

Presentation of full year 2016 earnings

Press conference – February 23, 2017

Contents

Introduction	2
Thomas BUBERL	2
Chief Executive Officer	2
Business Lines	6
Gérard HARLIN	6
Chief Financial Officer	6
AXA France	8
Jacques de PERETTI	8
Chairman & Chief Executive Officer of AXA France	8
Earnings Summary and Financial Strength	11
Gérald HARLIN	
Chief Financial Officer	
Conclusion	11
Thomas BUBERL	
Chief Executive Officer	
Questions & Answers Session	13

Introduction

Thomas BUBERL
CEO

I. Introduction

Hello, everyone. I am very happy to welcome you here for the presentation of our full year earnings for 2016.

For us, 2016 was a year that was marked by many changes. As you know, Henri de Castries decided to leave the Group and Denis Duverne was appointed Chairman. The Group appointed a new CEO and a new AXA management team was designated.

The year 2016 is characterized by extremely solid results. For the first time in the history of AXA, we generated revenues of 100 billion euros with record earnings of 5.7 billion euros, while maintaining an extremely stable balance sheet and a solvency ratio of close to 200%. I am extremely proud that we serve 107 million customers every day with the constant concern to increase their protection. The plan we announced last year was therefore completed for its first phase.

In June 2016, we launched Ambition 2020, which is based on two pillars: the Focus pillar and the Transform pillar. Focus, which is concerned with operational requirements (selective growth, higher margins, improved capital management), is underway. Transform focuses on what we need to do in order to better serve our customers tomorrow. I will show you some examples that indicate we have made good progress in this area.

II. Key Figures

Underlying earnings per share rose by 4%. We had given guidance in the range of 3% to 7% depending on financial market conditions. We are proud that we got to 4%, despite a very challenging environment, which is in the middle of the range.

At 6.2 billion euros, our cash flow is also in line with our targets, with a return on equity of 13.5%, which is to say, also in the range that we had announced in connection with Ambition 2020.

Taken together, this is a very solid balance sheet, with a solvency ratio of nearly 200% in spite of difficult market conditions.

So our Ambition 2020 plan is off to a good start and we are very proud to present these results to you today, which encourage us to do even more in 2017 and the years thereafter.

III. Focus: Our Growth Strategy

1. Health

Today, we are a major player in health insurance worldwide, with revenues of 12 billion euros. We managed to achieve health insurance revenue growth of 4% in 2016 and achieved very significant profitability.

This activity is strategic to us because today we face cost inflation in the healthcare system, which for patients reinforces the need for prevention and the optimization of their healthcare journey. In addition, for chronic diseases, the challenge of costs is how to improve the healthcare journey while controlling costs better.

In the UK we are extremely active and innovative in health. Health Gateway is a very innovative way to help companies develop prevention for their employees. Demand is very high for these solutions.

2. Savings

Savings is also a strategic market for us. It is often a topic of discussion when interest rates are low. Today, an annuity target of 1,000 euros per month means that your capital must be twice as high as ten years ago because of low interest rates. Our job is therefore to find attractive solutions that help our customers save more in this environment.

We have increased our revenues in this business line and have continued to evolve our business mix towards protection, health, and products that consume less capital. These are also of great interest to the customer: the relationship between upside and guarantee is better than with traditional products. At the same time, we are reducing our exposure to traditional products at guaranteed rates.

We have launched an important innovation in France, the Discovery tool. It facilitates the investment advisory process for retirement, making it extremely simple and guiding the customer through the various stages. I was with Jacques de Peretti the other day in Bordeaux, where we launched this new tool. I am extremely pleased that AXA is launching it in France for 2,500 agents.

3. Commercial Insurance

The third major area of growth is commercial insurance, which currently accounts for about half of our revenues. This market is best analyzed in a segmented way, distinguishing between small and medium-sized enterprises (restaurants, hairdressers, etc.), mid-market companies (500 to 1,000 employees), and large international companies. Companies in each segment have totally different needs. We take this into account by proposing distinct approaches, implemented by different entities.

For SMEs, the key question is how to find insurance solutions in an extremely simple way. In Belgium, the innovative Minibizz service offers the simplicity that small businesses need, with a significant amount of automation.

For mid-market and large companies, the primary need is advice: how can we help large companies identify their risks and reduce their exposure? We experienced satisfactory growth of 2% in this business line in 2016.

4. Asia

The fourth pillar of our strategy is Asia, where AXA has very strong positions thanks to a sound strategy of partnerships. We are present in all markets and last year saw 16% new business growth in life insurance. Again, the low level of interest rates has impacted our business, making our performance all the more remarkable.

We must work with our partners in order to benefit from their access to the middle classes, which are constantly expanding. That is our priority and our partnerships are very helpful. We must also think of the middle class of tomorrow. There are emerging customers that we offer a different approach based on extremely simple and targeted insurance solutions that meet their needs. For example, a woman who started her business in India does not need a large amount of life insurance. She needs to be sure that if she is hospitalized, there will be bread on the kitchen table. We have developed tools for this approach.

The way in which we can tailor our offerings to the specifics of decision-making structures in Asian families (where women have a central place, including insurance decisions) is one of the specificities of the Asian continent that we must take into account better. By way of illustration, we have increased female participation in our sales force in Thailand in order to better meet the needs of women in Asia.

IV. The Future: Transform

AXA's future depends on transforming our business today to better serve the needs of our customers tomorrow. The source of this transformation will be innovation. For this reason, in recent years we have created an innovation ecosystem around AXA, which has two main components we can identify.

The first is based on the investment resources provided by AXA Strategic Ventures and the resources for the development of new business projects (Kamet). We have already invested in many new companies. The objective is to invest by adding value to these companies in order to help them develop, but also to learn from them because they have often developed innovative expertise.

Through Kamet, we have launched three new projects that are developing quite quickly because prototypes are evolving more rapidly in this type of structure than in a traditional insurance company.

The second major component of this innovation ecosystem is partnerships. We have established innovative partnerships in emerging countries, for example in India with Airtel (with whom we have a joint venture) and in Nigeria with Jumia.

However, the real source of transformation is in-house. If we cannot help our employees change and improve customer service every day, we will not achieve our goals. This is why we have mobilized new resources in the company to help it innovate. A first strong signal was the extension

of the management circle to the Group's 40 most senior executives in the Partner's committee, in order to define together what our strategy should be and to work on its execution.

We have also mobilized a significant budget to support our employees so that they can acquire the new skills we need. An employee who works today in a call center will have to know how to use Facebook Messenger tomorrow. It is the same type of work, with completely different tools. Supporting our employees means investing.

Diversity is also a major issue, in particular female participation in the workforce. We have defined the clear target rate of 33% women in senior leadership roles by 2020 aimed at increasing the number of women in managerial positions.

As an actor in society, we must also take action through our investments. We decided in 2015 to withdraw from the coal sector. We made another major decision in 2016, disengaging from the tobacco industry. It is extremely important that AXA is positioning itself and acting as a social actor because we are at the heart of society. We want to help and protect everyone, which requires action on different levels. Ultimately, our goal is clear: to help our customers live a better life.

Business Lines

Gérard HARLIN
Chief Financial Officer

I. Life, Savings, & Health

Our Life, Savings, & Health business increased by 2% overall in 2016. At the end of the first half of the year, it was down by 2%, which means that we saw a good increase in the second half of the year.

Health insurance (which now accounts for 45% of our new business) grew by 2%, with solid growth in Switzerland, Hong Kong and Spain.

The 10% decline in the Unit-Linked business was due to adverse market conditions in Italy and the announcement of our withdrawal from the Individual Savings business in Belgium. G/A Savings (+15%) enjoyed good growth in countries such as China, Japan, and Hong Kong. Mutual Funds business was up by 10%, mainly thanks to France.

Our net inflow in 2016 was 4.4 billion euros, mainly thanks to Protection & Health products. Our NBV margin was up, to 40%. Overall, the value of our new business rose by 5% in 2016.

Life, Savings & Health underlying earnings rose by 2% to 3.5 billion euros. The breakdown of underlying earnings by activity shows that Protection & Health account for 55% and Unit-Linked business 23%, which is in line with our ambition 2020 plan focused on business that is the most profitable and the least consuming of capital. The average yield on assets in 2016 was 3.3%.

II. Property & Casualty

Property & Casualty revenues rose by 3% to €35.6 billion, which includes 2% growth in mature markets, where we benefited from price increases and volume growth.

With regard to emerging markets (+7%), we are seeing very good momentum in Mexico and rate increases in Turkey, in line with the portfolio consolidation policy we have already mentioned.

Lastly, in Direct (+7%), it is important to note the solid increase we achieved last year in several countries (France, Poland, the UK and Japan).

Overall, personal lines insurance revenues rose 4% in 2016 compared to the previous year, while commercial lines were up by 2%.

The combined ratio increased from 96.2% to 96.5%. This slight increase is attributable to two factors, an increase in acquisition costs (in order to acquire new business lines) and a lower reversal of reserves from prior years. In total, Property & Casualty underlying earnings increased by 2%. Return on assets was 3.4%.

III. Asset Management

In terms of Asset Management, AXA Investment Managers' average assets under management declined by 3%, due to the withdrawal of the Friends Life portfolio. As a reminder the latter, after merging with Aviva, took over its asset management, which we expected. AB increased its average assets under management by 1%. Total assets under management declined by 1%. If we had not lost the Friends Life portfolio, we would have recorded growth in our assets under management of 2%.

Net inflows for asset management totaled 45 billion euros, which is significant. AXA Investment Managers raised 56 billion euros, including 38 billion euros from Asian Joint Ventures. AB, as announced on September 30th, experienced a 12 billion euro outflow due to the loss of two mandates in the institutional channel.

Underlying earnings declined by 8%, mainly as a result of a 1% decline in AXA Investment Managers' underlying earnings due to the loss of the Friends Life portfolio. The underlying earnings of AXA IM would have been in positive territory had we not experienced the loss of this asset.

For AB, underlying earnings fell by 16% due to a one-off tax expense of 50 million euros. If this one-off charge is excluded (it is, by definition, non-recurrent), AB's underlying earnings would have risen by 6%.

The Performance of AXA France

Jacques de PERETTI
Chairman and CEO of AXA France

I. AXA France in 2016: General Overview

It is both my privilege and a great pleasure to present to you for the first time the results of AXA France. First of all, I would like to draw your attention to four or five points that I think are important.

AXA France's revenues amounted to 22.8 billion euros, up 4.1% over the previous year, by about one billion euros. The increase was driven by the life insurance business, whose revenues grew by 5.8%.

Our underlying earnings are stable and solid at 1.338 billion euros, and well distributed across all of our business activities (Property & Casualty, Health and Savings, both for Unit-Linked and G/A Savings).

The P&C business significantly improved its profitability and its combined ratio stood at 94.1%, reflecting an improvement of 1.2% compared to 2015, despite an increase in claims related to natural events and in the automobile insurance line.

Life insurance also did well (+5.8%). The diversification rate, i.e., the level of Unit-Linked in our savings inflow in 2016, stands at 40% in a difficult market where financial volatility has been high. This rate is stable compared to last year and is twice as high as the average rate recorded for the French market as a whole. It should be seen as the fruit of the constant innovation we are pursuing in terms of unit-linked products and the work of our teams, which are of high quality.

The Health and Protection business grew by 6%, with health revenues up by 8%. This strong performance reflects the increase in our portfolio (+25,000 contracts in one year) and our demonstrated ability to seize the opportunities arising from the ANI (Accord National Interprofessionnel) reform.

Lastly, Individual Protection revenues grew by 8%, which was the result of very strong commercial mobilization, in particular on the part of our tied agents, which enabled the creation of 306,000 new policies in 2016.

II. Our Roadmap

1. The vision

Our roadmap is consistent and aligned with what Thomas and Gérald have described: Focus & Transform.

In 2020, we want to be the number one multi-specialist insurer thanks to a multi-access, competitive and innovative service that offers much greater simplicity to our customers.

2. Be the first multi-specialist insurer

Some may think that we are already the leading multi-specialist insurer in France. This is not quite the case. We are a general insurer. We want to bring the greatest added value to our customers in each of our business activities tomorrow. This was the aim of our reorganization. On January 1, 2017, we regrouped everyone who does the same job on the same team in order to increase the added value offered to our customers.

We also want to be an exemplary company in terms of regulatory requirements. It is an opportunity to better defend the interests of our clients.

Thomas mentioned the Discovery application, which we have made available to our networks. This application very clearly brings the right advice in order to better determine the profile of our client, his or her needs and thus be irrefragable with regard to the duty of advice.

We are expecting everyone to mobilize for prevention, which forms the heart of our profession. AXA Prevention is very active. I won't dwell on it today.

Finally, I would like to talk about corporate social responsibility. As you know, at the end of 2015 we worked on the labeling of around 40 responsible insurance products with the help of external firms, considering that these offers brought individual or collective benefits to society. I am pleased to note that in 2016 more than 60% of the new business we did involved these responsible insurance products. We have also been a major player in micro-insurance for several years, in partnership with ADIE.

3. Multi-access service

The concept of multi-access service is clear: it is to offer our customers the freedom of choice for how they interact with AXA (agency, social networks, telephone, internet, applications). It is a very strong ambition. We are on the right track. For example, we have set up a hybrid route for our customers, who can already start a purchase on the internet and conclude, if they wish, in an agency. That's already 10% of our new auto insurance business.

We also need to support our customers in the new protection areas. We developed many things in 2016 that support our customers, particularly in the area of group insurance. Cyber-risk is becoming increasingly important in France and internationally. We have not remained idle, and have already launched two types of offers. We offer individuals full family protection, which covers individuals in terms of identity theft, e-reputation, and fraud in e-commerce. This coverage was sold to more than 100,000 of our customers last year.

As for commercial insurance, we completely redesigned our offer (when Gaëlle was working at AXA France) in order to build an innovative offer that targets every kind of business individually, instead of a generic offer meant to address the needs of all.

This multi-access, competitive and innovative service ultimately depends on the development of innovative services with high added value. In 2015, we developed teleconsultation. As of December 31, 2016, 3 million of our customers had access to remote medical teleconsultation, which we will

continue to improve. For example, we launched a pilot in Paris last month for the home delivery of medicine. We also set up a video chat with AXA Assistance, between doctors and clients.

Finally, we wanted to provide our customers with a service to protect themselves against the consequences of natural events. In 2016, we were able to send a million and a half geo-localized alerts, enabling our customers to take appropriate prevention measures depending on the nature of the event.

4. Greater simplicity for our customers

We want to offer simplicity to our customers and be a company with which they have good interactions. This concern affects the entire customer experience, right from the time of policy purchase. In 2016, we began the wide dissemination of the e-signature (which greatly reduces paper exchanges), already used by a third of our networks.

As for the management of daily life, last December we launched the new "My AXA" interface, much more powerful than the old one, which allows customers to do many things at their own convenience. More than 150,000 customers obtained an insurance certificate in 2016. They can also pay their premiums and carry out e-remittances in a secure and friendly environment.

It is also the case with the claims process where simplicity is naturally expected. We must reassure our customer but also simplify his or her life with the claim filing process. We have widely disseminated the e-declaration (the ability to submit a claim online) and the opportunities for online follow-up of the settlement. We are also able to offer our customers online expertise, via their smartphone, which naturally facilitates the resolution of claims. A few days ago I visited the platform that offers this new service.

III. Conclusion

So we have a clear roadmap for better serving our customers, making our business simpler and closer to them. We are pursuing this ambition thanks to the legendary commitment of the AXA teams and to all of our distribution networks (France's leading sales force), which are very valuable for us.

Overview of Earnings and Financial Strength

Gérald HARLIN
Chief Financial Officer

I. Principal Financial Results

The Group's underlying earnings rose by 3% in 2016 to 5.7 billion euros. The breakdown by activity shows that Property & Casualty represents 39% of underlying earnings, while Health & Protection accounts for 27%. These two business lines represent approximately two-thirds of our underlying earnings. In other respects, these are the lines of business that are the least sensitive to financial markets, and therefore the least capital intensive.

Growth in underlying earnings per share was 4%, which is in line with the Group's underlying earnings.

Adjusted earnings (the indicator on which our dividend policy is based) increased by 3%. It reflects the increase in underlying earnings.

Net income was up 2%, in line with adjusted earnings.

II. Financial Strength Indicators

Our shareholders' equity grew by 2.1 billion euros. This increase mainly reflects the contribution of net income, less the dividend paid in 2016.

The Solvency 2 ratio stands at 197%, which is very well positioned within the range we defined (170% to 230%).

At the end of October, our financial strength rating at Standard & Poor's was raised to AA-.

The invested assets of the General Account (excluding Unit-Linked products) represent a total of 583 billion euros. They are mainly invested in corporate bonds and government bonds (which are stable) because we are mainly invested in fixed rate products, which enables the right balance between our assets and our liabilities. The average return on invested assets for the year 2016 was 1.8%.

III. Dividend

Thanks to our good operational performance and the strength of our balance sheet, we will propose a dividend of 1.16 euros, up 5%, at this year's annual meeting, which translates into a dividend payout ratio of 48 % (compared with 47% last year). Our distribution policy is to pay out 45% to 55% of adjusted earnings.

Conclusion

Thomas BUBERL
CEO

We have just presented very solid results, which show a good start towards the realization of our Ambition 2020 program presented last June. We know very well where we need to focus our efforts.

Focus is concerned with the execution and improvement of our activities. I spend a lot of time with the entities, where I talk a lot with our teams. I mentioned France. I was in Mexico and the United States last week. They are proud to work for AXA but sometimes wonder if the transformation is something to be afraid of. I tell them clearly that this is not the case. Transformation is a conduit of energy. For example, Jacques de Peretti is committed to the transformation of AXA France and this determination permeates all our teams, in Customer Service, Distribution, etc. Our teams want to take action to transform our businesses and better serve our customers. We are innovative, we are entrepreneurs, and we want to be the world leaders in insurance innovation because our ambition is clear: to empower each of our customers to live a better life.

Q & A Session

Florian DELAMBILY, *News Assurances Pro*

You mentioned the increase in AXA France's group insurance portfolio. What about personal property and casualty insurance and what is the weight of the rate increases on the increase in sales in this segment?

Regarding the impact of transformation on employment, we saw the assumptions about Belgium in September. Could other countries be affected by these effects on employment at the Group level and in France in particular?

Jacques de PERETTI

Business in France was very buoyant, with revenue up 4.1%, led by Life insurance, which grew by 5.8%. The Property & Casualty business was slightly behind and unchanged (-0.4%), including a small increase in personal lines and a slight decrease in commercial lines. Two phenomena were present in this market in 2016. On the one hand, we did not increase rates because we were operating in a rather unusual context, marked by a limited loss experience and increased competition linked to the Hamon Law, which led to slower than usual growth in our Property & Casualty business.

We remain attached at AXA France to the ongoing dialogue between employees and the management, as illustrated by yet another agreement signed on wages. These efforts continue with our social partners. As you know, we have very strong agreements, for example in terms of GPEC (management and forecasting of future jobs and skills), which offers our employees career opportunities within AXA companies across France. We are reducing the total number of employees from attrition, by not replacing them. The challenge we face is to provide each of our employees the training they need to achieve the transformation that Thomas has described and is leading.

Thomas BUBERL

Thanks, Jacques. The same is true in other countries. Transformation does not only involve passing from paper to writing. It is a matter of changing the relationship established with our end customer by developing different ways to establish a stronger relationship with this end customer. We also want to expand the range of services offered. Jacques mentioned some examples.

We need to develop new skills and new profiles, while other activities are disappearing. Our history has always been based on an extremely strong social dialogue. AXA was the first company to set up a European Work Council, before the law required it. Our roots in social dialogue are therefore particularly robust. We want to continue in that direction.

Each entity within AXA has a local responsibility and must decide what resources are needed locally to achieve this transformation and be competitive. This is why the response to transformation in France, Belgium, the United Kingdom, and Germany always comes through different channels. Our programs also have distinct intensities but remain marked by the imperative of social dialogue and the desire to seek solutions in common through dialogue.

From the room, *Il Sole 24 Ore*

I want to return, inevitably, to two recurring questions with respect to Italy.

In the first place, can you solemnly confirm that you are not interested in Generali?

In addition, what do you think of the Monte Paschi plan and what does it change for you with respect to your Monte Paschi strategy?

Thomas BUBERL

I note something slightly new, since usually the second question, concerning Generali, has to do with our stake in BMPS (which has not varied). I suggest that Gérald Harlin answer your two questions.

Gérald HARLIN

We have clearly indicated that a merger with Generali would not bring anything to the Group and is not on the agenda. Our position has not changed in this regard.

As for BMPS, a fairly massive capital increase (8.6 billion euros) was announced. Even if the conditions for this capital increase are not known at this stage, it seems likely to enable BMPS to resume its activity. We have a partnership with BMPS. It is doing well and we are quite willing to pursue it. We support management, just as we support this capital increase.

Thomas BUBERL

The issue of Generali is a recurring one and, more broadly, the issue of our strategy for mergers and acquisitions. AXA has made major acquisitions in the past, always with the ambition of reaching a critical global scale.

We have reached this size, which means that today we exclude, in our strategy, small acquisitions as well as major acquisitions. Our priority is to consolidate ourselves in targeted business lines such as healthcare, P&C distribution and Asia. This is where we are looking for opportunities for the future.

.

Muriel BREIMAN, *Investir*

How do you take political risk into account in France in the management of your asset portfolio?
Are you being questioned a lot by foreign investors on this subject?

Gérald HARLIN

Today, our exposure is very diverse. Our exposure to French government securities has not changed in recent times, as we have mainly invested – using the logic of diversification - in corporate bonds, which are more profitable.

In general, it is certain that the spread on France has widened somewhat. Ten-year French government securities must be around 1%. Three years ago, these levels were much higher, after an increase of 150 basis points which was extremely rapid. We have to remain calm. We have an extremely diversified portfolio. In 2016, we mainly bought corporate bonds and other diversified products. This will also be the case in 2017.

Laurent THEVENIN, *Les Echos*

Can you give us the preliminary quantitative elements with respect to your cost savings plan?

Gérald HARLIN

You will recall that at the time of the presentation of our plan on June 21, 2016, we announced a target of 2.1 billion euros in savings. In 2016 we achieved savings of €0.3 billion, which is in line with what we announced. We confirm our plan of 2.1 billion euros.

Thomas BUBERL

We are mainly active in Europe, where the issue of social dialogue is major. We therefore need investment at the beginning of the discussion in this social dialogue. This curve of cost reduction, until 2020, will therefore not be linear.

Grégoire PINSON, *Challenges*

We are seeing a significant decrease in the underlying earnings of AXA France's Life and Savings segment, while business seems to be developing in health and employee benefits. Do you have an explanation for this contrasted picture?

Jacques de PERETTI

Our underlying earnings are indeed down compared to last year in Life and Savings, which is not the case in P&C, where it is up. This result is not due to the volume of business in 2016 (which rose sharply); nor is it due to the quality of this business. The new business margin also improved. As it happens, in 2015 we had an exceptional uptick in the credit insurance business that was not repeated in 2016. This is the only explanation.

Maya NIKOLAEVA, *Reuters*

There is a trend in Europe toward consolidation in asset management activities. Do you intend to participate and are you looking for a partnership?

In addition, last year, you established a number of strategic partnerships as part of your innovation strategy. Are you working on another one this year, for example in the health or automotive sector?

Thomas BUBERL

I'll start with your second question. It is true that partnerships are extremely important. In the past, when we started a new business, we always did it alone. As speed became a very important parameter, it became essential to forge partnerships. We must also ask ourselves who these partners are. There are opportunities for partnerships with start-ups. This seems to me to be an important focus and we have started to use this approach, for example in Nigeria with Jumia. We will continue to approach things this way. An even more decisive opportunity lies in partnerships with large companies, because we must ask ourselves who will be our competitors tomorrow. They may no longer be European insurers but actors from other sectors entering the insurance market. For example, a medical device manufacturer will seek to further exploit patient data and provide some form of insurance against the disease. We must therefore ask ourselves how we can do better by allying ourselves with others but also bypassing our potential competitors of tomorrow to make them partners today. So we are actually working on partnerships, as we have done in Africa and Asia, to accelerate our transformation.

AXA has two asset management companies, AllianceBernstein, which focuses heavily on the United States and AXA IM, which focuses primarily on Europe. These two companies are transforming themselves, as their businesses are subject to strong pressures on income (e.g., equity and fixed income). They have made significant progress in developing satellite activities in related fields to counteract this cost-cutting effect. For example, AXA IM is a leader in real estate and the short duration high yield business. We want to develop these activities within our two asset management companies.

Jade GRANDIN, *L'Agefi*

Can you return for a moment to the question of the fall in revenues for Unit-Linked business?

Can you also provide more details on the fall in ROE and the decline in the combined ratio?

Gérald HARLIN

From a business perspective, I indicated that there were two reasons for the 10% decrease for ULs. The main reason is the adverse market situation in Italy. As part of our partnership with MPS, we were selling a lot of Unit-Linked products, which were, as was the case everywhere, affected in the first part of the year by adverse financial markets. In addition, there were the problems specific to MPS. We also had Unit-Linked product business in Belgium and announced the discontinuation of the individual lines business in that country.

From a profit perspective, we saw a 2% decrease in pre-tax income from Unit-Linked products, due to a decrease in fees from Italy - a phenomenon whose causes are identical to those indicated for the business. In the United States, there were different phenomena which more or less offset one another, which did not really affect the overall result for Unit Linked business.

As for the combined ratio, it did indeed increase. For individual lines, the combined ratio improved, decreasing by 0.3%. In the case of commercial lines, we saw decline in the combined ratio of 0.3% or 0.4%, which was due to acquisition costs: we had to invest to acquire new customers, which explains the slight drop. We are very confident. On June 21, we presented a plan indicating that our 2020 target calls for a combined ratio of 94% or 95% at the end of the plan. We confirm this objective.

Lionel GARNIER, *Le Revenu*

I realize that in terms of asset management you wanted to strengthen pockets of excellence. You mentioned the real estate. What about the global philosophy, when there are temptations to concentrate in this sector? Is this an option for AXA, through AXA Investment Managers or AllianceBernstein? Are you thinking of an industrial solution to reduce costs?

Free cash flow has been stable from year to year. How soon can we expect this indicator to rise?

Lastly, solvency is down compared to the previous year. Can you provide some background on that?

Thomas BUBERL

We are in the process of transforming the business of Asset Management, where the same trends as those in Life insurance are operating. We see a strong concentration of business but the question is about the existence of a strategy that makes sense. An analysis of every acquisition that has taken place in the past shows that few have created value. If we want to go down this road, we must find a deal that really makes sense. Opportunities of this kind seem fairly limited today in the market.

So we have to develop ourselves, especially since Asset Management is quite closely related to Life insurance. In the case of AXA IM, a significant part of the business is based on our own balance sheet. In addition, the issue of asset allocation and structuring is expected to become a key competency for a life insurance company. It is therefore crucial that we have these skills and that we develop them. All of this means we need to distinguish between an analysis of the environment on the one hand and what makes sense for us on the other.

Gérald HARLIN

The Group's cash flow amounted to 6.2 billion euros, which is stable compared to last year. This is the cash flow of our operating entities, generated by our Life, Property & Casualty companies and our Asset Management companies. Our holding company's contribution has improved. All of this led to a net improvement in cash flow.

When we presented our plan, we indicated that free cash flow would be between 28 and 32 billion euros. So a level of 6.2 billion euros, multiplied by five, places us in the upper part of this range. So I have no concern about that.

It should not be forgotten that what matters to us is the remittance ratio, i.e., what goes back in cash at the holding level. We have always indicated that this ratio would be between 75% and 85% of free cash flow. In 2016 it is 89%. So we are at a higher level than the high end of the range. So we're on a very good trend from a free cash flow perspective.

Lastly, our solvency ratio of 197% is in the middle of the range we had announced (170% -230%). It declined last year, mainly due to lower interest rates in Europe. Our solvency remains very solid and is among the strongest among our competitors.

Noémie BISSERBE, *Wall Street Journal-Dow Jones*

Marine Le Pen is currently the front runner in the French presidential election and she's proposing an exit from Europe and the Euro. Does this worry you and are you preparing for this scenario?

Thomas BUBERL

It is true that, as Gérald explained through the issue of spreads, the uncertainty surrounding the French political situation, a few months before the elections, has increased. We are aware that there is a "Frexit" scenario but its probability seems to me to be low. In view of all the volatility in Europe and in the world, it is a great opportunity for Europe to be able to focus on the question of its future. The anchoring of the Franco-German couple is an opportunity to strengthen Europe.

We need to consider a Frexit scenario, but our business is risk management. A potential Frexit would not be the first crisis in the history of AXA, whose business is risk management.

From the room

Have you put in place a specific hedging approach to the French elections in light of the heightened uncertainty?

In addition, your acquisition budget remains set at one billion euros per year. I believe you didn't use all of that in 2016. Does that mean this budget could be higher in 2017 and 2018?

Gérald HARLIN

When the balance sheet amounts to nearly 600 billion euros, what you can hedge is actually quite marginal. It could even lead to bad decisions. We practice hedging through risk management and through diversification. We don't buy protection at the last minute. Over the past two years, we have diversified. We did not buy French securities (in line with what we announced) given the level of interest rates, which is still very low. We had bought the year before at 1.8%. I hope that the average rate will be around 2% in 2017, for buying corporate bonds.

We had indicated that we had a budget of about 5 billion euros over the duration of the plan for acquisitions. It's still true. We did not make an acquisition in 2016. Our budget is thus a little more than 5 billion euros. That's all it means. It is especially important to grow in areas that enable us to achieve our objectives, which means "payer to partner" selectivity, work on lines of business and health insurance. It is not a question of making an acquisition in 2017. That's not how we think. We want to grow earnings per share and prepare for the challenges of the future.

Matthieu PROTARD, Reuters

I have a first question about your stock price, which ended up at -4% last year despite announcements of the strategic plan. It is still down by 6%, partly due to insurance-specific considerations. What is your analysis of the stock market performance of your stock?

In addition, contracts were signed between Fillon's consulting firm and the AXA Group. You confirmed the existence of this contract and the amounts paid. Can we know precisely what kind of assignment it was and what was the relevance of these consulting assignments?

Gérald HARLIN

As far as our stock market performance is concerned, we are down slightly compared to the others. Since the beginning of the year, AXA has been at around -4% or -5%. Other companies are at about the same level. Allianz is actually at +6% because the company announced a share buyback plan. You've seen the market's reaction. Allianz presented a fairly massive share buyback plan. That is not our strategy. We have clearly announced a non-dilution policy, which we are applying. The massive redemption of securities improves stock price in the short term, but we have much more confidence that our Ambition 2020 policy will raise our stock price. We are quite confident that the market will recognize it as well.

Thomas BUBERL

It is true that the AXA Group asked 2FConseil, between mid-2012 and 2014, for consulting services. They focused on the issue of financing long-term investments in the context of the European financial crisis. This was a normal consulting mandate in our industry, as in others, for leading companies.

Contrary to what you may have read, this consulting assignment did not cover the question of the public health and social security system in France. You no doubt also saw that the Ethics Officer of the National Assembly stated yesterday or the day before that this assignment was legal and that Mr. Fillon was not at any time in a position with conflicting interests.

Chris CANDY, Insurance ERM (*question asked via the webcast*)

We are seeing here that the British government plans to work on a modification. How much are you provisioning to cover it?

Gérald HARLIN

The industry was not solicited prior to this decision. So we don't have any idea what the intentions of the British government are. We are expecting a rebate that could be as much as 1%.

Jean EMILE, BBC (*question asked via the webcast*)

What is AXA's strategy in Africa looking forward to 2020 and 2030?

Thomas BUBERL

Africa is a very important for us strategically. We are already present in many African countries, notably in Egypt, Morocco, Nigeria, and in the CIMA (Inter-African Insurance Markets) countries such as Senegal. Africa is extremely important to us because a new middle class is developing there, which leads us to focus on growth, thanks to our existing entities (giving priority to health and commercial risks). We also have approaches that are distinct from those developed in Europe. For example, there is virtually no health system in Egypt. Insurers can help establish this system. We started working on telemedicine, as Jacques did in France.

Another major focus of development in Africa lies in partnerships, because that is where the innovative models are being produced.

Lastly, we are betting on serving the insurance needs of emerging customers. Mobile devices and digital solutions are extremely important in Africa. Our majority stake in MicroEnsure should enable us to offer relevant answers to this emerging insurance market, in partnership with banks and telecom operators, like the partnership with Airtel that we have in India.

And Africa is also important to us for another reason. It is not possible to transfer AXA's European approach to development into Africa. These new customers and new technologies require a completely new approach. We have to design products that are extremely simple, digital, and easy to use. We have much to learn from Africa when it comes to innovation in Europe.

Document produced by Ubiqus – Tel. 01.44.14.15.16 – <http://ww.ubiquis.fr> – infofrance@ubiquis.com