Full Year 2015 Earnings
Press Conference – February 25, 2016

Introduction

Henri de CASTRIES
Chairman & CEO

Hi everyone. Thanks for having chosen AXA, on a really busy morning, with a number of companies releasing their annual earnings today.

2015 was an important year for the Group. Not only are we reporting very high quality earnings; this is also the end of the Ambition AXA plan launched in 2010. As you will see, it ended on an extremely satisfactory note.

2015 was indeed a great year: we posted record revenues (99 billion euros), the highest figure ever achieved in AXA's history. In addition, our underlying earnings reached 5.6 billion euros, not only an increase of 10%, but the highest level of underlying earnings ever for the Group. As for our solvency ratio of 205%, it puts us in very good standing with respect to the competition just as the new regulation is going into effect. Lastly, we have 103 million clients and the Group has considerable coverage. This is a solid base from which to pursue the Group's transformation.

When the Ambition AXA plan was launched, we were convinced that the Group needed to be changed around three pillars. The first called for greater selectivity. Our presence in certain business segments or certain geographies did not in fact indicate clear prospects for growth or profitability. The next pillar was about accelerating transformation in certain areas, inside the company but also by taking positions in emerging markets, sources of long-term growth despite short-term volatility. Lastly, we were aware of the need to cut our costs and generate savings, but also of the need to make investments in new technologies in order to improve the quality of our client offering.

These efforts have borne fruit. ROE improved substantially and our balance sheet is also extremely strong. We have demonstrated, despite the prevailing economic headwinds, our capacity to generate regular and recurrent earnings. We also successfully rebalanced our geographic presence. In general, the technological transformation is viewed at AXA as an opportunity and a chance for the Group to constantly improve its positioning and win over new clients.

The plan included four key financial objectives, and we either met or exceeded all of them. The growth in underlying earnings per share over five years was 7%, even though neither stock markets nor interest rates evolved as expected. They evolved much less positively, in fact. And return on equity was improved. The Group also generated cash flows that exceeded expectations. Lastly, our gearing ratio fell. The Group is able to generate profitability and earnings while also continuing to invest.

Growth, in line with the plan's first pillar, was both selective and sustainable. It was selective because the business mix changed significantly over the course of the plan with, in particular, a gradual shift toward unit-linked, protection, and health, segments that needed to be developed. In fact, they correspond to client needs and offer satisfactory margins. In addition, general account savings accounted for one-fourth of revenues in 2010 and now represent just 13% of the total. In the current interest rate situation, it seems that these products are less attractive and also less profitable for the Group. This shift has taken place without sacrificing growth and while improving margins in all segments. Right now, the Group is well positioned. Life margins have also grown by half in five years. Our situation is solid and it allows us to turn with confidence toward the next step.

In Property & Casualty, we posted cumulative annual revenue growth of 4%. This situation is praiseworthy in an environment where economic growth has been mostly lackluster. We also improved our technical result, with a combined ratio of 96%. Here as well, profitability was accompanied by sustained growth.

The second pillar of the plan was acceleration in certain markets, the emerging markets in particular. The geographic repositioning was strong. During the period, we invested a little more than 5 billion euros in the emerging markets, mainly in Asia, where we have become the top international Property & Casualty insurer. Currently, we are the third international insurer in Life, thanks to China, Indonesia, India and Thailand. We have begun to penetrate Latin America, the Mediterranean basin, and Africa. We are now the second Property & Casualty insurer in Mexico, the third Property & Casualty insurer in Turkey, and the number three insurer in Nigeria. We have acquired significant positions in these markets, where a real middle class is emerging. The only disappointing segment was Central and Eastern Europe. We once considered this region as a source of development, but that is no longer the case right now. We have reinforced our operations in Poland but have cut back in the region's other markets. The conditions required for us to achieve sustainable growth and profitability are not present.

Despite some short-term turbulence observed in Asia, that is where future growth lies.

In a word, our development has not come at the expense of profitability. We generated net income of 2 billion euros for the year and underlying earnings doubled, although the development phase is not over yet. In China, Life & Savings new business volume rose by 60% through our joint venture with ICBC. In the same way, our Direct Property & Casualty insurance revenues generated with AXA Tian Ping grew by a third. This solid development demonstrates that we make reasonable wagers. The Life & Savings new business volume also doubled in Asia ex-Japan. In Life & Savings, new business in Asia and Japan account for half of the Group's new business. The future lies on this side of the world, which means that we know how to reposition ourselves in order to capture growth and margins.

The third component of the plan concerned efficiency, centered on reducing the cost of investment in the future. 1.5 billion euros in savings were targeted. With close to 2 billion euros in savings posted, we far exceeded that goal. We also significantly invested in technologies of the future – around 1 billion euros – for net efficiency gains of 2 billion euros.

For the Group, the digital transformation corresponds to its ability to incorporate all things digital into its distribution, its offer, and its customer relationships, not to mention the very best in terms of big data, which is revolutionizing the value chain. All of these areas are undergoing new developments of significance, focused on three issues: how we explore these new technologies to understand them; how we sustain our efforts when it comes to the most interesting elements; and how we invest in these skills, players or technologies in order to benefit fully from them. The AXA Labs are reconnaissance teams for this universe and they have enabled us to gain exceptional positioning. In fact, AXA is currently considered to be one of the most active groups in the area.

In terms of engagement, i.e., the early adoption of these technologies, teams of data scientists have been formed and are at work in Europe and Asia. Our investments in this area span all segments of the value chain: 30% of these investments concern distribution, 22% Customer Relationship Management, and 34% process automation. Little by little, we are transforming our way of working.

We also continue to invest. We have set aside 230 million euros for AXA Strategic Ventures, which makes equity investments in startups or companies that have just passed that stage. AXA invests in these companies because we believe that their expertise could affect our business in the medium to long term. AXA Strategic Ventures has already led fifteen investments in the sector. Not all will succeed, but we know that among these investments we will find the nuggets that will feed the future. 100 million euros were also invested in Kamet, a company whose mission is to develop disruptive insurance proposals. We did the same thing in the 1990s with Direct. At that time, we invested heavily in direct insurance amid general skepticism. Since then, we have become the top global player. The development of Kamet is similar. Lastly, we invested 75 million euros in development that combines a new territory, Africa, and digital technologies, by becoming shareholders in the Africa Internet Group and entering into an exclusive insurance product distribution agreement. There are both new territories and new technologies that will provide important sources of growth. The Ambition AXA plan is ending on a high note and creates a solid foundation for the future, which will be one of transformation.

At AXA, events are monthly. In 2015, we launched numerous transactions, all of them consistent with the stated strategic and operational criteria. Month after month, regardless of the prevailing economic and market turbulence, we are pursuing our long-term plans for development.

At the same time, the company remains an engaged corporate citizen. Over the years, companies and their partners have developed an increasingly acute awareness of the long term. The insurance business is one of long-term preservation which lends itself naturally to a strong commitment on the part of its leaders and teams in these subjects. Thus, several important initiatives were undertaken in 2015. COP21 was a great success, with 195 countries concluding an agreement. While admittedly imperfect, it will allow us to deal with the consequences of global warming and support adaptation efforts. Among industrial and commercial enterprises, AXA has always been at the forefront. Announcing that we would divest of coal came as a shock, but other institutional investors ended up following us. The fact that we disclose the carbon footprint of our investments also brings great transparency and will create a positive movement.

To conclude, our position in the 2015 DJSI ranking is quite favorable. We occupy the fourth percentile, which means that we rank among the top 4% of the most committed companies. The social and economic presence of AXA is not just a question of how many clients we have, how strong our balance sheet is, or the size of our dividend; it is also about the impression we make in society. And this impression is both positive and lasting.

Denis will now go into the details of our 2015 earnings, which are of excellent quality

Life & Savings

Denis DUVERNE
Deputy CEO

Hello everyone. I will present the key figures.

First, I would like to return to the fundamentals of the business. We are here to protect our customers. The value of their invested savings grew by 19 billion euros, in euros and unit-linked, in markets severely impacted by falling interest rates. 12 billion euros were paid out in protection and health benefits, and 3 million of our customers also benefited from health support services through AXA Assistance.

Sales of life and savings products grew by 5% on a comparable basis and by 14% due to positive currency effects. In protection & health, which is one of two major pillars, we achieved growth of 4% on a comparable basis, driven by higher sales in South-East Asia, India, China and France. Unit linked sales growth was 12%, reaching 22% on a reported basis and reflecting the success of our products in continental Europe, Japan, and Asia, and the strong business momentum in our retirement savings business in the UK. Unit linked and protection & health products now account for over three quarters of our sales. The 7% drop in sales of G/A savings confirms that the emphasis was shifted to unit linked and protection products. Net inflow was also very positive for mutual funds and other investments, with growth of 7% on a comparable basis and 20% on a reported basis, mainly in the US and in some European countries

Life & Savings net inflows came to 9.6 billion euros, compared with 4 billion euros in 2014. This performance was mainly driven by protection & health (6 billion euros) and unit linked (6 billion euros also), with net outflows for G/A savings. Lastly, the Life and Savings New Business Value margin remained basically unchanged at 34%, well above the 28% target set under the Ambition AXA plan.

Let's move to underlying earnings, which were strong in protection, health and unit linked business, which represent 80% of the total. The return on assets in 2015 stood at 3.6%, versus 3.7% in 2014. Managing our asset durations in line with our liabilities is causing a slow erosion of returns. Our policyholders also benefit from our prudent investment portfolio. Underlying earnings increased by 12% on a reported basis and by 3% on a comparable basis in life, savings and health, to reach 3.5 billion euros. The year 2015 was generally very satisfactory.

Property & Casualty Insurance

We paid out 20 billion euros in claims for our clients, just over 11 billion euros to individuals and more than 8 billion euros on commercial policies. 4 million clients were supported by AXA Assistance after an accident or vehicle breakdown.

In the mature markets, we experienced stability on a comparable exchange rate basis and growth of 4% on a reported basis. Performance was good in the UK, Ireland and Asia, but less so in other regions. In the emerging markets, growth was 3% on a comparable basis and 9% on a reported basis. We experienced very strong growth in Asia and stability in Turkey, where the third party automobile insurance portfolio was hurt by a very unfavorable change in legislation that resulted in a sharp rise in prices. Thus, the price of third party liability insurance doubled between the beginning and the end of 2015. Finally, Direct revenues grew by 7% on a comparable basis and by 16% on a reported basis. Growth was very strong in the UK, France and Japan, with a net increase of more than 360,000 Direct insurance clients. In total, Property & Casualty revenues rose by 6% on a reported basis and by 1% on a comparable basis, reaching 31 billion euros.

The current year combined ratio, which is the ratio that measures the current performance, improved from 97.6% to 97.3 %, while the combined ratio for all years improved from 96.9% to 96.2%. This outcome is very close to the target set for the end of Ambition AXA (96%). It was strongly affected by the situation in Turkey. Excluding Turkey, it would be 95.6%, normalizing natural disasters, which were slightly less numerous in 2015 than in 2014, despite storms in Germany and on the French Riviera.

In total, the return on assets invested increased by 3.6%, for underlying earnings of 2.2 billion euros (+3% on a reported basis and -1% on a comparable exchange rate basis).

Asset Management

Our assets under management increased by 4% compared to the end of 2014. The Group manages 1 360 billion euros (+7%). We have a highly positive net inflow of 45 billion euros, including 42 billion euros for AXA Investment Managers. Its net inflow has grown from 19 billion euros to 42 billion euros, of which 34 billion euros comes from our joint ventures in Asia; just over 30 of the 34 billion euros represents the net inflow from our Chinese joint venture AXA-SPDB.

While inflow was slightly negative in July and August, when the equity market bubble burst, it moved back into positive territory in September. Individual savings remains high in China, where we are considered the best equity manager in the market.

At AllianceBernstein, net inflow was 3 billion euros. In total, underlying earnings for asset management grew by 1% on a comparable basis and by 14% on a reported basis, to 468 million euros.

Earnings overview and financial strength

Earnings increased by 2% on a comparable basis and by 10% on a reported basis. This operating profit is the highest ever in our history. Property and protection & health insurance account for two thirds of the total and savings & asset management one third.

Adjusted earnings, which include capital gains, increased by 2% on a comparable basis and by 9% on a reported basis, reaching 6 billion euros. Net income, 5.6 billion euros, was up 3% on a comparable basis and 12% on a reported basis. Capital gains were unchanged compared to 2014.

Financial strength indicators attest to the Group's balance sheet strength. Shareholders' equity increased by 3 billion euros thanks to higher earnings and favorable currency fluctuations. The Solvency 2 ratio was 205% and gearing 23%, at the lower end of the target range in the plan. Overall, our debt fell sharply over the period.

Lastly, general account assets reach 522 billion euros, attesting to stability in asset allocation. This allocation is guided by the desire to match our assets with our liabilities. The gap between the two was one year. Our investment policy remains essentially bond oriented. It is marked by a great continuity.

As indicated, we mainly opted for bond investments, with an average yield of 2.1%, slightly higher than the average yield of the investments planned for the year. Interest rates in fact increased slightly at year end, resulting in low dilution relative to 2014.

Finally, the dividend was increased from 95 cents to 1.10 euro (+ 16%) due to higher adjusted earnings and cash flows and our strong balance sheet. The payout rate reached 47%. We indicated at the beginning of December that we would increase our distribution range of 40% to 50% of earnings to 45% to 55%, given the strength of the balance sheet.

Thank you for your attention.

Conclusion

Henri de CASTRIES
Chairman & CEO

Thank you, Denis. My conclusion will be rapid. This presentation undoubtedly convinced you that our platform is very strong, in good working condition and still under development, to continue the transformation of the Group. We have given clear indications. We will present the strategic plan that will succeed Ambition AXA in June. We believe we are well armed, as our business mix is balanced, profitable, and growing. Our balance sheet is extremely strong. Lastly, the brand is a considerable asset for the Group. Being a world-renowned brand helps attract partners, clients, and quality employees. The Group's innovation capability is also fully recognized. We have been named the top insurance company in terms of innovation by the BCG. We are among the top fifty innovative companies globally. We share this ranking with names that do us honor.

I suggest that we now answer your questions.

Question&Answer Session

Maya Nikolaeva, *Reuters*

How would you characterize the beginning of 2016 with respect to Solvency 2? I would imagine that the supervision practices between European countries continue. Do you think that convergence will disappear? Do you think you are at a disadvantage compared to other countries?

In addition, you remain cautious in your investments. Are you worried about certain moves of competitors, especially related to the search for yield?

Henri de CASTRIES

Solvency 2 went into effect at the beginning of January. Figures reported for the sector indicate that we have reached the highest level. Since the beginning of January, the markets have taken an unfavorable position. Our ratio has fallen a bit, but we continue to navigate between 170% and 230%. The change versus the end of the year is real, but it remains modest. You should expect to see the numbers vary. A lack of volatility would be a good reason to worry.

We prepared for the emergence of Solvency 2 for ten years. Risk management and product design teams know how to use this tool to manage risk.

Search for yield risks do exist. However, the Group does not reinvest all its money each day. Our assets have a long duration. Portfolio returns remain significantly high. In addition, we have money to invest daily, but not just in government bonds. We also look at other forms of investment. To date, our reinvestment rate is 2.1%. This positive rate is explained by the fact that money is entrusted to us for long periods. So we can go and look for liquidity premiums. Ultra-complacent policies certainly have long-term consequences, but we know how to adapt. I 'm not worried about the Group's risk profile

Denis DUVERNE

You ask us about the convergence of practices among member countries of the EU. EIOPA has continued to study subjects for which the European Commission sought better prudential treatment, namely securitization and infrastructures. We have achieved the objective on infrastructures, but not quite on securitization. Conditions for defining securitization are not yet satisfactory, since it is left up to each investor to basically produce their own definitions. Work will therefore continue on the convergence of practices among member countries and work has also begun on the Ultimate Forward Rate Curve, i.e., the long-term interest rate beyond the period during which rates can be observed. In early December, we published forecasts of the impact of these changes on AXA. They do not worry us.

Convergence is also coming on the subjects of equivalence and the disappearance of local statutory rules, which create barriers to the distribution of dividends and which no longer serve a purpose since Solvency 2 was established.

Regarding the search for yield, it is important to remember that one consequence of Solvency 2 for insurers is the management of a risk budget on their investment portfolio. We cannot devote more money to it. In any case, we did not take more risks in 2015 than in other years.

From the floor, *Il Sole 24 Ore*

Do you intend to change your investment in Monte Paschi bank? Are you a disappointed, confident, or satisfied shareholder? Do you have other development projects in Italy?

Henri de CASTRIES

Since François I, France has paid a great deal of attention to Italy. Nonetheless, caution is always warranted. While Italy is certainly a country where we could increase our exposure, we have not undertaken any project of this kind in the short term.

With respect to Monte Paschi, the overall balance of our relationship is what matters. Our equity interest is 4%. This investment has admittedly not been the Group’s best financially, but we need to look beyond this observation. Our shared subsidiary in insurance works very well. It is a very profitable business that is developing and being managed harmoniously. We are and will remain a shareholder of this bank. In addition, the management team, united around Mr. Viola, has undertaken a restructuring effort that will pay off and be recognized by the market.

Fabio Benedetti Valentini, *Bloomberg News*

I’d like to ask you about the referendum in the United Kingdom concerning its possible exit from the European Union. How is the AXA Group preparing for this possibility? What might the impacts be?

Henri de CASTRIES

AXA UK CEO Paul Evans, who is also the chairman of the Association of British Insurers, signed an open letter with other British entrepreneurs in favor of keeping the UK in the European Union. It is in the interest of the UK and the EU that the UK remains a member, because this is a major country with a clear economic strategy. At a time when the threats are numerous – economic and security-related – the idea of splitting up runs counter to common sense and the interest of future generations.

Giuliana LICINI, *Il Sole 24 Ore*

Has your stake in Monte Paschi grown?

Henri de CASTRIES

No. It has stayed the same. When I said 4%, I was rounding up.

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

What is the impact of the transformation process on the business and the Group's workforce? In Africa, you mentioned recent transactions. What are your development plans for that continent?

Henri de CASTRIES

We are following the transformation of the businesses closely. In industry and in services, businesses are being called on to transform in a way comparable to what we saw in the late nineteenth century with the arrival of electricity and mechanization. This revolution will have profound effects and will last a generation. It will be global and exponential. It presents challenges but also opportunities. In this respect, one of AXA's strengths is to have sophisticated technical teams in distribution, product manufacturing, and process organization.

With Véronique and the Group executives sitting in the front row, our challenge is to make it clear to our teams that it is precisely because the Group is growing that we must appropriate the tools that will enable us to transform ourselves. If we did not rise to the challenge, we would lose our market share. In addition, we will take market share from the competition by using these tools. Our employees must be equipped and familiar with more precise and more powerful tools

This adventure is exciting. For actuaries, who are the backbone of innovation, these technologies inspire dreams. Indeed, they have never had access to as much data and super powerful tools to process them. They have never been able to give as much free rein to their creativity and imagination, provided they know how to discipline and direct them toward a goal. It is also clear that some occupations and tools will disappear. Today, we no longer reap with a sickle. This is not to say that the essence of our business will disappear. It will continue. But, as leaders of the Group, we owe it to ourselves to determine the best way to appropriate these new techniques, at the service of the Group's transformation and customer satisfaction. I have no fear on this subject

Jean-Laurent GRANIER

We continue to invest in Africa. Historically, we were present in four countries of Francophone Africa – Senegal, Gabon, Cameroon, and the Ivory Coast. We are now present in English-speaking Africa, through an investment in the Mansard Company, which has become AXA Mansard. This investment makes us the third largest insurer in Nigeria, where we operate in all business lines: Property & Casualty, Life & Savings, and Health Insurance. We have strong development ambitions via this company, which has a remarkable management team led by Tosin Runsewe.

In Algeria, the life insurance company is now at breakeven. This will be the case for the Property & Casualty company in 2017.

In Egypt, we entered into an agreement with the bank CIB for life insurance and expect to develop rapidly in health insurance and in Property & Casualty.

Finally, beyond our historical presence in Morocco, we have invested in Africa Re, a major reinsurance company created by African governments. We are one of the first private investors to have been invited into this structure, in which we own a 7% interest. This investment gives us an important position because it connects us with the markets and gives us a long-term vision.

Denis DUVERNE

First of all, we make investments in Africa through traditional distribution channels, in the most populous countries, like Nigeria and Egypt. We are also rolling out offers there based on new technologies. We are developing parametric insurance too. So instead of paying a crop insurance claim after an onsite adjustment, we limit ourselves to looking at satellite photos. We are also developing micro insurance and have a 46% stake in MicroEnsure, a broker that is developing insurance by smartphone, reaching a very vast population thanks to very low costs

Lionel GARNIER, the *Revenu*

You have highlighted the extensive development in Asia and, tomorrow, in Africa and Latin America. Given the depth of the financial markets in these regions, are there specific constraints in terms of investment and asset liability matching?

Earlier in the presentation, you mentioned that your moves in the Mediterranean and Latin America were only the beginning. Will you concentrate more in Africa or will you turn instead to Latin America, Brazil in particular?

Henri de CASTRIES

We are the number two insurer in Mexico. This position is not negligible. We occupy a significant position in Colombia. We would like to grow in Brazil, but we are not in a hurry. We have already bought the commercial risks business of SulAmérica. We will develop where possible. We always follow the market situation closely. Today, our presence is less substantial than in other areas. We will also remain selective, due to size issues or growth prospects. To date, there does not appear to be an absolute imperative to position ourselves within a short time frame.

Denis DUVERNE

We manage our investments in emerging countries with the same care and the same long-term vision as in other countries. With volatility being greater, it is important to be particularly careful.

We are also affected by the depreciation of local currencies, especially when the economy is tied to the oil industry.

Finally, as our presence in China develops, the subject of our local portfolio is an important one. ICBC-AXA manages 9 billion euros in invested assets and AXA Tian Ping 1 billion euros in assets. We are thus sensitive to stock investments as well as shadow banking, i.e., investments in unlisted bonds, which have developed greatly with municipal financing since the crisis of 2008. We will continue our prudential management.

Chiara RANCATI, *ANSA*

What is your relationship with the Italian insurer Generali like? Do you think that opportunities for consolidation exist in the insurance sector in Europe?

Henri de CASTRIES

We maintain friendly, professional, and distant relations with Generali. With respect to consolidation, we'll see. The question is not a matter of size. With 99 billion euros in revenues and a presence in 60 countries, the main issue that arises for AXA is its transformation.

Florian DELAMBILY, *News Assurances Pro*

I would like to ask you a question about the French market. You mentioned a shift toward unit linked. Can you give us more precise figures for France? In addition, what is the reason for the stagnation of Property & Casualty revenues in France? What sector is the most impacted?

Nicolas MOREAU

40% of our revenues in individual savings were in unit linked real estate (one real estate fund performed well), in structured products and conventions.

The stagnation in Property & Casualty revenues is due to commercial and personal lines. With respect to commercial lines, we acquired a lot of market share in construction between 2008 and 2014. With the economic crisis in France, we had to clean up the portfolio. This explains the stagnation in construction. The commercial lines market remains highly competitive in France. This is also true for corporate risks and reinsurance, where stagnation has also been observed. Price drops are being observed as we begin 2016, even if we are gaining more clients than we are losing.

The motor and homeowner lines are also extremely competitive. In addition, a number of bancassureurs have tried to position themselves in this market, in particular due to the Hamon Act. The market’s combined ratio reached 106%. Our competitors are therefore gaining market share in a shrinking market. For our part, we have kept our rates the same or have increased them slightly in 2015. This resulted in an erosion of our portfolio, after three years of increase. The Hamon Act has a big impact on the termination process. Policies are now canceled by mail or email, which prevents any buffering effect on the part of our sales forces.

Denis DUVERNE

AXA France nonetheless had an excellent year in 2015, with a 12% increase in life insurance new business.

In health, AXA France got a strong boost from the ANI. Business was strong at the end of 2015 and at the beginning of 2016.

Ivan BEST, *La Tribune*

Spain caused profits to fall for the Mediterranean and Latin America. What is your Spanish strategy?

Henri de CASTRIES

It was Turkey and not Spain that affected the earnings of the region and the Group.

Jean-Laurent GRANIER

Revenue erosion in Spain is due to a reselection of the portfolio, including the portion managed by brokers. We have also decided to relaunch insurance via the Internet. 70,000 policies have been sold through this channel, at the best profitability levels. Our combined ratio in Spain fell by 2.5 points to 99%, while it probably increased by 2 to 3 points for the market as a whole. Our profitability gap versus the market is thus 5 points. The competition is excessive there, particularly because of certain aggregators. In any case, don't confuse revenues and contribution to profitability. The Direct segment rose sharply.

In Turkey, we suffered a series of unfavorable legal decisions. New coverage that was not included in policies was created and then confirmed by the Supreme Court. The consequences for the Turkish market are considerable. We set aside significant provisions, which had an impact on the Group amounting to 1 point of the combined ratio. This is quite significant, though it does not change our long-term outlook. But a problem in the conditions of doing liability business in Turkey nevertheless arises. The share of this line fell while other lines increased, such that our business in Turkey grew by 11% excluding this line, whereas revenues were stable including it. We hope that legislative changes will allow a return to reason; otherwise, the conditions for doing civil liability business in this market could turn out to be unbearable. We have already drawn some conclusions in terms of prices, which have more than doubled for liability insurance. In addition, the retroactive nature of the decision is a major concern. We are lobbying to try and adjust the regulations.

Sébastien ACCEDO, *L'Argus de l'Assurance*

I want to revisit the methodology for designating systemic insurers. Traditional non-insurance activities could be affected. MetLife has already reacted in the United States. Might you sell some activities? In addition, life insurance could be included in the list of non-traditional activities. What do you think?

I would also like to know the percentage of available cash flow that from the subsidiaries to the Group.

Henri de CASTRIES

The definition of systemic insurers is an interesting topic. If you are able to define traditional activities that are non-insurable, I'd give you a precious gift.

You also asked about the criteria for designating funds in euros and how this issue is handled at AXA. We do not think this issue will lead us to change the Group's organization.

Denis DUVERNE

MetLife is both a designated systemic international insurer, like AXA, and a local systemic insurer. Consequently, supervision of its insurance activities goes to the Fed and the Fed is currently considering new solvency rules for local systemic insurers, MetLife, Prudential, and AIG. There are plans to cut the MetLife Group in half. But this division seeks to further guard against the designation of a systemic insurer in the United States.

Moreover, Americans are not interested in what happens at the FSB and the IAIS regarding the appointment of global insurers because the US Congress is quite opposed to applying these rules to the US. Even if rules were established at the global level for the designation of systemic insurers and capital expenses, it is very unlikely that Americans would apply this regulation. This will cause problems elsewhere in Europe. Indeed, it would be with the enforcement of these rules in 2019 that Europe would consider the question of the relevance of implementing regulations that Americans would not apply. The same problem has already occurred with respect to IFRS. It would prevent this problem from recurring.

As for the capital implication of the designation systemic insurers, don’t forget that this regulation doesn’t make much sense. Indeed, insurers are not systemic. The IAIS recognizes this. Basically, they are looking for reasons to designate systemic insurers. First, they put forward the concern of the American preoccupation with variable annuities. Since the Americans have blocked this issue, the IAIS turns to Europe and raises the issue of euro funds. We believe that this is a bad idea, because nothing is more stable than euro funds in the insurance world. If customers remain beyond the eight-year period, it is to benefit from the protection offered with regard to inheritance rights. It seems that the liquidity risk on these products is very low. So we will fight to avoid the paradoxical situation where the French Euro funds would be considered as the only dangerous product in the world.

Let’s move on to your question on cash flow. It reached 5.8 billion euros in 2015 (+5%). 5.1 billion euros come from subsidiaries, which is 87%. The indicative range called for a range between 75% and 85%.

Henri de CASTRIES

There was talk of placing reinsurers among systemic insurers. This idea was withdrawn because the first to be appointed would have been Berkshire Hathaway, a US company. In any case, we should not set up a system that would not be compatible with Solvency 2.

Matthieu PROTARD, *Reuters*

The question of your succession at the helm of AXA will be tackled in 2018. Given the challenges of digitization and solvency, who would be the ideal next CEO of AXA? Someone from the inside or the outside? Is there a shortlist of candidates? Could you separate the functions of Chairman and Chief Executive Officer by 2018?

Henri de CASTRIES

My successor will necessarily be someone who is a lot better than me. Have faith in the Group. AXA has a long-term perspective and its teams are solid. I know this issue will be dealt with professionally and discreetly.

Antoine Duroyon, *L'AGEFI*

Google has abandoned its financial services price comparison business. Do you fear competition from GAFA, which could capture a portion of the insurance value chain?

Henri de CASTRIES

This question shows that business expertise has value. Google is a remarkable company that has innovated a lot and continues to grow. We have nothing to be ashamed of with regard to our technical expertise. If Google declines to position itself, it's because we have competitive advantages. This also contradicts the simplistic message that Google will become the master of the world. Life is often more complicated. In the 1880s, people thought Standard Oil of California was about to conquer the world because its business was booming.

The main parameter to consider is the rate of ownership, i.e., the speed at which industries and services appropriate new technologies. Depending on this rate, they will disappear or persist. For example, automakers are appropriating driverless technology with greater expertise than newcomers in the field. Similarly, while travel agents have disappeared, hoteliers are trying to respond. Even in an industry like taxi transport, taxis end up appropriating the additional services offered to the customer. But GAFA must not be underestimated. We have things to learn from one another in our desire to better serve the client.

From the floor

What is your opinion of the project to reform the employment market? Can this bill pass in its present form?

Henri de CASTRIES

Given the importance and the depth of the discussions, it is certainly necessary to show a great deal of patience.

Everyone knows that the rigidity of its labor law is one of France's competitive disadvantages that is very costly, both socially and economically. Some have very stable employment or even a job for life, like civil servants and people working for large corporations, while others rest on the margins of the job market and live precariously. In addition, our unemployment rate is higher, in some case the double of our principal neighbors, Germany or England. Moreover, each year 200 000 young people leave school without a diploma and with little chance of finding a job given the rigidity of our laws. Lastly, the bulk of the jobs created in France since 2012 have been subsidized public sector jobs, not private sector.

On the one hand, the government has the courage to suggest changing this situation. On the other, the opponents of this project seem to be the same people who have sapped the country's ability to compete via legislation. Undoubtedly this bill has some virtues and it would be a good sign to see it prosper.

In addition, if the situation is improving in Italy, it is because Mr. Renzi – who is not really on the right – was able to overcome a certain dogmatism to push changes in employment legislation.

Herbert FROMME, *Süddeutsche Zeitung*

Can you shed some light on your succession and that of your executive leadership team? Are you going to talk about the strategic plan now or in June?

We have seen consolidations in certain mature markets. Would you be interested in taking over Zurich, for example?

Lastly, how will you increase your disappointing market share in Germany?

Henri de CASTRIES

I think I have answered the first two questions. Let's compare a normal actuary and a Sicilian actuary. A normal actuary will give you mortality expectations, while the Sicilian actuary will give you a name, a date and a place. As for me, I prefer to remain a normal actuary. I will become Sicilian in due time

Moreover, I doubt that Zurich is for sale. In addition, I already gave a clear answer to the question of consolidation. The main challenge for the Group will be its own deep transformation, from an operational point of view, to be more efficient in the use of new technologies. We will not extend the scope of our business through multiple acquisitions. Why would we buy traditional targets, if indeed they were for sale? In addition, a deep transformation allows us to gain market share without buying balance sheets.

Lastly, I suggest that Thomas Buberl answer your question about market share in the German market.

Thomas BUBERL

German market share is in no way disappointing, though there is always room for improvement. In recent years, we have successfully redirected the company towards the future, towards more clients, both companies and individuals. New products brought us additional market share in 2015 and we will now use this leverage to further enhance our position in Germany

Edouard LEDERER, *Les Echos*

Are you directly exposed to oil and what is the impact on AXA?

Henri de CASTRIES

We are modestly exposed to oil in the 500 billion euros in the general account. Denis will give you the exact amount, which comes to about 2% of the total.

Denis DUVERNE

Oil accounts for 2% of our investments, for 12 billion euros and a good average rating on these investments. I have no particular concerns on this subject. We have also looked at our indirect exposure via banks, which are exposed via their lending. And there again, no specific worries were detected.

Question from a distributor

What is the impact of the digital shift on your networks? How are you supporting your teams in this transformation?

Véronique WEILL

We have demonstrated our desire to complete this transformation with our agents and our distributors for a long time. We are equipping them with tablets and digital tools. We have also forged partnerships with LinkedIn and Facebook. And we want them to increase their sales capacity. It is therefore all about involving the distribution channels by investing in new technologies. 450 million euros were allocated to the digital transformation in 2015, for the acquisition of tools and training.

Henri de CASTRIES

Thanks for coming this morning. Good day.

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