

Press Conference – May 10, 2017

Thomas BUBERL, CEO

Hello everyone. Thank you for participating in this conference call. I wanted to take advantage of the publication of our business indicators and announcements this morning, which you have seen, to explain why the AXA Group, a year after implementing its 2020 plan, has decided to undertake two important strategic initiatives that will contribute to the success of this plan.

Let's begin with the figures released this morning, which, in my opinion, attest to the relevance of the Group's choices. AXA's revenues for the first quarter of 2017 were unchanged compared with the same period last year, at 31.6 billion euros. The performance behind this aggregate figure was satisfactory, as AXA continued to post profitable growth in the segments identified in our Ambition 2020 strategic plan. We want to focus on health, protection and commercial lines. In life and savings, we are seeing good growth in the value of our new business, driven by higher volumes and a more profitable business mix, in line with our commitment last year, with a particular emphasis on products that consume less capital.

In health, business was particularly dynamic, with revenue growth of 7%.

In property & casualty, business is also growing, with commercial lines reporting revenues up by 3%.

Our Solvency II ratio remains well positioned within the target range of 170 to 230%, which attests to the strength of our balance sheet.

These figures clearly indicate that when we focus our efforts on well-identified segments and offer products that our customers need, growth is in the cards. They also demonstrate the Group's financial strength in spite of the very challenging macroeconomic and financial environment, particularly in Europe.

This is the spirit of our Ambition 2020 plan, which rests on two pillars. We must first focus on what we already have at hand to make the AXA Group simpler, more efficient and more profitable. That's the gist of our Focus pillar.

The second pillar is called Transform because we have to transform the Group so that it can respond tomorrow to the new needs of customers.

For nearly a year now, our plan has been proving its merit, as the results for fiscal year 2016 attest. The same is true of the first quarter of this year. Therefore, we can speed up its implementation now.

Accordingly, we have made two decisions that are strong in more ways than one. First, we will IPO a minority stake of our operations in the United States. I would like to remind you that AXA is an important player in the US life insurance market. We have 9,000 employees there, including 5,000 financial advisors serving more than 2.5 million customers every day. Our US entity also owns 64% of AllianceBernstein, one of the leading asset management companies, with nearly \$500 billion in assets under management as of March 1, 2016 and more than 3,400 employees worldwide.

Because the question has been asked several times this morning, I want to make it clear that this decision to list a minority stake is not linked to the leadership changes that have taken place within AllianceBernstein. The two decisions have quite distinct objectives.

The decision to list a minority stake in our US operations will enable the AXA Group to accelerate the implementation of its strategy and our Ambition 2020 plan. This transaction is in line with the decision announced in 2010 to reduce the Group's exposure to financial risks due to the nature of its business activities in the United States and to refocus on the insurance and protection businesses.

This transaction will also enable us to optimize our capital management by freeing up additional resources, improving our US operations, and gaining flexibility in their management.

In addition, the new financial resources thus generated can be reinvested in the development of the Group's priority segments, such as health, protection, and commercial insurance lines.

These financial resources will, in addition, increase the proceeds available for acquisitions. We have identified a budget of 1 billion euros a year for this purpose in connection with the Ambition 2020 plan and this IPO will increase our resources.

Given the financial strength of the AXA Group, we won't rule out the possibility that some of these new proceeds could eventually be returned to our shareholders if we do not identify relevant targets in our priority segments.

An important new page in AXA's history in the United States is turning. Thanks to the leadership of Mark Pearson and Seth Bernstein, AB's new CEO, who lead operations in the United States, this is also an opportunity to create a coherent and transparent Group that combines life insurance and asset management. The Group will be the market leader in life insurance and asset management in the United States.

This listing on the New York Stock Exchange will enable the company to gain visibility in the US market, with respect to both customers and investors. It will gain in simplicity by evolving in a more consistent regulatory framework and will be on equal footing with its domestic competitors, just as a regulatory divergence is emerging between the United States and Europe in the past few months.

The company will, in addition, be able to leverage greater strategic flexibility and a more entrepreneurial spirit.

Lastly, it will be able to enhance cooperation between the life insurance and asset management businesses to the benefit of our customers. The proposed IPO, involving a portion of our business, is not a simple life insurance portfolio. We are dealing with very innovative life insurance businesses, coupled with a highly efficient distribution platform (AXA Advisors), and a very successful asset management company in the United States, AllianceBernstein.

These are all factors that will facilitate the development of our US operations, which in turn will allow us to achieve stronger and more profitable growth. And this will have a very positive impact on the Group, which will remain the majority shareholder in our operations in the United States.

We believe this is a good time for just such a strategic move, as the macroeconomic environment and the regulatory and financial environment are currently very favorable. Our objective is to complete this IPO during the first half of 2018, at which time we will specify the financial details.

At this stage, we can confirm the targets set out in the Ambition 2020 plan, in particular average annual growth in underlying earnings per share of between 3% and 7%.

To successfully carry out this plan, we must focus on our strengths and, at the same time, transform the Group so that it responds to the needs of our customers, which have evolved.

This is why we have decided to give our ambitions a new dimension in terms of innovation, which comes under the Transform pillar of our plan. We also announced, just this morning, the creation of a new business unit dedicated to customer innovations. This new structure will have dedicated resources and its role will be to federate all of the Group's initiatives in terms of customer innovation and, in so doing, help the Group accelerate its transformation in this area. We have already invested heavily in structures that have begun to produce results in the field of innovation, starting with AXA Partners, which serves all major partners. I also remind you of AXA Next, which explores the possibility of emergence for new business models that revolve around insurance; AXA Strategic Ventures, a venture capital fund that invests in early stage new business opportunities; and Kamet, our own incubator of innovative ideas. They are all working very well. Lastly, this business unit will develop new business models to help us extend our offer within the value chain. We are convinced that focusing on “paying the bills” is not enough, since we only reach 20% of our customers this way, simply because 80% of them never file a claim – which is welcome news. We are convinced, however, that we need to bring more value to these customers. That's also the *raison d'être* of this new structure.

We are delighted to welcome Joyce Phillips, who will manage the new venture. She will be serving on the AXA executive management committee and will report directly to me. I am convinced that this new dimension of our economic model is crucial to our future. During her career in the United States, Asia, and Australia, Joyce has demonstrated her ability to implement ambitious strategies in the banking sector as well as in the financial sector in general, including insurance. Joyce Philips recently served as managing director of the wealth management division of the ANZ banking group in Australia and managing director in charge of marketing and innovation at the Group level. Under her leadership, the wealth management division helped modernize ANZ's physical, digital and advisory channels to enable customers to better connect, better protect themselves, and develop their assets.

Prior to this, she served in a number of executive positions at Citigroup in New York and in Tokyo, notably in retail banking.

I am confident that her international experience and passion for new technologies and innovation will enable AXA to accelerate with respect to this pillar of transformation, to the benefit of our customers.

Today, thanks to the relevance of its strategic plan, AXA is stepping up the pace of its refocus on its priority segments and its transformation to better serve its customers.

Thus, the Group will enter a new phase of growth, which I hope you will see as a logical consequence of the launch of Ambition 2020, our 2016 results and the first quarter 2017 performance, as well as of our determination to further accelerate our transformation and confirmation of the objectives of our Ambition 2020 plan.

Thank you for your attention. We are now ready, with Gérald Harlin, Chief Financial Officer of AXA Group, and George Stansfield, Chief Legal Counsel of the Group, to answer your questions.

Lionel GARNIER, *Le Revenu*

I have a question about the scope of your US operations. Even if it is too early for an itemized valuation, maybe you could provide us with pro forma information that will give us an idea of what this means in 2016 in terms of APE and earnings?

I have a second question concerning the new division that is being created: will it cover all of your initiatives (AXA Partners, AXA Strategic Ventures, Kamet) or will it develop alongside existing initiatives?

Gérald HARLIN

The press release on the IPO in the US indicates, on the first page, the scope of the transaction. It concerns all of our American operations, except for the Corporate Solutions business, i.e., the major risks, which have nothing to do with life insurance but which were found under a common line. This scope also includes all of AllianceBernstein's business. You will see, by turning the page, a few large numbers. The most important is related to AXA Equitable, whose net position currently stands at \$13.3 billion. This amount includes 29% of AllianceBernstein. We specified that we included in the scope of the transaction the 64% that we hold in AllianceBernstein. The latter has a value of about \$6 billion, you should add 64%. We will be able to comment on this in much more detail at the end of the year when we know the "true" pro forma balance sheet. For the time being, we are not in a position to establish such a balance sheet. These numbers give you a good idea of the orders of magnitude. It will be a large corporation, which will rank among the top ten listed life insurance companies in the United States.

Thomas BUBERL

As for the purpose or goal of this new division, I will begin by recalling that AXA is a very large global company today. We have 107 million customers worldwide, whom we serve every day. 20% of our customers file claims and the majority of them are extremely satisfied with our services. 80% of our customers have never filed a claim and are therefore wondering what services AXA could provide, beyond the bill – their premium – they receive every year. We need to find services and added value for these customers in order to increase their satisfaction. We want to create services around insurance coverage for these 107 million customers. These services would be of three types.

The first category of services relates to prevention, which helps our clients avoid disasters. We have piloted a prevention program in England that has met with great success. We would like to see it in other parts of the world.

The second category of services relates to medical coordination. Many AXA customers cannot find a doctor fast enough or are struggling to find the right doctor. As a global insurer with strong health insurance positions, we can share our knowledge of medical networks with customers.

The third category of services relates to chronic diseases and eldercare. We have tested these services in a large number of regions and now want to multiply them.

We are convinced that we must first develop these services separately before integrating them into our operations.

A second axis focuses on the new economic models that we see emerging. In the Property & Casualty business, for example, a new model deals with the insurance of products purchased online. We want to be part of this emerging business. In health, we have proven know-how in the payment

of compensation and chronic diseases. We can use this knowledge to help third parties reduce their expenses while benefiting from an improved customer experience.

Financial and human resources will be allocated to this division, which will also help raise the profile of all these initiatives.

Fabio BENEDETTI, *Bloomberg*

I'd like to know more about the synergies you can generate in the United States by bringing AllianceBernstein closer to other businesses.

Also, can you also tell us what will happen to the minority interests in AllianceBernstein after the IPO on US operations? To be clearer, are you going to delist AllianceBernstein as part of this transaction?

Gérald HARLIN

Given the fact that AXA owns very substantial assets in the United States, with \$ 111 billion worth of assets in separate accounts and \$56 billion in general accounts, synergies are naturally to be expected. In a period of extremely low interest rates, diversification is required, and yields must be sought in increasingly sophisticated products, including alternative products. AB has developed greatly in the area of alternative products. To develop, it is necessary to attract teams, which requires the presence of seed money. An insurance company can do this. This is an example of the synergies we can bring. There is no doubt that these synergies will develop.

Thomas BUBERL

I'll respond to your second question on minorities. We have no interest in a minority buyout or a possible delisting. Two weeks ago we made very clear decisions about AB leadership. Generating the synergies that Gérald just discussed, between life insurance and AllianceBernstein, is our priority.

Maya NIKOLAEVA, *Reuters*

What does the election of Emmanuel Macron as President of the French Republic change for you, especially from the point of view of the French financial sector? What topics will be a priority when you meet with him over the next few weeks or months?

Recently, a number of German companies announced (including Allianz, Daimler and Deutsche Bank) the intention of creating a European online platform for the secure online management of customers' personal data. How do you see this project and might you consider joining this initiative?

Thomas BUBERL

We are very pleased with the outcome of the election in France, because the candidate who was elected wants to reform the country, which is what we need. He also made clear his commitment to Europe. We are at the new President's disposal to talk about our vision of the issues that concern us, starting with the issue of life insurance in France. Our strategy involves changing the composition of our business portfolio, focusing on products that require less capital going forward. In a low interest rate environment, we must ask ourselves where the balance lies between

guarantees and return. While the old life insurance products offer extended guarantees, it is clear that they are extremely expensive in the current environment. This is why AXA has been very innovative in France in launching new products. We were one of the first, last year, to launch a life insurance contract based on private equity, while Emmanuel Macron was Minister of the Economy in France. It is imperative to identify the appropriate tax incentive mechanisms so that customers focus on the right products for their retirement.

The second major issue that we want to - and can - help with is health insurance. The press has reported on the recurring debates about the role of the state versus private companies in relation to health insurance. I think this debate fails to ask the central question: how can we put our knowhow to work for customers so as to better manage – together – medical expenses while improving the customer experience?

The platform you mention, launched in particular by Allianz and Axel Springer, aims to create a one-stop-shop where the user only has to identify himself or herself once, centralizing the services of different entities so that the customer has very easy access to all services – whether insurance, bank accounts, or other items. These efforts seem to me to be very important in that they contribute to the transparency and simplification of the service for customers by combining the digital offers of companies without forcing them to enter multiple identifiers.

We are working hard on another issue, which is to provide more services to our 107 million clients around insurance coverage, by establishing a more active relationship with them.

Juliana LISINI, Il sole 24 Ore - Radiocor

My two questions are about Italy. First, I noticed that revenues had greatly decreased in the first quarter in life insurance.

Second, do you see a risk from the point of view of political stability in Italy at the moment?

Thomas BUBERL

It is true that we have seen positive election results in the Netherlands and France. It is to be hoped that this will be the case in Germany. On the other hand, there is still considerable uncertainty about the upcoming elections in Greece and Italy. However, insurance is not the sector most exposed to political upheaval: it is an activity that is part of a long-term horizon.

Demographically, Italy has undeniable appeal. We are well positioned in property & casualty insurance as well as in life insurance, through our partnership with BMPS. Life insurance business is currently down, and so are products that require less capital than traditional products. We are not satisfied with this situation. Having said that, BMPS has had some difficulties and we therefore could not expect an increase in our activity as part of this partnership. We have been supportive of BMPS during this difficult period and we are looking at our partnership from a long-term perspective. We support the company's recovery plan and have renewed our agreement with it. This partnership is very important for AXA.

We see two other opportunities in Italy. The first is the health market, which is one of our priority targets. We want to be there. The second one concerns commercial property risks, a market segment that is experiencing strong growth due in particular to the structure of the Italian economy, where the role of SMEs (which lie at the heart of our strategy) is paramount. Italy is one of the

countries where we want to grow as a priority, building on partnerships and carving out a position in new activities such as health and commercial insurance.

Matthieu PROTARD, Reuters

I would like to go back to the proposed IPO for your activities in the United States. You told analysts that the AXA Group now wanted to be more active in M&A and that the proposed IPO would increase the budget available for acquisitions. What type of acquisitions are you considering? Have you started looking at targets and what would be the size of those targets?

Can we also have an indication of the size of the activity concerned that you are going to take public? Will it be closer to 20%, 30%, 40%?

Thomas BUBERL

I'm going to address your first question. As you can well imagine, we have provided clear details about our ambition for 2020. We want to evolve the composition of our portfolio, tilting it in the direction of health, protection, and commercial property risks.

We conducted an analysis of all countries from a long-term perspective, as I said in relation to Italy, because these perspectives must be linked to the demographic stakes and to the wealth of this demographic. We analyzed all potential targets in terms of mergers and acquisitions. In the field of health, for example, we are now a world leader. If we leave aside the big American companies, which focus only on the United States, we are one of the world's leading players in healthcare. We already have very strong positions in six countries (Japan, Hong Kong, Mexico, England, Germany, and France). There are other jurisdictions that we think are interesting, where we have a solid foundation in life and property-casualty insurance that could be used to develop our health care business. I am thinking, for example, of Asia, Thailand, the Philippines and Indonesia, where we already have strong positions, in partnership with banking players and agent networks. The Chinese market, in terms of chronic diseases, is also of great interest to us. At the other end of the globe, Brazil has a very young population (the average age is 29 years) that is growing sharply. In the United States, new economic models are emerging, notably in Population Health Management, offering new prospects for companies already active in the insurance sector.

We have therefore identified clear geographic targets and have started on the implementation in order to make acquisitions in these targeted sectors.

Gérald HARLIN

It is too early to know what percentage will be placed on the market, among the activities targeted. This operation will take place in the first half of 2018. We depend on the financial markets but are optimistic about the general conditions of the market. The US market is holding up well. It is supported in particular by the expected measures in terms of taxation, which should be supportive of business. The interest rate environment also remains fairly favorable.

We will start by working on the first semester and on the formalism this requires. At the end of the year, we will be able to be specific about the balance sheet, the contours, and the numbers for the company we are going to sell. We will then see, at the beginning of next year, what percentage of the company will be placed on the market.

Thomas BUBERL

If there are no other questions, thank you for your participation and I wish you an excellent day.