

Ambition 2020

Press Conference

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Opening remarks

Henri de CASTRIES

Chairman & CEO

Hello everyone. Thanks for being here this afternoon for a day that is a very important one for the Group. I am delighted to be delivering these opening remarks for the last time, since we are at the end of a transition that, contrary to what some of you have written, was not a surprise. It was carefully prepared, as I think you will discover this afternoon, as the analysts and investors who attended this morning's meeting discovered – i.e., what AXA's new ambitions are between now and 2020. Ambitions carried by a new team that will be led by Thomas; a new team that was rolled out extremely rapidly. Today, it has been exactly three months since the succession was accomplished on March 21. This team is here and it is a new team, with long and positive experience in the business; it combines generations; and it has a level of energy, enthusiasm, and professionalism that is at least equal to that of the previous generation. So it is with great pleasure that I'm going to give the floor to Denis and then Thomas, to introduce you to this new adventure, which is going to be AXA's ambition for the next five years. Thank you.

Introduction

Denis DUVERNE

Incoming Chairman

Hello everyone. I'm going to present this introduction primarily to let you know that we can have confidence in AXA's ability to achieve this new plan, because the plan we have just completed, Ambition AXA, was a great success. You remember what our three strategic priorities were: selectivity in the mature countries, acceleration in emerging countries, and efficiency everywhere.

Selectivity meant restoring profit margins to satisfactory levels in these countries and being more selective in the business we do. Within the framework of this selectivity, we sold 9 billion euros worth of business and acquired 5.5 billion euros worth of new business, 90% of it in the emerging countries. Acceleration meant both organic growth and external growth in the emerging countries in order to establish a significant footprint. As for efficiency, recall that our savings target was initially set at 1.5 billion euros and that we actually reached 1.9 billion euros.

This strategy produced its fruits. As we turn the page on the Ambition AXA plan, our ROE is more than 14%; our balance sheet is very strong with a Solvency II ratio of 205% at the end of last year; we are able to generate steady earnings and significant cash flows; our geographic presence is balanced; and the digital transformation we started three years ago is beginning to pay visible dividends.

AXA has a robust platform for pursuing its transformation, with a balanced business mix: 39% from property-casualty insurance, 36% from life, savings, and asset management, and 25% of our protection and health earnings. This means that we have successfully reduced our sensitivity to the financial markets by improving our business mix. Our balance sheet is very strong, with a Solvency II ratio on March 31 of 200%, right in the middle of the range that we had indicated as being within our comfort zone, which goes from 170 and 230%. Our global geographic presence, which extends to more than 60 countries, was further developed during the Ambition AXA plan, building on our already substantial presence in Asia and gaining a foothold in the most important countries of Africa and Latin America.

We have key strengths to achieve our transformation: a multi-channel distribution model that we have developed by facilitating the transformation of our clients from one channel to another; a leading global brand – for the past seven years, we have been the world's leading insurance brand; we are an innovative group, with the BCG coming to the conclusion that we rank among the world's 50 most innovative groups, the only insurance company to have made this list; and our employees are engaged. We conduct an annual employee survey called Scope, a practice we have followed for more than 20 years, which indicates that our employees are highly engaged.

These are all strengths that give us confidence in the capacity of the new team led by Thomas to achieve our Ambition 2020 plan objectives.

Thomas, it's your turn.

Ambition 2020

Thomas BUBERL

Future CEO

Thanks, Denis. Hello everyone. Denis showed that we have completed Ambition AXA with a very solid balance sheet. This is very important for the next phase, because we are building the next phase on a very strong balance sheet.

During this next phase, we will clearly continue the discipline that we exercised in the course of Ambition AXA, because the markets are still very challenging for us, but at the same time we will transform our business. This transformation is also linked to my personal history. When I got into insurance, a few years ago now, I found it to be a business that helps people in difficult situations. And this is really a very important goal for me.

This transformation is going to occur in an environment which, as I said, is challenging. We see three challenging factors. The first factor is low interest rates. Three or four years ago, we thought this would last two or three years, but today we see that this is the new normal: interest rates will remain low. We have to adapt our model to this new normal. The second major factor is weak growth. The rule we applied twenty years ago, whereby the emerging countries offered strong growth while the mature countries offered weak growth is no longer accurate. Growth has to be found by being very selective. The third factor is that consumers are adapting. Today, we are compared to Amazon, Facebook, and Google. As you can imagine, it is not as easy to buy an insurance policy as it is to buy a book on Amazon today, but we have to work on this. We have to move in this direction so that we can get to the customer experience more rapidly and more easily.

There are a lot of questions, but there are also a lot of opportunities. We already know from the preceding period how to manage a challenging environment where interest rates are low and growth is weak, but at the same time we can use these opportunities to change the model, to transform the model. This is important in a benchmark against our new rivals like BlablaCar, Google, and Amazon, as well as against our traditional competitors.

We have based our plan on five convictions. These convictions are based on the fact that we are a big group, we do a lot of things in the world, and we find many good examples for handling these challenges and transforming the model. We said to ourselves: if we have done something good in one country, if we have created a track record, then we need to take these successes and implement them elsewhere.

This is why the first conviction revolves around selective growth. Selective growth, which means that we no longer buy into the mature/emerging market logic. We have to find growth in our businesses. And within these businesses, we have to be very selective. Growth must be based on successes, efforts that have already paid off elsewhere.

The first source of selective growth that we really want to get a handle on is the question of commercial property insurance. We have had a great deal of success in the UK and we are now in the process of copying this model on the European continent. The second question concerns health and protection. Client demand is high. We are strong in many markets and we really want to take advantage of this opportunity. The third area is savings, which is directly linked to low interest rates. We see that clients are adapting. Total guarantee insurance is over and in pure unit-linked, we are actually in the banking business. In the future, we have to find the right compromise between guarantee and returns linked to market appreciation. We have already achieved more than our competitors in this regard, but we want to go further still in this direction. The fourth source of selective growth is clearly Asia. The markets of Asia are growing a lot. We have built an

Asian platform with a good portfolio and very strong partnerships. Now we need to reinforce this platform to generate growth.

Second conviction, we must master our efficiency well, because it is a prerequisite for performance. Efficiency covers the issues of margins and capital, but also the issue of cash flow. Denis indicated that in the last phase we already achieved gains in competitiveness to optimize our cost structure. We must make the same effort in the next stage and we must also improve our technical excellence to improve our margins. Much has been invested in the field of smart data. We can now both enjoy the fruits and do more. The last area is capital management. Today we are in a Solvency II environment that is completely different from the previous phase. Here, we need to reflect and discover how to increase the Group's cash flow and manage our capital more effectively.

Third conviction, reinvent the customer experience. I already noted that our clients compare us with Amazon, Google and Facebook. Today we're not there yet. We have numerous partnerships in BtoB, for example with BlaBlaCar. We are already working in the right direction, but the question of the customer experience is deeper than that. We need to ask what we can do for the customer at AXA and not in the middle of a contest between the direct channel and agents. The question for us is this: how can we manage the two? It is a hybrid experience, direct and physical, but it is an AXA experience. The second question is how can we go further than we are today? How can we add services pertaining to prevention and shared management of client risk in such a way as to truly do more than today?

This brings me to the fourth conviction, which is: how can we move from insurance provider to partner with our clients? Today, we are very good at paying the bills. We see businesses that are changing. In health, which is the best example, people do not want us just to pay the bills; they want us to support them and also offer services. These services clearly revolve around connected health in the area of prevention, but they are also about answering the question "how can we support our customer within the medical delivery chain?" That is why we decided, in France for example, to mount a remote medicine service. In the UK, we manage the transfer from general practitioner and specialist and, in Germany, we support clients with chronic illnesses. This is very important and perhaps we can go further. Today we have a large insured community, a community that shares interests and a community that shares goals. Why don't we put our customers in contact? Why not create communities among our customers?

The fifth conviction clearly revolves around our teams. The picture that you see is a real photo of AXA executives. This shows you that AXA is a family. It is our teams that make the difference; it is our teams that move the business. For us it is very important to engage people and bring them into the transformation process. It is each one of us that makes the difference. Today, we have people who answer the phone. Tomorrow, the same person will also respond via Facebook Messenger. This is something completely different. It is necessary that we invest in our people in order to assist them in their quest to be able to do what we will ask of them tomorrow. The customer is changing and we must also change. This means that we must invest in our people and invest in our distributors so that they can make the journey toward customer expectations. This clearly means that we must invest in our employees; it also means that we must recruit experts, new people, so that we can really work on new capacity.

These five convictions form the basis for our Ambition AXA 2020. This ambition is structured along two axes. The first axis is the question of focus. How can we over-compensate for the negative effects of the market, low interest rates, and low growth? What can we do in the area of selective growth? What can we do in the area of capital management? What can be done to over-compensate in the areas of efficiency and margins? This is what we mean by focus. The other axis is transformation. How can we transform our business? We see that customer needs are changing. How can we adapt to this? How can we really do more for clients? This is linked to our big picture vision. How can we engage our customers so they can live better than today? This must be the ultimate

goal of our business. That is why we must do more than pay the bills; we really need to become a partner.

This will lead us to very attractive financial results. Despite this challenging environment, we will increase our earnings per share by between 3 and 7%. Gérald will return to this point in detail in a moment. It is very ambitious in an environment that is not favorable for us. At the same time, we will certainly deliver attractive cash flows, between 28 and 32 billion euros over the period 2016-2020, with a return and a solvency ratio that are very attractive. As you see, we are starting with a strong balance sheet. We will maintain this strong balance sheet and, for the negative effects of the market, we will over-compensate with our Focus axis. And we will simultaneously transform our model by seeing what we can do to enable our customers to live better.

Thanks. I'll turn the floor over to Gérald for more details about the financial aspects.

Financial Objectives

Gérald HARLIN
CFO

Hello everyone. As Thomas just said, this plan has several levers in it. I will say, first of all, that not all of the levers are in our hands, starting with the one you see on the left. It corresponds to the impact of interest rates. We wanted this plan to be realistic, and present uncertainty over interest rates has led us to devise a scenario over the next five years where rates remain at current levels, i.e., say roughly 0% in Europe and 1.60% for the US. This leads to -5%, which you can see on the left, which is an impact of interest rates representing negative growth of -5% on average over the plan period. If we take a hypothesis that is a little more positive, one which not very long ago seemed to be perfectly realistic – i.e., European interest rates in 2020 of 2% and interest rates in the US of around 4% - in this case, the adverse impact of interest rates would be only 1%. So we see a wide variability between -5% if rates remain stable and -1% if rates were to go up.

Next to this, there are four levers and these four levers are the ones that are actually in our hands, starting with 3% efficiency, growth of +2%, an underwriting margin of +2%, and mergers and acquisitions +1%. In total, the overall plan, as Thomas just indicated, results in growth of between 3 and 7%, depending on the assumptions we might make with respect to the financial markets. I would like to remind you also that, in terms of market growth, we assumed that shares were not revalued over the plan period. Once again, this is a very conservative hypothesis.

What is the impact of interest rates? The Ambition AXA plan proved that we were right to remain cautious with respect to investment over the last five years. First, we bought very long bonds and we maintained a "duration gap," that is, a gap between the duration of assets and liabilities, which did not exceed one year. Our competitors generally did not do so, but for us it offered the protection that allowed us to maintain high financial margins. The second thing is the quality of our assets. Throughout the plan period, we were always 85% invested in fixed income assets with a rating higher than or equal to A.

Our goal in the plan for 2020 is to maintain the same criteria, by which I mean to maintain careful management in terms of assets. However, as you can see on the left at the bottom, even if it has an impact on financial margins, we remain at a high financial margin level of 65 to 75 basis points between 2016 and 2017, and from 55 to 65 basis points between 2018 and 2020. What is important, as you can see, is that while there is some erosion, of course, there is no problem related to guaranteed rates. Our guaranteed rates are hedged so we do not risk ending up with losses linked to guaranteed rates that are at a higher level than our asset returns. In Property and Casualty, you can see that the margin will drop by 10 to 20 basis points, but we are starting from the high level of 3.6%. For the same reason we saw earlier, we have always managed long bonds. So we have an inventory of bonds with rates that remain at a very high level.

Now let's look at the efficiency plan. Our efficiency plan is in line with Ambition AXA. Ambition AXA called for 1.9 billion euros; we now have a plan calling for 2.1 billion euros. It is a combination of efforts on overheads, claims management costs, and the acquisition costs on our insurance policies. What is important is that this efficiency plan will allow us to invest 3 billion euros in the Group's transformation, which Thomas spoke about. In all, the efficiency plan represents 3% earnings growth, which largely offsets the -1% to -5% that I spoke about earlier, i.e., the impact of very low interest rates.

Let us now look at the impact of business growth. Thomas talked about acceleration in growth segments. Growth segments currently represent around 55% of our revenues. This is what you see on the left side of the screen. On the right, you see the other businesses

that we have not mentioned. These are businesses that will nevertheless grow by between 2 and 3%. In total, growth from all these segments will have an impact of 2% on earnings growth. Even if you see that there are high and low thresholds, the 2% figure is calculated at the lower growth thresholds of the different businesses.

Let's turn to underwriting margins now. Our plan provides for improved margins in both property and casualty and life and savings. In terms of the combined ratio, which is how we analyze the profitability of our lines, we were at 96.2% for property-casualty at the end of 2015 and we expect to be between 95 and 94% in 2020. In life and savings, we were at 95.4% and we expect to be between 94 and 93%. Overall, this growth should result in 2% growth in underlying earnings between 2015 and 2020. Again, as with revenue growth, the 2% hypothesis that you see there is based on the high combined ratios and hence the least favorable. We remain prudent.

Now for external growth. We have an acquisition capacity within our budget of around one billion euros. This external growth will be used to invest in mature markets as well as in emerging ones and – you guessed it – with the same discipline we have applied so far. In all, this geographic diversification and acquisitions should enable us to grow our earnings by 1%.

To conclude, I will say that this earnings growth should translate into dividend growth. Why? Because in addition to growth in adjusted earnings per share of between 3 and 7%, plus net realized capital gains of between 300 and 500 million euros (we can expect to be around 300 million euros and have 300 million euros worth of capital gains recurrently), we have a flexible distribution rate. As a reminder, in 2015, we distributed 47% of our adjusted earnings. The range we set for ourselves was between 45 and 55%, which means that the Board has ample leeway to increase the dividend.

Thank you.

Q&A Session

Thomas BUBERL

Thank you Gérald. We will now go to questions and answers. Gerald, you can stay with me. The new Management Committee is also here. I'm proud that everyone is here and we will involve the Management Committee in the answers to your questions. Who wants to start?

Maya NIKOLAEVA, Reuters

A question was asked at the end of your Investor Day by one of the analysts, about your asset management business. You have hardly mentioned it today. Conversely, at the Investor Day for the last AXA Ambition 2015, there was a lot of attention paid to this business. Why not this time? Is your strategy in this area is not yet ready? Do you plan some kind of restructuring in this area? Thank you.

Thomas BUBERL

It's true we did not mention it, but this does not mean asset management is not important. We had to make a choice today. On the contrary, asset management is very important for us. We have two asset managers, AXA IM and AB, which are very well-positioned. In the organization and governance choice we made a few weeks ago, we clearly stated that asset management was one of the four core businesses of the Group and we even raised it to the level of the Management Committee in Véronique's division.

Asset management is very strategic for us when it comes to what we can do to make life insurance and asset management closer in the future. In the future, as I said in my speech, there will be a mix of guarantee and upside. The guarantee is provided by the insurer, while the upside is provided by the funds. If we look where we are today in terms of fund selection, if we have truly mastered the great capabilities of our asset managers and if they are represented in our fund choices in life insurance, the answer is clearly no. We still have a lot of work to do. The main task of Véronique is to define our strategy and implement what we can do better so that life insurance and asset management are closer than they are today.

Do you have a second question?

Maya NIKOLAEVA

Just a minor clarification. Will there be some kind of restructuring in the coming months? In terms of branding, will you leave both AB and AXA IM or will you merge them in some way?

Thomas BUBERL

These two brands are both established in the market and both represent something different. AB is very focused on the US market and AXA IM is very focused on Europe, with very different skill sets. We keep them separate because both are good in their own domain. It is also good to have a little competition under one roof.

From the floor

Will you tell us, with regard to the one billion euros you have budgeted for acquisitions, what kind of target you are looking at? The savings you are targeting compares with savings of €1.5 billion in the previous plan. Now you're at 2.1 billion euros. You want to achieve this goal without layoffs in France. How do you plan to do that?

Thomas BUBERL

There are three questions. The first one concerns M&As. I suggest that Gérald answer this one. The second concerns the plan and sources of savings. That is also one for Gérald. As for the way it is going to be done, since the question was focused on France, I think Jacques de Peretti will respond.

From the floor

The focus is on the Group.

Thomas BUBERL

On the Group? We can ask Karima, who made the analysis, to answer this question.

Gérald HARLIN

Regarding M&As, let's take what we have done over the past five years. Investments were mainly made, as Denis noted, in high-growth markets. We have indicated today that we can expect to see investment in the coming years both in high-growth and in mature markets where there are growth segments. Of course, nothing has been identified. But either way, the objective is to complete and establish synergies with respect to our current activities.

The second part of your question was about expenditure and the 2.1 billion euros. As a reminder, it is important not to compare this with the 1.5 billion euros. Initially, when we launched our Ambition AXA plan, we had a target of 1.5 billion euros and achieved 1.9 billion euros. This is what you see on the slide here. Overall, it is divided between administrative costs, for €1.5 billion; about €200 million in claims management fees; and acquisition costs on our policies representing approximately €400 million. To answer your last question, at the Group level we can expect our workforce to stabilize and, at the level of European countries – don't forget that the age pyramid is such that we have a lot of natural attrition – we can expect on average a decline in the workforce of between 1 and 2% a year in European countries.

Thomas BUBERL

It would be interesting to hear from Karima, because we are one of the only institutions to have done a detailed study on the question of impacts and on what needs to be done to adapt to new needs.

Karima SILVENT, HR Director, Transformation Support & Business Partnering

This morning, I presented the findings of an analysis we conducted in 2015 on 15 of our countries and covering half of our jobs worldwide. In this analysis, Europe accounts for a large share of the workforce that we analyzed. This is a quantitative and qualitative analysis, which is what makes it interesting. From a qualitative point of view, we looked at the skills-building needs we will have in 2020. We therefore looked at how our business is transforming and how we need to lead our employees to these skills.

Indeed, this analysis shows, as Gerald said, that there is a very strong rate of natural attrition in mature countries and Europe, more than 28%, which allows us to manage the transitions that we face to the extent that, in most countries, we will not be replacing all of these departures in the same way across the board. I should also add that in some of our European countries, I am thinking especially of France, Germany, and Italy, we have signed early retirement agreements that go beyond the natural attrition I mentioned. This enables us to manage these adjustments.

Moreover, among the items I presented this morning is an extremely important program that we call a program for ramping up the skills of our employees, especially for the jobs of tomorrow, which were specifically identified throughout the value chain, and we

will invest 143 million euros in the next five years worldwide. It's very important and represents a 23% increase in our training budgets. This sum of €143 million represents around 40% of our training budgets worldwide.

Here's how things look with respect to the issues of employment trends and changing skills.

Thomas BUBERL

Thanks, Karima.

Estelle DURAND, *L'Argus de l'assurance*

A little question about distribution with respect to this goal of transformation. You regularly present us a pie chart with the distribution in your various highly diverse sales channels. In five years, how will Group business be distributed by channel? Do we need to be seeing the arrival of new sales channels in the figures that you are presenting?

Thomas BUBERL

I'll start and then Véronique will take over after.

I see two trends. If we really want to grow, we must increase the size of our distribution and the mix of our channels. In emerging countries, in Asia, bancassurance is very significant. I see more diversity in distribution channels five years from now. On the other hand, and this is most important for us because we have traditionally worked with many agents, we are clearly seeing a change between the direct channel and agents, which Véronique can elaborate on.

Véronique WEIL, *Chief Customer Officer and CEO AXA Global Asset Management*

Thank you, Thomas. The first thing to say is that we are not going to pit one world against another. I think we have already had the opportunity to talk about this. What we are saying today is that the customer starts his or her journey online and finishes online or with a contact. This contact can be physical contact with an agent; it can be with a call center; it can be with direct marketing teams. What we care about is addressing the needs and expectations of customers.

We have an important transformation plan with our distribution networks because we are convinced that consumer products will be increasingly purchased online. Conversely, it did not escape your attention that we also discussed opportunities to cross-sell and upsell this morning. We want to retain customers and we want to be able to increase. Today we have 1.7 contracts per customer in the world. We want to increase this number. To do so, the role of physical contact is very important. There is a duty to advise and assist in this transformation. We offer training sessions so that our agents or salaried distributors can provide more advisory services. This is very important because we want to sell health, we want to sell savings, we want to sell LTC and often we need a contact.

This is what is important for distribution channels.

What we are also trying to do with the distribution networks is to give them digital tools. Paper is fine. The telephone is fine, but we can interact with customers using digital tools, an iPad. We can interact with clients using Facebook Messenger. We are also working to ensure that our agents become more comfortable with digital tools.

It is very important that we use all the capabilities that we have to increase the points of contact with customers. I have the web, of course, and I also have my "My AXA" app, which we also spoke about this morning. "My AXA" is an application that we will be deploying in all of our countries. We will cover approximately 85 % of revenues. In "My AXA," we are able to suggest products for purchase, look at products, file claims, and also

receive information about a claim. We also believe that this self-service aspect will free up time for our agents.

There's the agent, there's the digital tool, but there are also all the contacts we can make and our platforms. We have them in Morocco and a number of other countries. We can make direct calls to the client. Our goal today is to meet all the needs of our customers and to do so exactly when the need arises. In fact, we have a fully panoply. Customers choose when they want to interact and how they want to interact. For us, what is important is that we are able to respond.

I can't give you numbers for 2020, but what we know today is that we are facing this transformation with great confidence because we must remember one thing: it is the customer who decides when and how he or she will interact with AXA .

Thomas BUBERL

Thanks. Are there internet questions before we move to my German colleague?

Paul DAVIES, *Wall Street Journal*

You appear to be proposing a fairly radical change internally to how you do things and who you employ, as well as proposing a radical change to your relationship with customers. Both things are potentially highly destabilizing. How do you ensure you do not simply lose lots of existing customers?

Thomas BUBERL

I believe it is not a radical change. It is a clear continuation of the journey that we have started. We have seen that the business is changing, the business is transforming, and we have to go with the flow. We are not doing this in a radical way by changing our employees or changing our relationship with customers. We are doing it in a very smooth way by targeting new things. Some things work, some things do not work, and the things that work, where we have a positive response from both our customers and our employees, we will then roll out.

Yes, we will transform, but in a very smooth and controlled way, because we must not forget that we are one of the biggest insurers worldwide, with the best brands and one of the most solid balance sheets. We do not want to jeopardize what we have. We want to further develop. Therefore, we need to take a disciplined and very controlled approach.

From the floor

Can you explain what the plan means for AXA Global P&C? Is the plan to grow large commercial business and will you transform the customer experience?

Thomas BUBERL

That is a question for Gaëlle Olivier, who is the CEO of Global P&C.

Gaëlle OLIVIER, CEO of AXA Global P&C

Yes, the plan is to grow commercial lines by roughly 3% to 5% over the next five years. That includes growing both our SME market and corporate segment. 50% of the growth will come from new markets, 25% from the SME business, and 25% from the corporate segment, so both at the same time.

Thomas BUBERL

Thank you very much, Gaëlle.

Thanks Gaëlle. Now let's return to the room/floor.

From the floor

A question about life insurance. You are selling your life business in the United Kingdom. Are you going to do the same in other markets? To what extent will you reduce this business? Second, on the investment side, bond rates are negative or zero. Do you plan to increase investment in shares or similar products?

Thomas BUBERL

The two questions on investment are for Gérald. For life insurance, it's Paul. Gérald, Why don't you begin with investment?

Gérald HARLIN

You have indeed noted that rates are much lower. We have investment rates at present that are about 1.8 or 1.9%. Your question is totally legitimate. Are we going to invest more in equities? Regarding the general accounts of our insurance companies, the answer is no. Why? Because the solvency and solidity of our balance sheet are important and, as you know, in a Solvency II world investing more in equities means more capital with current profitability that could only be justified if we had legitimate hopes for extremely high growth. We still have equities today. Over the duration of the plan, we will maintain our equity investments at around 4% at least, but as for significantly increasing these investments to offset low interest rates – the answer is no.

Paul EVANS, CEO of AXA Global Life & Savings and AXA Global Health

Firstly, yes, we have sold the UK business. We sold a large part of the UK business in 2010 and that has left us with a direct protection portfolio and what was called a wrap platform wealth management business. The reality was that we built a very, very strong business, which was always going to be small in the scale of AXA, and indeed also of AXA UK, in a market where scale was really important. If you look at the competitors, they were at the point of being probably three, four, five to 10 times bigger, in a market where cost efficiency was crucial.

The other dimension was that, in the UK, we were unable to sell in-house asset managers, AXA IM, AllianceBernstein, because we did not have the product relations, so IFAs would choose the fund managers they wished to place inside asset product. That meant our margin capture was much smaller. That is in stark contrast to the other entities in the Group, where proprietary agents will typically sell products which incorporate a higher proportion of our in-house asset managers, allowing us to offer greater value to the customer and capture more value for ourselves.

The rationale for selling in the UK was because it was small and did not have all of the components of the value chain that I presented to investors this morning. In terms of the rest of the world, what I would say is that we absolutely need to maximize the value of our in-force businesses. We have many, many hundreds of thousands of customers in our books today, where we have, over the past five years, looked to see how we can maximize the value to AXA and the value we offer to the customer, and that has required us to engage the customer, offering different products and so on, and on occasion, we have chosen to either reinsure portfolios or to sell portfolios, less often selling entire businesses.

Looking forward, I would say it is more likely that we would look at individual books of business, rather than the whole entity, i.e. more financial engineering than disposals, but we will look at that every year in due course.

Thomas BUBERL

Merci Paul.

Joël ASSOKO, *Jeune Afrique*

The African continent was not addressed during the presentation, which is normal considering this business is marginal. Since 2014, AXA has invested €600 million in acquisitions and minority holdings in Africa. Is this investment for growth, to acquire new customers, or to test new distribution channels and new offers and then use them in other places, in more important markets for AXA?

Thomas BUBERL

Thank you for your question. It is a pity that we never enough time to handle everything. I am a great friend of Africa. It is true that we have invested in some places in Africa. We are strong in Morocco and Nigeria. Via our UAP past, we are present in some other countries in Africa. We even started some Greenfields in Egypt, for example. This is a big commitment for Africa.

You are quite right. In the last three months, I visited 15 countries, including a visit to Nigeria that made a big impression on me. We saw that we can learn a lot in Nigeria. We acquired a stake in Mansard, a very entrepreneurial company. We also see that many of the things we see in developed countries are already normal because generations of technology have been skipped. Direct insurance and mobile apps are normal. We are just developing these things here. Clearly we want to continue our focus on Africa and we do use it to test but also, and more importantly, to also learn.

Fabio BENEDETTI, *Bloomberg*

I have two questions. Over the plan period, in terms of asset disposal, will there be further asset disposals or not in Europe following the latest sale in the UK? Second question, we are two days away from a very important referendum in the UK, Brexit. What steps have you taken to protect yourself from the potentially harmful effects of Brexit? What impact would that have on the plan that you have announced?

Thomas BUBERL

I will leave the last question about what we did to prepare for Brexit from a financial perspective to Gérald. The first question was about our activities in Europe. We have always looked at our portfolio and we will not stop looking at our portfolio. It is clear that Europe is the heart of our business. In many countries in Europe, we already have a critical mass and really great operations. The focus is clearly on using synergies among countries and learning from one country to another.

As for your Brexit question: it is clear that we must really think about what we should do. We have taken some steps with respect to financial matters. We have property-casualty and health business in England that was managed by Paul. It is clear that if Brexit has negative effects on the UK economy, we will do some eliminations in our numbers, but I clearly hope that on the 23rd the UK voters will vote yes.

For the financial aspect, Gérald...

Gérald HARLIN

The main element of the financial aspect is exchange and interest rates. We'll come back to interest rates. As for exchange rates, we have largely hedged our Sterling risks. With respect to interest rates, we are in the negative scenario that I told you about. We cannot hedge against a risk like this. If there was Brexit, we can expect a revaluation of the US dollar. This is a good thing considering our activities and our exposure. We can also expect an erosion in rates, but it has already begun. You will have noted that US rates are now around 1.60% and that they even dropped lower at the end of last week, falling to 1.50%. These are the main impacts. We spoke earlier of the equity risk. We have very little

equity risk directly focused on Great Britain, since what little risk we have concerns companies that are totally international. So I would say that it is more of a macroeconomic risk. All possible hedges have already been taken. Now, we just have to wait.

Marco MOUSSANET, *Il Sole 24 Ore*

I'd like to know if Italy was among the 15 countries that you visited.

Thomas BUBERL

Certainly.

Marco MOUSSANET

What was your takeaway from this visit? Are there specific projects involving Italy in the Ambition 2020 plan?

Thomas BUBERL

I love Italy and I love the espresso in Italy. I came back with a very nice impression. Our business activities in Italy are very interesting for us. Today we have a company called AXA One Italy, which is focused on personal lines insurance and growing in commercial lines. Here we are really focusing on what more we can do in commercial lines. The second part clearly concerns banking and life insurance. We have, as you know, a great partnership with MPS. This partnership has a very strong history. Although MPS is now facing challenges in terms of lending, which is a growing business. Are we going to keep this relationship? Yes, we will keep and develop it because we think the bank channel is very important to us. The third major activity that we have is that of direct insurer, called Quixa. It started from zero at the time. Véronique spoke about how we can bring agents and the direct channel closer together. Italy is clearly a place where we want to do the same thing.

Sébastien ACEDO, *L'Argus de l'assurance*

I had a question in relation to capital management under Solvency II . Are you going to overhaul or review your reinsurance policy internally and externally to reduce the capital requirement ? Same with respect to your development in segments such as health and benefits. Is AXA as a reinsurer a tool you plan to develop? I am thinking of France in particular.

Thomas BUBERL

There are two questions. Je laisse la première question au maître financier.

Gérald HARLIN

You are right, reinsurance is very important. This is not new. We have an internal reinsurance pool for our life and property businesses. Are we going to develop it further under Solvency II? Probably. Under Solvency II, there are indeed capital optimizations. As you know, under Solvency II, we should benefit from diversification. It is therefore in our interest to better diversify, which is an economic reality. It is in the interest of a group like ours to be as diversified as possible.

Thomas BUBERL

On the second question concerning life and health reinsurance, we have a small health reinsurance business in England. In France, perhaps Jacques can say a word about Employee Benefits.

We have a direct reinsurance business, but also a very active partnership.

Jacques de PERETTI, DG AXA France

At AXA France, we still have a reinsurance business with institutions and mutual that is developing very well. We are, I believe, the top player in this field and we have recently shown this health in terms of partnership and the reinsurance of mutual and institutions by signing a new agreement with Intérieure, which illustrates this policy. We are very active in this area. It is a way to support mutuals or institutions that do not have enough capital or sufficient expertise on their own. It's great for us to develop in partnership in France.

Thomas BUBERL

Thanks Jacques. Are there other questions from the floor? From internet?

From the floor

Can you give us another example of a new product? In Germany, I believe that you locate parking for clients. Do you have other examples?

Thomas BUBERL

I'll give you another example of a service that was launched two weeks ago. We launched a service called "Way gard" in Germany focused on people who are alone. It was initiated by a customer survey. A 45-year old woman told us: when I go to the restaurant or I go out on Friday night, when I returned to my apartment I have to park my car far away from my apartment. I am afraid between my car and home and I would like to feel protected. The service was launched in partnership with the Cologne police. If someone is afraid, they can connect to the police. And users can park with AXA via their iPhone. If there is a concern or an emergency, users press a button and the police come directly. The service is called "way gard." I don't know if you saw the media coverage in Germany. It was phenomenal.

In this direction, we will develop more services at AXA Partners. With partnerships, we can really expand our business model and increase services. As Véronique indicated, we really want to strengthen our relationship with our customers.

Is there another question from the floor? If not, thanks for being here. I hope you have seen that we have clear strategy with our Ambition 2020. It is clear in the sense that we will address the challenges of the environment through focus, increasing operations, over-compensating for the negative effects of the market, but also by transforming the model in controlled fashion in order to better address the needs of our clients. This will allow us to truly work in the right direction, with highly motivated teams, toward our vision: how can we engage our clients so that they can live better today?

Thanks again and have a good afternoon.