of 2009

**a) Reserve related to changes in fair value of available for sale financial instruments included in shareholders' equity**

The change in reserves for unrealized gains and losses on assets available for sale totaled €+963 million (net Group share), mainly attributable to the Company (€+535 million) and the United States (€+501 million), partly offset by France (€-215 million).

The reduction in gross unrealized gains and losses on assets available for sale totaled €-441 million, mainly due to debt securities (€-1,652 million) following the increases of long interest rates, partly offset by a €+925 million increase from equity securities.

The following table shows reconciliation between gross unrealized gains and losses on available for sale financial assets and the corresponding reserve recognized in shareholders' equity:

	(in Euro million)	June 30, 2009	December 31, 2008
<b>Gross unrealized gains and losses (a)</b>		809	1,250
<b>Less unrealized gains and losses attributable to:</b>			
Shadow accounting on policyholders' participation (b)		(194)	(1,894)
Shadow accounting on Deferred Acquisition Costs (c)		63	246
Shadow accounting on Value of purchased Business In force		(260)	(146)
<b>Unallocated unrealized gains and losses before tax</b>		<b>418</b>	<b>(544)</b>
Deferred tax		76	102
<b>Unrealized gains and losses (net of tax) - Assets available for sale</b>		<b>494</b>	<b>(441)</b>
Unrealized gains and losses (net of tax) - Equity accounted companies		2	(1)
<b>Unrealized gains and losses (net of tax) - 100% - Total</b>		<b>496</b>	<b>(443)</b>
<b>Minority interests' share in unrealized gains and losses (d)</b>		<b>(19)</b>	<b>35</b>
Translation reserves (e)		133	55
<b>Unrealized gains and losses (Net Group share)</b>		<b>610</b>	<b>(353)</b>

(a) Unrealized gains and losses on total available for sale invested assets including loans.

(b) Including shadow accounting impact on premium deficiency liabilities, after revaluation of available for sale investments.

(c) Net of shadow accounting on unearned revenues and fees reserves.

(d) Including foreign exchange impact attributable to minority interests.

(e) Group share.

Note that, at the end of 2008, most of the unrealized gains on assets available for sale were observed in the Life & Savings segment, leading to a significant shadow accounting on policyholders' participation, while most of the unrealized losses were observed in other segments, mainly Holdings, leading to a total net unrealized loss position.

The change in reserves relating to changes in fair value of assets in June 30, 2009 and December 31, 2008 broke down as follows:

	June 30, 2009	December 31, 2008	(in Euro million)
Unrealized gains and losses (net of tax) 100%, as at January 1	(443)	4,753	
Transfer in the income statement on the period (a)	152	1,665	
Investments bought in the current accounting period and changes in value	999	(7,026)	
Foreign exchange impact	(94)	152	
Change in scope and other changes	(119)	20	
Unrealized gains and losses (net of tax) 100%, as at June 30	496	(443)	

(a) Transfer induced by disposal of financial assets, impairment write-back following reevaluation, or transfer of expenses following impairment charge during the period, and fixed maturity securities discount premium impacts.

### b) Translation reserve

The impact of foreign exchange rate movements (€+358 million) was mainly due to the United Kingdom (€+461 million) and the Company (€+91 million driven by the change in fair value of currency hedges set up to hedge net investments in foreign operations (€+224 million), partly offset by the foreign exchange on perpetual debt (€-140 million)), partially offset by Japan (€-147 million).

### c) Employee benefits actuarial gains and losses

The main contributor to the €-442 million decrease in actuarial gains and losses on employee benefit obligations was the United Kingdom (€-460 million) mainly coming from an increase in the long-term inflation rate.

#### 5.2.2. Recognized income and expense for the first half of 2008

### a) Reserve related to changes in fair value of available for sale financial instruments included in shareholders' equity

The change in reserves for unrealized gains on assets available for sale totaled €-4,297 million, mainly attributable to France (€-1,089 million), Belgium (€-1,264 million), Germany (€-428 million), the United Kingdom (€-318 million), the United States (€-386 million), the Mediterranean Region (€-318 million) and the Company (€-340 million). The reduction in gross unrealized gains of available for sale financial assets totaled €-10,164 million, mainly due to debt securities (€-6,014 million), as a consequence of a rise in interest rates during the period, since most of debt securities held are fixed-rates bonds, and to equity securities (€-4,177 million).

### b) Translation reserve

The impact of exchange rate movements (€-455 million) was mainly attributable to the United States (€-712 million, principally due to the difference between the June 30 2008 closing exchange rate -USD1.58 for €1- and the December 31, 2007 closing exchange rate -USD1.47 for €1-) and the United Kingdom (€-384 million), partly offset by positive changes in Switzerland (€+159 million) and the change in fair value of currency hedges set up by the company to hedge net investments in foreign operations (€+423 million).

### c) Employee benefits actuarial gains and losses

The main contributors to the €-143 million losses on employee benefits obligations were the United States (€-103 million) and the United Kingdom (€-101 million), partly offset by Germany (€+65 million). This resulted from the combination of interest rates increases and unfavorable equity markets.

#### 5.3. 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 items. The same is true for puttable instruments held by minority interest holders.

### 5.3.1. Change in minority interests for the first half of 2009

The €+321 million increase in minority interests to €3,380 million was mainly due to transactions with shareholders (€+109 million) and recognized income and expenses for the period (SORIE) (€+212 million).

Transactions with shareholders included the following:

- Dividends paid to minority interests holders for €-103 million;
- Other movements (€+214 million) mainly including capital raising of AXA Asia Pacific Holdings (€+247 million), partly offset by the buyout of minority interests at AXA Germany (€-14 million).

The recognized income and expenses for the period included the following:

- Net income attributable to minority interests for €+121 million;
- Increase in reserve relating to the change in fair value of available for sale financial instruments (€+56 million);
- Change in translation reserved for €+32 million; and
- Impact of actuarial gains and losses on employee benefits for €+3 million.

### 5.3.2. Change in minority interests for the first half of 2008

The €-167 million change in minority interests, to €3,105 million, was attributable to a €-206 million impact of transactions with shareholders, and a €+38 million recognized income for the period (SORIE).

Transactions with shareholders included the following:

- Dividends paid to minority interests holders for €-307 million;
- Other movements, for €+101 million, including notably €+40 million as a consequence of the consolidation of AXA Gulf, and €+43 million resulting from increases in share capital in some real estate entities.

The recognized income and expenses for the period included the following:

- Net income attributable to minority interests for €+234 million;
- A €-55 million decrease in reserves relating to the change in fair value of available for sale financial instruments;
- A €-133 million negative change in translation reserves; and
- A €-7 million impact from employee benefits actuarial obligation.

## 5.4. Consolidated statements of changes in shareholders' equity

(In Euro million, except for number of shares and nominal value)

	Share Capital					Attributable to shareholders							
	Number of shares (in thousands)	Nominal value (euros)	Share Capital	Capital in excess of nominal value	Treasury shares	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)	Reserves relating to revaluation of tangible assets	Other (a)	Translation reserves	Undistributed profits and other reserves	Shareholders' Equity Group share	Minority interests
<b>Shareholders' equity as at January 1, 2009</b>	<b>2,089,157</b>	<b>2.29</b>	<b>4,784</b>	<b>17,840</b>	<b>(547)</b>	<b>(353)</b>	<b>100</b>	<b>4</b>	<b>6,500</b>	<b>(2,712)</b>	<b>11,824</b>	<b>37,440</b>	<b>3,058</b>
Capital	17	2.29	0	-	-	-	-	-	-	-	-	0	-
Capital in excess of nominal value	-	-	-	(14)	-	-	-	-	-	-	-	(14)	-
Equity - share based compensation	-	-	-	38	-	-	-	-	-	-	-	38	-
Change in scope of consolidation	-	-	-	-	-	0	(0)	-	-	(0)	0	0	170
Treasury shares	-	-	-	-	26	-	-	-	-	-	-	26	-
Equity component of compound financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deeply subordinated debt	-	-	-	-	-	-	-	-	87	-	-	87	-
Accrued interests - Deeply subordinated debt	-	-	-	-	-	-	-	-	(149)	-	-	(149)	-
Other	-	-	-	-	-	-	-	-	-	(0)	84	84	(60)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(836)	(836)	-
<b>Impact of transactions with shareholders</b>	<b>17</b>	<b>2.29</b>	<b>0</b>	<b>24</b>	<b>26</b>	<b>0</b>	<b>(0)</b>	-	<b>(62)</b>	<b>(0)</b>	<b>(752)</b>	<b>(764)</b>	<b>109</b>
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-	963	(66)	-	-	-	-	897	56
Translation reserves	-	-	-	-	-	-	-	-	-	358	-	358	32
Employee benefits actuarial gains and losses through OCI (b)	-	-	-	-	-	-	-	-	-	-	(442)	(442)	3
Net income of the period	-	-	-	-	-	-	-	-	-	-	1,323	1,323	121
<b>Total recognized income and expense for the period (SORIE)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>963</b>	<b>(66)</b>	-	-	<b>358</b>	<b>881</b>	<b>2,135</b>	<b>212</b>
<b>Shareholders' equity as at June 30, 2009</b>	<b>2,089,175</b>	<b>2.29</b>	<b>4,784</b>	<b>17,864</b>	<b>(521)</b>	<b>610</b>	<b>34</b>	<b>4</b>	<b>6,438</b>	<b>(2,354)</b>	<b>11,953</b>	<b>38,811</b>	<b>3,380</b>

NB : amounts are presented net of impacts of shadow accounting and of its effects on policyholders' participation, deferred acquisition costs, and value of business in force.

(a) Perpetual subordinated debts (TSS, TSDI), and equity components of compounded financial instruments (e.g convertible bonds) (see note 5.1.1.c).

(b) Actuarial gains and losses accrued since opening January 1, 2009.

(In Euro million, except for number of shares and nominal value)

	Share Capital					Attributable to shareholders					Other reserves			Undistributed profits and other reserves	Shareholders' Equity Group share	Minority interests
	Number of shares (in thousands)	Nominal value (euros)	Share Capital	Capital in excess of nominal value	Treasury shares	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)	Reserves relating to revaluation of tangible assets	Other (a)	Translation reserves						
<b>Shareholders' equity as at January 1, 2008</b>	<b>2,060,753</b>	<b>2.29</b>	<b>4,719</b>	<b>17,363</b>	<b>(716)</b>	<b>4,846</b>	<b>(11)</b>	<b>4</b>	<b>7,219</b>	<b>(1,478)</b>	<b>13,697</b>	<b>45,642</b>	<b>3,272</b>			
Capital	2,702	2.29	6	-	-	-	-	-	-	-	-	-	6	-	-	
Capital in excess of nominal value	-	-	-	34	-	-	-	-	-	-	-	-	34	-	-	
Equity - share based compensation	-	-	-	45	-	-	-	-	-	-	-	-	45	-	-	
Change in scope of consolidation	-	-	-	-	-	0	-	-	-	-	(3)	0	(3)	68	-	
Treasury shares	-	-	-	-	53	-	-	-	-	-	-	-	53	-	-	
Equity component of compound financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deeply subordinated debt	-	-	-	-	-	-	-	-	(255)	-	-	-	(255)	-	-	
Accrued interests - Deeply subordinated debt	-	-	-	-	-	-	-	-	(148)	-	-	-	(148)	-	-	
Other	-	-	-	-	-	-	-	-	-	-	(0)	379	379	(273)	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	(2,473)	(2,473)	-	-	-	
<b>Impact of transactions with shareholders</b>	<b>2,702</b>	<b>2.29</b>	<b>6</b>	<b>79</b>	<b>53</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>(403)</b>	<b>(3)</b>	<b>(2,094)</b>	<b>(2,362)</b>	<b>(206)</b>			
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-	(4,297)	(3)	-	-	-	-	-	(4,301)	(55)	-	
Translation reserves	-	-	-	-	-	-	-	-	-	-	(451)	-	(451)	(133)	-	
Employee benefits actuarial gains and losses through OCI (b)	-	-	-	-	-	-	-	-	-	-	-	(143)	(143)	(7)	-	
Net income of the period	-	-	-	-	-	-	-	-	-	-	-	2,162	2,162	234	-	
<b>Total recognized income and expense for the period (SORIE)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,297)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>(451)</b>	<b>2,019</b>	<b>(2,733)</b>	<b>38</b>			
<b>Shareholders' equity as at June 30, 2008</b>	<b>2,063,456</b>	<b>2.29</b>	<b>4,725</b>	<b>17,442</b>	<b>(663)</b>	<b>549</b>	<b>(15)</b>	<b>4</b>	<b>6,816</b>	<b>(1,933)</b>	<b>13,622</b>	<b>40,547</b>	<b>3,105</b>			

NB : amounts are presented net of impacts of shadow accounting and of its effects on policyholders' benefit, deferred acquisition costs, and value of business in force.

(a) Perpetual subordinated debts (TSS, TSDI), and equity components of compounded financial instruments (e.g convertible bonds) (see note 5.1.2.c).

(b) Actuarial gains and losses accrued since opening January 1, 2008.

## Note 6 : Financing debt

	(in Euro million)		
	Carrying value	June 30, 2009	December 31, 2008
<b>AXA</b>		<b>5,719</b>	<b>5,998</b>
Debt component of subordinated notes due 2014 (euro)		1,804	1,773
Debt component of subordinated convertible notes, 3.75% due 2017 (euro)		1,284	1,259
Subordinated notes due 2020 (euro)		180	180
U.S. registered redeemable subordinated debt, 8.60% 2030 (USD)		836	848
U.S. registered redeemable subordinated debt, 7.125% 2020 (GBP)		381	341
U.S. registered redeemable subordinated debt, 6.75% 2020 (euro)		1,070	1,070
Derivatives on debts instruments issued (a)		164	527
<b>AXA Financial</b>		<b>144</b>	<b>145</b>
Surplus Notes, 7.70 %, due 2015		142	143
MONY Life 11.25% Surplus Notes due 2024		1	1
<b>AXA Bank Europe</b>		<b>396</b>	<b>423</b>
Subordinated perpetual notes, variable		396	423
<b>AXA-MPS Vita and Danni</b>		<b>135</b>	<b>135</b>
Subordinated Notes, euribor 6 months + 81bp		135	135
<b>Other subordinated debt (under €100 million)</b>		<b>34</b>	<b>34</b>
<b>SUBORDINATED DEBT</b>		<b>6,428</b>	<b>6,734</b>
<b>AXA</b>		<b>4,032</b>	<b>5,496</b>
Euro Medium Term Notes, 6.0% due through 2013, and BMTN		969	912
Commercial paper		2,097	4,635
Euro Medium term Notes, due through 2015		1,000	-
Derivatives on financing debt instruments issued (a)		(34)	(50)
<b>AXA Financial</b>		<b>808</b>	<b>817</b>
Senior notes , 7.75%, due 2010		341	344
Senior notes , 7%, due 2028		248	250
Senior notes MONY, 8.35%, due 2010		219	223
<b>AXA UK Holdings</b>		<b>180</b>	<b>160</b>
GRE : Loan Notes, 6.625%, due 2023		180	160
<b>Other financing debt instruments issued (less than €100 million)</b>		<b>27</b>	<b>91</b>
Other financing debts instruments issued under euro 100 million		34	143
Derivatives relating to other financing debts instruments issued (1)		(7)	(52)
<b>FINANCING DEBT INSTRUMENTS ISSUED</b>		<b>5,046</b>	<b>6,564</b>
<b>AXA</b>		<b>-</b>	<b>1,000</b>
<b>Morocco</b>		<b>113</b>	<b>113</b>
<b>Other financing debts owed to credit institutions (under €100 million)</b>		<b>72</b>	<b>103</b>
<b>FINANCING DEBT OWNED TO CREDIT INSTITUTIONS</b>		<b>186</b>	<b>1,216</b>
<b>TOTAL FINANCING DEBT</b>		<b>11,660</b>	<b>14,514</b>

(a) Hedging instruments according to IAS 39 and economic hedge derivatives which are not acting as hedge under IAS 39.

Total financing debt decreased by €2,854 million between December 31, 2008 and June 30, 2009, or by €2,871 million at constant exchange rates, to €11,660 million. The decrease at constant exchange rates was mainly due to AXA SA with:

- i. a €2,538 million decrease in commercial paper;
- ii. a repayment of a €1,000 million credit line ("club deal" banking pool) issued in 2008 to finance AXA development;
- iii. a €363 million decrease from the change in fair value of currency and interest rate swaps.  
partly offset by;
- iv. a €1,000 million increase in financing debt instruments issued arising mainly from AXA SA's issue of new senior notes taking advantage of more favorable market conditions.

## Note 7 : 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.

	(in Euro million) (c)	
	June 30, 2009	June 30, 2008
<b>NET INCOME GROUP SHARE</b>	<b>1,323</b>	<b>2,162</b>
TSS and TSDI financial charge	(149)	(148)
TSS and TSDI FX impact	(140)	167
<b>NET INCOME INCLUDING IMPACT OF TSS/TSDI</b>	<b>A 1,035</b>	<b>2,181</b>
Weighted average number of ordinary shares (net of treasury shares) - opening	2,060	2,030
Stock options exercised (a)	0	1
Treasury shares (a)	1	1
Share purchase program (a)	-	-
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>B 2,061</b>	<b>2,032</b>
<b>NET INCOME PER ORDINARY SHARE</b>	<b>C = A / B 0.50</b>	<b>1.07</b>
Potentially dilutive instruments :		
- Stock options	1	7
- Other	3	3
<b>FULLY DILUTED - WEIGHTED AVERAGE NUMBER OF SHARES</b>	<b>D 2,065</b>	<b>2,043</b>
<b>NET INCOME (b)</b>	<b>E 1,035</b>	<b>2,181</b>
<b>FULLY DILUTED NET INCOME PER ORDINARY SHARE</b>	<b>F = E / D 0.50</b>	<b>1.07</b>

(a) Weighted average.

(b) Taking into account the impact of potentially dilutive instruments.

(c) Except for number of shares (million of units) and earnings per share (Euro).

## Note 8 : Subsequent events

In July 2009, AXA SA unwound all its residual 2008 equity macrohedging position (€2,500 million on Eurostoxx50 and €250 million on FTSE 100), resulting in a €19 million loss.



**Statement /**

**of the person responsible**

**for the Half Year Financial Report**



## **Statement of the person responsible for the Half Year Financial Report**

I, the undersigned, hereby certify, to the best of my knowledge, that the consolidated summarized financial statements for the first half of the fiscal year 2009 have been drawn up in accordance with applicable accounting standards and accurately show the position of the assets and liabilities, the financial position and the profit or loss of the Company and of all businesses and firms included within the scope of the consolidated Group and that the half-year activity report, to be found in the first part of this Report, accurately reflects the significant events which occurred during the first six months of the fiscal year and their impact on the financial statements, the related-parties transactions and the principal risks and uncertainties for the remaining six months of the fiscal year.

Paris, August 6, 2009.

Henri de Castries  
Chairman of the AXA Management Board

### **Person responsible for financial information**

Denis Duverne  
Member of the AXA Management Board,  
Group Chief Financial Officer



**Statutory auditors' review /**

**report on the 2009 Half Year**

**Financial Information**

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## **STATUTORY AUDITORS' REVIEW REPORT ON THE 2009 HALF-YEAR FINANCIAL INFORMATION**

*This is a free translation into English of the Statutory Auditors' review 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  
**AXA S.A.**  
25 avenue Matignon  
75008 Paris

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of articles L. 232-7 of the French Commercial Code (Code de commerce) and L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of AXA SA, for the six months ended June 30, 2009 ;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors considering the current economic and financial downturn, as stated in the interim activity report, illustrated by a high volatility of still active financial markets, fewer transactions on the financial markets that became inactive and by limited insight on future outcome similarly to December 31, 2008 year end. Our role is to express a conclusion on these financial statements based on our review.

### **1. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

## **2. Specific verification**

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements

Neuilly sur Seine and Courbevoie, August 6, 2009

The Statutory Auditors

*French original signed by*

PricewaterhouseCoopers Audit

Mazars

Eric Dupont

Philippe Castagnac

Jean-Claude Pauly