Registration Document

Annual Financial Report 2012

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AXA

SUMMARY

REGISTRATION DOCUMENT
ANNUAL REPORT 2012

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This registration document was filed with the *Autorité des marchés financiers* (AMF) on March 21, 2013, in accordance with the provisions of Article 212-13 of its General Regulations. It may be used in support of a financial transaction if supplemented by an information memorandum approved by the AMF. This document has been prepared by the issuer, and its signatories are responsible for its content.

This Annual Report also includes (i) all the components of the Annual Financial Report (*Rapport Financier Annuel*) referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) as well as in Article 222-3 of the AMF General Regulations (*Règlement Général de l'AMF*) (please refer to the table on page 395 of this Annual Report which indicates the relevant sections of this Registration Document corresponding to disclosures required under Article 222-3 of the AMF General Regulations), and (ii) all disclosure matters required to be included in the Board of Directors' Report to AXA's Shareholders' Meeting to be held on April 30, 2013, established pursuant to Articles L.225-100 and L.225-100-2 of the French Commercial Code (*Code de commerce*) (the relevant sections of this Registration Document corresponding to these required disclosures have been approved by AXA's Board of Directors and are presented in the table on page 392 of this Annual Report).

CERTAIN PRELIMINARY INFORMATION ABOUT THIS ANNUAL REPORT

Presentation of the Information

In this Annual Report unless provided otherwise, (i) the "Company", "AXA" and/or "AXA SA" refer to AXA, a *Société Anonyme* organized under the laws of France, which is the publicly traded parent Company of the AXA Group, and (ii) "AXA Group", the "Group" and/or "we" refer to AXA SA together with its direct and indirect consolidated subsidiaries. The Company's ordinary shares are referred to in this Annual Report as "shares", "ordinary shares" or "AXA ordinary shares". The principal trading market for the Company's ordinary shares is the Compartment A of NYSE Euronext Paris, which we refer to in this Annual Report as "Euronext Paris". The Company's American Depositary Shares are referred to in this Annual Report as "ADS". Since the delisting of AXA's ADS from the New York Stock Exchange on March 26, 2010, AXA's ADS are traded on the U.S. over-the-counter market and are quoted on the OTCQX platform under the ticker symbol AXAHY. Each ADS represents one AXA ordinary share.

Unless otherwise specified, various amounts in this document are shown in million for presentation purposes. Such amounts have been rounded. Rounding differences may also exist for percentages.

Exchange Rate Information

The Company publishes its Consolidated Financial Statements in Euro ("Euro", "euro" or "€"). Unless otherwise stated, all amounts in this Annual Report are expressed in Euro. The currency of the United States will be referred to as "U.S. dollars" or "USD" or "U.S.$" or "$".

The average and closing exchange rates used in the preparation of the consolidated financial statements, to translate into Euro the results of operations of the principal subsidiaries that are not denominated in Euro, are set out in the table below:

	Year End Exchange Rate		Average Exchange Rate	
	2012 (for €1)	2011 (for €1)	2012 (for €1)	2011 (for €1)
U.S. Dollar	1.32	1.30	1.29	1.39
Japanese Yen (x100)	1.14	1.00	1.02	1.13
British Sterling Pound	0.81	0.84	0.81	0.87
Swiss Franc	1.21	1.21	1.21	1.24

For a discussion of the impact of foreign currency fluctuations on AXA's financial condition and results of operations, please see Part 1 – "The AXA Group", Section 1.3 "Activity Report" of this Annual Report.

Cautionary Statements concerning the use of non-GAAP measures and forward-looking statements

This Annual Report includes certain terms that are used by AXA in analyzing its business operations and, therefore, may not be comparable with terms used by other companies. These terms are defined in the glossary provided at the end of Section 1.3 in Part 1 – "The AXA Group" of this Annual Report.

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of, or indicate, future events, trends, plans or objectives. Undue reliance should not be placed on such statements because they are by nature subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and AXA's plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). These risks and uncertainties include, without limitation, the risk of future catastrophic events including possible future weather-related catastrophic events or terrorist related incidents. Please refer to Part 3 – "Regulation, risk factors, certain disclosures about market risk and related matters" of this Annual Report for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

1 THE AXA GROUP

1.1 SELECTED CONSOLIDATED FINANCIAL DATA

The selected historical consolidated financial data presented below have been derived from AXA's consolidated financial statements and related notes for the years ended December 31, 2012 and 2011 in accordance with IFRS.

The table of historical data set out below is only a summary. You should read it in conjunction with the consolidated financial statements and related notes for the years ended December 31, 2012 and 2011 included in Part 4 – "Consolidated Financial Statements" of this Annual Report.

Key figures

(In Euro million except per share data)	2012	2011 Restated [(a)]
Income Statement Data		
Total Revenues	**90,126**	**86,107**
Net investment result excluding financing expenses [(b)]	30,562	16,199
Income from operating activities before tax	5,867	4,657
Net income from operating activities before tax	5,417	4,390
Result from discontinued operations net of tax	-	1,002
Net consolidated income	4,283	4,380
Net consolidated income – Group Share	**4,152**	**4,190**
Net income per share [(c)] :		
- basic	1.65	1.69
- diluted	1.64	1.69
Net income per share from discontinued operations:		
- basic	-	0.44
- diluted	-	0.44
Balance Sheet Data		
Total assets	761,849	727,204
Shareholders' equity – Group share	53,664	46,417
Shareholders' equity per share [(d)]	19.3	16.5
Other Data		
Number of outstanding shares	2,389	2,357
Average share price	11.38	12.89
Share price	13.35	10.05
Dividend per share [(e)]	0.72	0.69

(a) As described in Note 1.2.1 of Part 4 – "Consolidated Financial Statements", comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs. The final assessment of the restatement led to slighly adjust comparative restated amounts published on June 30, 2012.

(b) Includes investment income net of investment management costs, impairment, net realized investment gains and losses and net unrealized investment gains and losses on assets with financial risk borne by the policyholders and on assets designated as at fair value through profit & loss.

(c) The calculation of net income per share is based on the weighted average number of outstanding shares for each period presented. The calculation of net income per share from discontinued operations or not is presented in Note 27 "Net Income per Ordinary Share" to AXA's consolidated financial statements.

(d) Shareholders' equity per share is calculated based on the actual number of outstanding shares at each period-end presented. The calculations deduct shares held by AXA and its subsidiaries (i.e. treasury shares) in the calculation of outstanding shares. Undated debt is excluded from shareholders' equity for this calculation.

(e) An annual dividend is generally paid each year in respect of the prior year after the Annual General Shareholders' Meeting (customarily held in April or May) and before September of that year. Dividends are presented in this table in the year to which they relate and not in the year in which they are declared and paid. A dividend of €0.72 per share will be proposed at AXA's Shareholders' Meeting that will be held on April 30, 2013. The dividend will be payable on May 14, 2013, with an ex-dividend date of May 9, 2013.

Dividends

The Company pays dividends in Euro. Future dividends will depend on a variety of factors including AXA's earnings, consolidated financial condition, applicable capital and solvency requirements, prevailing financial market conditions and the general economic environment. Proposals for dividend payments are made at the discretion of the Board of Directors based upon the recommendation of its Finance Committee, and are submitted for final approval to the Shareholders' Meeting.

AXA determines its dividend policy on the basis of its adjusted earnings minus interest charges on its outstanding undated debt securities, and, in each of the past several years, with the exception of 2009, AXA has paid aggregate dividends in a general range of 40% to 50% of this amount. While Management currently intends to maintain this dividend policy over the long-term, the dividend proposed by the Board of Directors in any particular year may vary considerably depending on a variety of factors (as noted above) and, consequently, may fall outside the target 40% to 50% range in any given year. In assessing the dividend to be paid in any given year, Management tries to strike the appropriate balance between (i) prudent capital management, (ii) reinvestment of previous results to support business development and (iii) an attractive dividend for shareholders.

A dividend of €0.72 for the 2012 fiscal year will be proposed to the Shareholders' Meeting to be held on April 30, 2013.

The following table sets forth information on the dividends declared and paid during the last five years:

Fiscal year	**Distribution** (In Euro million)	**Number of shares (on December 31)**	**Net dividend per share** (In Euro)	**Dividend per share eligible for a tax relief** (In Euro)	**Gross dividend per share** (In Euro)
2008	836	2,089,158,169	0.40 [(b)]	0.40 [(b)]	0.40 [(b)]
2009	1,259	2,289,965,124	0.55 [(c)]	0.55 [(c)]	0.55 [(c)]
2010	1,601	2,320,105,237	0.69 [(d)]	0.69 [(d)]	0.69 [(d)]
2011	1,626	2,357,197,520	0.69 [(e)]	0.69 [(e)]	0.69 [(e)]
2012	1,720 [(a)]	2,388,610,984	0.72 [(f)]	0.72 [(f)]	0.72 [(f)]

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 30, 2013.
(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.16 per share for fiscal year 2008.
(c) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.22 per share for fiscal year 2009.
(d) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.28 per share for fiscal year 2010.
(e) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.28 per share for fiscal year 2011.
(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 30, 2013. Individual shareholders who are residents of France for tax purposes will be eligible for a tax relief of 40% on the dividend, i.e. €0.29 per share for fiscal year 2012.

Dividends not claimed within five years after the payout date become the property of the French Treasury Department.

For further information on AXA's dividend policy, see Part 4 – "Consolidated Financial Statements" and Part 5 – "Certain Additional Information", Section "Dividends" of this Annual Report.

1.2 INFORMATION ON THE COMPANY

Introduction

AXA is a French "*Société Anonyme*" (a form of limited liability company) existing under the laws of France. The Company's registered office is located at 25 avenue Matignon, 75008 Paris, France and its telephone number is +33 (0) 1 40 75 57 00. AXA was incorporated in 1957 but the origin of its activities goes back to 1852. The Company's corporate existence will continue, subject to dissolution or prolongation, until December 31, 2059. The Company's number in the Paris Trade and Companies Register is 572 093 920.

The following documents may be consulted at the AXA Group Legal Department (21 avenue Matignon, 75008 Paris, France) until the filing of AXA's next Annual Report (*Document de Référence*): (i) the Charter of the Company, (ii) the reports or other documents prepared by any expert at the Company's request, any part of which is included or referred to in this Annual Report, and (iii) the parent Company financial statements as well as the consolidated financial statements of the Company for each of the two financial years preceding the publication of this Annual Report.

History and development

AXA originated from several French regional mutual insurance companies: "les Mutuelles Unies".

1982

Takeover of the Groupe Drouot.

1986

Acquisition of the Groupe Présence.

1988

Transfer of the insurance businesses to Compagnie du Midi (which subsequently changed its name to AXA Midi and then AXA).

1992

Acquisition of a controlling interest in The Equitable Companies Incorporated (United States), which subsequently changed its name to AXA Financial, Inc. ("AXA Financial").

1995

Acquisition of a majority interest in National Mutual Holdings (Australia), which subsequently changed its name to AXA Asia Pacific Holdings Ltd. ("AXA APH").

1997

Merger with the Compagnie UAP.

2000

Acquisition of (1) Sanford C. Bernstein (United States) by AXA's asset management subsidiary Alliance Capital, which subsequently changed its name to AllianceBernstein; and (2) Japanese life insurance company, Nippon Dantaï Life Insurance Company.

2004

Acquisition of the American insurance group MONY.

2005

FINAXA (AXA's principal shareholder) merged into AXA.

2006

Acquisition of the Winterthur Group.

2007

Establishment of a long-term partnership agreement with the bank BMPS (Italy) through the joint venture company AXA MPS.

2008

Acquisition of Seguros ING (Mexico).

2010

Voluntary delisting of AXA SA from the New York Stock Exchange and deregistration with the SEC.

Sale by AXA UK to Resolution Ltd of part of its Life and Pensions businesses.

2011

Sale of the Australian & New Zealand operations and acquisition of the AXA APH Asia Life operations.

Sale of AXA Canada to Intact Financial Corporation.

2012

Launch of ICBC-AXA Life, new life insurance joint venture in China with ICBC.

Acquisition of HSBC's non-life insurance operations in Hong Kong, Singapore and Mexico (1).

(1) *The acquisition of HSBC P&C operations in Mexico will be completed in due course.*

Table of principal subsidiaries with Group equity interests and voting rights percentages

For information concerning subsidiaries with Group share of interests and voting rights percentages, please see Note 2 “Scope of consolidation” included in Part 4 – “Consolidated Financial Statements” of this Annual Report.

Ratings

PRINCIPAL RATINGS OF THE GROUP AS AT DECEMBER 31, 2012

The Company and certain of its insurance subsidiaries are rated by recognized rating agencies. The significance and the meaning of individual ratings vary from agency to agency.

At December 31, 2012, the relevant ratings for the Company and its principal insurance subsidiaries were as follows:

	Agency	Rating	Outlook
Insurer Financial Strength Ratings			
The Company’s principal insurance subsidiaries	Standard & Poor’s	A+	Stable
	Moody’s	Aa3	Negative
	Fitch Ratings	AA-	Negative
Ratings of the Company’s Long Term and Short Term Debt			
Counterparty credit rating/Senior Debt	Standard & Poor’s	A-	Stable
	Moody’s	A2	Negative
	Fitch Ratings	A-	
Short Term Debt	Standard & Poor’s	A 2	
	Moody’s	P-1	
	Fitch Ratings	F 1	

The ratings set forth above may be subject to revision or withdrawal at any time by the assigning rating agency. None of these ratings is an indication of the historic or potential performance of AXA‘s ordinary shares, ADSs, ADRs or debt securities and should not be relied upon for purpose of making an investment decision with respect to any of these securities. The Company accepts no responsibility for the accuracy or reliability of the ratings.

SRI ratings

AXA’s social, societal, environmental and governance performance is rated by a number of specialists, including investors, brokers and rating agencies that focus specifically on the socially responsible investment (SRI) market. AXA is ranked above the average for its industry and is included in the three major global ethical indices:

- DJSI World and DJSI Europe (based on RobecoSAM research);
- FTSE4GOOD (based on EIRIS research);
- Europe 120 and France 20 (based on Vigeo research).

AXA's current ratings, which are subject to change, are set forth below:

Agency	Theme	AXA rating
SAM (2012)	General score	74% (sector avg.: 50%)
	Economy	77% (sector avg.: 61%)
	Social	65% (sector avg.: 41%)
	Environment	80% (sector avg.: 46%)
	"Sustainability Yearbook" category	Runner Up
Vigeo (a) (2012)	Human Resources	53% (rating: +)
	Human rights	52% (rating: +)
	Community involvement	44% (rating: +)
	Environment	65% (rating: +)
	Business behaviour	53% (rating: +)
	Corporate governance	49% (rating: =)
EIRIS (2012)	General Score	3.7/5
	Environmental Management Theme	5/5
	Human and Labor Rights Theme	2/5
	Corporate governance Theme	4/5
	Countering Bribery Theme	4/5

(a) Definition of Vigeo ratings:
--: least advanced;
-: companies that fall below the average for their sector;
=: companies that are within the average for their sector;
+: active companies;
++: the most committed companies in the sector.

Business overview

GENERAL INFORMATION

The Company is the holding company for the AXA Group, a worldwide leader in financial protection. Based on available information at December 31, 2012, the AXA Group was one of the world's largest insurance groups, with consolidated gross revenues of €90 billion for the year ended December 31, 2012. The AXA Group was also one of the world's largest asset managers, with total assets under management as at December 31, 2012 of €1,116 billion. Based on available information at December 31, 2012 and taking into account companies engaged in the asset management business, AXA was the world's 8th largest asset manager [1].

AXA operates primarily in Europe, North America, the Asia-Pacific Region and, to a lesser extent, in other regions including the Middle East, Africa, and Latin America. AXA has five operating business segments: Life & Savings, Property & Casualty, International Insurance, Asset Management, and Banking. In addition, various holding companies within the AXA Group conduct certain non-operating activities.

AXA ACTIVITY INDICATORS AND EARNINGS

The table below summarizes certain key financial data by segment for the last two years:

	Years ended December 31,				
			2011 [e]		
(In Euro million, except percentages)	2012 [e]		Restated [f]		Published
Consolidated gross revenues					
– Life & Savings	55,016	61%	52,431	61%	52,431
- Mature markets	52,129	58%	49,814	58%	49,814
- High growth markets	2,887	3%	2,617	3%	2,617
– Property & Casualty	28,315	31%	27,046	31%	27,046
- Mature markets	22,257	25%	21,609	25%	21,609
- Direct	2,215	2%	2,102	2%	2,102
- High growth markets	3,843	4%	3,335	4%	3,335
– International Insurance	2,987	3%	2,876	3%	2,876
– Asset management	3,343	4%	3,269	4%	3,269
– Banking	466	1%	485	1%	485
– Holdings And Other Companies	0	0%	0	0%	0
Consolidated gross revenues	**90,126**	**100%**	**86,107**	**100%**	**86,107**
Annual Premium Equivalent [(APE) (a)]	**6,170**		**5,733**		**5,733**
New Business Value (NBV) [b]	**1,928**		**1,444**		**1,444**
Underlying earnings [c]					
– Life & Savings	2,635	62%	2,138	57%	2,267
– Property & Casualty	1,895	45%	1,848	49%	1,848
– International Insurance	167	4%	276	7%	276
– Asset management	382	9%	321	9%	321
– Banking	5	0%	32	1%	32
– Holdings and other companies	(833)	-20%	(843)	(22%)	(843)
Underlying earnings	**4,251**	**100%**	**3,772**	**100%**	**3,901**
Net capital gains	297		(312)		(312)

(1) *Ranking based on internal reports as of September 30, 2012.*

(In Euro million, except percentages)	Years ended December 31, 2012 [e]		2011 [e] Restated [f]		Published
Adjusted earnings [d]	4,548		3,460		3,589
Exceptional operations (including discontinued operations)	(94)		2,069		2,069
Goodwill and other related intangible impacts	(103)		(1,167)		(1,167)
Profit or loss on financial assets (under fair value option) & derivatives	45		110		114
Integration and restructuring costs	(244)		(281)		(281)
Net income	**4,152**		**4,190**		**4,324**
– Life & Savings	2,873	54%	2,059	52%	2,193
– Property & Casualty	1,975	37%	1,700	43%	1,700
– International Insurance	178	3%	276	7%	276
– Asset management	314	6%	153	4%	153
– Banking	(38)	-1%	(237)	(6%)	(237)
Net income from operating segments	**5,303**	**100%**	**3,951**	**100%**	**4,084**
– Holdings and other companies	(1,151)		240		240
NET INCOME	**4,152**		**4,190**		**4,324**

(a) Annual Premium Equivalent (APE): Measure of new business volume which represents 100% of regular premiums + 10% of single premiums, in line with EEV methodology. APE is Group share.
(b) New Business Value (NBV): The value of new business issued during the current year which consists of the Value In Force of new business at the end of the year plus the statutory profit result of the business during the year. NBV is Group share.
(c) Underlying earnings correspond to adjusted earnings excluding net capital gains attributable to shareholders.
(d) Adjusted earnings represent the net income (Group share) before the impact of:
(i) Exceptional operations (primarily change in scope and discontinued operations);
(ii) Integration and restructuring costs related to material newly acquired companies as well as restructuring and associated costs related to productivity improvement plans;
(iii) Goodwill and other related intangibles; and
(iv) Profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder) and derivatives related to invested assets, including all foreign exchange rate impacts on assets, liabilities and derivatives.
(e) Net of intercompany eliminations.
(f) Restated means comparative information relative to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition cost.

AXA'S TOTAL ASSETS UNDER MANAGEMENT

The table below sets forth the total assets managed by AXA's subsidiaries, including assets managed on behalf of third parties:

(In Euro million)	At December 31, 2012	2011
AXA:		
General account assets	534,589	510,118
Assets backing contracts with financial risk borne by policyholders (unit-linked)	147,162	134,230
Subtotal	681,751	644,348
Managed on behalf of third parties [a]	434,094	420,297
TOTAL ASSETS UNDER MANAGEMENT	**1,115,846**	**1,064,645**

(a) Includes assets managed on behalf of Mutuelles AXA.

For additional information on AXA's revenues by segment and geographic area, see Note 21 "Segmental information" included in "Part 4 – Consolidated Financial Statements" of this Annual Report.

For additional information on AXA's business segments, see Part 1 "The AXA Group: Our global business operations, recent financial performance and financial condition", Section 1.3 "Activity Report" and Note 3 "Statement of income by segment" included in "Part 4 – Consolidated Financial Statements" of this Annual Report.

1

Segment information

Life & Savings Segment

AXA offers a broad range of Life & Savings products including Individual and Group savings products, as well as Life and Health products for both individual and commercial clients.

The table below summarizes AXA's Life & Savings consolidated gross revenues and gross insurance liabilities by geographic region for the periods and at the dates indicated:

GROSS REVENUES BY GEOGRAPHIC AREA

(In Euro million, except percentages)	Gross revenues Years ended December 31, [e] 2012		2011		Gross insurance liabilities at December 31, 2012
France	13,737	25%	13,644	26%	128,229
United States	11,228	20%	9,656	18%	124,667
Japan	6,725	12%	5,747	11%	41,262
United Kingdom	648	1%	651	1%	20,890
Germany	6,635	12%	6,985	13%	66,221
Belgium	2,087	4%	2,142	4%	29,813
Mediterranean & Latin American Region [a]	4,828	9%	4,789	9%	36,314
Switzerland	6,551	12%	6,151	12%	53,334
Others	2,577	5%	2,666	5%	18,313
of which Australia and New Zealand [b]	0	0%	355	1%	0
of which Hong Kong	1,723	3%	1,465	3%	9,398
of which Central & Eastern Europe [c]	472	1%	513	1%	6,904
TOTAL	**55,016**	**100%**	**52,431**	**100%**	**519,044**
of which mature markets	52,129	95%	49,814	95%	499,500
of which high growth markets	2,887	5%	2,617	5%	19,544
Of which:					
Gross written premiums	*53,572*		*50,918*		
Fees and charges relating to investment contracts with no participating feature	*334*		*350*		
Fees, commissions and others revenues [d]	*1,111*		*1,163*		

(a) Mediterranean & Latin American Region includes Spain, Italy, Portugal, Turkey, Greece, Morocco and Mexico.
(b) Following the disposal of the Australia & New-Zealand operations on April 1st, 2011, Australia & New-Zealand only contribute to the first quarter of 2011.
(c) Includes Poland, Hungary, Czech Republic and Slovakia.
(d) Includes revenues from other activities (mainly commissions and related fees on Mutual funds sales).
(e) Net of intercompany eliminations.

MARKETS AND COMPETITION

In the Life & Savings segment, AXA operates primarily in Western Europe, the United States and Japan. In addition, AXA offers Investment and Saving products as well as Life and Health products in a number of other jurisdictions including Asia (notably Hong Kong, Indonesia, Thailand, China and Singapore), Central and Eastern Europe, Middle East and Latin America (Mexico). The products in these markets are offered through various distribution channels. See the "Distribution channels" section below.

The nature and level of competition vary among the countries in which AXA operates for all the types of Individual and Group Life & Savings products sold by AXA. Many other insurance companies offer similar products to those offered by AXA, and, in some cases, also use similar marketing techniques and distribution methods.

The principal competitive factors affecting the Life & Savings business include:

- size, strength and quality of the distribution channels, in particular the quality of advisors;
- range of product lines and product quality, feature functionality and innovation;
- price;
- quality of service;
- investment management performance;
- historical levels of bonuses with respect to participating contracts;
- crediting rates on general account products;
- reputation, visibility and recognition of brand;
- ratings for financial strength and claims-paying ability; and
- changes in regulations that may affect the policy charge structure relating to commission and administrative charges and modify attractiveness to customers.

AXA competes with insurance companies and also with banks, asset management companies, investment advisers and other financial institutions for sales of savings-related investment products and, to a lesser extent, life insurance products.

For additional information on markets, see section “Insurance and Asset Management Markets” included in “Part 1.3 – Activity Report” of this Annual Report.

PRODUCTS AND SERVICES

AXA’s Life & Savings products include a broad range of Investment and Savings products as well as Protection and Health products marketed to individual and commercial clients. The Life & Savings products offered by AXA include Term life, Whole life, Universal life, endowment, deferred annuities, immediate annuities, and other investment-based products. The Health products offered include critical illness and permanent health insurance products. The types and specificities of the products offered by AXA vary from market to market.

The table below presents consolidated gross revenues (after inter-segment elimination) and gross insurance liabilities by major product for the periods and as of the dates indicated for AXA’s Life & Savings segment:

GROSS WRITTEN PREMIUMS & INSURANCE LIABILITIES PER PRODUCT LINE

	Gross written premiums by main product lines Years ended December 31, [b]				Gross insurance liabilities at December 31, 2012
(In Euro millon, except percentages)	2012		2011		
Investment & Savings	21,339	40%	21,457	42%	260,963
Individual	18,491	35%	19,178	38%	224,021
Group	2,848	5%	2,279	4%	36,942
Life contracts (including endowment contracts)	22,442	42%	20,097	39%	161,482
Health contracts	7,639	14%	7,304	14%	23,860
Other	2,152	4%	2,062	4%	10,605
Sub-Total	**53,572**	**100%**	**50,918**	**100%**	**456,910**
Fees and charges relating to investment contracts with no participating features	334		350		30,235
Fees, commissions and other revenues [a]	1,111		1,163		
Liabilities arising from policyholder’s participation					31,055
Unearned revenues and unearned fees reserves					2,897
Derivatives relating to insurance and investment contracts					(2,053)
TOTAL REVENUES AND LIABILITIES	**55,016**		**52,431**		**519,044**
Of which:					
Contracts with financial risk borne by policyholders (unit-linked)	*15,232*	*28%*	*12,051*	*24%*	*147,984*

(a) Includes revenues from other activities (mainly commissions and related fees on Mutual funds sales).
(b) Net of intercompany eliminations.

New Product Initiatives

To attract and retain clients, especially in the segments identified as strategic, AXA has developed solutions designed to meet the needs of the targeted customer groups. In addition, new products have been designed to support AXA's cross-selling strategy and thus improve client retention and enhance value for the clients. AXA also aims to reuse across markets successful products and experiences developed for individual country markets.

DISTRIBUTION CHANNELS

AXA distributes its products through exclusive and non-exclusive channels that vary from country to country. Proprietary channels include exclusive agents, salaried sales forces and direct sales. Non-proprietary channels include brokers, independent financial advisors, aligned distributors or wholesale distributors and partnerships.

- Exclusive agents are individuals or firms commissioned by a single insurance company to sell its products exclusively (or principally) on its behalf. Tied agents are generally exclusive agents;
- Salaried sales forces are salespeople employed by a single insurance company (or an affiliated company) to sell the Company's products on an exclusive basis;
- Direct sales relate to all sales made through mail, telephone or internet;
- Brokers are independent firms that negotiate with insurance companies on behalf of customers seeking coverage. As opposed to exclusive agents, brokers usually work with different insurance companies;
- Independent Financial Advisors (IFAs) are individuals or firms that provide financial advice to customers and negotiate related policies with insurance companies on behalf of customers. IFAs usually work with different insurance companies;
- Aligned distributors are independent individuals or firms who have chosen AXA to provide them with a full range of dealership services. They negotiate, on behalf of customers, policies of various insurance companies among a range of products selected by AXA;
- Distribution partnerships are generally structured as sales agreements between an insurance company and another company from the financial services industry, especially banks, or from other industries. This may take the form of a joint venture between the insurance company and its partner or a pure contractual distribution arrangement.

AXA's distribution strategy focuses on strengthening traditional channels and developing new ones, such as direct selling and partnerships. Staff hiring, retention of veteran staff, professionalism and commercial performance are the main initiatives to strengthen traditional distribution channels. To serve increasingly sophisticated and demanding customers, AXA believes that the diversification of its distribution channels through the development of new channels improves opportunities for increased penetration and more frequent contact with AXA's target customer base.

The split of distribution channels used by AXA's principal Life & Savings operations, based on consolidated gross revenues for the years ended December 31, 2012 and 2011, is presented below:

	Based on gross revenues in 2012		Based on gross revenues in 2011	
	Proprietary Network	Non Proprietary network	Proprietary Network	Non Proprietary network
France	46%	54%	49%	51%
United States	68%	32%	75%	25%
Japan	47%	53%	49%	51%
United Kingdom [(a)]	34%	66%	35%	65%
Germany	54%	46%	57%	43%
Belgium	0%	100%	0%	100%
Mediterranean & Latin American Region	20%	80%	25%	75%
Switzerland	52%	48%	51%	49%

(a) 2011 published (50% proprietary network and 50% for non proprietary network) were restated for portfolios transferred to Resolution in November 2011 and the disposal of Bluefin Corporate Consulting in April 2012.

SURRENDERS AND LAPSES

For most Life & Savings products, fees and revenues accrue over time, while costs to the issuing company in the first year are generally higher than costs in subsequent years due to first year commissions and the costs of underwriting and issuing a contract. Consequently, the rate of policies remaining in-force and not lapsing, also known as the "persistency rate", plays an important role in profitability. The majority of individual Life & Savings products issued by AXA may be surrendered for a cash surrender value. Most of the individual Life & Savings products issued by AXA have front-end charges to the policyholder (or subscription fees), which are assessed at the inception date of the contract and/or surrender charges (charges assessed in the case of early surrender). Both front-end charges and surrender charges are intended to offset a portion of the acquisition costs.

Total surrenders and lapses for 2012 amounted to €25,056 million (2011: €24,717 million) and the ratio of surrenders and lapses was 6.3% (2011: 6.2%).

AXA GLOBAL LIFE AND SAVINGS

The Group has built up an organization by Global Business lines since early 2010 to support a new stage of its development. Life & Savings Global Business line, as part of its role to define a common strategy has set the following priorities:

- focus on inforce optimization;
- increase productivity and efficiency;
- reshape the Savings business;
- actively grow Protection and Health business.

Property & Casualty Segment

AXA's Property & Casualty segment offers a broad range of products including motor, household property and general liability insurance for both Personal and Commercial customers, targeting mainly small to medium sized companies. In certain countries, Health products are classified as Property & Casualty products [(1)].

The table below summarizes AXA's Property & Casualty consolidated gross revenues (after inter-segment eliminations) and gross insurance liabilities by geographic region for the periods and at the indicated dates.

GROSS REVENUES BY GEOGRAPHIC AREA

(In Euro million, except percentages)	Gross revenues – Years ended December 31, [(b)] 2012		2011		Gross insurance liabilities at December 31, 2012
France	5,681	20%	5,553	21%	12,982
Germany	3,795	13%	3,607	13%	6,598
United Kingdom & Ireland	4,049	14%	3,670	14%	5,126
Belgium	2,061	7%	2,080	8%	5,993
Mediterranean & Latin American Region [(a)]	7,082	25%	6,816	25%	8,923
Switzerland	2,736	10%	2,637	10%	7,217
Direct	2,215	8%	2,102	8%	2,954
Other Countries	696	2%	581	2%	1,065
TOTAL	**28,315**	**100%**	**27,046**	**100%**	**50,859**
of which mature markets	22,257	79%	21,609	80%	43,479
of which direct	2,215	8%	2,102	8%	2,954
of which high growth markets	3,843	14%	3,335	12%	4,426
Of which:					
Gross written premiums	*28,255*		*26,972*		
Other revenues	*59*		*74*		

(a) Mediterranean and Latin American Region includes Spain, Italy, Portugal, Greece, Morocco, Turkey, Mexico and the Gulf Region.
(b) Net of intercompany eliminations.

(1) Some countries classify Health activity in the Property & Casualty segment, while other countries classify it in the Life & Savings segment. AXA chooses to follow local classification.

MARKETS AND COMPETITION

In the Property & Casualty segment, AXA operates mainly in the largest Western European markets. AXA also offers Personal and Commercial Property & Casualty insurance products in other countries in Central and Eastern Europe as well as in Asia (notably Singapore, Malaysia, Hong Kong, and Thailand), the Middle East and Latin America (Mexico). In addition, AXA operates in Direct insurance mainly in the United Kingdom, France, South Korea, Japan and Spain.

The nature and level of competition vary among the countries where AXA operates. AXA competes with other insurers in each of its Property & Casualty products and in all the markets where it operates. In general, the Property & Casualty insurance industry tends to be cyclical with surplus underwriting capacity leading to lower premium rates.

The principal competitive factors are as follows:

- price;
- quality of service;
- distribution network;
- brand recognition;
- ratings for financial strength and claims-paying ability; and
- changes in regulations, which may affect premium rates charged or claims settlement costs paid.

For additional information on markets, see section "Insurance and Asset Management Markets" included in "Part 1.3 – Activity Report" of this Annual Report.

PRODUCTS AND SERVICES

AXA's Property & Casualty insurance operations offer a broad range of products including motor, household, property and general liability insurance for both Personal and Commercial customers (targeting mainly small to medium sized companies) and, in certain countries, Health products. In addition, AXA offers engineering services to support prevention policies in companies.

The tables below sets forth gross revenues and gross insurance liabilities by major product for the periods and as at the dates indicated:

GROSS REVENUES & INSURANCE LIABILITIES PER PRODUCT LINE

(In Euro million, except percentages)	Gross Written Premiums Years ended December 31, [a] 2012		2011		Gross insurance liabilities at December 31, 2012
Personal lines					
Motor	9,929	35%	9,793	36%	16,144
Homeowners/household	4,000	14%	3,754	14%	3,579
Other	2,855	10%	2,557	9%	4,088
Commercial lines					
Motor	2,524	9%	2,178	8%	3,624
Property damage	2,750	10%	2,727	10%	2,816
Liability	1,631	6%	1,583	6%	7,755
Other	4,090	14%	3,984	15%	11,502
Other	**477**	**2%**	**396**	**1%**	**1,062**
TOTAL	**28,255**	**100%**	**26,972**	**100%**	**50,569**
Liabilities arising from policyholders' participation					295
Derivatives relating to insurance and investment contracts					(6)
TOTAL					**50,859**

(a) Net of intercompany eliminations.

DISTRIBUTION CHANNELS

AXA distributes its Property & Casualty insurance products through a number of channels that vary from country to country, including exclusive agents, brokers, salaried sales forces, direct sales and banks and other partnerships, including car dealers. In Continental Europe, the same distribution channels may be used by both AXA's Life & Savings and Property & Casualty operations. For a description of these distribution channels, please refer to the "Distribution channels" section in the Life & Savings segment of this Part 1.2.

Development of distribution channels is key to reach targeted customers and overall for the profitability of the activity.

The split of distribution channels used by AXA's Property & Casualty operations (excluding Direct), based on gross revenues for the year ended December 31, 2012 and 2011, is presented below:

	Based on gross revenues in 2012		Based on gross revenues in 2011	
	Proprietary network	Non Proprietary network	Proprietary network	Non Proprietary network
France	69%	31%	70%	30%
Germany	49%	51%	49%	51%
United Kingdom [(a)]	25%	75%	26%	74%
Belgium	2%	98%	2%	98%
Mediterranean and Latin American Region	41%	59%	44%	56%
Switzerland	77%	23%	77%	23%

(a) Including Ireland.

AXA GLOBAL PROPERTY & CASUALTY

Since 2010, AXA Global P&C manages the Property & Casualty Global Business line of the Group. In that context, AXA Global P&C defines the common Property & Casualty strategy and objectives. AXA Global P&C is responsible for managing activities that have been identified as being critical to the profitability and growth of the Group's Property & Casualty business: cost control, optimized claims management, creation of a professional family made up of Property & Casualty professionals to build up the quality of technical expertise, dedicated offer to small and medium size entities, excellence in underwriting standards and pricing policy.

International Insurance Segment

Operations in this segment are principally focused on large risks, reinsurance and assistance.

- **AXA Corporate Solutions Assurance** is the AXA Group subsidiary dedicated to providing global insurance programs to large national and multinational corporations;
- **AXA Global Life and AXA Global P&C** (ex AXA Cessions) are two intra-Group reinsurance companies in charge of analysis, structure and placement of reinsurance treaties on behalf of AXA Group insurance companies after a selection of third party reinsurers. AXA Global P&C activity is mainly driven by its Property pool which provides AXA entities with cover on natural catastrophes;
- **AXA Assistance** provides both emergency and daily services and health management through a new range of products and claims management. AXA Assistance has developed its expertise in managing crisis situations, whether they are of a political nature, health-related nature or linked to natural disasters;
- **AXA Liabilities Managers** is the Group's specialized unit in charge of managing the AXA Group's Property & Casualty run-off portfolios. This entity manages the internal run-off portfolios of AXA UK, AXA Germany and AXA Belgium, as well as some accident and health run-off portfolios in the US and a number of stand-alone run-off companies in the "Other International Activities" segment. In connection with the disposal of AXA's reinsurance activities, AXA Liabilities Managers also manages the run-off of Colisée RE for all periods prior to and including 2005 when Colisée RE's business was sold;
- **AXA Corporate Solutions Life Reinsurance Company** is a reinsurance company in the United States, in run-off, notably managing a book of reinsurance contracts of Variable Annuities with guaranteed minimum death (GMDB) and income benefits (GMIB).

MARKET AND COMPETITION

AXA Corporate Solutions Assurance. The competitors in the global risks market are acting at a worldwide level with multinational clients placing their risks far beyond their countries of origin via international programs or in key global market places. In this market, AXA Corporate Solutions Assurance is amongst the top five players in Europe.

AXA Assistance is one of the three leading worldwide assistance companies, in a market where traditional assistance companies are developing their activities outside their home markets, while new players are focusing on a limited product line.

PRODUCTS AND SERVICES

AXA Corporate Solutions Assurance provides global insurance programs to large international corporations that require coverage for all their worldwide locations. AXA Corporate Solutions Assurance underwrites large insurance risks such as property damage, liability, construction risks, motor fleet, marine and aviation. AXA also offers loss-prevention and risk management services.

AXA Assistance provides assistance services including medical aid for travelers, automobile-related road assistance, home assistance and health-related services mainly to banking and insurance companies, tour operators, telecommunications operators, gas, water and electricity utilities and automobiles manufacturers. AXA Assistance has also developed its expertise in the home services market.

The table below presents the International Insurance segment's gross revenues and gross insurance liabilities by major product for the periods and at the dates indicated:

GROSS WRITTEN PREMIUMS & INSURANCE LIABILITIES PER PRODUCT LINE

	Gross written premiums Years ended December 31,				Gross insurance liabilities at
(In Euro million, except percentages)	2012 [(a)]		2011		December 31, 2012
Property damage	653	24%	598	22%	1,445
Motor, Marine, Aviation	880	32%	883	33%	2,357
Casualty/Civil Liability	493	18%	498	19%	3,937
Other	738	27%	700	26%	1,510
TOTAL	**2,764**	**100%**	**2,679**	**100%**	**9,249**
Derivatives relating to insurance and investment contracts					6
TOTAL					**9,256**

(a) Net of intercompany eliminations.

DISTRIBUTION CHANNELS

AXA Corporate Solutions Assurance mainly distributes its products through international brokers, but also domestic brokers. Marine and aviation business is distributed through specialized brokers.

AXA Assistance mainly operates as a business-to-business company although it also uses direct sales and marketing to sell its products. In countries in which AXA offers Property & Casualty insurance products such as France, Switzerland, Mediterranean and Latin American Region, Belgium, the United Kingdom and Germany, AXA distribution networks offer assistance services among their portfolio of insurance products. AXA Assistance aims at integrating service providers and developing capacities of distribution to final customers.

CEDED REINSURANCE AND RETROCESSION

AXA Corporate Solutions Assurance reviews annually its exposure to ensure that the risks underwritten are diversified geographically and by lines of business in order to manage concentration risk. In 2012, AXA Corporate Solutions Assurance ceded €901 million of premiums (2011: €855 million) to third-party reinsurers.

Also, in 2012, approximately €895 million of premiums were placed externally by AXA Global Life and **AXA Global Property & Casualty (ex-AXA Cessions)** on behalf of AXA's insurance subsidiaries (2011: €856 million), mainly for Property & Casualty business but also for Life & Savings business.

Asset management Segment

The development of Asset management activities is a key part of AXA's financial services strategy, which seeks to capitalize on existing strengths and expand its client base. This strategy is based on the belief that its asset management expertise will enable AXA to benefit in the future from the expected growth in savings-related products in the markets where it operates.

For the years ended December 31, 2012 and 2011, the Asset management segment accounted for €3.3 billion, or 4% of AXA's consolidated gross revenues.

AXA's principal Asset management companies are AllianceBernstein and AXA Investment Managers.

The table below sets forth the total assets managed by AllianceBernstein and AXA Investment Managers, including assets managed on behalf of third parties, and the fees earned by such companies on these assets for the indicated dates and periods.

ASSETS UNDER MANAGEMENT & REVENUES

(In Euro million)	2012	2011
Assets managed by AXA's Assets managers at December 31, [(a)]		
Managed on behalf of third parties [(b)]	434,094	420,297
Assets backing contracts with financial risk borne by policyholders	39,439	34,496
Other invested assets	429,080	392,613
TOTAL	**902,613**	**847,406**
Of which:		
AllianceBernstein	349,030	335,043
AXA Investment Managers	553,583	512,363
Commissions and fees earned for the years ended December 31,		
AllianceBernstein	2,097	2,038
AXA Investment Managers	1,577	1,563
Sub-total	**3,674**	**3,601**
Intercompany eliminations	(332)	(332)
CONTRIBUTION TO AXAA'S CONSOLIDATED GROSS REVENUES	**3,343**	**3,269**

(a) Based on estimated fair value at the dates indicated. Assets under management presented in this table are based on Asset management companies only. AXA Group (including insurance companies) assets under management amounted to €1,116 billion as of December 31, 2012.
(b) Includes assets managed on behalf of Mutuelles AXA.

MARKET, COMPETITION, PRODUCTS AND SERVICES AND DISTRIBUTION CHANNELS

AllianceBernstein

AllianceBernstein, a 65.5% subsidiary, is a leading global investment management firm based in the United States. AllianceBernstein provides diversified investment management and related services to individual investors, private clients and to a variety of institutional clients, including AXA and its insurance company subsidiaries (which collectively are AllianceBernstein's largest client). AllianceBernstein Holding L.P. is listed on the New York Stock Exchange under the ticker symbol "AB".

AllianceBernstein provides diversified Asset management and related services globally to a broad range of clients including:

- diversified investment management services through separately managed accounts, hedge funds, Mutual funds, and other investment vehicles to private clients (such as high net worth individuals, trusts and estates and charitable foundations);
- management of Mutual funds sponsored by AllianceBernstein, its subsidiaries and affiliates, for individual investors;
- management of investments on behalf of institutional investors; and
- research portfolio analysis and brokerage-related services for institutional investors.

At December 31, 2012, AllianceBernstein had €349.0 billion of assets under management, including €245.7 billion of assets managed on behalf of third party clients (2011: €335.0 billion and €242.2 billion, respectively). AllianceBernstein accounted for €2.019 billion or 60% of asset management segment consolidated gross revenues for the year ended December 31, 2012 (2011: €1.963 billion or 60%).

AXA Investment Managers (“AXA IM”)

AXA IM, headquartered in Paris, is a significant player in the international Asset management business. AXA IM provides its clients with a wide range of global products and expertise via Mutual funds and dedicated portfolios. AXA IM’s clients include (i) institutional investors, (ii) individual investors to whom Mutual funds are distributed through AXA and external distribution networks, and (iii) AXA’s insurance subsidiaries both for main fund and unit-linked fund backing insurance products. AXA IM’s expertises include (i) AXA Fixed Income, (ii) AXA Framlington, (iii) AXA Rosenberg, (iv) AXA Real Estate, (v) AXA Structured Finance, (v) Multi-Asset Client Solutions and (vi) AXA Private Equity.

At December 31, 2012, AXA IM had €553.6 billion of assets under management, including €188.4 billion of assets managed on behalf of third party clients (2011: €512.4 billion and €178.1 billion, respectively). AXA IM accounted for €1.324 billion or 40% of asset management segment consolidated gross revenues for the year ended December 31, 2012 (2011: €1.306 billion or 40%).

Banking Segment

The operations in the Banking segment are conducted primarily in Belgium, France, Germany and Central & Eastern Europe. For the years ended December 31, 2012 and 2011, the Banking segment accounted for €0.5 billion each year, or less than 1% of AXA’s consolidated gross revenues.

This segment’s operations principally include:

BELGIUM

AXA Bank products and services in Belgium are mainly distributed by a network of 864 exclusive independent bank agents. The bank’s products and offers are linked with insurance business and are primarily focused on retail products. AXA Bank Europe is ranked sixth on the Belgian banking market where the four major banks represent approximately 70% of the market.

FRANCE

Based in Paris, AXA Banque had more than 750,000 registered customers at the end of 2012, with a retail banking product offer (innovative current accounts with advantages on insurance premiums, savings and credit). Directly linked with the Group’s insurance business, banking products are offered to AXA France clients through its distribution networks. AXA Banque also manages direct clients through internet banking relationships.

GERMANY

AXA Bank targets private customers in retail banking and is an important element of pension and asset management business of AXA Germany. The Bank had approximately 52,000 clients at year-end 2012. The major activities of AXA Bank are deposits and Mutual funds. These products are mainly sold through the tied agent network of AXA Germany.

HUNGARY

AXA Bank Hungary (formerly Ella Bank) became a branch of AXA Bank Europe in January 2009. Acquired in July 2007, it works in collaboration with AXA’s insurance operations in Hungary. Following the recent Hungarian legislation, AXA Bank Hungary has stopped its lending activity and refocused solely on retail deposit business.

1.3 ACTIVITY REPORT

Insurance and Asset Management markets

LIFE & SAVINGS

Mature Markets

In Europe, the Life and Savings market suffered from the low interest rates environment and economic uncertainty that affected the attractiveness of traditional savings and unit-linked products. As a result, and despite a growth in the Protection and Health market in 2012, a decrease in the overall insurance industry has been observed in most European countries. In this particular context, the only exception were the Belgian Life insurance market which grew significantly following the positive evolution of Individual unit-linked products in the first 9 months of 2012 (+115%), and the Swiss market which slightly increased due to the success of Individual life products.

In the US, after a difficult sales environment for Life Insurance and Annuities in 2010, industry sales had stabilized and improved in 2011. 2012 experienced a mixed picture, with increasing sales in the Life market, offset by declining sales in the Annuity market as a number of industry participants continued to reduce benefits and increase charges in the Variable Annuity industry, while the low interest rate environment and concerns about new business capital strain muted fixed Annuity production.

In Japan, the market recovered from the impact of the Great East Japan Earthquake in March 2011 and grew in terms of premiums. This was particularly observed in Bancassurance and Protection segments, while the Variable Annuity market decreased due to a stagnating economic environment.

High growth markets

After a positive evolution in 2011, Life and Savings market significantly increased in high growth countries in 2012. Asian countries such as Hong Kong, Singapore and Thailand, as well as countries such as Morocco and Mexico showed double-digit growth rates. This mainly resulted from an easier access to insurance products and a change in individual habits for the concerned populations. In Central & Eastern Europe countries, the recent changes in regulation (in particular of Pension Funds business), as well as the consequences of the financial crisis strongly affected the Life and Savings insurance volumes.

Please find below AXA's ranking and market shares in the main countries where it operates:

	2012		2011	
	Ranking	Market share (%)	Ranking	Market share (%)
France [a]	3	8.9	3	8.5
United States [b]	12	3.2	7	3.8
United Kingdom – Platform funds under management [c]		2.1		1.8
Japan [d]	12	2.3	11	2.3
Germany Life [e]	6	4.9	7	5.0
Germany Health [e]	5	7.0	5	6.9
Switzerland [f]	1	29.6	1	28.4
Belgium [g]	3	11.3	3	13.0
Spain [h]	13	2.1	12	2.2
Portugal [i]	11	1.7	8	2.6
Italy [j]	6	4.9	7	6.0
Greece [k]	8	3.9	8	3.5
Hong Kong [l]	4	8.7	5	8.5
Indonesia [m]	2	13.9	2	15.3
Thailand [n]	5	10.4	6	8.4
Singapore [o]	11	2.4	13	2.0
India [p]	18	0.9	18	0.9
China [q]	27	0.4	31	0.2
Philippines [r]	3			

(a) Source: FFSA as of January 24, 2013; FFSA as of December 2010 for the ranking and FFSA as of December 2011 for the market share.
(b) Source: LIMRA and MARC annuity sales Employer Sponsored sales only includes K-12 market. Numbers for 9 months ended September 30, 2011 and 2010.
(c) Source: Platforum and Pridham reports (Q3 2012 numbers) for UK platform market.
(d) Source: Life Insurance Association of Japan data base and Insurance Research Institute (exc. Kampo Life). For the 12 months ended September 30, 2011 and 2012.
(e) Source: Market Factbook 2011 and 2010.
(f) Source: Estimation SIA (Swiss Insurance Association) for 2012 and Official FINMA for 2011; Market share is based on statutory gross written premiums.
(g) Source: Assuralia (Belgium Professional Union of Insurance companies). Based on September 30, 2012 and 2011. Figures measured on gross written premiums.
(h) Source: Spanish Association of Insurance Companies. ICEA as of September 30, 2012 and 2011.
(i) Source: Portuguese Insurance Association as of September 30, 2012 and 2011.
(j) Source: Associazione Nazionale Imprese Assicuratrici (ANIA). Ranking and Market Share as of December 2010 and 2011 with cross border markets.
(k) Source: Hellenic Association of Insurance Companies as of June 30, 2012 and 2011.
(l) Source: Office of Commissioner statistics as of September 30, 2012 and 2011 (measured on APE individual life in-force business).
(m) Source: AAJI statistics as of September 30, 2012 and 2011 (measured on Weighted New Business Premium).
(n) Source: TLAA statistics report as of August 31, 2012 and October 30, 2011 (measured on APE).
(o) Source: LIA statistics report as of September 30, 2012 and 2011 (measured on APE).
(p) Source: IRDA statistics as of November 30, 2012 and 2011 (measured on APE).
(q) Source: CIRC statistics as of November 30, 2012 and September 30, 2011 (measured on total premium income and on APE).
(r) Source: Towers Watson 2012 report (measured on total premium income).

PROPERTY & CASUALTY

In 2012, the Property & Casualty market grew in most mature countries as strong tariff increases in both individual and commercial lines more than offset lower car registration or reduced coverage, except for Italy, Spain, Portugal and Greece, still impacted by an unfavorable economic environment. In high growth countries, the Property and Casualty industry experienced a strong performance across the board.

Please find below AXA's ranking and market shares in the main countries where it operates:

	2012		2011	
	Ranking	Market share (%)	Ranking	Market share (%)
France [a]	2	14.5	2	14.5
United Kingdom [b]	4	5.5	4	5.3
Ireland [c]	1		1	
Germany [d]	4	6.4	4	5.8
Switzerland [e]	1	13.0	1	13.0
Belgium [f]	1	20.0	1	21.0
Spain [g]	4	6.8	3	7.3
Portugal [h]	3	7.6	3	8.0
Italy [i]	7	4.4	7	4.3
Greece [j]	5	5.6	12	3.3
Mexico [k]	1	13.8	1	13.2
Turkey [l]	1	13.9	1	13.5
Morocco [m]	3	15.7	3	15.7
The Gulf Region [n]	7	3.8	7	7.9
Singapore [o]	2	10.0	2	9.0
Malaysia [p]	7	6.0	7	5.0
Hong Kong [q]	9	3.0	9	3.0

Note: The acquisition of HSBC portfolio would position AXA as the number one P&C player in Hong Kong and number two in Singapore.
(a) Source: FFSA (including French mutual insurance company).
(b) Source: Based on 2011 and 2010 FSA Returns.
(c) Source: Irish Ins Federation/Central Bank of Ireland Statistical Review/Northern Ireland Vehicle & Driver Agency 2010, 2011 and 2012. Based on the Motor market.
(d) Source: Market Factbook 2011 and 2010.
(e) Source: Estimation SIA (Swiss Insurance Association) for 2012 and Official FINMA for 2011; Market share is based on statutory gross written premiums.
(f) Source: Assuralia (Belgium Professional Union of Insurance companies). Based on September 30, 2012 and 2011. Figures (measured on gross written premiums).
(g) Source: Spanish Association of Insurance Companies. ICEA as of September 30, 2012 and 2011.
(h) Source: Portuguese Insurance Association as of September 30, 2012 and 2011.
(i) Source: Associazione Nazionale Imprese Assicuratrici (ANIA). Ranking and Market Share as of December 2010 and 2011.
(j) Source: Hellenic Association of Insurance Companies as of June 30, 2012 and 2011.
(k) Source: AMIS (Asociacion Mexicana de instituciones de Seguros) as of September 30, 2012 and 2011.
(l) Source: Turkish Association of Insurance Companies as of September 30, 2012 and 2011.
(m) Source: Moroccan Association of Insurance Companies as of December 31, 2012 and 2011.
(n) Source: KSA Tadawul website/Dubai stock exchange/Results of all listed companies/Regulator report Dec. 31, 2009 and 2011.
(o) Source: Monetary Authority of Singapore as of September 2012 and 2011.
(p) Source: ISM (Insurance Services Malaysia Berhad) as of September, 30 2012 and December 31, 2011.
(q) Source: Hong Kong Insurance Authority website 2011 and 2010.

INTERNATIONAL INSURANCE

Players in the global risks market are acting at a worldwide level with multinational clients placing their risks far beyond their countries of origin via international programs or in key global market places. In this market, AXA Corporate Solutions, AXA's subsidiary dedicated to worldwide Property & Casualty, Aviation, Marine and Space insurance, prevention and claims management of large national and multinational corporations, is amongst the top five players in Europe. After several years of soft underwriting conditions, corporate risks insurance pricing conditions continued to tighten in 2012.

ASSET MANAGEMENT

Mutual fund flows, which got off to a reasonable start in the first few months of the year and lost momentum in the second quarter as the Eurozone debt crisis was showing no sign of easing, displayed a glimmer of life in Q3 which further intensified during the last quarter of the year. Although both equities and bonds delivered double digit performance over the full year, 2012 was very much a bond affair from an investor's point of view: across Europe, corporate high-yield bonds, emerging market bonds and global corporate bonds attracted the strongest inflows.

Institutional investors who had not put in place a thorough Liability Driven Investment strategy for the management of their assets suffered from a significant deterioration of their Solvency or Funding ratios under the strong policy actions implemented by Central Banks that lowered interest rates to unrecorded levels. In this context, European institutions increased their allocations to credit, moving deeper in the credit universe as much as permitted by their regulation, without returning yet to Equities.

In the asset management market, AXA Investment Managers ranked 15th [(1)] and AllianceBernstein 22nd [(1)] based on assets under management. On a combined basis, AXA ranked 8th (1), while top 7 players each manage more than €1 trillion.

Financial Market conditions in 2012

In the United States and in Europe, economic indicators generally improved over the first quarter of 2012. In the United States, the manufacturing ISM index continued to deliver an optimistic message of expansion with external demand showing strength. In Europe, the situation from one country to another was quite mixed with sharp recessions in most of the peripheral nations and better performances in France and Germany. Banking and sovereign tensions continued to dissipate in the Euro area due to injections of long term liquidity by the ECB and progress on the reform front.

After an encouraging first quarter for the global state of the economy, a generalized slowdown affected developed as well as developing economies in the second quarter. In the United States, poor prospects in domestic demand, along with uncertainties in global markets, took a toll on companies' confidence. The manufacturing ISM index declined in June, below 50, for the first time in three years, showing contraction in the industrial production.

Global growth remained fairly weak in late 2012 although some early signs of recovery emerged, mostly from emerging markets and to a lesser extent, the United States. ECB's commitment to guarantee the integrity of the euro area has put a lid on the euro crisis, leading to the tightening of credit conditions and the decrease in interest rates.

Markets in Japan were buoyed by positive change as the election heralded a win for Shinzo Abe and his Liberal Democratic party. The landslide victory was achieved on a platform promising aggressive monetary easing and a commitment towards fighting deflation, the scourge of the Japanese economy in the past 20 years.

Emerging Markets provided solid gains over the year, but were held back by concerns that China was facing a worse than expected economic slowdown despite robust exports and resilient domestic demand.

In the United States, following the re-election of President Obama in November, markets immediately turned their attention to concerns about the fiscal cliff. Representatives of the Republican and Democratic parties have met regularly to discuss averting more than $600 billion of spending cuts and tax increases before a year-end deadline.

STOCK MARKETS

Global stock markets performed well in 2012. All major world Equity markets ended the year 2012 in positive territory. The MSCI World Index increased by 13% with the positive returns from European and Emerging countries. European markets performed well, with investors encouraged by the steps taken by the European Central Bank and political leaders towards tackling the region's sovereign debt and banking problems. Japanese shares were supported by the election victory of the liberal Democratic Party.

The Dow Jones Industrial Average Index in New York increased by 7% in 2012 and the S&P 500 Index by 13%. The FTSE 100 Index in London increased by 6%. The CAC 40 Index in Paris increased by 15% and the Nikkei Index in Tokyo appreciated by 23%.

The MSCI G7 Index increased by 13% and the MSCI Emerging Index appreciated by 15%. The S&P 500 implied volatility Index decreased from 23.4% to 18.0% between December 31, 2011 and December 31, 2012.

(1) Ranking based on internal reports as of September 30, 2012.

BOND MARKETS

The US 10-year T-bond ended the year 2012 at 1.76%, a decrease of 12 bps compared to December 31, 2011. The 10-year German Bund yield decreased by 51 bps to 1.32%. The French 10-year government bond yield decreased by 115 bps to 2.00%. The 10-year Japanese government bond ended the year at 0.79%, a decrease of 20 bps. The 10-year Belgium government bond ended the year at 2.06%, a 203 bps decrease compared to December 31, 2011.

Regarding the evolution of 10-year government bonds on European peripheral countries: Italy ended the year at 4.50% (a decrease of 261 bps compared to December 31, 2011), Spain ended the year at 5.27% (an increase of 18 bps compared to December 31, 2011), Greece ended the year at 11.90% (a decrease of 2,306 bps compared to December 31, 2011), Ireland ended the year at 5.10% (a decrease of 335 bps compared to December 31, 2011), Portugal ended the year at 7.01% (a decrease of 635 bps compared to December 31, 2011).

In Europe, the iTRAXX Main spreads decreased by 56 bps compared to December 31, 2011 and ended 2012 at 117 bps while the iTRAXX Crossover decreased by 273 bps to 482 bps. In the United States, the CDX Main spread Index decreased by 26 bps to 94 bps.

EXCHANGE RATES

The evolution of Euro against the main currencies was mixed during the year 2012.

Compared to December 31, 2011, the US Dollar decreased by 2% against the Euro (closing exchange rate moved from $1.30 at the end of 2011 to $1.32 at the end of 2012). The Yen decreased by 14% against the Euro (closing exchange rate moved from Yen 99.88 at the end of 2011 to Yen 114.00 at the end 2012). The Pound Sterling gained 3% against the Euro (closing exchange rate moved from £0.835 at the end of 2011 to £0.811 at the end of 2012). The Swiss Franc gained 0.6% against the Euro (closing exchange rate moved from CHF 1.214 at the end of 2011 to CHF 1.207 at the end of 2012).

On an average rate basis, the US Dollar gained 7% against the Euro (from $1.39 over 2011 to $1.29 over 2012). The Yen gained 9% against the Euro (from Yen 112.9 for the twelve months ending September 2011 to Yen 102.3 for the twelve months ending September 2012). The Pound Sterling gained 6% (from £0.866 over 2011 to £0.814 over 2012) and the Swiss Franc gained 2% against the Euro (from CHF 1.24 over 2011 to CHF 1.21 over 2012).

Operating highlights

SIGNIFICANT ACQUISITIONS IN 2012

AXA and HSBC long-term partnership in Property & Casualty in Asia and Latin America

On March 7, 2012, AXA and HSBC announced they had entered into an agreement whereby AXA would acquire HSBC's P&C businesses in Hong Kong, Singapore and Mexico. In addition, AXA would benefit from a 10-year exclusive P&C bancassurance agreement with HSBC in these countries as well as in India, Indonesia and China.

On November 5, 2012, AXA announced it has completed the acquisition of HSBC's P&C businesses in Hong Kong and Singapore, and that it has consequently launched its exclusive P&C bancassurance cooperation with HSBC in these countries. The acquisition of HSBC P&C operations in Mexico will be completed in due course, as well as the launch of the P&C bancassurance cooperation in Mexico, China, India and Indonesia.

This transaction positions AXA as the number one P&C player in Hong Kong, and strengthens its leading positions in Mexico and Singapore. The acquired Hong Kong and Singapore businesses benefit from multi-channel distribution, including through HSBC Bank branches, as well as strong agent and broker networks.

The net upfront cash consideration for AXA was USD 494 million or ca. Euro 374 million, and was funded through internal resources.

SIGNIFICANT DISPOSALS IN 2012

There was no significant disposal in 2012.

CAPITAL OPERATIONS

SharePlan 2012

For several years, the AXA Group has been offering its employees in and outside France, the opportunity to subscribe to shares issued by way of a capital increase reserved for employees. In 2012, employees invested a total of €0.3 billion which led to a total of approximately 30 million newly issued shares. Employee shareholders represented 7.4% of the outstanding share capital as of December 31, 2012.

As of December 31, 2012, AXA total share capital amounted to 2,388,610,984 shares.

OTHER

AXA Rosenberg

In the first half of 2011, a number of class action law suits were filed against AXA Rosenberg on behalf of certain AXA Rosenberg clients. These suits made various allegations including breach of fiduciary duty, negligence/gross negligence in connection with the coding error and requested damages in an unspecified amount to be determined at trial. In March 2012, the Federal District Court for the North District of California approved a settlement of these class actions under the terms of which AXA Rosenberg paid USD 65 million.

Launch of the Joint-Venture in China between ICBC, AXA and Minmetals

On July 19, 2012, ICBC-AXA Life, a Life Insurance joint-venture between Industrial and Commercial Bank of China Co. Ltd (ICBC), AXA and China Minmetals Corporation (Minmetals), announced its official launch in China. It has received approval from China's State Council and all relevant regulatory bodies.

ICBC-AXA Life succeeds AXA-Minmetals Assurance (AXA-Minmetals), established in 1999. Following the equity transfer agreement reached on October 28, 2010 between ICBC, AXA and Minmetals, ICBC bought 60% of the shares of AXA-Minmetals and became the majority shareholder of the company. AXA owns 27.5% and Minmetals owns 12.5%.

AXA rating

In February 2012, Moody's Investors Services reaffirmed the Aa3 rating for counterparty credit and financial strength on AXA's principal insurance subsidiaries, assigning a negative outlook.

On September 24, 2012, Fitch reaffirmed all AXA entities' Insurer Financial Strength ratings at "AA-", revising the outlook from stable to negative.

On December 18, 2012, S&P reduced long-term ratings on AXA Group to "A+", assigning a stable outlook.

Events subsequent to December 31, 2012

AXA announced on January 17, 2013 the issuance of USD 850 million undated subordinated debt (5.50% annual coupon, fixed for life) and on January 18, 2013 the issuance of €1 billion subordinated debt due 2043 (5.125% annual coupon, fixed until the first call date in July 2023 and floating thereafter with a step up of 100 basis points), to anticipate the refinancing of part of subordinated debt instruments maturing on January 1, 2014. Both transactions have been structured to comply with the expected eligibility criteria for a Tier 2 capital treatment under Solvency II.

Consolidated gross revenues

CONSOLIDATED GROSS REVENUES

Consolidated Gross Revenues [a] *(In Euro million)*	2012	2011	2012/2011 [d]
Life & Savings	55,016	52,431	2.5%
of which Gross written premiums	*53,572*	*50,918*	-
of which Fees and revenues from investment contracts with no participating feature	*334*	*350*	-
Property & Casualty	28,315	27,046	3.0%
International Insurance	2,987	2,876	3.2%
Asset Management	3,343	3,269	-2.8%
Banking [b]	466	485	-3.4%
Holdings and other companies [c]	0	0	n.a.
TOTAL	**90,126**	**86,107**	**2.5%**

(a) Net of intercompany eliminations.
(b) Excluding (i) net realized capital gains or losses and (ii) change in fair value of assets under fair value and of options and derivatives, net banking revenues and total consolidated revenues would respectively amount to €460 million and €90,120 million for full year 2012 and €479 million and €86,101 million for full year 2011.
(c) Includes notably CDOs and real estate companies.
(d) Changes are on a comparable basis.

On a comparable basis means that the data for the current year period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate** basis). It also means that data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural** basis) and for changes in accounting principles (**constant methodological** basis).

In particular, comparable basis for revenues and APE [1] in this document means including, in both periods, acquisitions, disposals and business transfers, and net of intercompany transactions.

Consolidated gross revenues for full year 2012 reached €90,126 million, up 4.7% compared to 2011.

The restatements to a comparable basis were mainly driven by the depreciation of Euro against most of major currencies (€+2,414 million or +2.8 points) and the impact of the disposal of Australia and New Zealand operations in 2011 (€-355 million or -0.4 point).

On a comparable basis, gross consolidated revenues were up 2.5%.

(1) Annual Premium Equivalent (APE) represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group Share.

ANNUAL PREMIUM EQUIVALENT

(In Euro million)	2012	2011	2012/2011 [(a)]
TOTAL	**6,170**	**5,733**	**2.6%**
France	1,378	1,340	2.8%
United States	1,244	1,018	13.5%
United Kingdom	535	535	-5.9%
Japan	598	463	16.9%
Germany	454	506	-10.3%
Switzerland	374	397	-8.1%
Belgium	175	173	0.9%
Central & Eastern Europe	136	213	-34.4%
Mediterranean and Latin American Region	402	432	-7.1%
Hong Kong	408	330	14.3%
South-East Asia, India and China	463	326	20.5%
Mature markets	**5,109**	**4,808**	**2.4%**
High growth markets	**1,061**	**925**	**3.9%**

(a) Changes are on a comparable basis.

Total Life & Savings New Business APE amounted to €6,170 million, up 8% on a reported basis or 3% on a comparable basis. This was mainly driven by the United States, Japan, South-East Asia, India and China and Hong Kong, partly offset by Central & Eastern Europe, Germany, Switzerland, the United Kingdom and Mediterranean and Latin American Region.

High growth markets APE increased by 4% as strong growth in South-East Asia, India and China (+21% or €+65 million) and Hong Kong (+14% or €+47 million) was partly offset by Central & Eastern Europe (-34% or €-73 million), negatively impacted by regulatory developments in Poland and more selectivity with regard to distribution networks.

The United States APE increased by €138 million (+14%) to €1,244 million reflecting higher sales of unit-linked products (€+129 million) as a consequence of both higher (i) non GMxB investment only product sales (+48% or €+77 million) driven by the availability of Structured Capital Strategies product and the new Retirement Gateway product in the wholesale channel, and (ii) fixed and floating rate GMxB product sales (+22% or €+52 million), mainly on new Accumulator 11 product.

Japan APE increased by €78 million (+17%) to €598 million driven by higher sales of Variable Annuity products (+37% or €+38 million) as well as sales of G/A Protection & Health products (+12% or €+40 million) driven by Term Rider and Long Term Protection products which were actively promoted.

South-East Asia, India and China APE increased by €65 million (+21%) to €463 million mainly driven by (i) Thailand (+48% or €+41 million) reflecting higher sales of G/A Protection products, (ii) China (+126% or €+19 million) mainly on G/A Protection & Health products reflecting the launch of the ICBC-AXA joint-venture in July 2012 and (iii) Philippines (+28% or €+5 million) driven by unit-linked products.

Hong Kong APE increased by €+47 million (+14%) to €408 million, mainly driven by higher sales of G/A Protection & Health products (+25% or €+40 million) in both agency and bancassurance networks.

France APE increased by €38 million (+3%) to €1,378 million, mainly driven by (i) an increase in G/A Protection & Health sales (+6% or €+36 million) in both individual and group business and (ii) in unit-linked sales (+7% or €+13 million) reflecting the success of new structured products in a downward oriented market, partly offset by lower sales of G/A Individual Savings (-2% or €-12 million).

Central & Eastern Europe APE decreased by €73 million (-34%) to €136 million. The decrease was driven by (i) Pension Funds (-49% or €-36 million) as a result of the change in regulation in Poland and (ii) lower unit-linked sales (-29% or €-32 million) mainly in Czech Republic due to the end of the cooperation with low quality brokers and in Poland due to the difficult market environment.

Germany APE decreased by €52 million (-10%) to €454 million, mainly driven by (i) G/A Savings (-23% or €-37 million) as a result of lower sales of short term investment products and (ii) unit-linked (-30% or €-28 million) due to the curtailment of "Twinstar" Variable Annuity products, partly offset by (iii) G/A Protection & Health (+5% or €+11 million).

Switzerland APE decreased by €32 million (-8%) to €374 million mainly driven by Group Life after exceptionally strong sales of full protection schemes contracts in 2011.

UK APE decreased by €32 million (-6%) to €535 million driven by unit-linked products (-21% or €-67 million) as a result of lower volumes in Individual Pension business and in Offshore Bond business written through Isle of Man. This was partly mitigated by Mutual funds sales (+17% or €+28 million) through the Elevate wrap platform.

Mediterranean and Latin American Region APE decreased by €31 million (-7%) to €402 million mainly due to mature markets (€-28 million) reflecting (i) a significant decrease in G/A Savings products (-33% or €-59 million) as a result of the increased focus on unit-linked products and a highly competitive environment, partly offset by (ii) unit-linked products (+26% or €+33 million).

PROPERTY & CASUALTY REVENUES

(In Euro million)	2012	2011	2012/2011 (a)
TOTAL	**28,315**	**27,046**	**3.0%**
Mature markets	22,257	21,609	1.7%
Direct	2,215	2,102	1.5%
High growth markets	3,843	3,335	11.9%

(a) Changes are in comparable basis

Property & Casualty gross revenues were up 5% to €28,315 million or up 3% on a comparable basis. Personal lines increased by 3% especially in Germany, the United Kingdom & Ireland and Mediterranean and Latin American Region. Commercial lines increased by 3%, primarily in the Mediterranean and Latin American Region, the United Kingdom & Ireland, France and Asia. Overall tariff increases amounted to 3%.

Personal lines (60% of P&C gross revenues) were up by 3% on a comparable basis, stemming from both Motor (+2%) and Non-Motor (+4%), primarily as a result of tariff increases in mature markets and higher volumes in high growth markets.

Motor revenues grew by €169 million or +2% mainly driven by:

- **Germany** (+7%) mainly as a result of tariff increases and successful turn of the year business;
- **Mediterranean and Latin American Region** (+4%), primarily driven by **Turkey** (+29%) with higher volumes and tariff increases notably in the second half of 2012, **Mexico** (+12%) from higher volumes and **Italy** (+3%) due to a positive mix effect from the agency network restructuring, partly offset by **Spain** (-10%) due to a competitive market in a depressed economic environment;
- **Asia** (+6%) driven by a strong increase in car sales in **Malaysia**;
- partly offset by **Direct** (-1%) reflecting a 22% decrease in the **United Kingdom** as a result of portfolio pruning and repricing leading to lower volumes and retention, a 7% decrease in **Spain** in a difficult economic environment, partly offset by 7% growth in other countries mainly in **Italy**, **Poland**, **France** and **Japan** (+54%, +30%, +12% and +8% respectively).

Non-Motor revenues increased by €277 million or +4% mainly due to:

- **the United Kingdom & Ireland** (+4%) mainly in household, driven by the United Kingdom with new partnerships and improved retention;
- **Germany** (+4%) and **France** (+4%) mainly due to tariff increases in household;
- **Direct** business (+24%) across the board.

Commercial lines (40% of P&C gross revenues) increased by 3% on a comparable basis with Motor and Non-Motor up by 7% and 2% respectively.

Motor revenues increased by €156 million or +7%, mainly driven by:

- **the Mediterranean and Latin American Region** (+8%) notably in **Mexico** (+8%) fuelled by positive portfolio developments and tariff increases, and in **Turkey** (+32%)

reflecting competitive products, partly offset by cancellations in Spain and pruning actions in Portugal;

- **France** (+12%) mainly as a result of both tariff increases and higher volumes;
- **the United Kingdom** (+11%) mainly driven by tariff increases and increased retained business in Motor fleet.

Non-Motor revenues increased by €170 million or +2% reflecting growth in:

- **the United Kingdom** (+6%) primarily due to Health portfolio development in the **United Kingdom** and abroad;
- **France** (+1%) mainly following tariff increases in Construction and Property, partly offset by lower volumes;
- **the Mediterranean and Latin American Region** (+2%) mainly driven by new business in Health in the **Gulf**.

INTERNATIONAL INSURANCE REVENUES

International Insurance gross revenues were up 4% or 3% on comparable basis to €2,987 million mainly driven by (i) **AXA Corporate Solutions** up 3% to €2,069 million mainly as a result of positive portfolio developments and tariff increases in Construction and Property, partly offset by non renewal of a large contract in Liability and tariff decrease in Aviation as well as (ii**) AXA Assistance** up 10% to €832 million.

ASSET MANAGEMENT REVENUES

Asset Management gross revenues increased by 2% or decreased by 3% on a comparable basis to €3,343 million, mainly driven by a decrease in management fees at AllianceBernstein and a decrease in performance and real estate transactions fees at AXA IM. This was partly offset by higher management fees at AXA IM as a result of higher average assets under management.

AllianceBernstein revenues were down 4% on a comparable basis to €2,019 million, primarily due to lower management fees (-11%) resulting from lower bps (-3.1 bps) reflecting change in business mix, and lower average assets under management (-3%).

Assets Under Management (AUM) increased by 4% or €14 billion from year-end 2011 to €349 billion driven by €+28 billion from market appreciation, partly offset by (i) €-6 billion foreign exchange rate impact, (ii) €-4 billion net outflows and (iii) €-5 billion change in scope due to the disposal of AXA Canada and AXA Australia operations.

AXA Investment Managers revenues were down 0.4% to €1,324 million. Excluding distribution fees (retroceded to distributors) and on a comparable basis, net revenues increased by €+6 million (+1%) mainly driven by higher management fees (+5%), partly offset by lower performance and Real Estate transaction fees (-48%).

AUM increased by 8% or €+41 billion from year-end 2011 to €554 billion mainly as a result of (i) €+45 billion market appreciation, (ii) €+3 billion net inflows and (iii) €+2 billion favorable foreign exchange rate impact, partly offset by (iv) €-9 billion change in scope mainly related to the partial sale of the UK Life & Savings operations.

NET BANKING REVENUES

Net banking revenues were down 4% to €466 million or down 3% on a comparable basis, mainly driven by **France** (-23%) due to higher interest paid to customers on savings account as a result of the promotional campaign realized during the first half of 2012, while **AXA Bank Belgium** increased by 13% to €298 million mainly driven by a growing investment portfolio, partly offset by lower funding costs as result of lower interest rates.

CONSOLIDATED UNDERLYING EARNINGS, ADJUSTED EARNINGS AND NET INCOME

IASB and FASB deliberations regarding the Insurance Contracts Phase II project as well as change in USGAAP indicate that accounting standards are moving to lower capitalization and therefore less deferral of acquisition expenses. In this context, the Group changed its accounting policy on deferred acquisition costs as of January 1, 2012 and retrospectively restated comparative information related to previous periods. The impact of this change led to a reduction of total shareholders' equity of €1,954 million (of which €1,951 million Group share) as of January 1, 2011.

In the tables of the document, "restated" refers to this voluntary change in accounting policy.

(In Euro million)	2012	2011 restated [b]	2011 published
Gross written premiums	84,592	80,570	80,570
Fees and revenues from investment contracts without participating feature	334	350	350
Revenues from insurance activities	**84,926**	**80,920**	**80,920**
Net revenues from banking activities	426	414	414
Revenues from other activities	**4,741**	**4,708**	**4,708**
TOTAL REVENUES	**90,093**	**86,042**	**86,042**
Change in unearned premium reserves net of unearned revenues and fees	**(441)**	**(547)**	**(547)**
Net investment result excluding financing expenses [a] [d]	**28,770**	**14,914**	**15,114**
Technical charges relating to insurance activities [a] [c]	(91,734)	(75,623)	(75,623)
Net result of reinsurance ceded	(1,323)	(733)	(733)
Bank operating expenses	(96)	(87)	(87)
Insurance acquisition expenses	(9,472)	(8,352)	(8,160)
Amortization of value of purchased life business in force	(179)	(241)	(241)
Administrative expenses [c]	(9,033)	(9,552)	(9,552)
Valuation allowances on tangible assets	28	29	29
Change in value of goodwill	(0)	(0)	(0)
Other	(293)	(388)	(388)
Other operating income and expenses	**(112,102)**	**(94,947)**	**(94,755)**
OPERATING EARNINGS BEFORE TAX	**6,321**	**5,462**	**5,854**
Net income from investments in affiliates and associates	136	85	85
Financing expenses	(587)	(360)	(360)
UNDERLYING EARNINGS BEFORE TAX	**5,870**	**5,186**	**5,579**
Income tax expenses [d]	(1,409)	(1,192)	(1,453)
Minority interests	(210)	(222)	(224)
UNDERLYING EARNINGS	**4,251**	**3,772**	**3,901**
Net realized capital gains or losses attributable to shareholders	297	(312)	(312)
ADJUSTED EARNINGS	**4,548**	**3,460**	**3,589**
Profit or loss on financial assets (under fair value option) & derivatives	45	110	114
Exceptional operations (including discontinued operations)	(94)	2,069	2,069
Goodwill and other related intangible impacts	(103)	(1,167)	(1,167)
Integration and restructuring costs	(244)	(281)	(281)
NET INCOME	**4,152**	**4,190**	**4,324**

(a) *For the periods ended December 31, 2012 and December 31, 2011, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectivly €+14,186 million and €-4,977 million, and benefits and claims by the offsetting amounts respectively.*

(b) *Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs. The impact on 2011 net income was €134m.*

(c) *For the period ended December 31, 2011, €201 million have been reclassified from administrative expenses to technical charges relating to insurance activities to ensure consistency of the information.*

(d) *FY 2011 published was adjusted to reflect intercompany elimination of adjustment of €200 million between net investment result and income tax expenses.*

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011 restated [b]	2011 published
Life & Savings	2,635	2,138	2,267
Property & Casualty	1,895	1,848	1,848
International Insurance	167	276	276
Asset Management	382	321	321
Banking	5	32	32
Holdings and other companies [a]	(833)	(843)	(843)
Underlying earnings	**4,251**	**3,772**	**3,901**
Net realized capital gains or losses attributable to shareholders	297	(312)	(312)
Adjusted earnings	**4,548**	**3,460**	**3,589**
Profit or loss on financial assets (under Fair Value option) & derivatives	45	110	114
Exceptional operations (including discontinued operations)	(94)	2,069	2,069
Goodwill and related intangibles impacts	(103)	(1,167)	(1,167)
Integration and restructuring costs	(244)	(281)	(281)
NET INCOME	**4,152**	**4,190**	**4,324**

(a) Includes notably CDOs and real estate companies.
(b) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Group underlying earnings amounted to €4,251 million up 13% versus 2011. On a constant exchange rate basis, underlying earnings increased by 9% driven by **Life & Savings, Asset Management** and **Property & Casualty**, partly offset by a decrease in **International Insurance**.

Life & Savings underlying earnings amounted to €2,635 million. On a constant exchange rate basis Life & Savings underlying earnings were up €397 million (+19%). On a comparable scope basis, restated for the sale of Bluefin and portfolios transferred in November 2011 to Resolution in the UK, and for the AXA APH Asian entities minority interest buy-out and disposal of Australia and New Zealand operations on April 2, 2011, Life & Savings underlying earnings were up €410 million (+19%) mainly attributable to the United States (€+250 million), France (€+86 million), the Mediterranean and Latin American Region (€+61 million), Japan (€+35 million) and South-East Asia, India and China (€+22 million), partly offset by Germany (€-68 million), mainly resulting from:

(i) **Higher Investment margin** (€+243 million or +10%), mainly driven by (i) lower investment income more than offset by lower allocation to policyholders in France (€+100 million) and the United States (€+28 million), (ii) higher investment income, mainly due to higher asset base, as well as lower allocation to policyholders in Switzerland (€+71 million) and Belgium (€+18 million) and (iii) the Mediterranean and Latin American Region (€+23 million) mainly due to an exceptional release of policyholder bonus;

(ii) **Higher fees & revenues** (€+91 million or +1%) mainly driven by:

a. ***unit-linked management fees*** were stable reflecting a stable average asset base, as decrease in average asset base in the United States was offset by increases in France, Japan and Italy,

b. ***loadings on premiums and Mutual funds*** were up €99 million mainly driven by (i) strong unit-linked sales in the Mediterranean and Latin American Region (€+48 million), mostly at AXA MPS, (ii) higher Elevate wrap platform revenues and funds under management in the UK (€+29 million), as well as (iii) strong growth in Protection & Health business in Hong Kong (€+31 million) and South East Asia, India and China (€+24 million),

c. ***other fees*** were down €4 million;

(iii) **Net technical margin** was up €599 million to €357 million mainly driven by the United States (€+604 million), primarily due to:

(a) **lower GMxB losses resulting from** decreased volatility and basis losses, positive GMxB reserve adjustments including premium suspension on old contracts and other model and assumption refinements, partially offset by higher GMxB reserve strengthening for lapses and other policyholder behavior assumptions changes,

(b) **unfavorable mortality experience** on life products;

(iv) **Expenses** increased by €426 million (or +7%) as a result of:

a. €-458 million higher acquisition expenses, primarily driven by the (i) United States (€-190 million) as a result of higher DAC amortization notably following the improved technical margin, (ii) the Mediterranean and Latin American Region (€-86 million) mainly due to higher commissions from higher unit-linked sales as well as higher DAC amortization reflecting increase in surrenders, (iii) France (€-75 million) mainly driven by higher DAC amortization (€-54 million) partly offset by higher Unearned Revenue Reserve amortization and (iv) Hong Kong (€-24 million) driven by new business and in-force growth,

b. €+32 million lower administrative expenses mainly reflecting various efficiency programs net of inflation;

(v) **Higher tax expenses and minority interests**, up €202 million mainly driven by higher pre-tax underlying earnings and unfavorable country mix, partly offset by more favourable tax one-offs (€56 million in Japan, €47 million in the United States, €27 million in the UK and €19 million in Hong Kong in 2012 vs. €143 million in 2011).

Property & Casualty underlying earnings amounted to €1,895 million. On a constant exchange rate basis, Property & Casualty underlying earnings increased by €25 million (+1%) mainly driven by:

(i) **Higher net technical result (including expenses)** up €108 million (or +19%) driven by:

a. **current year loss ratio** improving by 0.6 point driven by tariff increases, lower claims frequency and lower Nat Cat charge (-0.3 point), partly offset by higher large claims, notably from freeze, as well higher severity,

b. **lower positive prior year reserve** developments by 0.5 point, including worse prior year reserve developments in Turkey (€-168 million) due to the increase in both frequency and average costs of legal claims in Motor and Liability,

c. **lower expense ratio** improving by 0.2 point to 26.8%, reflecting (i) stable acquisition ratio mainly driven by productivity gains, partly offset by an increase in commission rate driven by a change in product and distribution mix, and (ii) 0.2 point reduction in administrative expenses ratio benefiting from various efficiency programs net of inflation,

d. as a result, **the combined ratio** improved by 0.3 point to 97.6%;

(ii) **Investment result** decreased by €51 million to €2,007 million mainly driven by lower revenues on fixed income assets in France and Germany;

(iii) **Higher income tax expense and minority interests** (up €36 million) mainly driven by higher pre-tax underlying earnings as well as lower favorable tax one-offs (€11 million in Germany and €-9 million in the UK in 2012 vs. €16 million in 2011).

International Insurance underlying earnings amounted to €167 million. On a constant exchange rate basis, underlying earnings decreased by €103 million (or -37%) mainly due to AXA Liabilities Managers, down €52 million, following lower gains on the Property & Casualty run-off portfolios mainly as a result of lower positive settlements, as well as AXA Global P&C, down €30 million, mainly driven by the non-repeat of €32 million positive prior year reserve developments due to favorable weather in 2011.

Asset Management underlying earnings amounted to €382 million. On a constant exchange rate basis, underlying earnings increased by €44 million (+14%) driven by (i) AllianceBernstein (€+42 million or +39%) as a result of lower variable compensations and staff reduction more than offsetting revenues decrease and (ii) AXA IM (€+2 million or +1%) reflecting higher revenues and lower expenses, driven by a positive impact from the closure of AXA Rosenberg litigations, partly offset by additional tax charges mainly driven by the non-recurrence of a 2011 positive tax impact.

Banking underlying earnings amounted to €5 million. On a constant exchange rate basis, underlying earnings decreased by €28 million (-86%), mainly driven by AXA Bank Belgium mainly reflecting lower commercial margin and new taxes and contributions to the financial stability fund.

Holdings and other companies underlying earnings amounted to €-833 million. On a constant exchange rate basis, holdings underlying earnings increased by €10 million (+1%) mainly driven by (i) UK holding (€+21 million) mainly driven by more favorable tax one-offs (ii) the Mediterranean and Latin American Region (€+17 million) due to lower financial charges, partly offset by (iii) AXA SA (€-41 million) due to an increase in financial charge and a lower income from net participation in BNP Paribas.

Group net capital gains attributable to shareholders amounted to €297 million. On a constant exchange rate basis, Group net capital gains and losses attributable to shareholders were up €607 million mainly due to:

- **(i)** €+126 million higher **realized capital gains**, to €+815 million in 2012, mainly driven by higher realized gains on equities (€+103 million), fixed income assets (€+148 million), partly offset by lower realized gains on real estate (€-175 million);
- **(ii)** €+562 million lower **impairments** to €-283 million in 2012, mainly driven by the non repeat of €-387 million net impairment charge on Greece government bonds in 2011, as well as lower impairments on equities;
- **(iii)** €-81 million from decrease in the impact of equity hedging derivatives.

As a result, **adjusted earnings** amounted to €4,548 million. On a constant exchange rate basis, adjusted earnings increased by €952 million (+28%).

Net Income amounted to €4,152 million. On a constant exchange rate basis, net income decreased by €155 million (-4%) mainly as a result of:

- **(i)** lower exceptional operations: down €2,158 million to €-94 million, mainly due to the non repeat of 2011 exceptional capital gains of €2,326 million relating to the disposal of the stake in Taikang Life, Canadian operations as well as Australia and New Zealand operations, partly offset by
- **(ii)** higher adjusted earnings up €952 million;
- **(iii)** lower goodwill and related intangibles charges: down from €-1,167 million in 2011 to €-103 million in 2012, mainly reflecting the non repeat of 2011 goodwill reduction in the United States for €943 million;
- **(iv)** lower favorable change in fair value of financial assets and derivatives: down €61 million to €+45 million which can be analyzed as follows:

a. €+71 million from the decrease in interest rates and corporate spreads,

b. €+54 million positive performance from private equity, equities and hedge funds,

c. €+61 million positive change in fair value of other assets, mainly Asset Backed Securities, partly offset by

d. €-140 million following foreign exchange rate movements, mainly on JPY.

CONSOLIDATED SHAREHOLDERS' EQUITY

As of December 31, 2012, consolidated shareholders' equity totaled €53.7 billion. The movements in shareholders' equity since December 31, 2011 are presented in the table below:

(In Euro million)	2011 published	Change in DAC accounting methodology adopted retrospectively as at 01/01/2012	2011 restated	2012
Shareholders' Equity	48,562	(2,145)	46,417	53,664

	Shareholders' Equity
At December 31, 2011	**46,417**
Share Capital	72
Capital in excess of nominal value	237
Equity-share based compensation	49
Treasury shares sold or bought in open market	20
Deeply subordinated debt (including interests charges)	(292)
Fair value recorded in shareholders' equity	6,133
Impact of currency fluctuations	(614)
Payment of N-1 dividend	(1,626)
Other	(66)
Net income for the period	4,152
Actuarial gains and losses on pension benefits	(817)
At December 31, 2012	**53,664**

Shareholder Value

EARNINGS PER SHARE ("EPS")

(In Euro million except ordinary shares in million)	2012		201 restated [(a)]		2011 published		Var. 2012 versus 2011 restated [(a)]	
	Basic	Fully diluted	Basic	Fully diluted	Basic	Fully diluted	Basic	Fully diluted
Weighted average number of shares	**2,342.5**	**2,348.9**	**2,301.0**	**2,305.0**	**2,301.0**	**2,305.0**		
Net income (Euro per Ordinary Share)	*1.65*	*1.64*	*1.69*	*1.69*	*1.75*	*1.75*	*-3%*	*-3%*
Adjusted earnings (Euro per Ordinary Share)	*1.82*	*1.81*	*1.38*	*1.37*	*1.43*	*1.43*	*32%*	*32%*
Underlying earnings (Euro per Ordinary Share)	*1.69*	*1.69*	*1.51*	*1.51*	*1.57*	*1.57*	*12%*	*12%*

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

RETURN ON EQUITY ("ROE")

(In Euro million)	Period ended , December 31, 2012	Period ended , December 31, 2011 restated [(c)]	Period ended , December 31, 2011 published	Change in % points
ROE	**8.7%**	**9.5%**	**9.4%**	**-0.8 pts**
Net income Group share	4,152	4,190	4,324	
Average shareholders' equity	47,592	43,969	45,950	
Adjusted ROE	**13.3%**	**10.3%**	**10.0%**	**3.0 pts**
Adjusted earnings [(a)]	4,257	3,169	3,298	
Average shareholders' equity [(b)]	31,975	30,871	32,897	
Underlying ROE	**12.4%**	**11.3%**	**11.0%**	**1.1 pts**
Underlying earnings [(a)]	3,960	3,481	3,610	
Average shareholders' equity [(b)]	31,975	30,871	32,897	

(a) Including adjustement to reflect net financial charges related to undated debt (recorded through shareholders' equity).
(b) Excluding fair value of invested assets and derivatives and undated debt (both recorded through shareholders' equity).
(c) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Life & Savings Segment

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

LIFE & SAVINGS SEGMENT

(In Euro million)	2012	2011 restated [b]	2011 published
GROSS REVENUES [A]	**55,084**	**52,481**	**52,481**
APE (Group share)	*6,170*	*5,733*	*5,733*
Investment margin	2,697	2,428	2,428
Fees & revenues	7,323	7,160	7,160
Net technical margin	357	(205)	(205)
Expenses	(6,857)	(6,428)	(6,236)
Amortization of VBI	(179)	(239)	(239)
Other	86	43	43
UNDERLYING EARNINGS BEFORE TAX	**3,427**	**2,759**	**2,951**
Income tax expenses/benefits	(713)	(536)	(597)
Minority interests	(78)	(84)	(87)
UNDERLYING EARNINGS GROUP SHARE	**2,635**	**2,138**	**2,267**
Net capital gains or losses attributable to shareholders net of income tax	214	(36)	(35)
ADJUSTED EARNINGS GROUP SHARE	**2,849**	**2,102**	**2,232**
Profit or loss on financial assets (under FV option) & derivatives	152	269	273
Exceptional operations (including discontinued operations)	(54)	745	745
Goodwill and other related intangibles impacts	(34)	(1,015)	(1,015)
Integration and restructuring costs	(40)	(42)	(42)
NET INCOME GROUP SHARE	**2,873**	**2,059**	**2,193**

(a) Before intercompany eliminations.

(b) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

CONSOLIDATED GROSS REVENUES

(In Euro million)	2012	2011
France	13,751	13,658
United States	11,229	9,657
United Kingdom	648	651
Japan	6,725	5,747
Germany	6,655	7,001
Switzerland	6,551	6,158
Belgium	2,088	2,142
Central & Eastern Europe [a]	472	514
Mediterranean and Latin American Region [b]	4,836	4,796
Hong Kong	1,723	1,465
South-East Asia, India and China [c]	295	255
Other [d]	112	436
TOTAL	**55,084**	**52,481**
Intercompany transactions	(68)	(50)
Contribution to consolidated gross revenues	**55,016**	**52,431**
of which high growth markets	2,887	2,617
of which mature markets	52,129	49,814

(a) Includes Poland, Hungary, Czech Republic and Slovakia.
(b) Mediterranean and Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.
(c) South-East Asia revenues include Indonesia and Singapore.
(d) Other correspond to Australia/New Zealand, Luxembourg, AXA Global Distributors, Architas and Family Protect .

UNDERLYING EARNINGS

(In Euro million)	2012	2011 restated [a]	2011 published
France	706	620	632
United States	522	235	312
United Kingdom	(17)	(6)	(6)
Japan	374	303	323
Germany	120	188	192
Switzerland	317	293	293
Belgium	150	155	155
Central & Eastern Europe [b]	1	9	9
Mediterranean and Latin American Region [c]	162	102	104
Hong Kong	252	210	224
South-East Asia, India and China [d]	86	50	50
Other [e]	(38)	(19)	(19)
Underlying earnings	**2,635**	**2,138**	**2,267**
of which high growth markets	352	281	295
of which mature markets	2,283	1,857	1,973

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Includes Poland, Hungary, Czech Republic and Slovakia.
(c) Mediterranean and Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.
(d) South-East Asia earnings include Indonesia, Thailand, Philippines and Singapore.
(e) Other correspond to Australia/New Zealand, Luxembourg, AXA Global Distributors, Architas and Family Protect.

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011 restated [(a)]	2011 published
Underlying earnings	**2,635**	**2,138**	**2,267**
Net realized capital gains or losses attributable to shareholders	214	(36)	(35)
Adjusted earnings	**2,849**	**2,102**	**2,232**
Profit or loss on financial assets (under Fair Value option) & derivatives	152	269	273
Exceptional operations (including discontinued operations)	(54)	745	745
Goodwill and related intangible impacts	(34)	(1,015)	(1,015)
Integration and restructuring costs	(40)	(42)	(42)
NET INCOME	**2,873**	**2,059**	**2,193**

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

LIFE & SAVINGS OPERATIONS – FRANCE

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**13,751**	**13,658**	**13,658**
APE (Group share)	*1,378*	*1,340*	*1,340*
Investment margin	1,210	1,111	1,111
Fees & revenues	1,559	1,520	1,520
Net technical margin	514	449	449
Expenses	(2,298)	(2,209)	(2,190)
Amortization of VBI	-	(69)	(69)
Other	7	6	6
Underlying earnings before tax	**992**	**808**	**827**
Income tax expenses/benefits	(284)	(187)	(194)
Minority interests	(2)	(2)	(2)
Underlying earnings Group share	**706**	**620**	**632**
Net capital gains or losses attributable to shareholders net of income tax	124	193	193
Adjusted earnings Group share	**830**	**812**	**825**
Profit or loss on financial assets (under FV option) & derivatives	185	(84)	(83)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration and restructuring costs	-	-	-
NET INCOME GROUP SHARE	**1,014**	**728**	**741**

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues increased by €93 million (+1%) to €13,751 million. On a comparable basis, gross revenues increased by €108 million (+1%) mainly due to:

- *unit-linked* sales rose by €129 million (+8%), despite market contraction over 2012 (-13%) [(1)], reflecting the strong sales performance of unit-linked structured funds (34% of total unit-linked Individual sales), with a strong acceleration during last quarter. Unit-linked share in Savings premiums increased by 2 points to 23% above market at 13%, *G/A Protection and Health* increased by €83 million (+1%) driven by a €53 million increase in Group Protection and €23 million increase in Individual Protection reflecting positive portfolio developments;

(1) Source FFSA December 2012.

- *G/A Savings* sales decreased by €104 million (-2%) reflecting the negative performance of Individual G/A Savings (-11%) in line with the French traditional savings market trend (-10%) [(1)], mostly offset by higher inflows in Group Retirement (+74%), mostly occurring at the end of year, ahead of potential unfavorable fiscal changes in 2013 for "Article 39" defined benefit schemes.

APE increased by €38 million (+3%) to €1,378 million:

- *-unit-linked* sales rose by €13 million (+7%) mainly driven up by the positive performance of AXA unit-linked structured funds in a downward oriented French Individual unit-linked Savings market;
- *G/A Protection and Health* increased by €36 million (+6%) driven by €32 million in Group Protection and Health and €13 million in Individual Protection reflecting new long term care and funeral product success. Individual Health decreased by €10 million following the termination of an assumed business with a French Mutuelle;
- *G/A Savings* sales decreased by €12 million (-2%) reflecting the negative performance of Individual Savings (-10%) in line with the French traditional savings market trend, mostly offset by higher inflows in Group Retirement (+99%), in particular at the end of year, ahead of potential unfavorable fiscal changes in 2013 for "Article 39" defined benefit schemes.

Investment margin increased by €100 million (+9%) to €1,210 million as lower investment income (€-15 million) was more than offset by lower amounts allocated to policyholders.

Fees & revenues increased by €39 million (+3%) to €1,559 million. Excluding a €+43 million adjustment on URR reserves (fully offset in DAC), fees and revenues decreased by €4 million driven by lower loadings on premiums due to change in business mix, partly offset by higher volumes and higher fees on unit-linked business.

Net technical margin rose by €65 million (+14%) to €514 million mainly driven by higher positive prior year developments, mainly in Group Protection business.

Expenses increased by €89 million (+4%) to €-2,298 million mainly due to €70 million higher DAC amortization (of which €43 million fully offset in URR), and €14 million higher administrative expenses, as continuing efforts to contain expenses were more than offset by lower favorable tax items compared to previous year.

Amortization of VBI decreased by €69 million (-100%) to €0 million as a result of the accelerated amortization of the remaining balance of VBI in 2011.

As a result, the **underlying cost income ratio** decreased by 4.0 points to 70.0%.

Income tax expenses increased by €97 million (+52%) to €-284 million, mainly due to higher pre-tax underlying earnings (€+64 million) and a lower level of non taxable revenues (€+31 million).

As a result, **underlying earnings** increased by €86 million (+14%) to €706 million.

Adjusted earnings increased by €17 million (+2%) to €830 million, driven by higher underlying earnings (€+86 million) and lower impairments (€+141 million) on equities and fixed income assets, partly offset by lower net realized capital gains mostly on real estate.

Net income increased by €286 million (+39%) to €1,014 million due to a favorable change in fair value of Mutual funds and derivatives, mainly driven by the decrease in interest rates and credit spreads, as well as higher adjusted earnings.

(1) *Source FFSA December 2012.*

LIFE & SAVINGS OPERATIONS – UNITED STATES

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**11,229**	**9,657**	**9,657**
APE (Group share)	*1,244*	*1,018*	*1,018*
Investment margin	541	474	474
Fees & revenues	1,993	1,931	1,931
Net technical margin	(632)	(1,192)	(1,192)
Expenses	(1,251)	(1,028)	(909)
Amortization of VBI	(3)	(5)	(5)
Other	-	-	-
Underlying earnings before tax	**647**	**180**	**300**
Income tax expenses/benefits	(126)	54	13
Minority interests	-	-	-
Underlying earnings Group share	**522**	**235**	**312**
Net capital gains or losses attributable to shareholders net of income tax	(37)	(11)	(11)
Adjusted earnings Group share	**484**	**223**	**301**
Profit or loss on financial assets (under FV option) & derivatives	(103)	326	330
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(1)	(944)	(944)
Integration and restructuring costs	(20)	(29)	(29)
NET INCOME GROUP SHARE	**360**	**(424)**	**(343)**
Average exchange rate: 1.00 € = $	*1.2881*	*1.3867*	*1.3867*

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues increased by €1,572 million (+16%) to €11,229 million. On a comparable basis, gross revenues increased by €773 million (+8%):

- variable Annuity revenues (60% of gross revenues) increased by 23% reflecting strong sales results for non-GMxB investment only products, and fixed and floating rate GMxB products, partially offset by lower additional contributions received for certain old GMxB fixed rate contracts prompted by the suspension of additional contributions earlier in 2012;
- life revenues (25% of gross revenues) decreased by 1% driven by lower sales of non unit-linked life products, partially offset by an increase in renewal premiums reflecting strong first year sales last year;
- asset Management Fees (7% of gross revenues) increased by 1%;
- mutual funds revenues (1% of gross revenues) increased by 11% reflecting higher advisory fees and volume.

APE increased by €226 million (+22%) to €1,244 million. On a comparable basis, APE increased by €138 million (+14%):

- variable Annuity increased by 27% to €633 million reflecting higher sales of non GMxB investment only products and fixed and floating rate GMxB products, partially offset by lower sales of employer sponsored products. Non-GMxB investment only and floating rate GMxB products launched since 2010, represented a combined 54% of 2012 Variable Annuity APE;
- life decreased by 10% to €242 million reflecting declines in sales of non unit-linked life products, partially offset by strong unit-linked sales;
- mutual funds increased by 12% to €367 million, reflecting increased advisory account sales.

Investment margin increased by €66 million (+14%) to €541 million. On a constant exchange rate basis, investment margin increased by €28 million (+6%), as the decrease in investment income (reflecting lower yields on fixed income assets, partly compensated by higher income on alternative assets), was more than offset by lower crediting rates.

Fees & revenues increased by €62 million (+3%) to €1,993 million. On a constant exchange rate basis, fees & revenues decreased by €80 million (-4%) primarily driven by the non-repeat of 2011 assumption change on Unearned Revenue Reserve (more than offset in DAC amortization) and by lower unit-linked management fees from lower average Separate Account balances.

Net technical margin rose by €559 million from €-1,192 million to €-632 million. On a constant exchange rate basis, net technical margin increased by €604 million primarily due to lower GMxB losses resulting from decreased volatility and basis losses, positive GMxB reserve adjustments including premium suspension on old contracts and other model and assumption refinements, partially offset by higher GMxB reserve strengthening for lapses and other policyholder behavior assumptions changes and the impact on life products of unfavorable mortality experience.

In December 2012, the decision was taken to move the GMxB portfolio in accumulation phase to a risk neutral long term discount rate of 3% and as a result interest rate hedging was reduced by 25%. At the same time, policyholder behavior assumptions were revised, which is expected to reduce the risk of future significant reserve strengthening.

Expenses increased by €222 million (+22%) to €-1,251 million. On a constant exchange rate basis, expenses increased by €134 million (+13%):

- expenses, net of capitalization (including commissions and DAC capitalization) decreased by €33 million (-3%) to €1,108 million mainly due to productivity actions (reduction of FTE, changes to benefit plan and staff relocation savings) implemented in 2011 and 2012;
- DAC amortization increased by €167 million to €-53 million mainly following lower GMxB losses.

Amortization of VBI decreased by €2 million to €-3 million. On a constant exchange rate basis, amortization of VBI decreased by €2 million.

As a result, the **underlying cost income ratio** decreased by 19.2 points to 66.0%.

Income tax expense increased by €180 million from a tax benefit of €54 million to a tax expense of €-126 million. On a constant exchange rate basis, income tax expense increased by €171 million which reflects higher underlying earnings and the less favorable impact of tax one-offs, primarily tax settlements (€47 million in 2012 vs. €91 million in 2011).

Underlying earnings increased by €287 million (+122%) to €522 million. On a constant exchange rate basis, underlying earnings increased by €250 million (+107%).

Adjusted earnings increased by €261 million (+117%) to €484 million. On a constant exchange rate basis, adjusted earnings increased by €227 million (+102%) mainly reflecting the increase in underlying earnings, partially offset by higher impairments on fixed income assets.

Net income increased by €784 million (+185%) to €360 million. On a constant exchange rate basis, net income increased by €759 million (+179%). This was primarily driven by higher adjusted earnings, and the non repeat of 2011 Goodwill reduction, partially offset by an unfavorable change in fair value of interest-rate derivatives reflecting interest rates and implied volatility evolutions.

LIFE & SAVINGS OPERATIONS – UNITED KINGDOM

(In Euro million)	2012	2011
Gross revenues	**648**	**651**
APE (Group share)	*535*	*535*
Investment margin	3	15
Fees & revenues	334	375
Net technical margin	4	23
Expenses	(411)	(454)
Amortization of VBI	-	(2)
Other	-	-
Underlying earnings before tax	**(71)**	**(43)**
Income tax expenses/benefits	54	37
Minority interests	0	0
Underlying earnings Group share	**(17)**	**(6)**
Net capital gains or losses attributable to shareholders net of income tax	-	2
Adjusted earnings Group share	**(17)**	**(5)**
Profit or loss on financial assets (under FV option) & derivatives	2	3
Exceptional operations (including discontinued operations)	(2)	(37)
Goodwill and other related intangibles impacts	(4)	(50)
Integration and restructuring costs	(11)	(3)
NET INCOME GROUP SHARE	**(33)**	**(93)**
Average exchange rate: 1.00 € = £	*0.8138*	*0.8663*

For consistency, 2012 figures have been compared to the same scope for 2011, i.e. excluding portfolios transferred to Resolution in November 2011 and Bluefin Corporate Consulting which was sold in April 2012. This is referred to as a comparable scope basis in the commentary below.

2011 underlying earnings amounted to €-6 million, corresponding approximately to €41 million from the sold business and €-47 million from the retained business.

Gross revenues decreased by €3 million to €648 million. On a constant exchange rate and comparable scope basis, gross revenues increased by €102 million (+20%) mainly attributable to €85 million premiums from the Variable Annuity product, €20 million increased regular premiums on Sun Life Direct Protection business and €17 million increased revenues on the Elevate wrap platform and Architas funds business. This was partially offset by €9 million lower revenues through the Bancassurance channel and €11 million lower revenues on Offshore Bonds.

APE remained the same at €535 million. On a constant exchange rate and comparable scope basis, APE was 6% (€-32 million) lower than prior year. New sales through the Elevate wrap platform increased significantly, up by €28 million (+17%). The platform grew faster than the market and continues to establish itself as one of the leaders in the UK platform market. This platform growth was more than offset by reductions in sales of individual pensions and Offshore Bonds due to unfavorable market conditions.

Investment margin decreased by €12 million (-81%) to €3 million. On a constant exchange rate and on a comparable scope basis, the investment margin decreased by €2 million (-41%).

Fees & revenues decreased by €42 million (-11%) to €334 million. On a constant exchange rate and on a comparable scope basis, fees & revenues increased by €13 million (+4%) mainly due to an increase in Elevate wrap platform revenues due to growth of new business partially offset by a decrease in Bancassurance and Offshore Bonds businesses.

Net technical margin decreased by €19 million (-84%) to €4 million. On a constant exchange rate and on a comparable scope basis, net technical margin decreased by €11 million (-77%) relating to the non repeat of a favorable change in reserve assumption for policyholder taxes on Sun Life Direct Protection (€+11 million).

Expenses decreased by €43 million (-9%) to €-411 million. On a constant exchange rate and on a comparable scope basis, expenses decreased by €18 million (-4%) due to expense savings reflecting continued cost management, partly offset by investment in Wealth business growth and inflation.

As a consequence, the **underlying cost income ratio** increased by 10.4 points to 120.9%. On a constant exchange rate and on a comparable scope basis, the underlying cost income ratio decreased by 5.4 points.

Income tax benefits increased by €17 million (+46%) to €54 million. On a constant exchange rate and on a comparable scope basis, income tax benefits increased by €13 million (+36%) reflecting €27 million one-off tax benefit in 2012, partly offset by lower impact of pre-tax underlying earnings.

Underlying earnings decreased by €11 million to €-17 million. On a constant exchange rate and on a comparable scope basis, underlying earnings increased by €31 million.

Adjusted earnings decreased by €13 million to €-17 million. On a constant exchange rate and on a comparable scope basis, adjusted earnings increased by €31 million due to the underlying earnings movement.

Net income increased by €60 million to €-33 million. On a constant exchange rate basis, net income increased by €62 million, mainly due to the non-repeat of 2011 adjustment related to the completion of the held for sale portfolios transfer (€+37 million) and of 2011 accelerated amortization related to customer intangibles (€+38 million), partly offset by higher severance costs related to the restructuring of the Wealth management business incurred to date (€-7 million).

LIFE & SAVINGS OPERATIONS – JAPAN

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**6,725**	**5,747**	**5,747**
APE (Group share)	*598*	*463*	*463*
Investment margin	0	0	0
Fees & revenues	1,606	1,456	1,456
Net technical margin	(31)	(23)	(23)
Expenses	(994)	(890)	(860)
Amortization of VBI	(89)	(56)	(56)
Other	-	-	-
Underlying earnings before tax	**492**	**487**	**518**
Income tax expenses/benefits	(115)	(180)	(191)
Minority interests	(4)	(3)	(4)
Underlying earnings Group share	**374**	**303**	**323**
Net capital gains or losses attributable to shareholders net of income tax	13	12	12
Adjusted earnings Group share	**387**	**315**	**335**
Profit or loss on financial assets (under FV option) & derivatives	28	19	19
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration and restructuring costs	-	-	-
NET INCOME GROUP SHARE	**414**	**335**	**354**
Average exchange rate: 1.00 € = Yen	*102.3473*	*112.9700*	*112.9700*

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues increased by €977 million (+17%) to €6,725 [(1)] million. On a comparable basis, revenues increased by €345 million (+6%):

- *Protection* revenues (37% of gross revenues) increased by €28 million (+1%) mainly due to increased new business sales of Term , Term Rider and Whole life products (€+155 million), partly offset by lower revenues from Increasing Term products (€-84 million) and Endowment products (€-17 million) which were not actively promoted;
- *Investment & Savings* revenues (34% of gross revenues) increased by €325 million (+19%) mainly due to increased sales of Variable Annuity products driven by a continuous expansion of the bank partnerships;

(1) €6,725 million after intercompany eliminations.

- *Health* revenues (29% of gross revenues) decreased by €-8 million (-0%) driven by lower in-force revenues resulting from Cancer product discontinuation in 2010 not fully offset by higher revenues from Medical Whole life products and Whole Life Care Rider.

APE increased by €135 million (+29%) to €598 million. On a comparable basis, APE increased by €78 million (+17%):

- *Protection* (44% of APE) increased by €+27 million (+13%) mainly supported by higher sales of Term Rider, Whole life and Long Term Protection products promoted through CCI (Chamber of Commerce and Industry) and agents channels;
- *Investment & Savings* (26% of APE) increased by €+38 million (+37%) due to strong Variable Annuity sales driven by new bank partnerships;
- *Health* (30% of APE) increased by €+13 million (+9%) driven by new Simple Underwriting Whole life Medical product launched in 2012 (€+15 million) and Cancer product launched in 2011 (€+13 million), partly offset by old products with lower profitability.

Investment margin remained stable at €0 million.

Fees & revenues increased by €150 million (+10%) to €1,606 million. On a constant exchange rate basis, fees & revenues remained stable.

Net technical margin declined by €8 million to €-31 million. On a constant exchange rate basis, net technical margin declined by €5 million mainly driven by lower surrender margin following improved retention, partly offset by model and assumption changes as well as the non-repeat of 2011 impact of the Great East Japan earthquake.

Expenses increased by €104 million (+12%) to €-994 million. On a constant exchange rate basis, expenses increased by €11 million (+1%) mainly driven by higher commissions due to increased new business volumes, partly offset by ongoing expenses control management and non-repeat of 2011 expenses related to the Great East Japan earthquake.

Amortization of VBI increased by €32 million (+58%) to €-89 million. On a constant exchange rate basis, VBI amortization increased by €24 million (+43%) mainly driven by a revision of the underlying investment assumptions.

As a result, the **underlying cost income ratio** deteriorated by 2.7 points to 68.7%.

Income tax expenses decreased by €66 million to €-115 million. On a constant exchange rate basis, income tax expenses decreased by €76 million, mainly due to a decrease in corporate tax rate and a 2012 positive tax one-off (€+50 million) partly offset by the non-repeat of 2011 positive tax one-off (€-15 million).

Underlying earnings increased by €70 million (+23%) to €373 million or increased by €35 million (+12%) on a constant exchange rate basis.

Adjusted earnings increased by €72 million (+23%) to €387 million or increased by €35 million (+11%) on a constant exchange rate basis, in line with underlying earnings evolution.

Net income increased by €80 million to €414 million. On a constant exchange rate basis, net income increased by €41 million, mainly due to higher adjusted earnings (€+35 million) and a favorable change in mark-to-market of credit derivatives, partly offset by non repeat of 2011 foreign exchange gain due to stable foreign exchange market.

LIFE & SAVINGS OPERATIONS – GERMANY

(In Euro million)	2012	2011 restated [a]	2011 published
Gross revenues	**6,655**	**7,001**	**7,001**
APE (Group share)	*454*	*506*	*506*
Investment margin	111	113	113
Fees & revenues	340	325	325
Net technical margin	6	77	77
Expenses	(267)	(260)	(255)
Amortization of VBI	(23)	(32)	(32)
Other	-	-	-
Underlying earnings before tax	**167**	**223**	**228**
Income tax expenses/benefits	(46)	(34)	(35)
Minority interests	(0)	(0)	(0)
Underlying earnings Group share	**120**	**188**	**192**
Net capital gains or losses attributable to shareholders net of income tax	5	(42)	(42)
Adjusted earnings Group share	**125**	**147**	**151**
Profit or loss on financial assets (under FV option) & derivatives	(5)	2	2
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration and restructuring costs	(1)	(1)	(1)
NET INCOME GROUP SHARE	**119**	**148**	**152**

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues decreased by €347 million (-5%) to €6,655 million [1].

- *Life revenues* (62% of gross revenues) decreased by €458 million (-10%) to €4,124 million due to lower single premiums from G/A short term investment products, conventional annuities and Variable Annuity product (“TwinStar”);
- *Health revenues* (38% of gross revenues) increased by €111 million (+5%) to €2,530 million due to higher new business and premium adjustments.

APE decreased by €52 million (-10%) to €454 million.

- *Life* decreased by €59 million (-16%) to €302 million, mainly due to lower new business from unit-linked products attributable to the curtailment of “Twinstar” Variable Annuity product and to the current market conditions, as well as decreasing single premiums from G/A short term investment products, partly compensated by higher new business from Pure Protection;
- *Health* increased by €7 million (+5%) to €152 million, driven by strong sales supported by brokers’ anticipation of a change in regulation capping their commissions effective April 2012.

Investment margin decreased by €2 million (-2%) to €111 million as the decrease in investment income, mainly on fixed income assets as a result of exceptional coupon payments in the previous year, was partly compensated by a lower share allocated to policyholders.

Fees & revenues increased by €15 million (+5%) to €340 million due to higher loadings on Health business in line with portfolio growth and lower share allocated to policyholders.

Net technical margin fell by €71 million (-93%) to €6 million mainly due to (i) a decrease in the hedging margin on GMxB products (down €51 million to €-66 million), largely driven by higher interest rate volatility, and (ii) a Life reserve strengthening further to a German Federal Supreme Court ruling on surrender values impacting the whole German Life insurance market.

(1) €6,635 million after intercompany eliminations

Expenses increased by €7 million (+3%) to €-267 million due to lower share allocated to policyholders, partly offset by savings due to productivity programs and lower amortization of deferred acquisition costs driven by an update of long-term interest rates which partly revised the impact of last year's update.

Amortization of VBI decreased by €9 million (-29%) to €-23 million further to model refinements.

As a result, the **underlying cost income ratio** increased by 6.8 points to 63.5%.

Income tax expenses increased by €12 million (+34%) to €-46 million mainly as a result of lower positive tax one-offs (€16 million in 2012 compared to €37 million in 2011), partly offset by lower pre-tax underlying earnings.

Underlying earnings decreased by €68 million (-36%) to €120 million.

Adjusted earnings decreased by €21 million (-14%) to €125 million due to lower underlying earnings, partly offset by lower impairments on fixed income assets as well as higher realized capital gains.

Net income decreased by €29 million (-20%) to €119 million mainly due to the decrease in adjusted earnings and an unfavorable change in fair value of interest rates derivatives.

LIFE & SAVINGS OPERATIONS – SWITZERLAND

(In Euro million)	2012	2011
Gross revenues	**6,551**	**6,158**
APE (Group share)	*374*	*397*
Investment margin	193	118
Fees & revenues	278	265
Net technical margin	196	270
Expenses	(248)	(202)
Amortization of VBI	(18)	(59)
Other	-	-
Underlying earnings before tax	**401**	**392**
Income tax expenses/benefits	(84)	(99)
Minority interests	-	-
Underlying earnings Group share	**317**	**293**
Net capital gains or losses attributable to shareholders net of income tax	23	(13)
Adjusted earnings Group share	**340**	**280**
Profit or loss on financial assets (under FV option) & derivatives	(4)	100
Exceptional operations (including discontinued operations)	-	798
Goodwill and other related intangibles impacts	(7)	(7)
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**329**	**1,172**
Average exchange rate: 1.00 € = Swiss Franc	*1.2069*	*1.2366*

Gross revenues increased by €394 million (+6%) to €6,551 million [1]. On a comparable basis, gross revenues increased by €236 million (+4%) positively impacted by both Group Life as well as Individual Life revenues:

- *Group Life* revenues increased by €209 million (+4%) to €5,620 million mainly driven by premiums from full protection schemes contracts (€+242 million) consequently to lower surrenders and the strong new business written in prior year;
- *Individual Life* revenues increased by €27 million (+3%) to €931 million mainly due to higher single premiums (€+21 million) resulting from the new product Protect Star and overall lower maturities and surrenders.

(1) €6,551 million after intercompany eliminations.

APE decreased by €23 million (-6%) to €374 million. On a comparable basis, APE decreased by €32 million (-8%):

- *Group Life* decreased by €31 million (-11%) consequently to the expected decline in full protection schemes contracts (€-34 million) after the exceptional growth in previous year;
- *Individual Life* slightly decreased by €1 million (-1%) driven by lower unit-linked and Variable Annuity business demand, partially offset by higher Protect Plan product sales.

Investment margin increased by €76 million (+65%) to €193 million. On a constant exchange rate basis, investment margin increased by €71 million (+61%) as a result of lower interest credited (€+49 million) and a higher investment income (€+21 million) mainly attributable to income from mortgages and loans as well as a higher asset base.

Fees & revenues increased by €13 million (+5%) to €278 million. On a constant exchange rate basis, fees & revenues increased by €6 million (+2%) mainly resulting from higher regular premiums in Group Life business and from Protect Plan in the Individual Life business.

Net technical margin fell by €74 million (-27%) to €196 million. On a constant exchange rate basis, net technical margin decreased by €79 million (-29%), mainly due to the non repeat of 2011 exceptional mortality and disability experience in Individual Life, as well as of 2011 €8 million gain from the cancellation of a large internal co-insurance contract (offset by a corresponding VBI amortization).

Expenses increased by €46 million (+23%) to €-248 million. On a constant exchange rate basis, expenses increased by €40 million (+20%) driven by acquisition expenses as well as administrative expenses. Acquisition expenses rose by €14 million (+27%) mainly due to higher amortization of deferred acquisition costs attributable to updated actuarial assumptions for the Individual Life business. Administrative expenses increased by €26 million (+17%) driven by higher regulatory project costs and marketing expenses related to new product launches.

Amortization of VBI decreased by €40 million (-69%) to €-18 million. On a constant exchange rate basis, amortization of VBI decreased by €41 million (-70%) mainly impacted by updated actuarial assumptions in Group and Individual Life (€+26 million) as well as the cancellation of the above mentioned internal co-insurance contract in 2011 (€+8 million).

As a result, **the underlying cost income ratio** slightly decreased by 0.1 point to 39.9%.

Income tax expenses decreased by €15 million (-15%) to €-84 million. On a constant exchange rate basis, income tax expenses decreased by €17 million (-17%) mainly impacted by a lower withholding tax charge on dividends received from consolidated foreign subsidiaries.

Underlying earnings increased by €25 million (+8%) to €317 million. On a constant exchange rate basis, underlying earnings increased by €17 million (+6%).

Adjusted earnings increased by €60 million (+21%) to €340 million. On a constant exchange rate basis, adjusted earnings increased by €52 million (+18%) driven by higher underlying earnings as well as higher net capital gains mainly on equities.

Net income decreased by €843 million (-72%) to €329 million. On a constant exchange rate basis, net income decreased by €851 million (-73%) mainly due the non-recurring realized gain on the sale of the stake in Taikang Life in 2011 (€-798 million) and less favorable changes in the fair value of interest rate derivatives and foreign exchange positions, partially offset by higher adjusted earnings.

LIFE & SAVINGS OPERATIONS – BELGIUM

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**2,088**	**2,142**	**2,142**
APE (Group share)	*175*	*173*	*173*
Investment margin	306	288	288
Fees & revenues	143	163	163
Net technical margin	42	34	34
Expenses	(265)	(278)	(278)
Amortization of VBI	(12)	(5)	(5)
Other	-	-	-
Underlying earnings before tax	**213**	**203**	**203**
Income tax expenses/benefits	(63)	(48)	(48)
Minority interests	(0)	(0)	(0)
Underlying earnings Group share	**150**	**155**	**155**
Net capital gains or losses attributable to shareholders net of income tax	52	(88)	(88)
Adjusted earnings Group share	**202**	**68**	**68**
Profit or loss on financial assets (under FV option) & derivatives	87	(70)	(70)
Exceptional operations (including discontinued operations)	(13)	-	-
Goodwill and other related intangibles impacts	(0)	-	-
Integration and restructuring costs	(3)	(7)	(7)
NET INCOME GROUP SHARE	**272**	**(9)**	**(9)**

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues decreased by €55 million (-3%) to €2,088 million [(1)]:

- *Individual Life & Savings* decreased by 4% (or €-70 million) to €1,494 million mainly driven by the decrease in G/A Savings products by €126 million (-11%) mainly on Crest products, partly offset by an increase in unit-linked savings products by €72 million (+64%) reflecting positive market trends;
- *Group Life & Savings* revenues increased by 3% (or €+15 million) to €594 million.

APE increased by €2 million (+1%) to €175 million:

- *Individual Life & Savings* APE decreased by 2% (or €-3 million) mainly driven by G/A Savings Crest products due to less attractive guaranteed rates especially in the second half of the year consequently to lower Belgian sovereign interest rates;
- *Group Life & Savings* APE increased by 16% (or €+4 million) to €31 million mainly driven by the acquisition of a large contract.

Investment margin increased by €18 million (+6%) to €306 million as a result of an increase in underlying investment income driven by a higher asset base, partly offset by a lower increase in policyholder bonus allocation.

Fees & revenues decreased by €21 million (-13%) to €143 million, mainly driven by the non-repeat of 2011 update of actuarial assumptions on the unearned revenue reserve (partly offset in deferred acquisition costs).

Net technical margin increased by €7 million (+21%) to €42 million mainly due to the disposal of the "*Vie Populaire*" product portfolio (€+7 million).

Expenses decreased by €13 million (-5%) to €-265 million, mainly due to lower acquisition expenses (€+15 million), following lower general acquisition expenses and the non repeat of 2011 update of actuarial assumptions on deferred acquisition costs. Administrative expenses increased by €2 million mainly due to a non-recurring benefit in 2011 (€-8 million) compensated by cost reduction initiatives and by lower commissions, mainly driven by the disposal of "*Vie Populaire*" product portfolio.

(1) €2,087 million after intercompany eliminations.

Amortization of VBI increased by €7 million to €-12 million, as a result of update of financial assumptions.

As a result, the **underlying cost income ratio** improved by 1.7 points to 56.5%.

Income tax expenses increased by €15 million to €-63 million as a result of higher pre-tax underlying earnings and lower equity dividends with a more favorable taxation rate.

Underlying earnings decreased by €5 million to €150 million.

Adjusted earnings increased by €134 million to €202 million due to higher realized capital gains (€+128 million) mainly on equities and fixed income assets, as well as lower impairments (€+34 million), partly offset by a decrease in the impact of equity hedging derivatives (€-24 million) and by underlying earnings decrease.

Net income increased by €281 million to €272 million mainly driven by higher adjusted earnings (€+134 million) and by a favorable change in fair value and realized gains and losses of Mutual funds and other assets (€+160 million), mainly driven by decrease in interest rates and corporate spreads, partly offset by the disposal of "*Vie Populaire*" product portfolio (€-13 million).

LIFE & SAVINGS OPERATIONS – CENTRAL & EASTERN EUROPE

(In Euro million)	2012	2011
Gross revenues	**472**	**514**
APE (Group share)	*136*	*213*
Investment margin	28	29
Fees & revenues	131	115
Net technical margin	44	35
Expenses	(189)	(162)
Amortization of VBI	(7)	(2)
Other	-	-
Underlying earnings before tax	**8**	**15**
Income tax expenses/benefits	(8)	(6)
Minority interests	(0)	(0)
Underlying earnings Group share	**1**	**9**
Net capital gains or losses attributable to shareholders net of income tax	5	(0)
Adjusted earnings Group share	**5**	**8**
Profit or loss on financial assets (under FV option) & derivatives	0	(0)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(12)	(2)
Integration and restructuring costs	(1)	-
NET INCOME GROUP SHARE	**(8)**	**6**

In Central & Eastern Europe countries, the recent changes in regulation (in particular of Pension Funds business), as well as the consequences of the financial crisis strongly affected the Life insurance operations. This led to more selectivity with regard to distribution networks and the restructuring or termination of the cooperation with low quality distribution partners. As a consequence, volumes and profitability were impacted negatively in 2012 despite expense reduction efforts.

Gross revenues decreased by €42 million (-8%) to €472 million. On a comparable basis, gross revenues decreased by €31 million (-6%), mainly driven by lower unit-linked revenues in Czech Republic, Slovakia and Hungary (€-27 million) and by the decrease in Pension Fund products sales in Poland (€-2 million) due to the changes in regulation.

APE decreased by €76 million (-36%) to €136 million. On a comparable basis, APE decreased by €73 million (-34%) due to a progressive drop in the Pension Fund business (€-36 million or -49%) following the regulatory changes in Poland, and the lower Life & Savings APE (€-37 million or -27%) in unit-linked product sales (€-32 million or -29%) mainly in Poland and Czech Republic as a result of the decision to stop the cooperation with low quality brokers.

Underlying earnings decreased by €8 million to €1 million. On a constant exchange rate basis, underlying earnings decreased by €9 million mainly due to the accelerated amortization of deferred acquisition costs and value of business inforce (€-11 million) and higher administrative expenses (€-6 million, mainly due to the curtailment of a proprietary distribution network, partly offset by productivity actions), partly compensated by an improved technical margin (+10 million).

As a result, **the underlying cost income ratio** deteriorated by 4.4 points to 95.9%.

Adjusted earnings decreased by €3 million to €5 million. On a constant exchange rate basis, adjusted earnings decreased by €4 million driven by lower underlying earnings, partly offset by €+3 million higher realized capital gains.

Net income decreased by €14 million to €-8 million. On a constant exchange rate basis, net income decreased by €14 million mainly driven by lower adjusted earnings and by the accelerated amortization of customer intangible assets (€-10 million) in Hungary.

LIFE & SAVINGS OPERATIONS – MEDITERRANEAN AND LATIN AMERICAN REGION

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**4,836**	**4,796**	**4,796**
APE (Group share)	*402*	*432*	*432*
Investment margin	288	264	264
Fees & revenues	372	320	320
Net technical margin	141	73	73
Expenses	(507)	(448)	(445)
Amortization of VBI	(14)	(14)	(14)
Other	-	-	-
Underlying earnings before tax	**280**	**195**	**197**
Income tax expenses/benefits	(53)	(52)	(53)
Minority interests	(65)	(41)	(41)
Underlying earnings Group share	**162**	**102**	**104**
Net capital gains or losses attributable to shareholders net of income tax	9	(80)	(80)
Adjusted earnings Group share	**171**	**22**	**24**
Profit or loss on financial assets (under FV option) & derivatives	(26)	14	14
Exceptional operations (including discontinued operations)	(3)	(0)	(0)
Goodwill and other related intangibles impacts	(10)	(12)	(12)
Integration and restructuring costs	(3)	(2)	(2)
NET INCOME GROUP SHARE	**129**	**22**	**24**

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues increased by €40 million (+1%) or €35 million (+1%) on a comparable basis to €4,836 million:

- **mature markets** were up €26 million (+1%), mainly driven by an increase of €1,132 million in unit-linked Savings products due to higher sales driven by the success of new "Protected Unit" product at AXA MPS, partly offset by G/A Savings (€-842 million) mainly in Italy, in a context of high competitive environment from banks, and the curtailment of Variable Annuities products (€-248 million);
- **high growth markets** increased by €9 million (+2%), mainly driven by higher Group Protection new business in Morocco and Mexico.

APE decreased by €30 million (-7%) or €31 million (-7%) on a comparable basis to €402 million:

- **mature markets** were down €28 million (-7%) to €348 million, mainly reflecting a strong decrease in G/A Savings products (€-59 million) and the curtailment of Variable Annuities products (€-15 million), partly offset by a better performance on unit-linked Savings products (€+48 million), mainly at AXA MPS (€+49 million), in line with the strategy to focus on improving the business mix;
- **high growth markets** decreased by €3 million (-5%) to €54, million mainly driven by selective underwriting in Protection business in Mexico (€-5 million), partly offset by Turkey (€+3 million) due to a good performance in Pension business and Morocco (€+2 million) thanks to Group Protection product sold through banks.

Investment margin increased by €24 million (+9%) to €288 million. On a comparable basis, investment margin increased by €23 million (+9%) mainly driven by both (i) mature markets (€+20 million) following non recurring items decreasing policyholder's bonus charge in Italy (AXA Assicurazioni and AXA MPS) and by (ii) high growth markets (€+3 million) thanks to higher asset base in Mexico (€+3 million).

Fees & revenues increased by €53 million (+17%) or €52 million (+16%) on a comparable basis to €372 million largely driven by Mature markets up €55 million (+24%) notably at AXA MPS (€+57 million) driven by higher unearned revenues reserves amortization (partly offset in deferred acquisition cost) mainly reflecting strong sales of new "Protected Unit" unit-linked products combined with higher surrenders.

Net technical margin rose by €68 million (+93%) or €68 million (+93%) on a comparable basis to €141 million:

- mature markets increased by €62 million, mainly driven by a higher GMxB margin (€+44 million) mainly due to improved basis risk and higher surrenders, as well as a higher mortality margin (€+26 million) driven by better claims experience in Protection;
- high growth markets increased by €6 million, mainly driven by Morocco (€+4 million) notably from the launch of a Group Protection product this year. Mexico was up €+2 million, reflecting improved mortality margin in Protection.

Expenses increased by €59 million (+13%) or €58 million (+13%) on a comparable basis to €-507 million:

- mature markets up €51 million driven by AXA MPS reflecting higher deferred acquisition costs amortization following higher surrenders;
- high growth markets up €7 million mainly due to Mexico reflecting non recurring commissions adjustments.

Amortization of VBI was stable on a comparable basis at €-14 million.

As a result, **underlying cost income ratio** decreased by 5.4 points to 65.0%.

Income tax expenses increased by €0 million (+2%) or €1 million (+2%) on a comparable basis to €-53 million reflecting higher pre-tax underlying earnings and a lower tax on technical reserves at AXA MPS.

Underlying earnings increased by €61 million (+60%) or €61 million (+60%) on a comparable basis to €162 million.

Adjusted earnings increased by €150 million (+691%) or €150 million (+691%) on a comparable basis to €171 million mainly driven by higher realized capital gains and lower impairment charges mainly on governments bonds, as well as a positive impact from new tax law in Greece on the deductibility of 2011 losses generated by the Private Sector Involvement (PSI) on government bonds.

Net income increased by €107 million (+494%) or €107 million (+495%) on a comparable basis to €129 million, reflecting higher adjusted earnings partly compensated by unfavorable change in fair value of derivatives at AXA MPS mainly related to decrease in interest rates.

LIFE & SAVINGS OPERATIONS – HONG KONG

(In Euro million)	2012	2011 restated [(a)]	2011 published
Gross revenues	**1,723**	**1,465**	**1,465**
APE (Group share)	*408*	*330*	*330*
Investment margin	9	4	4
Fees & revenues	444	385	385
Net technical margin	42	45	45
Expenses	(229)	(185)	(170)
Amortization of VBI	(13)	9	9
Other	(1)	(7)	(7)
Underlying earnings before tax	**251**	**251**	**266**
Income tax expenses/benefits	1	(17)	(17)
Minority interests	-	(24)	(26)
Underlying earnings Group share	**252**	**210**	**224**
Net capital gains or losses attributable to shareholders net of income tax	21	(13)	(12)
Adjusted earnings Group share	**273**	**197**	**211**
Profit or loss on financial assets (under FV option) & derivatives	(10)	(49)	(49)
Exceptional operations (including discontinued operations)	(29)	(1)	(1)
Goodwill and other related intangibles impacts	-	-	-
Integration and restructuring costs	-	-	-
NET INCOME GROUP SHARE	**235**	**147**	**161**
Average exchange rate: 1.00 € = Hong Kong Dollar	*9.9938*	*10.7934*	*10.7934*

(a) Restated means comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Gross revenues increased by €258 million (+18%) to €1,723 million. On a comparable basis, gross revenues increased by €131 million (+9%) mainly due to higher revenues from G/A Protection & Health products (€+130 million) driven by strong renewals and a higher agency focus in the context of strategic shift towards protection business, partly offset by lower revenues from unit-linked products (€-8 million) in line with the Hong Kong market trend.

APE increased by €77 million (+23%) to €408 million. On a comparable basis, APE increased by €47 million (+14%) mainly driven by higher sales of G/A Protection & Health products (€+40 million).

Investment margin increased by €5 million (+118%) to €9 million. On a constant exchange rate basis, investment margin increased by €4 million (+102%) mainly driven by higher investment income as a result of a higher asset base, partly offset by a lower average asset yield.

Fees & revenues increased by €59 million (+15%) to €444 million. On a constant exchange rate basis, fees & revenues increased by €26 million (+7%) mainly driven by an increase in loadings on premiums (€+31 million) stemming from new business and growing in-force.

Net technical margin fell by €3 million (-7%) to €42 million. On a constant exchange rate basis, net technical margin decreased by €6 million (-14%) mainly due to reserve adjustment in Workers' Compensation and actuarial timing differences, partly offset by higher mortality margin and the non-repeat of 2011 exceptional items, mainly the early termination of an internal co-insurance treaty.

Expenses increased by €44 million (+24%) to €-229 million. On a constant exchange rate basis, expenses increased by €27 million (+15%) mainly due to higher investments in business infrastructure and higher acquisition expenses driven by new business and in-force growth.

Amortization of VBI increased by €23 million to €-13 million. On a constant exchange rate basis, amortization of VBI increased by €22 million reflecting an update of actuarial assumptions (€-4 million) and the non-repeat of 2011 positive updates and exceptional items (€-16 million), in particular the early termination of an internal co-insurance treaty.

As a consequence, the **underlying cost income ratio** increased by 8.5 points to 49.1%.

Income tax expenses decreased by €18 million to €1 million. On a constant exchange rate basis, income tax expenses decreased by €18 million mainly due to a tax benefit driven by a change in the tax base for a block of insurance business in the context of the on-going merger of two insurance entities (€+19 million).

Underlying earnings increased by €42 million (+20%) to €252 million. On a constant exchange rate and scope basis, following the AXA APH minority interests buy-out in April 2011, underlying earnings remained stable.

Adjusted earnings increased by €76 million (+38%) to €273 million. On a constant exchange rate and scope basis, adjusted earnings increased by €15 million (+6%) due to higher realized capital gains (€+15 million).

Net income increased by €88 million (+59%) to €235 million. On a constant exchange rate and scope basis, net income increased by €29 million (+15%) due to higher adjusted earnings (€+15 million) and favorable changes in fair values of Mutual funds (€+25 million) and interest rate derivatives (€+13 million), partially offset by losses incurred on the closures of Taiwan Representative Office (€-14 million) and two distribution networks (€-10 million).

LIFE & SAVINGS OPERATIONS – SOUTH-EAST ASIA, INDIA AND CHINA

(In Euro million)	2012	2011
Gross revenues	**295**	**255**
APE (Group share)	*463*	*326*
Underlying earnings Group share	**86**	**50**
Net capital gains or losses attributable to shareholders net of income tax	(1)	2
Adjusted earnings Group share	**85**	**52**
Profit or loss on financial assets (under FV option) & derivatives	(1)	4
Exceptional operations (including discontinued operations)	(7)	(17)
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**77**	**39**

Note: In order to align reporting periods with Group calendar year, 2012 reported earnings included 1 additional month for Thailand, 2 additional months for India and 3 additional months for Indonesia and China.

Gross Revenues increased by €41 million (+16%) to €295 million (1). On a comparable basis, gross revenues increased by €6 million (+3%) mainly driven by higher revenues from both G/A Protection & Health and unit-linked products in Singapore.

APE increased by €137 million (+42%) to €463 million. On a comparable basis, APE increased by €65 million (+21%) mainly driven by:

- strong sales of G/A Protection with Savings and Whole life products in Thailand (€+41 million);
- higher sales of G/A Protection & Health products in China (€+19 million) reflecting the launch of ICBC-AXA joint-venture which commenced in July 2012; and sales growth in unit-linked products in Philippines (€+5 million).

Underlying earnings increased by €36 million (+73%) to €86 million. On a constant exchange rate and scope basis (2), underlying earnings increased by €22 million (+41%) mainly due to:

- Indonesia (€+13 million), Thailand (€+10 million) and Philippines (€+4 million) driven by both inforce and new business growth;
- China (€-5 million) due to a change in accounting methodology, partly offset by the business growth.

(1) *€295 million after intercompany eliminations.*

(2) *Adjusted for AXA APH minority interests buy-out in April 2011 (€4 million), and excluding the additional contribution from reporting period alignment with the Group in 2012 (€13 million).*

Adjusted earnings increased by €33 million (+64%) to €85 million. On a constant exchange rate and scope basis (1), adjusted earnings increased by €21 million (+37%), primarily driven by underlying earnings growth.

Net income increased by €39 million (+100%) to €77 million. On a constant exchange rate and scope basis (1), net income increased by €27 million (+63%), mainly reflecting growth in adjusted earnings.

LIFE & SAVINGS OPERATIONS – OTHER

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

Consolidated Gross Revenues

(In Euro million)	2012	2011
Australia/New Zealand	-	355
Luxembourg	82	78
AXA Global Distributors	27	3
Family protect	3	0
Other	(0)	(0)
TOTAL	**112**	**436**
Intercompany transactions	(24)	(3)
Contribution to consolidated gross revenues	**87**	**433**

Underlying, Adjusted earnings and Net Income

(In Euro million)	2012	2011
Australia/New Zealand	-	12
Luxembourg	6	4
AXA Global Distributors	(19)	(27)
Family Protect	(22)	(7)
Other	(2)	(2)
Underlying earnings	**(38)**	**(19)**
Net realized capital gains or losses attributable to shareholders	1	2
Adjusted earnings	**(37)**	**(18)**
Profit or loss on financial assets (under Fair Value option) & derivatives	0	5
Exceptional operations (including discontinued operations)	-	2
Goodwill and related intangible impacts	-	-
Integration and restructuring costs	-	(0)
NET INCOME	**(37)**	**(11)**

(1) Adjusted for AXA APH minority interests buy-out in April 2011 (€4 million), and excluding the additional contribution from reporting period alignment with the Group in 2012 (€13 million).

AXA Global Distributors [1]

Underlying earnings as well as adjusted earnings and net income increased by €7 million (+27%) to €-19 million mainly due to higher commissions received.

Family protect

Direct protection commercial activities were launched during the second semester of 2011.

As a consequence, underlying earnings as well as adjusted earnings and net income reached €-22 million in 2012, reflecting continued investments and direct marketing expenditure to ensure the progressive ramp-up of its activity.

Australia/New Zealand

Following the disposal of the Australia and New Zealand operations on April 1, 2011, Australia and New Zealand contributed only to the first quarter of 2011.

Property & Casualty segment

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

PROPERTY & CASUALTY SEGMENT

(In Euro million)	2012	2011
Gross revenues [a]	**28,559**	**27,286**
Current accident year loss ratio (net)	72.0%	72.6%
All accident year loss ratio (net)	70.8%	70.9%
Net technical result before expenses	**8,292**	**7,807**
Expense ratio	26.8%	27.0%
Net investment result	2,007	2,034
Underlying earnings before tax	**2,680**	**2,591**
Income tax expenses/benefits	(838)	(748)
Net income from investments in affiliates and associates	43	38
Minority interests	11	(33)
Underlying earnings Group share	**1,895**	**1,848**
Net capital gains or losses attributable to shareholders net of income tax	171	(62)
Adjusted earnings Group share	**2,066**	**1,786**
Profit or loss on financial assets (under FV option) & derivatives	89	(90)
Exceptional operations (including discontinued operations)	8	147
Goodwill and other related intangibles impacts	(70)	(66)
Integration and restructuring costs	(119)	(78)
NET INCOME GROUP SHARE	**1,975**	**1,700**

(a) Before intercompany eliminations.

(1) AXA Global Distributors was formed in March 2009 and is 100% owned by AXA SA. The AXA Global Distributors' initiative aim is to distribute Variable Annuity products through third party partnerships, specifically large banks. The P&L of AXA Global Distributors VA business written on a Freedom of Services basis is consolidated within France L&S segment (€0.7 million underlying earnings in 2012) and UK L&S (€1.2 million underlying earnings in 2012)". In the tables, AXA Global Distributors notably includes AXA Life Europe.

CONSOLIDATED GROSS REVENUES

(In Euro million)	2012	2011
France	5,730	5,596
United Kingdom & Ireland	4,150	3,772
Germany	3,824	3,638
Switzerland	2,744	2,643
Belgium	2,087	2,100
Central & Eastern Europe [(a)]	74	65
Mediterranean and Latin American Region [(b)]	7,107	6,848
Direct [(c)]	2,215	2,102
Other countries [(d)]	628	522
TOTAL	**28,559**	**27,286**
Intercompany transactions	(244)	(240)
Contribution to consolidated gross revenues	**28,315**	**27,046**
of which high growth markets	3,843	3,335
of which Direct	2,215	2,102
of which mature markets	22,257	21,609

(a) Includes Ukraine and Reso (Russia).
(b) Mediterranean and Latin American Region includes other than Direct operations in Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.
(c) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, United Kingdom, South Korea and Japan.
(d) Other countries correspond to Luxembourg and Asia.

COMBINED RATIO

(In Euro million)	2012	2011
Total	**97.6%**	**97.9%**
France	95.1%	95.7%
United Kingdom & Ireland	100.7%	98.4%
Germany	99.7%	103.2%
Switzerland	88.7%	89.2%
Belgium	93.6%	99.1%
Central & Eastern Europe	105.4%	102.3%
Reso (Russia)	93.5%	97.7%
Mediterranean and Latin American Region [(a)]	100.5%	97.6%
Direct [(b)]	100.6%	105.4%
Other countries [(c)]	95.9%	96.3%
Mature	96.3%	97.2%
Direct	100.6%	105.4%
High growth	104.2%	98.2%

(a) Mediterranean and Latin American Region includes other than Direct operations in Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.
(b) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, United Kingdom, South Korea and Japan.
(c) Other countries correspond to Luxembourg and Asia.

UNDERLYING EARNINGS

(In Euro million)	2012	2011
France	486	496
United Kingdom & Ireland	154	211
Germany	251	221
Switzerland	420	397
Belgium	222	142
Central & Eastern Europe [a]	44	37
Mediterranean and Latin American Region [b]	232	353
Direct [c]	54	(33)
Other countries [d]	31	23
Underlying earnings	**1,895**	**1,848**
of which high growth markets	77	178
of which Direct	54	(33)
of which mature markets	1,763	1,703

(a) Includes Ukraine and Reso (Russia).
(b) Mediterranean and Latin American Region includes other than Direct operations in Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region, and Mexico.
(c) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, the United Kingdom, South Korea and Japan.
(d) Other countries correspond to Luxembourg and Asia.

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011
Underlying earnings	**1,895**	**1,848**
Net realized capital gains or losses attributable to shareholders	171	(62)
Adjusted earnings	**2,066**	**1,786**
Profit or loss on financial assets (under Fair Value option) & derivatives	89	(90)
Exceptional operations (including discontinued operations)	8	147
Goodwill and related intangibles impacts	(70)	(66)
Integration and restructuring costs	(119)	(78)
NET INCOME	**1,975**	**1,700**

PROPERTY & CASUALTY OPERATIONS – FRANCE

(In Euro million)	2012	2011
Gross revenues [(a)]	**5,730**	**5,596**
Current accident year loss ratio (net)	73.5%	73.5%
All accident year loss ratio (net)	70.9%	71.1%
Net technical result before expenses	**1,667**	**1,609**
Expense ratio	24.2%	24.6%
Net investment result	513	550
Underlying earnings before tax	**792**	**791**
Income tax expenses/benefits	(305)	(294)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	(1)
Underlying earnings Group share	**486**	**496**
Net capital gains or losses attributable to shareholders net of income tax	58	(52)
Adjusted earnings Group share	**544**	**445**
Profit or loss on financial assets (under FV option) & derivatives	39	(14)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**583**	**431**

(a) Before intercompany eliminations.

Gross revenues increased by €135 million (+2%) to €5,730 million [(1)], or €5,749 million excluding the internal transfer to AXA Assistance of some service guarantees:

- *Personal lines* (58% of gross revenues) were up 2% to €3,325 million as a consequence of tariff increases, partly offset by negative net new contracts in the first half of the year notably in Motor and household;
- *Commercial lines* (42% of the gross revenues) were up 3% to €2,376 million mainly driven by tariff increases, partly offset by lower volumes in a context of selective underwriting.

Net technical result rose by €58 million (+4%) to €1,667 million:

- *current accident year loss ratio* decreased by 0.1 point to 73.5% mainly driven by tariff increases, partly offset by the higher charges from climatic events notably impacting household;
- *all accident year loss ratio* decreased by 0.2 point to 70.9% including higher positive prior year reserve developments notably in Property.

Expense ratio decreased by 0.3 point to 24.2%, mainly driven by a contained cost base as well as a higher non-recurring positive impact relating to tax contribution (€+17 million in 2012 vs. €+7 million in 2011).

Enlarged expense ratio was down by 1.5 points to 30.9%, driven by the improved expense ratio as well as the decrease of claims handling cost mainly reflecting lower claims frequency.

As a consequence, the **combined ratio** was down by 0.5 point to 95.1%.

Net investment result decreased by €37 million (-7%) to €513 million mainly due to the lower yields on fixed income assets, partly compensated by higher distribution of dividends from credit funds.

Income tax expenses increased by €11 million (+4%) to €-305 million mainly reflecting a less favorable corporate tax rate mix.

As a result, **underlying earnings** decreased by €10 million (-2%) to €486 million.

(1) €5,681 million after intercompany eliminations.

Adjusted earnings increased by €99 million (+22%) to €544 million as a consequence of higher realized capital gains (€+142 million) and lower impairments (€+27 million) mainly on equities and fixed income assets, reflecting improved market conditions, partly offset by a decrease in the impact of equity hedging derivatives (€-57 million) and lower underlying earnings.

Net income increased by €152 million (+35%) to €583 million due to a favorable change in fair value of Mutual funds and interest rate derivatives (€+41 million) mainly driven by the decrease in interest rates and credit spreads, a positive foreign exchange impact (€+13 million) and higher adjusted earnings.

PROPERTY & CASUALTY OPERATIONS – UNITED KINGDOM & IRELAND

(In Euro million)	2012	2011
Gross revenues [(a)]	**4,150**	**3,772**
Current accident year loss ratio (net)	69.4%	67.6%
All accident year loss ratio (net)	70.5%	68.0%
Net technical result before expenses	**1,209**	**1,181**
Expense ratio	30.2%	30.4%
Net investment result	233	225
Underlying earnings before tax	**203**	**284**
Income tax expenses/benefits	(49)	(73)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	(0)
Underlying earnings Group share	**154**	**211**
Net capital gains or losses attributable to shareholders net of income tax	41	(26)
Adjusted earnings Group share	**195**	**184**
Profit or loss on financial assets (under FV option) & derivatives	(26)	(120)
Exceptional operations (including discontinued operations)	-	53
Goodwill and other related intangibles impacts	(2)	(1)
Integration and restructuring costs	(13)	(20)
NET INCOME GROUP SHARE	**154**	**97**
Average exchange rate: 1.00 € = £	*0.8138*	*0.8663*

(a) Before intercompany eliminations.

Gross revenues increased by €378 million (+10%) to €4,150 million [(1)]. On a comparable basis, gross revenues increased by €163 million (+4%) mainly driven by:

- *Personal lines* (54% of the total gross revenues) were up 2% at €2,175 million. Motor was down 1% to €569 million due to increased competition both in the UK and Ireland resulting in lower new business volumes and lower average premiums, this was partly offset by tariff increases. Non-Motor was up 4% to €1,607 million. Property was up 6% to €639 million principally due to new schemes, increased volumes and improved retention in the UK. Health was up 4% to €620 million following further expansion of the international business and a broadening UK proposition. Personal Other was down 1% to €347 million due to difficult trading conditions partially offset by a new travel scheme;
- *Commercial lines* (47% of the total gross revenues) were up 7% to €1,914 million. Motor was up 11% to €373 million mainly driven by rate increases in UK Fleet and new business in UK Non Fleet. Non-Motor was up 6%. Property was up 5% to €503 million reflecting a strong performance in a highly competitive market. Health was up 6% to €786 million mainly reflecting continued growth in UK and International Corporate business.

Net technical result increased by €28 million (+2%) to €1,209 million. On a constant exchange rate basis, net technical result decreased by €36 million (-3%):

- *current accident year loss ratio* increased by 1.8 points to 69.4% mainly due to increased reinsurance costs (+0.5 point) reflecting the change in business mix and increased coverage, higher charges of weather related claims (+0.7 point) and Nat Cat charge (+0.2 point) as well as a change in business mix in Healthcare (+0.3 point). Improvements in Motor and Property following tariff increases and underwriting activity were offset by a change in business mix and an increase in bodily injury costs;
- *all accident year loss ratio* increased by 2.5 points to 70.5% reflecting the movement in current year loss ratio as well as a net strengthening of prior year reserves.

Expense Ratio decreased by 0.2 point to 30.2% with the administrative expense ratio down 0.4 point to 8.3%, largely due to the sale of Denplan in December 2011 and the expense efficiencies embedded through restructuring programs. The acquisition ratio was up 0.2 point to 21.9% reflecting an increase in commission ratio (+0.4 point) due to higher profit share payments to Corporate Partners and the impact of product and distribution mix. Non-commission acquisition expense ratio decreased (-0.2 point) following restructuring programs in the second half of 2011 and during 2012.

As a result, the **enlarged expense ratio** was down 0.4 point to 33.2% and the **combined ratio** was up 2.3 points to 100.7%

Net investment result increased by €8 million (+4%) to €233 million. On a constant exchange rate basis, net investment result decreased by €3 million (-1%) due to lower equity and government bond income, partly offset by higher corporate bond income as a result of a portfolio repositioning as well as increased income from alternative assets.

Income tax expenses decreased by €24 million (-33%) to €-49 million. On a constant exchange rate basis, income tax expenses decreased by €26 million (-36%) mainly reflecting lower pre-tax underlying earnings. One-off tax charges were stable (€-8 million in 2011 vs. €-9 million in 2012).

Underlying earnings decreased by €56 million (-27%) to €154 million. On a constant exchange rate basis, underlying earnings decreased by €61 million (-29%).

Adjusted earnings increased by €11 million (+6%) to €195 million. On a constant exchange rate basis, adjusted earnings increased by €6 million (+3%) due to higher realized capital gains (€+42 million) mainly on fixed income assets, and lower impairment charges (€-26 million), principally on equities securities, partly offset by a decrease in underlying earnings.

Net Income increased by €57 million (+58%) to €154 million. On a constant exchange rate basis, net income increased by €53 million (+55%) due to the improvement in adjusted earnings, a reduction in restructuring costs (€+5 million), a less unfavorable change in the fair value of derivatives (€+95 million), partly offset by the profit from the sale of Denplan in 2011 (€-53 million).

(1) €4,049 million after intercompany eliminations.

PROPERTY & CASUALTY OPERATIONS – GERMANY

(In Euro million)	2012	2011
Gross revenues [(a)]	**3,824**	**3,638**
Current accident year loss ratio (net)	71.3%	73.4%
All accident year loss ratio (net)	69.4%	73.0%
Net technical result before expenses	**1,163**	**975**
Expense ratio	30.4%	30.2%
Net investment result	332	369
Underlying earnings before tax	**341**	**253**
Income tax expenses/benefits	(91)	(34)
Net income from investments in affiliates and associates	-	2
Minority interests	0	(0)
Underlying earnings Group share	**251**	**221**
Net capital gains or losses attributable to shareholders net of income tax	5	(49)
Adjusted earnings Group share	**255**	**172**
Profit or loss on financial assets (under FV option) & derivatives	53	25
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(4)	(4)
Integration and restructuring costs	(12)	(8)
NET INCOME GROUP SHARE	**292**	**186**

(a) Before intercompany eliminations.

Gross revenues increased by €187 million (+5%) to €3,824 million [(1)]:

- *Personal lines* (57% of gross revenues) increased by 6% to €2,148 million driven by the successful development in Motor (+7%) and Property (+6%) triggered by tariff increases for both renewals and new business as well as positive net new contracts;
- *Commercial Lines* (35% of gross revenues) rose by 2% to €1,333 million resulting from new business especially in Property (+4%);
- *Other Lines* (8% of gross revenues) rose by 17% to €313 million mainly driven by higher assumed business in Legal Protection and other treaty business.

Net technical result increased by €188 million to €1,163 million:

- *current accident year loss ratio* decreased by 2.1 points to 71.3% as a consequence of tariff increases, mainly in Motor and Non-Motor and lower Nat Cat charge, despite an increase in tap water freeze claims due to the severe winter;
- *all accident year loss ratio* decreased by 3.6 points to 69.4% mainly due to lower current accident year loss ratio and to higher positive prior year reserve developments.

Expense ratio rose by 0.1 point to 30.4% reflecting an increase in non commission expenses, including non recurring items offset in the German holding companies.

Enlarged expense ratio decreased by 0.7 point to 33.4%, benefitting from a positive one time release of claims handling cost reserves.

As a result, **the combined ratio** was down by 3.5 points to 99.7%.

Net investment result decreased by €38 million (-10%) to €332 million due to lower distribution from private equity, lower reinvestment yields on fixed income assets as well as the non recurrence of 2011 exceptional coupons payments from profit participating notes.

Income tax expenses increased by €55 million (+161%) to €-91 million, mainly due to higher pre-tax underlying earnings and lower positive tax one-offs (€11 million in 2012 compared to €24 million in 2011).

(1) €3,795 million after intercompany eliminations.

Underlying earnings increased by €29 million (+13%) to €251 million.

Adjusted earnings increased by €83 million (+48%) to €255 million, mainly due to lower equity impairments and higher realized gains in fixed income.

Net income increased by €106 million (+57%) to €292 million, mainly driven by higher adjusted earnings and higher favorable changes in fair value of fixed income funds.

PROPERTY & CASUALTY OPERATIONS – SWITZERLAND

(In Euro million)	2012	2011
Gross revenues [(a)]	**2,744**	**2,643**
Current accident year loss ratio (net)	69.2%	68.9%
All accident year loss ratio (net)	63.2%	63.1%
Net technical result before expenses	**1,010**	**976**
Expense ratio	25.5%	26.1%
Net investment result	218	217
Underlying earnings before tax	**527**	**503**
Income tax expenses/benefits	(104)	(103)
Net income from investments in affiliates and associates	-	-
Minority interests	(3)	(3)
Underlying earnings Group share	**420**	**397**
Net capital gains or losses attributable to shareholders net of income tax	17	5
Adjusted earnings Group share	**437**	**402**
Profit or loss on financial assets (under FV option) & derivatives	(13)	2
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(28)	(29)
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**396**	**375**
Average exchange rate: 1.00 € = Swiss Franc	*1.2069*	*1.2366*

(a) Before intercompany eliminations.

Gross revenues increased by €101 million (+4%) to €2,744 million [(1)]. On a comparable basis, gross revenues increased by €33 million (+1%):

- *Personal lines* (53% of the gross revenues) increased by 3% to €1,470 million as a consequence of volume growth in all major business lines;
- *Commercial lines* (47% of the gross revenues) slightly decreased to €1,281 million mainly resulting from a focus on profitability.

Net technical result increased by €34 million (+4%) to €1,010 million. On a constant exchange rate basis, net technical result increased by €10 million (+1%):

- *current accident year loss ratio* increased by 0.3 point to 69.2% mainly driven by slightly higher large claims and a higher number of freeze claims in Property, partly offset by a lower Nat Cat charge;
- *all accident year loss ratio* increased by 0.1 point to 63.2% as a consequence of the current accident year loss ratio development and higher positive prior year reserve developments.

Expense ratio decreased by 0.6 point to 25.5% mainly driven by lower administrative expenses reflecting ongoing strict cost management as well as lower acquisition expenses.

Enlarged expense ratio was down by 0.7 point to 29.6%.

As a result, the **combined ratio** down by 0.4 point to 88.7%.

Net investment result increased by €2 million (+1%) to €218 million. On a constant exchange rate basis, net investment result decreased by €3 million (-2%) mainly driven by lower fixed income reinvestment yields.

(1) €2,736 million after intercompany eliminations.

Income tax expenses increased by €2 million (+2%) to €-104 million. On a constant exchange rate basis, income tax expenses decreased by €1 million (-1%) driven by a higher positive tax settlement in 2012 (€+2 million), partly offset by higher pre-tax underlying earnings.

Underlying earnings increased by €23 million (+6%) to €420 million. On a constant exchange rate basis, underlying earnings increased by €13 million (+3%).

Adjusted earnings increased by €35 million (+9%) to €437 million. On a constant exchange rate basis, adjusted earnings increased by €24 million (+6%) mainly driven by higher underlying earnings and higher realized capital gains mainly on equities.

Net income increased by €20 million (+5%) to €396 million. On a constant exchange rate basis, net income increased by €11 million (+3%) mainly driven by higher adjusted earnings, partly offset by an unfavorable change in fair value mainly on foreign exchange derivatives.

PROPERTY & CASUALTY OPERATIONS – BELGIUM

(In Euro million)	2012	2011
Gross revenues [(a)]	**2,087**	**2,100**
Current accident year loss ratio (net)	68.8%	73.6%
All accident year loss ratio (net)	63.4%	68.5%
Net technical result before expenses	**768**	**659**
Expense ratio	30.2%	30.6%
Net investment result	196	185
Underlying earnings before tax	**330**	**204**
Income tax expenses/benefits	(108)	(62)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	0
Underlying earnings Group share	**222**	**142**
Net capital gains or losses attributable to shareholders net of income tax	11	98
Adjusted earnings Group share	**233**	**240**
Profit or loss on financial assets (under FV option) & derivatives	8	17
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(2)	(2)
Integration and restructuring costs	(23)	(22)
NET INCOME GROUP SHARE	**215**	**233**

(a) Before intercompany eliminations.

Gross revenues decreased by €13 million (-1%) to €2,087 million [(1)]:

- *Personal lines* (49% of the gross revenues) were up 1% to €1,045 million following tariff increases on both Motor and household partly offset by negative net new contracts;
- *Commercial lines* (48% of the gross revenues) were down 2% to €1,020 million, the decreases in Health (€-27 million) due to the non renewal of a large portfolio and Motor (€-13 million) due to portfolio losses, were partly offset by an increase in Workers' Compensation (€+10 million) and Liability (€+9 million) mainly driven by tariff increases.

Net technical result increased by €109 million (+16%) to €768 million:

- *current accident year loss ratio* decreased by 4.8 points to 68.8% mainly driven by a lower Nat Cat charge (-1.8 points), lower frequency (-1.9 points) mainly driven by portfolio pruning and tariff increases (-1.6 points);
- *all accident year loss ratio* decreased by 5.1 points to 63.4% due to an improved current accident year loss ratio and higher positive prior year reserve developments (mainly in Property).

(1) €2,061 million after intercompany eliminations.

Expense ratio decreased by 0.3 point to 30.2% due to lower administrative expenses (-0.4 point) mainly due to a non-recurring reclassification from administration expenses to claims handling costs, partly offset by a slight increase in commission rates following a change in portfolio mix.

Enlarged expense ratio was stable at 37.8%.

As a result, the **combined ratio** was down by 5.4 points to 93.6%.

Net investment result increased by €12 million (+6%) to €196 million mainly due to an increase in investment yield and despite a lower asset base.

Income tax expenses increased by €46 million (+74%) to €-108 million due to higher pre-tax underlying earnings and the non-recurrence of a 2011 positive tax one-off (€6 million).

Underlying earnings increased by €80 million (+57%) to €222 million.

Adjusted earnings decreased by €7 million (-3%) to €233 million, mainly driven by lower realized capital gains, especially on real estate and equities, partly offset by higher underlying earnings.

Net income decreased by €17 million (-7%) to €215 million mostly reflecting a less favorable change in fair value of inflation derivatives mainly on long term business.

PROPERTY & CASUALTY OPERATIONS – CENTRAL & EASTERN EUROPE

Consolidated Gross Revenues

(In Euro million)	2012	2011
Ukraine	74	65
Reso (Russia)	-	-
TOTAL	**74**	**65**
Intercompany transactions	-	-
Contribution to consolidated gross revenues	**74**	**65**

Underlying, Adjusted earnings and Net Income

(In Euro million)	2012	2011
Ukraine	1	1
Reso (Russia) [(a)]	43	36
Underlying earnings	**44**	**37**
Net realized capital gains or losses attributable to shareholders	(5)	(19)
Adjusted earnings	**39**	**18**
Profit or loss on financial assets (under Fair Value option) & derivatives	10	2
Exceptional operations (including discontinued operations)	-	-
Goodwill and related intangibles impacts	(2)	(3)
Integration and restructuring costs	-	-
NET INCOME	**47**	**17**

(a) Reso accounted for using the equity method. AXA's share of profit is recognized in income statement.

UKRAINE

Gross revenues increased by €9 million (+14%) to €74 million. On a comparable basis, gross revenues increased by €4 million (+7%) driven by the positive development in proprietary networks, partly offset by lower premiums in bancassurance channels.

Underlying earnings as well as adjusted earnings and net income remained stable at €1 million on a constant exchange rate basis. The combined ratio deteriorated by 3.1 points to 105.4% due to a change in product mix and a higher claims frequency in Motor Third Party Liability business.

RESO

Underlying earnings increased by €6 million to €43 million on a constant exchange rate basis, driven by an improvement in claims experience and a strong portfolio growth (+24%), partly offset by a lower investment income. As a result, the combined ratio was down 4.2 points to 93.5%.

Adjusted earnings increased by €20 million to €37 million on a constant exchange rate basis, mainly driven by higher underlying earnings (€+6 million) as well as lower net realized capital losses (€+14 million).

Net income increased by €29 million to €46 million on a constant exchange rate basis, due to higher adjusted earnings (€+20 million) and the appreciation of RUB against EUR and USD (€+8 million).

PROPERTY & CASUALTY OPERATIONS – MEDITERRANEAN AND LATIN AMERICAN REGION

(In Euro million)	2012	2011
Gross revenues [(a)]	**7,107**	**6,848**
Current accident year loss ratio (net)	73.0%	73.4%
All accident year loss ratio (net)	74.8%	71.6%
Net technical result before expenses	**1,775**	**1,884**
Expense ratio	25.7%	25.9%
Net investment result	384	378
Underlying earnings before tax	**348**	**540**
Income tax expenses/benefits	(138)	(162)
Net income from investments in affiliates and associates	0	-
Minority interests	22	(24)
Underlying earnings Group share	**232**	**353**
Net capital gains or losses attributable to shareholders net of income tax	40	(17)
Adjusted earnings Group share	**272**	**336**
Profit or loss on financial assets (under FV option) & derivatives	19	14
Exceptional operations (including discontinued operations)	8	-
Goodwill and other related intangibles impacts	(24)	(22)
Integration and restructuring costs	(42)	(21)
NET INCOME GROUP SHARE	**233**	**306**

(a) Before intercompany eliminations.

Gross revenues increased by €258 million (+4%) to €7,107 million [(1)]. On a comparable basis, gross revenues increased by €216 million (+3%) driven by a strong contribution from high growth markets (+12% or €+346 million), partly offset by mature markets (-3% or €-129 million), due to Spain and Portugal which suffered from a difficult environment.

- *Personal lines* (58% of the gross revenues) were up 3% to €4,148 million driven by Motor lines (+4% or €+103 million), mainly in high growth markets (€+152 million), coming from both positive volume effects in Turkey and Mexico and tariff increases in Turkey, notably in the second half of 2012, partly offset by mature markets (€-49 million) mainly in Spain. Non-Motor lines were up 2% (or €+20 million) driven by Health (€+29 million), mostly related to both volume and tariff increases in Mexico, more than compensating Property (€-10 million) especially in Spain;
- *Commercial lines* (41% of the gross revenues) were up 4% to €2,951 million driven by Motor lines (+8% or €+69 million) in Turkey (€+50 million) and Mexico (€+40 million) from portfolio developments and tariff increases, partly offset by high level of cancellations in Spain (€-15 million) and pruning actions in Portugal (€-11 million). Non-Motor lines were up 2% (or €+32 million) driven by high growth markets (€+70 million) with new business in Health in the Gulf Region (€+61 million) and in Property in Mexico (€+11 million), partly offset by Spain (€-25 million) and Portugal (€-20 million), still impacted by the economic environment.

Net technical result decreased by €110 million (-6%) to €1,775 million. On a constant exchange rate basis, net technical result decreased by €126 million (-7%) due to Turkey (€-210 million), Spain (€-40 million) and Portugal (€-36 million), partly offset by the improvement in the rest of the region:

- *current accident year loss ratio* decreased by 0.4 point to 73.0% including a lower Nat Cat charge of -0.1 point mainly in Italy. Mature markets decreased by 2.5 points while high growth markets increased by 2.2 points. Excluding Nat Cat charge, improvement in mature markets was mainly driven by lower frequency in Motor and Personal Property and decrease of average cost in Health. Deterioration in high growth markets was linked to adverse claims development in Turkey, partly offset by positive results from profitability actions in Mexico;
- *all accident year loss ratio* increased by 3.3 points to 74.8% with worse prior year reserve developments (€-248 million), mainly in Turkey (€-168 million), due to the increase in both frequency and average costs of legal claims in Motor and Liability, as well as in Spain, Portugal and Mexico with less favorable prior year reserve developments.

Expense ratio decreased by 0.3 point to 25.7% mainly driven by administrative expense ratio (-0.3 point). High growth markets improved by 1.0 point benefitting from a positive volume effect and a positive one-off from a litigation settlement in Mexico. Mature markets deteriorated by 0.4 point due to negative volume effect in Spain and Portugal offsetting productivity programs.

Enlarged expense ratio improved by 0.5 point to 28.5%.

As a result, **combined ratio** was up 3.0 points to 100.5%.

Net investment result increased by €6 million (+2%) to €384 million. On a constant exchange rate basis, net investment result increased by €4 million (+1%) driven by higher yields on fixed income assets in Mexico (€+12 million) and Turkey (€+5 million), partly offset by a lower asset base in Spain (€-10 million).

Income tax expenses decreased by €25 million (-15%) to €-138 million. On a constant exchange rate basis, income tax expenses decreased by €26 million (-16%) due to lower pre-tax underlying earnings, partly offset by an increase of effective tax rate reflecting an unfavorable country mix.

Underlying earnings decreased by €121 million (-34%) to €232 million. On a constant exchange rate basis, underlying earnings decreased by €125 million (-35%).

Adjusted earnings decreased by €64 million (-19%) to €272 million. On a constant exchange rate basis, adjusted earnings decreased by €68 million (-20%), reflecting (i) lower underlying earnings and (ii) a decrease in the impact of equity hedging derivatives, partly offset by (iii) lower impairments as well as higher realized capital gains and (iv) a positive impact from new tax law in Greece on the deductibility of 2011 losses generated by the Private Sector Involvement (PSI) on government bonds.

Net income decreased by €73 million (-24%) to €233 million. On a constant exchange rate basis, net income decreased by €77 million (-25%) mainly reflecting lower adjusted earnings combined with additional restructuring costs in mature markets.

(1) €7,082 million after intercompany eliminations.

PROPERTY & CASUALTY OPERATIONS – DIRECT BUSINESS

(In Euro million)	2012	2011
Gross revenues [(a)]	**2,215**	**2,102**
Current accident year loss ratio (net)	78.9%	80.5%
All accident year loss ratio (net)	79.0%	84.2%
Net technical result before expenses	**459**	**321**
Expense ratio	21.6%	21.2%
Net investment result	98	86
Underlying earnings before tax	**85**	**(25)**
Income tax expenses/benefits	(30)	(8)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	0
Underlying earnings Group share	**54**	**(33)**
Net capital gains or losses attributable to shareholders net of income tax	0	(4)
Adjusted earnings Group share	**55**	**(36)**
Profit or loss on financial assets (under FV option) & derivatives	(1)	(15)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(4)	(4)
Integration and restructuring costs	(4)	(7)
NET INCOME GROUP SHARE	**46**	**(63)**

(a) Before intercompany transactions.

Direct business includes operations in the UK (24% of total Direct gross revenues), France (21%), Japan (17%), South Korea (17%), Spain (9%), Italy (5%), Belgium (3%), Poland (3%) and Portugal (1%).

Gross revenues increased by €113 million (+5%) to €2,215 million [(1)]. On a comparable basis, gross revenues increased by €32 million (+2%):

- *Personal Motor* (87% of gross revenues) was down €20 million (-1%) to €1,931 million driven by (i) the UK (-22% or €-119 million) as a result of lower new business volumes and retention, change in business mix reflecting selective underwriting as well as increased competitiveness of the market, and (ii) Other countries (+7% or €+98 million) driven by higher net new contracts leading to €+74 million in continental Europe (with strong growth in France, Italy and Poland, partly offset by Spain) and €+25 million in Japan;
- *Personal Non-Motor* (13% of gross revenues) was up €52 million (+24%) to €278 million mainly supported by growth in the UK and in France.

Net technical result increased by €138 million (+43%) to €459 million. On a constant exchange rate basis, net technical result increased by €122 million (+38%):

- *current accident year loss ratio* decreased by 1.6 points to 78.9% as a result of selective underwriting and lower frequency in Motor, partly offset by unfavorable weather conditions in the UK leading to a higher Nat Cat charge (+0.2 point);
- *all accident year loss ratio* decreased by 5.2 points to 79.0% as a result of the decrease in current accident year loss ratio and less unfavorable prior year reserve developments.

Expense ratio increased by 0.4 point to 21.6% (with a stable acquisition ratio and an administrative expense ratio up 0.4 point) reflecting an increase in aggregators commission ratio and higher IT costs in the UK, partly offset by operational leverage outside the UK following portfolio growth.

Enlarged expense ratio was up by 0.4 point to 27.2%.

(1) €2,215 million after intercompany eliminations.

As a result, the **combined ratio** was down by 4.8 points to 100.6%.

Net investment result increased by €12 million (+14%) to €98 million. On a constant exchange rate basis, net investment result increased by €9 million (+10%) mainly reflecting a higher asset base.

Income tax expenses increased by €22 million to €30 million. On a constant exchange rate basis, income tax expenses increased by €21 million reflecting higher pre-tax underlying earnings, partly offset by the non repeat of negative tax adjustments in Japan.

Underlying earnings increased by €87 million to €54 million. On a constant exchange rate basis, underlying earnings increased by €86 million.

Adjusted earnings increased by €91 million to €55 million. On a constant exchange rate basis, adjusted earnings increased by €90 million mainly due to higher underlying earnings, €6 million lower impairment charges partly offset by €2 million lower realized capital gains mainly on equities.

Net income increased by €109 million to €46 million. On a constant exchange rate basis, net income increased by €108 million due to higher adjusted earnings and €14 million less unfavorable movement in the fair value of financial assets and derivatives and €4 million lower restructuring costs.

PROPERTY & CASUALTY OPERATIONS – OTHER COUNTRIES

Consolidated Gross Revenues

(In Euro million)	2012	2011
Asia [a]	529	425
Luxembourg	99	97
TOTAL	**628**	**522**
Intercompany transactions	(6)	(6)
Contribution to consolidated gross revenues	**622**	**516**

(a) Includes Hong Kong, Singapore and Malaysia.

Underlying, Adjusted earnings and Net Income

(In Euro million)	2012	2011
Asia [a]	23	13
Luxembourg	8	10
Underlying earnings	**31**	**23**
Net realized capital gains or losses attributable to shareholders	5	2
Adjusted earnings	**37**	**25**
Profit or loss on financial assets (under Fair Value option) & derivatives	(0)	(0)
Exceptional operations (including discontinued operations)	(0)	93
Goodwill and related intangibles impacts	(3)	-
Integration and restructuring costs	(25)	-
NET INCOME	**9**	**118**

(a) Includes Hong Kong, Singapore and Malaysia.

ASIA [1]

Gross revenues increased by €104 million (+25%) to €529 million [2]. On a constant exchange rate and scope basis, excluding HSBC portfolio acquisition in Hong Kong and Singapore, gross revenues increased by €47 million (+11%):

- *Personal lines* (47% of the gross revenues) were up €18 million (+9%), mainly driven by both Motor (€+9 million) due to positive volume effect in Malaysia and Non-Motor (€+9 million) with the growth of Personal Accident in Malaysia and Health in Hong Kong;
- *Commercial lines* (53% of the gross revenues) were up €31 million (+13%) mainly driven by (i) new large accounts in Health (€+8 million) in Malaysia and Singapore, Motor (€+6 million) mainly in Malaysia and Workers' Compensation (€+7 million) in all countries, combined with (ii) focus on SME and Industrial business leading to higher Property business in Malaysia (€+5 million).

Net technical result increased by €41 million (+31%) to €171 million. On a constant exchange rate and scope basis, net technical result increased by €16 million (+12%):

- *current accident year loss ratio* increased by 0.4 point to 69.0%. On a constant scope basis current accident year loss ratio increased by 0.8 point to 69.4% mainly due to higher attritional losses (+3.1 points) driven by Commercial lines, mainly from Property and Motor in Malaysia as well as Workers' Compensation in Hong Kong, partly offset by improvement in large losses (-1.4 points) mainly driven by Commercial Property in Malaysia, and in Nat Cat (-0.8 point) due to no events recorded in 2012;
- *all accident year loss ratio* decreased by 0.8 point to 67.6%. On a constant scope basis, all accident year loss ratio decreased by 0.6 point to 67.9% due to higher positive prior year reserve developments in Hong Kong and Singapore.

Expense ratio decreased by 0.5 point to 28.4%. On a constant scope basis expense ratio decreased by 0.5 point to 28.3% mainly driven by productivity gains with strong volume increase in Hong Kong and Malaysia.

Enlarged expense ratio decreased by 0.8 point to 31.0% on a constant scope basis.

As a result, the **combined ratio** was down by 1.3 points to 96.0%. On a constant scope basis combined ratio was down by 1.1 points to 96.2%.

Net investment result increased by €4 million to €14 million. On a constant exchange rate and scope basis, net investment result increased by €2 million mainly from a higher asset base in Malaysia.

Income tax expenses increased by €2 million to €-6 million. On a constant exchange rate and scope basis, income tax expenses increased by €1 million due to higher pre-tax underlying earnings.

Underlying earnings increased by €10 million to €23 million. On a constant exchange rate and scope basis, underlying earnings increased by €6 million.

Adjusted earnings increased by €12 million to €27 million. On a constant exchange rate and scope basis, adjusted earnings increased by €8 million driven by higher underlying earnings and higher net realized capital gains on equity.

Net income decreased by €16 million to €-1 million. On a constant exchange rate basis, net income decreased by €16 million driven by higher adjusted earnings, more than offset by €23 million integration costs incurred to date from the HSBC portfolio acquisition.

(1) Includes Hong Kong, Singapore and Malaysia.

(2) €523 million after intercompany eliminations.

International Insurance segment

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

CONSOLIDATED GROSS REVENUES

(In Euro million)	2012	2011
AXA Corporate Solutions Assurance	2,072	2,003
AXA Global Life and AXA Global P&C	60	73
AXA Assistance	984	911
Other [(a)]	31	70
TOTAL	**3,148**	**3,057**
Intercompany transactions	(161)	(182)
Contribution to consolidated gross revenues	**2,987**	**2,876**

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

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

	2012	2011
AXA Corporate Solutions Assurance	145	150
AXA Global Life and AXA Global P&C	22	55
AXA Assistance	20	21
Other [(a)]	(20)	50
Underlying earnings	**167**	**276**
Net realized capital gains or losses attributable to shareholders	(7)	17
Adjusted earnings	**160**	**294**
Profit or loss on financial assets (under Fair Value option) & derivatives	23	(15)
Exceptional operations (including discontinued operations)	(1)	1
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	(4)	(4)
NET INCOME	**178**	**276**

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

AXA CORPORATE SOLUTIONS ASSURANCE

(In Euro million)	2012	2011
Gross revenues [a]	**2,072**	**2,003**
Current accident year loss ratio (net)	83.6%	84.7%
All accident year loss ratio (net)	82.2%	82.1%
Net technical result before expenses	**363**	**360**
Expense ratio	15.6%	15.8%
Net investment result	195	199
Underlying earnings before tax	**240**	**242**
Income tax expenses/benefits	(93)	(90)
Net income from investments in affiliates and associates	-	-
Minority interests	(2)	(2)
Underlying earnings Group share	**145**	**150**
Net capital gains or losses attributable to shareholders net of income tax	(3)	5
Adjusted earnings Group share	**142**	**155**
Profit or loss on financial assets (under FV option) & derivatives	24	(13)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**166**	**142**

(a) Before intercompany eliminations.

Gross revenues increased by €69 million (+3%) to €2,072 million [1] On a comparable basis, gross revenues increased by €62 million (+3%) notably in Construction (+17%) and Property (+9%), both mainly driven by portfolio development and tariff increases, and Motor (+2%), partly offset by a decrease in Aviation (-6%, mainly due to tariff decrease following favorable trend on large claims) and Liability (-2%, mainly due to the non renewal of a large contract).

Net technical result increased by €3 million (+1%) to €363 million. On a constant exchange rate basis, net technical result increased by €4 million (+1%):

- *current accident year loss ratio* improved by 1.2 points to 83.6% due to tariff increases in all lines of business (except in Aviation) and also to the positive experience on large claims in Property;
- *all accident year loss ratio* decreased by 0.1 point to 82.2% as a result of improvement in the current year loss ratio, partly offset by lower positive prior year reserve developments.

Expense ratio decreased by 0.1 point to 15.6%.

The **enlarged expense ratio** was down by 0.2 point to 19.5%.

As a result, the **combined ratio** was down by 0.2 point to 97.8%.

Net investment result decreased by €3 million (-2%) to €195 million. On a constant exchange rate basis, net investment result decreased by €6 million (-3%) mainly driven by lower income from fixed income assets (€-13 million), partly offset by higher distributions from Mutual funds (€+9 million).

Income tax expenses increased by €3 million (+4%) to €-93 million, mainly reflecting a less favorable corporate tax rate mix.

As a result, **underlying earnings** decreased by €5 million (-3%) to €145 million.

Adjusted earnings decreased by €13 million (-9%) to €142 million. On a constant exchange rate basis, adjusted earnings decreased by €13 million (-8%) mainly due to lower underlying earnings and lower realized capital gains mainly on real estate assets.

Net income increased by €24 million (+17%) to €166 million. On a constant exchange rate basis, net income increased by €25 million (+17%), mainly driven by a favorable change in fair value on Mutual funds (€+30 million), mainly due to lower interest rates and credit spread tightening, a positive foreign exchange impact (€+8 million), partly offset by lower adjusted earnings.

(1) €2,069 million after intercompany eliminations.

AXA GLOBAL LIFE AND AXA GLOBAL P&C [(1)]

Underlying earnings decreased by €33 million to €22 million, mainly driven by the non-repeat of €32 million positive prior year reserve developments due to favorable weather events in 2011.

Adjusted earnings decreased by €32 million to €21 million, as a result of lower underlying earnings.

Net income decreased by €27 million to €25 million, mainly due to lower adjusted earnings, partly offset by €7 million more favorable change in fair value of financial assets and derivatives.

AXA ASSISTANCE

Gross revenues increased by €72 million to €984 million [(2)] or €958 million excluding the internal transfer from AXA France of some service guarantees. On a comparable basis, gross revenues increased by €46 million (+5%) mainly driven by a strong new business performance (in particular in Travel activities) and growth of the in-force base (Travel and Lifestyle activities mainly).

Underlying earnings decreased by €1 million to €20 million mainly driven by positive developments in France and improvement on Travel business offset by higher development costs and slowdown in Mexico.

Adjusted earnings decreased by €1 million to €20 million driven by lower underlying earnings.

Net income decreased by €6 million to €12 million due to lower adjusted earnings, €4 million lower realized capital gain on foreign exchange rates and €1 million exceptional capital gain recorded in 2011 following the disposal of a UK based company.

OTHER INTERNATIONAL ACTIVITIES

Underlying earnings decreased by €71 million to €-20 million. On a constant exchange rate basis, underlying earnings decreased by €65 million, mainly driven by lower gains on the P&C run-off portfolio mainly as a result of lower positive settlements as well as a reserve adjustment on a Life reinsurance run-off portfolio.

Adjusted earnings decreased by €87 million to €-23 million. On a constant exchange rate basis, adjusted earnings decreased by €82 million as a consequence of lower underlying earnings.

Net income decreased by €88 million to €-25 million. On a constant exchange rate basis, net income decreased by €84 million reflecting lower adjusted earnings.

Asset Management segment

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

CONSOLIDATED GROSS REVENUES

(In Euro million)	2012	2011
AllianceBernstein	2,097	2,038
AXA Investment Managers	1,577	1,563
TOTAL	**3,674**	**3,601**
Intercompany transactions	(332)	(332)
Contribution to consolidated gross revenues	**3,343**	**3,269**

(1) Gathers both central teams from Life & Savings and Property & Casualty global business lines in addition to Group reinsurance operations.

(2) €832 million after intercompany eliminations.

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011
AllianceBernstein	159	106
AXA Investment Managers	223	215
Underlying earnings	**382**	**321**
Net realized capital gains or losses attributable to shareholders	(4)	(2)
Adjusted earnings	**378**	**318**
Profit or loss on financial assets (under Fair Value option) & derivatives	13	(25)
Exceptional operations (including discontinued operations)	0	(3)
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	(76)	(137)
NET INCOME	**314**	**153**

ALLIANCEBERNSTEIN

(In Euro million)	2012	2011
Gross revenues	**2,097**	**2,038**
Net investment result	2	(27)
Total revenues	**2,100**	**2,011**
General expenses	(1,737)	(1,738)
Underlying earnings before tax	**363**	**272**
Income tax expenses/benefits	(76)	(68)
Minority interests	(128)	(98)
Underlying earnings Group share	**159**	**106**
Net capital gains or losses attributable to shareholders net of income tax	0	0
Adjusted earnings Group share	**159**	**106**
Profit or loss on financial assets (under FV option) & derivatives	4	(7)
Exceptional operations (including discontinued operations)	0	0
Goodwill and other related intangibles impacts	0	0
Integration and restructuring costs	(74)	(136)
NET INCOME GROUP SHARE	**88**	**(38)**
Average exchange rate:	*1.2881*	*1.3867*

Assets under Management ("AUM") increased by €14 billion from year-end 2011 to €349 billion at December 31, 2012 as a result of €28 billion market appreciation partly offset by net outflows of €-4 billion (€-10 billion net outflows from Institutional clients and €-7 billion net outflows from Private Clients, partly offset by €13 billion net inflows from Retail clients), €-5 billion unfavorable change in scope due to the sale of AXA Australia and AXA Canada and a €-6 billion unfavorable foreign exchange rate impact.

Gross revenues increased by €60 million (+3%) to €2,097 million. On a comparable basis, gross revenues decreased by €87 million (-4%) primarily due to lower investment management fees resulting from a 3% decrease in average AUM combined with lower average bps (-3.1 bps) reflecting a change in business mix from equity services to fixed income services.

Net investment result increased by €30 million to €2 million. On a constant exchange rate basis, net investment result increased by €30 million due to higher unrealized gains related to deferred compensation obligations, offset in general expenses, combined with a decrease in financing debt expenses.

General expenses decreased by €2 million (0%) to €-1,737 million. On a constant exchange rate basis, general expenses decreased by €125 million (-7%) due to lower compensation expenses resulting from lower revenues, staff reductions as well as lower office and related expenses.

As a result, the **underlying cost income** ratio improved by 4.8 points to 79.7%.

Income tax expenses increased by €8 million (+12%) to €-76 million. On a constant exchange rate basis, income tax expenses increased by €3 million (+4%) due to higher pre–tax underlying earnings and lower positive tax one-offs (€-12 million), partly offset by a decrease in effective tax rate mainly due to lower state taxes and higher foreign earnings.

Underlying and adjusted earnings increased by €53 million (+50%) to €159 million. On a constant exchange rate basis, underlying and adjusted earnings increased by €42 million (+39%).

AXA ownership of AllianceBernstein at December 31, 2012 was 65.5%, up 0.9% from December 31, 2011 due to repurchases of AllianceBernstein units during 2012 to fund deferred compensation plans, partly offset by the granting of units in 2012 for 2011 deferred compensation.

Net income increased by €126 million to €88 million. On a constant exchange rate basis, net income increased by €120 million due to the increase in adjusted earnings and to lower restructuring costs driven by the real estate lease write-off in 2012 (€-68 million) and the non repeat of a restructuring of compensation plans in December 2011 (€+136 million).

AXA INVESTMENT MANAGERS ("AXA IM")

(In Euro million)	2012	2011
Gross revenues	**1,577**	**1,563**
Net investment result	(17)	(20)
Total revenues	**1,560**	**1,543**
General expenses	(1,214)	(1,239)
Underlying earnings before tax	**347**	**304**
Income tax expenses/benefits	(113)	(79)
Minority interests	(11)	(10)
Underlying earnings Group share	**223**	**215**
Net capital gains or losses attributable to shareholders net of income tax	(4)	(2)
Adjusted earnings Group share	**219**	**212**
Profit or loss on financial assets (under FV option) & derivatives	9	(18)
Exceptional operations (including discontinued operations)	0	(3)
Goodwill and other related intangibles impacts	0	0
Integration and restructuring costs	(2)	(1)
NET INCOME GROUP SHARE	**226**	**191**

Assets under Management ("AUM") increased by €41 billion from year-end 2011 to €554 billion at the end of 2012 as a result of €45 billion favorable market impact, €3 billion net inflows and €2 billion favorable foreign exchange impact, partly offset by €-9 billion negative scope impact, mainly related to the partial sale of the UK Life & Savings operations. Net inflows amounted to €3 billion in 2012 mainly driven by inflows on Retail (€+7 billion) and Institutional (€+3 billion) notably from AXA Fixed Income, Asian joint-ventures, AXA Framlington, AXA Private Equity and AXA Real Estate, partly offset by the voluntary exit from unprofitable employee shareholding schemes (€-4 billion) and Main Fund short term investments (€-2 billion).

Gross revenues increased by €14 million (+1%) to €1,577 million [1]. On a constant exchange rate basis and excluding distribution fees (retroceded to distributors), net revenues increased by €6 million (+1%) to €1,201 million mainly driven by (i) higher management fees (€+53 million), in line with higher average AUM, and (ii) higher performance fees (€+17 million), partly offset by (iii) lower realized carried interests (€-36 million) mainly from AXA Real Estate, and (iv) lower AXA Real Estate transaction fees (€-20 million).

Net investment result increased by €4 million to €-17 million. On a constant exchange rate basis, net investment result decreased by €1 million mainly driven by lower dividends.

(1) €1,324 million after intercompany eliminations.

General expenses decreased by €25 million to €-1,214 million. On a constant exchange rate basis and excluding distribution fees, general expenses decreased by €28 million (-3%) owing to a €22 million positive impact in 2012 as a result of the closure of AXA Rosenberg coding error issue.

As a result, the **underlying cost income** ratio decreased by 2.9 points to 70.7%

Income tax expenses increased by €34 million (+43%) to €-113 million. On a constant exchange rate basis, income tax expenses increased by €31 million (+40%) mainly due to a higher tax basis and €12 million non-recurring positive tax impacts in 2011.

Underlying earnings increased by €8 million (+4%) to €223 million. On a constant exchange rate basis, underlying earnings increased by €2 million (+1%).

Adjusted earnings increased by €7 million (+3%) to €219 million. On a constant exchange rate basis, adjusted earnings were flat as higher underlying earnings were offset by a higher impairment charge.

Net income increased by €35 million (+18%) to €226 million. On a constant exchange rate basis, net income increased by €30 million (+15%) mainly driven by a more favorable change in fair value of unrealized carried interests (€+18 million) and a more favorable mark-to-market of fixed income funds (€+15 million).

Banking

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

CONSOLIDATED GROSS REVENUES

(In Euro million)	2012	2011
AXA Banks (a)	**468**	**523**
Belgium (b)	312	328
France	94	116
Hungary	35	54
Germany	23	23
Switzerland	-	0
Other (c)	4	1
Other	6	6
TOTAL	**474**	**529**
Intercompany transactions	(8)	(44)
Contribution to consolidated gross revenues	**466**	**485**

(a) Of which AXA Bank Europe and its branches: €351 million.
(b) Includes commercial activities in Belgium and shared services of AXA Bank Europe (treasury and support functions).
(c) Includes Slovakia and Czech Republic.

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011
AXA Banks [(a)]	**8**	**36**
Belgium [(b)]	31	55
France	(15)	1
Hungary	-	-
Germany	3	4
Switzerland	-	(11)
Other [(c)]	(12)	(12)
Other	(3)	(4)
Underlying earnings	**5**	**32**
Net realized capital gains or losses attributable to shareholders	(5)	(5)
Adjusted earnings	**(1)**	**27**
Profit or loss on financial assets (under Fair Value option) & derivatives	(3)	(13)
Exceptional operations (including discontinued operations)	(30)	(144)
Goodwill and related intangibles impacts	-	(86)
Integration and restructuring costs	(4)	(21)
NET INCOME	**(38)**	**(237)**

(a) Of which AXA Bank Europe and its branches: €19 million.
(b) Includes commercial activities in Belgium for €13 million and shared services of AXA Bank Europe (treasury and support functions) for €18 million.
(c) Includes Slovakia and Czech Republic.

AXA BANKS

Belgium

Net banking revenues decreased by €16 million (-5%) to €312 million. On a comparable basis[(1)], net banking revenues increased by €34 million (+13%) mainly driven by higher portfolio revenues (€+25 million) driven by a growing investment portfolio while the lower interest rate environment resulted in lower funding cost (€+21 million) partly offset by lower commission margin (€-7 million). Net New Money collection reached €1.4 billion due to successful marketing campaigns early in the year.

Underlying earnings decreased by €24 million (-44%) to €31 million mainly driven by lower commercial margin (€-18 million), higher administrative expense (€-11 million) due to new taxes and new contributions to the financial stability fund, lower commission margin (€-7 million), higher provision for loans losses (€-6 million) and the transfer of an internal business unit (€-6 million), partly offset by a higher transformation margin (€+31 million).

Adjusted earnings decreased by €26 million (-51%) to €25 million mainly due to the decrease in underlying earnings.

Net income increased by €5 million (+20%) to €33 million mainly driven by a higher foreign exchange result (€+14 million), the deconsolidation of Switzerland (€+8 million reflecting the transfer of the client portfolio to Bank zweiplus on January 1st 2012) and lower restructuring costs (€+12 million), partly offset by lower adjusted earnings (€-26 million).

France

Net banking revenues decreased by €22 million (-19%) to €94 million. On a comparable basis [(1)], net banking revenues decreased by €27 million (-23%) mainly due to higher interests paid to customers on savings accounts as a result of a promotional campaign during the first half of 2012 which enabled the Company to maintain positive net new money in 2012, partly mitigated by higher interest revenues on mortgages as a consequence of an increase in new credit production.

Underlying earnings decreased by €15 million to €-15 million, following the decrease in operating revenues, in a context of stable cost of risk and slightly increasing expenses to support growth.

Adjusted earnings and net income decreased by €15 million in line with underlying earnings.

(1) In Banking Segment, for net banking revenues, « on a comparable basis » means after intercompany eliminations.

Hungary

The Hungarian government enacted legislation in September 2011 allowing customers to redeem foreign currency denominated mortgages at non-market rates. In this context, the Hungarian credit production has been stopped.

Net banking revenues decreased by €19 million to €35 million. On a comparable basis [(1)], net banking revenues decreased by €26 million mainly driven by lower interest income following the discontinuation of the lending activity and higher funding cost.

Net income increased by €191 million to €-38 million. Excluding the impact of the provisions and impairments directly related to the Forced Conversion Plan in 2011, net income increased by €2 million mainly due to lower provisions partly offset by higher taxes and a lower interest margin following the discontinuation of the lending activities leading to a declining loan portfolio.

Germany

Net banking revenues remained fairly stable (-1%) at €23 million. On a comparable basis [(1)], net banking revenues increased by €2 million (+7%).

Underlying earnings decreased by 13% to €3 million.

Adjusted earnings and **net income** remained stable at €4 million.

Czech republic

Underlying earnings as well as **adjusted earnings** and **net income** increased by €2 million to €-6 million mainly driven by higher commercial margin, partly offset by higher distribution commissions.

Slovakia

Underlying earnings as well as **adjusted earnings** and net **income decreased** by €1 million to €-6 million mainly driven by higher administrative expenses following marketing campaigns to support business growth.

Switzerland

AXA Bank Switzerland closed its operations on January 1, 2012 following the transfer of its customer portfolio to Bank Zweiplus.

Holdings and other companies

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

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME

(In Euro million)	2012	2011
AXA	(590)	(561)
Other French holding companies	(39)	(47)
Foreign holding companies	(204)	(238)
Other	1	2
Underlying earnings	**(833)**	**(843)**
Net realized capital gains or losses attributable to shareholders	(72)	(224)
Adjusted earnings	**(905)**	**(1,067)**
Profit or loss on financial assets (under Fair Value option) & derivatives	(228)	(17)
Exceptional operations (including discontinued operations)	(17)	1,324
Goodwill and related intangibles impacts	0	0
Integration and restructuring costs	(1)	(0)
NET INCOME	**(1,151)**	**240**

(1) *In Banking Segment, for net banking revenues, « on a comparable basis » means after intercompany eliminations.*

AXA [1]

Underlying earnings decreased by €30 million to €-590 million mainly due to an increase in financial charges mainly driven by the result of the amendment of the foreign currency hedging policy (€-56 million) as well as a lower income on the net participation in BNP Paribas (€-32 million), partly offset by €+48 million related to the hedging program on Performance Units at Group holding level.

Adjusted earnings increased by €70 million to €-652 million mainly driven by the end of the premium amortization on equity call options (€-48 million in 2012 vs. €-105 million in 2011), and a €31 million realized capital gain on real estate, partly offset by underlying earnings evolution.

Net income decreased by €1,430 million to €-883 million. Excluding 2011 exceptional items with (i) €+1,519 million exceptional gain related to disposals of the Australia & New Zealand and Canadian operations, (ii) a loss related to a sale of a tax receivable for €84 million and (iii) a €125 million allowance due to the restructuring of the participation in Bharti AXA Life Insurance Co. Ltd, net income decreased by €120 million mainly driven by:

- €-250 million unfavorable change in fair value of derivatives not eligible to hedge accounting;
- €+67 million linked to the sale of Canadian operations in respect of contingent consideration based on profitability metrics;
- €+70 million increase in adjusted earnings.

The Company continued to reinforce its foreign currency hedging policy through a better balancing in the level of protection of net asset value, financial charge, liquidity and solvency positions. This new framework started to be implemented in 2011 and mainly covered US dollar, Swiss Franc and Yen currencies. The impact of this new policy was €-123 million in 2012 net income.

OTHER FRENCH HOLDING COMPANIES

AXA France Assurance

Underlying earnings decreased by €7 million to €-24 million mainly due to higher tax expenses (€-5 million) resulting from higher inter-company dividends received.

Other French holdings

Underlyings earnings increased by €15 million to €-15 million mainly due to an increase in operating profits from non consolidated entities.

Adjusted earnings increased by €16 million to €-15 million mainly driven by underlying earnings.

Net income increased by €57 million to €-21 million as a consequence of a lower allowance due to the restructuring of the participation in Bharti AXA General Insurance (€17 million in 2012 vs. €53 million in 2011), as well as adjusted earnings evolution.

FOREIGN HOLDING COMPANIES

AXA Financial Inc.

Underlying earnings decreased by €27 million (-21%), to €-158 million. On a constant exchange rate basis, underlying earnings decreased by €16 million (-12%), mainly reflecting the impact of higher share-based compensation expense.

Adjusted earnings decreased by €27 million (-21%) to €-158 million. On a constant exchange rate basis, adjusted earnings decreased by €16 million (-12%), in line with the underlying earnings evolution.

Net income decreased by €8 million (-8%) to €-113 million. On a constant exchange rate basis, net income remained stable reflecting adjusted earnings evolution offset by a more favorable change in fair value of cross currency swaps.

AXA UK Holdings

Underlying earnings increased by €22 million to €23 million. On a constant exchange rate basis, underlying earnings increased by €21 million. 2012 benefited from a favorable tax one-off of €6 million against a one off provision of €-14 million in 2011.

Adjusted earnings increased by €23 million to €23 million. On a constant exchange rate basis, adjusted earnings increased by €22 million in line with underlying earnings evolution.

Net income increased by €40 million to €24 million. On a constant exchange rate basis, net income increased by €39 million due to the improvement in adjusted earnings (+€22 million), favorable change in fair value of derivatives (€+8 million) and reduction of costs relating to exceptional operations (€+9 million).

(1) All the figures are after tax.

German Holding companies

Underlying Earnings increased by €11 million to €-6 million mainly due to non recurring items including lower expenses and a higher investment result.

Adjusted Earnings increased by €60 million to €-17 million mainly due to higher underlying earnings and lower impairment charges.

Net Income increased by €43 million to €-26 million mainly driven by adjusted earnings, partly offset by unfavorable change in fair value of derivatives.

Belgian Holding company

Underlying earnings decreased by €1 million (-5%) to €-12 million.

Adjusted earnings decreased by €5 million (-40%) to €-17 million, mainly due to higher impairments.

Net income decreased by €3 million (-20%) to €-16 million, mainly driven by adjusted earnings evolution.

Mediterranean and Latin American Region Holdings

Underlying earnings increased by €17 million (+25%) to €-51 million. On a constant exchange rate basis, underlying earnings increased by €17 million (+25%) reflecting lower financial charges.

Adjusted earnings increased by €16 million (+24%) to €-52 million. On a constant exchange rate basis, adjusted earnings increased by €17 million (+24%) mainly reflecting higher underlying earnings.

Net income decreased by €12 million (-21%) to €-69 million. On a constant exchange rate basis, net income decreased by €12 million (-21%) driven by negative impact of additional litigation charges in Italy and unfavorable change in financing hedges, partly offset by the increase in underlying earnings.

Outlook

In a context of a still uncertain economic outlook and a low interest rates environment, AXA will remain focused on the execution of the three strategic priorities of its Ambition AXA plan: selectivity in mature markets, acceleration in high growth markets and efficiency everywhere.

In Property & Casualty, the technical result should continue to improve, thanks to a combination of underwriting measures and increased productivity. In Life & Savings, a continued focus on the more profitable Protection & Health segment as well as a higher proportion of unit-linked business in savings should lead to a more profitable new business mix. In Asset Management, the positive net flows momentum of the last quarter together with a continuing focus on investment performance should drive an improved business performance.

Glossary

The split between high growth market and mature market is detailed below:

The notion of High Growth market includes the following countries: Central & Eastern countries (Poland, Czech Republic, Slovakia, Hungary, Ukraine, Russia), Hong Kong, South-East Asia (Singapore, Indonesia, Thailand, Philippines, Malaysia) India, China, and the Mediterranean and Latin American Region (Morocco, Turkey, Gulf, Mexico), excluding Direct operations.

The notion of Mature Market includes the following countries: the United States, the United Kingdom, Benelux, Germany, Switzerland, Japan, Italy, Spain, Portugal, Greece and France.

COMPARABLE BASIS FOR REVENUES AND ANNUALIZED PREMIUMS EQUIVALENT

On a comparable basis means that the data for the current period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate** basis). It also means that data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural** basis) and for changes in accounting principles (**constant methodological** basis).

ADJUSTED EARNINGS

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

- (i) exceptional operations (primarily change in scope and discontinued operations);
- (ii) integration and restructuring costs related to material newly acquired companies as well as restructuring and associated costs related to productivity improvement plans;
- (iii) goodwill and other related intangibles; and
- (iv) profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder), foreign exchange impacts on assets and liabilities, and derivatives related to invested assets.

Derivatives related to invested assets:

- include all foreign exchange derivatives, except the ones related to currency options in earnings hedging strategies which are included in underlying earnings; and also
- exclude derivatives related to insurance contracts evaluated according to the "selective unlocking" accounting policy;
- exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities and real estate backing general account and shareholders' funds, for which cost at inception, intrinsic value and pay-off flow through adjusted earnings, and only time value flows through net income when there is no intention to sell the derivatives in the short term (if not, flows through adjusted earnings).

UNDERLYING EARNINGS

Underlying earnings correspond to adjusted earnings excluding net capital gains or losses attributable to shareholders.

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

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

EARNINGS PER SHARE

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

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (including interest charges related to undated debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares, on a diluted basis (that is to say including the potential impact of all outstanding dilutive stock options being exercised performance shares, and conversion of existing convertible debt into shares, provided that their impact is not anti-dilutive).

RETURN ON EQUITY ("ROE")

The calculation is prepared with the following principles:

- for net income ROE: calculation is based on consolidated financial statements, i.e. shareholders' equity including undated subordinated debt ("Super Subordinated Debts" TSS/"Undated Subordinated Debts" TSDI) and Other Comprehensive Income "OCI", and net income not reflecting any interest charges on TSS/TSDI;
- for adjusted and underlying ROE:
  - all undated subordinated debts (TSS/TSDI) are treated as financing debt, thus excluded from shareholders' equity,
  - interest charges on TSS/TSDI are deducted from earnings,
  - OCI is excluded from the average shareholders' equity.

LIFE & SAVINGS MARGIN ANALYSIS

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

Even though the presentation of Margin Analysis is not the same as the Statement of Income (underlying basis), it is based on the same GAAP measures as used to prepare the Statement of Income in accordance with IFRS. As a result, the operating income under the Margin Analysis is equal to that reported in AXA's Statement of Income for the segment.

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

- for insurance contracts and investment contracts with Discretionary Participation Features (DPF):

(i) Gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between "Fees and Revenues" and "Net Technical Margin";

(ii) Policyholders' interest in participating contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, i.e. primarily "Investment Margin" and "Net Technical Margin";

(iii) The "Investment margin" represents the net investment result in the Statement of Income and is adjusted to take into account the related policyholders' participation (see above) as well as changes in specific reserves linked to invested assets' returns and to exclude the fees on (or contractual charges included in) contracts with the financial risk borne by policyholders, which are included in "Fees and Revenues";

(iv) Change in URR (Unearned Revenue Reserve – capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues and fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin analysis;

- for investment contracts without DPF:

(i) deposit accounting is applied. As a consequence, fees and charges related to these contracts are presented in the underlying Statement of Income within Gross consolidated revenues on a separate line, and in Margin analysis in the lines "Fees & Revenues" and "Net Technical margin";

(ii) change in UFR (Unearned Fees Reserve – capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues & fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin analysis.

Underlying Investment margin includes the following items:

(i) net investment income;

(ii) interests and bonuses credited to policyholders and unallocated policyholder bonuses (and the change in specific reserves purely linked to invested assets returns) related to the net investment income.

Underlying Fees & Revenues include:

(i) revenues derived from mutual fund sales (which are part of consolidated revenues);

(ii) loadings charged to policyholders on premiums/deposits and fees on funds under management for separate account (unit-linked) business;

(iii) loadings on (or contractual charges included in) premiums/deposits received on all general account product lines;

(iv) deferral income such as capitalization net of amortization of URR (Unearned Revenue Reserve) and UFR (Unearned Fee Reserve);

(v) other fee revenues, e.g., fees received on financial planning or sales of third party products.

Underlying Net Technical margin includes the following components:

(i) mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefits and claims. It is equal to the difference between income for assuming risk and the actual cost of benefits. This margin does not include the claims handling costs and change in claims handling cost reserves;

(ii) surrender margin: The difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination;

(iii) GMxB (Variable Annuity guarantees) active financial risk management is the net result from GMxB lines corresponding to explicit charges related to these types of guarantees less cost of hedge. It also includes the unhedged business result;

(iv) policyholder bonuses if the policyholder participates in the risk margin;

(v) ceded reinsurance result;

(vi) other changes in insurance reserves are all the reserves strengthening or release coming from changes in valuation assumptions, additional reserves for mortality risk and other technical impacts such as premium deficiency net of derivative if any.

Underlying Expenses are:

(i) acquisition expenses, including commissions and general expenses allocated to new business, related to insurance products as well as to other activities (e.g., mutual fund sales);

(ii) capitalization of acquisition expenses linked to new business: Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF;

(iii) amortization of acquisition expenses on current year and prior year new business, including the impact of interest capitalized: amortization charge for Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF;

(iv) administrative expenses;

(v) claims handling costs;

(vi) policyholder bonuses if the policyholder participates in the expenses of the Company.

Underlying VBI amortization includes VBI (Value of Purchased Life Business In-force) amortization related to underlying margins, as well as amortization of other intangibles related to the in-force business.

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

PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)

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

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

(i) earned premiums, gross of reinsurance;

(ii) claims charges, gross of reinsurance;

(iii) change in claims reserves, including claims handling costs reserves, gross of reinsurance, excluding the recurring interests credited to insurance annuity reserves;

(iv) claims handling costs;

(v) net result of ceded reinsurance.

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

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

(ii) earned revenues, gross of reinsurance.

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

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

(ii) Earned revenues, gross of reinsurance.

Underlying expense ratio is the ratio of:

(i) underlying expenses (excluding claims handling costs); to

(ii) earned revenues, gross of reinsurance.

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

The **enlarged expense ratio** is the sum of the expense ratio and claims handling cost ratio.

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

ASSET MANAGEMENT

Net New Money: Inflows of client money less outflows of client money. Net New Money measures the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

Underlying Cost Income Ratio: (general expenses net of distribution revenues)/ (gross revenues excluding distribution revenues).

Assets Under Management (AUM) are defined as the assets whose management has been delegated by their owner to an asset management company such as AXA Investment Managers and AllianceBernstein. AUM only includes funds and mandates which generate fees and exclude double counting.

BANKING

Net New Money is a banking volume indicator. It represents the net cash flows of customers' balances in the bank, with cash inflows (collected money) and cash outflows (exiting money). It includes market effect and capitalized interests over the period.

1.4 LIQUIDITY AND CAPITAL RESOURCES

Information in this section should be read in conjunction with Note 4 to the Consolidated Financial Statements included in Part 4 of this Annual Report which is covered by the Statutory Auditor's Report on the Consolidated Financial Statements.

Liquidity management is a core part of the Group financial planning including debt profile schedule and, more broadly, the capital allocation process. Liquidity resources result principally from Life & Savings, Property & Casualty and Asset Management operations, as well as from capital raising activities, and confirmed bank credit lines.

Over the past several years, AXA has expanded its core operations (insurance and asset management) through a combination of organic growth, direct investments and acquisitions. This expansion has been funded primarily through a combination of (i) dividends received from operating subsidiaries, (ii) proceeds from debt instruments issuance principally subordinated debt and borrowings (including debt issued by subsidiaries), (iii) the issuance of ordinary shares, and (iv) proceeds from the sale of non-core businesses and assets.

Each of the major operating subsidiaries is responsible for managing its liquidity position, in coordination with the Company. The Company, as the holding company for the AXA Group, coordinates funding and liquidity management of these activities and, in this role, participates in financing the operations of certain subsidiaries. Certain of AXA's subsidiaries, including AXA France Assurance, AXA Financial, AXA UK Plc. and AXA Mediterranean Holding SA are also holding companies and, consequently, are dependent on dividends received from their own subsidiaries to meet their obligations. The Group's operating insurance companies are required to meet multiple regulatory constraints, in particular, a minimum solvency ratio. The level of internal dividends paid by operating entities to the Company (or other Group companies) must therefore take into account these constraints as well as potential future regulatory changes. Cash positions also fluctuate as a result of cash-settled margin calls from banks relating to collateral agreements on derivatives, and the Company's statutory (parent only) results may be significantly impacted by unrealized gains and losses on derivatives used to hedge currency or other risks. The Company anticipates that cash dividends received from operating subsidiaries and other financing sources available to the Company will continue to cover its operating needs.

Internal sources of liquidity: AXA's subsidiaries

The principal sources of funds for AXA's insurance operations are premiums, investment income and proceeds from sales of invested assets. These funds are mainly used to pay policyholder benefits, claims and claims expenses, policy surrenders and other operating expenses, and to purchase investment assets. The liquidity of the Group's insurance operations is affected by, among other things, the overall quality of AXA's investments and the Group's ability to liquidate its investment assets to meet policyholder benefits and insurance claims as they fall due. The Group regularly reviews the quality of its assets to ensure adequate liquidity in stress scenarios.

Information on projected payments and surrenders related to Life & Savings and Property & Casualty insurance contracts are disclosed in Note 14.9.1 of Part 4 – "Consolidated Financial Statements".

LIFE & SAVINGS

Liquidity needs can be affected by a number of factors including fluctuations in the level of surrenders, withdrawals, maturities and guarantees to policyholders including guarantees in the form of minimum income benefits or death benefits, particularly on Variable Annuity business (see Part 1.2 – "Information on the Company" Segment "Information – Life & Savings – Surrenders and lapses").

The investment strategy of AXA's Life & Savings subsidiaries is designed to match the investment returns and estimated maturity of their investments with expected payments on their insurance contracts. Entities regularly monitor the valuation and duration of their investments and the performance of their financial assets. Financial market performance may affect the level of surrenders and withdrawals on life insurance policies, as well as immediate and projected long-term cash needs. As a result of close monitoring of surrender rates, Group subsidiaries are able to adjust their investment portfolios to reflect such considerations and react in a targeted manner.

PROPERTY & CASUALTY AND INTERNATIONAL INSURANCE

Liquidity needs can be affected by actual claims experience. Insurance net cash flows are generally positive but can be negative in the case of exceptional events. A portion of these cash flows is invested in liquid, short-term bonds and other listed securities in order to manage the liquidity risk that may arise from such events.

ASSET MANAGEMENT AND BANKING

These subsidiaries' principal sources of liquidity are operating cash flows, proceeds from the issuance of ordinary shares (where applicable), drawings on credit facilities, repurchase agreements and other borrowings from credit institutions, banking clients or others.

The financing needs of asset management subsidiaries arise principally from their activities, which require working capital, in particular to finance prepaid commissions on some mutual fund-type products at AllianceBernstein or to constitute seed money for new funds at both AllianceBernstein and AXA Investment Managers.

Liquidity position and risk management framework

In a still difficult macroeconomic environment in 2012, AXA continued to manage its liquidity risk carefully and conservatively.

At year-end 2012, AXA consolidated its liquidity position with:

- a large cash position across all business lines (information on cash flows from operations is provided in Note 12 to the Financial Statements included in Part 4 of this Annual Report). As of December 31, 2012, AXA's consolidated statement of financial position included cash and cash equivalents of €30.1 billion, net of bank overdrafts of €0.4 billion;
- a debt profile characterized by (i) a slight decrease in total net financing debt (1) from €13.4 billion at year-end 2011 to €13.0 billion at year-end 2012, (ii) debt mostly subordinated and with a long maturity profile with €4.0 billion of debt repayments over the next two years, estimated taking into account the first date of step-up calls on subordinated debt, out of which €1.6 billion have been refinanced by anticipation in January 2013, and (iii) stable debt ratios (debt gearing (2): 26% at year-end 2012, versus 27% (3) at year-end 2011; interest coverage (4): 9.3x at year-end 2012, versus 9.1x at year-end 2011);
- broad access to various markets via standardized debt programs: for example, at the end of 2012, this included a maximum envelope of €6 billion of French commercial paper, of $1.5 billion of US commercial paper and of €14 billion under an EMTN program.

AXA has a robust liquidity risk management framework that it reviews on a regular basis. Its assessment is performed through a quarterly monitoring of liquidity and solvency requirements in stressed environments both at local and Group level. At year-end 2012, Group entities held altogether more than €80 billion government bonds issued by Eurozone countries, which allows to address any local liquidity need through highly liquid ECB eligible assets. The Group also held €12.1 billion of committed undrawn credit lines at year-end 2012. The Group has its own liquidity requirements which are mainly coming from solvency needs from Group entities under severe stress scenarios and collateralized derivatives held by AXA SA. This derivatives book is monitored and managed on a daily basis by the AXA Group Treasury.

In addition, as part of its risk control system, AXA remains vigilant regarding contractual provisions, such as ratings triggers or restrictive covenants, in financing and other documentation that may give lenders, security holders or other counterparties, rights to accelerate repayment, demand collateral or seek other similar remedies under circumstances that could have a material adverse effect on its consolidated financial position. At year-end 2012, AXA had no rating triggers and no financial covenants in its credit facilities.

(1) *Total net financing debt = senior debt and commercial paper outstanding net of cash available at central holdings' levels + dated subordinated debt + undated subordinated debt.*

(2) *(Total net financing debt)/(shareholders' equity excluding undated subordinated debt and excluding unrealized gains & losses recorded through shareholders' equity + total net financing debt).*

(3) *Comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs. The 2011 published debt gearing ratio was 26%.*

(4) *Including interest charge on undated subordinated debt.*

SUBORDINATED DEBT

On a consolidated basis, dated subordinated debt (including derivative instruments) totaled €7,317 million at December 31, 2012 after taking into account all intra-group eliminations and excluding undated subordinated debt (TSS/TSDI, which are included in shareholders' equity, as described in Note 1.12.2 of Part 4 — Consolidated Financial Statements), compared to €7,108 million at December 31, 2011. The increase was €210 million, or €212 million on a constant exchange rate basis.

Since January 2007, AXA's only convertible debt outstanding is AXA's 2017 convertible bonds, (6.6 million bonds at December 31, 2012 representing a carrying value of €1,482 million for its debt component in Note 17 of Part 4 – Consolidated Financial Statements as of December 31, 2012). To neutralize the dilutive impact of the 2017 convertible bonds, AXA has purchased from a banking counterparty call options on the AXA ordinary share with an automatic exercise feature. Under this arrangement, one call option is automatically exercised upon each conversion of a convertible bond. Consequently, each issuance of a new ordinary share resulting from the conversion of a bond will be offset by the delivery to AXA of an existing ordinary share under the call option (which ordinary share AXA intends to cancel in order to avoid any increase of in the number of its outstanding shares and/or dilution).

At December 31, 2012, the number of ordinary shares issuable upon conversion of outstanding bonds was 29.2 million.

Movements in these items are described in Note 17 of Part 4 — "Consolidated Financial Statements".

The contractual maturities of financing debts are detailed in Note 17.3 of Part 4 — "Consolidated Financial Statements".

FINANCING DEBT INSTRUMENTS ISSUED

On a consolidated basis, AXA's total financing debt outstanding amounted to €2,514 million at December 31, 2012, an increase of €8 million from €2,506 million at the end of 2011. On a constant exchange rate basis, the increase was €4 million.

Movements in this item are described in Note 17 of Part 4 — "Consolidated Financial Statements".

FINANCING DEBT OWED TO CREDIT INSTITUTIONS

At December 31, 2012, the amount of debt owed by AXA and its subsidiaries to credit institutions was €831 million versus €807 million at the end of 2011. Debt owed by AXA and its subsidiaries to credit institutions was stable on a constant exchange rate basis.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2012, other debt instruments issued totaled €2,384 million, down from €3,407 million at the end of 2011. The decrease of €1,023 million mainly resulted from €996 million repayment of commercial paper.

Other debt owed to credit institutions (including bank overdrafts)

At December 31, 2012, other debt owed to credit institutions totaled €2,126 million (including €445 million of bank overdrafts), a decrease of €739 million compared to €2,865 million at the end of 2011 (including €1,029 million of bank overdrafts).

Movements in this item are described in Note 18 of Part 4 — Consolidated Financial Statements.

ISSUANCE OF ORDINARY SHARES

For several years, the AXA Group has offered to its employees, the opportunity to subscribe for shares issued through a capital increase reserved for employees. In 2012, employees invested a total of €291 million leading to a total of approximately 30 million newly issued shares. Employee (including agent) shareholders represented 7.4% of the outstanding share capital and 9.0% of the voting rights at December 31, 2012.

DIVIDENDS RECEIVED

Dividends received by the Company from its subsidiaries amounted to €3,303 million in 2012 (€4,307 million in 2011), of which €845 million were in currencies other than the Euro (€1,844 million in 2011).

As a holding company, AXA is not subject to legal restrictions on dividend payments, provided that its accumulated profits are sufficient to cover them and that the Group solvency ratio does not decrease below 100% after dividend payment in cash. However, many Group subsidiaries, particularly AXA's insurance subsidiaries, are subject to restrictions on the amount of dividends they can pay to their shareholders. For more information on these restrictions, see Note 29.4 of Part 4 — Consolidated Financial Statements.

The Company anticipates that cash dividends received from operating subsidiaries and other financing sources available to the Company will continue to cover its operating expenses (including interest payments on its outstanding debt and borrowings) and dividend payments during each of the next three years. AXA expects that anticipated investments in subsidiaries and existing operations, future acquisitions and strategic investments will be funded from available cash flow remaining after payments of dividends and operating expenses, proceeds from the sale of non-strategic assets and businesses as well as future issues of debt and equity instruments.

Uses of funds

Interest paid by the Company in 2012 totaled €1,251 million (€1,266 million in 2011) or €1,161 million after the impact of hedging derivative instruments (€1,066 million in 2011), of which undated subordinated debt of €449 million (€446 million in 2011).

Dividends paid to AXA SA's shareholders in 2012 in respect of the 2011 financial year totaled €1,626 million, or €0.69 per share, versus €0.69 per share paid in 2011 in respect of the 2010 financial year (€1,601 million in total). All of these dividends were paid in cash.

Solvency I margin

The Company's operating insurance subsidiaries are required by local regulations to maintain a minimum solvency margin. The primary objective of the solvency margin requirements is to protect policyholders. AXA's insurance subsidiaries monitor compliance with these requirements on a continuous basis and are in compliance with the applicable solvency requirements as of December 31, 2012.

The solvency margin calculation is based on a formula that contains variables related to economic, financial and technical parameters.

A European Directive dated October 27, 1998 requires a consolidated solvency margin calculation effective for periods ending on or after December 31, 2001. France implemented this directive under an ordinance dated August 29, 2001, decreed on March 14, 2002 and applicable from 2002. Additional supervision of credit institutions, investment companies and insurance companies belonging to "financial conglomerates" was introduced by the European Parliament and Council Directive 2002/87/EC of December 16, 2002. France implemented this directive through an ordinance dated December 12, 2004, which introduced the notion of financial conglomerate into the French Insurance Code. According to article 20 of the Insurance Code, the provisions of this ordinance applied for the first time to periods starting on or after January 1, 2005.

The various components of what the Group considers as available capital are determined in accordance with these regulatory requirements under Solvency I, which are not yet harmonized throughout Europe while waiting for Solvency II. At December 31, 2012, available capital amounted to €56.2 billion (€44.3 billion at December 31, 2011) of which:

- **(i)** consolidated shareholders' equity after dividend proposal: €39.1 billion (€39.8 billion at December 31, 2011), including minority interests, but excluding reserves relating to changes in fair value through equity (available for sale assets) and undated subordinated debt;
- **(ii)** gross unrealized capital gains and other: €28.8 billion (€17.5 billion at December 31, 2011);
- **(iii)** admitted subordinated debt: €12.1 billion (€11.8 billion at December 31, 2011);
- **(iv)** locally admitted assets: €2.5 billion (€2.6 billion at December 31, 2011);

(v) less intangible assets (excluding goodwill on AllianceBernstein as it is part of its net consolidated book value) of €21.4 billion (€22.8 billion at December 31, 2011) and less the net consolidated book value of its equity interests in credit institutions, investment companies and other financial institutions: €3.7 billion (€3.9 billion at December 31, 2011).

AXA is not considered as a financial conglomerate. However, in accordance with the Decree of September 19, 2005, if a company is not subject to the additional supervision applicable to a financial conglomerate, its solvency margin is nevertheless reduced by the amount of its equity interests in credit institutions, investment companies or financial institutions if the Group holds more than 20% in these types of entities.

Dated and undated subordinated notes issued by the Company qualify for favorable capital treatment from the French insurance regulator, which oversees the Company's consolidated solvency position, and rating agencies.

The Company has issued dated subordinated notes, undated subordinated notes ("TSDI"), and undated deeply subordinated notes ("TSS"), which include provisions designed to allow the Company to ensure the continuity of its activities in the event its financial position deteriorates.

In particular, the Company's TSS include loss absorption mechanisms which provide that under certain circumstances relating to the consolidated solvency margin of the Group, the principal amount of each of the relevant TSS will be written down. In such a case, interests will become payable on the reduced principal amount. The principal can be reinstated in the future (following the Compagny's return to financial health as defined by the term of the TSS).

In addition, subordinated notes include mechanisms to defer or cancel interest payments either on a mandatory or an optional basis.

Pursuant to the terms and conditions of AXA's TSDI, the Company may, at its option, defer interest payment upon the occurrence of certain events (e.g. absence of dividend payment voted in the preceding annual Shareholders' Meeting or receipt by the Company or by certain of its principal subsidiaries of a regulatory demand to restore their applicable minimum solvency margin level). Payment of deferred interest becomes due in certain specified cases (e.g. payment of a dividend, notification of the end of a regulatory demand to restore solvency, liquidation or redemption of the TSDI).

In addition, for most of the Company's TSS, upon the occurrence of certain events relating to the Company's consolidated net earnings and shareholders' equity, the Company is required to defer payment of interest. In such events, the Company may satisfy mandatory deferred interest by way of alternative settlement mechanisms (such as, subject to applicable limits, issuance of new shares or other securities including TSS or preference shares, sale of treasury shares, or an increase in the principal amount of the relevant notes) within five years, failing which the interest is forfeited. However, the settlement of deferred interest becomes due, on a best efforts basis, in certain circumstances including redemption of the notes, liquidation, payment of a dividend or interest on any other TSS, any share buy back outside the Company's buy-back program, or any redemption or repurchase of other TSS.

Finally, under its TSS, the Company has an option to cancel payments of interest upon the deterioration of its financial position, unless certain events have occurred in the preceding year (e.g. a dividend payment or interest payment on any TSS, any share buy-back outside the Company's share buy-back program or a repurchase or redemption of any TSS). However, upon the occurrence of certain circumstances relating to the consolidated regulatory solvency margin of the Company, the Company is required to cancel the payment of interest.

In accordance with the methods of calculation implemented by AXA in line with existing regulations, AXA's consolidated solvency ratio was estimated at 233% at December 31, 2012 compared to 188% at the end of 2011. This change resulted mainly from the 2012 Underlying Earnings and from unrealized capital gains on fixed income. This 2012 solvency margin calculation will be reviewed by the Autorité de Contrôle Prudentiel (ACP), which controls the application of these directives in France.

In the event the Company and/or any of its insurance subsidiaries fails to meet minimum regulatory capital requirements, insurance regulators have broad authority to require or take various regulatory actions. A failure of any of the Company's insurance subsidiaries to meet their minimum regulatory capital requirements and/or a reduction in the level of their regulatory capital that may negatively impact their competitive position may also result in the Company having to inject significant amounts of new capital into its insurance subsidiaries, which could adversely affect the Company's liquidity position.

Credit rating

Claims paying and credit strength ratings have become increasingly important factors in establishing the competitive position of insurance companies. Rating agencies review their ratings and rating methodologies on a recurring basis and may change their ratings at any time. Consequently, our current ratings may be subject to change in the future.

In February 2012, Moody's Investors Services reaffirmed the Aa3 rating for counterparty credit and financial strength on AXA's principal insurance subsidiaries, assigning a negative outlook.

On September 24, 2012, Fitch reaffirmed all AXA entities' Insurer Financial Strength ratings at 'AA-', revising the outlook from stable to negative.

On December 18, 2012, S&P reduced long-term ratings on AXA Group to 'A+', assigning a stable outlook.

Management closely monitors the Group's ratings and currently expects that these ratings should remain at levels sufficient for the Company and its insurance subsidiaries to compete effectively. Given continuing high volatility and uncertainty in financial markets and general economic conditions, however, management cannot predict with any degree of certainty the timing and/or magnitude of future ratings actions.

Subsequent events after December 31, 2012 impacting AXA's liquidity

A dividend per share of €0.72 will be proposed at AXA's Annual Shareholders' Meeting that will be held on April 30, 2013. The dividend will be payable on May 14, 2013 with an ex-dividend date of May 9, 2013.

Please refer to Note 32 of Part 4 — "Consolidated Financial Statements" for other subsequent events.

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2 CORPORATE GOVERNANCE

2.1 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Implementing sound corporate governance principles has been a priority at AXA for many years. Subject to prevailing corporate governance requirements and practices in France, AXA adopted, in 2008, the AFEP/MEDEF Code (defined below) as its Corporate Governance Code of reference. The AFEP/MEDEF Code consists, in particular, of recommendations issued by the AFEP and the MEDEF in a report dated October 2003 and recommendations dated January 2007, October 2008 and April 2010 (hereafter the "AFEP/MEDEF Code").

Governance

On April 29, 2010, AXA's shareholders approved the change in AXA's governance structure. The former dual structure consisting of a Management Board and a Supervisory Board was replaced by a unitary Board of Directors. This unitary board structure was implemented in order to enhance the efficiency and reactivity of the Group's governance processes and has been carefully designed to ensure an appropriate balance of powers. In the uncertain market, regulatory and competitive environment coming out of the financial crisis, greater reactivity and increased efficiency in the Group's governance processes were considered critical to the Group's continued future success.

In the context of the change in AXA's governance structure, the Board of Directors concluded that it was in the best interest of the Company and its shareholders for Mr. Henri de Castries to hold the position of Chairman in addition to his functions as Chief Executive Officer.

In order to preserve well balanced governance structures and debates, the Board of Directors' Bylaws require that a majority of the Board be composed of independent directors, that certain Board Committees (including Audit and Compensation & Human Resources) be composed entirely of independent directors and that the Board have an independent Vice-Chairman who acts as Lead Independent Director in all cases where the positions of Chairman & Chief Executive Officer are held by the same person. AXA's Lead Independent Director has a number of specific powers including the power to convene meetings of the non-executive directors without the attendance of the Chairman & Chief Executive Officer and/or the Deputy Chief Executive Officer, to inform the Chairman and the Board of Directors about potential conflicts of interests, and to take a variety of other actions designed to ensure that the Company's governance structures remain robust and well balanced at all times and to avoid an excessive concentration power when the positions of Chairman & Chief Executive Officer are held by the same person.

Board of Directors

ROLE AND POWERS

The Board of Directors determines the strategic orientations of the Company's activities and ensures their implementation. Notwithstanding the powers specifically assigned to the Shareholders' Meetings by law, and within the limit of the Company's purpose, the Board is responsible for considering all material questions and taking all material decisions related to the Company and its business. It notably exercises the following powers:

- chooses between the two forms of Executive Management (separating or combining of the roles of Chairman & Chief Executive Officer) upon appointment or reappointment of the Chairman of the Board of Directors or the Chief Executive Officer;
- appoints and determines the compensation of the Chief Executive Officer as well as the Deputy Chief Executive Officer;
- reviews and sets the Company's half-year and annual results;
- approves the report of its Chairman on the composition of the Board including gender balance, the conditions of preparation and organization of the Board of Directors' work and the internal control and risk management procedures set up by the Company;
- convenes Shareholders' Meetings;

- grants stock options and/or performance shares to Group employees and corporate officers within the framework of the authorizations it receives from the Extraordinary Shareholders' Meeting;
- authorizes regulated agreements (*conventions "réglementées"*).

The Board of Directors is also required to approve certain significant transactions (sales or acquisitions over €500 million; significant financing operations or other types of transactions that are not within the Company's announced strategy…).

OPERATING PROCEDURES

The guidelines governing the operation, organization and compensation of the Board of Directors and its Committees are set forth in the Board's Bylaws. The Bylaws detail, in particular, the powers, assignments and obligations of the Board of Directors and its Committees.

The Board of Directors meets as often as it deems necessary. Periodically, Board members may meet among themselves without the attendance of the Executive Management. Prior to each meeting, Board members receive documentation concerning matters to be reviewed, generally eight days in advance. In accordance with the Board of Directors' Bylaws, they are also informed by the Chief Executive Officer on a regular basis about the Company's financial condition, cash position and commitments as well as any significant events or transactions involving the Company or the Group.

Training sessions are provided for new and existing members of the Board of Directors in order to familiarize them with the Group's principal activities and issues. These sessions focus on a variety of issues including the financial structure, the strategy, the governance and the Group's primary operating businesses and subsidiaries.

To ensure that the interests of members of the Board of Directors and those of the Company are appropriately aligned, the Board's Bylaws provide that each member of the Board of Directors must hold, within two years following his/her first appointment, AXA shares with a value equal to the gross director's fees earned in respect of the previous fiscal year. For this purpose AXA shares are valued using the closing price of the AXA share on December 31 of the preceding fiscal year.

COMPOSITION

Pursuant to Article 10 of the Company's Charter, the members of the Board of Directors are in principle appointed by the Shareholders' Meeting for four years. However, following the change in the Company's governance structure on April 29, 2010, the term of office of all Supervisory Board members automatically terminated and most Supervisory Board members became members of the Company's new unitary Board of Directors for the remaining duration of their term of office.

On December 31, 2012, the Board of Directors was comprised of fifteen members. Currently, five members of the Board of Directors are nationals of countries other than France and four members are women. The proportion of women within the Board of Directors was 26.7% on December 31, 2012. The Board's composition therefore complies with the provisions of the law of January 27, 2011 as well as the recommendations contained in the AFEP/MEDEF Code regarding gender balance on Boards.

While the Company is currently in compliance with applicable legal and regulatory requirements, the Ethics & Governance Committee currently intends to propose additional women directors for consideration by shareholders at future Shareholders' Meetings.

In accordance with French law, one member of the Board of Directors (currently Mrs. Doina Palici-Chehab) is the employee shareholders' representative. This representative is appointed by shareholders every four years from a list of candidates selected by the Group's employee shareholders. The Board of Directors does not have any non-voting members (censors).

Each year, the Board of Directors assesses the independence of all of its members on the basis of the recommendations contained in the AFEP/MEDEF Code. On February 20, 2013, the Board of Directors determined that, on December 31, 2012, eleven of the fifteen Board members were independent after assessing the criteria of the AFEP/MEDEF Code: Mmes. Isabelle Kocher, Suet Fern Lee and Dominique Reiniche, Messrs. Jean-Pierre Clamadieu, Norbert Dentressangle, Jean-Martin Folz, Anthony Hamilton, Stefan Lippe, François Martineau, Ramon de Oliveira and Marcus Schenck.

The Company's Charter and Bylaws provide for the mandatory appointment of a Vice-Chairman acting as Lead Independent Director in all cases where the positions of Chairman & Chief Executive Officer are held by a single individual. On April 29, 2010, the Board of Directors appointed Mr. Norbert Dentressangle as Lead Independent Director. This Lead Independent Director has a number of specific powers including supervising the contribution of the independent directors to the Board's work and acting as their spokesperson with Executive Management to the extent necessary or appropriate. He is also consulted by the Chairman of the Board of Directors on the agenda and planning of every Board meeting.

More particularly, the Lead Independent Director has the power to attend and participate in all meetings of Board Committees (regardless of whether he is a Committee member), to inform the Chairman and the Board of Directors about any potential conflicts of interests, to report to the Shareholders' Meetings with respect to all corporate governance related matters, to require the Chairman & Chief Executive Officer to convene full meetings of the Board on a specific agenda at any time, to convene meetings of the non-executive directors at any time without the attendance of the Chairman & Chief Executive Officer and the Deputy Chief Executive Officer (these meetings called "Executive Sessions" are chaired by the Vice-Chairman and may be held at any time at the Vice-Chairman's discretion).

COMPOSITION OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2012

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	First appointment/ term of office
Henri de Castries (58) Chairman & Chief Executive Officer of AXA 25, avenue Matignon – 75008 Paris – France French nationality	Chairman & Chief Executive Officer	April 2010/2014 Annual Shareholders' Meeting
Norbert Dentressangle (58) Chairman of Dentressangle Initiatives (SAS) 30bis, rue Sainte-Hélène – 69287 Lyon Cedex 02 – France French nationality	Vice-Chairman of the Board of Directors Lead Independent Director Chairman of the Compensation & Human Resources Committee	May 2006/2014 Annual Shareholders' Meeting
Denis Duverne (59) Deputy Chief Executive Officer of AXA in charge of Finance, Strategy and Operations 25, avenue Matignon – 75008 Paris – France French nationality	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	April 2010/2014 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (54) Chairman of the Executive Committee and director of Solvay (Belgium) Rue de Ransbeek 310 – 1120 Brussels – Belgium French nationality	Independent director	October 2012/2015 Annual Shareholders' Meeting
Jean-Martin Folz (65) Companies' director AXA - 25, avenue Matignon – 75008 Paris – France French nationality	Independent director Chairman of the Ethics & Governance Committee Member of the Finance Committee Member of the Compensation & Human Resources Committee	May 2007/2015 Annual Shareholders' Meeting
Anthony Hamilton (71) Non-executive Chairman of AXA UK plc (United Kingdom) 5 Old Broad Street – London EC2N 1AD – United Kingdom British nationality	Independent director Chairman of the Audit Committee Member of the Compensation & Human Resources Committee	January 1996/2013 Annual Shareholders' Meeting
Mrs. Isabelle Kocher (46) Executive Vice-President, Chief Financial Officer of GDF SUEZ Tour T1 – 35e étage – 1, place Samuel de Champlain – Faubourg de l'Arche – 92400 Courbevoie – France French nationality	Independent director Member of the Compensation & Human Resources Committee	April 2010/2014 Annual Shareholders' Meeting
Mrs. Suet Fern Lee (54) Senior Partner of Stamford Law Corporation (Singapore) 10 Collyer Quay #27-00 Ocean Financial Centre – Singapore 049315 – Singapore Singaporean nationality	Independent director Member of the Finance Committee	April 2010/2014 Annual Shareholders' Meeting

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	First appointment/ term of office
Stefan Lippe (57) Co-founder and Vice-Chairman of the Board of Directors of Acqupart Holding AG (Switzerland) and Acqufin AG (Switzerland) Baarerstrasse 8 – CH 6300 Zug – Switzerland German nationality	Independent director Member of the Audit Committee	April 2012/2016 Annual Shareholders' Meeting
François Martineau (61) Attorney at Law Lussan / Société d'avocats 282, boulevard Saint Germain – 75007 Paris – France French nationality	Independent director Member of the Compensation & Human Resources Committee Member of the Ethics & Governance Committee	April 2008/2016 Annual Shareholders' Meeting
Ramon de Oliveira (58) Managing Director of Investment Audit Practice, LLC (United States) 580 Park Avenue – New York – NY 10065 – United States French nationality	Independent director Chairman of the Finance Committee Member of the Audit Committee	April 2009/2013 Annual Shareholders' Meeting
Mrs. Doina Palici-Chehab (55) Chief Executive Officer of AXA Business Services Pvt. Ltd. (India) 16/2, Residency Road – Bangalore – 560025 India German nationality	Director, representing the employee shareholders Member of the Finance Committee	April 2012/2016 Annual Shareholders' Meeting
Michel Pébereau (70) Honorary Chairman of BNP Paribas 3, rue d'Antin – 75002 Paris – France French nationality	Director Member of the Finance Committee Member of the Ethics & Governance Committee	January 1997/2013 Annual Shareholders' Meeting
Mrs. Dominique Reiniche (57) Chairman Europe of The Coca-Cola Company 27, rue Camille Desmoulins – 92784 Issy-les-Moulineaux Cedex 9 France French nationality	Independent director Member of the Finance Committee	April 2005/2013 Annual Shareholders' Meeting
Marcus Schenck (47) Member of the Management Board and Chief Financial Officer of E.ON AG (Germany) Platz 1 – 40479 Düsseldorf – Germany German nationality	Independent director Member of the Audit Committee	April 2011/2015 Annual Shareholders' Meeting

Mr. Claude Bébéar, who was the Honorary Chairman of the Supervisory Board since April 22, 2008, has been Honorary Chairman of the Board of Directors since April 29, 2010.

The Shareholders' Meeting to be held on April 30, 2013 will be asked to vote on the reappointment of two members of the Board of Directors whose term of office will end (Mr. Ramon de Oliveira and Mrs. Dominique Reiniche) on the ratification of the cooptation of a member of the Board of Directors (on October 10, 2012, the AXA Board of Directors decided to appoint Mr. Jean-Pierre Clamadieu as director, replacing Mr. Giuseppe Mussari who resigned on June 2012) as well as on the appointment of two new members of the Board of Directors, replacing Mr. Anthony Hamilton and Mr. Michel Pébereau whose term of office will end. In this context, the Board of Directors proposed, based on the recommendation of the Ethics & Governance Committee:

- the re-appointment as director of Mr. Ramon de Oliveira and Mrs. Dominique Reiniche for a four-year term (their biographies are presented below in this Section 2.1);
- the ratification of the cooptation of. Mr. Jean-Pierre Clamadieu, as director, for the remainder of his predecessor's term of office (his biography is presented below in this Section 2.1);
- the appointment of Mrs. Deanna Oppenheimer as director for a four-year term, replacing Mr. Anthony Hamilton whose term of office will end. Mrs. Deanna Oppenheimer's (54 years old) candidacy was selected due to her international profile as well as her knowledge of the finance industry, in particular the marketing and distribution areas. Mrs. Deanna Oppenheimer spent over 25 years in the banking industry, in the United States and in Europe, first at Washington Mutual and then within the Barclays Group where she was, among other positions, Chief Executive of Europe Retail and Business Banking until 2011;
- the appointment of Mr. Paul Hermelin as director for a four-year term, replacing Mr. Michel Pébereau whose term of office will end. Mr. Paul Hermelin's (60 years old) candidacy was selected due to his qualities as executive acquired within a large international group, Capgemini, and his expertise in information technology which should bring AXA's Board of Directors a valuable perspective on digital industry which has been identified as a strategic priority for AXA.

The Board of Directors reviewed the situation of Mrs. Deanna Oppenheimer and Mr. Paul Hermelin in light of the AFEP/MEDEF Code and considered them as independent.

Subject to the Shareholders' Meeting approval, the Board of Directors would therefore be comprised, following the Shareholders' Meeting of April 30, 2013, of fifteen members including twelve members considered independent by the Board of Directors in accordance with the criteria of the AFEP/MEDEF Code of corporate governance.

BOARD ACTIVITIES IN 2012

In 2012, the Board met nine times and the average attendance rate was 84.33%. The Board reviewed the strategy of the Group during a full day dedicated session. Within the framework of its principal assignments such as described above, the Board focused, in particular, on the following matters during 2012: review of the Group's strategy, examination of the 2011 financial statements and the 2012 half-year financial statements, review of the Board Committee reports, review of the significant proposed acquisitions and disposals, review of the Group's portfolio of businesses, review of capital allocation, review of the composition of Board Committees, election of the employee shareholders representative, self-assessment of the Board of Directors and independence of the Board Members.

INFORMATION ON CURRENT MEMBERS OF THE BOARD OF DIRECTORS

Henri de CASTRIES,

Chairman & Chief Executive Officer of AXA

Expertise and experience

Mr. Henri de Castries is a graduate of the *École des Hautes Études Commerciales* (HEC) and obtained a law degree before completing preparatory studies at the *École Nationale d'Administration* (ENA). After graduating from ENA, Mr. de Castries began his career with the French Finance Ministry Inspection Office. Mr. de Castries joined AXA's Corporate Finance Department on September 1st, 1989. He was appointed Corporate Secretary in 1991 and Senior Executive Vice-President for the Group's asset management, financial and real-estate businesses in 1993. In 1997, Mr. de Castries was appointed Chairman of The Equitable Companies Incorporated (now AXA Financial, Inc.). From May 2000 to April 2010, Mr. de Castries was Chairman of the AXA Management Board. Since April 2010, Mr. Henri de Castries has been Chairman & Chief Executive Officer of AXA.

Directorships currently held in the AXA Group

Chairman & Chief Executive Officer: AXA

Chairman of the Board of Directors: AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, AXA Financial, Inc. (United States)

Director or member of the Management Committee: AXA ASIA (SAS), AXA France IARD, AXA France Vie, AllianceBernstein Corporation (United States), AXA America Holdings, Inc. (United States), AXA Equitable Life Insurance Company (United States), AXA UK plc (United Kingdom), MONY Life Insurance Company (United States), MONY Life Insurance Company of America (United States)

Directorship currently held outside the AXA Group

Director: Nestlé (Switzerland)

Directorships held during the last five years

Chairman of the Management Board: AXA

Director: AXA Belgium SA (Belgium), AXA Holdings Belgium (Belgium)

Norbert DENTRESSANGLE,

Vice-Chairman of the AXA Board of Directors, Lead Independent Director

Expertise and experience

In 1979, Mr. Norbert Dentressangle founded the Norbert Dentressangle Group, a transportation and logistics services specialist, and served as Chairman until 1998. He is currently Chairman of the Supervisory Board. Mr. Norbert Dentressangle is also Chairman of Dentressangle Initiatives, the family-owned holding company which, in addition to his majority stake in Norbert Dentressangle S.A., also holds equity interests in real estate, industrial and business services firms. From April 2008 to April 2010, Mr. Norbert Dentressangle was Vice-Chairman of the AXA Supervisory Board. Since April 2010, Mr. Norbert Dentressangle has been Vice-Chairman, Lead Independent Director, of the AXA Board of Directors.

Directorships currently held

Chairman: Dentressangle Initiatives (SAS), ND Investissements (SAS)

Chairman of the Supervisory Board: Norbert Dentressangle

Chief Executive Officer: SOFADE (SAS)

Vice-Chairman of the Board of Directors: AXA

Co-manager : Versailles Richaud ND (SARL)

Director or member of the Supervisory Board: HLD (SCA), SEB, SOGEBAIL

Directorships held during the last five years

Chairman: Financière Norbert Dentressangle (SAS)

Member and Vice-Chairman of the Supervisory Board: AXA

Chairman of the Supervisory Board: FINAIXAM

Denis DUVERNE,

Deputy Chief Executive Officer of AXA

Expertise and experience

Mr. Denis Duverne is a graduate of the *École des Hautes Études Commerciales* (HEC). After graduating from the *École Nationale d'Administration* (ENA), he started his career in 1984 as commercial counsellor for the French Consulate General in New York before becoming director of the Corporate Taxes Department for the French Ministry of Finance in 1986. In 1988, he became Deputy Assistant Secretary for Tax Policy for the French Ministry of Finance and, in 1991, he was appointed Corporate Secretary of Compagnie Financière IBI. In 1992, he became a member of the Executive Committee of Banque Colbert, in charge of operations. In 1995, Mr. Denis Duverne joined the AXA Group and assumed responsibility for supervision of AXA's operations in the US and the UK and managed the reorganization of AXA companies in Belgium and the United Kingdom. From February 2003 until December 2009, Mr. Duverne was the Management Board member in charge of Finance, Control and Strategy. From January 2010 until April 2010, Mr. Duverne assumed broader responsibilities as Management Board member in charge of Finance, Strategy and Operations. Since April 2010, Mr. Denis Duverne has been director and Deputy Chief Executive Officer of AXA, in charge of Finance, Strategy and Operations.

Directorships currently held [(1)]

Director and Deputy Chief Executive Officer: AXA

Chairman & Chief Executive Officer: AXA America Holdings, Inc. (United States)

Chairman: AXA Millésimes (SAS)

Director or member of the Management Committee: AXA ASIA (SAS), AllianceBernstein Corporation (United States), AXA Assicurazioni S.p.A. (Italy), AXA Belgium SA (Belgium), AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), AXA Holdings Belgium (Belgium), AXA Italia S.p.A. (Italy), AXA MPS Assicurazioni Danni S.p.A. (Italy), AXA MPS Assicurazioni Vita S.p.A. (Italy), AXA UK plc (United Kingdom), MONY Life Insurance Company (United States), MONY Life Insurance Company of America (United States)

Directorships held during the last five years

Member of the Management Board: AXA

Director: AXA France IARD, AXA France Vie

Jean-Pierre CLAMADIEU,

Member of the AXA Board of Directors

Expertise and experience

Mr. Jean-Pierre Clamadieu is a graduate of the *École Nationale Supérieure des Mines* of Paris and *Ingénieur du Corps des Mines*. He began his carrier in various positions within the French Civil Service, in particular for the Ministry of Industry and as technical adviser in the Ministry of Labour. In 1993, he joined the Rhône-Poulenc Group and held various executive positions. In 2003, he was appointed Chief Executive Officer of the Rhodia Group and in 2008, Chairman & Chief Executive Officer. In September 2011, further to the combination between the groups Rhodia and Solvay, Mr. Clamadieu became Vice-Chairman of the Executive Committee of Solvay and Chairman of the Board of Directors of Rhodia. Since May 2012, Mr. Clamandieu has been Chairman of the Executive Committee and member of the Board of Directors of Solvay.

Directorships currently held

Director: AXA, Faurecia, SNCF, Solvay (Belgium)

Directorships held during the last five years

Chairman of the Board of Directors: Rhodia

Chairman & Chief Executive Officer: Rhodia

Chief Executive Officer: Rhodia

Jean-Martin FOLZ,

Member of the AXA Board of Directors

Expertise and experience

Mr. Jean-Martin Folz is a graduate of the *École Polytechnique* and *ingénieur des Mines*. Between 1975 and 1978, he has held various French government cabinet positions, his last position being head of cabinet of the Secretary of State for Industry. In 1978, he joined Rhône-Poulenc to run the Saint-Fons plant, and was then promoted to Senior Executive Vice-President of Rhône-Poulenc for the Specialty Chemicals business unit. In 1984, he became Senior Executive Vice-President and then Chairman & Chief Executive Officer of Jeumont-Schneider (a Schneider subsidiary). In 1987, he was appointed Chief Executive Officer of Péchiney and Chairman of Carbone Lorraine (in 1988). In 1991, he became Group Chief Executive Officer of Eridania Béghin-Say and Chairman & Chief Executive Officer of Béghin-Say. Mr. Jean-Martin Folz joined PSA Peugeot Citroën in 1995 and became Chairman of the Management Board in 1997. He left PSA in February 2007. From June 2007 to March 2010, he was Chairman of the AFEP. Since November 8, 2011, Mr. Jean-Martin Folz has been Chairman of the Board of Directors of Eutelsat Communications.

Directorships currently held

Chairman of the Board of Directors: Eutelsat Communications

Director or member of the Management Committee: Alstom, AXA, AXA Millésimes [(2)] (SAS), Compagnie de Saint-Gobain, Société Générale, Solvay (Belgium)

Directorships held during the last five years

Director or member of the Supervisory Board: AXA (Supervisory Board), Carrefour, ONF-Participations (SAS)

Anthony HAMILTON,

Member of the AXA Board of Directors

Expertise and experience

Mr. Anthony Hamilton is a graduate of Oxford University. His early career was spent in London and New York working for the investment banks Schroders, Morgan Grenfell and Wainwright. In 1978, he joined Fox-Pitt, Kelton and was appointed Chief Executive Officer in 1994. In 1993, he became a non-executive director of AXA Equity and Law plc (Chairman, 1995) and in 1997 a non-executive director of AXA UK plc. Since September 2000, Mr. Anthony Hamilton has been non-executive Chairman of AXA UK plc.

Directorships currently held

Non-executive Chairman: AXA Equity and Law plc [(2)] (United Kingdom), AXA UK plc [(2)] (United Kingdom)

Director: AXA, AXA Equitable Life Insurance Company [(2)] (United States), AXA Financial, Inc. [(2)] (United States), MONY Life Insurance Company [(2)] (United States), MONY Life Insurance Company of America [(2)] (United States), Tawa plc (United Kingdom), The Game & Wildlife Conservation Trust (United Kingdom)

Directorships held during the last five years

Director or member of the Supervisory Board: AXA (Supervisory Board), Binley Limited (United Kingdom), Golf Club of Valderrama (Spain), Swiss Re Capital Markets Limited (United Kingdom)

(1) *Mr. Denis Duverne only holds directorships within the AXA Group.*
(2) *AXA Group company.*

Isabelle KOCHER

Member of the AXA Board of Directors

Expertise and experience

Mrs. Isabelle Kocher is a graduate of the *École Normale Supérieure* (ENS-Ulm), engineer of the *Corps des Mines* and holds an aggregation in Physics. From 1997 to 1999, she was in charge of budget of Telecommunication and Defense at the French Ministry of Economy. From 1999 to 2002, she was Advisor on Industrial Affairs of the French Prime Minister Office (Lionel Jospin). In 2002, she joined the Suez group. She then held various positions: from 2002 to 2005, at Strategy & Development; from 2005 to 2007, director of Performance and Organisation; from 2007 to 2008, Deputy Chief Executive Officer of Lyonnaise des Eaux. From 2009 to September 30, 2011, Mrs. Isabelle Kocher was Chief Executive Officer of Lyonnaise des Eaux, in charge of the development of activities in Europe. Since October 1st, 2011, Mrs. Isabelle Kocher has been Executive Vice-President, Chief Financial Officer of GDF SUEZ.

Directorships currently held

Director: AXA, Suez Environnement, International Power Plc (IPR) (United Kingdom)

Directorships held during the last five years

Chief Executive Officer: Lyonnaise des Eaux

Deputy Chief Executive Officer: Lyonnaise des Eaux

Director: Arkema

Suet Fern LEE

Member of the AXA Board of Directors

Expertise and experience

Mrs. Suet Fern Lee graduated with a double first in law from Cambridge University in 1980 and qualified as a Barrister-at-Law at Gray's Inn London in 1981. She was admitted to the Singapore Bar in 1982 and has practised law in London and Singapore since then. She was President of the Inter-Pacific Bar Association (IPBA) until 2011. Since 2000, she has been Senior Partner of Stamford Law Corporation (Singapore). She is Chairman of the Asian Civilisations Museum Board, and is also a member of the National Heritage Board, a member of the Advisory Board to the Law School at Singapore Management University, a trustee for Nanyang Technological University as well as a Fellow of the Singapore Institute of Directors.

Directorships currently held

Senior Partner: Stamford Law Corporation (Singapore)

Chairman: Asian Civilisations Museum (Singapore)

Director or member of the Management Committee: AXA, AXA ASIA [(1)] (SAS), Sanofi, Macquarie International Infrastructure Fund Ltd (Bermuda), National Heritage Board (Singapore), Rickmers Trust Management Pte Ltd (Singapore), Stamford Corporate Services Pte Ltd (Singapore)

Trustee: Nanyang Technological University (Singapore)

Member of the Accounting Advisory Board: National University of Singapore Business School (Singapore)

Member of the Advisory Board: Singapore Management University School of Law (Singapore)

(1) *AXA Group company.*

Directorships held during the last five years

President: IPBA (Singapore)

Director: China Aviation Oil (Singapore) Corporation Limited (Singapore), ECS Holdings Limited (Singapore), Transcu Group Limited (Singapore)

Stefan LIPPE,

Member of the AXA Board of Directors

Expertise and experience

Mr. Stefan Lippe is a graduate in mathematics and business administration from the University of Mannheim. He obtained his doctorate in 1982 while working as a scientific assistant to the chair of insurance business management, being awarded the Kurt Hamann foundation prize for his thesis. In October 1983, he joined Bavarian Re (a former Swiss Re subsidiary). From 1985, he was involved in the casualty department's operations in the German-speaking area. In 1986, he became Head of the non-proportional underwriting department. He was appointed member of the Management Board in 1988 when he assumed responsibility for the Company's casualty line of business in the German-speaking area. In 1993, he became Chairman of the Management Board of Bavarian Re. Mr. Stefan Lippe was appointed a member of Swiss Re's Executive Board in 1995, as Head of the Bavarian Re Group. In 2001, he was assigned the role of Head of the Property & Casualty Business Group and appointed a member of Swiss Re's Executive Committee. Beginning in 2005, he led Swiss Re's Property & Casualty and Life & Health Underwriting activities; and in September 2008, he took over as Chief Operating Officer of Swiss Re and was also appointed Deputy Chief Executive Officer of Swiss Re. In February 2009, he was appointed Chief Executive Officer of Swiss Re. In December 2011, Mr. Stefan Lippe announced he would step down from his role as Chief Executive Officer of Swiss Re (effective February 1st, 2012) and retire in 2012. In 2011, Mr. Stefan Lippe co-founded Acqupart Holding AG and Acqufin AG and serves currently as Vice-Chairman of the Board of Directors of both companies.

Directorships currently held

Chairman of the Advisory Board: German Insurance Association for Vocational Training (BWV) (Germany)

Vice-Chairman of the Board of Directors: Acqupart Holding AG (Switzerland), Acqufin AG (Switzerland)

Director: AXA, Extremus Insurance Ltd. (Germany)

Directorships held during the last five years

Chairman of the Management Board: Swiss Re Ltd. (Switzerland), Swiss Reinsurance Company Ltd. (Switzerland)

Chairman of the Board of Directors: Swiss Re Corporate Solutions Ltd. (Switzerland), Swiss Re Germany Holding (Germany)

Director: Swiss Re Foundation (Switzerland), Swiss Re Frankona Reinsurance Ltd. (Switzerland), Swiss Re Germany AG (Germany), Swiss Re Life Capital Ltd. (Switzerland)

François MARTINEAU,

Member of the AXA Board of Directors

Expertise and experience

Mr. François Martineau is a graduate of the University Paris IV (Philosophy Degree), University Paris I (Law Master) and of the *Institut d'Études Politiques de Paris*. Mr. François Martineau has been Attorney since 1976. In 1981, he was "*Secrétaire de la Conférence*". In 1985, he was a lecturer at the University Paris I (Civil Procedure). In 1995, he was a Professor at the Paris Bar School (EFB) and since 1998, he is Honorary Professor at the Law and Political Sciences School of Lima (Peru). In 1996, he became an Expert at the Council of Europe and fulfilled various missions in Eastern Europe countries regarding the reform of the Code of the Judicial Organization, the reform of the magistrates' and lawyers' training and the revision of the Code of Civil Procedure. He also teaches professionals at the *École Nationale de la Magistrature* (ENM). Since 1987, Mr. François Martineau has been a partner of the law firm Lussan / Société d'avocats, and Managing Partner since 1995.

Directorships currently held

Managing Partner: Lussan / Société d'avocats

Vice-Chairman and director: Associations Mutuelles Le Conservateur, Assurances Mutuelles Le Conservateur, Bred Banque Populaire

Director: AXA, AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, Conservateur Finance

Directorships held during the last five years

Member of the Supervisory Board: AXA

Ramon de OLIVEIRA,

Member of the AXA Board of Directors

Expertise and experience

Mr. Ramon de Oliveira is a graduate of the University of Paris and of the *Institut d'Études Politiques* (Paris). Starting in 1977, Mr. de Oliveira spent 24 years at JP Morgan & Co. From 1996 to 2001, Mr. de Oliveira was Chairman & Chief Executive Officer of JP Morgan Investment Management. Mr. de Oliveira was also a member of the firm's Management Committee since its inception in 1995. Upon the merger with Chase Manhattan Bank in 2001, Mr. de Oliveira was the only executive from JP Morgan & Co. asked to join the Executive Committee of the new firm with operating responsibilities. Between 2002 and 2006, Mr. de Oliveira was an Adjunct Professor of Finance at both Columbia University and New York University. Mr. Ramon de Oliveira is the Managing Director of the consulting firm Investment Audit Practice, LLC, based in New York.

Directorships currently held

Managing Director: Investment Audit Practice, LLC (United States)

Chairman of the Investment Committee: Fonds de Dotation du Musée du Louvre

Director: AXA, AXA Equitable Life Insurance Company (1) (United States), AXA Financial, Inc. (1) (United States), JACCAR Holdings SA (Luxembourg), MONY Life Insurance Company (1) (United States), MONY Life Insurance Company of America (1) (United States), Quilvest (Luxembourg), Taittinger-Kobrand USA (United States)

Directorships held during the last five years

Chairman of the Board of Directors: Friends of Education (not-for-profit organization) (United States)

Trustee and Chairman of the Investment Committee: Kauffman Foundation (United States)

Director or member of the Supervisory Board: AXA (Supervisory Board), American Century Companies Inc. (United States), JP Morgan Suisse (Switzerland), SunGard Data Systems (United States), The Hartford Insurance Company (United States)

Member of the Investment Committee: The Red Cross (United States)

Doina PALICI-CHEHAB,

Member of the AXA Board of Directors, representing the employee shareholders

Expertise and experience

Mrs. Doina Palici-Chehab is a graduate of the University of Bucarest (Romania) (Magister Artium) and of the Deutsche Versicherungsakademie of Munich (Germany) (Degree in insurance management (Versicherungsbetriebswirt (DVA)). From 1980 to 1983, she was a teacher for foreign languages in Romania. From 1983 to 1990, she was subject Matter Expert in AGF (now Allianz) in Cologne (Germany). In 1990, she joined the AXA Group as Reinsurance director of AXA Germany (Germany). In 2000, she became Head of Group Reinsurance of AXA Global P&C in Paris (France). Since 2010, she has been Chief Executive Officer of AXA Business Services Pvt. Ltd. in Bangalore (India). On April 25, 2012, Mrs. Doina Palici-Chehab was elected the employee shareholder member of the AXA Board of Directors.

Directorships currently held

Chief Executive Officer: AXA Business Services Pvt. Ltd. (1) (India)

Director, representing the employee shareholders: AXA

Director: AXA MATRIX Risk Consultants India Private Limited (1) (India)

Directorships held during the last five years

Not applicable

(1) AXA Group company.

Michel PÉBEREAU,

Member of the AXA Board of Directors

Expertise and experience

Mr. Michel Pébereau is a graduate of the *École Polytechnique* and the *École Nationale d'Administration* (ENA). In 1967, he started his career as auditor at the Treasury (*inspecteur des finances*). He then held various management positions at the *Direction du Trésor* and at the "*Cabinets*" of two Ministers (Valéry Giscard d'Estaing and René Monory). In 1982, he joined Crédit Commercial de France. In 1987, he was in charge of its privatization before becoming Chairman & Chief Executive Officer from 1987 to 1993. In 1993, he became Chairman & Chief Executive Officer of BNP, which he privatized, and after the merger with Paribas in 2000, Chairman & Chief Executive Officer of BNP Paribas. From 2003 to December 2011, Mr. Michel Pébereau was Chairman of the Board of Directors of BNP Paribas. Since December 2011, Mr. Michel Pébereau has been Honorary Chairman of BNP Paribas.

Directorships currently held

Director or member of the Supervisory Board: AXA, BNP Paribas, Compagnie de Saint-Gobain, Fondation ARC, Fondation Nationale des Sciences Politiques, Total, Banque Marocaine pour le Commerce et l'Industrie (Morocco), BNP Paribas SA (Switzerland), EADS N.V. (Netherlands), Pargesa Holding SA (Switzerland)

Non-voting member of the Board (Censor): Société Anonyme des Galeries Lafayette

Chairman: Conseil de Direction de l'Institut d'Études Politiques de Paris, Fondation BNP Paribas

Member: Académie des Sciences Morales et Politiques, Conseil Exécutif du Mouvement des Entreprises de France, Conseil d'Orientation de l'Institut de l'Entreprise

Directorships held during the last five years

Chairman of the Board of Directors: BNP Paribas

Chairman of the Supervisory Board: Institut Aspen

Chairman: Fédération Bancaire Européenne (FBE), Institut de l'Entreprise, Table Ronde Financière Européenne

Director of member of the Supervisory Board: AXA (Supervisory Board), Lafarge

Member: International Capital Markets Advisory Committee of the Federal Reserve Bank of New York (FED) (United States)

Dominique REINICHE,

Member of the AXA Board of Directors

Expertise and experience

Mrs. Dominique Reiniche is a graduate of the Essec. In 1978, she joined Procter & Gamble and in 1983 became Associate Advertising Manager. In 1986, she joined Kraft Jacobs Suchard and was appointed Marketing & Strategy Manager. In 1992, she joined Coca-Cola Entreprise as a Marketing & Responsible "*Compte-clé*" Manager. In 1998, she was appointed Chairman & Chief Executive Officer of Coca-Cola Entreprise and Vice-Chairman of Coca-Cola Enterprises - Groupe Europe in 2002. From January 2003 to May 2005, she was Chairman of Coca-Cola Enterprises - Groupe Europe. Since May 2005, Mrs. Dominique Reiniche has been Chairman Europe of The Coca-Cola Company.

Directorships currently held

Vice-Chairman of the Board: ECR Europe (Belgium)

Director: AXA, Peugeot S.A.

Vice-Chairman: UNESDA (Union of European Beverages Associations) (Belgium)

Member of the Executive Committee and member of the Board: FDE (Food & Drink Europe) (Belgium)

Directorships held during the last five years

Member of the Supervisory Board: AXA

Member of the France Advisory Board: ING Direct

Member of the Executive Committee: MEDEF

Marcus SCHENCK,

Member of the AXA Board of Directors

Expertise and experience

Dr. Marcus Schenck is a graduate of economics in Bonn (Germany) / Berkeley (United States) and holds a doctorate degree in economics from the University of Cologne (Germany). In 1991, he joined McKinsey & Co. in Germany as consultant. Initially, he worked on assignments in different industries including steel, tourism, retail and banking. As a Senior Engagement Manager, he was a member of the financial institutions practice. In 1997, he started as a senior associate for Goldman, Sachs & Co. oHG in Frankfurt am Main (Germany). In 2001, he became Managing Director and partner in 2002. From 2005 to 2006, he was head of investment banking of the German speaking region. Since December 2006, Dr. Marcus Schenck is appointed Chief Financial Officer of E.ON AG (Germany) in charge of accounting, controlling, finance, risk, taxes and M&A and is also a member of the Management Board of E.ON AG.

Directorships currently held

Member of the Management Board: E.ON AG (Germany)

Director or member of the Supervisory Board: AXA, Commerzbank AG (Germany), E.ON IT GmbH (Germany), SMS Group GmbH (Germany)

Member of the Advisory Board: HSBC Trinkaus & Burkhardt AG (Germany)

Member: Berlin Center of Corporate Governance (Germany), Capital Markets Advisory Council to the German Finance Minister (Germany)

Directorships held during the last five years

Managing Director and partner: Goldman, Sachs & Co. oHG (Germany)

Member of the Supervisory Board: E.ON Ruhrgas AG (Germany)

SERVICE CONTRACTS BETWEEN THE AXA GROUP AND MEMBERS OF THE BOARD OF DIRECTORS

Mrs. Doina Palici-Chehab, who is the employee shareholder representative to the AXA Board of Directors, is an employee of AXA Business Services Pvt. Ltd., which is AXA's principal India subsidiary.

FAMILY RELATIONSHIP

To the best knowledge of the Company, there are no family relationships among the members of the Board of Directors or with members of the Executive Management.

OTHER INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

Conflicts of interests

The Chairman & Chief Executive Officer and the Deputy Chief Executive Officer do not currently exercise any professional activity or hold any directorships outside the AXA Group that substantially interfere with or impede in any material way their availability to focus on the Group and its business. Certain members of the Board of Directors, however, are corporate officers and/or directors of companies that may have agreements or enter into transactions from time to time with the AXA Group including extensions of credit, purchases of securities (for their own account or for third parties), underwriting of securities and/or furnishing of other types of services or goods. These agreements or deals are generally fully negotiated and performed on arm's length terms and conditions. Consequently, AXA does not believe that any of these agreements or transactions give rise to conflicts of interests between (i) the director's duties towards AXA and (ii) their private interests and/or other duties of these individuals.

To the best of the Company's knowledge, there are no arrangements or understandings that have been entered into with major shareholders, customers, suppliers or others pursuant to which a member of the Board of Directors was selected.

Absence of any conviction in relation to fraudulent offences, any official public incrimination and/or sanctions, or any responsibility in a bankruptcy for the last five years

To the best of the Company's knowledge based on information reported to it, none of the members of its Board of Directors have been, during the last five years (i) subject to any conviction in relation to fraudulent offences or to any official public incrimination and/or sanction by statutory or regulatory authorities, (ii) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, or (iii) associated as a member of the administrative, management or supervisory bodies with any company that has declared bankruptcy or been put into receivership or liquidation, provided, however, that AXA has from time to time sold, discontinued and/or restructured certain business operations and voluntarily liquidated affiliated companies in connection with these or similar transactions and certain members of AXA's Board of Directors may have been associated with other companies that have undertaken similar solvent liquidations.

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITY

The Board of Directors conducts an annual self-assessment in order to review its composition, organization and functioning. The conclusions of this self-assessment are discussed annually during a Meeting of the Board of Directors.

At the end of 2012, the Chairman of the Ethics & Governance Committee collected, during individual interviews or through written answers to a questionnaire, the views and suggestions of each director on the three main following themes: the relationship between the Board and its Committees, the information provided to the directors and the supporting documents provided to the Board as well as the functioning of the Board meetings. The conclusions of this assessment and the principal areas identified for improvement were discussed during the Board of Directors' Meeting of February 20, 2013.

During this Meeting, the members of the Board expressed a very favorable opinion in particular on the functioning of the Board, highlighting the continuous improvement of the quality of the work as well as the supporting documents provided to the Board. The main areas for improvement concern the definition of the activities and responsibilities of the Committees, the minutes of the Committees' work presented to the Board and the information provided to the directors between Board meetings; decisions have been made in order to develop these measures and have already been implemented at this stage.

Board of Directors' Committees

The Board of Directors has four specialised Committees that review specific matters and report to the Board: (1) the Audit Committee, (2) the Finance Committee, (3) the Ethics & Governance Committee, and (4) the Compensation & Human Resources Committee.

In order to preserve a well-balanced governance, the Board of Directors has ensured that independent directors have a major role on all Board Committees. In this context:

- each of the four Committees is chaired by an independent director;
- all members of the Audit Committee and the Compensation & Human Resources Committee are independent directors.

The role, organization and operating procedures of each Committee are set forth in the Board of Directors' Bylaws and in the Audit Committee Terms of Reference.

Each Committee issues opinions, proposals or recommendations to the Board of Directors on matters within the scope of its responsibilities but, under French law, Board Committees do not have any formal decision making power.

Each Committee is empowered to undertake or commission specific studies or reviews, if necessary by requesting external consulting expertise, within the scope of its responsibilities. They may also invite external participants to attend their meetings. Committee Chairmen report to the Board of Directors on a regular basis following Committee meetings.

	Principal responsibilities	Principal activities in 2012
Audit Committee *Composition on December 31, 2012*: Anthony Hamilton, Chairman Stefan Lippe Ramon de Oliveira Marcus Schenck The Board of Directors reviewed the qualifications of all Audit Committee members in terms of their financial expertise and business experience and believes that all members have the requisite expertise, experience and qualifications to fulfill their assignments as Audit Committee members.	The scope of the Audit Committee's responsibilities is set forth in its Terms of Reference which are reviewed and approved each year by the Board of Directors. The Audit Committee assists the oversight of the: ■ adequacy and effectiveness of the internal control and risk management frameworks; ■ financial reporting process and the integrity of the publicly reported results and disclosures made in the financial statements; ■ effectiveness, performance and independence of the internal and external auditors. The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors on the Group's consolidated financial position and results of operations which includes the Auditors' views on the accounting choices adopted by Management. The Committee also receives a presentation from the Group Chief Risk Officer and Group Chief Financial Officer describing the Company's principal risk exposures. The Deputy Chief Executive Officer, the Group Chief Financial Officer, the Group Head of Audit as well as the Group Chief Risk Officer attend each Audit Committee meeting. The Company's Statutory Auditors, the Group Chief Accounting Officer and Group General Counsel also attend the Committee's meetings on a regular basis.	The Audit Committee met seven times in 2012. The average attendance rate was 96.30%. The Committee focused, in particular, on the following issues: ■ full year financial statements for 2011; ■ 2011 Annual Report (*Document de Référence*); ■ half-year financial statements for 2012; ■ risk management framework, appetite and reporting; ■ results of the Group's Internal Financial Control (IFC) program; ■ results of internal and external audit work; ■ results of regulatory compliance reviews; ■ internal and external fraud events; and ■ internal and external audit plan and resources.
Finance Committee *Composition on December 31, 2012*: Ramon de Oliveira, Chairman Jean-Martin Folz Suet Fern Lee Doina Palici-Chehab Michel Pébereau Dominique Reiniche	■ to examine and issue an opinion on any plan that intends to set up sureties or grant guarantees, endorsements and warrantees in favor of third parties, when their value exceeds the authorizations granted to the Chairman & Chief Executive Officer by the Board of Directors; ■ to examine and issue an opinion on any of the following plans: • to issue securities giving a claim, whether directly or indirectly, to the Company's share capital, • to propose share repurchase programs to the Ordinary Shareholders' Meeting, • financing operations that might substantially change the Company's financial structure, • to propose distribution of the annual profit and the payment of the dividend for the year ended to the Ordinary Shareholders' Meeting, • to set the dates of payment of the dividend and, if any, of interim dividends; ■ to examine any proposed significant financing transaction for the Company or its subsidiaries, management of the Group's proprietary assets and, more generally, any issue involving the financial management of the AXA Group; ■ to review the impact on capital and solvency at Group level of the main orientations and limits of the Asset-Liability Management policy as well as any significant implications of these orientations and limits on AXA's principal subsidiaries; and ■ to review the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.	The Finance Committee met five times in 2012. The average attendance rate was 84.85%. The Committee focused, in particular, on the following issues: ■ financial risk management; ■ liquidity and financing; ■ capital and solvency; ■ risk appetite and asset allocation; ■ acquisitions, restructurings and disposals; ■ proposal for payment of dividend; ■ review of the financial authorizations (guarantees); ■ review of the proposed capital increase reserved for the employees of the AXA Group ("SharePlan 2012").

	Principal responsibilities	Principal activities in 2012
Ethics & Governance Committee *Composition on December 31, 2012*: Jean-Martin Folz, Chairman François Martineau Michel Pébereau The Chairman of the Board of Directors, even if not a member of the Committee, takes part in the Committee's works and attends its meeting except when its personal situation is at stake.	■ to formulate proposals to the Board of Directors, for the appointment of: • members of the Board of Directors, its Chairman and its Vice-Chairman, • members of a specialised Committee of the Board of Directors and its Chairman; ■ to organize the periodic self-assessment of the Board of Directors; ■ to examine in more depth certain governance matters related to the operation and organization of the Board of Directors (planning of the meetings, quality of the information provided to the Board by the Management, Board assessment, communication with shareholders…); ■ to review the AXA Group Compliance and Ethics Guide; ■ to examine the Group's strategy on corporate responsibility and related issues; ■ to examine every year the Company's policy with respect to professional equality as well as equal pay.	The Ethics & Governance Committee met four times in 2012. The average attendance rate was 76.92%. The Committee focused, in particular, on the following issues: ■ process of selection of the future directors; ■ process of selection of the employee shareholders' representative; ■ composition of the Board and its Committees; ■ independence of the members of the Board; ■ self-assessment of the Board of Directors; ■ share ownership requirements for members of the Board of Directors; ■ corporate responsibility; ■ Group diversity policy.
Compensation & Human Resources Committee *Composition on December 31, 2012*: Norbert Dentressangle, Chairman Jean-Martin Folz Anthony Hamilton Isabelle Kocher François Martineau The Chairman of the Board of Directors, even if not a member of the Committee, takes part in the Committee's works and attends its meeting except when its personal situation is at stake.	■ to issue proposals to the Board of Directors for the fixing of: • the compensation of the Chairman & Chief Executive Officer and the Deputy Chief Executive Officer and the preparation of their annual evaluation, • the amount of the directors' fees for the members of the Board of Directors to be submitted to the Shareholders' Meeting, • the number of Company stock options or performance shares/units to be granted to the Chairman & Chief Executive Officer, the Deputy Chief Executive Officer and the other members of the Executive Committee; ■ to formulate an opinion on the proposals of the Chairman & Chief Executive Officer concerning: • the principles and conditions for the determination of the compensation of the executives of the AXA Group, • the overall annual allocation of Company stock options or performance shares/units to be granted to employees of the AXA Group. ■ to issue proposals on the appointments of the Company's Chairman & Chief Executive Officer and the Deputy Chief Executive Officer. The Committee is also informed of the appointments of the main executives of the Group, and in particular of the members of the Management Committee and the Executive Committee. The Committee examines the provisions considered by the Chief Executive Officer in order to prepare the renewal of the members of the Executive Management (Chief Executive Officer and/or Deputy Chief Executive Officer); ■ to examine in more depth certain Group human resources issues.	The Compensation & Human Resources Committee met five times in 2012. The average attendance rate was 88%. The Committee focused, in particular, on the following issues: ■ compensation policy and principles; ■ compensation paid to the Company's Chairman & Chief Executive Officer, the Deputy Chief Executive Officer and to the members of the Management Committee and the Executive Committee; ■ stock options and performance share/unit allocation and the 2012 AXA Miles program; ■ Organization & Talent Review (OTR) and succession plans; ■ the review of French and international regulatory context as regards compensation.

Executive Management

AXA's Executive Management comprises the Chairman & Chief Executive Officer and the Deputy Chief Executive Officer. A Management Committee and an Executive Committee also support the operational management of the Group.

THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

In the context of the change in AXA's governance structure that occurred in 2010, the Board of Directors appointed, on April 29, 2010, Mr. Henri de Castries to hold the position of Chairman of the Board of Directors in addition to his functions as Chief Executive Officer, for the duration of his term of office as director, *i.e.* four years.

This combination of the position of Chairman & Chief Executive Officer is the result of an analysis of the specific circumstances of the Group at this stage in its development, the unique experience and abilities of Mr. Henri de Castries and the desire to optimize the Group's decision making processes and reactivity going forward.

The Chairman & Chief Executive Officer is vested with the broadest powers to act on behalf of the Company and represents the Company *vis-à-vis* third parties. He exercises these powers within the scope of the corporate purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors. In addition, the Bylaws of the Board of Directors provide for specific limitations of the powers of the Chairman & Chief Executive Officer and require prior Board approval for certain significant transactions (sales or acquisitions over €500 million; significant financing operations or other type of transactions that are not in line with the Company's announced strategy…).

THE DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Denis Duverne has been appointed Deputy Chief Executive Officer by the Board of Directors on April 29, 2010, for the duration of his term of office as director, *i.e.* four years. His role is to second the Chairman & Chief Executive Officer. The Board of Directors determines the scope of the powers vested in the Deputy Chief Executive Officer who is specifically in charge of Finance, Strategy and Operations of the Group.

The Management Committee

The Chairman & Chief Executive Officer has decided to establish a Management Committee to assist him in the operational management of the Group. The Management Committee has no formal decision making authority.

AXA's Management Committee currently comprises eight members and generally meets once a week to discuss strategic, financial and operational Group aspects.

COMPOSITION OF THE MANAGEMENT COMMITTEE ON JANUARY 1ST, 2013

Name	Principal function within AXA
Henri de Castries	Chairman & Chief Executive Officer
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations
Jean-Laurent Granier	Chief Executive Officer of the Mediterranean and Latin America Region business unit, Chairman & Chief Executive Officer of AXA Global P&C and in charge of overseeing the worldwide operations of AXA Corporate Solutions
Peter Kraus	Chairman & Chief Executive Officer of AllianceBernstein (United States)
Nicolas Moreau	Chairman & Chief Executive Officer of AXA France and in charge of overseeing the worldwide operations of AXA Assistance and AXA Global Direct
Mark Pearson	President & Chief Executive Officer of AXA Financial, Inc. (United States)
Jacques de Vaucleroy	Chief Executive Officer for the Northern, Central and Eastern Europe business unit and Global Head of Life & Savings and Health
Véronique Weill	Group Chief Operating Officer

The Executive Committee

The Management Committee is supported by an Executive Committee. Its principal mission is to review and define the Group's strategy.

The Executive Committee is composed of the members of the Management Committee as well as other key senior executives from across the Group selected on the basis of their role in the organization (central or local).

The Executive Committee conducts quarterly business reviews (QBRs), during which the performance of the AXA Group is assessed. These QBRs were introduced in 2000 to provide a clear and consistent framework for:

- reviewing operational performance and monitoring the progress of key projects using defined quantifiable standards of measurement;
- assessing the status of Group transversal projects;
- exchanging ideas and information on key Group strategic orientations.

As an internal management committee, the Executive Committee has no formal decision making authority. The Executive Committee is advisory in nature and serves as an important sounding board in formulating Group strategy and considering key business issues or strategic initiatives. As a team, the members of the Executive Committee also contribute to shape and disseminate AXA's management culture.

On January 1st, 2013, the Executive Committee was comprised of the following seventeen members, including nine non-French nationals:

Henri de Castries	Chairman & Chief Executive Officer of AXA
Michael Bishop	Chief Executive Officer of AXA Asia
Thomas Buberl	Chief Executive Officer of AXA Konzern AG (Germany)
Dominique Carrel-Billiard	Chief Executive Officer of AXA Investment Managers
Denis Duverne	Deputy Chief Executive Officer of AXA in charge of Finance, Strategy and Operations
Philippe Egger	Chief Executive Officer of Insurance activities in Switzerland
Paul Evans	Chief Executive Officer of AXA UK
Jean-Laurent Granier	Chief Executive Officer of the Mediterranean and Latin America Region business unit, Chairman & Chief Executive Officer of AXA Global P&C and in charge of overseeing the worldwide operations of AXA Corporate Solutions
Gérald Harlin	Group Chief Financial Officer
Peter Kraus	Chairman & Chief Executive Officer of AllianceBernstein (United States)
Jean-Louis Laurent Josi	Chief Executive Officer of AXA Japan
Nicolas Moreau	Chairman & Chief Executive Officer of AXA France and in charge of overseeing the worldwide operations of AXA Assistance and AXA Global Direct
Mark Pearson	President & Chief Executive Officer of AXA Financial, Inc. (United States)
George Stansfield	AXA Group General Counsel and Head of Group Human Resources
Emmanuel de Talhouët	Chief Executive Officer of AXA Belgium
Jacques de Vaucleroy	Chief Executive Officer for the Northern, Central and Eastern Europe business unit and Global Head of Life & Savings and Health
Véronique Weill	Group Chief Operating Officer

Employees

The table below sets forth the number of salaried employees of the AXA Group over the past three years broken down by line of business and geographic region:

Salaried employees (full time equivalent)	At December 31, 2010	At December 31, 2011	At December 31, 2012
Insurance	**82,832**	**81,273**	**79,736**
- France [(a) (b)]	15,303	15,124	14,806
- U.S [(c)]	5,206	4,807	4,380
- Japan	2,478	2,497	2,492
- UK [(d)(e)]	10,051	9,907	9,039
- Germany [(f)]	9,976	9,614	9,247
- Switzerland	3,987	3,871	3,857
- Belgium (Including AXA Bank Belgium) [(g)]	5,270	5,085	4,813
- Mediterranean and Latin American Region	12,024	11,919	11,706
- Direct	5,039	5,190	5,360
- Other countries and transversal entities	5,351	5,028	5,275
Of which Hong Kong [(h)]	1,258	1,149	1,404
Of which Singapore	540	492	571
Of which Indonesia	335	372	275
Of which Malaysia	682	619	652
Of which Central and Eastern Europe	2,256	2,146	2,037
Of which Luxemburg	191	180	188
Of which AXA Global Distributors	89	70	148
- International Insurance	**8,147**	**8,231**	**8,761**
AXA Corporate Solutions Assurance	1,299	1,340	1,372
AXA Global Life and AXA Global P&C	200	216	252
AXA Assistance [(i)]	6,307	6,357	6,868
Other international activities	341	318	269
Asset Management	**6,694**	**6,131**	**5,752**
- AllianceBernstein [(j)]	4,256	3,764	3,318
- AXA Investment Managers	2,438	2,367	2,434
Banking (excluding AXA Bank Belgium) [(g)]	**997**	**1,111**	**1,172**
- France	542	670	716
- Switzerland	40	37	-
- Germany	84	82	78
- AXA Bank CEE	331	322	378
Group Management Services	**637**	**1,061**	**1,102**
AXA Technology, AXA Group Solutions, AXA Business Services [(k)]	**6,741**	**7,423**	**6,602**
TOTAL	**97,901**	**96,999**	**94,364**

Employees of non-consolidated companies or companies accounted for using the equity method are not included in the above table. Employees of companies proportionally consolidated are included, pro-rata, in accordance with the percentage of consolidation.

(a) *A portion of the employees of AXA' s French affiliates are included in GIEs. In addition, the employees included in insurance and financial services activities in France are included in the «cadre de convention» of four not consolidated «mutuelles».*

(b) *In 2012, decrease by 318 in France mainly due to a decrease in commercial staff.*

(c) *In 2012, decrease by 427 in the US mainly due to the restructuring plan undertaken in June 2011, offshoring and outsourcing.*

(d) *In 2012, decrease by 868 in the UK due to (i) UK L&S (-1,106) driven by the disposal of Bluefin in April, restructuring plans in the Wealth and bancassurance businesses together with non replacement of IT contractors, partly offset by (ii) UK P&C (+274) mainly due to the launch of the «Health-On-Line» brand.*

(e) *Including Ireland.*

(f) *In 2012, decrease by 367 in Germany due to productivity programs.*

(g) *Some employees of AXA Bank Belgium provide services in common for both the insurance activities and the bank activities. Consequently, split is not available.*

(h) *In 2012, increase by 255 in Hong Kong as a consequence of the integration of HSBC acquired business.*

(i) *In 2012, increase by 511 in AXA Assistance mainly reflecting business growth.*

(j) *In 2012, decrease by 446 in AllianceBernstein due to a global staff reduction plan.*

(k) *In 2012, decrease mainly driven by AXA Technology (-512). 2011 figures included contractors which were excluded in 2012.*

2.2 FULL DISCLOSURE ON EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

Executive compensation and directors' fees

COMPENSATION OF THE MANAGEMENT COMMITTEE MEMBERS ON DECEMBER 31, 2012

The general principles of AXA's executive compensation policy are regularly reviewed by the Compensation & Human Resources Committee of AXA's Board of Directors. These principles apply to all executives of the Group and are adapted to local regulations, as appropriate, under the supervision of the boards of directors and compensation committees of the Company's subsidiaries.

AXA's executive compensation policy is designed to:

- attract, develop, retain and motivate the best talents;
- drive superior performance;
- align compensation levels with the Company's business performance.

It follows three guiding principles:

- compensation competitiveness;
- internal equity, based on individual and collective performance;
- the financial results and capacity of the Company.

Executive compensation is structured to foster and reward performance:

- at both the individual level and collective level (local business entity and AXA Group);
- with a short-term, medium-term and long-term focus.

Executive compensation includes a fixed and a variable component. The fixed component is targeted to be at or above the median of the market. The variable component is linked to AXA's global performance, local entity performance, and the attainment of the executive's individual objectives and demonstrated leadership. The variable portion is designed to represent a substantial component of the executive's annual global compensation such that, in cases where an executive attains or exceeds the objectives, the compensation levels of AXA executives will be between median and the third quartile (or, in certain cases, beyond the third quartile) of the benchmark market rate.

The AXA Board of Directors based on the recommendation of its Compensation & Human Resources Committee decided to maintain unchanged in 2012 the total cash compensation target of the AXA Group Chairman & Chief Executive Officer, Mr. Henri de Castries, at €3.3 million and of the AXA Group Deputy Chief Executive Officer, Mr. Denis Duverne at €2.2 million.

The fixed annual compensation of the Chairman & Chief Executive Officer was €950,000 in 2012.

The variable component of his compensation is determined on the basis of a predefined target amount (€2,350,000 in 2012) and is based on two metrics:

- Group performance, as measured by underlying earnings per share, return on equity (Solvency II internal model) and customer scope index; and
- individual performance, which is evaluated by the Compensation & Human Resources Committee, then approved by the Board of Directors on the basis of specific strategic objectives set at the beginning of the year.

The proportion of his variable compensation linked to the Group results accounts for 60% and the proportion linked to the individual performance for 40%.

The variable compensation amounts awarded to Mr. Henri de Castries since he was appointed Chairman of the Management Board in May 2000 demonstrate the demanding objectives and the genuine variability of this compensation component:

Executive compensation and director's fees	Target	Actual	% Target
Variable compensation for the year 2000	€1,750,000	€1,381,373	79%
Variable compensation for the year 2001	€1,750,000	€719,967	41%
Variable compensation for the year 2002	€2,000,000	€1,419,277	71%
Variable compensation for the year 2003	€2,000,000	€1,824,277	91%
Variable compensation for the year 2004	€2,000,000	€2,304,277	115%
Variable compensation for the year 2005	€2,000,000	€2,671,626	134%
Variable compensation for the year 2006	€2,500,000	€3,045,987	122%
Variable compensation for the year 2007	€2,500,000	€2,644,366	106%
Variable compensation for the year 2008	€2,700,000	€1,846,304	68%
Variable compensation for the year 2009	€2,700,000	€2,599,327	96%
Variable compensation for the year 2010	€2,466,667	€2,061,087	84%
Variable compensation for the year 2011	€2,350,000	€2,034,171	87%
Variable compensation for the year 2012	€2,350,000	€2,270,153	97%

"% Target" corresponds to the achievement of performance objectives related to the year.

For other members of the Management Committee, the variable compensation is also determined on the basis of an individually predefined target amount and is based on three metrics:

- Group performance, as measured by the underlying earnings per share, return on equity, and customer scope index;
- performance of the business unit or functional area of responsibility, measured against objectives set at the beginning of the year;
- their individual performance, evaluated on the basis of predetermined strategic objectives.

For Mr. Denis Duverne, who is a member of the Management Committee and Deputy Chief Executive Officer of the Group, the proportion of his variable compensation linked to the AXA Group results accounts for 40%, the proportion linked to the performance of his functional area of responsibility for 30% and the proportion linked to his individual performance for 30%.

For other Management Committee members (in 2012 Messrs. Jean-Laurent Granier, Peter Kraus, Nicolas Moreau, Mark Pearson and Jacques de Vaucleroy), the proportion of their variable compensation linked to the Group results accounts for 30%, the proportion linked to results of their operational entity and functional area of responsibility for 40% and the proportion linked to their individual performance for 30%.

The performance of operational entities is determined on the basis of the following performance indicators:

- underlying earnings;
- customer satisfaction index;
- Protection & Health annual premium equivalent;
- Life & Savings New Business Value;
- economic expenses;
- Life & Savings Operating Free Cash Flow;
- Life & Savings Operating return on STEC;
- P&C revenues;
- current year combined ratio.

For each performance indicator that measures Group and/or the operational entities' performance, targets, floors and caps are defined at the beginning of the year:

- a target, aligned with the strategic plan, the attainment of which will deliver 100% of the variable component linked to the indicator;
- a floor, below which no variable component linked to the indicator will be paid;
- a cap, above which the variable component linked to the indicator is generally capped at 150%.

The individual performance is assessed both on (i) the achievement of results for each predetermined individual objective (the "what") and (ii) demonstrated leadership of the executive (the "how").

The assessment of the leadership skills is based on the dimensions of the AXA leadership framework:

- strategic vision;
- focus on customers;
- change leadership;
- results orientation;
- building capability;
- team leadership;
- share to succeed;
- living through AXA values.

The variable compensation paid to the Management Committee members for 2010, 2011 and 2012 was:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

			Variable compensation for the year 2010			Variable compensation for the year 2011			Variable compensation for the year 2012		
(In Euro)		Country	Target	Actual	% Target	Target	Actual	% Target	Target	Actual	% Target
Henri de Castries	Chairman & Chief Executive Officer	France	2,466,667	2,061,087	84%	2,350,000	2,034,171	87%	2,350,000	2,270,153	97%
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	France	1,416,667	1,265,910	89%	1,450,000	1,292,542	89%	1,450,000	1,415,746	98%
Total of the other Management Committee members			2,419,331	2,410,736	100%	3,237,792	3,234,801	100%	4,239,737	3,681,547	87%

"% Target" corresponds to the achievement of performance objectives related to the year.

In reviewing the Group component of the variable compensation of Messrs. de Castries and Duverne, the Compensation & Human Resources Committee and the Board of Directors took into account the following measures: (1) the strong increase in the underlying earnings, (2) return on equity (Solvency II internal model) which is lower than target, and (3) the improvement of the customer scope index.

The Committee and the Board also considered the level of individual performance of Messrs. de Castries and Duverne on the basis of predefined strategic objectives set at the beginning of 2012, as well as the level of performance of Mr. Duverne with respect to the performance of the areas for which he is responsible.

The Board of Directors decided to introduce for the Chairman & CEO and the Deputy CEO a deferral mechanism with respect to 30% of their variable compensation ("STIC") for 2012. Under this mechanism, the deferred amounts with respect to 2012 will be paid out in two tranches, in 2014 and 2015. The amount of the payout will vary depending on the AXA share price evolution over the deferral period and will be subject to a cap at 120% of the deferred amount. The introduction of this STIC deferral mechanism, while not required, further aligns AXA with the evolving regulatory environment on executive pay in the financial services sector both in France and internationally.

All the amounts presented in this Section 2.2 are gross amounts and before taxation.

In the tables of this section, compensation not paid in euro was converted into euro on the basis of the following yearly average exchange rates for 2012: USD/EUR 0.776336; GBP/EUR 1.228803; JPY/EUR 0.009743; INR/EUR 0.014563.

For information purposes, the relevant marginal tax rates in the countries where members of the Management Committee exercise or exercised their function are as follows: Belgium: 53.5% (50% corresponding to federal taxes and 3.5% to local taxes); France: 64.5% (including an additional 15.5% for social taxes); Japan: 50%; United States (New York): 43.27% and the United Kingdom: 52% (including an additional 2% for National Insurance Contributions).

SUMMARY OF COMPENSATION, OPTIONS AND PERFORMANCE SHARES/UNITS GRANTED TO MANAGEMENT COMMITTEE MEMBERS

Members of the Management Committee *(In Euro)*		Country	Year 2011					Year 2012				
			Compensation due in respect of the year	Value of options granted during the year	Value of performance shares granted during the year	Value of performance units granted during the year	TOTAL	Compensation due in respect of the year	Value of options granted during the year	Value of performance shares granted during the year	Value of performance units granted during the year	TOTAL
Henri de Castries	Chairman & Chief Executive Officer	France	3,070,825	429,550	947,430	-	4,447,805	3,285,743	292,600	1,153,680	-	4,732,023
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	France	2,083,482	351,450	775,170	-	3,210,102	2,220,691	255,360	1,006,848	-	3,482,899
Total of the other Management Committee members			8,346,443	734,140	809,622	809,622	10,699,827	8,003,952	484,120	839,040	1,069,776	10,396,888

At each date of grant, the fair value of stock options and performance shares/units is determined in accordance with IFRS standards. This is a historical value at the date of grant, calculated for accounting purposes as described in Note 26.3.1 of the 2012 "Consolidated Financial Statements" included in Part 4 of this Annual Report. This value does not represent a current market value, a current valuation of these options and performance shares/units or the actual proceeds if and when the options are exercised or the performance shares/units are acquired.

On March 18, 2011, the fair value of one option was €1.89 for options without performance conditions, €1.42 for options with performance conditions, and the fair value of one performance share/unit was €9.57.

On March 16, 2012, the fair value of one option was €2.14 for options without performance conditions, €1.33 for options with performance conditions, and the fair value of one performance share/unit was €8.74.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2012

Members of the Management Committee (In Euro)		Country	Year 2012											
			Amounts paid in respect of the year						Amounts paid during the year					
			Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	TOTAL	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	TOTAL
Henri de Castries	Chairman & Chief Executive Officer	France	950,000	2,270,153	-	61,440	4,150	3,285,743	950,000	2,034,171	-	61,440	4,150	3,049,761
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	France	750,000	1,415,746	-	50,795	4,150	2,220,691	750,000	1,292,542	-	50,795	4,150	2,097,487
Total of the other Management Committee members			3,084,279	3,681,547	-	586,434	651,693	8,003,953	3,025,019	3,685,878	-	586,434	651,693	7,949,024

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2011

Members of the Management Committee (In Euro)		Country	Year 2011											
			Amounts paid in respect of the year						Amounts paid during the year					
			Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	TOTAL	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	TOTAL
Henri de Castries	Chairman & Chief Executive Officer	France	950,000	2,034,171	-	82,504	4,150	3,070,825	950,000	2,031,000	-	82,504	4,150	3,067,654
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	France	750,000	1,292,542	-	36,790	4,150	2,083,482	750,000	1,186,453	-	36,790	4,150	1,977,393
Total of the other Management Committee members			2,942,071	4,083,923	-	413,134	907,314	8,346,443	2,942,071	4,015,129	-	413,134	907,314	8,277,648

Directors' fees paid for board memberships in AXA Group companies or in external companies when representing AXA, are deducted up to 70% from the variable compensation of the same year.

The only "Benefits in kind" for Messrs. Henri de Castries and Denis Duverne are a company car.

DIRECTORS' FEES

Directors' fees

During the fiscal year 2012, none of the members of the Board of Directors, except for its Chairman and the Deputy Chief Executive Officer, received compensation from the Company, with the exception of a fee for attending meetings. The amount of directors' fees paid to each AXA Board member is indicated in the table below.

(Gross amounts, In Euro)	Directors' fees paid in 2013 for 2012	Directors' fees paid in 2012 for 2011
Current members of the Board of Directors		
Henri de Castries – Chairman & Chief Executive Officer	0	0
Norbert Dentressangle – Vice-Chairman – Lead Independent Director	184,353.70	167,063.09
Denis Duverne – Deputy Chief Executive Officer	0	0
Jean-Pierre Clamadieu	5,803.63	
Jean-Martin Folz	115,188.09	102,900.44
Anthony Hamilton	138,199.32	131,209.39
Mrs. Isabelle Kocher	63,734.33	68,148.53
Mrs. Suet Fern Lee	77,794.83	78,417.22
Stefan Lippe	57,456.71	
François Martineau	81,470.71	84,860.17
Ramon de Oliveira	109,756.80	102,900.44
Mrs. Doina Palici-Chehab	48,827.49	
Michel Pébereau	73,640.98	78,457.25
Mrs. Dominique Reiniche	69,965.09	65,571.35
Marcus Schenck	93,615.05	52,774.40
Former members of the Board		
Jacques de Chateauvieux	21,035.96	87,557.46
Ms. Wendy Cooper	26,890.41	79,705.81
Giuseppe Mussari	32,266.90	59,328.57
TOTAL	**1,200,000**	**1,200,000**

CRITERIA OF DIRECTORS' FEES ALLOCATION

The total annual amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 29, 2010 at €1,200,000.

No directors' fee is paid by the Company to directors exercising executive functions (*i.e.* Chief Executive Officer and Deputy Chief Executive Officer).

The total amount of directors' fees is determined by the Shareholders' Meeting, in accordance with applicable laws, and apportioned by the Board of Directors to its members in accordance with its Bylaws:

- 50% of the value of the directors' fees is distributed evenly among the members of the Board of Directors as a fixed fee, with the Vice-Chairman receiving a double fee;
- a first half of the remaining amount is distributed among the members of the Board of Directors in proportion to their actual attendance at the meetings of the Board, with the Vice-Chairman receiving a double fee;
- a second half of the remaining amount is allocated by the Board of Directors to the various Board Committees and distributed among their members in proportion to the number of Committee meetings attended by each member, with the Chairmen of the Committees receiving a double fee.

Due to the importance of their role and the significant demand on their time, members of the Audit Committee receive a higher proportion of directors' fees.

The Vice-Chairman – Lead Independent Director, when attending the meetings of a Committee of which he is not a member, receives a single fee.

Mrs. Doina Palici-Chehab, member of the Board of Directors representing the employee shareholders of the AXA Group, received in 2012 an annual gross compensation of 423,925 euros paid by AXA Business Services Pvt. Ltd. in India in connection with her position there as Chief Executive Officer. This compensation consists of 301,183 euros of fixed compensation and 122,742 euros of variable compensation.

Messrs. Anthony Hamilton and Ramon de Oliveira received in 2012, as directors of several companies of the Group, director's fees for a gross amount of GBP 250,000 as well as USD 99,400 for Mr. Hamilton, and USD 65,000 for Mr. de Oliveira.

Stock options

Since 1989, AXA has granted stock options to its directors, officers and a large number of its employees in France and abroad, aiming to reward their performance and aligning their interests with those of the Group by linking them to AXA's stock performance over the long term.

Within the global limit authorized by the Shareholders' Meetings, the Board of Directors approves all stock option programs prior to their implementation.

Each year, the Board of Directors, acting upon the recommendation of its Compensation & Human Resources Committee, approves the grant of a global option pool. The pool of options allocated to each business unit is essentially determined on the basis of their contribution to the Group financial results during the previous year and with consideration for specific local needs.

Stock options are valid for a period of 10 years. They are granted at market value, with no discount, and become exercisable by tranches generally in thirds between 2 and 4 years following the grant date. Pursuant to the stock option plan rules, beneficiaries who resign from the Group lose their right to exercise the options.

Usually, annual grants are made during the first half of the year, generally 20 trading days after the date the annual earnings of the Group are published. As such, in 2012, the annual consolidated earnings were published on February 16, 2012 and the option grant took place on March 16, 2012. The strike price, equal to the average of the closing share price during the 20 trading days before the grant date, was set at €12.22.

Key executives and talents, including technical experts across all entities in the Group are selected to participate in the stock option program based on selection criteria that include:

- importance of the position ➪ role
- importance of the individual within the position ➪ retention
- importance of the individual in the future ➪ potential
- quality of the individual contribution ➪ performance

The recommendations for individual grants of options are made by the Chief Executive Officers of the business units and by the Group functional department heads. These recommendations are reviewed by the Executive Management to ensure coherence and fairness. Individual grants of options are then decided by the Board of Directors, provided that individual grants to the Chairman & Chief Executive Officer, the Deputy Chief Executive Officer and other members of the Executive Committee are preceded by a proposal of the Compensation & Human Resources Committee of the Board of Directors.

Since 2006, performance conditions apply to the last tranche of each options grant (*i.e.* the last 1/3rd of options granted) to (i) the Company's Executive Officers (members of the former Management Board until 2010), (ii) Group Executive Committee members, and (iii) since 2007, to any other beneficiary receiving a grant of 5,000 options or more. Pursuant to this performance condition, the last 1/3rd of the options granted become exercisable only if the AXA share performs at least as well as the EuroStoxx Insurance index.

Since 2009, this condition was extended and applied to all options granted to the Company's Executive Officers (members of the former Management Board until 2010) and from 2010 to all members of the Management Committee.

If the performance condition has not been met at the expiry date of the options, the options subject to performance conditions are automatically cancelled.

The Board of Directors, acting upon recommendation of its Compensation & Human Resources Committee, decided on December 22, 2010 that the total number of options granted to the executive officers (Chairman & CEO and Deputy CEO) each year may not exceed 10% of the aggregate number of options granted to all beneficiaries during the same year.

In 2012, AXA stock options were granted as follows: 4,584,469 subscription options at a weighted average price of €12.17 granted to 468 employees, representing 0.19% of the outstanding share capital as of December 31, 2012 (disregarding the dilution related to the exercise of these options). Given the nature of stock options, the decision was taken to restrict the scope of stock options grants to Group senior executives, which explains the reduction in the number of beneficiaries.

The portion of options granted in 2012 to the Executive Officers (Chairman & CEO and Deputy CEO) represented 8.99% of the total number of options granted.

On December 31, 2012, more than 11,300 AXA employees had a total of 74,606,578 outstanding options, representing 3.12% of the Company's share capital on the same date, and 1,021 employees in the United States had a total of 4,989,968 outstanding purchase options on AXA ADS, representing 0.21% of the share capital.

On the basis of the AXA share price on December 31, 2012, *i.e.* €13.35, only 12,204,951 subscription or purchase options are in the money, *i.e.* 16.36% of the outstanding stock options (excluding purchase options on AXA ADS).

STOCK OPTIONS PLAN SUMMARY

Date of the Shareholders' Meeting	09/05/2001	09/05/2001	03/05/2002	30/05/2001 [(b)]	03/05/2002	21/05/2002 [(b)]	03/05/2002	03/05/2002	03/05/2002	03/05/2002
Grant date (Board of Directors or Management Board)	27/02/2002	14/03/2003	14/03/2003	02/04/2003	26/03/2004	14/04/2004	29/03/2005	29/03/2005	06/06/2005	27/06/2005
Total number of beneficiaries	1,655	1,721	229	3	2,186	1	2,132	774	5	238
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	10,321,827	8,405,543	2,975,030	1,825,459	10,725,180	496,049	8,855,437	3,697,059	16,981	240,849
Executive Directors:										
Henri de Castries	841,156	-	946,300	-	889,286	-	784,664	-	-	-
Denis Duverne	231,318	-	394,292	-	346,821	-	329,559	-	-	-
Doina Palici-Chehab	4,206	4,206	-	-	5,335	-	6,278	-	-	-
The first 10 employees beneficiaries [(c)]	844,314	762,301	675,028	-	968,927	-	812,127	646,371	-	39,049
Start date of exercise	27/02/2004	14/03/2005	14/03/2005	02/04/2005	26/03/2006	14/04/2006	29/03/2007	29/03/2007	06/06/2007	27/06/2007
Expiry date of options	27/02/2012	14/03/2013	14/03/2013	02/04/2013	26/03/2014	14/04/2014	29/03/2015	29/03/2015	06/06/2015	27/06/2015
Subscription or purchase price of options [(a)]	19.96	10.47	10.47	11.82	16.90	15.00	19.70	19.95	19.02	19.32
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/12	2,670,294	5,809,838	2,548,794	560,964	1,390,554	-	328,238	116,969	-	2,171
Options cancelled at 31/12/12	7,651,533	977,895	138,413	-	1,614,273	-	1,418,345	564,737	3,297	30,787
Options outstanding at 31/12/12	-	1,617,810	287,823	1,264,495	7,720,353	496,049	7,108,854	3,015,353	13,684	207,891

(a) Number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) Options that were initially granted by FINAXA that merged into AXA on December 16, 2005.
(c) "Employees" non directors at grant date.

Date of the Shareholders' Meeting	03/05/2002	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005
Grant date (Board of Directors or Management Board)	01/07/2005	21/09/2005	31/03/2006	31/03/2006	31/03/2006	25/09/2006	25/09/2006	13/11/2006	10/05/2007	10/05/2007
Total number of beneficiaries	1	6	2,418	861	1,002	10	29	5	2,866	876
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	25,039	114,443	7,628,101	2,768,553	1,223,253	53,733	22,805	7,409	6,818,804	1,815,676
Executive Directors:										
Henri de Castries	-	-	585,882	-	-	-	-	-	-	-
Denis Duverne	-	-	326,420	-	-	-	-	-	327,816	-
Doina Palici-Chehab	-	-	6,800	-	-	-	-	-	5,993	-
The first 10 employees beneficiaries [(b)]	-	-	830,960	656,518	227,593	53,733	36,684	-	645,899	246,161
Start date of exercise	01/07/2007	21/09/2007	31/03/2008	31/03/2008	31/03/2010	25/09/2008	25/09/2010	13/11/2010	10/05/2009	10/05/2009
Expiry date of options	01/07/2015	21/09/2015	31/03/2016	31/03/2016	31/03/2016	25/09/2016	25/09/2016	13/11/2016	10/05/2017	10/05/2017
Subscription or purchase price of options [(a)]	19.91	20.97	27.75	27.93	27.93	28.03	28.03	29.59	32.95	33.78
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/12	-	-	2,877	-	-	-	-	-	-	-
Options cancelled at 31/12/12	25,039	55,457	1,367,644	343,239	160,420	22,299	985	1,684	1,167,229	288,939
Options outstanding at 31/12/12	-	58,986	6,257,580	2,425,314	1,062,833	31,434	21,820	5,725	5,651,575	1,526,737

(a) Number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" non directors at grant date.

Date of the Shareholders' Meeting	20/04/2005	20/04/2005	20/04/2005	20/04/2005	24/04/2005	20/04/2005	20/04/2005	22/04/2008	22/04/2008	22/04/2008
Grant date (Board of Directors or Management Board)	10/05/2007	24/09/2007	24/09/2007	19/11/2007	19/11/2007	01/04/2008	01/04/2008	19/05/2008	19/05/2008	22/09/2008
Total number of beneficiaries	1,163	4	16	2	6	4,339	1,027	2	10	3
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	1,312,233	10,681	12,587	4,689	8,205	8,056,370	1,240,890	6,004	12,360	19,127
Executive Directors:										
Henri de Castries	-	-	-	-	-	399,526	-	-	-	-
Denis Duverne	-	-	-	-	-	319,621	-	-	-	-
Doina Palici-Chehab	-	-	-	-	-	4,149	-	-	-	-
The first 10 employees beneficiaries [(b)]	284,022	-	8,903	-	-	592,194	265,967	-	12,360	-
Start date of exercise	10/05/2011	24/09/2009	24/09/2011	19/11/2009	19/11/2011	01/04/2010	01/04/2012	19/05/2010	19/05/2012	22/09/2010
Expiry date of options	10/05/2017	24/09/2017	24/09/2017	19/11/2017	19/11/2017	01/04/2018	01/04/2018	19/05/2018	19/05/2018	22/09/2018
Subscription or purchase price of options [(a)]	33.78	29.72	29.72	28.53	28.53	21.00	21.00	23.42	23.42	21.19
Exercise schedule of options	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/12	-	-	-	-	-	-	-	-	-	-
Options cancelled at 31/12/12	219,865	10,129	1,842	-	-	1,235,366	191,852	-	-	-
Options outstanding at 31/12/12	1,092,368	552	10,745	4,689	8,205	6,821,004	1,049,038	6,004	12,360	19,127

(a) Number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" non directors at grant date.

Date of the Shareholders' Meeting	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008
Grant date (Board of Directors or Management Board)	22/09/2008	24/11/2008	20/03/2009	20/03/2009	02/04/2009	10/06/2009	10/06/2009	21/09/2009	08/12/2009	08/12/2009	19/03/2010
Total number of beneficiaries	40	7	4,627	759	28	29	17	16	2	13	5,062
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	46,929	19,047	4,870,844	407,692	114,324	22,291	2,137,462	53,237	3,134	20,890	7,671,540
Executive Directors:											
Henri de Castries	-	-	-	-	-	-	271,473	-	-	-	330,000
Denis Duverne	-	-	-	-	-	-	226,398	-	-	-	264,000
Doina Palici-Chehab	-	-	3,227	-	-	-	-	-	-	-	3,850
The first 10 employees beneficiaries [(b)]	21,250	-	293,954	51,018	84,309	20,317	615,165	47,753	-	18,280	742,217
Start date of exercise	22/09/2012	24/11/2012	20/03/2011	20/03/2013	02/04/2011	10/06/2013	10/06/2011	21/09/2013	08/12/2011	08/12/2013	19/03/2012
Expiry date of options	22/09/2018	24/11/2018	20/03/2019	20/03/2019	02/04/2019	10/06/2019	10/06/2019	21/09/2019	08/12/2019	08/12/2019	19/03/2020
Subscription or purchase price of options [(a)]	21.19	13.89	9.76	9.76	9.76	13.03	15.47	15.88	16.60	16.60	15.43
Exercise schedule of options	100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/12	-	-	198,162	1,273	2,186	-	-	-	-	-	-
Options cancelled at 31/12/12	2,125	-	701,371	28,292	39,352	-	229,155	-	-	-	831,148
Options outstanding at 31/12/12	44,804	19,047	3,971,311	378,127	72,786	22,291	1,908,307	53,237	3,134	20,890	6,840,392

(a) Number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.

(b) "Employees" non directors at grant date.

Date of the Shareholders' Meeting	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008	27/04/2011	27/04/2011
Grant date (Board of Directors or Management Board)	19/03/2010	18/08/2010	18/08/2010	13/10/2010	13/10/2010	22/12/2010	18/03/2011	18/03/2011	04/04/2011	16/03/2012	13/06/2012
Total number of beneficiaries	476	3	5	1	17	8	6,372	423	170	467	1
Total number of shares to be subscribed (a) or purchased, from which to be subscribed or purchased by:	278,986	22,846	10,619	4,274	27,772	12,758	8,598,469	154,705	375,988	4,508,380	76,089
Executive Directors:											
Henri de Castries	-	-	-	-	-	-	302,500	-	-	220,000	-
Denis Duverne	-	-	-	-	-	-	247,500	-	-	192,000	-
Doina Palici-Chehab	-	-	-	-	-	-	8,750	-	-	7,500	-
The first 10 employees beneficiaries (b)	75,035	-	-	-	21,364	-	980,684	21,412	183,500	693,745	-
Start date of exercise	19/03/2014	18/08/2012	18/08/2014	13/10/2012	13/10/2014	22/12/2014	18/03/2013	18/03/2015	04/04/2013	16/03/2014	13/06/2014
Expiry date of options	19/03/2020	18/08/2020	18/08/2020	13/10/2020	13/10/2020	22/12/2020	18/03/2021	18/03/2021	04/04/2021	16/03/2022	13/06/2022
Subscription or purchase price of options (a)	15.43	13.89	13.89	13.01	13.01	12.22	14.73	14.73	14.73	12.22	9.36
Exercise schedule of options	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/12	-	-	-	-	-	-	-	-	-	-	-
Options cancelled at 31/12/12	9,400	-	1,291	-	-	-	515,238	2,524	29,624	38,965	-
Options outstanding at 31/12/12	269,586	22,846	9,328	4,274	27,772	12,758	8,083,231	152,181	346,364	4,469,415	76,089

(a) Number of options and exercise prices have been adjusted, pursuant to applicable regulation, as a result of operations on the AXA stock.
(b) "Employees" non directors at grant date.

STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS DURING 2012

Executive Officers		Plan date	Nature of options	Value of options (In Euro)	Number of options granted during the year	% of capital	Exercise price (In Euro)	Exercise period	Performance conditions
Henri de Castries	Chairman & Chief Executive Officer	16/03/2012	subscription	292,600	220,000	0.009%	12.22	16/03/2014-16/03/2022	100% of options: EuroStoxx Inurance index
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	16/03/2012	subscription	255,360	192,000	0.008%	12.22	16/03/2014-16/03/2022	100% of options: EuroStoxx Inurance index
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	16/03/2012	subscription	14,025	7,500	0.000%	12.22	16/03/2014-16/03/2022	Last third of options: EuroStoxx Insurance Index

In the table above all dates that are indicated are in the format of day/month/year.

The fair value of stock options is determined in accordance with IFRS standards. This is a historical value at the date of grant, calculated for accounting purposes as described in Note 26.3.1 to the 2012 “Consolidated Financial Statements” included in Part 4 of this Annual Report. This value does not represent a current market value, a current valuation of these options or the actual proceeds if and when the options are exercised. On March 16, 2012, the fair value of one option was €2.14 for options without performance conditions, €1.33 for options with performance conditions.

Under the AXA Group Compliance and Ethics Guide, all employees (including all Executive Officers) are prohibited from engaging in any transaction designed to hedge the value of equity based compensation awards (including stock options, performance units, restricted shares, or similar awards) granted under any plan or arrangement maintained by AXA or any of its subsidiaries. This restriction applies from the date of grant until such time as the beneficiary receives the securities underlying the award upon, for example, the exercise of a stock option, the lapse of restrictions on performance units, restricted shares or similar events.

STOCK OPTIONS EXERCISED BY EXECUTIVE OFFICERS DURING 2012

Executive Officers		AXA options				ADS AXA options			
		Date of grant	Number of options exercised during the year	Exercise price (In Euro)	Date of exercise	Date of grant	Number of options exercised during the year	Exercise price (in USD)	Date of exercise
Henri de Castries	Chairman & Chief Executive Officer	14/03/2003	60,797	10,47	19/12/2012	-	-	-	-
		14/03/2003	110,000	10,47	24/12/2012	-	-	-	-
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	-	-	-	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	-	-	-	-	-	-	-	-

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS GRANTED AND/OR EXERCISED BY THE TOP 10 BENEFICIARIES (OUTSIDE THE EXECUTIVE OFFICERS) DURING 2012

Stock options granted or exercised by the top 10 beneficiaries (outside management bodies' members) during the year	Number of options granted or exercised	Weighted average price (In Euro)
Stock options granted during the year by AXA or any eligible AXA Group's subsidiaries, to the ten employees, outside management bodies' members of the Company or of eligible AXA Group's subsidiaries, who received the highest number of stock options (aggregate information)	717,834	11.92
Stock options on AXA or any eligible AXA Group's subsidiaries, exercised during the year by the ten employees, outside management bodies' members of the Company or of eligible AXA Group's subsidiaries, who exercised the highest number of stock options (aggregate information)	382,740	10.47

STOCK OPTIONS HELD BY EXECUTIVE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS AT DECEMBER 31, 2012)

Executive Officers		Balance of options at December 31, 2012	
		AXA	ADS AXA
Henri de Castries	Chairman & Chief Executive Officer	3,783,331	-
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	2,580,135	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	56,088	-

Performance shares and performance units

Performance Units/Shares are designed to:

- reward and retain the best talents by aligning their interests with the performance of the AXA Group and of their operational business unit/region as well as to the performance of the AXA share in the medium-term (3 to 4 years);
- reduce shareholder dilution by granting less subscription options.

Criteria for grants of Performance Units/Shares are similar to those used for stock options.

Performance Shares are usually granted to beneficiaries residing in France while Performance Units are generally granted to beneficiaries residing outside of France.

The rules regarding Performance Units/Shares are as follows:

- each beneficiary receives an initial grant of Performance Units/Shares. This number will be used to calculate the actual number of units or shares that will definitely be granted at the end of a 2-year performance period;
- during the performance period, the Performance Units/Shares initially granted are subject to performance conditions measuring both the performance of the AXA Group and the beneficiary's operational business unit and/or region, based on pre-determined targets;
- for beneficiaries in operating business units, the performance of the business unit and/or region weights 2/3 of the total performance while the AXA Group performance weights 1/3. For beneficiaries in Group support functions, the performance is measured at AXA Group level only;
- for the Performance Units and Performance Shares granted in 2010, 2011 and 2012, the cumulated performance in 2010-2011, 2011-2012 and 2012-2013, must be measured over a two year period, based on the following performance indicators:
  - for the operational business units and/or regions performance: underlying earnings and net income,
  - for the AXA Group performance: net income per share;
- the achievement of these performance targets determines the number of Units/Shares that will be acquired by the beneficiary at the end of the acquisition period, subject to the beneficiary still being employed by the AXA Group. The number of Units/Shares acquired may vary between 0% and 130% of the Performance Units/Shares initially granted.

As far as Performance Units are concerned:

- since 2004, units acquired at the end of the 2-year performance period are valued on the basis of the average closing price of the AXA share during the last 20 trading days of the acquisition period;
- for the grants prior to 2010, if the number of units acquired is less than 1,000, the amount corresponding to the value of these units is paid in cash to the beneficiary. If the number of units acquired is equal to or higher than 1,000, the beneficiary only receives 70% of the value in cash to allow her/him to pay social contributions and income taxes calculated on 100% of that value, and 30% of these units are reinvested into AXA shares which are restricted from sale during a 2-year period;
- for the Performance Units granted in 2010, 50% of the Units definitely granted at the end of the 2-year acquisition period will be subject to an additional 1-year acquisition period, and will be valued on the basis of the average closing price of the AXA share during the last 20 trading days of the acquisition period;
- for the Performance Units granted since 2011, the number of Units definitively granted at the end of the 2-year performance period will be subject to an additional 1-year acquisition period and will be paid in cash to the beneficiary.

As far as Performance Shares are concerned:

- shares acquired, under the condition that the beneficiary is still employed by the AXA Group, at the end of the 2-year performance period are restricted from sale during a 2-year period.

The amounts corresponding to Performance Units are expensed each year under the variable accounting method, but do not create any dilution for shareholders since no new shares are issued.

Performance Shares generally result in less shareholder dilution than stock options, due to the smaller volume of the grant.

Within the global cap authorized by the shareholders, the Board of Directors approves all Performance Shares programs prior to their implementation.

Each year, the Board of Directors, acting upon recommendation of its Compensation & Human Resources Committee, approves a global Performance Share pool to be granted. The annual grants of Performance Shares are generally made simultaneously with the granting of stock options.

The recommendations for individual grants of Performance Shares and Performance Units are made by the Chief Executive Officers of each business unit and by the Group functional department heads. These recommendations are reviewed by the Executive Management to ensure coherence and fairness. Individual grants of Performance Shares and Performance Units are then decided by the Board of Directors, provided that individual grants to the Chairman & Chief Executive Officer, the Deputy Chief Executive Officer and other members of the Executive Committee are preceded by a proposal of the Compensation & Human Resources Committee of the Board of Directors.

Following the change of governance in 2010, the Board of Directors, acting upon recommendation of its Compensation & Human Resources Committee, decided on December 22, 2010 that the total number of Performance Shares granted to the executive officers (Chairman & Chief Executive Officer and Deputy Chief Executive Officer) each year may not exceed 10% of the aggregate number of Performance Shares granted to all beneficiaries during the same year.

PERFORMANCE UNITS/SHARES SUMMARY

Performance units

Initial grant						Acquisition	
Grant date	Number of beneficiaries	Performance Units granted	Performance Units cancelled	Performance Units acquired at December 31, 2012	Balance at December 31, 2012	Acquisition date	Units acquired
26/03/2004	2,550	1,037,116	484,934	-	-	26/03/2007	645,604
29/03/2005	1,707	938,880	81,334	-	-	29/03/2007	960,520
31/03/2006	2,072	1,453,441	150,323	-	-	31/03/2008	1,365,787
10/05/2007	2,346	1,361,869	152,364	-	-	10/05/2009	902,288
01/04/2008	2,752	2,441,070	215,793	-	-	01/04/2010	1,639,604 [a]
20/03/2009	3,608	2,957,911	291,530	2,242,026	212,809 [c]	20/03/2011	2,242,026 [b]
02/04/2009	216	160,025	27,298	122,361	-	02/04/2011	122,361 [d]
10/06/2009	28	350,792	20,612	304,926	2,228 [f]	10/06/2011	304,926 [e]
19/03/2010	3,972	3,924,244	551,178	1,482,911	1,370,765	19/03/2012	1,482,911 [g]
18/03/2011	5,059	4,728,124	510,325	3,069 [h]	4,211,680	18/03/2014	3,069
04/04/2011	215	323,105	47,490	390 [i]	275,315	04/04/2014	390
16/03/2012	5,039	6,769,606	222,045	1,619 [j]	6,536,310	16/03/2015	1,619
13/06/2012	1	71,017	-	-	71,017	13/06/2013	-

(a) *The 1,639,604 units acquired (from which 5,722 units acquired by anticipation due to deceased beneficiaries) by 2,438 beneficiaries of the April 1st, 2008 plan have been settled as €21.8 million and 276,786 shares restricted until April 1st, 2012.*

(b) *The 2,242,026 units acquired by 2,751 beneficiaries of the March 20, 2009 plan have been settled as €26.9 million and 404,203 shares restricted until March 20, 2013.*

(c) *The acquisistion period for those units will end on March 20, 2013.*

(d) *The 122,361 units acquired by 182 beneficiaries of the April 2, 2009 plan have been settled as €1.5 million and 19,492 shares restricted until April 2, 2013.*

(e) *The 304,926 units acquired by 8 beneficiaries of the June 10, 2009 plan have been settled as €4 million and 23,933 shares restricted until June 10, 2013.*

(f) *The acquisition period for those units will end on June 10, 2013.*

(g) *The 1,482,911 units acquired (from which 6,700 units acquired by anticipation due to deceased or disabled beneficiaries) by 3,504 beneficiaries of the March 19, 2010 plan have been settled as €18.1 million.*

(h) *3,069 units of the March 18, 2011 plan acquired by anticipation related to deceased beneficiaries.*

(i) *390 units of the April 4, 2011 plan acquired by anticipation related to deceased beneficiaries.*

(j) *1,619 units of the March 16, 2012 plan acquired by anticipation related to deceased beneficiaries.*

In the table above all dates that are indicated are in the format of day/month/year.

The numbers of Performance Units indicated from the April 1st, 2008 plan to the June 10, 2009 plan have been adjusted to take into account the impact of the share capital increase with preferential subscription rights of December 4, 2009.

PERFORMANCE SHARES

Initial grant						Acquisition	
Grant date	Number of beneficiaries	Performance shares granted	Performance shares cancelled	Shares acquired at December 31, 2012	Balance at December 31, 2012	Acquisition date	Shares acquired
21/04/2005	1,154	743,310	19,621	-	-	21/04/2007	793,139
21/04/2005	770	250,306 [(a)]	4,741	-	-	21/04/2005	268,965
21/04/2005	770	143,630 [(b)]	2,690	-	-	21/04/2005	140,882
31/03/2006	1,186	893,326	34,582	-	-	31/03/2008	885,312
10/05/2007	1,433	782,432	26,973	-	-	10/05/2009	608,757 [(c)]
01/04/2008	1,566	1,401,587	45,212	-	-	01/04/2010	1,087,393 [(c)]
28/04/2008	7	28,172	-	-	-	28/04/2010	23,634
28/04/2008	6	23,501	2,092	15,576	-	28/04/2012	15,576
20/03/2009	1,740	1,528,418	71,618	1,398,136	-	20/03/2011	1,398,136
10/06/2009	8	433,231	91,112	323,376	-	10/06/2011	323,376
19/03/2010	1,774	1,940,338	118,540	1,657,901	-	19/03/2012	1,657,901 [(c)]
18/03/2011	1,984	2,056,780	67,110	780 [(d)]	1,989,070	18/03/2013	780
16/03/2012	2,083	2,787,659	22,446	-	2,765,213	16/03/2014	-

(a) Performance Shares granted as replacement for 250,306 Performance Units 2004 cancelled.
(b) Restricted Shares granted as replacement for 143,630 Performance Units 2004 cancelled.
(c) From which 461 shares of the May 10, 2007 Plan, 506 shares of the April 1st, 2008 Plan and 975 shares of the March 19, 2010 Plan acquired by anticipation related to deceased beneficiaries.
(d) 780 shares of the March 18, 2011 Plan acquired by anticipation related to deceased beneficiaries.

In the table above all dates that are indicated are in the format of day/month/year.

The numbers of Performance Shares indicated from the April 1st, 2008 plan to the June 10, 2009 have been adjusted to take into account the impact of the share capital increase with preferential subscription rights of December 4, 2009.

PERFORMANCE SHARES GRANTED TO EXECUTIVE OFFICERS DURING 2012

Executive Officers		Plan date	Performance shares granted	% of capital	Value of Performance shares (In Euro)	Acquisition date	End of restriction	Performance conditions
Henri de Castries	Chairman & Chief Executive Officer	16/03/2012	132,000	0.006%	1,153,680	16/03/2014	16/03/2016	- net income - underlying earning -net income per share
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	16/03/2012	115,200	0.005%	1,006,848	16/03/2014	16/03/2016	- net income - underlying earning -net income per share
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	16/03/2012	7,000	0.000%	61,180	16/03/2014	16/03/2016	- net income - underlying earning -net income per share

In the table above all dates that are indicated are in the format of day/month/year.

The fair value of Performance Shares is determined in accordance with IFRS standards. It corresponds to a historical value at the date of grant, calculated for accounting purposes as described in Note 26.3.1 to the 2012 "Consolidated Financial Statements" included in Part 4 of this Annual Report. This value does not represent a current market value, a current valuation of these performance shares or the actual proceeds if and when the Performance Shares are acquired.

Under the AXA Group Compliance and Ethics Guide, all employees (including all Executive Officers) are prohibited from engaging in any transaction designed to hedge the value of equity based compensation awards (including stock options, performance units, restricted shares, or similar awards) granted under any plan or arrangement maintained by AXA or any of its subsidiaries. This restriction applies from the date of grant until such time as the beneficiary receives the securities underlying the award upon, for example, the exercise of a stock option, the lapse of restrictions on performance units, restricted shares or similar events.

PERFORMANCE SHARES ACQUIRED BY EXECUTIVE OFFICERS DURING 2012

Executive Officers		Plan date	Performance shares granted	Acquisition date	Shares acquired during the year	Performance rate over the acquisition period	End of the restriction period
Henri de Castries	Chairman & Chief Executive Officer	19/03/2010	108,000	19/03/2012	93,426	86.5%	19/03/2014
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	19/03/2010	86,400	19/03/2012	74,741	86.5%	19/03/2014
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	19/03/2010	2,860	19/03/2012	2,475	86.5%	19/03/2014

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES BECOMING UNRESTRICTED DURING 2012 FOR EACH EXECUTIVE OFFICER

Executive Officers		Plan date	Number shares becoming unrestricted during the year	Date of availability
Henri de Castries	Chairman & Chief Executive Officer	01/04/2008	66,097	01/04/2012
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	01/04/2008	52,877	01/04/2012
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	01/04/2008	1,559	01/04/2012

In the table above all dates that are indicated are in the format of day/month/year.

Share ownership policy for Executives of the Group

As proposed by the Management Board, the Supervisory Board decided to implement, as from January 1st, 2007, a shareholding policy applicable to all members of the Management Board and the Executive Committee. Following the governance change in 2010, the Board of Directors reviewed the shareholding requirements for the Chairman & Chief Executive Officer, the Deputy Chief Executive Officer, the members of the Management Committee and the members of the Executive Committee.

This policy requires each executive director to hold, during the entire duration of his/her functions, a minimum number of AXA shares (the "Minimum Shareholding Requirement") representing a multiple of the annual total cash compensation (fixed salary plus annual variable compensation) received for his/her functions within the Group:

- the Chairman & Chief Executive Officer is required to hold the equivalent of his total cash compensation multiplied by 3;
- the Deputy Chief Executive Officer is required to hold the equivalent of his total cash compensation multiplied by 2;
- Management Committee members are required to hold the equivalent of their total cash compensation multiplied by 1.5;
- Executive Committee members are required to hold the equivalent of their total cash compensation multiplied by 1.

AXA shares, ADS or shares of listed Group subsidiaries, held directly or indirectly through Mutual funds or similar investment vehicles, are taken into account for the purposes of calculating this Minimum Shareholding Requirement.

Each executive director is required to meet this Minimum Shareholding Requirement within a period of 5 years as from January 1st, 2007 or the date of his/her first appointment if after January 1st, 2007.

Pursuant to Articles L.225-197-1 and L.225-185 of the French Commercial Code, the Supervisory Board and later the Board of Directors have decided that, as long as an executive officer (Chairman & Chief Executive Officer and Deputy Chief Executive Officer) has not met his/her Minimum Shareholding Requirement, all stock options and Performance Shares granted to him/her after January 1st, 2007 will be subject to the following restrictions:

- upon each exercise of these stock options granted after January 1st, 2007, the Executive Officers must continue to hold in registered form a number of shares obtained upon exercise equal in value to at least 25% of the pre-tax capital gain realized upon exercise (*i.e.* in France, this equals approximately 50% of the post-tax capital gain). These shares shall be held during the entire term of office of the executive officer;
- for Performance Shares granted after January 1st, 2007, the executive officers must, at every share acquisition date, hold in registered form at least 25% of the Performance Shares acquired during the entire term of office of the executive officer.

These restrictions do not apply if an Executive Officer complies with his/her Minimum Shareholding Requirement.

EXECUTIVE OFFICERS

On December 31, 2012, based on the AXA share value (€13.35) and on the AllianceBernstein share value (€13.53) at that date, the Company's executive officers already met their Minimum Shareholding Requirement such as described in the above Section "Share ownership policy for executives of the Group". The following table summarizes compensations granted to executive officers during the fiscal year 2012:

	Compensation paid in 2012			Shareholding requirement			Shareholding on 12/31/2012					
	Fixed compen-sation	Variable compen-sation	Total compen-sation	Number of years	Amount	Target date	Number of years	Amount	AXA shares	ADS AXA	AXA Shareplan units	Alliance Bernstein shares
Henri de Castries	€950,000	€2,034,171	€2,984,171	3	€8,952,513	01/01/2012	5.8	€17,270,587.50	1,277,356	0	14,294	2,000
Denis Duverne	€750,000	€1,292,542	€2,042,542	2	€4,085,084	01/01/2012	4.4	€9,052,167.30	619,059	18,734	38,245	2,000

Pursuant to the AXA Group Compliance and Ethics Guide, Executive Officers and other employees must refrain from any purchase or sale of AXA securities during specific time periods ("blackout periods") prior to the earnings releases. These blackout periods generally begin about 30 days before its annual or half-year earnings releases and about 15 days before its quarterly financial information releases. Depending on the circumstances, these blackout periods could be declared at other times or be longer.

Discretionary management agreements signed by Messrs. Henri de Castries and Denis Duverne

Messrs. Henri de Castries and Denis Duverne each signed on March 31, 2010 with Banque Degroof a discretionary mandate to manage a portion of the AXA securities they personally own.

As a matter of principle, the discretionary management agreement has been submitted for advice to the Ethics & Governance Committee and to the AXA Supervisory Board at the beginning of 2010. The Committee noted the advantages of this type of arrangement in avoiding any potential risk of insider trading and the associated reputation risks for the Company and executives.

The principal features of this mandate are as follows:

- the mandate is signed for an indefinite term;
- each instruction agreed between the executive and the bank, within the framework of the mandate, is valid for a duration it determines and starts after the expiry of a 3-month abstention period;
- the mandate and the instructions are signed when the executive is not in possession of any inside information and outside blackout periods. During a 3-month abstention period following the signing of each instruction, the bank is prohibited from engaging in any transaction on behalf of the executive;
- the executive may not intervene in management by the bank who exercises discretion in application of the instructions. The executive generally commits to proscribe all communications with the bank and not to exercise any influence on it prior to the expiry of a standing instruction.

The transactions in AXA securities that are engaged by Banque Degroof on behalf of the relevant executives in application of the annual instruction will be notified pursuant to the provisions of Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*). The notifications of such transactions state that they have been engaged by an investment services provider, on behalf of the executives, in application of a discretionary management mandate.

MEMBERS OF THE BOARD OF DIRECTORS

To the best knowledge of the Company and based on information reported to it, each AXA Board of Directors member held, on December 31, 2012, the number of AXA shares or ADS indicated in the table below.

	Number of shares* owned on December 31, 2012	
	AXA Shares	ADS AXA
Henri de Castries – Chairman & Chief Executive Officer	1,277,356	-
Norbert Dentressangle – Vice-Chairman – Lead Independent Director	16,687	-
Denis Duverne – Deputy Chief Executive Officer	619,059	18,734
Jean-Pierre Clamadieu	4,000 (a)	-
Jean-Martin Folz	11,084	-
Anthony Hamilton	4,813	47,570
Mrs. Isabelle Kocher	5,960	-
Mrs. Suet Fern Lee	8,000	-
Stefan Lippe	10,000	-
François Martineau	8,532	-
Ramon de Oliveira	-	8,300 (b)
Mrs. Doina Palici-Chehab	9,969	-
Michel Pébereau	9,859	-
Mrs. Dominique Reiniche	7,000	-
Marcus Schenck	7,500 (c)	-

* *AXA shares which could be indirectly held through Mutual funds are not taken into account.*
(a) *On January 15, 2013.*
(b) *On January 14, 2013.*
(c) *On January 10, 2013.*

Transactions involving Company securities completed in 2012 by the members of the Board of Directors

To the best of the Company's knowledge and based on the information reported to it, several members of the Board of Directors made the following disclosures in the course of 2012 concerning their transactions involving Company securities. Detailed information about all of these transactions, as well as individual disclosures filed in accordance with Articles 223-22 and 223-25 of the AMF (*Autorité des marchés financiers*) General Regulations, are published on the Company's website (www.axa.com) and on the AMF website (www.amf-france.org).

				Subscription of stock options			Equity issue reserved for employees (SharePlan)	
Name	Sale of AXA Shares (Number)	Purchase of AXA Shares (Number)	Automatic re-investment into the Company Savings Plan of dividends attached to shares held in the Company Savings Plan (Number of units)	Subscription to AXA shares (Number)	Subscription and sale of stock options AXA Shares (Number)	Sale of units of AXA Group Mutual funds invested in AXA shares (Number)	Subscription to units of AXA Group Mutual funds invested in AXA shares (Number)	Subscription to AXA Shares (Number)
Henri de Castries	484,292* 57,000			60,797 110,000**		87,792.71	70,631.58	
Denis Duverne	102,773*		16,094.89				10,526.32	
Norbert Dentressangle		150						
Mrs. Suet Fern Lee		4,000						
Stefan Lippe		10,000						
Mrs. Doina Palici-Chehab							740.68	
Mrs. Dominique Reiniche		500						

* *Transaction performed by an independent financial intermediary pursuant to a discretionary mandate.*

** *AXA shares locked in under the AXA employer-sponsored savings plan (Plan d'Epargne d'Entreprise du Groupe).*

Commitments made to executive officers

PENSION

The Executive Officers of the Company (Messrs. Henri de Castries and Denis Duverne) participate, as all other executive employees (*directeurs*) of AXA Group entities in France, in a supplementary pension scheme with defined benefits.

This scheme, which has existed since January 1st, 1992, has been modified twice with effect from January 1st, 2005 and July 1st, 2009.

The current pension scheme rules were approved by the Supervisory Board on October 7, 2009, after having been presented for advice to all work councils and central work councils in France during the third quarter of 2009.

Under this scheme, a supplementary pension is paid to executives who retire immediately upon leaving the AXA Group, and who have a minimum length of service of 10 years, of which at least 5 years as an executive. Executives whose employment is terminated by the Company after the age of 55 may also benefit from the scheme provided that they do not resume any professional activity before retiring.

The amount of the supplementary pension is calculated at the time of retirement and is in addition to the total amount of retirement pensions paid under mandatory schemes (Social security, ARRCO, AGIRC…) and under any other retirement scheme to which the beneficiary may have participated during his/her career, both within or outside the AXA Group.

The amount of the supplementary pension is designed, for a minimum executive seniority of 20 years within the AXA Group, to achieve a global pension equivalent to:

- 40% of the average gross compensation of the past 5 years preceding the retirement date, if this average is superior to 12 annual Social security ceilings [(1)];
- 50% of the average gross compensation of the past 5 years preceding the retirement date, if this average is inferior to 8 annual Social security ceilings;
- 2.4 Social security ceilings + 20% of the average gross compensation of the past 5 years preceding the retirement date, if this average is between 8 and 12 annual Social security ceilings.

Reduced rates apply for an executive seniority of less than 20 years. As an example, with 10 years of executive seniority, the supplementary pension allows to reach a global pension equivalent to 34% instead of 40%. This rate is reduced to 20% for an executive seniority of 5 years, and no supplementary pension is paid for an executive seniority of less than 5 years.

In case of departure from the AXA Group before retirement, no supplementary pension is paid.

The Company's commitments as regard to pension or retirement to the aforementioned executives was €38.1 million on December 31, 2012.

The evolution of these commitments between December 31, 2011 and December 31, 2012 is due to the cost attributable to one year of additional service within the AXA Group and the evolution of technical and tax hypothesis.

Mr. Henri de Castries decided in 2010, on an individual and voluntary basis but in consultation with the Board of Directors, to limit the compensation to be taken into account in order to calculate his global pension. For information purposes, as of today considering his length of service within the Group (more than 23 years on the date of this Annual Report), the part of his global pension that would be paid under the supplementary pension scheme would represent approximately 32% of his current annual target compensation.

(1) *For information, the annual Social security ceiling for 2013 is equal to €37,032.*

TERMINATION PROVISIONS

Executive officers	Employment contract		Supplementary pension scheme		Indemnities or advantages due or likely to be due upon termination of functions		Indemnities due for non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Henri de Castries Chairman & CEO Beginning of current mandate: 04/29/2010 Term of office: 2014	–	X	X	–	X	–	–	X
Denis Duverne Deputy CEO Beginning of current mandate: 04/29/2010 Term of office: 2014	–	X	X	–	X	–	–	X

In accordance with the AFEP/MEDEF recommendations, Messrs. Henri de Castries and Denis Duverne have decided to renounce their respective employment contracts following AXA's Shareholders' Meeting of April 29, 2010.

In connection with this decision, the Supervisory Board undertook a review of the consequences of this renunciation including with respect to the continuity of the social benefits (health insurance, life insurance, disability insurance, retirement, etc.) to which Messrs. de Castries and Duverne were entitled as employees of AXA. In this context, the Supervisory Board (i) noted that Messrs. de Castries and Duverne have been long-standing employees of the AXA Group (for 20 years and 14 years, respectively) and had the same social benefits as all other director-level employees of AXA in France (with no special benefits or arrangement designed specifically for them), and (ii) was concerned that the decision of Messrs. de Castries and Duverne to renounce their employment contracts in accordance with the AFEP/MEDEF recommendations would not jeopardize the continuity of their accrued and future social benefits.

In this context, on February 17, 2010, the Supervisory Board took the following decisions:

- the Supervisory Board authorized that, following the termination of their employment contracts, Messrs. Henri de Castries and Denis Duverne will continue to have social benefits (health insurance, life insurance, disability insurance, retirement, etc.) on terms equivalent to those of all other director-level employees of the AXA Group in France;
- the Supervisory Board authorized a contractual severance benefit for Messrs. de Castries and Duverne designed to replicate the benefits to which they were entitled as AXA employees under the 1993 collective agreement covering director-level employees of the insurance sector, but with the addition of new performance conditions in accordance with the AFEP/MEDEF recommendations. A severance benefit would be applicable, except in the case of gross or wilful misconduct, solely in the event of dismissal, non-renewal or resignation within 12 months following a change in the Company's control or strategy that has not been initiated by the beneficiary. The payment of the severance benefit would also be subject to the three following performance conditions: (1) achievement, for at least 2 of the 3 preceding fiscal years, of the objectives set for the beneficiary's variable compensation and corresponding to the payment of at least 65% of his variable compensation target; (2) evolution of the AXA share price at least equal to the Dow Jones Eurostoxx Insurance index (in percentage) over a 3-year period preceding the termination of the term of office; (3) financial strength ratings of the AXA Group's principal insurance subsidiaries above or equal to the minimum ratings set by the Board with regard to the insurance industry and the ratings of AXA's principal competitors. The amount of severance benefit to be paid to the beneficiary would be adjusted in accordance with the level of achievement against these performance conditions: (1) 100% of the severance benefit will be paid if at least 2 of the 3 performance conditions are met; (2) 40% of the severance benefit will be paid if only 1 performance condition is met; and (3) no severance benefit shall be paid if none of the performance conditions are met. Notwithstanding the foregoing, if only 2 of the 3 performance conditions are met, the amount of severance benefit will be reduced by 50% if the performance condition (1) is not met or if AXA's consolidated net income for the preceding fiscal year was negative.

  No severance benefit will be paid if the beneficiary is entitled to an additional pension scheme within the 6 months following his termination.

  The initial amount of the severance benefit would be equal to 19 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination for Mr. Henri de Castries, and equal to 12 months of this average for Mr. Denis Duverne. For each beneficiary, one month will be added to the initial amount of the severance benefit for each additional year of future service up to a maximum cap of 24 months.

  These commitments took effect upon the effective renunciation by Messrs. Henri de Castries and Denis Duverne of their respective employment contracts at the end of the Shareholder's Meeting of April 29, 2010, and will continue so long as they remain executive officers of AXA (including under renewed mandates);
- Messrs. Henri de Castries and Denis Duverne also renounced the indemnities to which they were entitled as employees, pursuant to the 1993 collective agreement, (i) at the time of their retirement (*indemnités de départ en retraite*) and (ii) in case of termination (six month prior notice).

2.3 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Capital ownership

On December 31, 2012, AXA's fully paid up and issued share capital amounted to €5,469,919,153.36 divided into 2,388,610,984 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1st, 2012.

To the best of the Company's knowledge, the table below summarizes the ownership of its issued outstanding ordinary shares and related voting rights on December 31, 2012:

	Number of shares	% of capital ownership	% of voting rights [(a)]
Mutuelles AXA [(b)]	342,767,775	14.35%	23.05%
Treasury shares held directly by the Company	57,048	0.00%	[0.00%] [(c)]
Treasury shares held by Company subsidiaries (directly or indirectly) [(d)]	16,448,654	0.69 %	[1.07 %] [(c)]
Employees and agents	177,487,595	7.43 %	8.97 %
General public	1,851,849,912	77.53 %	66.91 %
TOTAL	**2,388,610,984** [(e)]	**100%**	**100%**

(a) *In this table, voting rights' percentages are calculated on the basis that all outstanding ordinary shares are entitled to voting rights, notwithstanding the fact that certain of these shares may be deprived of voting rights by law or otherwise (for example, treasury shares held by AXA or its subsidiaries are deprived of voting rights under French law).*

(b) *AXA Assurances IARD Mutuelle (11.43% of capital ownership and 18.23% of voting rights) and AXA Assurances Vie Mutuelle (2.92% of capital ownership and 4.83% of voting rights).*

(c) *These shares will be entitled to vote when they cease to be treasury shares (e.g. upon their sale or other transfer to an unaffiliated third party).*

(d) *Treasury shares as indicated in Note 13 to "Consolidated Financial Statements" included in Part 4 of this Annual Report.*

(e) *Source: Euronext Notice of January 4, 2013.*

AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle (the "Mutuelles AXA") are parties to agreements pursuant to which they have stated their intention to collectively vote their shares in AXA. As part of these agreements, the Mutuelles AXA have established a Strategy Committee *(Comité de coordination stratégique)* composed of certain directors from their respective Boards. The Strategy Committee elects a Chairman among its members (at present, Mr. Claude Bébéar) and is generally consulted on all significant matters relating to the Mutuelles AXA including their collective shareholding in AXA and overall relationship with the Company.

To the best of the Company's knowledge, no shareholder held more than 5% of the Company's share capital or voting rights on December 31, 2012 except as indicated in the table above.

Certain of the Company's shares are entitled to double voting rights as described in Part 5 – "Certain additional information" – "Voting rights" Section of this Annual Report. Of the Company's 2,388,610,984 outstanding ordinary shares on December 31, 2012, 500,960,603 shares entitled their holders to double voting rights as of that date.

SIGNIFICANT CHANGES IN CAPITAL OWNERSHIP

Significant changes in the Company's share capital ownership between December 31, 2010 and December 31, 2012 are set forth in the table below:

	On December 31, 2012 [a]				On December 31, 2011 [a]				On December 31, 2010 [a]			
	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)	Number of shares	Capital ownership (%)	Number of voting rights	Voting rights (%)
Mutuelles AXA [b]	342,767,775	14.35%	666,123,259	23.05%	342,767,775	14.54%	666,123,259	22.76%	323,355,484	13.94%	621,837,469	21.88%
Treasury shares held directly by the Company	57,048	0.00%	[57,048] [c]	[0.00%] [c]	979,168	0.04%	[979,168] [c]	[0.03%] [c]	8,273,983	0.36%	[8,273,983] [c]	[0.29%] [c]
Treasury shares held by Company subsidiaries (directly and indirectly) [d]	16,448,654	0.69%	[30,906,564] [c]	[1.07%] [c]	16,489,792	0.70%	[30,258,184] [c]	[1.03%] [c]	17,372,038	0.75%	[30,875,964] [c]	[1.08%] [c]
Employees and agents	177,487,595	7.43%	259,090,586	8.97%	172,910,876	7.34%	248,106,725	8.48%	150,840,244	6.50%	214,844,721	7.56%
General public	1,851,849,912	77.53%	1,933,394,130	66.91%	1,824,049,909	77.38%	1,981,869,995	67.70%	1,820,263,488	78.45%	1,966,987,435	69.19%
TOTAL	**2,388,610,984 [e]**	**100%**	**2,889,571,587**	**100%**	**2,357,197,520**	**100%**	**2,927,337,331**	**100%**	**2,320,105,237**	**100%**	**2,842,819,572**	**100%**

(a) In this table, voting rights' percentages are calculated on the basis that all outstanding ordinary shares are entitled to voting rights, notwithstanding the fact that certain of these shares may be deprived of voting rights by law or otherwise (for example, treasury shares are deprived of voting rights under French law).

(b) AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle.

(c) These shares will be entitled to vote when they cease to be treasury shares (e.g. upon their sale or other transfer to an unaffiliated third party).

(d) Treasury shares as indicated in Note 13 to "Consolidated Financial Statements" included in Part 4 of this Annual Report.

(e) Source: Euronext Notice of January 4, 2013.

On December 31, 2012, to the best of the Company's knowledge based on the information available to it, the Company had approximately 11,011 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2012 BY AXA ON ITS OWN SHARES

In connection with the share repurchase programs which were respectively approved by AXA's shareholders during their General Meeting held on April 27, 2011 (resolution 8) and during their General Meeting held on April 25, 2012 (resolution 17) carried out pursuant to Article L.225-209 of the French Commercial Code, (i) 750,000 AXA shares were repurchased (hedging of the grant of free shares to employees of the Group) for an average weighted gross unit price per share of €10.15, and (ii) no AXA share was sold between January 1 and December 31, 2012.

As a result, on December 31, 2012 the total number of treasury shares, all allocated for hedging purposes, was 57,048, corresponding to 0.00% of AXA's share capital at the year-end closing date, acquired for an aggregate purchase price of €740,558.70 (with a par value of €2.29 per share).

FULLY DILUTED CAPITAL ON DECEMBER 31, 2012

The following table indicates the Company's fully diluted share capital, assuming that the maximum number of new shares is issued following the exercise of all outstanding stock options and warrants.

	Fully diluted capital
Ordinary shares issued on December 31, 2012 [a]	2,388,610,984
Stock options	74,606,578
Stock subscription warrants related to the SharePlan operation in Germany	2,121,050
Maximum total number of shares	2,465,338,612

(a) Source: Euronext Notice of January 4, 2013.

AXA subordinated convertible bonds on December 31, 2012 (a)

	Subordinated convertible bonds issued on February 17, 2000
Number of bonds initially issued	6,646,524
Issue price	€165.50
Total principal amount	€1,099,999,722
Closing date	February 17, 2000
Maturity date	January 1st, 2017
Coupon	3.75%
Conversion	Starting February 17, 2000: 4.41 (b) shares for 1 bond
Maturity of the bonds	Total redemption on January 1st, 2017 at €269.16 per bond, *i.e.* 162.63% of the nominal amount
Early redemption	■ The Company may purchase the bonds on any Stock Exchange or otherwise in accordance with applicable law, including by way of tender for purchase or exchange; ■ At the option of the issuer, in cash, from January 1st, 2007 at a price with a gross 6% actuarial yield, if the Company's share average over 10 consecutive days is above 125% of the anticipated repayment price; ■ At any time, at the option of the issuer, at €269.16 if the number of bonds in circulation is below 10% of the number of bonds issued.
Number of bonds outstanding on December 31, 2012	**6,613,129**

(a) AXA's 2017 convertible bonds can still be converted, but any dilutive impact created by the issuance of new shares resulting from the conversion of the bonds is neutralized by the automatic exercise of call options on the AXA shares that were put in place in January 2007.

(b) As a result of certain financing transactions (capital increases with preferential subscription rights, reserves distribution), the conversion conditions of AXA 2017 convertible bonds were adjusted on several occasions since their issue in 2000. The conversion ratio was increased to 4.41 AXA shares with a par value of €2.29 for one convertible bond (see Euronext notice n° PAR_20091109_05426 published on November 9, 2009 and Euronext notice n° PAR_20091209_05954 published on December 9, 2009).

Related party transactions, employee shareholders and cross-shareholding agreements

RELATED PARTY TRANSACTIONS

For information concerning related party transactions, please see Part 4 – "Consolidated Financial Statements" – Note 28 "Related-party transactions" of this Annual Report.

EMPLOYEE SHAREHOLDERS

SharePlan

Since 1993, the AXA Group has promoted employee shareholding by offering each year to its employees an opportunity to become shareholders through a special share capital increase reserved exclusively to them ("SharePlan").

By virtue of the authorization granted by the Shareholders' Meeting of April 25, 2012, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the SharePlan 2012 program. The shareholders waived their preferential subscription rights so that this offering could be made to employees.

In countries that met the legal, regulatory and tax requirements to participate in SharePlan, two investment options were offered to the Group employees in 2012:

- the traditional plan, offered in 39 countries;
- the leveraged plan, offered in 37 countries.

The traditional plan allowed employees to subscribe through a personal investment to AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on countries) with a 20% discount. The shares are held within the Group Company Savings Plan and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable laws). Employees are subject to the share price evolution, up or down, as compared to the subscription price.

At the end of the 5 year holding period, the employees can, depending on their country of residence, do any one of the following: (1) receive the cash value of their assets; (2) receive the value of their assets in the form of AXA shares; or (3) transfer their assets invested in the leveraged plan into the traditional plan.

The leveraged plan in 2012 allowed employees to subscribe, on the basis of 10 times their personal investment, to AXA shares (either through Mutual funds (FCPE) or through direct share ownership, depending on countries) with a 17.19% discount. The shares are held within the Group Company Savings Plan and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable laws). Employees' personal investment is guaranteed by a bank, and employees also benefit from a portion of the share appreciation, as compared to the non-discounted reference price.

Mutual funds (FCPE) with direct voting rights have been created since 2005 to allow beneficiaries, in most cases, to directly exercise their voting rights during the Company's Shareholders' Meetings.

The SharePlan 2012 program was carried out through a capital increase that took place in December 2012 and was open to almost all Group employees through voluntary contributions:

- over 21,000 employees took part in SharePlan 2012, representing over 18% of eligible employees;
- the total amount invested was approximately €291 million, as follows:
  - €17.8 million in the traditional plan, and
  - €273.2 million in the leveraged plan;
- a total of approximately 30 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1st, 2012.

On December 31, 2012, AXA employees and agents held 7.43% of the share capital and 8.97% of the voting rights. These shares are owned through Mutual funds or directly either in the form of ordinary shares or ADS.

AXA Miles

In order to associate all AXA Group employees with the roll-out of the AXA Group's Ambition AXA strategic plan, 50 free AXA ordinary shares ("AXA Miles") were granted on March 16, 2012 to all AXA Group employees worldwide.

These shares will vest upon completion of a two or four year vesting period (*i.e.*, in 2014 or 2016) depending on applicable local regulations, and subject to fulfilment of certain conditions.

In July 2007, the AXA Group launched its first worldwide all-employee free share grant to over 100,000 employees.

CROSS-SHAREHOLDING AGREEMENTS

Agreement with the BNP Paribas Group

On August 5, 2010, and after authorization by the AXA Board of Directors of August 3, 2010, the AXA Group and the BNP Paribas Group entered into an agreement that replaces the prior agreement between them dated December 15, 2005.

The 2010 agreement maintains the option for each party to repurchase its shares in the event of a hostile change of control of the other party.

In force for a period of three years starting from August 5, 2010, this agreement is renewable automatically for successive periods of one year thereafter, unless one of the two parties decides to terminate the agreement earlier, in which case the terminating party is required to give a three month notice prior to the next renewal date.

The agreement was made public by the AMF on August 9, 2010.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Special report of the Statutory Auditors on regulated agreements and commitments

(For the year ended December 31, 2012)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders of **AXA**
25, avenue Matignon
75008 Paris

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA SA we hereby submit our report on regulated agreements and commitments.

It does not fall within the scope of our assignment to ascertain the potential existence of other agreements and commitments but rather, on the basis of the information that was supplied to us, to inform you, the shareholders, of the main features of those agreements of which we have been informed. It is not our responsibility to express an opinion on the utility or merits of such agreements. Pursuant to Article R.225-31 of the French Commercial Code, you are asked to form an opinion on the relevance of such agreements for the purpose of approving them.

Furthermore, we are required, if necessary, to provide information, in accordance with Article R.225-31 of the French Commercial Code, on agreements and commitments previously approved by the Shareholders' Meeting which remained in force.

We performed our work in accordance with the standards of our profession applicable in France. These standards consisted in the verification of the consistency of the information we received with the basis documentation from which they are extracted.

Agreement to be approved by the Shareholders' Meeting

AGREEMENT AUTHORIZED DURING THE FISCAL YEAR 2012

In accordance with Article L.225-40 of the French Commercial Code, we were advised of the following agreement which were previously authorized by your Board of Directors.

With AXA ASIA - Directors concerned: Messrs. Henri de Castries (Chairman & Chief Executive Officer) and Denis Duverne (Deputy Chief Executive Officer)

Nature, purpose, terms and conditions

On June 13, 2012, the AXA Board of Directors authorized the signing of agreements between AXA as seller, on the one hand, and AXA ASIA as purchaser, on the other hand, regarding the disposal of shares held directly or indirectly by AXA in Asian Life and P&C entities of the Group (National Mutual International Pty Ltd (NMI), AXA India Holdings and Philippines AXA Life Insurance Corporation).

These transfers are a consequence of the internal corporate reorganization which started in 2011 following the repurchase by your Company, on April 1st, 2011, of the Asian Life, Savings and Retirement businesses held by its former subsidiary AXA Asia Pacific Holdings Limited, transferred on the same date to AMP. The purpose of these transfers is for AXA ASIA to become the new common holding company for the Group's Asian activities.

AXA has sold to AXA ASIA:

- 166,152,789 shares of NMI which amount to €2,006,205,415;
- 2,967,186 shares of Philippines AXA Life Insurance Corporation which amount to €148,445,516;
- 154,883,738 shares of AXA India Holdings which amount to €15,730,000.

Agreements and commitments previously approved by the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING PRIOR FISCAL YEARS THAT REMAINED IN FORCE IN 2012

In accordance with Article L.225-30 of the French Commercial Code, we were advised of the following commitments and regulated agreements, approved during previous fiscal years, which remained in force in 2012.

With the BNP Paribas Group - concerned director: Mr. Michel Pébereau (Member of the Board of Directors)

Nature, purpose, terms and conditions

On August 3, 2010, the AXA Board of Directors authorized the signing of an agreement between AXA, on the one hand, and BNP Paribas, on the other hand.

- This agreement, entered into on August 5, 2010, came into force on the signing date and replaces the one in force since December 15, 2005.
- This agreement contains provisions in terms of information requirements in case of change in the cross-shareholdings between the two Groups.
- This agreement provides, specifically, a reciprocal repurchase option with BNP Paribas in the event of a hostile takeover by a third party of the share capital of AXA or BNP Paribas. In these circumstances, and pursuant to the agreement, AXA would be entitled to repurchase, partly or entirely, the outstanding shareholding of the BNP Paribas Group in AXA on the date it exercises its repurchase option. Reciprocally, BNP Paribas will enjoy the same repurchase option over the outstanding shareholding of the AXA Group in BNP Paribas.
- In force for a period of three years as from August 5, 2010, this agreement is renewable automatically for successive periods of one year, unless one of the two parties decides to terminate beforehand, in which case it is required to give three month notice prior to the next renewal date.
- The agreement was made public by the AMF on August 9, 2010.

With the following executive officers: Messrs. Henri de Castries (Chairman & Chief Executive Officer) and Denis Duverne (Deputy Chief Executive Officer)

Nature, purpose, terms and conditions

On October 7, 2009, the AXA Supervisory Board confirmed that Messrs. Henri de Castries, Denis Duverne and François Pierson, then members of the Management Board, were entitled to the supplementary pension scheme in the same conditions that apply to director-level employees of the AXA Group in France.

This scheme, which has existed since January 1st, 1992, has been modified twice with effect from January 1st, 2005 and July 1st, 2009.

Under this scheme, a supplementary pension is paid to Executives who retire immediately upon leaving the AXA Group, at age of 60 or older and who have a minimum length of service of 10 years, of which at least 5 years as Executive. May also benefit from the scheme, Executives whose employment is terminated by the Company after the age of 55, under the condition that they do not resume any professional activity before retiring.

The amount of the supplementary pension is calculated at the time of retirement and is in addition to the total amount of retirement pensions paid under mandatory schemes (Social Security, ARRCO, AGIRC…) and under any other retirement scheme to which the beneficiary may have participated during his/her career, both within or outside the AXA Group.

The amount of the supplementary pension aims, for a minimum executive seniority of 20 years, at achieving a global pension equivalent to:

- 40% of the average gross compensation of the past 5 years preceding the retirement date, if this average is superior to 12 annual Social Security ceilings;
- 50% of the average gross compensation of the past 5 years preceding the retirement date, if this average is inferior to 8 annual Social Security ceilings;
- 2.4 Social Security ceilings + 20% of the average gross compensation of the past 5 years preceding the retirement date, if this average is between 8 and 12 annual Social Security ceilings.

Reduced rates shall apply for an executive seniority of less than 20 years. As an example, with 10 years of executive seniority, the supplementary pension allows to reach a global pension equivalent to 34% instead of 40%. This rate is reduced to 20% for an executive seniority of 5 years, and no supplementary pension is paid for an executive seniority of less than 5 years.

In case of departure from the Group before retirement, no supplementary pension is paid.

During 2012, these commitments applied to Messrs. Henri de Castries and Denis Duverne (respectively Chairman & Chief Executive Officer and Deputy Chief Executive Officer as of April 29, 2010).

With Mr. Henri de Castries (Chairman & Chief Executive Officer)

Nature, purpose, terms and conditions

On February 17, 2010, the Supervisory Board acknowledged the effective renunciation by Mr. Henri de Castries of his employment contract as of the Shareholders' Meeting of April 29, 2010 during which the former dual structure consisting of a Management Board and a Supervisory Board was replaced by a unitary Board of Directors structure in which Mr. Henri de Castries holds the position of Chairman in addition to his functions as Chief Executive Officer.

The Supervisory Board was concerned that the decision of Mr. Henri de Castries to renounce his employment contract, in accordance with the AFEP/MEDEF recommendations, would not jeopardize the continuity of his accrued and future social benefits. Consequently, the Supervisory Board took the following decisions:

- the Supervisory Board authorized the Company to take all appropriate commitments to ensure that Mr. Henri de Castries will continue to have social benefits (health insurance, life insurance, disability insurance, retirement…) identical or on terms equivalent to those applicable to AXA Group's director-level employees in France, including by amending Group benefit plans in terms of health, life and disability insurance;
- the Supervisory Board authorized that Mr. Henri de Castries would be granted a contractual severance benefit upon termination of his term of office as executive officer. This severance benefit, subject to performance conditions in conformity with the AFEP/MEDEF recommendations and the applicable laws and regulations, would be equivalent to that provided for in the collective agreement relative to director-level employees of insurance companies dated 1993 and which was previously applicable to Mr. Henri de Castries as employee.

A severance benefit would be applicable, except in the case of gross or wilful misconduct, solely in the event of dismissal, non-renewal or resignation within 12 months following a change in the Company's control or strategy that has not been initiated by the beneficiary.

The payment of the severance benefit would also be subject to the three following performance conditions: (1) achievement, for at least 2 of the 3 preceding fiscal years, of the objectives set for the beneficiary's variable compensation and corresponding to the payment of at least 65% of his variable compensation target; (2) evolution of the AXA share price at least equal to the Dow Jones Eurostoxx Insurance index (in percentage) over a 3-year period preceding the termination of the term of office; (3) financial strength ratings of the AXA Group's principal insurance subsidiaries above or equal to the minimum ratings set by the Supervisory Board with regard to the insurance industry and the ratings of AXA's principal competitors.

The amount of the severance benefit to be paid to the beneficiary would be adjusted in accordance with the level of achievement against these performance conditions as follows: (1) 100% of the severance benefit would be paid if at least 2 of the 3 performance conditions are met; (2) 40% of the severance benefit would be paid if only 1 performance condition is met; and (3) no severance benefit would be paid if none of the performance conditions are met. Notwithstanding the foregoing, if only 2 of the 3 performance conditions are met, the amount of severance benefit will be reduced by 50% if the performance condition (1) is not met or if AXA's consolidated net income for the preceding fiscal year was negative.

No severance benefit will be paid if the beneficiary is entitled to an additional pension scheme within the 6 months following his termination.

The initial amount of the severance benefit would be equal to 19 months of average compensation (fixed and variable) paid during the 24-month period preceding termination for Mr. Henri de Castries. One month will be added to the initial amount of the severance benefit for each additional year of future service up to a maximum cap of 24 months.

These commitments are in force upon the effective renunciation by Mr. Henri de Castries of his employment contract *i.e.* on April 30, 2010 and will continue so long as he remains an executive officer of AXA (including under renewed mandates).

With Mr. Denis Duverne (Deputy Chief Executive Officer)

Nature, purpose, terms and conditions:

On February 17, 2010, the Supervisory Board acknowledged the effective renunciation by Mr. Denis Duverne of his employment contract as of the Shareholders' Meeting of April 29, 2010 during which the former dual structure consisting of a Management Board and a Supervisory Board was replaced by a unitary Board of Directors structure in which Mr. Denis Duverne holds the position of Deputy Chief Executive Officer.

The Supervisory Board was concerned that the decision of Mr. Denis Duverne to renounce his employment contract, in accordance with the AFEP/MEDEF recommendations, would not jeopardize the continuity of his accrued and future social benefits. Consequently, the Supervisory Board took the following decisions:

- the Supervisory Board authorized the Company to take all appropriate commitments to ensure that Mr. Denis Duverne will continue to have social benefits (health insurance, life insurance, disability insurance, retirement…) identical or on terms equivalent to those applicable to AXA Group's director-level employees in France, including by amending Group benefit plans in terms of health, life and disability insurance;
- the Supervisory Board authorized that Mr. Denis Duverne would be granted a contractual severance benefit upon termination of his term of office as executive officer. This severance benefit, subject to performance conditions in conformity with the AFEP/MEDEF recommendations and the applicable laws and regulations, would be equivalent to that provided for in the collective agreement relative to director-level employees of insurance companies dated 1993 and which was previously applicable to Mr. Denis Duverne as employee.

The terms and conditions under which this severance benefit would be granted are the same as for Mr. Henri de Castries except for the initial amount of the benefit which would be equal to 12 months of average compensation (fixed and variable) paid during the 24-month period preceding termination.

These commitments are in force upon the effective renunciation by Mr. Denis Duverne of his employment contract *i.e.* on April 30, 2010 and will continue so long as he remains an executive officer of AXA (including under renewed mandates).

Neuilly-sur-Seine and Courbevoie, March 20, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Pierre Coll – Michel Laforce	Philippe Castagnac - Gilles Magnan

2.4 THE OFFER AND LISTING

Markets

The principal trading market for the Company's ordinary shares is the Compartment A of Euronext Paris. Since the delisting of ADS (*American Depositary Shares,* each representing one AXA ordinary share) from the New York Stock Exchange on March 26, 2010, the Company's ADSs are traded on the U.S. over-the-counter market and are listed on the OTC QX platform under the symbol AXAHY.

TRADING ON EURONEXT PARIS

Official trading of listed securities on Euronext Paris, including the Company's ordinary shares, is transacted through French stockbrokers (sociétés de bourse) and takes place continuously on each business day in Paris from 9:00 a.m. to 5:30 p.m. (Paris time), with a fixing of the closing price at 5:35 p.m.

In France, the Company's ordinary shares are included in the principal index published by Euronext Paris (the "CAC 40 Index"). The Company's ordinary shares are also included in Euronext 100, the index representing Euronext's blue chip companies based on market capitalization, and in EURO STOXX 50, the blue chip index comprised of the 50 most highly capitalized and most actively traded equities within the Eurozone. In addition, the Company's ordinary shares are also included in the EURO STOXX Insurance, the insurance related index for companies within the Eurozone, and in the EURO STOXX Sustainability 40, the index representing the largest sustainability leaders in the Eurozone in terms of long-term environmental, social and governance criteria.

The table below sets forth, for the periods indicated, the reported high and low prices (intraday) in Euro for the Company's ordinary shares on Euronext Paris:

Calendar Period	Intraday High (In Euro)	Intraday Low (In Euro)
2011		
Third quarter	15.935	7.880
Fourth quarter	12.650	8.500
2012		
First quarter	13.250	9.392
Second quarter	12.585	8.650
Third quarter	13.080	8.760
Fourth quarter	13.535	11.355
Annual	13.535	8.650
2012 and 2013		
August 2012	11.950	9.310
September 2012	13.080	11.400
October 2012	12.820	11.355
November 2012	12.740	11.435
December 2012	13.535	12.605
January 2013	13.950	13.165
February 2013	14.105	12.900

3

REGULATION, RISK FACTORS
Certain disclosures about market risk and related matters

3.1 REGULATION

AXA is engaged in regulated business activities on a global basis through numerous operating subsidiaries and the Group's principal business activities of insurance and asset management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. AXA SA, the ultimate parent holding company of the AXA Group, is also subject to extensive regulation as a result of its listing on NYSE Euronext Paris and its interest in numerous regulated insurance and asset management subsidiaries. Given that the AXA Group is headquartered in Paris, France, this supervision is based to a significant extent on European Union directives and on the French regulatory system. The AXA Group's principal regulators in France are the *Autorité des marchés financiers* ("AMF"), which is the French financial market regulator, and the *Autorité de contrôle prudentiel* ("ACP"), which is the principal French insurance regulator.

INSURANCE OPERATIONS

General

While the extent and nature of regulation varies from country to country, most jurisdictions in which AXA's insurance subsidiaries operate have laws and regulations governing standards of solvency, levels of reserves, permitted types and concentrations of investments, and business conduct to be maintained by insurance companies as well as agent licensing, approval of policy forms and, for certain lines of insurance, approval or filing of rates. In certain jurisdictions, regulations limit sales commissions and certain other marketing expenses that may be incurred by the insurer. In general, insurers are required to file detailed annual financial statements with their supervisory agencies in each of the jurisdictions in which they do business. Such agencies may conduct regular or unexpected examinations of the insurers' operations and accounts and make requests for particular information from the insurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed insurer. This holding company legislation typically requires periodic disclosure concerning the corporation that controls the licensed insurer and other affiliated companies, including prior approval of transactions between the insurer and other affiliates such as inter-corporate transfers of assets and payment of dividends by the controlled insurer. In general, these regulatory schemes are designed to protect the interests of policyholders rather than shareholders.

Regulatory Capital and Solvency Requirements

The Company's insurance subsidiaries are subject to regulatory capital requirements in the jurisdictions where they do business, which are designed to monitor capital adequacy and to protect policyholders. While the specific regulatory capital requirements (including definition of admitted assets and methods of calculation) vary between jurisdictions, an insurer's required capital can be impacted by a wide variety of factors including, but not limited to, business mix, product design, sales volume, invested assets, liabilities, reserves and movements in the capital markets, including interest rates and equity markets. Regulatory capital requirements may increase, possibly significantly, during periods of declining equity markets and/or lower interest rates such as those experienced since 2008.

The Group is subject to consolidated supervision by the ACP which has extensive oversight authority, including to review the Group's consolidated solvency margin. At the consolidated Group level, the Company is required to calculate, in accordance with applicable French "Solvency I" regulations, a consolidated solvency margin ratio which represents the Company's total available capital as compared to its required regulatory capital. Under applicable French regulations, 100% is the minimum required consolidated solvency margin for the Company. On December 31, 2012 the Company's consolidated solvency margin was 233%. The Company's year-end 2012 solvency margin stood at a higher level than its consolidated solvency margin at December 31, 2011 (188%).

Over the past several years, the European Commission (the "Commission"), jointly with Member States, has undertaken a fundamental review of the regulatory capital regime of the insurance industry (the "Solvency II" project). Due to come into effect shortly, Solvency II was designed to implement solvency requirements that would have better reflected the risks that insurance companies face and delivered a supervisory system that is consistent across all European member states. The Solvency II framework is based on three main pillars: (1) Pillar 1 consists of the quantitative requirements around own funds, valuation rules for assets and liabilities and capital requirements, (2) Pillar 2 sets out requirements for the governance and risk management of insurers, as well as for the effective supervision of insurers including the requirement for insurers to submit an Own Risk and Solvency Assessment (ORSA) which will be used by the Regulator as part of the supervisory review process; and (3) Pillar 3 focuses on disclosure and transparency requirements. The Solvency II framework will cover, among other matters, valuation of assets and liabilities, the treatment of insurance groups, the definition of capital and the overall level of required capital. A key aspect of Solvency II is that the assessment of risks and capital requirements would be aligned more closely with economic capital methodologies, and could allow the Group to make use of its internal economic capital models, if approved by AXA's lead supervisor ACP, to enable a better understanding of risks and an appropriate risk management.

At this stage, significant uncertainties on certain of the implementing measures of Solvency II remain. While AXA is actively participating in the various consultation processes through its involvement in industry bodies and trade associations, there is a continuing risk that the effect of the final measures adopted could depart from the initial objective of the Directive (*i.e.* setting an economic framework) and end up more focused on prudence driven principles which could be adverse for the Group in many respects including potentially imposing a significant increase in the capital required to support existing business. In addition, the application of Solvency II to international groups is still unclear and there is a risk of early application (risk of "phasing in") and once effective or even before being effective of inconsistent application throughout Europe, which may place AXA at a competitive disadvantage with regard to other European and non-European financial services groups. We cannot currently predict whether and/or how these uncertainties will ultimately be resolved and their potential impact on the insurance industry generally or our consolidated financial position or results of operations.

While the Group currently expects to be able to obtain ACP's approval for use of its internal economic capital models on a timely basis, discussions with ACP are on-going and, consequently, there is a risk that ACP may not approve these models on a timely basis (or otherwise) and/or may impose conditions or require modifications which would have multiple adverse consequences for the Group including increasing the levels of required capital.

ASSET MANAGEMENT

AllianceBernstein and AXA Investment Managers are subject to extensive regulation in the various jurisdictions in which they operate. These regulations are generally designed to safeguard client assets and insure adequacy of disclosure concerning investment returns, risk characteristics of invested assets in various funds, suitability of investments for client investment objectives and risk tolerance, as well as the identity and qualifications of the investment manager. These regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in business for specific periods, the revocation of the registration as an investment adviser, censures and fines.

While the full impact of such requirements can only be evaluated in the context of implementing regulations, such new legislation could have a substantial impact on AXA's regulated asset management business.

RECENT SIGNIFICANT LEGISLATIVE OR REGULATORY DEVELOPMENTS

Executive compensation

Since 2008 there have been a variety of proposals with respect to executive compensation practices at financial institutions including from the Financial Stability Board (FSB) and other regulatory bodies. Certain of these proposals have been embodied in regulation or legislation while others remain best practice recommendations.

In 2009, the FSB published implementation standards for its Principles of Sound Compensation Practices. Among the matters covered in these standards and principles are a variety of mechanisms (including minimum recommended deferrals of cash bonuses, greater use of long-term equity grants rather than cash as a form of compensation, minimum vesting/deferral periods, and performance criteria for vesting of long-term awards) that are designed to ensure an appropriate alignment of interests between (i) Executive Management and certain employees (such as traders) who can have a potentially significant impact on the nature and duration of risks incurred, (ii) the Company and (iii) shareholders.

These principles and standards are reflected in a variety of regulations and legislative initiatives that have been enacted over the past two years in various jurisdictions where the Group does business. While these restrictions are often aimed primarily at the banking sector and do not apply uniformly to the Group across the various jurisdictions where it does business, the Group has aligned its global executive compensation practices with these standards and principles and conducts regular reviews of its compensation practices and policies in light of these standards as well as applicable legal and regulatory requirements. The uneven application of these principles and standards to the different actors in the financial sector (*e.g.* banks, insurers, asset managers, private equity funds, hedge funds, etc.) and across the various jurisdictions where the Group does business raises competitive issues for the Group, including our ability to attract and retain top-rate talents.

Evolution of accounting standards

Policyholders liabilities and related assets are currently accounted for according to IFRS 4 phase I which generally allows the continuation of accounting policies applied prior to the conversion to IFRS. The IASB issued a Discussion Paper in May 2007 and an Exposure Draft in July 2010 in order to define principles to be applied for IFRS 4 phase II. A new Exposure Draft is expected for 2013; indeed the IASB decided end of February 2013 to grant the staff permission to ballot the forthcoming Exposure Draft on Insurance Contracts. The new IFRS 4 phase II standard may significantly affect policyholders' liabilities and related assets at the date of first application which is not expected to be before 2018.

Global Systemic Insurer Designation

While no final determinations have yet been made as to which insurance groups may be designated as globally systemically important insurers ("G-SIIs"), management believes that the AXA Group is likely to be among the insurance groups so designated and expects final designations to be made and publicized during April 2013. The precise implications of being designated a G-SII are not yet clear, however, management believes that the draft policy measures for G-SIIs published by the International Association of Insurance Supervisors in October 2012 provides insights into the likely consequences which include (1) additional capital buffers for business deemed non-traditional/non-insurance, (2) greater regulatory authority over holding companies, (3) various measures to promote "structural self-sufficiency" of group companies and reduce group interdependencies, and (4) in general, a greater level of regulatory scrutiny for G-SIIs (including a requirement to prepare recovery and resolutions plans) which will entail significant new reporting and compliance burdens (and costs). These measures, if implemented, could have far reaching regulatory and competitive implications for the AXA Group. For additional information see "Designation of the AXA Group as a Global Systemically Important Insurer may adversely impact our capital requirements, profitability, the fungibility of our capital, our ability to grow through acquisition and our overall competitive position" in Section 3.2 "Risk Factors" of this Annual Report.

Finally, management expects the regulatory landscape with respect to insurance and financial markets will continue to evolve in 2013 and beyond with further legislative and regulatory initiatives, including completion of the European Commission's review of the Insurance Mediation Directive (IMD), the Markets in Financial Instruments Directive (MiFID) and implementation of the European Market Infrastructure Regulation (EMIR).

3.2 RISK FACTORS

You should carefully consider the following risks. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our ordinary shares and/or ADS to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of the Company. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations or cash flows.

Many of the risks described below are inherent to the nature of our business and the economic, competitive and regulatory environment in which we operate. Given the multiple contingencies and the inherent uncertainties involved with many of these risks, Management is not able to quantify the impact of many of these risks with any level of precision, however, it has put in place numerous risk management processes, procedures and controls to monitor and manage these risks on an on-going basis. These risk management processes, procedures and controls are described in detail in Section 3.3 of this Annual Report and this Section 3.2 should be read in conjunction with Section 3.3. In those cases where the risks described in this Section 3.2 have given rise to quantifiable and material financial impacts and/or material contingent liabilities, those financial impacts and/or contingent liabilities are reflected in the Group's consolidated financial statements in accordance with applicable IFRS accounting standards. In presenting the risks set forth in this Section 3.2, management has prioritized the four categories of risks presented and the individual risks within each of these categories in a manner that corresponds to management's current view as to the potential impact (from higher to lower) of the risk for the AXA Group. While management devotes very substantial resources to risk management on an on-going basis as described in Section 3.3 of this Annual Report, the Group's risk management activities, like all control systems, are subject to inherent limitations and cannot provide absolute assurance or render the Group immune in any respect from the risks described in this Section 3.2 or the losses that may be incurred in connection with these risks.

RISKS RELATING TO THE FINANCIAL MARKETS, OUR FINANCIAL STRENGTH RATINGS AND FINANCIAL CONDITION, THE VALUATION OF OUR ASSETS AND RELATED MATTERS

Continuing difficult conditions in the global financial markets and the economy as well as concerns over certain sovereign debt and the Euro may materially adversely affect our business and profitability, and these conditions may continue

Our results of operations are materially affected by conditions in the global financial markets and the economy generally. We have been affected by the financial crisis and its aftermath since 2008. A wide variety of factors including concerns over the creditworthiness of certain sovereign issuers, particularly in Europe, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies, the availability and cost of credit, the stability and solvency of financial institutions and other companies, the risk of future inflation as well as deflation in certain markets, volatile energy costs, and geopolitical issues have contributed to increased volatility in financial markets (including in foreign exchange and interest rates), diminished expectations for the economy in general and negatively impacted business and consumer confidence levels and spending in many jurisdictions where we do business.

Since June 2011, a number of European sovereigns and several major European financial institutions (including AXA) were downgraded by credit rating agencies in light of the continuing uncertainty stemming from the European debt crisis and future of the Euro. In the event of a default or similar event by a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available, and could also suffer further credit rating downgrades and/or solvency concerns which may, in turn, negatively impact public perceptions about the stability and creditworthiness of financial institutions and the financial sector generally and further dampen consumer confidence levels and spending.

These events and the continuing market volatility, have had and may continue to have an adverse effect on our revenues and results of operations in part because we have a large investment portfolio. Our investment income is an important factor in our profitability, and our sales of insurance and asset management products (as well as level of surrenders and lapses) is dependent upon financial market performance, customer behavior and confidence as well as other related factors.

Our ability to make a profit on insurance products and investment products, including fixed and guaranteed products, depends in part on the returns on investments supporting our obligations under these products, and the value of specific investments may fluctuate substantially depending on the foregoing conditions. Certain types of insurance and investment products that we offer expose us to risks associated with fluctuations in financial markets, including certain types of interest sensitive or variable products such as guaranteed annuities or Variable Annuities, which have crediting or other guaranteed rates or guaranteed minimum benefits not necessarily related to prevailing market interest rates or investment returns on underlying assets. Although we use hedging techniques to manage our exposure under certain of these guarantees, not all risks can be effectively hedged and volatility in the financial markets, combined with unanticipated policyholder behavior, may increase the cost of these hedges and/or negatively affect our ability to hedge certain of these risks, which may adversely affect our profitability. For further risks related to our hedging techniques, see "Risks relating to the structure of our Group, the scope and nature of our business, and the products we offer – Our hedging programs may be inadequate to protect us against the full extent of the exposure or losses we seek to mitigate which may negatively impact our business, results of operations and financial condition."

Factors such as consumer spending, business investment, government spending, regulation, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, our activities and the profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. In addition, we may experience an elevated incidence of lapses or surrenders on certain types of policies, lower surrender rates than anticipated on other types of products, such as certain Variable Annuities, with in-the-money guarantees, and our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could have a material adverse effect on our business, results of operations and financial condition.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital

The capital and credit markets have continued to experience volatility and disruption, significantly limiting the availability of additional liquidity in the markets and credit capacity for most issuers including AXA.

We need liquidity to pay our operating expenses (including claims and surrenders), interest on our debt, dividends on our capital stock and to refinance certain maturing debts and other liabilities. In addition, we need liquidity in connection with certain derivatives transactions to which we are party which require us to post cash collateral and/or subject us to margin calls in certain circumstances. A lack of sufficient liquidity and/or access to financing over a prolonged period may have a material adverse effect on our business, results of operations and consolidated financial position. The principal sources of our liquidity are insurance premiums, annuity considerations, deposit funds, asset management fees, cash flows from our investment assets and cash/cash-equivalents on our balance sheet. Sources of liquidity in normal markets also include a variety of short and long-term instruments, including repurchase agreements, commercial paper, committed credit facilities, medium and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

In the event our current resources do not satisfy our needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long-term or short-term financial prospects if we incur large investment losses or if the level of our business activity decreased due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. While management has put in place a liquidity risk management framework that includes active monitoring of the Group's liquidity position and contingency plans for accessing liquidity, if our internal sources of liquidity prove to be insufficient or if our liquidity requirements change so as to require additional funding, we may not be able to successfully obtain additional financing (whether on favorable terms or otherwise).

Our consolidated solvency margin and the regulatory capital requirements of our insurance subsidiaries may be negatively impacted by adverse capital market conditions, evolving regulatory interpretations and other factors, which could have a material adverse effect on our business, liquidity, credit ratings, results of operations and financial position

At the consolidated Group level, the Company is required to calculate, in accordance with applicable French "Solvency I" regulations, a consolidated solvency margin ratio which represents the Company's total available capital as compared to its required regulatory capital. Under applicable French regulations, 100% is the minimum required consolidated solvency margin for the Company. On December 31, 2012 the Company's consolidated solvency margin was 233% (taking into account the proposed 2012 dividend payment of €0.72 per share) which represented a €32 billion capital surplus at that date: (i) €24 billion of required capital [(1)], versus (ii) €56 billion of available capital [(2)]. The Company's consolidated solvency margin ratio is sensitive to capital market conditions (including the level of interest rates, the level of equity markets and foreign exchange impacts) as well as a variety of other factors.

Management monitors the Company's consolidated solvency margin and the regulatory capital requirements of its insurance subsidiaries on an on-going basis both for regulatory compliance purposes and to ensure that the Company and its subsidiaries are appropriately positioned from a competitive point of view. Insurance regulators generally have broad discretion in interpreting, applying and enforcing their rules and regulations with respect to solvency and regulatory capital requirements and, during periods of extreme financial market turmoil of the type we have experienced over the recent years, regulators may become more conservative in the interpretation, application and enforcement of these rules which may involve them, for example, imposing increased reserving requirements for certain types of risks, greater liquidity requirements, higher discounts/"haircuts" on certain assets or asset classes, more conservative calculation methodologies or taking other similar measures which may significantly increase regulatory capital requirements.

In the event of a failure by the Company and/or any of its insurance subsidiaries to meet minimum regulatory capital requirements, insurance regulators have broad authority to require or take various regulatory actions including limiting or prohibiting the issuance of new business, prohibiting payment of dividends, and/or, in extreme cases, putting a company into rehabilitation or insolvency proceedings. A failure of any of the Company's insurance subsidiaries to meet their regulatory capital requirements and/or a reduction in the level of their regulatory capital that may negatively impact their competitive position may also result in the Company deciding to inject significant amounts of new capital into its insurance subsidiaries which could adversely affect the Company's liquidity position, results of operations and financial position. Regulatory restrictions that inhibit the Company's ability to freely move excess capital among its subsidiaries or which otherwise restrict fungibility of the Group's capital resources may, depending on the nature and extent of the restrictions, adversely affect the capital position of the Company's operating insurance subsidiaries which may have a consequent negative impact on the Company and the perception of its financial strength. Additional regulatory developments regarding solvency requirements, including the proposed "Solvency II" regime, may further effect changes in the insurance industry's solvency framework and prudential regime. At this stage, significant uncertainty regarding the timeline and the final outcome of the implementation process remains, and it is difficult to predict how the regulations resulting from such initiatives and proposals could affect the insurance industry generally or our results of operations, financial condition and liquidity.

Rating agencies also take into account the Company's consolidated solvency margin and the regulatory capital position of its insurance subsidiaries in assessing AXA's financial strength and credit ratings. Rating agencies may make changes to their internal models from time to time that may increase or decrease the amount of capital the Company must hold in order to maintain its current ratings.

Management has developed various contingency plans designed to ensure that the Company's consolidated solvency margin and the regulatory capital levels of its insurance subsidiaries remain well in excess of regulatory minimum requirements and at levels that leave the Company and its subsidiaries well positioned from a competitive point of view. These plans may involve use of reinsurance, sales of investment portfolio and/or other assets, measures to reduce capital strain of new business or other measures. There can be no assurance, however, that these plans will be effective to achieve their objectives and any failure by the Company and/or

(1) *For this purpose, required capital is calculated based on formulas that take into account a variety of factors including (i) for Life & Savings business: specified percentages of mathematical reserves (4% of mathematical reserves for business where investment risk is borne by the insurer and 1% of mathematical reserves for business where investment risk is borne by policyholders) adjusted by an entity specific retention rate plus an amount of capital at risk; and (ii) for Property & Casualty business, the highest amount of the following two results: 23% of the average cost of claims or 16% of the gross premiums written or earned, in each case, subject to various adjustments.*

(2) *For this purpose, available capital represents (i) tangible net asset value, i.e. consolidated shareholders equity less intangible assets (including DAC), perpetual debt and certain other items, plus (ii) subordinated debt, unrealized capital gains, minority interests and certain other items.*

its insurance subsidiaries to meet minimum regulatory capital requirements and to maintain regulatory capital at competitive levels could have a material adverse effect on our business, liquidity, credit ratings, results of operations and financial position.

A downgrade in our claims paying ability and credit strength ratings could adversely impact our business, results of operations and financial condition

Claims paying and credit strength ratings have become increasingly important factors in establishing the competitive position of insurance companies. Rating agencies review their ratings and rating methodologies on a recurring basis and may change their ratings at any time. Consequently, our current ratings may not be maintained in the future. In February 2012, Moody's reaffirmed the Aa3 rating for counterparty credit and financial strength on AXA's principal insurance subsidiaries and the A2 rating for counterparty credit on the Company, assigning a negative outlook in each case. The negative outlook reflects Moody's view that (i) financial risks stemming from the operating and investment exposure to weakened European sovereigns and banks have increased, as well as (ii) Moody's expectations of continued weak economic growth in certain of AXA's key markets. In September 2012, Fitch reaffirmed the AA- financial strength ratings of AXA's principal insurance subsidiaries assigning a negative outlook. The negative outlook reflects Fitch's view that the low interest rates environment may challenge the Group's ability to improve profitability. In December 2012, S&P downgraded the financial strength rating on the core operating entities of the AXA Group from AA- to A+, and the long-term counterparty credit ratings on AXA SA and AXA Financial, Inc. from A to A-, assigning a stable outlook in each case.

A downgrade or the potential for a downgrade of our ratings could have a variety of negative impacts on us including (i) damaging our competitive position, (ii) negatively impacting our ability to underwrite new insurance policies, (iii) increasing the levels of surrenders and termination rates of our in-force policies, (iv) increasing our cost of obtaining reinsurance, (v) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vi) triggering additional collateral requirements under certain agreements to which we are party, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in us. Any of these developments could have a material adverse effect on our business, liquidity position, results of operations, revenues and financial condition.

Market conditions, changes in accounting policy and/or other factors could adversely affect the carrying value of our goodwill, cause us to accelerate amortization of our DAC, VBI and other intangibles and/or to reduce deferred tax assets and deferred policyholders participation assets which could have a material adverse effect on our consolidated results of operations and financial statements

Our accounting principles and policies with respect to intangibles (including goodwill) are set forth in Note 1.6 "Intangible Assets" (including Note 1.6.1 "Goodwill and impairment of goodwill") and an analysis of the goodwill asset reflected on our consolidated balance sheet is set forth in Note 5 "Goodwill" to the 2012 consolidated financial statements included in this Annual Report. Business and market conditions may impact the amount of goodwill we carry in our consolidated balance sheet as well as our pattern of Deferred Acquisition Costs (DAC), Value of Business in Force (VBI) and other intangible assets amortization and the value of our deferred tax assets and deferred participation assets. The value of certain of our businesses including, in particular, our US Variable Life and Variable Annuity businesses, is significantly impacted by such factors as the state of the financial markets and ongoing operating performance. For the year ended December 31, 2011, management concluded a reduction of €943 million to the carrying value of the goodwill asset on our US life insurance business, attributable to the Accumulator Variable Annuity book of business, was required.

Losses due to defaults by financial institution counterparties, reinsurers and/or other third parties including potential sovereign debt defaults or restructurings, impairment of our investment assets and unrealized losses could negatively affect the value of our investments and reduce our profitability

Third parties that owe us money, securities or other assets may not pay or perform under their obligations. These parties include private sector and government (or government-backed) issuers whose securities we hold in our investment portfolios (including mortgage-backed, asset-backed, government bonds and other types of securities), borrowers under mortgages and other loans that we extend, reinsurers to which we have ceded insurance risks, customers, trading counterparties,

counterparties under swap and other derivative contracts, other counterparties including brokers and dealers, commercial and investment banks, hedge funds, other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions. Many of our transactions with these third parties expose us to credit risk in the event of default of our counterparty.

We have also entered into contractual outsourcing arrangements with third-party service providers for a wide variety of services required in connection with the day-to-day operation of our insurance and asset management businesses (including policy administration, claims related services, securities pricing and other services) which expose us to operational, financial and reputational risk in the event of a default of our counterparty service providers. There can be no assurance that any such losses or impairments of these assets would not materially and adversely affect our business and results of operations.

Under the reinsurance arrangements, other insurers or reinsurers assume a portion of the losses and related expenses under policies we issue; however, we remain liable as the direct insurer on all risks reinsured. Consequently, ceded reinsurance arrangements do not eliminate our obligation to pay claims and we are subject to our reinsurers' credit risk with respect to our ability to recover amounts due from them. While we evaluate periodically the financial condition of our reinsurers to minimize our exposure to significant losses from reinsurer insolvencies, our reinsurers may become financially unsound by the time their financial obligation becomes due. The reinsurance market has become increasingly concentrated following recent mergers and acquisitions, which have reduced the number of major reinsurance providers. The inability of any reinsurer to meet its financial obligations to us could negatively impact our results of operations. In addition, the availability, amount and cost of reinsurance depend on general market conditions and may fluctuate significantly. Reinsurance may not be available to us in the future at commercially reasonable rates and any decrease in the amount of our reinsurance will increase our risk of loss.

Our valuation of certain investments may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our results of operations and financial condition

Our accounting principles and policy with respect to valuation of our investments are set forth in Note 9.10 "Financial Assets Recognized at Fair Value" in the 2012 consolidated financial statements included in this Annual Report. The determination of fair values in the absence of quoted market prices is based on a variety of factors including those described in Note 9.10. Certain of our investment assets, for which there is no active trading market or other observable market data, are valued using models and methodologies that involve estimates, assumptions and significant management judgment. During periods of market disruption of the type we have experienced over the past several years, a larger portion of our investment assets may be valued using these models and methodologies as a result of less frequent trading or less observable market data with respect to certain asset classes that were previously actively traded in liquid markets. There can be no assurance that our valuations on the basis of these models and methodologies represent the price for which a security may ultimately be sold or for which it could be sold at any specific point in time. Use of different models, methodologies and/or assumptions may have a material impact on the estimated fair value amounts and could have a material adverse effect on our results of operations and financial condition.

The determination of the amount of allowances and impairments taken on our investments requires use of significant management judgment in certain cases, particularly for debt instruments, and could materially impact our results of operations or financial position

Our accounting principles and policy with respect to the determination of allowances and impairments on our investments are set forth in Note 1.7.2 "Financial instruments classification" in the 2012 consolidated financial statements included in this Annual Report. The determination of the amount of allowances and impairments vary by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. In considering impairments, management considers a wide range of factors including those described in Note 1.7.2 and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and the prospects for near-term recovery. For certain asset classes, particularly debt instruments, management's evaluation involves a variety of assumptions and estimates about the operations of the issuer and its future earnings potential. Management updates its evaluations regularly and reflects changes in allowances and impairments as such evaluations are revised. There can be no assurance, however, that management has accurately assessed the level of impairments taken and allowances reflected in our financial statements and the need for additional impairments and/or allowances may have a material adverse effect on our consolidated results of operations and financial position.

Credit spread and interest rate volatility may adversely affect our profitability

Our exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads will generally reduce the value of fixed income securities we hold (including credit derivatives where we assume credit exposure) and increase our investment income associated with purchases of new fixed income securities in our investment portfolios. Conversely, credit spread tightening will generally increase the value of fixed income securities we hold and reduce our investment income associated with new purchases of fixed income securities in our investment portfolios.

Changes in prevailing interest rates may also negatively affect our business. Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in the interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

During periods of declining interest rates:

- life insurance and annuity products may be relatively more attractive to consumers due to minimum guarantees in these products, resulting in increased premium payments on products with flexible premium features, and a higher percentage of insurance policies and annuity contracts remaining in force from year-to-year, creating asset liability duration mismatches;
- we may be required to increase provisions for guarantees included in life insurance and annuity contracts, as the guarantees become more valuable to policy holders and surrender and lapse assumptions require updating; and
- our investment earnings may decrease due to a decline in interest earnings on our fixed income investments.

Conversely, in periods of increasing interest rates;

- surrenders of life insurance policies and fixed annuity contracts may increase as policyholders choose to forego insurance protection and seek higher investment returns;
- obtaining cash to satisfy these obligations following such surrenders may require us to liquidate fixed maturity investments at a time when market prices for those assets are depressed because of increases in interest rates which may result in realized investment losses and decrease our net income;
- accelerated surrenders may also cause us to accelerate amortization of deferred policy acquisition costs, which would reduce our net income;
- our fee income may decrease due to a decline in the value of Variable Annuity account balances invested in fixed income funds;
- there may be a decrease in the estimated fair value of certain fixed income securities we hold in our investment portfolios, resulting in reduced levels of unrealized capital gains available to us, which could negatively impact our solvency margin position and net income; and
- we may be required, as an issuer of securities, to pay higher interest rates on debt securities we issue in the financial markets from time to time to finance our operations, which would increase our interest expenses and reduce our results of operations.

Our mitigation efforts with respect to interest rate risks are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration that is approximately equal to the duration of our estimated liability cash flow profile. However, our estimate of the liability cash flow profile may be inaccurate and we may be forced to liquidate investments prior to maturity at a loss in order to cover the liability. Although we take measures to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our assets relative to our liabilities.

Ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors (such as lack of market illiquidity, declines in equity prices and the strengthening or weakening of foreign currencies against the Euro, and/or structural reforms or other changes made to the Euro, the Eurozone or the European Union), could have a material adverse effect on our consolidated results of operations, financial position or cash flows through realized losses, impairments, and changes in unrealized gains and loss positions.

Fluctuations in currency exchange rates may affect notably our reported earnings

AXA publishes its consolidated financial statements in Euro. For the year ended December 31, 2012, a significant portion of AXA's insurance gross premiums and financial services revenues, as well as AXA's benefits, claims and other deductions were denominated in currencies other than the Euro, primarily US Dollars, Pounds Sterling, Japanese Yen and Swiss Francs. AXA's obligations are denominated either in Euro or other currencies, the value of which is subject to foreign currency exchange rate fluctuations.

While AXA seeks to manage its exposure to foreign currency fluctuations through hedging, fluctuations in the exchange rates may have a significant impact on AXA's results of operations and cash flows. For example, a strengthening or weakening of the Euro against the US Dollar and/or certain other currencies in 2013 and future periods may adversely affect AXA's results of operations and the price of its securities. In addition, the currency hedges used by AXA to manage foreign exchange rate risk may significantly impact its cash position.

A sustained increase in the inflation rate in our principal markets would have multiple impacts on AXA and may negatively affect our business, solvency position and results of operations

In certain of our principal markets, an increase in inflation, as measured by consumer price indices or other means, is a continuing risk. A sustained increase in the inflation rate in our principal markets would have multiple impacts on AXA and may negatively affect our business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates, with the consequences noted above. A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may (i) result in impairment charges to equity securities that we hold in our investment portfolios and reduced levels of unrealized capital gains available to us which would reduce our net income and negatively impact our solvency position, (ii) negatively impact performance, future sales and surrenders of our Unit-Linked products where underlying assets are largely invested in equities, and (iii) negatively impact the ability of our asset management subsidiaries to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations. In addition, in the context of certain Property & Casualty risks underwritten by our insurance subsidiaries (particularly "long-tail" risks), a sustained increase in inflation may result in (i) claims inflation (*i.e.* an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves which would negatively impact our results of operations. A failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may also result in a systemic mispricing of our products resulting in underwriting losses which would negatively impact our results of operations.

The Group is regularly monitoring its exposure to inflation risk, and has taken steps to mitigate it through financial instruments which value and/or return is linked to the evolution of inflation (index-linked bonds, inflation swaps, etc.).

For additional information, please see Section 3.3 "Quantitative and qualitative disclosures about risk factors" of this Annual Report.

RISKS RELATING TO THE STRUCTURE OF OUR GROUP, THE SCOPE AND NATURE OF OUR BUSINESS, AND THE PRODUCTS WE OFFER

As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments

Our insurance and financial services operations are generally conducted through direct and indirect subsidiaries. As a holding company, our principal sources of funds are dividends from subsidiaries and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings.

Regulatory and other legal restrictions may limit our ability to transfer funds freely, either to or from all our subsidiaries. In particular, our principal insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. Moreover, should we be designated as "systemically significant" pursuant to the US Dodd-Frank Act or by European regulators under similar European regulatory initiatives, it is possible that the Board of Governors of the Federal Reserve System (the "Federal Reserve") and/or European authorities could impose similar or other restrictions on the transfer of funds which could negatively impact the fungibility of our capital. These factors may adversely impact the Company's liquidity position and capacity to pay dividends on its ordinary shares. For further details, see the Section 1.4 "Liquidity and capital resources" and Part 4 – Note 29.4 "Other items: Restriction on Dividend Payments to shareholders" of this Annual Report. See also "Risks relating to the financial markets, our financial strength ratings and financial condition, the valuation of our assets and related matters – Our consolidated solvency margin and the regulatory capital requirements of our insurance subsidiaries may be negatively impacted by adverse capital market conditions, evolving regulatory interpretations and other factors, which could have a material adverse effect on our business, liquidity, credit ratings, results of operations and financial position".

Our hedging programs may be inadequate to protect us against the full extent of the exposure or losses we seek to mitigate which may negatively impact our business, results of operations and financial condition

We use derivatives (including amongst others, equity futures, treasury bond futures, interest rates swaps and swaptions, equity options and variance swaps) to hedge certain, but not all, risks under guarantees provided to our clients.

Among such guarantees are Guaranteed Minimum Death Benefits ("GMDB"), Guaranteed Minimum Accumulation Benefits ("GMAB"), Guaranteed Minimum Income Benefits ("GMIB") and/or Withdrawal for Life Benefits ("GMWB"), available under our Accumulator series of Variable Annuity products (the "Accumulator guarantees").

On a substantial part of the in-force portfolio and for all new vintages of business, these hedging instruments are coupled with volatility risk mitigation techniques ("Capped Volatility Funds" or "Asset Transfer Programs"). These rebalancing mechanisms within the Unit-Linked funds are designed to reduce policyholders' investment in higher risk assets at times of increased equity or interest rate volatility to protect their portfolio returns.

These hedging techniques are designed to reduce the economic impact of unfavorable changes to certain of our exposures under the Accumulator guarantees due to movements in the equity and fixed income markets and other factors. In certain cases, however, we may not be able to apply these techniques to effectively hedge our risks as intended or expected or may choose not to hedge certain risks because the derivative market(s) in question may not be of sufficient size or liquidity, the cost of hedging may be too expensive (as a result of adverse market conditions or otherwise), the nature of the risk itself may limit our ability to effectively hedge or for other reasons. This may result in higher realized losses and unanticipated cash needs to collateralize or settle transactions. In addition, hedging counterparties may fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralized. The operation of our hedging program is based on models involving numerous estimates and management judgments, including among others, mortality, lapse rates, election rates, volatility and interest rates and correlation among various market movements. Our hedging program may change in time and there can be no assurance that ultimate actual experience will not differ materially from our assumptions, which could adversely impact our results of operations and financial condition.

Certain risks under Accumulator guarantees and under other contracts and policies issued by AXA Equitable are reinsured by AXA RE Arizona Company ("AXA RE Arizona") an indirect wholly owned subsidiary of the Company, which hedges these risks using the techniques described above. This reinsurance provides important capital management benefits to AXA Equitable to the extent that AXA RE Arizona maintains sufficient assets in an irrevocable trust (or letters of credit) to back the liabilities assumed under these reinsurance arrangements. The level of assets required to be held in trust (and/or the amount of required letters of credit) fluctuates depending on market and interest rate movements, mortality experience and policyholder behaviors and may increase in certain circumstances which may impact AXA RE Arizona's liquidity. In addition, pursuant to its hedging programs, AXA RE Arizona may be required to post collateral and/or cash settle hedges when there is a decline in fair value of specified instruments (which would occur, for example, in the event of a rise in interest rates or equity markets) and AXA RE Arizona may not be able to transfer assets from the trust to satisfy these obligations. Management believes that AXA RE Arizona has adequate liquidity and credit facilities to deal with a range of market scenarios and increasing reserve but there can be no assurance that AXA RE Arizona will have sufficient liquidity in all scenarios. In the event AXA RE Arizona were not able to post required collateral or cash settles such hedges when due, it may be required to reduce the size of its hedging program which could ultimately impact its ability to perform under the reinsurance arrangements and AXA Equitable's ability to receive full statutory reserve credit for the reinsurance arrangements.

The profitability of AXA's Accumulator series of Variable Annuity products depends, among other factors, on AXA's ability to effectively hedge the Accumulator guarantees. The Company has implemented and continues to pursue a number of initiatives, including re-design and re-pricing of certain product features, designed to improve the profitability of these products and limit future hedging losses on the Accumulator guarantees. There can be no assurance, however, that these initiatives will succeed in meeting their objective or that the re-designed and re-priced products will continue to be attractive to their target markets which, in either case, could have an adverse impact on AXA's business, competitive position, results of operations and financial condition.

We use numerous assumptions to determine the appropriate level of insurance reserves, deferred acquisition costs (DAC), employee benefits reserves and to calculate certain widely used industry measures of value such as Life & Savings New Business Value (NBV) and European Embedded Value (EEV), which involve a significant degree of management judgment and predictions about the future that are inherently uncertain; if these assumptions are not correct, it may have adverse impact on our results of operations and/or performance indicators, such as NBV, that may adversely affect the price of our securities

The establishment of insurance reserves, including the impact of minimum guarantees which are contained within certain of our Variable Annuity products, the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, Value of Business In-force and deferred participations assets) and the establishment of DAC, NBV and EEV are inherently uncertain processes involving assumptions about factors such as policyholder behavior (*e.g.* lapses, persistency, etc.), court decisions, changes in laws and regulations, social, economic and demographic trends, inflation, investment returns and other factors, and, in the life insurance business, assumptions concerning mortality and morbidity trends. The use of different assumptions about these factors could have a material effect on insurance reserves and underwriting expenses as well as on our DAC, NBV and EEV. In addition, insurance reserves for minimum guarantees contained within certain of our Variable Annuity products, DAC balances, EEV and NBV may be significantly impacted by the state of the financial markets and significant declines could have a material adverse effect on our consolidated results of operations and financial position. Furthermore, certain of these assumptions can be volatile. While AXA's NBV and EEV calculations are done on a market consistent basis, which is more conservative in many respects than traditional NBV and EEV calculations, changes in assumptions used in calculating these measures may have a material adverse effect on the level of our NBV and/or EEV. For example, our NBV is sensitive to interest rate movements and, consequently, an adverse evolution of interest rates may have a significant impact on our NBV and a corresponding impact on the trading price of our securities.

If our established loss reserves for our Property & Casualty and International Insurance businesses are insufficient, our earnings will be adversely affected

In accordance with industry practices and accounting and regulatory requirements, we establish reserves for claims and claims expenses related to our Property & Casualty and International Insurance businesses. With the exception of disability annuities and workers compensation liabilities that are deemed structured settlements, the claims reserves are not discounted. Reserves do not represent an exact calculation of liability, but instead represent estimates, generally using actuarial projection techniques at a given accounting date. These reserve estimates are expectations of what the ultimate settlement and administration of claims will cost based on our assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity, frequency, legal theories of liability and other factors.

The process of estimating the insurance claims reserves is based on the most current information available at the time the reserves are originally established.

We continually review the adequacy of the established claims reserves, including emerging claims development, and actual claims compared to the original assumptions used to estimate gross claims reserves. Based on the current information available, we believe that our claims reserves are sufficient; however, because the establishment of claims reserves is an inherently uncertain process involving numerous estimates including the impacts of any regulatory and legislative changes and changes in economic conditions, there can be no assurance that ultimate losses will not materially exceed our claims reserves and have a material adverse effect on our results of operations. For additional information regarding the reserves with respect to asbestos claims, see "Asbestos" in Note 14 to AXA's consolidated financial statements included in Part 4 of this Annual Report.

The claims experienced in our Life & Savings businesses could be inconsistent with the assumptions we use to price our products and establish our reserves and adversely affect our earnings

In our Life & Savings businesses, our earnings depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we use in setting the prices for our products and establishing the liabilities for obligations for technical provisions and claims. AXA uses both its own experience and industry data to develop estimates of future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates and emerging risks such as pandemic diseases could result in loss experience inconsistent with our pricing and reserving assumptions. To the extent that our actual benefits paid to policyholders are less favorable than the underlying assumptions used in initially establishing the future policy benefit reserves, or events or trends cause us to change the underlying assumptions, we may be required to increase our liabilities, which may have a material adverse effect on our business, results of operations and financial condition.

The Property & Casualty insurance business is cyclical, which may impact our results

The Property & Casualty insurance business is cyclical. Although no two cycles are identical, these cycles have typically lasted for periods ranging from two to six years. Periods of intense price competition due to excessive underwriting capacity, periods of shortages of underwriting capacity permitting more favorable rates, consequent fluctuations in underwriting results and the occurrence of other losses characterize the conditions in these cycles. Historically, Property & Casualty insurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer, including competition, frequency or severity of catastrophic events, levels of capacity, general economic conditions and other factors. This may cause a decline in revenues during certain cycles if we choose not to reduce our Property & Casualty product prices in order to maintain our profitability. We may therefore experience the effects of such cyclicality, changes in customer expectations of appropriate premium levels, the frequency or severity of claims or other loss events, or other factors affecting the Property & Casualty insurance business, which could have an adverse effect on our results of operations and financial condition.

Over the past several years, changing weather patterns and climatic conditions, including global warming, have added to the unpredictability and frequency of natural disasters (including hurricanes, windstorms, hailstorms, earthquakes, fires, explosions, freezes and floods) and, together with man-made disasters and core infrastructure failures (including acts of terrorism, military actions, power grid and telephone/internet infrastructure failures), created additional uncertainty as to future trends and exposures. We follow the evolution of these risks closely and generally seek to manage our exposure to them through individual risk selection, monitoring risk accumulation, purchase of reinsurance and use of available data in estimating potential catastrophic risks. However, we have experienced in the past and could experience in the future material losses from these types of risks.

Inadequate or failed processes or systems, human factors or external events may adversely affect our profitability, reputation or operational effectiveness

Operational risk is inherent in our business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements), information systems malfunctions or failures, hacking incidence and/or other unauthorized intrusions into our websites and/or information systems, regulatory breaches, human errors, employee misconduct, and external fraud. We also face the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions.

These events can potentially result in financial loss, impairment to our liquidity, a disruption of our businesses, regulatory sanctions or damage to our reputation. Management attempts to control these risks and keep operational risk at low levels by maintaining a sound and well controlled environment in light of the characteristics of our business, markets and regulatory environment in which we operate. Notwithstanding these measures, operational risk is part of the business environment in which we operate and we may incur losses from time to time due to these types of risks.

We may have contingent liabilities from discontinued, divested and run-off businesses and may incur other off-balance sheet liabilities that may result in charges to the income statement

We may, from time to time, retain insurance or reinsurance obligations and other contingent liabilities in connection with our divestiture, liquidation or run-off of various businesses.

We may also, from time to time and in the course of our business provide guarantees and enter into derivative and other types of off-balance sheet transactions that could result in income statement charges.

For additional information, see Part 4 – Note 29 “Contingents assets and liabilities and unrecognized contractual commitments” and also Note 20 “Derivative instruments” of this Annual Report.

RISKS RELATING TO THE EVOLVING REGULATORY AND COMPETITIVE ENVIRONMENT IN WHICH WE OPERATE

Designation of the AXA Group as a Global Systemically Important Insurer may adversely impact our capital requirements, profitability, the fungibility of our capital, our ability to grow through acquisition and our overall competitive position

In May 2012, the International Association of Insurance Supervisors ("IAIS") published a proposed assessment methodology for designating global systemically important insurers ("G-SIIs"), as part of the global initiative to identify global systemically important financial institutions ("G-SIFIs"). The proposed methodology is intended to identify those insurers whose distress or disorderly failure, because of their size, complexity and interconnectedness, would cause significant disruption to the global financial system and economic activity. Management believes that the AXA Group is likely to be among the insurance groups so designated and expects final designations to be made and publicized during April 2013. The precise implications of being designated a G-SII are not yet clear, however, management believes that the draft policy measures for G-SIIs published by the IAIS in October 2012 provides insights into the likely consequences which include (1) additional capital buffers for business deemed non-traditional/non-insurance, (2) greater regulatory authority over holding companies, (3) various measures to promote "structural self-sufficiency" of group companies and reduce group interdependencies, and (4) in general, a greater level of regulatory scrutiny for G-SIIs (including a requirement to prepare recovery and resolutions plans) which will entail significant new reporting and compliance burdens (and costs). These measures, if implemented, could have far reaching regulatory and competitive implications for the AXA Group and adversely impact our capital requirements, profitability, the fungibility of our capital and ability to provide capital/financial support for Group companies, our ability to grow through future acquisitions and our overall competitive position in relation to insurance groups that are not designated G-SIIs. Based on the information obtained from the IAIS, the Financial Stability Board ("FSB") will make final recommendations in consultation with national supervisory authorities. An initial list of G-SIIs is expected to be published by the FSB in April 2013, with annual updates thereafter. While the precise implications of being designated a G-SII on the AXA Group are not yet clear, the negative impacts could be significant.

We face strong competition in all of our business segments and competition may intensify as a result of current global market conditions which could adversely impact our results of operations and financial condition

Our competitors include mutual fund companies, asset management firms, private equity firms, hedge funds, commercial and investment banks and other insurance companies, many of which are regulated differently than we are and offer alternative products or more competitive pricing than we do.

In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the internet, may result in increasing competition as well as pressure on margins for certain types of products. These competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase our profitability. The financial crisis resulted in a number of AXA's direct competitors receiving substantial capital injections from government authorities. While many of these institutions continue to be controlled by government authorities or to benefit from direct or indirect government support, others have been recapitalized by their governments and subsequently sold to our competitors or re-privatized through initial public offerings or similar mechanisms. This situation may negatively impact the competitive position of AXA in certain markets and adversely affect its results of operations and financial condition.

Our business is subject to extensive laws and regulations and to significant litigation risks in the various countries where we operate; changes in existing or new laws and government regulations in these countries and/or an adverse outcome in any significant pending or future litigation or regulatory investigation may have an adverse effect on our business, financial condition, results of operations, reputation or image

The AXA Group operates in more than 50 countries around the world and our operations are subject to a wide variety of insurance and other laws and regulations. We are faced with significant compliance challenges due to the fact that our regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and aggressive role in interpreting and enforcing regulations in the jurisdictions where we do business. The financial turmoil over the past several years gave rise to numerous legislative and regulatory initiatives (many of which focus on the financial services industry) across many of the principal jurisdictions where the Group does business. While management cannot predict with certainty at this time whether or when approximately future legislative or regulatory proposals may ultimately be enacted and the final form they will take, certain of these proposals, if enacted, could have a material adverse impact on our business activities, results of operations and financial conditions. We expect that the multitude of new laws and regulations will increase our legal and compliance costs. In recent years there has been an increase in the number of legislative/regulatory initiatives and enforcement actions in the areas of anti-money laundering, trade sanctions and anti-bribery and a number of global financial institutions have been the subject of well publicized enforcement actions that have resulted in very significant monetary and other sanctions in these areas. These are complex areas of law that evolve on a continuing basis and which carry significant financial and reputational risk for non-compliance. In addition, as a global company operating in more than 50 countries around the world, we are subject to various tax regimes and regulations. Changes in tax laws, including the US Foreign Account Tax Compliance Act (the "FATCA") withholding requirements, could result in higher tax expenses and payments and higher compliance costs. Future interpretations or developments of tax regimes may also affect our tax liability, return on investments and business operations.

We have been and may become in the future subject to regulatory investigations which, together with the civil actions often following these investigations, may affect our image, brand, relations with regulators and/or results of operations. In addition, we have been named as defendants in numerous lawsuits (both class actions and individual lawsuits) and involved in various regulatory investigations and examinations and may be involved in such proceedings in the future. Certain of these lawsuits and investigations seek significant or unspecified amounts of damages, including punitive damages, and certain of the regulatory authorities involved in these proceedings have substantial powers over the conduct and operations of our business. Due to the nature of certain of these lawsuits and investigations, we cannot estimate the potential loss or predict with any certainty the potential impact of these suits or investigations on our business, financial condition or results of operations. Please see Part 4 – Note 31 "Litigation" and Section 3.1 "Regulation" of this Annual Report for additional information on these matters.

We expect the scope and extent of applicable laws and regulations, as well as regulatory oversight, to continue to increase over the coming years. While management proactively manages these risks and has adopted various policies and procedures designed to ensure compliance with applicable laws and regulations in the various jurisdictions where it does business, we cannot predict with any certainty the potential effects that a change in applicable laws or regulations, their interpretation or enforcement (or that any enactment of new regulation or legislation in the future) may have on the business, financial condition or results of operations of our various businesses. Any failure by AXA to remain in compliance with applicable regulations, as well as the regulations in the countries and markets in which it operates, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact AXA's earnings and reputation. Please see Part 4 – Note 31 "Litigation" and Section 3.1 "Regulation" of this Annual Report for additional information on these matters.

Potential changes to International Financial Reporting Standards as adopted by the European Union may adversely affect our consolidated results of operations and financial condition

The Company publishes its accounts in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations that were definitive and effective as of December 31, 2012 as adopted by the European Union (the "Standards"). There are continuing discussions at the IASB concerning possible modifications to the Standards and certain of these modifications may have potentially significant impacts on insurers and other financial institutions, including AXA, that prepare their consolidated accounts in accordance with the Standards.

As the IASB's work is ongoing, management cannot predict with any certainty at this time the potential impact of these proposed changes (or of other potential future modifications to the Standards); however, any significant modifications to the Standards may adversely impact the Company's results of operations and financial condition.

CERTAIN RISKS RELATED TO THE OWNERSHIP OF ORDINARY SHARES OR AXA ADS

In order to raise capital to fund future growth or for solvency purposes, we may, in the future, offer rights, warrants or similar securities at prices below the then-current market price which may adversely affect the market price of our ordinary shares, and our ADS, and dilute the positions of existing shareholders.

The Mutuelles AXA, which comprises two French mutual insurance companies, collectively held 14.35% of the Company's outstanding shares and 23.05% of its voting rights on December 31, 2012. The Mutuelles AXA have stated their intention to collectively vote their shares in AXA and may have interests conflicting with other shareholders' interests. For example, even though the Mutuelles AXA do not hold a majority of the total voting power in AXA, efforts by the Mutuelles AXA to decline or deter a future offer to acquire control of AXA, which other shareholders may find attractive, may prevent other shareholders from realizing a premium for their AXA ordinary shares or ADS. The Mutuelles AXA may decide to increase their interest in AXA or to sell all or a portion of the ordinary shares they own at some future date.

In addition, the trading price of AXA ADS and dividends paid on AXA ADS may be materially adversely affected by fluctuations in the exchange rate for converting Euro into US dollars.

AXA has delisted the AXA ADS from the New York Stock Exchange in 2010, potentially reducing liquidity in the AXA ADS. The AXA ADS are traded on the over-the-counter market. While the US over-the-counter ("OTC") markets have become more sophisticated and liquid in recent years, no assurance can be given as to the liquidity of the OTC market for AXA ADS or that persons wanting to buy or sell AXA ADS will at all times be able to find a willing seller or buyer at an acceptable price and volume.

The holders of AXA ADS may not be able to exercise their voting rights due to delays in notification to and by the depositary. In this event, the depositary's liability to holders of AXA ADS for failing to carry out voting instructions or for the manner of carrying out voting instructions is limited by the Deposit Agreement governing the AXA ADS facility.

Further, the holders of AXA ADS will have limited recourse if AXA or the depositary fails to meet its obligations under the Deposit Agreement and they wish to involve AXA or the depositary in a legal proceeding.

The holders of AXA ADS in the United States may not be able to participate in offerings of rights, warrants or similar securities to holders of our ordinary shares or to receive dividends paid in shares on the same terms and conditions as holders of our ordinary shares. For example, they are likely to be offered cash rather than securities, in light of the registration requirements under the US securities laws in case of payment in securities.

The price at which our ADS and ordinary shares will trade may be affected by a large number of factors, some of which will be specific to us and our operations and some of which will be related to the insurance industry and equity markets generally. As a result of these factors, you may not be able to resell your ADS or ordinary shares at or above the price which you paid for them.

AXA SA is a *Société Anonyme* organized under the laws of France. The majority of AXA SA's directors and officers, as well as some of the experts named in this document, reside outside of the United States, principally in France. A substantial portion of AXA SA's assets, and the assets of such persons, are located outside of the United States. Therefore, it may not be possible to effect service of process within the United States upon AXA SA or these persons in order to enforce judgments of US courts against AXA SA or these persons based on civil liability provisions of the US federal securities laws. Further, judgments of United States courts may not be enforceable against the Company in French courts and, as a result, AXA's shareholders who obtain a judgment against the Company in the United States may not be able to require the Company to pay the amount of such judgment.

3.3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK FACTORS

Information in this Section should be read in conjunction with Note 4 to the consolidated financial statements included in Part 4 of this Annual Report which is covered by the Statutory Auditor's Report on the consolidated financial statements.

Risk Management missions and organization

In this section, *Risk Management* refers to the function aiming at effectively managing local and global risks.

Group Risk Management (GRM) is the central department responsible for the coordination of *Risk Management* within AXA Group.

Local Risk Management Departments, headed by *local Chief Risk Officers* (CRO), implement GRM standards and guidelines within each operational entity.

RISK MANAGEMENT MISSIONS

As an integrated part of all business processes, Risk Management is responsible for the definition and the deployment of the Enterprise Risk Management (ERM) framework within AXA Group.

This framework is based on the five following pillars, cemented by a strong risk culture:

1. Risk Management independence and comprehensiveness: Chief Risk Officers are independent from operations ("first line of defense") and Internal Audit Departments ("third line of defense"). Risk Management Department, together with Legal, Compliance, Internal Financial Control, Human Resources and Security Departments constitute the "second line of defense" which objective is to develop, coordinate and monitor a consistent risk framework across the Group.
2. Shared risk appetite framework: Chief Risk Officers are responsible for ensuring that the top management reviews and approves the risks they carry in their company, understand the consequences of an adverse development of these risks, and have actionable plans in case of unfavourable developments.
3. Systematic second opinion on key processes: Chief Risk Officers ensure a systematic and independent second opinion, on most of AXA material decision processes, like P&C Reserves, Economic and L&S Reserves, Asset and Liability Management studies & Asset allocation and Reinsurance.
4. Rigorous underwriting rules and product approval: Group Risk Management defines and coordinates a decentralized review of risk-adjusted pricing and profitability for new products prior to launch (the Product Approval Process) in Life & Savings and Property & Casualty. For Variable Annuity products with guarantees, the review is centralized, and submitted to the Management Committee.
5. Robust economic capital model: AXA's economic capital model (STEC – Short Term Economic Capital) offers a concrete and powerful metric to control and measure exposure to most risks, broadly in line with the Solvency II framework. AXA STEC model is designed as a consistent and comprehensive risk management tool, which also forms an important element in the capital management and planning process.

GROUP RISK MANAGEMENT

Group Risk Management (GRM), headed by the Group Chief Risk Officer who reports to the Group Deputy CEO, is responsible for developing the Enterprise Risk Management framework in terms of limits/thresholds (covering financial, insurance and operational risks), standards, minimum requirements or processes.

GRM oversees the operating entities' adherence to the framework, supported by the local risk management teams. It steers the Risk Management family and develops a risk culture throughout the Group.

The Risk Management function at Group level is also reinforced by AXA Global P&C and AXA Global L&S, which advise and support local entities in their reinsurance strategy (Property & Casualty; Life & Savings), and centralize the Group's purchasing of reinsurance. The PBRC Department also contributes to Risk Management missions, together with Group Risk Management (for Life Internal Model Reviews) or independently (Life economic reserves parallel runs).

Please refer to the Section "Insurance risk" hereafter for further details on reinsurance strategy.

LOCAL ENTITIES

Risk Management is a local responsibility, in accordance with GRM standards and guidelines.

The roles and responsibilities of local Risk Management teams are approved jointly by the Executive Committees of local entities and the Group Chief Risk Officer to ensure a better alignment of Group and local interests.

The minimum missions required for local Risk Management teams are:

- coordinating the second line of defence locally;
- implementing risk appetite on all risks consistently with Group's risk appetite, with strengthened reporting, risk limits and decision processes;
- performing a second opinion on P&C reserves, ALM studies & asset allocation and reinsurance strategy;
- coordinating pre-launch product approval procedures and regular pricing reviews after launch;
- performing the calculation of the internal capital model.

Local Chief Risk Officers head the local Risk Management teams within each operational entity and report both to a member of their Executive Committee (CEO/CFO) and to the Group CRO. Their teams are responsible for controlling and managing risks within Group policies and limits, validating investment or underwriting decisions through Local Risk Committees.

OTHER FUNCTIONS

Line management and staff are responsible for day to day risk management and decision making and have primary responsibility for establishing and maintaining an effective control environment (first line of defense).

Legal, Compliance, Internal Financial Control, Human Resources and Security Departments, are responsible for developing, facilitating and monitoring effective risk and control framework and strategy (second line of defense), in coordination with Risk Management.

Internal Audit Department performs, as part of its role, an assessment of risks and governance processes on a periodic basis to provide independent assurance on the effectiveness of the system of internal control (third line of defense).

RISK GOVERNANCE WITHIN AXA GROUP

In order to efficiently manage local and global risks, the decision process within the risk governance structure is divided into 2 main levels:

1. the Management Committee defines business objectives and capital allocation with respect to investment return and risk. It also defines the Group appetite for risks in terms of impact on its key financial indicators. The Group Risk Appetite is reviewed by the Board of Directors upon review by its Finance Committee with the Audit Committee considering the effectiveness of the Group's internal control and risk management frameworks supporting it. A report on the Company's performance against the key financial indicators is presented on a regular basis to the Group Audit Committee, to the Finance Committee, and to the Board of Directors.
2. Group Risk Committees cover all risk categories:

   For Financial risks:

   - The Asset-Liability Management Supervisory Committee, chaired by the Group Deputy CEO. This committee determines the Group ALM policies and ensures that the Group exposures are within the Group risks limits.
   - The Group Investment Committee, co-chaired by the Group Deputy CEO and the CEO of AXA France. This committee defines the implementation of investment strategy, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance.

   For Life insurance risks and for P&C insurance risks:

   - Two Global Business Lines dedicated Boards, chaired by the CEO of each business Line;

   For Operational and Reputation risks:

   - Risk & Compliance Committee, co-chaired by the Group CFO and the Group COO.

Group Risk committees are supported by local Risk committees to ensure consistency and deployment of the Enterprise Risk Management framework.

GOVERNANCE OF INVESTMENT STRATEGY AND ASSET & LIABILITY MANAGEMENT (ALM)

Main Purpose

AXA as an insurance company follows an investment strategy that is largely driven by Asset Liability Management, The overall objective of all investment decisions is to ensure that AXA's obligations to policyholders are met at all times, to protect the solvency of Group entities, and to generate superior returns over time.

Global Guidance of Investment

The Group Chief Investment Officer (Group CIO) leads the Group-wide community of local CIOs. His role encompasses aligning AXA's investment strategy with the broader Group strategy, fostering closer co-operation among local entities, and enhancing methodology and decision support. The Group CIO leads the central Investment & ALM Department and reports to the Group CFO.

Acting locally

Local investment & ALM activities are steered by local CIOs. Local CIOs manage local portfolios, maintain reporting lines to the Group, and manage close relationships with asset managers and local stakeholders. They are in particular responsible for the investment performance and for a sound asset liability management.

ALM Studies and Strategic Asset Allocation

ALM aims at matching our assets with the liabilities assumed by selling insurance policies. For doing so, the objective is to define the optimal asset allocation in a way that all liabilities can be met with the highest degree of confidence, while maximizing the expected investment return.

ALM studies are performed by Investment & ALM Departments of all major local insurance companies, with the support of internal asset managers and local Risk Management Departments. They use methodologies and modeling tools that develop deterministic and stochastic scenarios of the possible behaviour of the liabilities on one side, and of the behaviour of financial markets and the related impacts on the assets on the other side. On the asset side in particular, such studies attempt to maximize the expected investment return of the portfolio, while limiting instability of earnings over time. Furthermore, a series of additional constraints needs to be considered, such as earnings stability, protection of the solvency margin, preservation of liquidity, as well as local and consolidated capital adequacy.

AXA's local insurance companies are also subject to local regulatory requirements in all jurisdictions in which AXA operates.

ALM constraints are also taken into account when new products are being designed as part of the product approval process (see Section "Insurance risk – Product approval").

At local entity level, the strategic asset allocation issued from the ALM study must be validated by the local Investment & ALM Committee, subject to an opinion from local risk management and respecting all predefined risk appetite limits. The strategic asset allocation allows for taking a tactical stance within a given leeway.

Investment Approval Process

New investment opportunities that lack any precedent in the past, like new strategies or new structures, are subject to an Investment Approval Process (IAP). The IAP ensures that key characteristics of the investment are thoroughly analysed, such as risk and return expectations, experience, and expertise of the investment management teams, as well as accounting, tax legal and reputational issues. The IAP is done at Group level if several local entities are investing in the same investment. In that case, the successful completion of an IAP is subject to a sign-off from GRM. The IAP is used and completed at local level.

Hedging programs

Products that involve hedging programs based on derivative instruments are designed with the support of dedicated teams at AXA Bank Europe, AXA IM and AllianceBernstein. In a similar way, this set-up ensures that all entities benefit from the technical expertise, legal protection and good execution of such transactions within the following governance framework.

Derivative strategies are systematically reviewed and validated by local ALM committees. In addition, there is a clear segregation of duties between those responsible for making investment decisions, executing transactions, processing trades and instructing the custodian. This segregation of duties aims in particular at avoiding conflicts of interest.

The market and credit risks arising from derivatives are regularly monitored in multiple processes: (i) risk appetite process, in which the market risk position is continuously monitored; and, (ii) Short Term Economic Capital (STEC) calculation, in which the sensitivity of AXA to financial risk factors is monitored. Such monitoring is designed to ensure that market and credit risks, coming either from cash or derivative instruments, are properly controlled and remains within approved limits.

Legal risk is addressed by defining a standardized master agreement. AXA business units may trade derivatives only if they are covered by legal documentation which complies with the requirements set out in this Group standard. Any change to certain mandatory provisions (defined in the Group standard) must be approved by Group Risk Management.

Additionally, there is a centralized counterparty risk policy. Group Risk Management has established rules on authorized counterparties, minimum requirements regarding collateral, counterparty exposure limits. The collateral process reduces the credit risk arising from OTC derivatives to a limited level compared to the total value of derivatives in position. It includes daily or weekly collateralization for most of the Group's exposure.

The operational risk related to derivatives is measured and managed in the context of AXA's global operational risk framework. Furthermore, four mandatory centers of expertise have been selected to centralize execution and management of derivatives and reduce operational risk: AXA Investment Managers, AllianceBernstein, AXA Bank Europe and AXA SA.

Valuation Risk is addressed through the mandatory centers of expertise. They independently counter-valuate the derivatives positions so as to get appropriate accounting, payment and collateral management but as well on the prices proposed by counterparties in case the AXA entity wished to initiate, early terminate or restructure derivatives. Such capacity in pricing requires high-level expertise, which relies on rigorous market analysis and the ability to follow the most up-to-date market developments for new derivatives instruments.

Investment and Asset management

AXA local companies mandate the day-to-day management of their asset portfolios primarily to the two AXA subsidiaries AXA Investment Managers and AllianceBernstein. Local CIOs continuously monitor, analyse, and challenge asset managers' performances.

Risks: definition, exposures and risk management

AXA is exposed to financial market risks through its core business of financial protection (*i.e.* insurance and asset management) and through the financing of its activities as part of its equity and debt management.

FINANCIAL RISKS

Local operating units have the primary responsibility for managing their financial risks (market risk, credit risk, liquidity risk), while abiding by the risk framework defined at Group level, in terms of limits/ thresholds and standards. This approach allows operating units to react swiftly in an accurate and targeted manner to changes in financial markets, political and economic environments in which they operate.

A wide variety of risk management techniques are used to control and mitigate the market risks to which the AXA Group's operating units and the Group itself are exposed. These techniques include:

- Asset Liability Management (ALM), *i.e.* defining an optimal strategic asset allocation with respect to the liabilities' structure, to reduce the risk to a desired level;
- hedging of financial risks when they exceed the tolerance levels set by the Group. Operational management of derivatives is based on stringent rules and is mainly performed by AXA SA for the holding company activities and Group asset managers, AXA Investment Managers and AllianceBernstein as well as AXA Bank Europe and AXA Equitable for the hedging program of Variable Annuities' guarantees;
- a regular monitoring of the financial risks on the economic and solvency position of the Company;
- reinsurance also offers solutions to mitigate certain financial risks;

AXA's exposure to market risk is strictly monitored. It is mitigated by:

- its broad range of operations and geographical positions, which provides a high level of diversification; and
- natural hedging between different products and jurisdictions.

Description of market risks for Life & Savings and Property & Casualty

The market risks to which Life & Savings (L&S) and long-tail Property & Casualty (P&C) portfolios are exposed arise from a variety of factors including:

- a decline in returns on assets (linked to a sustained fall in yields on fixed income investments or to lower equity markets) could reduce investment margins or fees on Unit-Linked contracts;

- a rise in yields on fixed-income investments (linked to interest rates or in spreads) reduces the market value of fixed-income investments and could impact adversely the solvency margin, and increase policyholder's surrenders due to competitive pressures;
- a decline in asset market value (equity, real estate, alternatives, etc.) could adversely impact the solvency margin, as well as available surplus;
- a rise in financial market volatility may increase the cost of hedging the guarantees associated with certain products (Unit-Linked, Variable Annuities…) and decrease the Group's value;
- a change in foreign-exchange rates would have limited impact for the operating units since foreign-currency commitments are matched to a large extent by assets in the same currency or covered by hedges, but it could affect the earnings contribution in euros;
- furthermore, P&C activities are subject to inflation which may increase the compensation payable to policyholders, so that the actual payments may exceed the associated reserves set aside. This risk can be significant for long-tail businesses but is managed through regular pricing adjustments or specific protections against peaks of inflation.

The Group policies put in place to manage these risks are tailored to each product type and the risks relating to it.

FOCUS ON THE MAIN FINANCIAL RISKS

The main financial risks for the AXA Group are as follows:

- interest-rate, spread risk and equity risk related to the operating activities of Group subsidiaries;
- exchange-rate risk related to the operating activities of Group subsidiaries;
- risks relating to the management of holding companies' foreign exchange exposure and debt;
- credit risk. Please read the next part "Credit risk" included in the Part 3 – Section 3.3 – "Quantitative and Qualitative Disclosures about Risk Factors";
- liquidity risk. Please read "Liquidity position and risk management framework" included in Part 1 – Section 1.4 – "Liquidity and capital resources".

INTEREST RATES & EQUITY RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

AXA performs sensitivity analyses to estimate Group exposure to movements in interest rates and equity markets. These analyses quantify the potential impact on the Group of positive and adverse changes in financial markets.

The AXA Group analyzes sensitivity to movements in interest rates and equity markets looking at two different measures:

- sensitivities of European Embedded Value (EEV) in the Life & Savings business, as described below;
- sensitivities of the adjusted net asset value for other-than-life businesses.

These analyses cover AXA SA, which carries most of the Group's debt, along with the largest subsidiaries in France, the United States, the United Kingdom, Belgium, Switzerland, Germany, Central and Eastern Europe (Poland, Hungary and Czech Republic), the Mediterranean and Latin American Region (Spain, Portugal, Italy, Mexico, Morocco, Turkey, the Gulf Region and Greece), Hong Kong and Japan. At December 31, 2012, these subsidiaries represented 99% of AXA's consolidated invested assets within its insurance operations.

"Embedded Value" (EV) is a valuation methodology often used for long term insurance business. It attempts to measure the present value of cash available to shareholders now and in the future and accordingly is presented net of taxes and minority interests. "European Embedded Value" (EEV) is a refinement of this methodology based on Principles issued by the CFO Forum of European insurers, which AXA adopted during 2005. AXA publishes EEV only for its Life & Savings business.

In addition to Life & Savings EEV, AXA calculates a "Group EV". For the Life & Savings business, the EV is equal to the EEV, while for other-than-life businesses, the EV is equal to the adjusted net asset value.

Group EV

(In Euro million)	2012 Life & Savings	2012 Other Businesses	2012 Total	2011 Life & Savings	2011 Other Businesses	2011 Total
IFRS shareholders' equity at December 31	**45,449**	**8,215**	**53,664**	**42,272**	**6,290**	**48,562**
Net unrealized capital gains/losses, not included in IFRS shareholders' equity	1,031	2,520	3,551	1,337	2,080	3,417
Excluded TSS/TSDI	-	(7,812)	(7,812)	-	(7,835)	(7,835)
Elimination of intangible assets	(17,915)	(9,851)	(27,766)	(20,428)	(9,509)	(29,937)
IFRS TNAV	**28,565**	**(6,929)**	**21,637**	**23,181**	**(8,975)**	**14,207**
Marked-to-market debt	-	29	29	-	2,369	2,369
Unrealized capital gains projected in VIF & other stat-GAAP adjustments	(6,923)	-	(6,923)	(2,125)	-	(2,125)
Life & Savings Value of Inforce (VIF)	22,581	-	22,581	17,098	-	17,098
Group EV at December 31	**44,224**	**(6,900)**	**37,324**	**38,154**	**(6,606)**	**31,548**

The Group EV is not an estimate of AXA's «fair value». It does not include the value of business to be sold in the future, nor does it include any value for future profits from existing business of other-than-life businesses (Property & Casualty, International Insurance, Asset Management, Banking and Holdings and other companies). However, the Life & Savings EEV is a key management metric measuring the risk-adjusted value of the business and tracking its evolution over time, and the Group EV provides a crucial link to processes that impact total Group value but cannot be seen within the Life & Savings segment, such as hedging strategies executed at the Group level and also the impact of leverage on the Group.

The table above shows the reconciliation of IFRS shareholders' equity to the Group EV.

The Life & Savings "Adjusted Net Asset Value" (ANAV) is derived by aggregating the local regulatory (statutory) balance sheets and reconciling with the Life & Savings IFRS shareholders' equity on the following main adjustments:

- addition of unrealized capital gains/losses not included in IFRS shareholders' equity;
- elimination of all intangible assets;
- elimination of unrealized capital gains/losses included in the projection of future cash-flows (VIF);
- adjustment for the differences between AXA's consolidated accounting basis and local regulatory bases.

Adding the Life & Savings VIF to the Life & Savings ANAV completes the Life & Savings EEV.

The Group EV equals the Life & Savings EEV plus the adjusted net value of other-than-life businesses, reflecting the consolidated IFRS shareholders' equity adjusted for:

- the elimination of all intangible assets;
- the reclassification in the liabilities of all undated debt (TSS/TSDI) that is treated as equity in IFRS;
- the addition of unrealized capital gains or losses not already included in equity;
- the mark-to-market of debt.

The Life & Savings Value of Inforce (VIF) calculation by nature involves many assumptions about the future. For Life & Savings EEV, AXA has adopted a "market-consistent" approach to setting asset return assumptions. Each cash flow is discounted at an appropriate discount factor, so that starting with Euro 1 of bond or of equity, projecting expected cash flows and discounting, will simply give Euro 1 of value. Mechanically, this can be described as assuming that, in the future, all assets will earn the risk-free rate (referred to as the "reference rate" in the Embedded Value methodology) defined by the current market. However, cash flows are projected not only in a single scenario, but rather a stochastic set of scenarios is created, with the set maintaining the market-consistent condition that Euro 1 of any asset projected into the future gives a present value of Euro 1. Future earnings available to shareholders are assessed across this range of stochastic scenarios, with the present value being the Life & Savings VIF. Our major assumptions include:

- actuarial assumptions reflect best estimates based on recent experience;
- no productivity gains in the future are assumed, while a 2.0% average inflation rate was assumed in 2012 (2.0% in 2011);

- expenses are adjusted for non-recurring expenses and one-time strategic spending;
- some benefit from future mortality improvement on Life business is included, while annuity business does have an allowance for the costs of longevity increasing in all markets;
- non-financial risks are provided for through the cost of holding capital consistent with the necessary amount to obtain a AA rating at each entity level;
- a weighted average tax rate of 29.2 % was assumed in 2012 (31.0% in 2011);
- consistent with previous years, AXA used, at the end of 2012, reference rates which included, where applicable, liquidity premia over the swap curves for some of its entities.

As described above, the Life & Savings VIF valuation under AXA's market-consistent framework does not depend on assumed future asset returns, but rather on the reference rate described above. The Life & Savings VIF valuation depends on stochastic projections of multiple scenarios, rather than a single scenario.

The sensitivities of the Group EV to changes in major economic assumptions were calculated as follows for the 2011 and 2012 values:

- **Upward parallel shift of 100 basis points (bps) in reference interest rates** simulates a sudden shock to the initial conditions. This means changes to: 1) the current market values of fixed-interest assets, with related possible changes to projected capital gains/losses and/or fee revenues, 2) future reinvestment rates for all asset classes, and 3) risk-discount rates. Inflation rates are not changed.
- **Downward parallel shift of 100 basis points in reference interest rates** is the same as above but with a shift downward. Where the shift of 100 basis points would drop rates below 0%, they are floored at zero.
- **10% higher value of equity markets at the start of the projection** simulates a shock to the initial conditions just for equities. This means changes to current market values of equities, with related possible changes to projected capital gains/losses and/or fee revenues. Policyholder and management behaviors are adjusted to be consistent with these conditions. As noted in the definitions, these calculations reflect a shock to the initial conditions for equities, but no changes in value for asset classes such as fixed maturities or real estate are assumed to accompany the equity change. In reality, changes in value of other asset classes would probably lead to different results than shown here. It is also possible that a gradual movement in equity would produce different results than a sudden shock.
- **10% lower value of equity markets at the start of the projection** same as above but a decrease.

	2012						2011					
	Life & Savings		Other		Group		Life & Savings		Other		Group	
(In Euro million)	Euro million	% Group EV	Euro million	% Group EV	Euro million	% Group EV	Euro million	% Group EV	Euro million	% Group EV	Euro million	% Group EV
Upward parallel shift of 100bps in risk-free rates	2,360	6%	(1,266)	(3%)	1,093	3%	1,231	4%	(1,487)	(5%)	(256)	(1%)
Downward parallel shift of 100bps in risk-free rates	(5,107)	(14%)	1,544	4%	(3,562)	(10%)	(3,456)	(11%)	1,597	5%	(1,859)	(6%)
10% higher value of equity markets at start of projection	1,211	3%	393	1%	1,604	4%	959	3%	389	1%	1,348	4%
10% lower value of equity markets at start of projection	(1,271)	(3%)	(409)	(1%)	(1,680)	(5%)	(1,031)	(3%)	(373)	(1%)	(1,404)	(4%)

All sensitivities are presented net of tax and minority interests, and where applicable, net of policyholders' participation.

2012 interest rate sensitivities (% of Group EV) for Life & Savings business of 6% to upward 100 bps and --14% to downward 100 bps (2011: 4% and -11%) show an asymmetry predominantly driven by guaranteed interest rates having higher value when interest rates decrease, while higher reinvestment rates would need to be shared with policyholders limiting shareholders' gains in a higher rate environment.

However this classical pattern is not followed everywhere, as for certain type of business with significantly low interest rate guarantees, the EEV behaves more like a portfolio of fixed-income assets. In addition, higher interest rates affect the value both positively through higher investment rate and negatively through lower starting value of fixed income assets and higher discount rates for future profits. For different product types these interactions produce different results. EEV became more sensitive to changes in interest rates, primarily as a result of the updates to policyholder behavior assumptions for Variable Annuity products (lower lapses and partial withdrawals), and the reduction in interest rates hedge positions in the US.

2012 interest rate sensitivities (% of Group EV) for other-than-life businesses of -3% to upward 100 bps and 4% to downward 100 bps (2011: -5% and 5%) reflect mainly the impacts on fixed-income assets, partly offset by derivatives and sensitivities to changes in debt value, should interest rates curve move, with all debt classified as liabilities and re-measured at market value. The majority of other-than-life reserves in the financial statements and therefore in TNAV is generally not sensitive to interest rate changes as not discounted in most cases.

2012 equity market sensitivities (% of Group EV) for Life & Savings business of 3% to upward 10% or -3% to downward 10% (2011 3% and -3%) are more nearly symmetrical, with no complicating effects from changes of discount rates. The limited asymmetries reflect the impact of guarantees and profit-sharing rules, along with some hedging programs to limit potential losses. The impacts of equity market value changes can come through General Account exposures or through changing asset balances impacting future fee revenue on separate account business.

2012 equity market sensitivities (% of Group EV) for other-than-life businesses of 1% to upward 10% or -1% to downward 10% (2011: 1% and -1%) reflect the impacts on equities including derivatives on equities.

EXCHANGE RATE RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

In the insurance companies, which accounted for 88% of Group assets at December 31, 2012 (88% in 2011), assets and liabilities with foreign currency exposure were generally matched or hedged.

- **Life & Savings business**: 77% of Group assets at the end of 2012 (77% in 2011):

In France, AXA is exposed to exchange-rate risk through the units it owns in certain investment funds partly invested in foreign currencies (particularly US Dollar: €2,665 million vs. €2,062 million in 2011, Pound Sterling: € 228 million vs. €155 million in 2011, and Japanese Yen: €95 million vs. €98 million in 2011). AXA France owns these invested funds in order to diversify its investments and enable policyholders to benefit from the performance of international financial markets. AXA France controls and limits its exposure to exchange-rate risk by using foreign exchange forwards and other derivatives (notional of €5,457 million vs. €2,930 million in 2011).

AXA Japan's investment strategy is to invest when relevant outside the Japanese market in order to diversify investments. At the end of 2012, the total assets denominated in foreign currencies (mainly US Dollars) represented an amount of €16,312 million (€16,687 million in 2011). Excluding assets backing Unit-Linked contracts, the corresponding exchange-rate risk was fully hedged through the use of derivatives.

AXA Germany hold €4,216 million investments denominated in foreign currencies (versus €3,799 million in 2011), both directly and indirectly through investment funds, with the aim of diversifying its investments and taking advantage of foreign markets' performance. These investments are mainly denominated in US Dollars and amounted to €3,921 million (versus €3,567 million in 2011) and Pound Sterling, Australian Dollar and Swiss Francs to a lesser extent. Exchange-rate risk exposure is hedged using forwards for a notional amount of €3,837 million (notional amount of €3,459 million in 2011) and currency swaps for a notional amount of €372 million (notional amount of €403 million in 2011).

In Switzerland, the AXA entities are exposed to exchange-rate risk through their investments in foreign currencies (mainly Euro and US dollar) due to the on-going low interest rate environment in Switzerland and to the limited investment possibilities in the Swiss market. As a result, the entities hold foreign exchange exposure on equity securities as well as on fixed maturities denominated in currencies other than Swiss Francs. However, the main part of the exposure is hedged back into Swiss Francs with foreign exchange swaps, options and forwards.

At the end of 2012, Switzerland Life & Savings foreign exchange exposure amounted to €22,621 million (€21,061 million in 2011) which represented circa 33 % of assets (circa 34% of assets in 2011), of which €19,276 million were hedged (€19,110 million in 2011).

AXA Hong Kong holds investments denominated in foreign currencies €6,302 million (€5,716 million in 2011), both directly and indirectly through investment funds, with the aim of diversifying its investments. These investments are mainly in US Dollar and amounted to €6,199 million (€5,583 million in 2011). Exchange-rate risk exposure is partially hedged using foreign exchange forwards.

In Belgium, the United States, the United Kingdom and the Mediterranean and Latin American Region, the Group's Life & Savings companies do not have any significant exposure to exchange-rate risk.

At the end of 2012, these countries accounted for 99% of the Group's Life & Savings companies' assets (99% at the end of 2011).

- **Property & Casualty business**: 9% of Group assets at the end of 2012 (9% at the end of 2011):

In France, AXA is exposed to exchange-rate risk through the units it owns in certain investment funds and which are partly invested in foreign currencies, mainly US Dollar (€258 million vs. €244 million in 2011) and, to a much lesser extent, Pound Sterling and Japanese Yen, in order to diversify its investments. France controls and limits its exposure to exchange-rate risk by using forwards in all these currencies (notional of €444 million vs. €464 million in 2011).

In Belgium, parts of AXA Belgium's reinsurance portfolio liabilities are denominated in US Dollar for an amount of €88 million (€94 million in 2011). The foreign exchange risk associated with these liabilities is fully hedged through investments in US Dollar of €122 million (€121m in 2011).

Germany Property and Casualty is exposed to US Dollar exchange-rate risk on certain investment funds for €1,087 million (€1,156 million in 2011) and to a lesser extent to Pound Sterling, Australian Dollar and Swiss Francs exchange-rate risk. AXA Germany controls and limits its exchange-rate risk by using forwards for a notional amount of €746 million (notional €949 million in 2011), currency swaps for a notional amount of €176 million (notional €227 million in 2011) and congruent coverage for €11 million (€59 million in 2011).

In the United Kingdom and Ireland, AXA is exposed to exchange-rate risk through its AXA Insurance and AXA PPP Healthcare subsidiaries, which operate in pound sterling, and AXA Ireland; those entities have however diversified their investment portfolios in line with asset liability management objectives as follows:

- directly owned foreign-currency investments and cash of €1.21 billion (€635 million in 2011), of which €1.14 billion (mainly fixed income) is hedged through foreign exchange forward or cross currency swaps. Net exposure amounted to €70 million, mainly from investments in foreign equities and cash,
- investments totaling €332 million (€177 million in 2011) of CLO funds and other investment funds (CDO Equity/Leverage Loan) which hold foreign-currency investments, of which €295 million are hedged through foreign exchange forwards, and the remaining €37 million mitigate the foreign exchange exposure in AXA PPP liabilities. Net exposure is nil.
- EUR/USD denominated Credit Default Swaps with a nominal value of €3.2 billion (€143 million in 2011) and with minor foreign exchange exposure. Of the €3.2 billion, €1.9 billion relate to a Strategic Hedging Program put in place during Q2 2012.

AXA Ireland also operates in Northern Ireland, and manages a portfolio of pound sterling policies in an amount of €284 million (€248 million in 2011), hedged with investments in the same currency of €253 million (€224 million in 2011).

In Switzerland, foreign exchange exposure amounted to €4,103 million (circa 30 % of total assets) at the end of 2012, of which €3,622 million were hedged with foreign exchange forwards.

In the Mediterranean and Latin American Region, the Group's **Property & Casualty** companies do not have any significant exposure to exchange-rate risk.

These countries accounted for 92% at the end of 2012 (93% in 2011) of the Group's Property & Casualty companies' assets.

- **International Insurance business** (2% of Group assets at the end of 2012 vs. 2% in 2011): In the course of its business, AXA Corporate Solutions Assurance carries some insurance liabilities, denominated in foreign currencies, particularly in US Dollar (€996 million at the end of 2012 vs. €1,267 million in 2011) and, to a lesser extent, Pound Sterling (€635 million at the end of 2012 vs. €654 million in 2011). The Company carries assets denominated in foreign currencies to ensure balance sheet congruence. The congruence between the Company's foreign-currency assets and liabilities is regularly adjusted, but is subject to unpredictable loss occurrence and the corresponding liabilities movements.
- **As regards holding companies** (6% of Group assets at the end of 2012, same as 2011), AXA SA has, since 2001, adopted a hedging policy on net investments denominated in foreign currencies, which aims at protecting the Group's consolidated shareholders' equity against currency fluctuations, using derivatives instruments and foreign-currency debt.

At December 31, 2012, the main hedging positions were as follows:

Foreign currency hedging	Amount in currency (In billion)		Amount in Euro (In billion)		Comments
	2012	2011	2012	2011	
US Dollar	2.4	2.4	1.8	1.8	In respect of the US activities, mainly in the form of debt
Japanese Yen	206.2	956.3	1.8	9.5	In respect of Japan activities, mainly in the form of derivatives
Pound Sterling	2.8	3.1	3.4	3.7	In respect of the UK activities, mainly in the form of debt
Swiss Franc	2.5	9.0	2.0	7.4	In respect of Switzerland activities, in the form of derivatives

AXA SA's assets accounted for most of the assets of Group holding companies at the end of 2012.

RISKS RELATING TO THE MANAGEMENT OF HOLDING COMPANIES' FOREIGN EXCHANGE EXPOSURE AND DEBT

For the purpose of optimizing the financial management and control of financial risks linked to holding companies, the Group Central Finance Department has defined and implemented formal management standards, as well as guidelines for monitoring and assessing financial risks. These standards, which have been approved by the Management Committee, are designed to permit a consistent measurement of the positions of each affiliate.

The policy on the management of holding companies' interest rate risk aims at monitoring and limiting the potential medium-term variation in interest expenses and consequently at partially protecting future levels of interest expenses against movements in interest rates. Regarding foreign exchange risk, the implemented policy's objective is to limit variations in net foreign currency-denominated assets resulting from movements in exchange rates. The purpose of the policy is therefore to protect partially or in full the value of AXA's net foreign-currency investments in its subsidiaries and thus reduce the variability of Group consolidated shareholders' equity against currency fluctuations, but also of other key indicators such as liquidity, gearing and solvency ratios. AXA regularly monitors its exchange rate hedging strategy and will continue to review its effectiveness and the potential need to adapt it taking into account impacts on earnings, value, solvency, gearing ratio and liquidity.

The Group Central Finance Department is in charge of producing reporting data that consolidate interest rate, foreign exchange and liquidity risk exposures, as well as the interest expenses of the Company. This reporting also includes medium-term forecasts.

Synthetic reports, including information about hedging strategies, are sent to and reviewed by the Finance Committee of AXA's Board of Directors at least on a quarterly basis.

In addition, the Group Central Finance Department closely monitors risks resulting from regulatory or other restrictions on dividend payments from the Group's operating subsidiaries or limitations on AXA's ability to reduce these subsidiaries' shareholders' equity. The Group's operating subsidiaries must comply with local regulations in the various countries where they operate, including minimum solvency requirements and restrictions on related party transactions. These regulations impose a variety of restrictions and may limit the ability of the Company's operating subsidiaries to pay dividends to the Company or other Group companies, reduce their shareholders' equity, incur debt, engage in certain types of transactions with affiliates (including loans, sales of assets and other financial transactions) or take certain other actions. As a result, internal cash flow projections (including dividend pay-outs) must take into account these constraints and possible future regulatory changes.

Credit risks

Counterparty credit risk is defined as the risk that a third party in a transaction will default on its commitments. Given the nature of its core business activities, AXA monitors two major types of counterparties, using methods suitable to each type:

- investment portfolios held by the Group's insurance operations (excluding assets backing separate-account products where the financial risk is borne by policyholders) as well as by banks and holding companies;
- receivables from reinsurers resulting from reinsurance ceded by AXA.

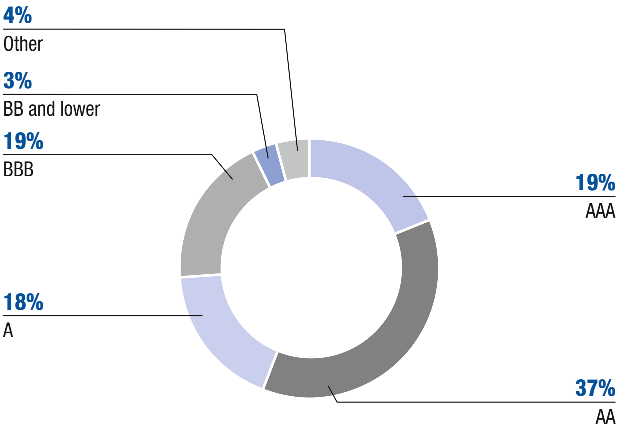
INVESTED ASSETS

AXA Group concentration risk is monitored by different analyses performed at Group level by issuer, sector and geographic region, in addition to local procedures and by a set of Group and local issuer limits.

These limits aim to manage the default risk of a given issuer, depending on the weighted average credit rating of all the bonds pertaining to this issuer (corporate, government, state-owned companies and agencies) and take into account all AXA Group exposure on these issuers through debt securities, equity, derivatives and reinsurance counterparty risk.

Compliance to the limits is ensured by the Group through defined governance. The Group Credit Risk Committee handles, on a monthly basis, the issuer exposure breaching the Group's limit tolerances and determines coordinated actions for excessive credit concentrations. A Group Credit Team provides credit analysis independently from Group Asset Managers, in addition to local CIO teams. The ALM Supervisory Committee is regularly kept informed of the work performed.

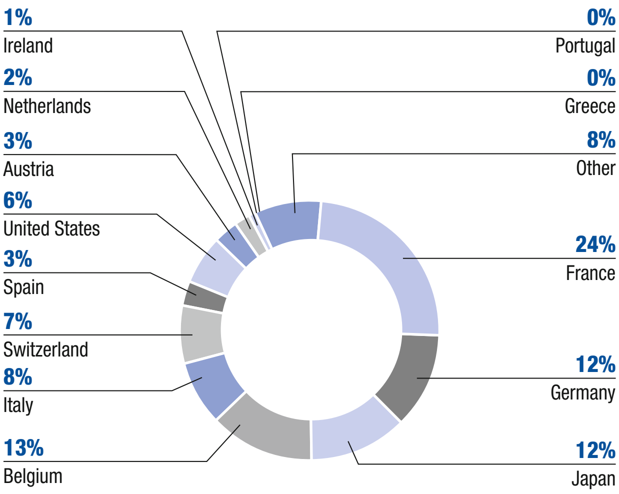
At December 31, 2012, the breakdown of the debt security portfolio (€389.8 billion) by credit rating category was as follows:



At December 31, 2011, the breakdown of the debt security portfolio (€372.6 billion) by credit rating was: 32% in AAA, 28% in AA, 22% in A, 11% in BBB, 3% in BB and lower, and 5% in other.

Credit risk diversification and analysis policies, particularly using credit ratings, are implemented by investment departments and monitored by Risk Management teams.

At December 31, 2012, the breakdown of government and government related bonds fair values (€225 billion) by country was as follows:



The exposure to sovereign debt securities issued by governments and related in Greece, Ireland, Italy, Portugal and Spain classified as available for sale as of December 31, 2012 were as follows:

Issuer *(in Euro million)*	December 31, 2012 Fair Value	Amortized Cost	Unrealized gains and losses (Gross value)	Unrealized gains and losses (Net value)	December 31, 2011 Fair Value	Amortized Cost	Unrealized gains and losses (Gross value)	Unrealized gains and losses (Net value)
Greece	-	-	-	-	300	300	-	-
Ireland	2 786	2 686	100	39	970	1 112	(142)	(24)
Italy	16 214	15 881	332	63	13 883	16 136	(2 253)	(400)
Portugal	677	862	(185)	(18)	1 215	2 037	(822)	(188)
Spain	7 160	7 552	(392)	(60)	7 885	8 478	(592)	(105)
TOTAL	**26 837**	**26 981**	**(145)**	**24**	**24 255**	**28 064**	**(3 809)**	**(716)**

Government and government related bonds accounted for as AFS OCI
Net amounts are presented at 100% share

Net amounts correspond to amounts after the related impacts of deferred tax and shadow accounting on policyholders' participation, deferred acquisition cost and value of purchased business in force. Net amounts may evolve depending on the timing of realization of these potential losses and on the local regulatory environment.

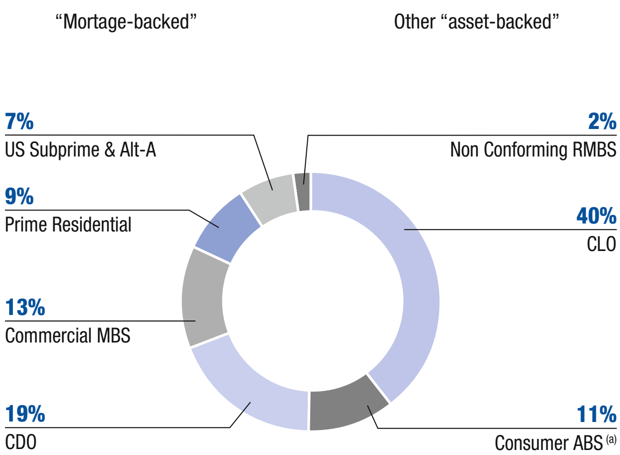
In February 2012, the Group participated to the private sector initiative on Greece, which consisted in exchanging former Greek bonds against New Greek bonds, European Financial Stability Facility bonds, Gross Domestic Product linked note and accrued interest notes issued by European Financial Stability Facility. Subsequently, the Group sold its exposure to new Greek governments bonds during the first half of 2012. As a consequence, the Group does not hold Greek government bonds and related as of December 31, 2012.

No impairment charges were booked in respect of the Group exposure to sovereign debt securities issued by governments and related in Greece, Ireland, Italy, Portugal and Spain in 2012 (€-387 million for the period ended December 31, 2011 relating to Greek sovereign debt exposure).

In addition, debt securities and related issued by government and related in Greece, Ireland, Italy, Portugal and Spain classified under Fair value option amounted to €625 million as of December 31, 2012.

ASSET BACKED SECURITIES BY UNDERLYING TYPE OF ASSET (EXCLUDING COLLATERALIZED MORTGAGE OBLIGATIONS (CMOS))

At December 31, 2012, the economic breakdown of the total value of ABS (€10.1 billion excluding assets held for sale as well as CMOs and agency pool ABS) was:



[(a)] Mainly consumer loan ABS (plus some leases and operating ABS assets)

At December 31, 2012, AXA's invested assets included a net exposure to US subprime residential and Alt-A mortgage loans of approximately €0.7 billion (4% equalling or above AA rating).

At December 31, 2011, the economic breakdown of the total value of ABS (€9.0 billion excluding assets held for sale, as well as CMOs) was: 37% in CLO, 11% in Consumer ABS, 15% in CDO, 16% in Commercial MBS, 11% in Prime Residential, 8% in US Subprime & Alt-A, and 1% in Non conforming RMBS. At December 31, 2011, AXA's invested assets included a net exposure to US subprime residential and Alt-A mortgage loans of approximately €0.7 billion (10% equaling or above AA rating).

CREDIT DERIVATIVES

The AXA Group, as part of its investment and credit risk management activities, use strategies that involve credit derivatives (mostly Credit Default Swaps or CDS), which are mainly used as an alternative to debt security portfolios, when coupled with government debt securities, but also as a protection on single corporate names or specific portfolios.

At December 31, 2012, the nominal amount of positions taken through credit derivatives was €23.1 billion [(1)], of which €21.5 billion of CDS (cumulated notional amounts of €11.1 billion protections bought and of €10.4 billion protections sold), which can be broken down as follows:

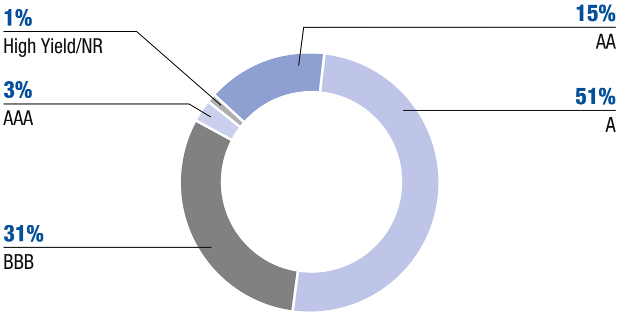
i. €6.1 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;

ii. €5.1 billion of CDS protections bought used to lock the liquidity premium through purchasing bonds and CDS protection on the same name (negative basis trade strategy) mostly in corporate bonds mainly in Japan (€3.1 billion), Switzerland (€1.6 billion) and Hong Kong Life (€0.3 billion);

iii. €10.4 billion of CDS protections sold as an alternative to the direct purchase of a corporate bond mainly by holding government bonds and at the same time selling protection on very good quality names. This type of ALM strategy is often implemented to compensate for the lack of depth or liquidity in some markets in order to take synthetic credit risk.

Limits applied to issuers take into account these credit derivative positions.

The breakdown of these net CDS's underlying debt securities by rating is as follows:



Credit risk relating to CDOs is monitored separately, depending on the tranches held, and regardless of the type of assets held (debt securities or credit derivatives).

Counterparty Risk arising from Over-The-Counter (OTC) Derivatives

AXA actively manages counterparty risk generated by OTC derivatives through a specific Group-wide policy. This policy includes a limit framework and an exposure monitoring process. Limits are set specifically for each authorized counterparty, based on an internal scoring system. This policy also includes daily to weekly collateralization for the majority of the Group's exposure.

RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

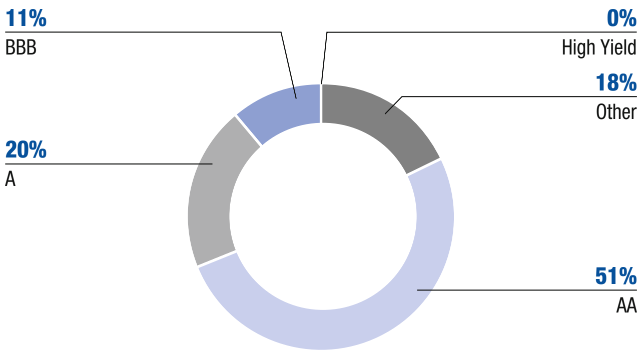
To manage the risk of reinsurers' insolvency, a Security Committee is in charge of assessing reinsurers' quality and acceptable commitments. The Committee is under joint authority of Group Risk Management and AXA Global P&C. This risk is monitored to avoid any excessive exposure to any specific reinsurer. The Security Committee meets monthly – and more frequently during renewal periods – and decides on any action to be taken with the aim of limiting AXA's exposure to the risk of default by any of its reinsurers.

In addition, AXA summarizes and analyzes its exposure to all reinsurers by factoring in all positions with reinsurers (claims, premiums, reserves, deposits, pledges and security deposits).

The Group's top 50 reinsurers accounted for 82% of reinsurers' share of insurance and investment contract liabilities in 2012 (versus 83% in 2011).

(1) *This figure represents an accounting view i.e.100% of assets held directly and in consolidated "core block" and "satellite" funds.*

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2012 (€10.6 billion) was as follows:



The "other" caption relates to reserves ceded to reinsurance pools, reserves ceded to reinsurers with which the AXA Group does limited business (not in the top 50) and reinsurers not rated by the main rating agencies.

At December 31, 2011, the breakdown of reserves ceded to reinsurers (€10.7 billion) by reinsurer rating was: 2% in AAA, 56% in AA, 14% in A, 11% in BBB/BB/B, and 17% in others.

BANK CREDIT ACTIVITIES

At year end 2012, total invested assets of the banking segment (Belgium, France, Germany, Hungary, Czech Republic and Slovakia) were €30.5 billion (€31.0 billion in 2011).

AXA banking operations are mostly limited to retail banking activities, distributing simple investment and credit products.

As such, AXA banks risk management policies are based on their stated Risk Appetite, with the following key principles:

- dedicated counterparty and credit risk functions with appropriate committees;
- quality sovereign, international institutions and bank counterparties portfolio closely monitored;
- adequacy to Group risk standards;
- tightly managed market, asset & liability, foreign exchange and interest rate risks including a strict collateral policy.

Credit risks in the banks may be split between:

- retail credit risk, resulting from the commercial activity - sales of mortgages and other type of loans to retail clients and small enterprises. Credit risk management is done through careful risk selection (e.g. in Belgium 'Internal Rating Based' scoring models regularly monitored to ensure a risk selection consistent with each bank's risk appetite) and a regular monitoring of portfolios by product management teams and risk management teams;
- other than retail credit risk, resulting from investment activity. This activity is limited with strong control processes in place.

Credit risks are regularly reviewed by the Management Board of each bank, and are subject to regulation. For instance, AXA Bank Europe's internal capital adequacy assessment and strategic planning processes take into account capital required to mitigate all material risks, capital required for expected business growth, intra-risk diversification benefits, liquidity requirements and stress testing results.

As for retail credit risk in Hungary, it should be noted that in an attempt to reduce Household debt, the Hungarian government adopted legislation in September 2011 allowing customers to pay back foreign currency denominated mortgages at non-market rates for a limited time period. This legislation forced banks to provide for the likely cost related to these measures. As a consequence, in 2011 AXA Bank Europe has provisioned €103 million for the impact of legislation on top of the €54 million additional provisions set up to cover the loan losses on the existing portfolio. In this context, Hungarian lending activities have been stopped.

The bank aims to meet all regulatory capital obligations and to remain sufficiently capitalized in the light of AXA internal capital model.

Insurance risks

The Group's insurance subsidiaries have the primary responsibility to manage their insurance risks linked to underwriting, pricing and reserving, using a set of actuarial tools. They are also responsible for managing appropriately in response to changes in insurance cycles and to the political and economic environments in which they operate.

Insurance risks for both Life & Savings and Property & Casualty businesses are covered through 4 major processes, defined at Group level but performed jointly by central and local teams:

- profitability analysis mainly through procedures governing launch product approval before (new product risk control) that complete well-established underwriting rules;
- optimization of reinsurance strategies to mitigate the risks in order to cap the Group's peak exposures to protect our Solvency and reduce volatility of key financial indicators;
- reviews of technical reserves;
- emerging risks initiative to share expertise within the underwriting and risk communities.

PRODUCT APPROVAL

In each Life & Savings subsidiary, the AXA Group has set up a validation framework to ensure that new products undergo a thorough approval process before they are put to market. This harmonized approach facilitates the sharing of product innovation across the Group. These procedures are defined by Group Risk Management (GRM) but implemented/adapted locally.

The main characteristics of these procedures are:

- the local decision to launch a new product must result from a documented approval process that complies with AXA Group standards in terms of product features, pricing, ALM and aspects related to legal, compliance, regulatory, reputation and accounting. For Variable Annuity products with guarantees, as well as Long Term Care products, the local governance is supplemented by a centralized review performed by GRM, which is submitted to the Management Committee for formal approval;
- guarantees and options embedded in products must be quantified using market consistent stochastic methods in order to ensure the adequate measure of their "manufacturing cost". Analyses of return on capital across multiple scenarios also provide for a better understanding of any asset-liability mismatch risk and capital requirement at an early stage of the product's lifetime;
- stress tests are required on key financial & technical assumptions to ensure that appropriate "what if" scenarios are considered;
- pricing reports for material products are sent to GRM, which provides a Group reporting on a quarterly basis.

This profitability analysis framework is also used in Property & Casualty as a regular technical & risk audit. Methods are adapted to the underwriting of risks, while maintaining the principle of local decision-making based on a documented approval procedure. The aim is threefold:

- for pre-launch business, to ensure that new risks underwritten by the Group have undergone a rigorous process before the products are offered to customers;
- for post-launch business, to ensure the appropriate profitability and risks control of the in-force P&C underwritings;
- this profitability framework complements strong and basic underwriting rules to ensure that no risks are taken outside the Group tolerances and that value is created by adequately pricing the risk.

EXPOSURE ANALYSIS

In order to ensure a consolidated view of insurance risks, GRM has developed and deployed common models and metrics to measure risks consistently throughout the Group (in particular *via* its economic capital framework). This is designed to check that the Group's exposure is within the Group's consolidated risk appetite limits, along a number of dimensions (earnings, value, capital and liquidity).

This framework is included in the governance set out previously for product development control.

In the Life & Savings business, these tools allow mortality/longevity risks to be analyzed on a multi-country basis. The AXA Group regularly monitors its exposure to these risks (mortality, longevity, morbidity…) and uses the results of this work to enhance the structure of its product ranges and its reinsurance coverage. These exposure analyses are supported by expert risk models in Life & Savings (mortality, longevity, morbidity…).

In addition, in the Property & Casualty business, the above mentioned tools also enable analyses on a worldwide basis of market cycle, price elasticity, reinsurers' counterparty risk, claims frequency deviation, reserves adverse development and natural catastrophes. The results of this exercise are mainly used to optimize the Group's protection (through reinsurance or securitization) and business-mix.

REINSURANCE

Definition of reinsurance requirements

Reinsurance purchasing is an important part of the Group's insurance activities and risk management.

For the Property & Casualty and Life & Savings operations, reinsurance programs are set up as follows:

- reinsurance placement is mainly handled centrally by AXA Global P&C and AXA Global Life;
- prior to ceding risks, in-depth actuarial analyses and modelling are conducted on each portfolio by AXA Global P&C, AXA Global Life and GRM to optimize the quality and cost of reinsurance cover. They measure frequency risks as well as specific severity risks in P&C (natural catastrophes, storms, floods, earthquakes) and Life (mortality, geographical concentration risk);
- estimates of P&C catastrophic risks are carried out through the use of several catastrophe modelling softwares available in the market. Although these softwares are key to foster discussions with reinsurers, they are regularly assessed within GRM and adjusted to the specific features of AXA's portfolio.

Centralization and harmonization of reinsurance purchase is based on the same procedures for both the Life & Savings business as for the Property & Casualty one.

Implementation of the reinsurance strategy: role of AXA Global P&C

In order to build adjusted and optimized protection, the Group's various operating entities place their reinsurance treaties through AXA Global P&C. A small part (10-20%) of most local treaties is placed on the domestic reinsurance market through AXA Global P&C. The remaining share is retained and combined at AXA Global P&C level to build internal Group reinsurance pools by line of business.

The structures of these pools are designed to adequately protect the Group in compliance with the Group risk appetite framework. In order to protect these pools, specific covers are arranged through either the traditional reinsurance market or the financial one through securitization (cat bonds).

As opposed to the other internal pools where the risk is retained within AXA Global P&C, 95% of the Property Pool net year-end financial result is retroceded back to local entities.

Finally, in addition to the analyses described above, AXA regularly monitors its exposure to its main reinsurers, to ensure that consolidated limits remain within Group risk tolerance (see Section "Credit Risk – Receivables from reinsurers")

TECHNICAL RESERVES

Operational entities specifically monitor their reserve risks. Claims reserves are estimated and booked on a file by file basis by the claims handlers. Additional reserves for incurred but not reported (IBNR) claims, along with reserves for incurred but not enough reported (IBNER) claims are also booked by reserving actuaries using various statistical and actuarial methods. These calculations are initially carried out locally by the technical departments in charge, and are then reviewed for a second opinion by local risk management teams or external technical experts.

Actuaries in charge of assessing reserves for P&C claims payable do not use a single method but a selection of approaches such as:

- methods based on the development of claims (paid or incurred) using triangulation methods (e.g. chain ladder and link ratio) for which past experience is applied to each loss occurrence or underwriting year, in order to make reserves projections until their estimated final development;
- methods based on claims ratios (such as the ultimate claims ratio);
- hybrid methods combining internal and exogenous data;
- methods based on frequency and severity estimates.

The analysis is segmented differently depending on product type, geographical location, distribution channel, local regulation and other factors, in order to obtain a homogeneous claims base and ensure an appropriate analysis of reserves.

Assumptions are made following discussions with claims managers, pricing actuaries, underwriters and other specialized departments.

The breakdown of P&C and international insurance technical reserves is mentioned in Note 21 of the notes to the consolidated financial statements.

The breakdown of the Group's Life & Savings technical insurance reserves by product type is as follows:

- 20% at the end of 2012 (19% at the end of 2011) cover separate-account (Unit-Linked) products that do not materially affect AXA's risk exposure. On these products, the underlying financial market performance is mostly passed on to the policyholders. This category also includes products that may provide a stand-alone guarantee on invested capital in the event of death. Overall, they present only a limited market risk for the Group through reduction of shareholders' value;

- 11% at the end of 2012 (10% at the end of 2011) of the Group's Life & Savings technical reserves cover separate-account products with related interest-rate or equity guarantees provided by the insurance companies, called Variable Annuities. Suitable risk management policies have been put in place with respect to these products:
  - derivatives are used to help mitigate reserve changes linked to these guarantees due to movements in equity, fixed income and foreign exchange markets. Benefits include Guaranteed Minimum Death Benefits (GMDB), Guaranteed Minimum Income Benefits (GMIB), Guaranteed Minimum Accumulation Benefits (GMAB) and Guaranteed Minimum Withdrawal Benefits (GMWB);
  - biometric risks (*e.g.* longevity/ mortality) and policyholder behaviours (notably lapses and annuity election rates), are regularly monitored. The hedging programmes embed dynamic policyholder behaviours to a range of possible market situations,
- 15% at the end of 2012 (15% at the end of 2011) cover savings products without guaranteed cash values upon surrender;
- 21% at the end of 2012 (21% at the end of 2011) are related to savings products offering one-year guaranteed rates that are updated every year. The risks arising from a sustained fall in interest rates in the financial markets are limited for these types of products. Hedging programs have been implemented to cover long-term fixed maturities from the risk of an increase in interest rates;
- 34% at the end of 2012 (36% at the end of 2011) cover other products. These reserves cover surrender guarantees and, in some cases, a guaranteed long-term rate. Related risks are managed in the following ways:
  - products that are not surrender-sensitive are usually backed by fixed-income investments with maturities and interest rates generally sufficient to cover guaranteed benefits, so as to reduce as much as possible the reinvestment risk;
  - derivatives may be used to hedge the risk of a fall (floor) or a rise (cap) in interest rates;
  - other products are managed with the surplus required to cover guarantees.

EMERGING RISKS

Emerging Risks are risks which may develop or which already exist and are continuously evolving. Emerging risks are marked by a high degree of uncertainty; as some of them will even never emerge.

Through its Emerging Risks initiative, AXA has established processes to qualify and quantify emerging risks which could develop over-time and become significant. This initiative also allows expertise to be shared within the underwriting and risk communities and ensures adequate underwriting policies are defined.

Emerging Risks surveillance is organized through a detection process including watch on scientific publications, court decisions, etc. Risks are monitored and classified within a risk mapping constituted of four sub-groups (legal/regulatory, environmental, socio-economical and technological). After prioritization of the monitored risks or after a warning from an entity, a working group is launched on a yearly basis by GRM to review a specific risk and its potential impact in terms of insurance.

By developing relationships with researchers and supporting innovative projects in environmental risks, the AXA Research Fund (see appendix 7) is a key contributor to AXA's commitment to better understand climate change.

By seeking to develop new solutions, acting as an advisor on risk management and actively contributing to the overall debate about the issues involved, along with other major market players, AXA intends to promote a better understanding and better forecasting of the emerging risks and to support sustainable development.

Operational risks

AXA has defined a framework to identify and measure its operational risks that may arise from a failure in its organization, systems and resources or from external events. Ensuring an adequate mitigation of these risks across the Group is a key pillar of the Risk Management functions.

GENERAL PRINCIPLES

Guided by the principles set forth by the Basel Committee on banking supervision, AXA defines operational risk as the risk of loss resulting from inadequate or failed processes, people or systems. This inadequacy or failure may come from internal or external causes. It includes legal risk and considers reputation risk as an impact, and excludes risk arising from strategic decisions.

AXA has defined a single Group framework for identifying, quantifying and monitoring the main operational risks, involving the deployment of a common system, dedicated operational risk teams and a common operational risk typology classifying operational risks into seven risk categories: internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, damages to physical assets, business disruption and system failures and execution, delivery and process management.

Both quantitative and qualitative requirements are defined.

- the most critical operational risks of each entity and a set of transversal Group stress scenarios are assessed following a forward-looking and expert opinion approach. These risks are then aggregated using actuarial methods to estimate the capital allocation needed to cover operational risks based on advanced models. Operational Risk profile is embedded into local governance through senior management validation to ensure adequate corrective and pre-emptive action of the main risks.
- in addition, a loss data collection process is in place in most companies of the Group in order to track and appropriately mitigate actual operational losses. This process is also used as a valuable source of information to back-test the assumptions taken in local risk assessments.

MANAGING POTENTIAL RISK ON REPUTATION

AXA has defined a complete framework to protect its reputation, notably regarding communication to shareholders, customers, staff, and more broadly the financial community, on its strength and financial soundness through:

- a tailored and daily basis communication at both internal and external levels (AXA's intranet and specific hotline to answer questions of shareholders and staff, letters sent to customers and articles posted on AXA's website);
- a continuous monitoring of our online reputation (web and media monitoring system);
- an extensive communication of our management team to international media.

PROFESSIONAL ETHICS

Several years ago, AXA adopted the AXA Group Compliance and Ethics Guide ("the Guide"). The Guide has been updated in 2006 and again partly in 2011. The current version of the Guide is available on the Group's website (www.axa.com). The Guide defines rules for day-to-day professional conduct and covers a variety of matters, including specific rules concerning conflicts of interest, transactions involving AXA securities and those of its listed subsidiaries, confidentiality and control of sensitive information as well as record keeping and retention.

MONEY LAUNDERING AND TERRORIST FINANCING RISK

AXA is firmly committed to combating money laundering and terrorist financing. This commitment is embodied in a specific Anti-Money Laundering Charter that was initially adopted in 2002. In line with this Charter, each AXA Group company is required to maintain procedures based on Group standards and principles, in addition to those required by applicable local regulations, and to appoint an anti-money laundering officer. The "know your customer" principle is crucial in this respect, and is fundamental to all transactions. The Group Charter is reviewed and updated on a regular basis by taking into account international legal and regulatory developments.

REGULATORY RISKS

For further information on the regulatory environment in which AXA operates including regulatory risks, please see Section 3.1 "Regulations" of Part 3 of this Annual Report.

LEGAL AND ARBITRATION PROCEEDINGS

For further information, please see Part 4 "Consolidated Financial Statements" – Note 31 "Litigation" of this Annual Report.

SOCIAL AND ENVIRONMENTAL RISKS

With respect to its employment practices, AXA's key challenge is to retain employees and position itself as an employer that is able to attract top talent.

Environmental risks are limited because AXA's core business activities are generally non-polluting.

INSURANCE COVER FOR THE GROUP'S PROPRIETARY RISK

The purchase of insurance on the Group's proprietary assets and risks is largely decentralized with Group subsidiaries responsible for identifying risks and purchasing their own insurance, such as property damage and public liability insurance, according to their local exposures and market conditions. As part of the general governance principles, subsidiaries may arrange protection with external insurers or with an internal AXA Group insurer.

AXA Global P&C, however, is mandated to buy certain types of Group-wide insurance programs for risks shared by all AXA Group companies. These policies cover directors' and officers' liability, professional liability and fraud and are:

- Group-wide insurance programs covering all AXA Group entities with the exception of AXA Financial and its subsidiaries, which traditionally arrange cover within local market;
- Reviewed and approved annually by the Management Committee to ensure that AXA has achieved competitive terms and conditions. The insurers used by the Group are acknowledged international leaders and financially sound.

4 CONSOLIDATED FINANCIAL STATEMENTS FULL YEAR 2012

4.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) Notes		December 31, 2012 [(a)]	December 31, 2011 Restated [(a) (b)]	January 1, 2011 Restated [(a) (b)]
5	Goodwill	15,754	15,855	16,741
6	Value of purchased business in force [(c)]	2,685	3,074	3,105
7	Deferred acquisition costs and equivalent [(b)]	19,047	18,624	16,766
8	Other intangible assets	3,349	3,382	3,648
	Intangible assets	**40,835**	**40,935**	**40,260**
	Investments in real estate properties	17,192	16,061	15,751
	Financial investments	441,469	418,765	409,630
	Assets backing contracts where the financial risk is borne by policyholders [(d)]	147,162	134,230	137,757
9	**Investments from insurance activities**	**605,823**	**569,056**	**563,137**
9	**Investments from banking and other activities**	**35,199**	**35,264**	**31,416**
10	**Investments in associates - Equity method**	**1,312**	**1,139**	**1,168**
	Reinsurers' share in insurance and investment contracts liabilities	**10,558**	**10,698**	**11,096**
	Tangible assets	1,457	1,410	1,517
14	Deferred policyholders' participation assets	4	1,247	636
19	Deferred tax assets [(b)]	3,047	3,332	4,370
	Other assets	**4,509**	**5,990**	**6,523**
	Receivables arising from direct insurance and inward reinsurance operations	14,968	13,346	13,468
	Receivables arising from outward reinsurance operations	746	671	1,008
	Receivables - current tax	1,855	2,347	1,851
	Other receivables	15,318	16,325	13,917
11	**Receivables**	**32,887**	**32,689**	**30,244**
	Assets held for sale including discontinued operations	**181**	**360**	**22,848**
12	**Cash and cash equivalents**	**30,546**	**31,072**	**22,095**
	TOTAL ASSETS	**761,849**	**727,204**	**728,789**

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

(a) AXA Japan closes its full year accounts at September 30. Given significant movement in foreign exchange rates between September 30, 2011 and December 31, 2011, and between September 30, 2012 and December 31, 2012, balance sheet items have been translated using December 31 exchange rates for both periods.

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs. The final assessment of the restatement led to slightly adjust comparative restated amounts published on June 30, 2012.

(c) Amounts gross of tax.

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

(In Euro million) **Notes**		December 31, 2012 [(a)]	December 31, 2011 Restated [(a) (b)]	January 1, 2011 Restated [(a) (b)]
	Share capital and capital in excess of nominal value	25,549	25,188	24,723
	Reserves and translation reserve [(b)]	23,963	17,039	23,024
	Net consolidated income - Group share [(b)]	4,152	4,190	-
	Shareholders' equity – Group share	**53,664**	**46,417**	**47,748**
	Minority interests [(b)]	**2,355**	**2,367**	**4,167**
13	**TOTAL SHAREHOLDERS' EQUITY**	**56,019**	**48,784**	**51,915**
	Subordinated debt	7,317	7,108	7,066
	Financing debt instruments issued	2,514	2,506	2,500
	Financing debt owed to credit institutions	831	807	887
17	**Financing debt**	**10,662**	**10,421**	**10,454**
	Liabilities arising from insurance contracts	362,378	358,146	342,559
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(c)]	113,921	104,642	108,587
	Total liabilities arising from insurance contracts	**476,299**	**462,788**	**451,146**
	Liabilities arising from investment contracts with discretionary participating features	36,350	37,858	37,233
	Liabilities arising from investment contracts with no discretionary participating features	251	380	720
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	4,080	3,621	4,700
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	29,983	26,336	25,006
	Total liabilities arising from investment contracts	**70,664**	**68,195**	**67,659**
	Unearned revenue and unearned fee reserves	2,897	2,975	2,757
	Liabilities arising from policyholders' participation	31,350	17,938	15,897
	Derivative instruments relating to insurance and investment contracts	(2,053)	(2,056)	(742)
14	**LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS**	**579,158**	**549,841**	**536,717**
15	**Liabilities arising from banking activities**	**33,494**	**34,023**	**27,532**
16	**Provisions for risks and charges**	**11,789**	**10,760**	**10,495**
19	**Deferred tax liabilities [(b)]**	**5,196**	**3,794**	**3,451**
	Minority interests of controlled investment funds and puttable instruments held by minority interest holders	3,775	3,896	4,855
	Other debts instruments issued, notes and bank overdrafts [(d)]	4,510	6,272	6,504
	Payables arising from direct insurance and inward reinsurance operations	8,955	7,212	7,472
	Payables arising from outward reinsurance operations	5,352	5,179	5,916
	Payables – current tax	1,170	1,194	1,348
	Collateral debts relating to investments under a lending agreement or equivalent	24,397	27,509	23,399
	Other payables	17,373	18,130	18,562
18	**Payables**	**65,531**	**69,391**	**68,058**
	Liabilities held for sale including discontinued operations	**-**	**189**	**20,168**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**761,849**	**727,204**	**728,789**

(a) AXA Japan closes its full year accounts at September 30. Given significant movement in foreign exchange rates between September 30, 2011 and December 31, 2011, and between September 30, 2012 and December 31, 2012, balance sheet items have been translated using December 31 exchange rates for both periods.

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs. The final assessment of the restatement led to slightly adjust comparative restated amounts published on June 30, 2012.

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

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

(In Euro million)	December 31, 2012 [(a)]	December 31, 2011 [(a)]	January 1, 2011 Restated [(a)]
Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(b)]	113,921	104,642	108,587
Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	4,080	3,621	4,700
Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	29,983	26,336	25,006
Total Liabilities arising from contracts where the financial risk is borne by policyholders	**147,984**	**134,599**	**138,293**
Liabilities arising from insurance contracts	362,378	358,146	342,559
Liabilities arising from investment contracts with discretionary participating features	36,350	37,858	37,233
Liabilities arising from investment contracts with no discretionary participating features	251	380	720
Total Liabilities arising from other insurance and investment contracts	**398,979**	**396,384**	**380,512**

(a) AXA Japan closes its full year accounts at September 30. Given significant movement in foreign exchange rates between September 30, 2011 and December 31, 2011, and between September 30, 2012 and December 31, 2012, balance sheet items have been translated using December 31 exchange rates for both periods.

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

4.2 CONSOLIDATED STATEMENT OF INCOME

(In Euro million, except EPS in Euro) Notes		December 31, 2012	December 31, 2011 Restated [(a) (b)]
	Gross written premiums	84,592	80,570
	Fees and charges relating to investment contracts with no participating features	334	350
	Revenues from insurance activities	**84,926**	**80,920**
	Net revenues from banking activities	460	479
	Revenues from other activities	4,741	4,708
21	**Revenues** [(c)]	**90,126**	**86,107**
	Change in unearned premiums net of unearned revenues and fees	**(411)**	**(549)**
	Net investment income [(d)]	14,982	18,469
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity [(e) (f)]	2,004	3,153
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss [(g)]	14,210	(3,406)
	of which change in fair value of assets with financial risk borne by policyholders [(h)]	*14,186*	*(4,977)*
	Change in investments impairment [(i)]	(634)	(2,016)
22	**Net investment result excluding financing expenses**	**30,562**	**16,199**
	Technical charges relating to insurance activities [(h)]	(93,326)	(75,757)
23	Net result from outward reinsurance	(1,323)	(733)
	Bank operating expenses	(134)	(246)
25	Acquisition costs [(b)]	(9,539)	(8,383)
	Amortization of the value of purchased business in force	(188)	(249)
25	Administrative expenses	(9,440)	(10,038)
	Change in tangible assets impairment	19	29
	Change in goodwill impairment and other intangible assets impairment	(128)	(1,206)
	Other income and expenses	(351)	(480)
	Charges related to the partial disposal of UK Life & Savings operations	-	(38)
	Other operating income and expenses	**(114,410)**	**(97,101)**
	Income from operating activities before tax	**5,867**	**4,657**
10	Income arising from investments in associates - Equity method	119	62
24	Financing debts expenses [(j)]	(568)	(329)
	Net income from operating activities before tax	**5,417**	**4,390**
19	Income tax [(b)]	(1,135)	(1,011)
	Net operating income	**4,283**	**3,379**
	Result from discontinued operations net of tax	-	1,002
	Net consolidated income after tax	4,283	4,380
	Split between:		
	Net consolidated income - Group share	4,152	4,190
	Net consolidated income - Minority interests	130	190
27	**Earnings per share** [(k)]	**1.65**	**1.69**
	Fully diluted earnings per share [(k)]	**1.64**	**1.69**

(a) As described in Note 1.10, the result of 2011 discontinued Canadian operations is classified on a separate line of the income statement.

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(c) Gross of reinsurance.

(d) Net of investment management costs and including gains/losses from derivatives hedging Variable Annuities.

(e) Includes impairment releases on investments sold.

(f) As of December 31, 2011, notably includes impairment releases on investments sold and net realized gains on sale of Autralian and New Zealand operations (€742 million gross or €626 million net) and stake in Taikang Life (€830 million gross or €798 million net).

(g) Includes realized and unrealized forex gains and losses relating to investments at cost and at fair value through shareholders' equity.

(h) Change in fair value of assets with financial risk borne by policyholders is offset by a balancing entry in technical charges relating to insurance activities.

(i) Excludes impairment releases on investments sold.

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

(k) Refer to Note 27 for the split of earnings per share between continuing and discontinued operations.

4.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In Euro million)	December 31, 2012 [(a)]	December 31, 2011 Restated [(a) (b)]
Reserves relating to changes in fair value through shareholders' equity	6,215	(1,628)
Translation reserves	(634)	97
Employee benefits actuarial gains and losses	(821)	(581)
Net gains and losses recognized directly through shareholders' equity	**4,760**	**(2,111)**
Net consolidated income	**4,283**	**4,380**
Split between:		
Net consolidated income - Group share	4,152	4,190
Net consolidated income - Minority interests	130	190
TOTAL COMPREHENSIVE INCOME (CI)	**9,043**	**2,270**
Split between:		
Total comprehensive income - Group share	8,854	2,453
Total comprehensive income - Minority interests	189	(183)

(a) AXA Japan closes its full year accounts at September 30. Given significant movement in foreign exchange rates between September 30, 2011 and December 31, 2011, and between September 30, 2012 and December 31, 2012, balance sheet items have been translated using December 31 exchange rates for both periods.
(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Amounts are presented net of tax, policyholders' participation and other shadow accounting related movements. Tax, policyholders' participation and related effects are further detailed in the notes to the financial statements.

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4.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital				
(In Euro million, except for number of shares and nominal value)	Number of shares (in thousands)	Nominal value (in euros)	Share Capital	Capital in excess of nominal value	Treasury shares
Shareholders' equity opening January 1, 2011 Restated [(b)]	**2,320,105**	**2.29**	**5,313**	**20,192**	**(495)**
Capital	37,092	2.29	85	-	-
Capital in excess of nominal value	-	-	-	236	-
Equity - share based compensation	-	-	-	43	-
Treasury shares	-	-	-	-	110
Others reserves - transaction on treasury shares	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-
Financial expenses - Undated subordinated debt	-	-	-	-	-
Others (including impact on change in scope) [(c)]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**37,092**	**2.29**	**85**	**280**	**110**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses [(d)]	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2011 Restated [(b)]	**2,357,198**	**2.29**	**5,398**	**20,471**	**(385)**

Note: amounts are presented net of impacts of shadow accounting and its effects on policyholders' participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (TSS, TSDI), and equity components of compounded financial instruments (e.g convertible bonds) (see Note 13.1.1.c).

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(c) Including changes in ownership interest in consolidated subsidiaries without losing control.
Notably dilution impact from AllianceBernstein deferred compensation (€+107 million offset in minority interests) and €-165 million from open-market purchase of AllianceBernstein holding units (€-106 million group share and €-59 million minority interests).

(d) Actuarial gains and losses accrued since the opening as of January 1, 2011.

Attributable to shareholders

Other reserves						
Reserves relating to the change in fair value of financial instruments available for sale	Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)	Other [a]	Translation reserves	Undistributed profits and other reserves	Shareholders' Equity Group share	Minority interests
6,272	**33**	**6,208**	**(2,075)**	**12,301**	**47,748**	**4,167**
-	-	-	-	-	85	-
-	-	-	-	-	236	-
-	-	-	-	-	43	-
-	-	-	-	-	110	-
-	-	(10)	-	-	(10)	-
-	-	-	-	-	-	-
-	-	(291)	-	-	(291)	-
-	-	-	-	-	-	-
152	-	-	(478)	(2,031)	(2,357)	(1,616)
-	-	-	-	(1,601)	(1,601)	-
152	**-**	**(301)**	**(478)**	**(3,631)**	**(3,784)**	**(1,616)**
(1,586)	18	-	-	-	(1,569)	(59)
-	-	152	255	-	408	(311)
-	-	-	-	(577)	(577)	(4)
-	-	-	-	4,190	4,190	190
(1,586)	**18**	**152**	**255**	**3,614**	**2,453**	**(183)**
4,838	**50**	**6,059**	**(2,298)**	**12,283**	**46,417**	**2,367**

(In Euro million, except for number of shares and nominal value)	Share Capital				
	Number of shares (in thousands)	Nominal value (in euros)	Share Capital	Capital in excess of nominal value	Treasury shares
Shareholders' equity opening January 1, 2012 Restated [(b)]	**2,357,198**	**2.29**	**5,398**	**20,471**	**(385)**
Capital	31,413	2.29	72	-	-
Capital in excess of nominal value	-	-	-	230	-
Equity - share based compensation	-	-	-	49	-
Treasury shares	-	-	-	-	20
Others reserves - transaction on treasury shares	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-
Financial expenses - Undated subordinated debt	-	-	-	-	-
Others (including impact on change in scope) [(c)]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**31,413**	**2.29**	**72**	**278**	**20**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses [(d)]	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2012	**2,388,611**	**2.29**	**5,470**	**20,749**	**(364)**

Note: amounts are presented net of impacts of shadow accounting and its effects on policyholders' participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (TSS, TSDI), and equity components of compounded financial instruments (e.g convertible bonds) (see Note 13.1.1.c).

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(c) Including changes in ownership interest in consolidated subsidiaries without losing control.
Notably dilution impact from AllianceBernstein deferred compensation (€+30 million group share offset in minority interests) and €-185 million from open-market purchase of AllianceBernstein holding units (€-121 million group share and €-64 million minority interests.

(d) Actuarial gains and losses accrued since the opening as of January 1, 2012.

Attributable to shareholders						
Other reserves						
Reserves relating to the change in fair value of financial instruments available for sale	Reserves relating to the change in fair value of hedge accounting derivatives (cash flow hedge)	Other (a)	Translation reserves	Undistributed profits and other reserves	Shareholders' Equity Group share	Minority interests
4,838	**50**	**6,059**	**(2,298)**	**12,283**	**46,417**	**2,367**
-	-	-	-	-	72	-
-	-	-	-	7	237	-
-	-	-	-	-	49	-
-	-	-	-	-	20	-
-	-	(10)	-	-	(10)	-
-	-	-	-	-	-	-
-	-	(292)	-	-	(292)	-
-	-	-	-	-	-	-
-	-	-	-	(56)	(56)	(201)
-	-	-	-	(1,626)	(1,626)	-
-	**-**	**(301)**	**-**	**(1,675)**	**(1,606)**	**(201)**
6,049	84	-	-	-	6,133	83
-	-	(23)	(591)	-	(614)	(20)
-	-	-	-	(817)	(817)	(4)
-	-	-	-	4,152	4,152	130
6,048	**84**	**(23)**	**(591)**	**3,335**	**8,854**	**189**
10,887	**134**	**5,735**	**(2,889)**	**13,943**	**53,664**	**2,355**

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(In Euro million)	December 31, 2012 [(a)]	December 31, 2011 Restated [(a) (b)]
Operating income including discontinued operation before tax	**5,417**	**4,515**
Net amortization expense [(c)]	703	723
Change in goodwill impairment and other intangible assets impairment [(d)]	13	1,092
Charges related to the partial disposal of UK Life & Savings operations	-	38
Net change in deferred acquisition costs and equivalent	(1,349)	(1,588)
Net increase/(write back) in impairment on investments, tangible and other intangible assets	680	2,144
Change in fair value of investments at fair value through profit or loss	(16,671)	6,859
Net change in liabilities arising from insurance and investment contracts [(e)]	22,585	6,446
Net increase/(write back) in other provisions [(f)]	90	857
Income arising from investments in associates – Equity method	(119)	(62)
Adjustment of non cash balances included in the operating income before tax	**5,931**	**16,508**
Net realized investment gains and losses	418	(6,830)
Financing debt expenses	568	329
Adjustment for reclassification to investing or financing activities	**986**	**(6,501)**
Dividends recorded in profit or loss during the period	(2,970)	(3,034)
Investment income & expense recorded in profit or loss during the period [(g)]	(13,047)	(16,704)
Adjustment of transactions from accrued to cash basis	**(16,018)**	**(19,738)**
Net cash impact of deposit accounting	56	81
Dividends and interim dividends collected	3,309	3,474
Investment income [(g)]	16,130	19,565
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(2,804)	(2,733)
Net operating cash from banking activities	459	1,356
Change in operating receivables and payables	514	(1,364)
Net cash provided by other assets and liabilities [(h)]	(135)	21
Tax expenses paid	(1,044)	(671)
Other operating cash impact and non cash adjustment	(2,284)	872
Net cash impact of transactions with cash impact not included in the operating income before tax	**14,202**	**20,600**
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**10,519**	**15,384**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(139)	11
Disposal of subsidiaries and affiliated companies, net of cash ceded	225	1,369
Net cash related to changes in scope of consolidation	**86**	**1,381**
Sales of debt instruments [(h)]	61,084	89,380
Sales of equity instruments and non controlled investment funds [(h) (i)]	18,507	21,253
Sales of investment properties held directly or not [(h)]	967	1,036
Sales and/or repayment of loans and other assets [(h) (j)]	26,912	24,484

(In Euro million)	December 31, 2012 [a]	December 31, 2011 Restated [a] [b]
Net cash related to sales and repayments of investments [h] [i] [j]	**107,470**	**136,152**
Purchases of debt instruments [h]	(62,841)	(102,319)
Purchases of equity instruments and non controlled investment funds [h] [i]	(20,853)	(15,430)
Purchases of investment properties held direct or not [h]	(1,946)	(1,087)
Purchases and/or issues of loans and other assets [h] [j]	(27,679)	(22,904)
Net cash related to purchases and issuance of investments [h] [i] [j]	**(113,319)**	**(141,739)**
Sales of tangible and intangible assets	20	10
Purchases of tangible and intangible assets	(339)	(373)
Net cash related to sales and purchases of tangible and intangible assets	**(319)**	**(363)**
Increase in collateral payable/Decrease in collateral receivable	48,045	74,602
Decrease in collateral payable/Increase in collateral receivable	(49,437)	(73,457)
Net cash impact of assets lending/borrowing collateral receivables and payables	**(1,392)**	**1,144**
Other investing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	**(7,475)**	**(3,425)**
Issuance of equity instruments	309	317
Repayments of equity instruments	-	-
Transactions on treasury shares	19	(5)
Dividends payout	(1,793)	(1,769)
Interests on undated subordinated debts paid	(449)	(446)
Acquisition/sale of interests in subsidiaries without change in control	(221)	(3,456)
Net cash related to transactions with shareholders	**(2,136)**	**(5,359)**
Cash provided by financial debts issuance	2	15
Cash used for financial debts repayments	(39)	165
Interests on financing debt paid [k]	(474)	(381)
Net cash related to Group financing	**(510)**	**(202)**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**(2,647)**	**(5,560)**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**-**	**1,910**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 [L]	**30,042**	**21,097**
Net cash provided by operating activities	10,519	15,384
Net cash provided by investing activities	(7,475)	(3,425)
Net cash provided by financing activities	(2,647)	(5,560)
Net cash provided by discontinued operations	-	1,910
Impact of change in consolidation method and of reclassifications as held for sale	(3)	(189)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	(336)	825
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 [L]	**30,101**	**30,042**

(a) AXA Japan closes its full year accounts at September 30. Given significant movement in foreign exchange rates between September 30, 2011 and December 31, 2011, and between September 30, 2012 and December 31, 2012, balance sheet items have been translated using December 31 exchange rates for both periods.
(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(c) Includes premiums/discounts capitalization and relating amortization, amortization of investment and owner occupied properties (held directly).
(d) Includes impairment and amortization of intangible assets booked during business combinations.
(e) Includes impact of reinsurance and change in liabilities arising from contracts where the financial risk is borne by policyholders.
(f) Mainly includes change in provisions for risks & charges, for bad debts/doubtful receivables and change in impairment of assets held for sale.
(g) Includes gain/losses from derivatives hedging Variable Annuities.
(h) Includes related derivatives.
(i) Includes equity instruments held directly or by consolidated investment funds as well as non controlled investment funds.
(j) Includes sales/purchases of assets backing insurance & investment contracts where the financial risk is borne by policyholders.
(k) Includes net cash impact of interest margin relating to hedging derivatives on financing debt.
(l) Net of bank overdrafts.

Cash and cash equivalents are presented in Note 12.

4.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles

1.1. GENERAL INFORMATION

AXA SA, a French "*Société Anonyme*" (the "Company" and together with its consolidated subsidiaries, "AXA" or the "Group"), is the holding (parent) company for an international financial services group focused on financial protection. AXA operates principally in Europe, North America and Asia. The list of the main entities included in the scope of the AXA's consolidated financial statements is provided in Note 2 of the notes to the consolidated financial statements.

AXA is listed on Euronext Paris Compartiment A.

These consolidated financial statements including all notes were finalized by the Board of Directors on March 13, 2013.

1.2. GENERAL ACCOUNTING PRINCIPLES

1.2.1. Basis for preparation

AXA's consolidated financial statements are prepared as of December 31. However, certain entities within AXA have a different reporting year end, in particular AXA Life Japan, whose financial year ends at September 30.

The consolidated financial statements are prepared in compliance with IFRS standards and interpretations of the IFRS Interpretations Committee that are definitive and effective as of December 31, 2012, as adopted by the European Union before the balance sheet date. The Group does not use the "carve out" option allowing not to apply all hedge accounting principles required by IAS 39. Furthermore:

- the European Union has not yet endorsed some standards and amendments published by the International Accounting Standards Board (IASB) whose application was not mandatory as of December 31, 2012; and
- the Group would not have used their earlier adoption options as of today.

As a consequence, the consolidated financial statements also comply with IFRSs as issued by the International Accounting Standards Board (IASB).

VOLUNTARY CHANGE IN ACCOUNTING POLICY ON DEFERRED ACQUISITION COSTS (DAC)

Deliberations at joint meetings of IASB and FASB regarding the Insurance Contracts Phase II project in 2011 as well as change in US GAAP (ASU-2010-26) applicable as at January 1, 2012 for companies applying US GAAP indicated that accounting standards were moving to lower capitalization and therefore deferral of acquisition expenses. In this context, the Group changed its accounting policy on deferred acquisition costs as of January 1, 2012 and retrospectively restated comparative information related to previous periods. The change applied was in line with the updated draft wording provided at the IASB Insurance Working Group on October 24, 2011 around direct costs of acquiring a portfolio of insurance contracts which so far differs from ASU-2010-26 by not limiting the deferral to expenses from successful efforts only and in the detail of how that principle is applied (incremental direct cost of acquisition and specifying some other costs). The Group's aim was to better align with US GAAP applicants starting when the ASU-2010-26 change was applicable for such companies while conscious that the Group would be subject to IFRS 4 Phase II whenever applicable. The impact of this change led to a reduction of retained earnings in shareholders' equity of €1,954 million (of which €1,951 million group share) as of January 1, 2011.

The adjustments on previous periods affected the following line items of the financial statements:

	Consolidated statement of financial position					
	January 1, 2011			December 31, 2011		
(In Euro million)	Published amounts	Effect of the change (b)	Restated amounts	Published amounts	Effect of the change (b)	Restated amounts
Deferred acquisition costs and equivalents (a)	19,641	(2,875)	16,766	21,785	(3,161)	18,624
Deferred tax assets	4,097	273	4,370	3,052	280	3,332
Deferred tax liabilities	(4,098)	647	(3,451)	(4,526)	732	(3,794)
NET EFFECT		**(1,954)**			**(2,149)**	

(a) Corresponds to Group Gross DAC amount. DAC assets should be looked at in conjunction with unearned revenues and reserves (URR: Revenues received at inception to cover future services - see paragraph 1.6.4), policyholder participation and tax. Life and Savings DAC net of URR, policyholders' participation and tax amounted to €8,467 million as of December 31, 2011.

(b) Compared to restated amounts published on June 30, 2012, the final assessment of the impact of the change in accounting policy led to an additional decrease in the gross amount of deferred acquisition costs of €62 million as of January 1, 2011 with a net negative impact of €41 million on shareholders equity.

	Consolidated statement of income		
	December 31, 2011		
(In Euro million)	Published amounts	Effect of the change	Restated amounts
Acquisition costs	(8,184)	(199)	(8,383)
Income tax	(1,074)	63	(1,011)
NET EFFECT		**(136)**	

AMENDMENTS TO STANDARDS AND INTERPRETATIONS PUBLISHED AND ADOPTED ON JANUARY 1, 2012

The application of the following amendments to standards and interpretations as of January 1, 2012 had no material impact on the Group's consolidated financial statements:

The amendment to IFRS 7 – Disclosures – Transfers of Financial Assets published on October 7, 2010, increases the disclosure requirements for transactions involving transfers of financial assets. The amendment is intended to provide additional information regarding risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure to the asset.

The amendment to IAS 12 – Income Taxes, published on December 20, 2010 addresses the measurement of deferred tax liabilities and deferred tax assets, which depends on whether an entity expects to recover an asset by using the asset or by selling the asset. In some cases, it is difficult and subjective to assess whether recovery will be through use or through sale. The amendment provides a practical approach in such cases, by introducing a presumption that an asset is recovered entirely through sale unless the entity has clear evidence that recovery will occur in another manner. The presumption would apply when investment properties, property, plant and equipment or intangible assets are remeasured at fair value or revalued at fair value.

STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET BEING EFFECTIVE

IFRS 9 - Financial Instruments, published on November 12, 2009, amended on October 28, 2010 and December 16, 2011 and applicable to the Group from January 1, 2015 with earlier application permitted, represents the completion of the first part of a three-part project to replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. A financial asset is measured at amortized cost if both a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss. Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in Other Comprehensive Income, unless the recognition of the effects of changes in the liability's credit risk in Other Comprehensive Income would create or enlarge an accounting mismatch in profit or loss. Moreover, the IASB issued an Exposure Draft on November 28, 2012 that proposes limited amendments to IFRS9, in particular the introduction of a third category of classification for financial instruments that would correspond to financial instruments held to collect contractual cash flows and for sale. These debt instruments would be measured at fair value with changes recognized in fair value through Other Comprehensive Income and realized gains or losses would be recycled through profit or loss upon sale. The adoption date of IFRS 9 including its different phases (the second and third phases respectively relate to the impairment methodology and the hedge accounting), its method of implementation and its impact are currently being examined within the Group.

A package of five new and revised standards were published on May 12, 2011 addressing the accounting for consolidation, involvement in joint arrangements and disclosure of involvements with other entities. Each of the five standards have an effective date for annual periods beginning on or after January 1, 2013, with earlier application being permitted so long as each of the other standards in the package is also applied early. However, in December 2012, the European Union endorsed these five standards but decided to postpone to 2014 the 2013 mandatory application date required by IASB, still with early application permitted. As a result, the Group has chosen January 1, 2014, as application date. The potential impact on the Group's consolidated financial statements with regard to the package of five new and revised standards is currently being analysed.

- IFRS 10 – Consolidated Financial Statements replaces the consolidation guidance in IAS 27 – Consolidation and Separate Financial Statements and SIC-12 – Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.
- IFRS 11 – Joint Arrangements introduces new accounting requirements for joint arrangements and replaces IAS 31 – Interests in Joint Ventures. IFRS 11 eliminates the option to apply the proportional consolidation method when accounting for jointly controlled entities and focuses on the rights and obligations of the arrangement, rather than the legal form. The application of the equity method instead of the proportional consolidation is not expected to have a material impact on the Group's consolidated financial statements.
- IFRS 12 – Disclosures of Interests in Other Entities requires enhanced disclosures for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- Amended IAS 27 – Separate Financial Statements sets out the unchanged requirements relating to separate financial statements. The other portions of IAS 27 are replaced by IFRS 10.
- Amended IAS 28 – Investments in Associates and Joint Ventures includes amendments for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

IFRS 13 – Fair Value Measurement, published on May 12, 2011, defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early application permitted, and it is not expected to have a material impact on the Group's consolidated financial statements.

The amendment to IAS 1 – Presentation of Financial Statements, published on June 16, 2011, requires entities to group together items presented within Other Comprehensive Income based on whether they are potentially reclassifiable to profit or loss in a subsequent period. The amendment also preserves the requirement that items in Other Comprehensive Income and profit or loss should be presented as either a single statement or two consecutive statements. The amendment is effective for annual periods beginning on or after July 1, 2012, with early application permitted, and it is not expected to have a material impact on the Group's consolidated financial statements.

The amendment to IAS 19 – Employee Benefits, published on June 16, 2011, will be effective for annual periods beginning on or after January 1, 2013, with early application permitted. The amendment will eliminate the corridor method that allows the deferral of recognition of gains and losses. However, this method is not applied by the Group since all actuarial gains and losses are recognized through equity. The amendment will also replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). In the 2013 Annual Report of the Group, this change will lead to a restatement in 2013 of comparative information in respect to the 2012 period. The estimated impact would be €-0.1 billion on AXA Group's Underlying Earnings, which will be fully offset by a positive adjustment in Other Comprehensive Income (OCI). In addition, the amendment no longer allows the deferral of past service costs, which will result in a negative but non-material restatement of shareholders' equity as of January 1, 2012. The Group does not expect any other material effect on its consolidated financial statements.

The amendments to IAS 32 – Financial Instruments: Presentation and the amendments to IFRS 7 – Financial Instruments Disclosure published on December 16, 2011, provide clarifications of the application of the offsetting rules and amend the related disclosure requirements. The amendments to IAS 32 clarify that in order to result in an offset of a financial asset and a financial liability, a right to set-off must be available today rather than be contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. Additional clarifications are presented regarding the settlement process. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and are not expected to have a material impact on the Group's consolidated financial statements. The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements and are required for annual periods and interim periods beginning on or after January 1, 2013. An analysis of the new disclosures to the Group's consolidated financial statements is currently in progress.

Annual Improvements 2009 – 2011 Cycle, published on May 17, 2012, includes amendments to IFRS that are not part of a major project. They are presented in a single document rather than as a series of small changes. They are applicable for annual periods beginning on or after January 1, 2013. These amendments are not expected to have a material impact on the Group's consolidated financial statements.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27), published on October 31, 2012, provides an exemption from consolidation of subsidiaries under IFRS 10 – Consolidated Financial Statements for entities which meet the definition of an "investment entity". Under the amendments, investment entities would measure their investment in subsidiaries at fair value through profit or loss. However, at a higher level, the parent company of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity, unless the parent itself is an investment entity. For these reasons, the amendments, that are effective for annual periods beginning on or after January 1, 2014, with early application permitted, are not expected to have a material impact on the Group's consolidated financial statements.

PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions. It requires a degree of judgment in the application of Group accounting principles described below. The main balance sheet captions concerned are goodwill (in particular impairment tests described in paragraph 1.6.1), intangible assets acquired in a business combination, the value of acquired business in force, deferred acquisition costs and equivalent, certain assets accounted at fair value, deferred tax assets, liabilities relating to the insurance business, pension benefit obligations and balances related to share-based compensation. The principles set out below specify the measurement methods used for these items. These methods, along with key assumptions where required, are discussed in greater depth in the notes relating to the asset and liability items concerned where meaningful and useful.

As recommended by IAS 1, assets and liabilities are generally classified globally on the balance sheet in increasing order of liquidity, which is more relevant for financial institutions than a classification between current and non-current items. As for most insurance companies, expenses are classified by destination in the income statement.

All amounts in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and in the notes are expressed in Euro million, and rounded up to the nearest whole unit, unless otherwise stated.

1.2.2. First time adoption of IFRS

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

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

PURCHASE ACCOUNTING, GOODWILL AND OTHER INTANGIBLES RELATED TO PAST BUSINESS COMBINATIONS PERFORMED PRIOR TO JANUARY 1, 2004

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

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

As a result, the goodwill gross value disclosed in Note 5 represents the gross value of these goodwill net of cumulated amortization recognized in French GAAP as of December 31, 2003.

CURRENCY TRANSLATION DIFFERENCES

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

PENSION ACCOUNTING

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

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

1.3. CONSOLIDATION

1.3.1. Scope and basis of consolidation

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

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

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

Companies in which AXA exercises significant influence are accounted for under the equity method. Significant influence is presumed when AXA directly or indirectly holds 20% or more of the voting rights or, for example, when significant influence is exercised through an agreement with other shareholders. AXA's share of equity associates' post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in reserves is stated under "Other reserves".

Investment funds and real estate companies are either fully consolidated or proportionately consolidated or accounted for under the equity method, depending on which conditions of IAS 27/SIC 12 listed above they satisfy. For fully consolidated investment funds, minority interests are recognized at fair value and shown as liabilities in the balance sheet if the companies' instruments can be redeemed at any time by the holder at fair value. Investment funds accounted by equity method are shown under the balance sheet caption "Financial investments".

1.3.2. Business combinations and subsequent changes in the Group ownership interest

In accordance with the option made available by IFRS 1 – First-time adoption of IFRS, business combinations prior to 2004 were not restated with respect to French accounting principles in force at the time.

As the Group decided to early adopt Revised IFRS 3 – Business Combinations and amendments to IAS 27 – Consolidated and Separate Financial Statements from January 1, 2009, the principles described below are those that apply from that date.

VALUATION OF ASSETS ACQUIRED AND LIABILITIES ASSUMED OF NEWLY ACQUIRED SUBSIDIARIES AND CONTINGENT LIABILITIES

Upon first consolidation, all assets, liabilities and contingent liabilities (unless they are not present obligations) of the acquired company are estimated at their fair value. However, in compliance with an exemption permitted by IFRS 4, liabilities related to life insurance contracts or investment contracts with discretionary participating features are maintained at the carrying value prior to the acquisition date to the extent that this measurement basis is consistent with AXA's accounting principles. The fair value of acquired business in force relating to life insurance contracts and investment contracts with discretionary participating features is recognized as an asset corresponding to the present value of estimated future profits emerging on acquired business in force at the date of acquisition (also referred to as value of acquired business in force or VBI and reflecting the difference between the fair value and the carrying value of the liabilities). The present value of future profits takes into consideration the cost of capital and is estimated using actuarial assumptions based on projections made at purchase date but also using a discount rate that includes a risk premium.

Investment contracts with no discretionary participating features do not benefit from the exemption permitted by IFRS 4 in phase I of the IASB's insurance project such as described above, i.e. the fair value of acquired liabilities is booked through the recognition of an asset corresponding to the value of acquired business in force. Liabilities relating to investment contracts with no discretionary participating features are measured directly at fair value. In accordance with IAS 39, the fair value of these contracts cannot be less than surrender value when they contain a demand feature.

Other identifiable intangible assets such as the value of customer relationships should be recognized. The value of customer relationships intangible represents the value of future cash flows expected from renewals and the cross-selling of new products to customers known and identified at the time of the acquisition. These projections include assumptions regarding claims, expenses and financial revenues, or they can be estimated on the basis of the New Business Value. In line with accounting practices in force before the adoption of IFRS, which may continue to be applied under IFRS 4, future premiums relating to acquired business may be recognized in the "Value of acquired business in force" item.

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

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

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

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group.

Purchase consideration includes any contingent element (adjustment in the acquisition price conditional upon on one or more events). In the estimate of the contingent element, attention is paid to use assumptions that are consistent with the assumptions used for the valuation of intangible assets such as VBI. For business combinations that occurred before January 1, 2009, any contingent element was included in the cost of the combination to the extent the adjustment was probable and could be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of the business combination continues to be adjusted accordingly, taking account of the impact in terms of additional goodwill and/or adjustments of the valuation of acquired assets and liabilities. For business combinations on or after January 1, 2009, any change to the estimate of the contingent element between the acquisition date and the amount actually subsequently paid is recognized in the income statement.

Direct transaction costs related to a business combination are charged in the income statement when incurred.

In step acquisitions, any previously minority interest held by the Group is measured at fair value and the resulting adjustment is recognized through the net income. Similarly, when an additional purchase changes the control from significant influence or joint control to control, any investment pre-existing in a former associate/joint venture is re-measured to its fair value with the gain or loss through net income (consequently also resulting in a new goodwill).

According to a decision taken for each acquisition, any minority interest may be measured at fair value or at its proportionate interest in the acquiree's identifiable net assets.

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

GOODWILL

Goodwill is measured as the excess of (a) the aggregate of the consideration transferred, the amount of any minority interest in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising from the acquisition of a foreign entity is recorded in the local currency of the acquired entity and is translated into Euro at the closing date.

If the cost of acquisition is less than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, the difference is directly recorded in the consolidated statement of income.

Adjustments can be made to goodwill within twelve months of the acquisition date, if new information becomes available to complete the initial accounting. In this case, comparative information is presented as if the initial accounting had been completed from the acquisition date.

If, after the period of twelve months, a deferred tax asset, initially considered as not recoverable, finally meets the recognition criteria, the corresponding tax benefit is recorded in the consolidated statement of income without a corresponding adjustment in goodwill.

Goodwill is allocated across operating segments (Life & Savings, Property & Casualty, International Insurance, Asset Management and Banking) to cash generating units corresponding (i) to the companies acquired or portfolios of business acquired according to their expected profitability, and (ii) to the entities already within the AXA Group that will benefit from the synergies of the combination with the activities acquired. This allocation of goodwill is used both for segment reporting and for impairment testing.

PURCHASE AND SALE OF MINORITY INTERESTS IN A CONTROLLED SUBSIDIARY

Purchase and sale transactions of minority interests in a controlled subsidiary that do not change the conclusion of control are recorded through shareholders' equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income.

PUT OVER MINORITY INTERESTS

When control over a subsidiary is acquired, a put option may be granted to minority shareholders. However, the recognition of the puttable instruments as a liability depends on the contractual obligations.

When the contract involves an unconditional commitment exercisable by the option holder, it is recognized as a liability. Since the balancing entry to this liability is not specified by current IFRS, the Group's method is (i) to reclassify minority interests from equity to liability, (ii) to re-measure this liability at the present value of the option price and (iii) to recognize the difference either as an increase in goodwill for puts existing before January 1, 2009 or as a decrease in equity (Group share) for a put granted after January 1, 2009, to the extent there is no immediate transfer of risks and rewards. Similarly, subsequent changes in the liability are recorded against goodwill for puts existing before January 1, 2009 and against equity (Group share) for puts granted after that date.

INTRA-GROUP TRANSACTIONS

Intra-group transactions, including internal dividends, payables/receivables and gains/losses on intra-group transactions are eliminated:

- in full for controlled subsidiaries, and
- to the extent of AXA's interest for entities consolidated by equity method or proportionate consolidation.

The effect on net income of transactions between consolidated entities is always eliminated. However, in case of a loss, an impairment test is performed, in order to assess whether an impairment has to be booked.

In the event of an internal sale of an asset that is not intended to be held on the long term by the Group, deferred tax is recognized as the current tax calculated on the realized gain or loss is eliminated. The income statement impact of the potential policyholders' participation resulting from this transaction is also eliminated, and a deferred policyholders' participation asset or liability is posted to the statement of financial position.

In addition, the transfer of consolidated shares, between two consolidated subsidiaries but held with different ownership percentages, should not impact the Group net income. The only exception would be any related tax and policyholders' participation recorded in connection to the transaction, which are maintained in the consolidated financial statements. These transfers also have an impact on Group shareholders' equity (with a balancing entry recorded in minority interests). This impact is identified in the "other" changes of the consolidated statement of shareholders' equity.

1.4. FOREIGN CURRENCY TRANSLATION OF FINANCIAL STATEMENTS AND TRANSACTIONS

The consolidated financial statements are presented in Euro million, the Euro being the Group's presentational currency.

The results and financial position of all Group entities that have a functional currency (i.e. the currency of the primary economic environment in which the entity operates) different from the Group presentational currency are translated as follows:

- assets and liabilities of entities in a functional currency different from Euro are translated at the closing rate;
- revenues and expenses are translated at the average exchange rates over the period;
- all resulting foreign exchange differences are recognized as a separate component of equity (translation differences).

At the local entity level, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied as explained in paragraph 1.9.

As mentioned in paragraph 1.3.2, goodwill arising on the acquisition of a foreign entity is recorded in the local currency of the acquired entity and is translated into Euro at the closing date.

Foreign exchange differences arising from the translation of a net investment in a foreign subsidiary, borrowings and other currency instruments qualifying for hedge accounting of such investment are recorded in shareholders' equity under translation differences and are recycled in the income statement as part of the realized gain or loss on disposal of the hedge net investment.

Foreign exchange differences arising from monetary financial investments available for sale are recognized as income or expense for the period in respect of the portion corresponding to amortized cost. The residual translation differences relating to fair value changes are recorded in shareholders' equity.

Regarding the cumulative amount of the exchange differences related to disposed business, the Group applies the step-by-step consolidation method (IFRIC 16).

1.5. SEGMENT REPORTING

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

1.6. INTANGIBLE ASSETS

1.6.1. Goodwill and impairment of goodwill

Goodwill is considered to have an indefinite useful life and is therefore not amortized. Impairment tests are performed at least annually. Impairment of goodwill is not reversible.

AXA performs an impairment test of goodwill at least annually based on cash generating units, using a multi-criterion analysis with parameters such as the value of assets, future operating profits and market share, in order to determine any significant adverse changes. It also considers the interdependence of transactions within sub-groups. Within each cash generating unit, a comparison is made between net book value and the recoverable value (equal to the higher of fair value less costs to sell and value in use). Value in use consists of the net assets and expected future earnings from existing and new business, taking into account the cash generating units' future cash flows. The value of future expected earnings is estimated on the basis of the life insurance and investment contracts embedded value models or similar calculations for other activities. Fair values less costs to sell are based on various valuation multiples.

1.6.2. Value of purchased life insurance business in force (VBI)

The value of purchased insurance contracts and investment contracts with discretionary participating features recognized in a business combination (see paragraph 1.3.2) is amortized as profits emerge over the life of the contracts' portfolio. In conjunction with the liability adequacy test (see paragraph 1.13.2), VBI is subject to annual recoverability testing based on actual experience and expected changes in the main assumptions.

1.6.3. Deferred acquisition costs (DAC) relating to insurance contracts and investment contracts with discretionary participating features – Rights to future management fees, also known as Deferred origination costs (DOC) relating to investment contracts with no discretionary participating features

The direct costs of acquiring a portfolio of insurance contracts and investment contracts with discretionary participating features, primarily related to the selling, underwriting and initiating the insurance contracts in a portfolio, are deferred by recognizing an asset. In Property and Casualty, DAC are amortized over the terms of the policies, as premium is earned. For Life business, the asset is amortized based on the estimated gross profits emerging over the life of the contracts. This asset is tested for recoverability and any amount above future estimated gross profits is expensed. DAC are also tested through the liability adequacy test (see paragraph 1.13.2).

For investment contracts with no discretionary participating features, a similar asset is recognized, i.e. Rights to future management fees, also known as Deferred origination costs (DOC) (see Note 7) but limited to costs directly attributable to the provision of investment management services. This asset is amortized by taking into account projections of fees collected over the life of the contracts. The amortization of DOC is reviewed at each closing date to reflect changes in assumptions and experience. This asset is also tested for recoverability.

DAC and DOC are reported gross of unearned revenues and fees reserves.

These unearned revenues and fees reserves are separately recognized as liabilities and are amortized over the contract term using the same amortization approach used for DAC and DOC.

1.6.4. Unearned revenues reserves

Revenues received at contract inception to cover future services are deferred and recognized in the income statement using the same amortization pattern as the one used for deferred acquisition costs.

1.6.5. Other intangible assets

Other intangible assets include software developed for internal use for which direct costs are capitalized and amortized on a straight-line basis over the assets' estimated useful lives.

They also include customer relationships intangibles as well as distribution agreements recognized as a result of business combinations. If these assets have a finite useful life, they are amortized on a straight line basis over their estimated life. In all cases, they are subject to impairment tests, at each closing for assets with a finite useful life and at least annually for other assets. In the event of a significant decline in value, an impairment is booked corresponding to the difference between the value on the balance sheet and the higher of value in use and fair value less costs to sell.

1.7. INVESTMENTS FROM INSURANCE, BANKING AND OTHER ACTIVITIES

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

1.7.1. Investment in real estate properties

Investment in real estate properties (excluding investment in real estate properties totally or partially backing liabilities arising from contracts where the financial risk is borne by policyholders) is recognized at cost. The properties components are depreciated over their estimated useful lives, also considering their residual value if it may be reliably estimated.

In case of unrealized loss over 15%, an impairment is recognized for the difference between the net book value of the investment property and the fair value of the asset based on an independent valuation. Furthermore, at the level of each reporting entity, if the cumulated amount of unrealized losses under 15% (without offsetting with unrealized gains) represents more than 10% of the cumulated net cost of real estate assets, additional impairment are booked on a line-by-line approach until the 10% threshold is reached.

If, in subsequent periods, the appraisal value rises to at least 15% more than the net carrying value, previously recorded impairment is reversed to the extent of the difference between a) the net carrying value and b) the lower of the appraisal value and the depreciated cost (before impairment).

Investment in real estate properties that totally or partially back liabilities arising from contracts where the financial risk is borne by policyholders is recognized at fair value with changes in fair value through profit or loss.

1.7.2. Financial instruments classification

Depending on the intention and ability to hold the invested assets, financial instruments are classified in the following categories:

- assets held to maturity, accounted for at amortized cost;
- assets held for trading and assets designated as at fair value with change in fair value through profit or loss;
- available-for-sale assets accounted for at fair value with changes in fair value recognized through shareholders' equity;
- loans and receivables (including some debt instruments not quoted in an active market) accounted for at amortized cost.

At inception, the option to designate financial investments and liabilities at fair value with change in fair value recognized through income statement is mainly used by the Group in the following circumstances:

- financial investments when electing the fair value option allows the Group to solve accounting mismatch, and in particular:
  - assets backing liabilities arising from contracts where the financial risk is borne by policyholders,
  - assets included in hedging strategies set out by the Group for economical reasons but not eligible for hedge accounting as defined by IAS 39,
  - debt held by structured bond funds controlled and consolidated by the Group and made up of CDOs (Collateralized Debt Obligations);
- portfolios of managed financial investments whose profitability is valued on a fair value basis: mainly securities held by consolidated investment funds, managed according to the Group risk management policy ("Satellite Investment Portfolio", see definition below).

In practice, assets held through consolidated investment funds are classified:

- either as assets of the "Core Investment Portfolios" which include assets backing liabilities arising from insurance and investment contracts, managed according to AXA's ALM strategy; or
- as assets of the "Satellite Investment Portfolios", reflecting the strategic asset allocation based on a dynamic asset management aimed at maximizing returns.

Underlying financial instruments held in the "Core Investment Portfolios" are classified as available-for-sale unless involved in a qualifying hedge relationship or more broadly when electing the fair value option reduces accounting mismatch. As specified above, the financial instruments held in the "Satellite Investment Portfolios" are accounted for at fair value with changes in fair value recognized through income statement.

Assets designated as available-for-sale, trading assets, investments designated as at fair value through profit or loss and all derivatives are measured at fair value, i.e. the amount for which an asset could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The Group applies the IAS 39 fair value hierarchy as detailed in Note 9.10.

Loans which are not designated under the fair value option are accounted at amortized cost using the effective interest rate method.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

AXA assesses at each balance sheet date whether a financial asset or a group of financial investments at (amortized) cost or designated as "available for sale" is impaired. A financial asset or group of financial investments is impaired when there is objective evidence of impairment as a result of one or more events and this event has an impact on the estimated future cash flows of the asset(s) that can be reliably estimated.

For debt instruments classified as "held to maturity" or "available for sale", an impairment based respectively on future cash flows discounted using the initial effective interest rate or on fair value is recorded through the income statement if future cash flows may not be fully recoverable due to a credit event relating to the instrument issuer. A downgrade of an entity's credit rating is not, of itself, evidence of impairment. If the credit risk is eliminated or improves, the impairment may be released. The amount of the reversal is also recognized in the income statement.

For equity instruments classified as available for sale, a significant or prolonged decline in the fair value below its carrying value is considered as indication for potential impairment, such as equity instruments showing unrealized losses over a 6 months period or more (prior to the closing date), or unrealized losses in excess of 20% of the net carrying value at the closing date. If such evidence exists for an available for sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment on that financial asset already booked in the income statement – is removed from shareholders' equity and an impairment is recognized through the income statement. Equity instruments impairment recognized in the income statement cannot be reversed through the income statement until the asset is sold or derecognized.

Impairments of loans available for sale are based on the present value of expected future cash flows, discounted at the loan's effective interest rate (down to the loan's observable market price), or on the fair value of the collateral.

For financial investments accounted for at amortized cost, including loans and assets classified as "held to maturity" or assets designated as "Loans and receivables", the impairment test is first performed at the asset level. A more global test is then performed on groups of assets with similar risk profile.

Methods for calculating the net book value of assets sold (average cost, first-in first-out, etc.) depend on local Assets and Liabilities Management (ALM) strategies as these strategies have been set up to take into account specific commitments to policyholders. These methods may differ within the Group provided that they are used consistently at each entity level.

1.7.3. Repurchase agreements and security lending

The Group is party to repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. While substantially all of the risks and rewards of the financial assets remain with the Group over the entire lifetime of the transaction, the Group does not derecognize the financial assets. The proceeds of the sale are reported separately. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

The Group is also party to reverse repurchase agreements under which financial assets are purchased from a counterparty, subject to a simultaneous agreement to return these financial assets at a certain later date, at an agreed price. If substantially all of the risks and rewards of the securities remain with the counterparty over the entire lifetime of the agreement of the transaction, the securities concerned are not recognized as financial assets of the Group. The amounts of cash disbursed are recorded under financial investments, except for transactions arising from banking activities, which are recorded as separate assets. Interest income on reverse repurchase agreements is accrued over the duration of the agreements.

1.8. ASSETS BACKING LIABILITIES ARISING FROM CONTRACTS WHERE THE FINANCIAL RISK IS BORNE BY POLICYHOLDERS

Assets backing liabilities arising from insurance or investment contracts where the financial risk is borne by policyholders are presented in a separate aggregate of the balance sheet so that they are shown in a symmetrical manner to the corresponding liabilities. This presentation is considered more relevant for the users and consistent with the liquidity order recommended by IAS 1 for financial institutions, since the risks are borne by policyholders, whatever the type of assets backing liabilities (investment in real estate properties, debt instruments or equity instruments, etc.). Details of these assets are provided in the notes.

1.9. DERIVATIVE INSTRUMENTS

Derivatives are initially recognized at fair value at purchase date and are subsequently re-measured at their fair value. Unrealized gains and losses are recognized in the statement of income unless they relate to a qualifying hedge relationship as described below. The Group designates certain derivatives as either: (i) hedging of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge); or (ii) hedging of highly probable expected future transactions (cash flow hedge); or (iii) hedging of net investments in foreign operations.

The Group documents, at inception, the hedge relationship, as well as its risk management hedging objectives and strategy. The Group also documents the hedge effectiveness, both at inception and on an ongoing basis, indicating the actual or expected efficiency level of the derivatives used in hedging transactions in offsetting changes in the fair values or cash flows of hedged underlying items.

FAIR VALUE HEDGE

Changes in the fair value of derivatives designated and qualifying as fair value hedge are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability. Therefore, the gain or loss relating to any ineffective portion is directly recognized in the income statement.

CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedge is recognized in shareholders' equity. The gain or loss relating to any ineffective portion is recognized in the income statement. Cumulative gain or loss in shareholders' equity is recycled in the income statement when the hedged underlying item impacts the profit or loss for the period (for example when the hedged future transaction is recognized). When a hedging instrument reaches its maturity date or is sold, or when a hedge no longer qualifies for hedge accounting, the cumulative gains or losses in shareholders' equity are held until the initially hedged future transaction ultimately impacts the income statement.

NET INVESTMENT HEDGE

The accounting of net investments in foreign operations hedge is similar to the accounting of cash flow hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholders' equity; the gain or loss relating to the ineffective portion is recognized in the income statement. Cumulative gains and losses in shareholders' equity impact the income statement only on disposal of the foreign operations.

DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING

Changes in the fair value of all other derivative instruments that do not qualify for hedge accounting are recognized in the income statement.

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

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

The purpose and condition of the use of derivatives within the Group are detailed in Note 20.

1.10. ASSETS/LIABILITIES HELD FOR SALE AND ASSETS/ LIABILITIES INCLUDING DISCONTINUED OPERATIONS

These comprise assets, particularly buildings or operations, intended to be sold or discontinued within twelve months. Subsidiaries held for sale remain within the scope of consolidation until the date on which the Group loses effective control. The assets and activities (assets and liabilities) concerned are measured at the lower of net carrying value and fair value net of selling costs. They are presented in separate asset and liability items on the balance sheet. The liabilities of subsidiaries (excluding shareholders' equity) held for sale are entered separately on the liability side of the consolidated balance sheet, with no netting against assets.

In the event of a discontinuation of operations representing either a business line, a main and distinct geographical region or a subsidiary acquired solely with a view to reselling, their after-tax contribution is stated on a separate line of the income statement. For comparison purposes, the same applies to the presentation of income statements relating to previous periods that are included in the financial statements. This separate line also includes the post-tax gain/loss recognized on the disposal of the discontinued operation at the date of loss of control.

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

1.11. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits while cash equivalents are short-term, liquid investments that are readily convertible to cash and which are subject to low volatility.

1.12. SHARE CAPITAL AND SHAREHOLDERS' EQUITY

1.12.1. Share capital

Ordinary shares are classified in shareholders' equity when there is no obligation to transfer cash or other assets to the holders.

Additional costs (net of tax) directly attributable to the issue of equity instruments are shown in shareholders' equity as a deduction to the proceeds.

1.12.2. Undated subordinated debt

Undated subordinated debt and any related interest charges are classified either in shareholders' equity (in the "other reserves" aggregate) or as liabilities depending on contract clauses without taking into consideration the prospect of redemption under economic constraints (e.g. step up clauses or shareholders' expectations).

1.12.3. Compound financial instruments

Any financial instrument issued by the Group with an equity component (for example an option granted to convert the debt instrument into an equity instrument of the Company) and a liability component (a contractual obligation to deliver cash) is classified separately on the liability side of the balance sheet with the equity component reported in Group shareholders' equity (in the "other reserves" aggregate). Gains and losses relating to redemptions or refinancing of the equity component are recognized as changes to shareholders' equity.

1.12.4. Treasury shares

Treasury shares and any directly related costs are recorded as a deduction to consolidated shareholders' equity. Where treasury shares are subsequently sold or reissued, any consideration received is included in consolidated shareholders' equity, net of any directly related costs and tax effects.

However, treasury shares held by controlled investment funds backing contracts where the financial risk is borne by policyholders are not deducted as all risks and income resulting from holding these shares are attributable to policyholders.

1.13. LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS

1.13.1. Contracts classification

The Group issues contracts that transfer an insurance risk or a financial risk or both.

Insurance contracts, including assumed reinsurance contracts, are contracts that carry significant insurance risks. Such contracts may also transfer financial risk from the policyholders to the insurer. Investment contracts are contracts that carry financial risk with no significant insurance risk.

A number of insurance and investment contracts contain discretionary participating features. These features entitle the contract holder to receive additional benefits or bonuses on top of these standard benefits:

- they are likely to represent a significant portion of the overall contractual benefits;
- their amount or timing is contractually at the discretion of the Group; and
- they are contractually based on the performance of a group of contracts, the investment returns of a financial asset portfolio or the Company profits, a fund or another entity that issues the contract.

In some insurance or investment contracts, the financial risk is borne by policyholders. Such contracts are usually Unit-Linked contracts.

The Group classifies its insurance and investment contracts into six categories:

- liabilities arising from insurance contracts;
- liabilities arising from insurance contracts where the financial risk is borne by policyholders;
- liabilities arising from investment contracts with discretionary participating features;
- liabilities arising from investment contracts with no discretionary participating features;
- liabilities arising from investment contracts with discretionary participating features where the financial risk is borne by policyholders; these relate to Unit-Linked contracts or multi-funds contracts containing a non-Unit-Linked fund with discretionary participating features;
- liabilities arising from investment contracts with no discretionary participating features where the financial risk is borne by policyholders.

1.13.2. Insurance contracts and investment contracts with discretionary participating features

According to IFRS 4, recognition and derecognition are based on the AXA accounting policies existing prior to IFRS and are described below, except for the elimination of equalization provisions, selective changes as permitted by IFRS 4 (see below), the extension of shadow accounting and except where IAS 39 applies.

The main characteristics of the accounting principles applied prior to IFRS and retained after the conversion to IFRS are as follows:

- reserves must be sufficient;
- life reserves cannot be discounted using a discount rate higher than prudently estimated expected assets yield;
- acquisition costs are deferred to the extent recoverable and amortized based on the estimated gross profits emerging over the life of the contracts;
- property and Casualty claims reserves represent estimated ultimate costs. Post claims reserves are generally not discounted, except in limited cases (a detail of discounted reserves is shown in Note 14.9).

PRE-CLAIMS RESERVES

Unearned premiums reserves represent the pro rata portion of written premiums that relates to unexpired risks at the closing date.

For traditional life insurance contracts (that is, contracts with significant mortality or morbidity risk), the future policy benefits reserves are calculated on a prospective basis according to each country regulation provided methods used are consistent with the Group's policies and using assumptions on investment yields, morbidity/mortality and expenses.

Changes in reserves are booked if there are impacts caused by a change in the mortality table.

Future policy benefits reserves relating to investment contracts with discretionary participation features (previously called "savings contracts" in AXA's accounting principles) that carry low mortality and morbidity risk are generally calculated using a prospective approach based on discount rates usually set at inception (similar to the retrospective approach, i.e. "account balance" methodology).

The discount rates used by AXA are less or equal to the expected future investment yields (assessed on prudent basis).

Part of the policyholders participation reserve is included in future policy benefits reserves, according to contractual clauses.

Except when these guarantees are covered by a risk management program using derivative instruments (see next paragraph), guaranteed minimum benefits reserves relating to contracts where the financial risk is borne by policyholders (insurance contracts because they include such guarantees or investment contracts with discretionary participating features), are build over the life of the contract based on a prospective approach: the present value of future benefit obligations to be paid to policyholders in relation to these guarantees is estimated on the basis of reasonable scenarios. These scenarios are based on assumptions including investment returns, volatility, surrender and mortality rates. This present value of future benefit obligations is reserved as fees are collected over the life of the contracts.

Some guaranteed benefits such as Guaranteed Minimum Death or Income Benefits (GMDB or GMIB), or certain guarantees on return proposed by reinsurance treaties, are covered by a risk management program using derivative instruments. In order to minimize the accounting mismatch between liabilities and hedging derivatives, AXA has chosen to use the option allowed under IFRS 4.24 to re-measure its provisions: this revaluation is carried out at each accounts closing based on guarantee level projections and considers interest rates and other market assumptions. The liabilities revaluation impact in the current period is recognized through income, symmetrically with the impact of the change in value of hedging derivatives. This change in accounting principles was adopted on the first time application of IFRS on January 1, 2004 for contracts portfolios covered by the risk management program at that date. Any additional contracts portfolios covered by the risk management program after this date are valued on the same terms as those that applied on the date the program was first applied.

POST CLAIMS RESERVES

Claims reserves (life and non life contracts)

The purpose of claims reserves is to cover the ultimate cost of settling an insurance claim. Claims reserves are generally not discounted, except in cases such as disability annuities.

Claims reserves include the claims incurred and reported, claims incurred but not reported (IBNR) as well as claim handling costs. Claims reserves are based on historical claim data, current trends, actual payment patterns for all insurance business lines as well as expected changes in inflation, regulatory environment or anything else that could impact amounts to be paid.

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

In compliance with IFRS 4 option, shadow accounting is applied to insurance and investment contracts with discretionary participating features. Shadow accounting is applied to technical liabilities, acquisition costs and value of business in force to take into account unrealized gains or losses on insurance liabilities or assets in the same way as it is done for a realized gain or loss of invested assets. When unrealized gains or losses are recognized, a deferred participating liability (DPL) or asset (DPA) is recorded. The DPL or DPA corresponds to the discretionary participation available to the policyholders and is generally determined by applying on the basis of estimated participation of policyholders in unrealized gains and losses and any other valuation difference with the local contractual basis. Jurisdictions where participating business is significant are Switzerland (for example “legal quote” for group insurance policies), Germany and France where the minimum is set to 90%, 90% and 85% respectively, of a basis which may include not only financial income but also other components such as in Germany or Switzerland. Participating business is less prevalent in the United States or in Japan.

The estimated discretionary participating feature of such contracts is fully recognized in the liabilities. As a consequence, there is no component recognized as an equity component and AXA does not need to ensure the liability recognized for the whole contract is not less than the amount that would result from applying IAS 39 to the guaranteed element.

When a net unrealized loss (unrealized change in fair value, impairment, expense related, …) is accounted, a deferred participating asset (DPA) may be recognized only to the extent that it is highly probable that it can be charged to policyholders, by entity, in the future. This could be the case if the DPA can be offset against future participation either directly through deduction of the DPL from future capital gains or the DPL netted against value of businesses in force or indirectly through deduction of future fees on premiums or margins.

Unrealized gains and losses on assets classified as trading or designated at fair value through profit and loss, along with any other entry impacting the income statement and generating a timing difference, are accounted in the income statement of the income with a corresponding shadow entry adjustment in the statement of income. The shadow accounting adjustments relating to unrealized gains and losses on assets available-for-sale (for which change in fair value is taken to shareholders' equity) are booked through shareholders' equity.

Recoverability tests and liability adequacy test (LAT)

Deferred participation

When net deferred participation asset is recognized, the Group uses liquidity analyses performed by the entities to assess the capacity to hold assets showing unrealized loss position, if any, generating such debits. The Group then performs projections to compare the value of assets backing policyholders' contracts with expected payments to be made to policyholders.

Liability Adequacy Test

In addition, at each balance sheet date, liability adequacy tests are performed in each consolidated entity in order to ensure the adequacy of the contract liabilities net of related DAC and VBI assets and deferred policyholders' participation asset. To perform these tests, entities group contracts together according to how they have been acquired, are serviced and have their profitability measured. Entities use current best estimates of all future contractual cash flows as well as claims handling and administration expenses, and take into account guarantees and investment yields relating to assets backing these contracts.

- such tests are based on the intention and capacity of entities to hold financial assets according to various sets of scenarios, excluding the value of new business;
- they include projections of future investments sales according to estimated surrender patterns; and
- the extent to which resulting gains/losses may be allocated/ charged to policyholders, i.e. profit sharing between policyholders and shareholders.

These tests therefore include the capacity to charge estimated future losses to policyholders on the basis of the assessment of the holding horizon and potential realization of losses among unrealized losses existing at closing date.

Contract specific risks (insurance risk, asset return risk, inflation risk, persistency, adverse selection, etc.) directly related to the contracts are also considered.

Depending on the type of business, the future investment cash flows and discounting may be based on a deterministic best estimate rate, with corresponding participation, or in the case of Guaranteed Minimum Benefits, stochastic scenarios. Testing is performed either by a comparison of the reserve booked net of related assets (DAC, VBI, etc.) directly with discounted cash flows, or by ensuring that the discounted profit net of participation from release of the technical provisions exceeds net related assets.

Any identified deficiency is charged to the income statement, initially by respectively writing off DPA, DAC or VBI, and subsequently by establishing a LAT provision for losses arising from the liability adequacy test for any amount in excess of DPA, DAC and VBI. For non-life insurance contracts, an unexpired risk provision is accounted for contracts on which the premiums are expected to be insufficient to cover expected future claims and claims expenses.

Sensitivities to interest rate risk and equity risk are disclosed in Note 4.2 for:

- financial assets and liabilities;
- insurance and investment contracts related assets and liabilities including the value of Life & Savings business inforce;

EMBEDDED DERIVATIVES IN INSURANCE AND INVESTMENT CONTRACTS WITH DISCRETIONARY PARTICIPATING FEATURES

Embedded derivatives that meet the definition of an insurance contract or correspond to options to surrender insurance contracts for a set amount (or based on a fixed amount and an interest rate) are not separately measured. All other embedded derivatives are bifurcated and booked at fair value when material (with change in fair value recognized through income statement) if they are not considered as closely related to the host insurance contract and/or do not meet the definition of an insurance contract.

Embedded derivatives meeting the definition of an insurance contract are described in Note 14.10.

1.13.3. Investment contracts with no discretionary participating features

In accordance with IAS 39, these contracts are accounted for using "deposit accounting", which mainly results in not recognizing the cash flows corresponding to premiums, benefits and claims in the statement of income (see "Revenue recognition" paragraph below). These cash flows shall rather be recognized as deposits and withdrawals.

This category includes mainly Unit-Linked contracts that do not meet the definition of insurance or investment contracts with discretionary participating features. For these Unit-Linked contracts, the liabilities are valued at current unit value, i.e. on the basis of the fair value of the financial investments backing those contracts at the balance sheet date together with Rights to future management fees, also known as Deferred origination costs (DOC, described in paragraph 1.6.3).

UNEARNED FEES RESERVES

Fees received at inception of an investment contract with no discretionary participating features to cover future services are recognized as liabilities and accounted in the income statement based on the same amortization pattern as the one used for deferred origination costs.

1.14. REINSURANCE

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

1.15. FINANCING DEBT

Financing debt issued to finance the solvency requirements of operational entities or to acquire a portfolio of contracts are isolated in a specific aggregate of the statement of financial position and are accounted for at amortized cost.

1.16. OTHER LIABILITIES

1.16.1. Income taxes

The current income tax expense (benefit) is recorded in the income statement on the basis of local tax regulations.

Deferred tax assets and liabilities emerge from temporary differences between the accounting and fiscal values of assets and liabilities, and when applicable from tax loss carry forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. The recoverability of deferred tax assets recognized in previous periods is re-assessed at each closing.

In particular, a deferred tax liability is recognized for any taxable temporary difference relating to the value of shares in a consolidated company held, unless the Group controls at what date the temporary difference will reverse and it is probable that the temporary difference will not reverse in the foreseeable future. If a group company decides to sell its stake in another consolidated entity, the difference between the carrying value and the tax value of these shares for the company that holds them leads to the recognition of a deferred tax (including as part of a business combination when the Group as the buyer intends to sell or carry out internal restructuring of the shares following the acquisition). The same approach applies to dividend payments that have been voted or deemed likely, to the extent that a tax on dividends will be due.

Deferred taxes for taxable temporary differences relating to tax deductible goodwill are recognized to the extent they do not arise from the initial recognition of goodwill. These deferred taxes are only released if the goodwill is impaired or if the corresponding consolidated shares are sold.

The measurement of deferred tax liabilities and deferred tax assets reflects the expected tax impact, at the balance sheet date. That would follow the way the Group expects to recover or settle the carrying amount of its assets and liabilities. When income taxes are calculated at a different rate if dividends are paid, deferred taxes are measured at the tax rate applicable to undistributed profits. The income tax consequences of dividends are only accounted when a liability to pay the dividend is recognized.

1.16.2. Pensions and other post-retirement benefits

Pensions and other post-retirement benefits include the benefits payable to AXA Group employees after they retire (retirement compensation, additional pension benefit, health insurance). In order to meet those obligations, some regulatory framework have allowed or enforced the set up of dedicated funds (plan assets).

Defined contribution plans: payments are made by the employer to a third party (e.g. pension trusts). These payments free the employer of any further commitment, and the obligation to pay acquired benefits to the employees is transferred. The contributions paid by the employer are recorded as an expense in the income statement and no liability needs to be recorded once contributions are made.

Defined benefit plans: an actuarial assessment of the commitments based on each plan's internal rules is performed. The present value of the future benefits paid by the employer, known as the DBO (Defined Benefit Obligation), is calculated annually on the basis of long-term projections of rate of salary increase, inflation rate, mortality, staff turnover, pension indexation and remaining service lifetime. The amount recorded in the balance sheet for employee benefits is the difference between the Defined Benefit Obligation and the market value at the balance sheet date of the corresponding invested plan assets after adjustment at fair value. If the net result is negative, a provision is recorded under the provision for risks and charges heading. If the net result is positive, a prepaid asset is recorded in the balance sheet. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in shareholders' equity (in the Statement of Comprehensive Income) in full in the period in which they occur. Similarly, any adjustment arising from the asset cap is recognized in shareholders' equity. Unrecognized past service cost represents non-vested benefits on the date of a change in the amount of benefits following an amendment to the plan. It is amortized on a straight-line basis over the average vesting period. The impact in the income statement mainly relates to the service cost (annually accruing employee benefit) and the interest cost (unwinding of discount applied to the liability), reduced by the expected return on assets dedicated to the plan. Past service costs, settlements and curtailments also have an impact in the income statement.

1.16.3. Share-based compensation plans

The Group's share-based compensation plans are predominantly settled in equities.

All equity-settled share-based compensation plans granted after November 7, 2002 and not fully vested as of January 1, 2004 are accounted for at fair value at the date they were granted and the fair value is expensed over the vesting period.

Cash-settled share-based compensation plans are recognized at fair value, which is remeasured at each balance sheet date with any change in fair value recognized in the statement of income.

The AXA Shareplan issued under a specific French regulatory framework includes a traditional and a leveraged formula (with an application subject to specific local regulations within the Group).

The cost of the traditional formula of Shareplan is valued according to the specific guidance issued in France by the ANC *(Autorité des Normes Comptables)*. The cost of the leveraged formula plan is valued by taking into account the five-year lock-up period for the employees (as in the traditional plan) but adding the value of the advantage granted to the employees by enabling them to benefit from an institutional derivatives-based pricing instead of a retail pricing.

1.17. PROVISIONS FOR RISKS, CHARGES AND CONTINGENT LIABILITIES

1.17.1. Restructuring costs

Restructuring provisions other than those that may be recognized on the balance sheet of an acquired company on the acquisition date are recorded when the Group has a present obligation evidenced by a binding sale agreement or a detailed formal plan whose main features are announced to those affected or to their representatives.

1.17.2. Other provisions and contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the provision can be reliably estimated. Provisions are not recognized for future operating losses. The same applies to contingent liabilities, except if identified at the time of a business combination (see paragraph 1.3.2).

Provisions are measured at management's best estimate, at the balance sheet date, of the expenditure required to settle the obligation, discounted at the market risk-free rate of return for long term provisions.

1.18. REVENUE RECOGNITION

1.18.1. Gross written premiums

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

1.18.2. Fees and revenues from investment contracts with no discretionary participating features

Amounts collected as premiums from investment contracts with no discretionary participating features are reported as deposits net of any loadings and policy fees. Revenues from these contracts consist of loadings and policy fees relating to underwriting, investment management, administration and surrender of the contracts during the period. Front-end fees collected corresponding to fees for future services are recognized over the estimated life of the contract (see "Unearned fees reserves" paragraph 1.13.3).

1.18.3. Deposit accounting

Investment contracts with no discretionary participating features fall within the scope of IAS 39. Deposit accounting applies to these contracts, which involves the following:

- the Group directly recognizes the consideration received as a deposit financial liability rather than as revenues;
- claims paid are recognized as withdrawals with no posting in the income statement apart from potential fees.

1.18.4. Unbundling

The Group unbundles the deposit component of contracts when required by IFRS 4, i.e. when both the following conditions are met:

- the Group can measure separately the "deposit" component (including any embedded surrender option, i.e. without taking into account the "insurance" component);
- the Group accounting methods do not otherwise require to recognize all obligations and rights arising from the "deposit" component.

No such situation currently exists within the Group. In accordance with IFRS 4, the Group continues to use the accounting principles previously applied by AXA to insurance contracts and investment contracts with discretionary participating features. According to these principles, there are no situations in which all rights and obligations related to contracts are not recognized.

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

Changes in unearned premium reserves net of unearned revenues and fees include both the change in the unearned premiums reserve reported as a liability (see *"Unearned premiums reserves"* in paragraph 1.13.2) and the change in unearned revenues and fees. Unearned revenues and fees correspond to upfront charges for future services recognized over the estimated life of insurance and investment contracts with discretionary participating features (see *"Unearned revenues reserves"* in paragraph 1.13.2) and investment contracts with no discretionary participating features (see paragraph 1.13.3 *"Unearned fees reserves"*).

1.18.6. Net revenues from banking activities

Net revenues from banking activities include all revenues and expenses from banking operating activities, including interests expenses not related to financing, banking fees, capital gains and losses on sales of financial assets, change in fair value of assets under fair value option and related derivatives.

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

1.18.7. Revenues from other activities

Revenues from other activities mainly include:

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

1.18.8. Net investment result excluding financing expenses

The net investment result includes:

- investment income from investments from non banking activities, net of depreciation expense on real estate investments (depreciation expense relating to owner occupied properties is included in the "administrative expenses" aggregate); this item includes interest received calculated using the effective interest method for debt instruments and dividends received on equity instruments;
- investment management expenses (excludes financing debt expenses);
- realized investment gains and losses net of releases of impairment following sales;
- the change in unrealized gains and losses on invested assets measured at fair value through profit or loss;
- the change in impairment of investments (excluding releases of impairment following sales).

In respect of banking activities, interest income and expenses are included in the *"Net revenue from banking activities"* item (see paragraph 1.18.6).

1.19. SUBSEQUENT EVENTS

Subsequent events relate to events that occur between the balance sheet date and the date when the financial statements are authorized for issue:

- such events lead to an adjustment of the consolidated financial statements if they provide evidence of conditions that existed at the balance sheet date;
- such events result in additional disclosures if indicative of conditions that arose after the balance sheet date, and if relevant and material.

Note 2 Scope of consolidation

2.1. CONSOLIDATED COMPANIES

2.1.1. Main fully consolidated companies

Parent and Holding Companies	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
France					
AXA		Parent company		Parent company	
AXA Asia		100.00	100.00	100.00	100.00
AXA China		100.00	100.00	100.00	100.00
AXA France Assurance		100.00	100.00	100.00	100.00
Oudinot Participation		100.00	100.00	100.00	100.00
Société Beaujon		100.00	100.00	100.00	100.00
AXA Technology Services		99.99	99.99	99.99	99.99
United States					
AXA Financial, Inc.		100.00	100.00	100.00	100.00
AXA America Holding Inc.		100.00	100.00	100.00	100.00
United Kingdom					
Guardian Royal Exchange Plc		100.00	99.98	100.00	99.98
AXA UK Plc		100.00	99.98	100.00	99.98
AXA Equity & Law Plc		99.96	99.96	99.96	99.96
Asia/Pacific (excluding Japan)					
National Mutual International Pty Ltd		100.00	100.00	100.00	100.00
AXA Financial Services (Singapore)		100.00	100.00	100.00	100.00
AXA India Holding		100.00	100.00	100.00	100.00
Japan					
AXA Japan Holding	Minority interests buyout	99.02	99.02	98.94	98.94
Germany					
Kölnische Verwaltungs AG für Versicherungswerte		100.00	100.00	100.00	100.00
AXA Konzern AG		100.00	100.00	100.00	100.00
AXA Beteiligungsgesellschaft mbH	Merged with AXA Konzern AG	-	-	100.00	100.00
Belgium					
AXA Holdings Belgium		100.00	100.00	100.00	100.00
Luxembourg					
AXA Luxembourg SA		100.00	100.00	100.00	100.00
Finance Solutions SARL		100.00	100.00	100.00	100.00
The Netherlands					
Vinci BV		100.00	100.00	100.00	100.00
Mediterranean and Latin American Region					
AXA Mediterranean Holding SA		100.00	100.00	100.00	100.00
AXA Italia S.p.A.		100.00	100.00	100.00	100.00
AXA Holding Maroc S.A.		100.00	100.00	100.00	100.00
AXA Turkey Holding A.S.		100.00	100.00	100.00	100.00

Life & Savings and Property & Casualty	Change in scope	December 31, 2012 Voting rights percentage	December 31, 2012 Group share of interests	December 31, 2011 Voting rights percentage	December 31, 2011 Group share of interests
France					
AXA France IARD		99.92	99.92	99.92	99.92
AXA France Vie		99.77	99.77	99.77	99.77
AXA Protection Juridique		98.51	98.51	98.51	98.51
United States					
AXA Equitable Life Insurance Company		100.00	100.00	100.00	100.00
Mony Life Insurance Company		100.00	100.00	100.00	100.00
AXA Re Arizona Company		100.00	100.00	100.00	100.00
United Kingdom		-	-	-	-
AXA Insurance UK Plc		100.00	99.98	100.00	99.98
AXA PPP Healthcare Limited		100.00	99.98	100.00	99.98
SBJ Group Limited [(a)]	Deconsolidated	-	-	100.00	99.98
AXA Isle of Man Limited		100.00	99.98	100.00	99.98
AXA Wealth Limited		100.00	99.98	100.00	99.98
Architas Multi-Manager Limited		100.00	99.98	100.00	99.98
AXA Portfolio Services Limited		100.00	99.98	100.00	99.98
Ireland					
AXA Insurance Limited		100.00	99.98	100.00	99.98
AXA Life Europe Limited		100.00	100.00	100.00	100.00
AXA Reinsurance Ireland Limited		100.00	100.00	100.00	100.00
Asia/Pacific (excluding Japan)					
AXA Life Insurance Singapore		100.00	100.00	100.00	100.00
AXA China Region Limited		100.00	100.00	100.00	100.00
AXA General Insurance Hong Kong Ltd.		100.00	100.00	100.00	100.00
AXA Insurance Singapore		100.00	100.00	100.00	100.00
PT AXA Life Indonesia		100.00	100.00	100.00	100.00
MLC Indonesia		100.00	100.00	100.00	100.00
AXA Affin General Insurance Berhad [(b)]		42.41	42.41	42.41	42.41
Japan					
AXA Life Insurance	Minority interests buyout	100.00	99.02	100.00	98.94
Germany					
AXA Versicherung AG		100.00	100.00	100.00	100.00
AXA Art		100.00	100.00	100.00	100.00
AXA Lebensversicherung AG		100.00	100.00	100.00	100.00
Pro Bav Pensionskasse		100.00	100.00	100.00	100.00
Deutsche Ärzteversicherung		100.00	100.00	100.00	100.00
AXA Krankenversicherung AG		100.00	100.00	100.00	100.00
DBV-Winterthur Lebensversicherung AG		100.00	99.74	100.00	99.74
Winsecura Pensionskasse AG		100.00	99.74	100.00	99.74
Rheinisch-Westfälische Sterbekasse Lebensversicherung AG		100.00	100.00	100.00	100.00
DBV Deutsche Beamten-Versicherung AG		100.00	100.00	100.00	100.00
Belgium					
Ardenne Prévoyante		100.00	100.00	100.00	100.00
AXA Belgium SA		100.00	100.00	100.00	100.00
Servis SA		100.00	100.00	100.00	100.00

		December 31, 2012		December 31, 2011	
Life & Savings and Property & Casualty	**Change in scope**	**Voting rights percentage**	**Group share of interests**	**Voting rights percentage**	**Group share of interests**
Servis Life SA	Merged with AXA Belgium SA	-	-	100.00	100.00
Les Assurés Réunis		99.95	99.95	99.93	99.93
Luxembourg					
AXA Assurances Luxembourg		100.00	100.00	100.00	100.00
AXA Assurances Vie Luxembourg		100.00	100.00	100.00	100.00
Mediterranean and Latin American Region					
AXA Vida, S. A. de Seguros (Spain)		99.82	99.82	99.82	99.82
AXA Aurora Vida, S.A. de Seguros (Spain)		99.96	99.78	99.96	99.78
AXA Seguros Generales, S. A. (Spain)		99.90	99.90	99.90	99.90
AXA Interlife (Italy)		100.00	99.99	100.00	99.99
AXA Assicurazioni e Investimenti (Italy)		100.00	99.99	100.00	99.99
AXA MPS Vita (Italy)		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Danni (Italy)		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Financial (Italy)		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA Portugal Companhia de Seguros SA		99.73	99.49	99.73	99.49
AXA Portugal Companhia de Seguros de Vida SA		95.09	94.89	95.09	94.89
AXA Assurance Maroc		100.00	100.00	100.00	100.00
AXA Hayat ve Emeklilik A.S. (Turkey)		100.00	100.00	100.00	100.00
AXA Sigorta AS (Turkey)		72.59	72.59	72.59	72.59
AXA Cooperative Insurance Company (Gulf)		50.00	34.00	50.00	34.00
AXA Insurance (Gulf) B.S.C.c.		50.00	50.00	50.00	50.00
AXA Insurance A.E. (Greece)		99.98	99.98	99.89	99.89
AXA Seguros S.A. de C.V. (Mexico)		99.97	99.97	99.94	99.94
Switzerland					
AXA Life (previously Winterthur Life)		100.00	100.00	100.00	100.00
AXA-ARAG Legal Assistance		66.67	66.67	66.67	66.67
AXA Insurance (previously Winterthur Swiss Insurance P&C)		100.00	100.00	100.00	100.00
Central and Eastern Europe					
AXA Czech Republic Pension Funds		99.99	99.99	99.99	99.99
AXA Czech Republic Insurance		100.00	100.00	100.00	100.00
AXA Hungary		100.00	100.00	100.00	100.00
AXA Poland		100.00	100.00	100.00	100.00
AXA Poland Pension Funds		100.00	100.00	100.00	100.00
AXA Slovakia		100.00	100.00	100.00	100.00
AXA Ukraine		50.17	50.17	50.00	50.00
Direct [c]					
Avanssur (France and Poland)		100.00	100.00	100.00	100.00
Kyobo AXA General Insurance Co. Ltd. (South Korea)	Minority Interests buyout	99.52	99.52	94.13	94.13
AXA Non Life Insurance Co. Ltd. (Japan)		100.00	99.02	100.00	98.94
Touring Assurances SA (Belgium)		100.00	100.00	100.00	100.00
Hilo Direct SA de Seguros y Reaseguros (Spain)		100.00	100.00	100.00	100.00

Life & Savings and Property & Casualty	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Quixa S.p.A (Italy)		100.00	99.99	100.00	99.99
Seguro Directo Gere Companhia de Seguros SA (Portugal)		100.00	100.00	100.00	100.00

(a) *Change in scope for UK Life and savings in 2012: SBJ Group Limited is deconsolidated (since July 1, 2012) following Bluefin Corporate Consulting (BCC) sale in April 2012.*
(b) *AXA Group has a full control given the shareholders' agreements.*
(c) *UK Direct activities are held by AXA Insurance UK Plc.*

International Insurance (entities having worldwide activities)	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
AXA Corporate Solutions Assurance (sub-group)		98.75	98.75	98.75	98.75
AXA Global P&C		100.00	100.00	100.00	100.00
AXA Global Life		100.00	100.00	100.00	100.00
AXA Assistance SA (sub group)		100.00	100.00	100.00	100.00
Portman Insurance Ltd.		100.00	100.00	100.00	100.00
Colisée RE		100.00	100.00	100.00	100.00
AXA Corporate Solutions Life Reinsurance Company		100.00	100.00	100.00	100.00

Asset Management (entities having worldwide activities)	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
AXA Investment Managers (sub group) [(a)]		95.87	95.82	95.55	95.54
AllianceBernstein (sub group) [(b)]		65.51	65.51	64.60	64.60

(a) *The increase in the Group share of interests is due to the buy-back from the Mutuelles of AXA Investment Managers holding units to fund share-based compensation programs,*
(b) *The increase in the Group share of interest is due to the open-market purchase of holding units to fund deferred and share-based compensation programs.*

Banking	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
France					
AXA Banque		100.00	99.89	100.00	99.89
AXA Banque Financement		65.00	64.93	65.00	64.93
Germany					
AXA Bank AG		100.00	100.00	100.00	100.00
Belgium					
AXA Bank Europe (sub group)		100.00	100.00	100.00	100.00

Other	Change in scope	December 31, 2012 Voting rights percentage	December 31, 2012 Group share of interests	December 31, 2011 Voting rights percentage	December 31, 2011 Group share of interests
France					
CFP Management [(a)]		100.00	100.00	100.00	100.00

(a) Formerly Compagnie Financière de Paris

Main changes in scope of consolidation are detailed in Note 5.

CONSOLIDATED INVESTMENT S AND INVESTMENT FUNDS

As of December 31, 2012, investment funds represented a total of €104,031 million invested assets (€95,961 million at the end of 2011), corresponding to 261 investment funds mainly in France, Germany and Japan and mainly relating to the Life & Savings segment.

As of December 31, 2012, the 34 consolidated real estate funds corresponded to a total of €6,717 million invested assets (€6,689 million at the end of 2011), mainly in France and Germany.

In most investment funds (particularly open-ended investment funds), minority interests are presented as liabilities under "Minority interests of consolidated investment funds and puttable instruments held by minority interest holders". As of December 31, 2012, minority interests in consolidated investment funds amounted to €3,775 million (€3,896 million as of December 31, 2011).

2.1.2. Proportionately consolidated companies

Life & Savings and Property & Casualty	Change in scope	December 31, 2012 Voting rights percentage	December 31, 2012 Group share of interests	December 31, 2011 Voting rights percentage	December 31, 2011 Group share of interests
France					
Natio Assurances		50.00	49.96	50.00	49.96

2.1.3. Main investments in companies accounted for using the equity method

Companies accounted for using the equity method listed below exclude investment funds and real estate entities:

	Change in scope	December 31, 2012		December 31, 2011	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
France					
Neuflize Vie (previously NSM Vie)		39.98	39.98	39.98	39.98
Asia/Pacific					
Philippines AXA Life Insurance Corporation		45.00	45.00	45.00	45.00
Krungthai AXA Life Insurance Company Ltd		50.00	50.00	50.00	50.00
ICBC-AXA Life Insurance Co. Ltd (previously AXA Minmetals Assurance Co Ltd) (a)		27.50	27.50	51.00	51.00
PT AXA Mandiri Financial Services		49.00	49.00	49.00	49.00
Bharti AXA Life		26.00	26.00	26.00	26.00
Russia					
Reso Garantia (RGI Holdings B.V.) (b)		39.34	39.34	39.34	39.34
Asset Management					
AXA Investment Managers Asia Holdings Private Limited (c)		49.00	46.95	50.00	47.77
Kyobo AXA Investment Managers Company Limited		50.00	47.91	50.00	47.77

(a) *Following the approval by China Insurance Regulatory Commission (CIRC) in 2012, AXA Minmetals Assurance Company Limited restructured its shareholding and became ICBC-AXA Life insurance Co.Ltd, a joint-venture between Industrial and Commercial Bank of China Co. Ltd (ICBC), AXA and China Minmetals Corporation. As a consequence, AXA was diluted from 51% to 27.5%, with no change in the consolidation method as equity method. This new Company is expected to become a leader in the Chinese life insurance market by capitalizing on each party's strengths.*

(b) *AXA's Group share of interest in operating unit of Reso Garantia is 36.68%.*

(c) *Decrease in interests rate in AXA IM Asia Holdings Private Limited following transactions with the new partner Bank of India.*

INVESTMENT FUNDS AND REAL ESTATE ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2012, real estate companies accounted for using the equity method represented total assets of €296 million (€306 million at the end of 2011) and investment funds accounted for using the equity method represented total assets of €4,900 million (€3,829 million at the end of 2011), mainly in the United States, France, Germany and Belgium.

2.2. CONSOLIDATED ENTITIES RELATING TO SPECIFIC OPERATIONS

ACACIA

The ACACIA SPV was consolidated within the operations of AXA France Vie. This structure has been put in place to improve AXA France Vie assets/liabilities adequacy ratio by ceding receivables against cash. This program was ended in April 2012 and is not consolidated anymore.

ARCHE FINANCE

In 2008, AXA France invested in Arche Finance, an investment vehicle dedicated to credit investments, which entered the scope of consolidation in June 2008 with a loan of €200 million. Held assets amounted to €1,200 million as of December 31, 2012.

HORDLE

In 2009, AXA set up a Group financing and cash management Company which benefited from a loan of £673 million.

Note 3 Consolidated statement of income by segment

Given the activities of AXA, the operating results are presented on the basis of five operating business segments: Life & Savings, Property & Casualty, International Insurance, Asset Management and Banking. An additional "Holding companies" segment includes all non-operational activities. The financial information relating to AXA's business segments and holding Company activities reported to the Board of Directors twice a year is consistent with the presentation provided in the consolidated financial statements.

The Group has set up an organization by Global business lines for both Life & Savings and Property & Casualty in order to improve the speed and effectiveness of the organization and further leverage its size.

The Life & Savings Global business line, as part of its role to define a common strategy has set the following priorities:

- accelerate diversification into Protection and Health;
- enhance profitability in Savings business;
- prioritize investments for growth;
- foster business efficiency.

The Property & Casualty Global business line is responsible for:

- defining common Property & Casualty strategy;
- accelerating efficiency gains;
- building common platforms;
- leveraging global technical expertise.

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

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

International Insurance: This segment's operations include insurance products that notably relate to AXA Corporate Solutions Assurance. These products provide coverage to large national and international corporations. This segment also includes assistance activities, life reinsurance activities in run-off primarily AXA Corporate Solutions Life Reinsurance Company, and the Group Property & Casualty run-off managed by AXA Liabilities Managers.

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

The **Banking** segment includes banking activities (mainly retail banking, mortgage loans, savings) conducted primarily in France, Belgium, Germany and Central & Eastern Europe (Hungary, Slovakia and the Czech Republic).

The **Holding companies** segment (that includes all non-operational activities), also includes some investment vehicles including certain Special-Purpose Entities (SPE).

The inter-segment eliminations include only operations between entities from different segments. They mainly relate to reinsurance treaties, assistance guarantees recharging, asset management fees and interests on loans within the Group.

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

3.1. CONSOLIDATED STATEMENT OF INCOME BY SEGMENT

	December 31, 2012							
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Asset Management	Banking	Holding companies	Inter-segment eliminations	Total
Gross written premiums	53,596	28,499	2,860	-	-	-	(363)	84,592
Fees and charges relating to investment contracts with no participating features	334	-	-	-	-	-	-	334
Revenues from insurance activities	**53,930**	**28,499**	**2,860**	**-**	**-**	**-**	**(363)**	**84,926**
Net revenues from banking activities	-	-	-	-	468	-	(8)	460
Revenues from other activities	1,154	59	288	3,674	6	-	(441)	4,741
Revenues [a]	**55,084**	**28,559**	**3,148**	**3,674**	**474**	**-**	**(813)**	**90,126**
Change in unearned premiums net of unearned revenues and fees	**(217)**	**(143)**	**(48)**	**-**	**-**	**-**	**(3)**	**(411)**
Net investment income [b]	13,022	2,009	184	-	(2)	537	(768)	14,982
Net realized gains and losses relating to investments at cost and at fair value through shareholders'equity	1,272	534	36	(2)	-	163	-	2,004
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [c]	14,753	(49)	18	53	-	(574)	8	14,210
of which change in fair value of assets with financial risk borne by policyholders	*14,195*	-	-	-	-	-	*(9)*	*14,186*
Change in investments impairment	(445)	(127)	(10)	(1)	-	(51)	-	(634)
Net investment result excluding financing expenses	**28,602**	**2,368**	**229**	**49**	**(2)**	**75**	**(759)**	**30,562**
Technical charges relating to insurance activities	(72,443)	(19,169)	(1,986)	-	-	-	271	(93,326)
Net result from outward reinsurance	(40)	(956)	(456)	-	-	-	129	(1,323)
Bank operating expenses	-	-	-	-	(134)	-	-	(134)
Acquisition costs	(4,156)	(5,022)	(382)	-	-	-	21	(9,539)

(a) Revenues net of intercompany eliminations amounted to €55 billion for Life & Savings, €28 billion for Property and Casualty and €3 billion for International Insurance (see Note 21).
(b) Includes gains/losses from derivatives hedging Variable Annuities within Life & Savings and International Insurance segments.
(c) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders'equity.

(In Euro million)	December 31, 2012							
	Life & Savings	Property & Casualty	International Insurance	Asset Management	Banking	Holding companies	Inter-segment eliminations	Total
Amortization of the value of purchased business in force	(188)	-	-	-	-	-	-	(188)
Administrative expenses	(2,775)	(2,699)	(214)	(2,887)	(404)	(774)	313	(9,440)
Change in tangible assets impairment	19	(1)	-	-	-	1	-	19
Change in goodwill impairment and other intangible assets impairment	(37)	(90)	-	-	-	-	-	(128)
Other income and expenses	(181)	(31)	26	(265)	31	163	(96)	(351)
Charges related to the partial disposal of UK Life & Savings operations	-	-	-	-	-	-	-	-
Other operating income and expenses	**(79,801)**	**(27,966)**	**(3,011)**	**(3,152)**	**(506)**	**(610)**	**638**	**(114,410)**
Income from operating activities before tax	**3,668**	**2,817**	**317**	**572**	**(34)**	**(535)**	**(938)**	**5,867**
Income arising from investments in associates – Equity method	71	46	-	(1)	-	3	-	119
Financing debt expenses	(150)	(5)	(6)	(32)	(18)	(1,296)	939	(568)
Net income from operating activities before tax	**3,589**	**2,858**	**312**	**538**	**(52)**	**(1,829)**	**1**	**5,417**
Income tax	(662)	(892)	(131)	(142)	15	678	(1)	(1,135)
Net operating income	**2,928**	**1,966**	**181**	**396**	**(36)**	**(1,151)**	**-**	**4,283**
Result from discontinued operations net of tax	-	-	-	-	-	-	-	-
Net consolidated income after tax	**2,928**	**1,966**	**181**	**396**	**(36)**	**(1,151)**	**-**	**4,283**
Split between:								
Net consolidated income - Group share	2,873	1,975	178	314	(38)	(1,151)	-	4,152
Net consolidated income - Minority interests	54	(9)	3	81	2	-	-	130

(a) *Revenues net of intercompany eliminations amounted to €55 billion for Life & Savings, €28 billion for Property and Casualty and €3 billion for International Insurance (see Note 21).*

(b) *Includes gains/losses from derivatives hedging Variable Annuities within Life & Savings and International Insurance segments.*

(c) *Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.*

	December 31, 2011 [(a)] [(b)]							
(In Euro million)	**Life & Savings**	**Property & Casualty**	**International Insurance**	**Asset Management**	**Banking**	**Holding companies**	**Inter-segment eliminations**	**Total**
Gross written premiums	50,947	27,212	2,791	-	-	-	(380)	80,570
Fees and charges relating to investment contracts with no participating features	350	-	-	-	-	-	-	350
Revenues from insurance activities	**51,298**	**27,212**	**2,791**	**-**	**-**	**-**	**(380)**	**80,920**
Net revenues from banking activities	-	-	-	-	523	1	(45)	479
Revenues from other activities	1,183	74	267	3,601	6	-	(423)	4,708
Revenues [(c)]	**52,481**	**27,286**	**3,057**	**3,601**	**529**	**1**	**(848)**	**86,107**
Change in unearned premiums net of unearned revenues and fees	**(152)**	**(431)**	**26**	**-**	**-**	**-**	**7**	**(549)**
Net investment income [(d)]	16,357	2,052	397	31	(2)	294	(659)	18,469
Net realized gains and losses relating to investments at cost and at fair value through shareholders'equity [(e)]	2,006	373	54	(4)	-	723	-	3,153
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(f)]	(2,861)	(150)	(26)	(77)	-	(258)	(34)	(3,406)
of which change in fair value of assets with financial risk borne by policyholders	*(4,968)*	-	-	-	-	-	*(8)*	*(4,977)*
Change in investments impairment	(1,536)	(369)	(32)	-	-	(80)	-	(2,016)
Net investment result excluding financing expenses	**13,966**	**1,906**	**393**	**(50)**	**(2)**	**679**	**(692)**	**16,199**
Technical charges relating to insurance activities	(55,548)	(18,159)	(2,248)	-	-	-	199	(75,757)
Net result from outward reinsurance	181	(905)	(217)	-	-	-	208	(733)
Bank operating expenses	-	-	-	-	(247)	1	-	(246)
Acquisition costs	(3,288)	(4,748)	(359)	-	-	-	12	(8,383)

(a) As described in Note 1.10, the result of 2011 discontinued Canadian operations is shown in a separate line of the income statement.

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(c) Revenues net of intercompany eliminations amounted to €52 billion for Life & Savings, €27 billion for Property and Casualty and €3 billion for International Insurance (see Note 21).

(d) Includes gains/losses from derivatives hedging Variable Annuities within Life & Savings and International Insurance segments.

(e) Includes net realized gains on sale of Australian and New Zealand operations (€742 million gross or €626 million net) and Taikang Life (€830 million gross or €798 million net).

(f) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders'equity.

	December 31, 2011 [a] [b]							
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Asset Management	Banking	Holding companies	Inter-segment eliminations	Total
Amortization of the value of purchased business in force	(249)	-	-	-	-	-	-	(249)
Administrative expenses	(3,356)	(2,604)	(242)	(3,102)	(435)	(622)	323	(10,038)
Change in tangible assets impairment	4	-	-	-	-	25	-	29
Change in goodwill impairment and other intangible assets impairment	(1,035)	(82)	-	-	(89)	-	-	(1,206)
Other income and expenses	(196)	13	9	(216)	26	(18)	(98)	(480)
Charges related to the partial disposal of UK Life & Savings operations	(37)	-	-	-	-	(1)	-	(38)
Other operating income and expenses	**(63,523)**	**(26,486)**	**(3,058)**	**(3,318)**	**(745)**	**(615)**	**644**	**(97,101)**
Income from operating activities before tax	**2,773**	**2,276**	**418**	**233**	**(218)**	**65**	**(889)**	**4,657**
Income arising from investments in associates – Equity method	47	18	-	(3)	-	-	-	62
Financing debts expenses	(115)	(6)	(4)	(39)	(18)	(1,068)	920	(329)
Net income from operating activities before tax	**2,704**	**2,288**	**414**	**191**	**(236)**	**(1,003)**	**31**	**4,390**
Income tax	(524)	(651)	(137)	(45)	1	377	(31)	(1,011)
Net operating income	**2,180**	**1,637**	**277**	**145**	**(235)**	**(625)**	**-**	**3,379**
Result from discontinued operations net of tax	6	93	-	-	-	902	-	1,002
Net consolidated income after tax	**2,185**	**1,730**	**277**	**145**	**(235)**	**277**	**-**	**4,380**
Split between:								
Net consolidated income - Group share	2,059	1,699	276	153	(237)	240	-	4,190
Net consolidated income - Minority interests	126	31	2	(8)	2	38	-	190

(a) As described in Note 1.10, the result of 2011 discontinued Canadian operations is shown in a separate line of the income statement.
(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(c) Revenues net of intercompany eliminations amounted to €52 billion for Life & Savings, €27 billion for Property and Casualty and €3 billion for International Insurance (see Note 21).
(d) Includes gains/losses from derivatives hedging Variable Annuities within Life & Savings and International Insurance segments.
(e) Includes net realized gains on sale of Australian and New Zealand operations (€742 million gross or €626 million net) and Taikang Life (€830 million gross or €798 million net).
(f) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders'equity.

Note 4 Financial and insurance risk management

All of the following paragraphs form an integral part of the Group financial statements. They appear in Section 3.2 "Quantitative and Qualitative Disclosures about Risk Factors" and Section 1.4 "Liquidity and capital resources" sections of this Annual Report:

4.1. RISK MANAGEMENT ORGANIZATION

Please refer to pages 156 to 159 of the "Quantitative and Qualitative Disclosures about Risk Factors" section.

4.2. MARKET RISKS (INCLUDING SENSITIVITY ANALYSES)

Please refer to pages 159 to 165 of the "Quantitative and Qualitative Disclosures about Risk Factors" section.

4.3. CREDIT RISK

Please refer to pages 166 to 169 of the "Quantitative and Qualitative Disclosures about Risk Factors" section.

4.4. INSURANCE RISK

Please refer to pages 170 to 172 of the "Quantitative and Qualitative Disclosures about Risk Factors" section.

4.5. LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 82 to 87, "Liquidity and capital resources" section.

Note 5 Goodwill

5.1. GOODWILL

An analysis of goodwill is presented in the table below:

(In Euro million)	Transaction year	Gross value December 31, 2012	Accumulated impairment December 31, 2012	Net value December 31, 2012	Gross value December 31, 2011	Accumulated impairment December 31, 2011	Net value December 31, 2011
AXA Asia (HSBC transaction) [(a)]	2012	169	-	169	-	-	-
AXA Turkey (Oyak)	2008	225	-	225	216	-	216
AXA Mexico (Seguros ING)	2008	571	-	571	540	-	540
AXA MPS (Montepaschi)	2007 & 2008	724	-	724	724	-	724
AXA Greece (Alpha Insurance)	2007	123	-	123	123	-	123
AXA Bank Hungary (ELLA Bank)	2007	59	(59)	-	59	(59)	-
Swiftcover	2007	257	-	257	250	-	250
UK Life & Savings		600	-	600	599	-	599
Winterthur	2006	2,550	-	2,550	2,605	-	2,605
MLC	2006	117	-	117	118	-	118
Seguro Directo	2005	31	-	31	31	-	31
MONY	2004	203	-	203	206	-	206
AXA Financial, Inc.	2000	2,870	(992)	1,878	2,915	(1,008)	1,907
Sanford C. Bernstein	2000	3,243	-	3,243	3,293	-	3,293
AXA UK Holdings (SLPH)	2000	599	-	599	588	-	588
AXA Japan (Nippon Dantaï)	2000	1,620	(84)	1,536	1,849	(96)	1,753
AXA China Region	2000	248	-	248	251	-	251
AXA Aurora	2000	120	-	120	120	-	120
Rosenberg and other AXA IM transactions	1999 & 2005	184	-	184	183	-	183
Guardian Royal Exchange	1999	635	-	635	630	-	630
AXA Belgium (Royale Belge)	1998	452	-	452	452	-	452
UAP	1997	457	-	457	457	-	457
Others		834	(1)	833	809	(1)	809
Total		**16,890**	**(1,136)**	**15,754**	**17,019**	**(1,164)**	**15,855**

In this table, goodwill excludes goodwill related to entities accounted for using the equity method (see Note 10).
(a) Following HSBC Portfolio acquisition.

The total goodwill Group share amounted to €14,783 [(1)] million as of December 31, 2012 and €14,845 [(1)] million as of December 31, 2011.

(1) Sanford C. Bernstein: €21 million was transferred to Group share following accretion of Group share of interest as of December 31, 2012, while €73 million was transferred to Group share following accretion of Group share of interest as of December 31, 2011.

Net value for goodwill, by operation and by segment, is as follow as of December 31, 2012:

(In Euro million)	Transaction year	Net value December 31, 2012					
		Net Value	Life and Savings	Property & Casualty	International Insurance	Asset Management	Banks
AXA Asia (HSBC transaction)	2012	169	-	169 [(a)]	-	-	-
AXA Turkey (Oyak)	2008	225	47 [(b)]	178 [(c)]	-	-	-
AXA Mexico (Seguros ING)	2008	571	155 [(b)]	416 [(c)]	-	-	-
AXA MPS (Montepaschi)	2007 & 2008	724	471 [(b)]	83 [(c)]	-	170 [(d)]	-
AXA Greece (Alpha Insurance)	2007	123	49 [(b)]	74 [(c)]	-	-	-
AXA Bank Hungary (ELLA Bank)	2007	-	-	-	-	-	-
Swiftcover	2007	257	-	257 [(e)]	-	-	-
UK Life & Savings		600	600 [(f)]	-	-	-	-
Winterthur	2006	2,550	1,221 [(p)]	1,330 [(p)]	-	-	-
MLC	2006	117	117 [(g)]	-	-	-	-
Seguro Directo	2005	31	-	31 [(e)]	-	-	-
MONY	2004	203	203 [(i)]	-	-	-	-
AXA Financial, Inc.	2000	1,878	1,319 [(i)]	-	-	558 [(j)]	-
Sanford C. Bernstein	2000	3,243	-	-	-	3,243 [(j)]	-
AXA UK Holdings (SLPH)	2000	599	74 [(f)]	485 [(h)]	-	39 [(p)]	-
AXA Japan (Nippon Dantaï)	2000	1,536	1,536 [(k)]	-	-	-	-
AXA China Region	2000	248	248 [(g)]	-	-	-	-
AXA Aurora	2000	120	37 [(b)]	83 [(c)]	-	-	-
Rosenberg and other AXA IM transactions	1999 & 2005	184	-	-	-	184 [(d)]	-
Guardian Royal Exchange	1999	635	39 [(p)]	596 [(p)]	-	-	-
AXA Belgium (Royale Belge)	1998	452	141 [(l)]	280 [(m)]	-	-	30 [(o)]
UAP	1997	457	88 [(p)]	367 [(p)]	-	-	2 [(o)]
Others		833	185 [(p)]	408 [(p)]	33 [(n)]	172 [(j)]	36 [(o)]
Total		**15,754**	**6,530**	**4,757**	**33**	**4,366**	**68**

In this table, goodwill excludes goodwill related to entities accounted for using the equity method (see Note 10).

(a) to (p) The related amounts contribute to the goodwill of the different cash-generating units as detailed in the table below. In the table below, breakdown of net value of goodwill by cash-generating unit (CGU):

Related amounts footnote	*Name of the cash-generating unit (CGU) including the related amounts*	*CGU goodwill net value*
(a)	*Property and Casualty - Asia (excluding Japan)*	*209*
(b)	*Life and Savings - Mediterranean and Latin American Region*	*900*
(c)	*Property and Casualty - Mediterranean and Latin American Region*	*1,385*
(d)	*Asset Management - AXA Investment Managers*	*381*
(e)	*Property and Casualty - Direct*	*693*
(f)	*Life and Savings - United Kingdom*	*600*
(g)	*Life and Savings - Asia (excluding Japan)*	*489*
(h)	*Property and Casualty - United Kingdom*	*615*
(i)	*Life and Savings - United States*	*1,668*
(j)	*Asset Management - Alliance Bernstein*	*3,985*
(k)	*Life and Savings - Japan*	*2,011*
(l)	*Life and Savings - Belgium*	*296*
(m)	*Property and Casualty – Belgium*	*563*
(n)	*AXA Assistance*	*33*
(o)	*AXA Bank Belgium*	*68*
(p) and other	*Amounts allocated to several cash-generating units*	
	Life and Savings - France	*62*
	Life and Savings - Germany	*147*
	Life and Savings - Switzerland	*151*
	Life and Savings - Central & Eastern Europe (CEE)	*203*
	Property and Casualty - France	*138*
	Property and Casualty - Germany	*918*
	Property and Casualty - Switzerland	*202*
	Other cash-generating units wich have a goodwill below €30 million	*37*
	Total	*15,754*

Consistent with IAS 36, each unit or group of units to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes within the Group and is never larger than an operating segment as defined by IFRS 8 such as presented in Note 3.

5.2. CHANGE IN GOODWILL

5.2.1. Goodwill – Change in gross value

(In Euro million)	Gross value January 1, 2012	Acquisitions during the period [a]	Disposals during the period [b]	Goodwill adjustments	Currency translation adjustment	Other changes [c]	Gross value December 31, 2012
Life & Savings	7,928	-	(15)	-	(304)	(3)	7,606
Property & Casualty	4,502	196	-	-	59	-	4,758
International Insurance	34	-	(1)	-	-	-	33
Asset Management	4,427	-	-	-	(61)	-	4,366
Others	127	-	-	-	-	-	127
Total	**17,019**	**196**	**(15)**	**-**	**(306)**	**(3)**	**16,890**

(a) Mainly corresponds to HSBC portfolio acquisition in Asia (€169 million). Please refer to Note 5.3.1 for more details.
(b) Includes €-13 million following the sale of Bluefin Corporate Consulting.
(c) Corresponds to the de-consolidation of SBJ Group Limited.

(In Euro million)	Gross value January 1, 2011	Acquisitions during the period	Disposals during the period [a]	Goodwill adjustments	Currency translation adjustment	Other changes	Gross value December 31, 2011
Life & Savings	7,645	3	(1)	(1)	282	-	7,928
Property & Casualty	4,746	21	(221)	-	(44)	-	4,502
International Insurance	34	-	(1)	-	-	-	34
Asset Management	4,279	12	-	-	137	-	4,427
Others	127	-	-	-	-	-	127
Total	**16,831**	**36**	**(222)**	**(1)**	**375**	**-**	**17,019**

(a) Includes €-141 million from the disposal of Canadian operations (translated by using exchange rate as of September 23, 2011) and €-80 million from the disposal of Denplan.

5.2.2. Goodwill – Change in impairment

(In Euro million)	Cumulative impairment January 1, 2012	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other Changes	Cumulative impairment December 31, 2012
Life & Savings	1,104	-	-	(27)	-	1,076
Property & Casualty	1	-	-	-	-	1
International Insurance	-	-	-	-	-	-
Asset Management	-	-	-	-	-	-
Others	59	-	-	-	-	59
Total	**1,164**	**-**	**-**	**(27)**	**-**	**1,136**

(In Euro million)	Cumulative impairment January 1, 2011	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other Changes	Cumulative impairment December 31, 2011
Life & Savings	88	943	-	72	-	1,104
Property & Casualty	1	-	-	-	-	1
International Insurance	1	-	(1)	-	-	-
Asset Management	-	-	-	-	-	-
Others	-	59	-	-	-	59
Total	**90**	**1,002**	**(1)**	**72**	**-**	**1,164**

An impairment loss is recognized for a cash-generating unit if, and only if, the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The recoverable amount of each cash-generating unit or group of units is the higher of (i) the cash-generating unit or group of units' fair value less costs to sell and (ii) its value in use.

Fair value includes quotations when available and/or relevant or valuation techniques incorporating observable market data, adjusted when necessary to take into account control premiums. Value in use calculations are based on valuation techniques, incorporating both observable market data and entity specific assumptions.

LIFE & SAVINGS

For Life & Savings businesses, such valuation techniques include discounted cash flows taking into account:

- the current shareholders' net asset value plus future profitability on business in force.

  Such techniques (embedded value types of methodologies) are industry specific valuation methods which are consistent with the principles of discounted earnings approaches as the value of business in force results from the projection of distributable earnings. The Group uses however both market consistent risk neutral approaches and traditional discounted cash flows projections. The current shareholders' net asset value is adjusted to take into account any difference between the basis of cash flows projections used in the value of business in force calculations and IFRS;
- the profitability on future new business.

  The value of new business is computed either on the basis of multiples of a standardized year of new business contribution (present value of projected future distributable profits generated from business written in a year) or on a projection of each of the expected annual future earnings when multiples are not appropriate. Major assumptions include expected growth, expenses, cost of capital, future investment margins, financial market volatility, first assessed on a risk free basis (basic test) and then on the basis of illustrative investment assumptions suitable for a traditional embedded value approach if the previous recoverable value is lower than the carrying amount.

PROPERTY & CASUALTY AND ASSET MANAGEMENT

For each group of units of the Property & Casualty and Asset Management businesses (tested separately), the calculation uses cash flow projections based on business plans approved by management covering a three to five year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value.

COMMON KEY ASSUMPTIONS TO ALL SEGMENTS

In these tests, for all segments, discount rates used in non risk neutral approaches range from 7.0% to 12.5%, compared to range from 7.5% to 10.5% in 2011 and growth rates, where applicable, from 2% to 4% beyond the strategic plan horizon, which corresponds to the same growth rates as in 2011.

ALL CASH-GENERATING UNITS (CGU)

The results of cash flow projections exceed the carried amount of each related cash-generating unit or group of units.

Note that Greece is part of the Mediterranean and Latin American Region cash-generating units both in Life & Savings and Property & Casualty.

For all cash-generating units, to the extent that securities valuations and interest rates levels remain depressed for prolonged periods of time, volatility and other market conditions stagnate or worsen, new business volumes and profitability together with the inforce portfolio value would likely be negatively affected. In addition, the future cash flow expectations from both the inforce and new business and other assumptions underlying management's current business plans could be negatively impacted by other risks to which the Group's business is subject. For each CGU, sensitivity analyses were performed with regards to the discount rate: an increase of 0.5% points in the discount rate would lead to an impairment loss for none of the CGU as the recoverable amount would still exceed the carrying value for each of them.

However, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment of these assets in the foreseeable future.

5.3. OTHER INFORMATION RELATING TO GOODWILL, ACQUISITIONS AND DISPOSALS

5.3.1. Main 2012 transaction: HSBC Portfolio

AXA and HSBC announced on March 7, 2012 that they had entered into an agreement whereby AXA would acquire HSBC's Property and Casualty businesses in Hong Kong, Singapore and Mexico. In addition, AXA was to benefit from a 10-year exclusive Property and Casualty bancassurance agreement with HSBC in these countries as well as in India, Indonesia and China. The net upfront cash consideration for AXA is €375 [1] million.

On November 5, 2012 AXA completed the acquisition of HSBC's general insurance business in Hong Kong and Singapore for an acquisition price of €281[1] million and €4[1] million respectively. This operation resulted in a goodwill of €169 million in Hong-Kong. The value of the distribution agreement is recognised as an intangible asset of €142 million in Hong Kong and €3 million in Singapore and will be amortized over 10 years.

In Mexico, closing of the transaction is expected in the course of the first semester of 2013.

5.3.2 Other 2012 transactions

AXA BANK SWITZERLAND

AXA Bank Switzerland closed its operations on February, 29 2012 following the transfer of its customer portfolio to Bank zweiplus on January 1, 2012.

Related assets and liabilities (€189 million) were classified as held for sale as of December 31, 2011.

(1) Translated from US Dollar to Euro using the exchange rate as of December 31, 2012.

Note 6 Value of purchased life business in-force

The change in Value of Business In-force ("VBI") in the Life & Savings segment was as follows:

(In Euro million)	2012	2011
Gross carrying value as of January 1	7,358	7,067
Accumulated amortization and impairment	(3,729)	(3,334)
Shadow accounting on VBI	(554)	(629)
Net carrying value as of January 1	**3,074**	**3,105**
VBI capitalization	-	-
Capitalized interests	142	101
Amortization and impairment for the period	(329)	(345)
Changes in VBI amortization, capitalization and impairment	**(188)**	**(244)**
Change in shadow accounting on VBI	(164)	110
Currency translation and other changes	(37)	101
Acquisitions and disposals of subsidiaries and portfolios	-	3
Net carrying value as of December 31	**2,685**	**3,074**
Gross carrying value as of December 31	7,011	7,358
Accumulated amortization and impairment	(3,675)	(3,729)
Shadow accounting on VBI	(651)	(554)

Note 7 Deferred acquisition costs and equivalent

7.1. BREAKDOWN OF DEFERRED ACQUISITION COSTS (DAC) AND EQUIVALENT

(In Euro million)	December 31, 2012	December 31, 2011 Restated [(a)]
Deferred acquisition costs relating to Life & Savings [(b)]	17,528	16,656
Net rights to future managements fees [(c)]	932	836
Shadow accounting on DAC	(1,217)	(554)
Deferred acquisition costs and equivalent relating to Life & Savings	**17,244**	**16,938**
Deferred acquisition costs and equivalent relating to Property & Casualty and International Insurance	**1,803**	**1,686**
Deferred acquisition costs and equivalent	**19,047**	**18,624**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Applicable to Life & Savings insurance contracts and investment contracts with discretionary participation features according to IFRS 4. Amounts are net of accumulated amortization.
(c) Applicable to investment contracts with no discretionary participation features (IAS 39).

7.2. ROLLFORWARD OF DEFERRED ACQUISITION COSTS AND EQUIVALENT – LIFE & SAVINGS

Changes in deferred acquisition costs and equivalent for Life & Savings were as follows:

	December 31, 2012		December 31, 2011 Restated [(a)]	
(In Euro million)	Life & Savings Deferred Acquisition Costs [(b)]	Life and Savings Deferred Origination Costs [(c)]	Life & Savings Deferred Acquisition Costs [(b)]	Life and Savings Deferred Origination Costs [(c)]
Life & Savings deferred acquisition costs and equivalent net carrying value as of January 1	**16,102**	**836**	**14,248**	**723**
Amortization and impairment for the period	(1,705)	(93)	(1,262)	(75)
Capitalized interests for the period	763	16	660	11
DAC and similar costs capitalization for the period	2,154	140	2,005	186
Changes in amortization, capitalization and impairment	**1,212**	**63**	**1,403**	**122**
Change in shadow accounting on DAC	(689)	-	(39)	-
Currency translation and other changes	(313)	33	489	(10)
Acquisitions and disposals of subsidiaries and portfolios	-	-	-	1
Life & Savings deferred acquisition costs and equivalent net carrying value as of December 31	**16,312**	**932**	**16,102**	**836**
TOTAL	**17,244**		**16,938**	

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(c) Applicable to investment contracts with no discretionary participation features (IAS 39).

7.3. DEFERRED ACQUISITION COSTS AND EQUIVALENT, NET OF AMORTIZATION, UNEARNED REVENUE RESERVES AND UNEARNED FEE RESERVES – LIFE & SAVINGS

The value of Life & Savings deferred acquisition costs and equivalent, net of amortization, unearned revenue reserves and unearned fee reserves, was as follows:

	December 31, 2012		December 31, 2011 Restated [a]	
(In Euro million)	Life & Savings Deferred Acquisition Costs [b]	Life and Savings Deferred Origination Costs [c]	Life & Savings Deferred Acquisition Costs [b]	Life and Savings Deferred Origination Costs [c]
DAC and equivalent	**16,312**	**932**	**16,102**	**836**
of which shadow DAC	*(1,217)*	-	*(554)*	-
Unearned revenues and unearned fees reserves	**2,335**	**562**	**2,475**	**501**
of which shadow unearned revenues reserves	*(416)*	-	*(138)*	-
DAC net of unearned revenues and unearned fees reserves	**13,977**	**370**	**13,627**	**336**
TOTAL	**14,347**		**13,962**	

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(b) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.

(c) Applicable to investment contracts with no discretionary participation features (IAS 39).

Note 8 Other intangible assets

8.1. BREAKDOWN OF OTHER INTANGIBLE ASSETS

Other intangible assets represented €3,349 million net value as of December 31, 2012 and mainly included:

(In Euro million)	Gross value	Accumulated amortization	Accumulated impairment	Net Value December 31, 2012	Net Value December 31, 2011
Software capitalized	2,069	1,294	46	729	672
Intangible assets recognized in business combinations	3,058	617	53	2,388	2,378
Other intangible assets [(a)]	476	238	5	232	332
Total Intangible assets	**5,602**	**2,149**	**105**	**3,349**	**3,382**

(a) Includes the intangible asset recognized following the 2010 pension law reform in France.
The 2010 pension law reform in France led to an increase of policyholder reserves (€480 million). As a result of this law, insurers were also granted with rights to collect price increases and penalties. As a consequence, a corresponding €379 million intangible asset amount was recognized as of December 31, 2010 in other intangibles reflecting such rights with a finite useful life.
As of December 31, 2012, the accumulated amortization of this intangible asset amounted to €206 million and its net value amounted to €173 million.

8.2. BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS

		December 31, 2012				December 31, 2011			
(In Euro million)	Transaction Year	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value
AXA Asia (HSBC transaction) [(a)]	2012	145	(2)	-	143	-	-	-	-
AXA MPS (Montepaschi)	2007 & 2008	939	-	-	939	939	-	-	939
AXA Greece (Alpha Insurance)	2007	97	(21)	(24)	52	97	(18)	(12)	68
AXA Bank Hungary (ELLA Bank)	2007	38	(9)	(29)	-	35	(8)	(27)	-
Swiftcover	2007	30	(22)	-	8	29	(19)	-	11
Bluefin Advisory Services Limited [(b)]	2006	-	-	-	-	94	(50)	(18)	26
AXA Turkey (Denizbank)	2008	24	(2)	-	22	23	-	-	23
Winterthur	2006	1,197	(506)	-	691	1,254	(448)	(34)	772
Framlington	2005	206	(6)	-	200	205	(6)	-	199
MONY	2004	20	(15)	-	5	20	(13)	-	7
Others		362	(32)	-	329	365	(31)	-	334
TOTAL		**3,058**	**(617)**	**(53)**	**2,388**	**3,062**	**(593)**	**(92)**	**2,378**

(a) Following the distribution agreement with HSBC in Hong-Kong and Singapore.
(b) Following the sale of Bluefin Corporate Consulting (€21 million) and the deconsolidation of SBJ Group Limited (€5 million).

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,446 million assets with indefinite useful life.

The amortization period for intangible assets recognized in business combinations with a finite useful life ranges from 10 to 20 years.

The recoverability of the value of the distribution agreement between AXA and Alpha Bank in Greece is tested by comparing the projected cash flows at the date of the purchase with the cash flows issued from the latest business plan. This comparison led to an acceleration of the amortization of the Life and Savings intangible by €12 million in 2011 and by an additional €12 million in 2012 mainly because of the specific Greek interest rates environment which led to revise upwards the discount rate.

The Property and Casualty intangible was also reviewed, leading to the conclusion that no amortization acceleration was required.

8.3. CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS

(In Euro million)	2012	2011
Net value at January 1	**2,378**	**2,599**
Acquisition during the period [(a)]	154	31
Amortization allowance	(115)	(114)
Impairment allowance	(12)	(93)
Disposal during the period [(b)]	(21)	(47)
Purchase decreases following adjustments	-	-
Currency impact	10	12
Other changes [(c)]	(5)	(11)
Closing net value at December 31	**2,388**	**2,378**

(a) Includes €145 million from the distribution agreement with HSBC in Hong-Kong and Singapore.
(b) Corresponds to the sale of Bluefin Corporate Consulting.
(c) Corresponds to the deconsolidation of SBJ Group Limited.

Note 9 Investments

Certain investment properties (see Note 1), available for sale investments, trading assets, instruments designated as at fair value through profit or loss and all derivatives are measured at fair value in the financial statements. In addition, this note also discloses the fair value of investment properties and financial assets held at cost. Principles applied when measuring fair value generally described in Note 1 are further detailed in Note 9.2 (investment in real estate properties) and Note 9.10 (financial assets recognized at fair value).

	Insurance		
(In Euro million)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost	20,348	15,968	2.64%
Investment in real estate properties designated as at fair value through profit or loss [(a)]	1,224	1,224	0.20%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**21,572**	**17,192**	**2.84%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	341,965	341,965	56.45%
Debt instruments designated as at fair value through profit or loss [(a) (b)]	29,861	29,861	4.93%
Debt instruments held for trading	405	405	0.07%
Debt instruments (at cost) that are not quoted in an active market [(c)]	6,191	5,998	0.99%
Debt instruments	**378,421**	**378,228**	**62.43%**
Equity instruments available for sale	12,630	12,630	2.08%
Equity instruments designated as at fair value through profit or loss [(a)]	6,635	6,635	1.10%
Equity instruments held for trading	45	45	0.01%
Equity instruments	**19,309**	**19,309**	**3.19%**
Non consolidated investment funds available for sale	6,381	6,381	1.05%
Non consolidated investment funds designated as at fair value through profit or loss [(a)]	5,326	5,326	0.88%
Non consolidated investment funds held for trading	-	-	-
Non consolidated investment funds	**11,707**	**11,707**	**1.93%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**4,777**	**4,777**	**0.79%**
Macro-hedge and other derivatives	**1,675**	**1,675**	**0.28%**
Financial investments	**415,889**	**415,697**	**68.62%**
Loans held to maturity	-	-	-
Loans available for sale	-	-	-
Loans designated as at fair value through profit or loss [(a)]	-	-	-
Loans held for trading	-	-	-
Loans at cost [(d)]	27,324	25,772	4.25%
Macro-hedge and other derivatives	-	-	-
Loans	**27,324**	**25,772**	**4.25%**
Assets backing contracts where the financial risk is borne by policyholders	**147,162**	**147,162**	**24.29%**
INVESTMENTS	**611,948**	**605,823**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**464,786**	**458,661**	**75.71%**
Life & Savings	398,682	393,367	64.93%
Property & Casualty	58,126	57,317	9.46%
International Insurance	7,978	7,977	1.32%

(a) Use of fair value option.
(b) Includes notably assets measured at fair value under the fair value option.
(c) Eligible to the IAS 39 Loans and Receivables measurement category.
(d) Mainly relates to mortgage loans and policy loans.

9.1. BREAKDOWN OF INVESTMENTS

Each investment item is presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) except derivatives related to macro-hedges which are shown separately. Detailed effects of derivatives are provided in Note 20.3.

December 31, 2012					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
3,487	2,461	6.99%	23,835	18,429	2.87%
-	-	-	1,224	1,224	0.19%
-	-	-	-	-	-
3,487	**2,461**	**6.99%**	**25,059**	**19,653**	**3.07%**
-	-	-	-	-	-
8,372	8,372	23.78%	350,336	350,336	54.65%
63	63	0.18%	29,924	29,924	4.67%
21	21	0.06%	426	426	0.07%
1,817	1,817	5.16%	8,008	7,815	1.22%
10,273	**10,273**	**29.19%**	**388,694**	**388,501**	**60.61%**
2,413	2,413	6.85%	15,042	15,042	2.35%
411	411	1.17%	7,046	7,046	1.10%
-	-	-	45	45	0.01%
2,824	**2,824**	**8.02%**	**22,133**	**22,133**	**3.45%**
386	386	1.10%	6,767	6,767	1.06%
287	287	0.82%	5,613	5,613	0.88%
339	339	0.96%	339	339	0.05%
1,013	**1,013**	**2.88%**	**12,720**	**12,720**	**1.98%**
1	**1**	**0.00%**	**4,778**	**4,778**	**0.75%**
(1,988)	**(1,988)**	**-5.65%**	**(314)**	**(314)**	**-0.05%**
12,122	**12,122**	**34.44%**	**428,012**	**427,819**	**66.74%**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	1	-
-	-	-	-	-	-
22,333	20,613	58.56%	49,657	46,385	7.24%
3	3	0.01%	3	3	-
22,336	**20,616**	**58.57%**	**49,660**	**46,388**	**7.24%**
-	**-**	**-**	**147,162**	**147,162**	**22.96%**
37,945	**35,199**	**100.00%**	**649,893**	**641,022**	**100.00%**

	Insurance		
(In Euro million)	**Fair value**	**Carrying value**	**% (value balance sheet)**
Investment in real estate properties at amortized cost	19,087	14,818	2.60%
Investment in real estate properties designated as at fair value through profit or loss [a]	1,243	1,243	0.22%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**20,330**	**16,061**	**2.82%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	325,510	325,510	57.20%
Debt instruments designated as at fair value through profit or loss [a] [b]	25,775	25,775	4.53%
Debt instruments held for trading	188	188	0.03%
Debt instruments (at cost) that are not quoted in an active market [c]	6,740	6,789	1.19%
Debt instruments	**358,213**	**358,262**	**62.96%**
Equity instruments available for sale	11,649	11,649	2.05%
Equity instruments designated as at fair value through profit or loss [a]	5,391	5,391	0.95%
Equity instruments held for trading	35	35	0.01%
Equity instruments	**17,075**	**17,075**	**3.00%**
Non consolidated investment funds available for sale	6,672	6,672	1.17%
Non consolidated investment funds designated as at fair value through profit or loss [a]	5,010	5,010	0.88%
Non consolidated investment funds held for trading	-	-	-
Non consolidated investment funds	**11,682**	**11,682**	**2.05%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**5,413**	**5,413**	**0.95%**
Macro-hedge and other derivatives	**1,283**	**1,283**	**0.23%**
Financial investments	**393,666**	**393,715**	**69.19%**
Loans held to maturity	-	-	-
Loans available for sale	-	-	-
Loans designated as at fair value through profit or loss [a]	-	-	-
Loans held for trading	-	-	-
Loans at cost [d]	26,107	25,050	4.40%
Macro-hedge and other derivatives	-	-	-
Loans	**26,107**	**25,050**	**4.40%**
Assets backing contracts where the financial risk is borne by policyholders	**134,230**	**134,230**	**23.59%**
INVESTMENTS	**574,333**	**569,056**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**440,103**	**434,826**	**76.41%**
Life & Savings	378,060	373,471	65.63%
Property & Casualty	53,759	53,070	9.33%
International Insurance	8,285	8,285	1.46%

(a) Use of fair value option.
(b) Includes notably assets measured at fair value under the fair value option.
(c) Eligible to the IAS 39 Loans and Receivables measurement category.
(d) Mainly relates to mortgage loans and policy loans.

December 31, 2011						
	Other activities			Total		
	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
	3,329	2,574	7.30%	22,417	17,392	2.88%
	-	-	-	1,243	1,243	0.21%
	-	-	-	-	-	-
	3,329	**2,574**	**7.30%**	**23,660**	**18,635**	**3.08%**
	-	-	-	-	-	-
	8,045	8,045	22.81%	333,554	333,554	55.19%
	72	72	0.20%	25,847	25,847	4.28%
	29	29	0.08%	217	217	0.04%
	4,364	4,364	12.37%	11,104	11,153	1.85%
	12,510	**12,510**	**35.47%**	**370,723**	**370,772**	**61.35%**
	1,903	1,903	5.40%	13,552	13,552	2.24%
	425	425	1.21%	5,816	5,816	0.96%
	-	-	-	35	35	0.01%
	2,328	**2,328**	**6.60%**	**19,404**	**19,404**	**3.21%**
	179	179	0.51%	6,851	6,851	1.13%
	166	166	0.47%	5,176	5,176	0.86%
	374	374	1.06%	374	374	0.06%
	719	**719**	**2.04%**	**12,401**	**12,401**	**2.05%**
	1	**1**	**0.00%**	**5,413**	**5,413**	**0.90%**
	(2,500)	**(2,500)**	**-7.09%**	**(1,218)**	**(1,218)**	**-0.20%**
	13,057	**13,057**	**37.03%**	**406,723**	**406,772**	**67.31%**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	21,406	19,621	55.64%	47,512	44,672	7.39%
	12	12	0.03%	12	12	0.00%
	21,418	**19,634**	**55.68%**	**47,525**	**44,684**	**7.39%**
	-	**-**	**-**	**134,230**	**134,230**	**22.21%**
	37,804	**35,264**	**100.00%**	**612,137**	**604,321**	**100.00%**

9.2. INVESTMENT IN REAL ESTATE PROPERTIES

Investment in real estate properties include buildings owned directly and through real estate subsidiaries.

Breakdown of the carrying value and fair value of investments in real estate properties at amortized cost, excluding the impact of all derivatives:

	December 31, 2012					December 31, 2011				
(In Euro million)	Gross value	Amorti-zation	Impair-ment	Carrying value	Fair value	Gross value	Amorti-zation	impair-ment	Carrying value	Fair value
Investment in real estate properties at amortized cost										
Insurance	18,358	(1,850)	(541)	15,968	20,348	16,957	(1,656)	(483)	14,818	19,088
Other activities	3,019	(209)	(350)	2,461	3,487	3,103	(191)	(339)	2,574	3,329
All activities	21,377	(2,058)	(890)	18,429	23,835	20,061	(1,847)	(822)	17,392	22,417

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

Change in impairment and amortization of investments in real estate properties at amortized cost (all activities):

	Impairment - Investment in real estate properties		Amortization - Investment in real estate properties	
(In Euro million)	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Opening value	**822**	**668**	**1,847**	**1,737**
Increase for the period	91	163	266	248
Write back following sale or reimbursement	(23)	-	(29)	(143)
Write back following recovery in value	(28)	(11)	-	-
Others [(a)]	28	2	(25)	4
Closing value	**890**	**822**	**2,058**	**1,847**

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

As of December 31, 2012, the end of year balance of impairment on investment in real estate properties amounted to €890 million and the amortization balance amounted to €2,058 million. The impairment increase for the period amounted to €91 million, of which €10 million without impact on AXA net income Group Share, as related to some real estate funds operated by AXA Investments Managers in which AXA has no material investment but exercises control under IFRS principles.

9.3. UNREALIZED GAINS AND LOSSES ON FINANCIAL INVESTMENTS

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

Insurance

	December 31, 2012					December 31, 2011				
(In Euro million)	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	308,760	342,815	342,815	36,295	2,240	313,472	326,306	326,306	20,749	7,915
Debt instruments (at cost) that are not quoted in an active market	6,010	6,203	6,010	232	39	6,791	6,742	6,791	97	146
Equity instruments available for sale	9,547	11,757	11,757	2,257	47	8,988	10,886	10,886	2,010	111
Non consolidated investment funds available for sale	5,513	6,368	6,368	940	84	6,020	6,820	6,820	895	96

Other activities

	December 31, 2012					December 31, 2011				
(In Euro million)	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	8,539	8,615	8,615	250	174	8,489	8,184	8,184	36	340
Debt instruments (at cost) that are not quoted in an active market	1,817	1,817	1,817	-	-	4,364	4,364	4,364	-	-
Equity instruments available for sale	3,108	3,483	3,483	380	5	2,762	2,750	2,750	281	293
Non consolidated investment funds available for sale	386	386	386	-	-	175	180	180	5	-

Total

	December 31, 2012					December 31, 2011				
(In Euro million)	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	317,299	351,430	351,430	36,545	2,414	321,961	334,490	334,490	20,785	8,255
Debt instruments (at cost) that are not quoted in an active market	7,827	8,020	7,827	232	39	11,155	11,106	11,155	97	146
Equity instruments available for sale	12,655	15,241	15,241	2,637	52	11,749	13,636	13,636	2,291	404
Non consolidated investment funds available for sale	5,899	6,754	6,754	940	84	6,195	7,000	7,000	900	96

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

See also Note 9.9.1 "Breakdown of financial assets subject to impairment".

9.4. DEBT INSTRUMENTS AND LOANS

9.4.1. Debt instruments by type of issuer

The table below sets out the debt instruments portfolio by issuer type, excluding macro-hedging derivatives and other derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges). Details of the effect of derivatives are provided in Note 20.3.

	December 31, 2012	December 31, 2011
(In Euro million)	Carrying value	Carrying value
Government debt instruments	168,812	162,054
Government related debt instruments	59,858	53,585
Corporate debt instruments [(a)]	159,137	154,852
Other debt instruments [(b)]	2,012	2,110
Hedging derivatives and other derivatives	(1,317)	(1,829)
TOTAL DEBT INSTRUMENTS	**388,501**	**370,772**

(a) Includes debt instruments issued by companies in which a State now holds interests following the 2008 financial crisis.
(b) Includes fixed maturity investment funds and debt securities related to reverse repo.

Additional information on the credit risk associated with debt instruments is provided in Note 4 "Financial and insurance risks management".

9.4.2. Focus on banking loans

	December 31, 2012		December 31, 2011	
(In Euro million)	Fair value	Carrying value	Fair value	Carrying value
Mortgage loans	17,640	16,226	16,071	14,543
Other loans	4,524	4,218	4,423	4,168
TOTAL	**22,164**	**20,444**	**20,494**	**18,711**

9.5. CONTRACTUAL MATURITIES AND EXPOSURE TO INTEREST RATE RISK

The table below sets out the contractual maturities of debt instruments held by the Group. Effective maturities may differ from those presented, mainly because some assets include clauses allowing early redemption, with or without penalty or duration extension features. In some case, the effect of derivatives also modifies the maturity profile of asset presented below.

Debt instruments (at cost) that are not quoted in an active market, the effect of derivatives (detailed in Note 20.3), loans and debt instruments backing contracts where the financial risk is borne by policyholders are excluded from the table below. The effect of derivatives modifies in certain cases the maturity profile of assets presented below. Most of the debt instruments and loans held by the Group are fixed-rate debt instruments (i.e. exposed to fair value interest rate risk).

	December 31, 2012 Net carrying amount by maturity				December 31, 2011 Net carrying amount by maturity			
(In Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total net carrying value	12 months or less	More than 1 year up to 5 years	More than 5 years	Total net carrying value
Debt instruments	24,866	108,250	248,876	381,991	24,463	97,944	239,039	361,446
Loans	6,396	13,626	27,699	47,721	6,748	10,807	28,216	45,771
Total Financial investments exposed to interest rate risk	**31,261**	**121,876**	**276,574**	**429,712**	**31,211**	**108,752**	**267,255**	**407,218**

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9.6. EXPOSURE TO PRICE RISK

Excluding the effect of derivatives (detailed in Note 20.3) and equity instruments of real estate companies, the breakdown by industry of equity instruments owned across the Group is as follows:

(In Euro million)	Financial	Consumer goods & Services	Energy	Communi-cations	Industrial	Basic Materials	Techno-logy	Other	TOTAL
Equity instruments as of December 31, 2012	8,645	5,162	1,234	1,319	1,505	1,088	921	2,458	22,332
Equity instruments as of December 31, 2011	7,415	4,030	1,404	1,275	1,605	1,024	758	1,980	19,490

9.7. TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Group is party of repurchase agreements and securities lending transactions under which financial assets are sold to a counterparty, subject to a simultaneous agreement to repurchase these financial assets at a certain later date, at an agreed price. While substantially all of the risks and rewards of the financial assets remain with the Group over the entire lifetime of the transaction, the Group does not derecognize the financial assets. The proceeds of the sale are reported separately. Interest expense from repurchase and security lending transactions is accrued over the duration of the agreements.

The breakdown of financial assets/liabilities not qualifying for derecognition at December 31, 2012 was as follows:

(In Euro million)	Debt instruments designed at fair value through profit or loss	Debt instruments available for sale	Debt instruments - Loans & Receivables
Carrying value of assets	**2,047**	**28,655**	**2,362**
Carrying value of associated liabilities	2,047	28,170	2,606

9.8. NON CONSOLIDATED INVESTMENT FUNDS

The detail of non-consolidated investment funds breakdown was as follows:

	December 31, 2012			December 31, 2011		
	Insurance	Other activities	Total	Insurance	Other activities	Total
(In Euro million)	Fair value [(a)]	Fair value [(a)]	Fair value [(a)]	Fair value [(a)]	Fair value [(a)]	Fair value [(a)]
Non consolidated investment funds mainly holding equity securities	1,636	265	1,900	1,889	356	2,245
Non consolidated investment funds mainly holding debt instruments	4,462	271	4,733	2,928	109	3,037
Other non consolidated investment funds	5,584	477	6,061	7,022	254	7,276
Derivatives related to non consolidated investment funds	25	-	25	(158)	-	(158)
TOTAL	**11,707**	**1,013**	**12,720**	**11,682**	**719**	**12,401**

(a) Amounts are presented excluding macro-hedging and other derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

The amortized cost of non consolidated investment funds available for sales are as below:

- funds mainly holding equity securities: €752 million in 2012 compared to €786 million in 2011;
- funds mainly holding debt instruments: €1,498 million in 2012 compared to €1,372 million in 2011;
- other funds: €3,649 million in 2012 compared to €4,037 million in 2011.

9.9. FINANCIAL ASSETS SUBJECT TO IMPAIRMENT

9.9.1. Breakdown of financial assets subject to impairment (excluding investment in real estate properties)

Each investment item is presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

	December 31, 2012					December 31, 2011				
(In Euro million)	Cost before impairment and revaluation to fair value [(a)]	Impairment	Cost after impairment but before revaluation to fair value [(b)]	Revaluation to fair value [(d)]	Carrying value	Cost before impairment and revaluation to fair value [(a)]	Impairment	Cost after impairment but before revaluation to fair value [(b)]	Revaluation to fair value [(d)]	Carrying value
Debt instruments available for sale	317,609	(1,340)	316,269	34,067	350,336	323,801	(2,474)	321,327	12,227	333,554
Debt instruments (at cost) that are not quoted in an active market	7,806	-	7,806	9	7,815	11,144	-	11,144	9	11,153
Debt instruments	**325,415**	**(1,340)**	**324,076**	**34,076**	**358,151**	**334,945**	**(2,474)**	**332,471**	**12,237**	**344,707**
Equity instruments available for sale	**15,144**	**(2,488)**	**12,656**	**2,386**	**15,042**	**14,635**	**(2,883)**	**11,752**	**1,800**	**13,552**
Non consolidated investment funds available for sale	**6,937**	**(1,038)**	**5,899**	**868**	**6,767**	**7,336**	**(1,141)**	**6,195**	**656**	**6,851**
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-	-	-
Loans at cost [(c)]	47,496	(601)	46,895	(510)	46,385	45,658	(610)	45,048	(377)	44,672
Loans	**47,497**	**(601)**	**46,895**	**(510)**	**46,385**	**45,658**	**(610)**	**45,048**	**(377)**	**44,672**
TOTAL	**394,993**	**(5,467)**	**389,526**	**36,820**	**426,346**	**402,575**	**(7,108)**	**395,467**	**14,316**	**409,783**

(a) Asset value including impact of discounts/premiums and accrued interests, but before impairment and revaluation to fair value of assets available for sale.
(b) Asset value including impairment, discounts/premiums and accrued interests, but before revaluation to fair value of assets available for sale.
(c) Including policy loans.
(d) Revaluation to fair value for instruments at cost include the macro-hedge and other derivatives.

9.9.2. Change in impairment on invested assets (excluding investment in real estate properties)

(In Euro million)	January 1, 2012	Increase for the period	Write back following sale or reimbursement	Write back following recovery in value	Other [(a)]	December 31, 2012
Impairment - Debt instruments	2,474	127	(1,226)	(25)	(11)	1,340
Impairment - Equity instruments	2,883	411	(760)	-	(47)	2,488
Impairment - Non consolidated investment funds	1,141	81	(154)	-	(30)	1,038
Impairment - Loans	610	172	(6)	(121)	(54)	601
TOTAL	**7,108**	**792**	**(2,147)**	**(145)**	**(141)**	**5,467**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

(In Euro million)	January 1, 2011	Increase for the period	Write back following sale or reimbursement	Write back following recovery in value	Other (a)	December 31, 2011
Impairment - Debt instruments	1,567	1,175	(240)	(43)	15	2,474
Impairment - Equity instruments	2,848	773	(764)	-	26	2,883
Impairment - Non consolidated investment funds	1,107	87	(76)	-	23	1,141
Impairment - Loans	521	239	(13)	(87)	(50)	610
TOTAL	**6,043**	**2,273**	**(1,092)**	**(130)**	**14**	**7,108**

(a) Mainly relates ot changes in the scope of consolidation and impact of changes in exchange rates.

9.10. FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE

9.10.1. Fair value measurement

(A) ACTIVE MARKET: QUOTED PRICE

The Group applies the IAS 39 fair value hierarchy as described below for both assets measured at fair value and assets at cost for which fair value is disclosed in the previous Notes.

Fair values of financial assets traded on active markets are determined using quoted market prices when available. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis between a willing seller and a willing buyer. For assets traded in active markets, quotes received from external pricing services represent consensus prices, i.e. using similar models and inputs resulting in a very limited dispersion.

The amount of assets for which fair value is determined in whole directly by reference to an active market is disclosed in level 1 of the table shown below in Note 9.10.2.

(B) ACTIVE VERSUS INACTIVE MARKETS

Equity instruments quoted on exchange traded markets and bonds actively traded on liquid markets for which prices are regularly provided by external pricing services that represent consensus with limited dispersion and for which quotes are readily available are generally considered as being quoted in an active market. Liquidity may be defined as the possibility to sell or dispose of the asset in the ordinary course of business within a certain limited time period at approximately the price at which the investment is valued. Liquidity for debt instruments is assessed using a multi criteria approach including the number of quotes available, the place of issuance and the evolution of the widening of bid ask spreads.

A financial instrument is regarded as not quoted in an active market if there is little observation of transaction prices as an inherent characteristic of the instrument, when there is a significant decline in the volume and level of trading activity, in case of significant illiquidity or if observable prices cannot be considered as representing fair value because of dislocated market conditions. Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or indicative of a change in the conditions prevailing in certain markets.

(C) ASSETS NOT QUOTED IN AN ACTIVE MARKET

The fair values of financial instruments that are not traded in an active market are estimated:

- using external and independent pricing services; or
- using valuation techniques.

The amount of assets which are not traded in an active market is disclosed in level 2 and 3 of the table shown below in Note 9.10.2.

No active market: use of external pricing services

External pricing services may be fund asset managers in the case of non consolidated investments in funds or brokers. To the extent possible, the Group collects quotes from external pricing providers as inputs to measure the fair value of assets held. Prices received may form tight clusters or dispersed quotes which may then lead to the use of valuation techniques. The dispersion of quotes received may be an indication of the large range of assumptions used by external pricing providers given the limited number of transactions to be observed or reflect the existence of distress transactions. In addition, given current market conditions since the financial crisis and the persistency of complete inactivity of some markets since then, many financial institutions closed their desks dedicated to structured assets deals and are no longer in a position of delivering meaningful quotes.

No active market: use of valuation techniques

Valuation techniques are subjective in nature and significant judgment is involved in establishing fair values for financial assets. They include recent arm's length transactions between knowledgeable willing parties on similar assets if available and representative of fair value and involve various assumptions regarding the underlying price, yield curve, correlations, volatility, default rates and other factors. Unlisted equity instruments are based on cross checks using different methodologies such as discounted cash flows techniques, price earning ratios multiples, adjusted net asset values, taking into account recent transactions on instruments which are substantially the same if concluded at arm's length between knowledgeable willing parties, if any. The use of valuation techniques and assumptions could produce different estimates of fair value. However, valuations are determined using generally accepted models (discounted cash flows, Black&Scholes models, etc.) based on quoted market prices for similar instruments or underlyings (index, credit spread, etc.) whenever such directly observable data are available and valuations are adjusted for liquidity and credit risk.

Valuation techniques may be used when there is little observation of transaction prices as an inherent characteristic of the market, when quotes made available by external pricing providers are too dispersed or when market conditions are so dislocated that observed data can not be used or need significant adjustments. Internal mark to model valuations are therefore normal market practices for certain assets inherently scarcely traded or exceptional processes implemented due to specific market conditions.

Use of valuation techniques in dislocated markets

The dislocation of certain markets may be evidenced by various factors, such as very large widening of bid ask spreads which maybe helpful indicators in understanding whether market participants are willing to transact, wide dispersion in the prices of the small number of current transactions, varying prices over time or among market participants, inexistence of secondary markets, disappearance of primary markets, closing down of dedicated desks in financial institutions, distress and forced transactions motivated by strong needs of liquidity or other difficult financial conditions implying the necessity to dispose of assets immediately with insufficient time to market the assets to be sold, and large bulk sales to exit such markets at all costs that may involve side arrangements (such as sellers providing finance for a sale to a buyer). Primary transactions' prices in markets supported by government through specific measures following the financial crisis do not represent fair value.

In such cases, the Group uses valuation techniques including observable data whenever possible and relevant, adjusted if needed to develop the best estimate of fair value, including adequate risk premiums or develops a valuation model based on unobservable data representing estimates of assumptions that willing market participants would use when prices are not current, relevant or available without undue costs and efforts: in inactive markets, transactions may be inputs when measuring fair value, but would likely not be determinative and unobservable data may be more appropriate than observable inputs. The objective of these models is to arrive at the price at which an orderly transaction would take place between market participants (a willing buyer and a willing seller) at the measurement date.

For those assets for which the Group used mark to model valuations because of dislocated market conditions, sensitivities are disclosed in Note 9.10.2 below, even when such techniques are based on a majority of observable inputs.

9.10.2. Financial assets recognized at fair value

The breakdown by valuation method of financial assets recognized at fair value excluding derivatives (detailed in Note 20.3 and Note 20.5) and assets backing contracts where the financial risk is borne by policyholders is as follows:

	December 31, 2012				December 31, 2011			
	Assets quoted in an active market	Assets not quoted in an active market or no active market			Assets quoted in an active market	Assets not quoted in an active market or no active market		
(In Euro million)	Fair value determined directly by reference to an active market (level 1)	Fair value based on a majority of observable market data (level 2)	Fair value not based on a majority of observable market data (level 3)	Total	Fair value determined directly by reference to an active market (level 1)	Fair value based on a majority of observable market data (level 2)	Fair value not based on a majority of observable market data (level 3)	Total
Debt instruments	214,841	135,538	1,051	351,430	163,561	169,797	1,131	334,490
Equity instruments	12,253	1,079	1,909	15,241	10,943	1,113	1,581	13,636
Non consolidated investment funds	1,503	3,855	1,396	6,754	1,344	4,271	1,385	7,000
Loans	-	-	-	-	-	-	-	-
Financial investments and loans available for sale	**228,597**	**140,472**	**4,356**	**373,425**	**175,848**	**175,181**	**4,097**	**355,126**
Investments in real estate properties	-	1,117	107	1,224	-	1,148	95	1,243
Debt instruments	17,802	12,188	155	30,144	11,471	14,262	997	26,730
Equity instruments	2,749	438	3,859	7,046	2,099	421	3,296	5,816
Non consolidated investment funds	578	4,279	743	5,601	708	3,571	906	5,185
Other assets held by consolidated investment funds designated as at fair value through profit or loss	1,522	2,327	903	4,752	1,801	2,804	809	5,414
Loans	-	-	-	1	-	-	-	-
Financial investments and loans designated as at fair value through profit or loss	**22,652**	**20,349**	**5,767**	**48,767**	**16,079**	**22,206**	**6,103**	**44,389**
Debt instruments	68	349	-	417	53	173	-	226
Equity instruments	45	-	-	46	38	-	-	38
Non consolidated investment funds	338	2	-	339	363	11	-	374
Loans	-	-	-	-	-	-	-	-
Financial investments and loans held for trading	**451**	**350**	**-**	**802**	**453**	**185**	**-**	**638**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**251,700**	**161,171**	**10,123**	**422,994**	**192,381**	**197,572**	**10,200**	**400,153**

Note: this table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

Methods applied to determine the fair value of held assets measured at fair value in the financial statements are described in Note 9.10.1 above. The Group applies the IAS 39 fair value hierarchy.

ASSETS CLASSIFICATION

Fair values determined in whole directly by reference to an active market relate to prices which are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis, i.e. the market is still active. Such assets are categorized in the level 1 of the IAS 39 fair value hierarchy.

Level 2 and 3 assets are investments which are not quoted in an active market or for which there is no active market. Fair values for level 2 and 3 assets include:

- values provided by external parties which (i) are readily available including last transaction prices but relate to assets for which the market is not always active, or (ii) values provided at the request of the Group by pricing services and which are not readily publicly available;
- assets measured on the basis of valuation techniques including a varying degree of assumptions supported by market transactions and observable data.

The common characteristic of level 2 and 3 assets is that their related market is considered as inactive. Their value is generally based on mark to market basis, except when there is no market or when the market is distressed, in which case a mark to model approach is used. Assets not quoted in an active market which are marked to market are classified in level 2. For all assets not quoted in an active market/ no active market and for which a mark to model approach is used, the classification between level 2 and level 3 depends on the proportion of assumptions used supported by market transactions and observable data:

- assumed to be used by pricing services, or
- used by the group in the limited cases of application of mark to model valuations.

a) Fair values determined in whole directly by reference to an active market (level 1)

Since the 2008 financial crisis, a significant volatility related to corporate spreads has been observed leading to transfers between level 1 and 2 with both yield and bid ask spreads widening and narrowing from one closing to another. Since 2010, this volatility has also been experience in government bonds with yields and bid ask spreads which have widened significantly leading transfers from level 1 to level 2 for Greece, Ireland, Portugal, Spain, Italy and Belgium bonds. In 2012, the Long Term Refinancing Operation and the Outright Monetary Transactions programs launched by the European Central Bank led to a tightening of sovereign and credit spreads. Moreover, quantitative market indications have shown an increase in liquidity level both on sovereign and corporate bonds. As of December 31, 2012, some corporate bonds have been classified back to level 1 due to the tightened bid ask spreads. Belgian sovereign bonds were also reclassified in level 1 consistently with improved market indicators observed during the year.

b) Fair values of assets not quoted in an active market – no active markets (level 2 and level 3)

Overview of the nature of such investments

Amounts presented in *level 2 and 3* represent a variety of circumstances. A financial instrument is regarded as not quoted in an active market if there is little observation of transaction prices as an inherent characteristic of the instrument, when there is a significant decline in the volume and level of trading activity, in case of significant illiquidity or if observable prices can not be considered as representing fair value because of dislocated market conditions. Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or be indicative of a change in the conditions prevailing in certain markets.

The identification of level 3 assets among assets not quoted in an active market involves a significant level of judgment. The following are considered as observable: inputs provided by external pricing services, information observable obtained from specialized data providers, rating agencies, external surveys. The extent to which such data are external to the Group and not assessed by internal valuation teams is one of the main criteria applied in assessing whether data are observable or not. Should those data be significantly adjusted or would they be outdated because of the lack of new available factors, such inputs would be deemed unobservable. Another area of judgment is the assessment of the significance of an input against the fair value measurement in its entirety. As a result, a different cut between observable and unobservable data and variances in the weighting of the significance of each input against the fair value measurement in its entirety could produce a different categorization.

Assets such as certain unquoted debt instruments, some instruments issued on private markets such as Private Equity instruments or private loans were always considered as not quoted in active markets as an inherent characteristic of these investments and were included as Assets not quoted in active markets/ No active markets in all periods presented. Valuations are based either on external pricing providers or internal models using techniques commonly used by market participants. Valuation teams make the maximum use of current transaction prices if any and observable data but some of the underlying sectors to which the investment relate may be so particular that significant adjustments are performed or unobservable data are used. Private Equity funds of funds are measured on the basis of the latest Net Asset Values of funds provided to the Group.

A significant portion of ABS (*Asset Backed Securities*) and CDOs (*Collaterized Debt Obligations*) held by the Group were transferred mainly as level 2 as of December 2007 when markets became no longer active while still measured using the same valuation approaches (mainly external valuations and indices). As of December 31, 2008, the turmoil reached a further point of dislocation. Many financial institutions closed their desks dedicated to structured assets deals and were no longer in a position of delivering meaningful quotes with the appropriate knowledge and dedication at the end of year 2008.

The lack of activity with very few prices representing arm's length transactions between willing market participants restricted the possibility and the relevance to refer to the very limited number of observed deals. As a result, more valuation techniques were introduced at year end 2008 based on a maximum use of observable inputs whenever possible. Such modeled based valuation were maintained at the end of the year 2012 for assets on which there were still continued inexistence of primary markets and a lack of transactions representing fair values during the period on the secondary market.

Such models incorporate factors that market participants would consider in setting a price and are consistent with accepted economic methodologies for pricing financial instruments. They were applied except when the uncertainty surrounding valuation was assessed as being too significant to exercise an adequate judgment in setting the appropriate risk margins (in which case assets remained measured on the basis of available quotes).

For Commercial Mortgage Backed-Securities (*CMBS*) measured as of December 31, 2012 using the valuation techniques described above (€826 million):

- using alternative credit risks assumptions higher by 25% would have no material impact neither on the net income nor the Statement of Comprehensive Income;
- using alternative discount margins higher by 25% would have no material impact on the net income, and would decrease the Statement of Comprehensive Income by €21 million.

Transfer in and out of the level 3 category and other movements

From January 1, 2012 to December 31, 2012, the amount of level 3 assets remained stable at €10.1 billion, representing 2.4% of the total assets at fair value (2.5% in 2011 i.e. €10.2 billion). There was no significant transfer in or out of the level 3 category (excluding assets backing contracts where the risk is born by policyholders).

Other main movements related to level 3 assets to be noted are:

- €-0.6 billion of sales mainly debt instruments and equity securities accounted as available for sale;
- €+1.2 billion of new investments;
- €-0.6 billion of change in unrealized gains and losses;
- €-0.1 billion of foreign exchange fluctuation impact.

A majority of assets classified in level 3 corresponds to Private Investments and in particular Equity.

9.11. INVESTMENTS BACKING CONTRACTS WHERE THE FINANCIAL RISK IS BORNE BY POLICYHOLDERS

	Fair Value [(a)]	
(In Euro million)	December 31, 2012	December 31, 2011
Investment in real estate properties	350	346
Equity instruments & non consolidated investment funds	124,174	114,282
Debt instruments	19,834	16,948
Others	2,805	2,654
Total Insurance activities	**147,162**	**134,230**

(a) Fair value equals carrying value.

These assets (including investment in real estate properties) are measured at fair value through profit or loss. Financial assets included in these investments are stated at fair value through profit or loss under the fair value option.

As described in Note 4 (Financial and insurance risks management), the financial risk associated with these contracts is borne by policyholders, except for contracts that offer some investment-related guarantees.

Note 10 Investments in associates accounted for using the equity method

(In Euro million)	2012					
	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	128	-	5	-	14	147
Philippines AXA Life Insurance Corporation [(b)]	29	-	11	1	(12)	29
Krungthai AXA Life Insurance Company Ltd [(c)]	64	-	34	1	(10)	89
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd) [(c) (d)]	89	-	(10)	(1)	13	91
PT AXA Mandiri Financial Services [(c)]	33	-	51	(4)	(20)	60
Bharti AXA Life [(e)]	25	-	(3)	(1)	4	25
Reso Garantia [(b)]	683	-	46	53	7	788
AXA Investment Managers Asia Holdings Private Limited	-	-	(3)	(0)	4	1
Kyobo AXA Investment Managers Company Limited	27	-	2	2	(1)	29
Other	61	-	(17)	-	10	55
TOTAL	**1,139**	**-**	**119**	**51**	**4**	**1,312**

(a) Includes dividend distributions, changes in consolidation method and impacts of revaluation of assets in shareholders' equity.
(b) Those entities close their full year accounts as of September 30.
(c) Starting from 2012, those entities close their full year accounts as of December 31.
(d) Following the approval by China Insurance Regulatory Commission (CIRC) in 2012, AXA Minmetals Assurance Company Limited restructured its shareholding and became ICBC-AXA Life insurance Co.LTD, a joint-venture between Industrial and Commercial Bank of China Co. Ltd (ICBC), AXA and China Minmetals Corporation. As a consequence, AXA was diluted from 51% to 27.5%, with no change in the consolidation method as equity method. This new company is expected to become a leader in the Chinese life insurance market by capitalizing on each Party's strengths.
(e) Starting from 2012, this entity closes its full year accounts as of November 30.

At the end of 2012, Reso Garantia's financial information was as follows (on a 100% basis and excluding goodwill related to AXA's investment):

- total assets: €2,205 million (€1,841 million as of December 31, 2011);
- total liabilities: (excluding shareholders' equity): €1,733 million (€1,554 million as of December 31, 2011);
- gross revenues: €1,283 million (€1,024 million as of December 31, 2011).

As of December 31, 2012, the goodwill Group share of Reso Garantia had a net value of €624 million (€580 million as of December 31, 2011). Changes were related to foreign exchange impacts.

At the end of 2012, Neuflize Vie's financial information was as follows (on a 100% basis):

- total assets: €9,404 million (€8,935 million as of December 31, 2011);
- total liabilities (excluding shareholders' equity): €9,218 million (€8,796 million as of December 31, 2011);
- gross revenues: €872 million (€727 million as of December 31, 2011).

	2011					
(In Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	127	-	6	-	(5)	128
Philippines AXA Life Insurance Corporation [(b)]	26	-	6	1	(4)	29
Krungthai AXA Life Insurance Company Ltd	50	-	19	-	(5)	64
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd)	56	-	(3)	7	28	89
PT AXA Mandiri Financial Services [(b)]	22	-	27	1	(16)	33
Bharti AXA Life [(b)]	18	-	(2)	(3)	12	25
Reso Garantia [(b)]	751	-	16	(24)	(60)	683
AXA Investment Managers Asia Holdings Private Limited	2	-	(4)	-	2	-
Kyobo AXA Investment Managers Company Limited [(b)]	26	-	1	-	(1)	27
Other	93	(27)	(9)	(1)	4	61
TOTAL	**1,168**	**(27)**	**62**	**(19)**	**(46)**	**1,139**

(a) Includes dividend distributions, changes in consolidation method and impacts of revaluation of assets in shareholders' equity.
(b) Those entities closed their full year accounts as of September 30, 2011.

In 2011, "Other changes" notably included:

- the dividend paid by Reso Garantia (€-30 million) and PT AXA Mandiri Financial Services (€-16 million);
- the share of assets reevaluation through shareholders' equity of Reso Garantia (€-30 million), Bharti AXA life (€+9 million) and AXA Minmetals Assurance (€+28 million).

This Note excludes investment funds and real estate Companies consolidated by equity method, which are presented as financial investments (Note 9).

Note 11 Receivables

(In Euro million)	December 31, 2012				December 31, 2011			
	Gross value	Impairment	Carrying value	Fair value	Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	1,552	(1)	1,551	1,551	1,481	(1)	1,480	1,480
Current accounts receivables from other Companies	1,377	(10)	1,367	1,367	1,515	(11)	1,504	1,504
Receivables from policyholders, brokers and general agents	8,761	(342)	8,419	8,419	7,622	(369)	7,253	7,253
Premiums earned not yet written	3,631	-	3,631	3,631	3,109	-	3,109	3,109
Receivables arising from direct insurance and inward reinsurance operations	**15,322**	**(354)**	**14,968**	**14,968**	**13,727**	**(381)**	**13,346**	**13,346**
Deposits and Guarantees	107	-	107	107	41	(2)	39	39
Receivables from reinsurers	686	(66)	620	620	692	(68)	624	624
Receivables from brokers and general agents	43	(24)	19	19	23	(15)	8	8
Receivables arising from outward reinsurance operations	**835**	**(89)**	**746**	**746**	**755**	**(84)**	**671**	**671**
Current tax receivables	**1,855**	**-**	**1,855**	**1,855**	**2,347**	**-**	**2,347**	**2,347**
Employee benefits & related	1,201	-	1,201	1,201	1,200	(1)	1,199	1,199
Other deposits	3,313	(10)	3,303	3,303	4,212	-	4,212	4,212
Others	11,403	(588)	10,815	10,815	11,431	(518)	10,913	10,913
Other receivables	**15,917**	**(599)**	**15,318**	**15,318**	**16,844**	**(519)**	**16,325**	**16,325**
TOTAL RECEIVABLES	**33,928**	**(1,042)**	**32,887**	**32,887**	**33,674**	**(985)**	**32,689**	**32,689**

Note 12 Cash and cash equivalents

(In Euro million)	December 31, 2012 Carrying value [a]	December 31, 2011 Carrying value [a]
Arising from insurance activities	23,903	24,676
Arising from banking activities	1,560	888
Arising from other activities [b]	5,083	5,507
Cash and cash equivalents [c]	**30,546**	**31,072**

(a) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(b) Includes SPEs and CDOs.
(c) including €1,129 million deposits in the central banks in 2012 and €593 million in 2011.

The table above excludes cash held by consolidated investment funds in the "Satellite Investment Portfolio", as defined in Note 1.7.2.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(In Euro million)	December 31, 2012	December 31, 2011
Cash and cash equivalent	30,546	31,072
Bank overdrafts [a]	(445)	(1,029)
Cash and cash equivalent as of December 31 [b]	**30,101**	**30,042**

(a) Included in "Other debt instruments issued and bank overdrafts".
(b) The "Cash and cash equivalents" balances shown in the statement of consolidated cash flows do not include cash balances of consolidated investment funds from the Satellite Investment Portfolio (see Note 1.7.2). The "Cash and cash equivalents" item in the Statement of Consolidated Cash Flows excludes cash backing contracts where the financial risk is borne by policyholders (Unit-Linked contracts).

As of December 31, 2012, total consolidated net cash and cash equivalents amounted to €30,101 million, net of €445 million bank overdrafts classified under "Other debt instrument issued and bank overdrafts" in the consolidated statement of financial position.

Net cash and cash equivalents increased by €59 million compared to 2011 mainly due to:

- AXA Bank Europe €+628 million mainly due to an increase in the settlement account with central bank;
- Switzerland Life & Savings €+549 million mainly driven by operating cash not yet totally reinvested;
- Germany Life & Savings €+505 million mainly driven by realized capital gains mainly on bonds;
- together with other positives variations mainly in Property & Casualties segment and in International Insurance segment (€+332 million).

Partly offset by:

- the Company €-653 million mainly driven by the significant decline of outstanding commercial paper by €1,729 million partly offset by the reimbursement of a US$1 billion loan granted to RESO Garantia's shareholders and positive cash flow from the entities to the Company net of the dividend paid;
- the US €-644 million mainly due to a decrease of income from derivatives partly offset by an increase in outstanding commercial papers;
- Japan Life & Savings €-627 million driven by higher investments and unfavorable evolution of foreign exchange rates, partly offset by operating cash.

Regarding the consolidated statement of cash flows presented together with the primary financial statements, net cash provided by operating activities totaled €10,519 million in 2012, compared to €15,384 million in 2011.

Net cash used in investing activities was €-7,475 million in 2012 and is mainly reflecting:

- €-5,849 million of net cash used in purchases and sales of financial invested assets;
- €-1,392 million of net cash impact of assets lending/borrowing collateral receivables and payables;
- €+86 million net cash related to change in scope of consolidation, mainly following Swiss Bank portfolio disposal and cash received from ICBC linked to its investment in ICBC-AXA Life Insurance Co. Ltd., partly offset by the net cash impact related to the acquisition of HSBC's P&C business in Asia and bancassurance agreement (€-117 million).

Net cash used in investing activities was €-3,425 million in 2011 and mainly reflecting:

- €-5,587 million of net cash used in purchases and sales of financial invested assets;
- €+1,306 million following the disposal of Australian and New Zealand operations. This amount should be looked at together with the amount from financing activities regarding minority shares in AXA APH Asian operations buy back;
- €+1,144 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash relating to financing activities totaled €-2,647 million in 2012 mainly due to:

- dividends payments of €-1,793 million.

Net cash relating to financing activities totaled €-5,560 million in 2011 mainly due to:

- dividends payments of €-1,769 million;
- €-3,296 million following the buy back of minority shares in AXA APH Asian operations. This amount should be looked at together with the amount from investing activities regarding the disposal of Australian and New Zealand operations.

Note 13 Shareholders' equity and minority interests

13.1. IMPACT OF TRANSACTIONS WITH SHAREHOLDERS

The Consolidated Statement of changes in Equity is presented as a primary financial statement following the amendment to IAS 1 as described in Note 1.

13.1.1. Change in shareholders' equity Group share in 2012

A) SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2012, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- increase in capital of €309 million mainly following employee share offering (December 2012);
- share-based payments for €49 million.

B) TREASURY SHARES

As of December 31, 2012, the Company and its subsidiaries owned approximately 16 million AXA shares, representing 0.7% of the share capital, a decrease of 1 million shares compared to December 31, 2011.

As of December 31, 2012, the carrying value of treasury shares and related derivatives was €363 million. This figure included €0.8 million relating to AXA shares held by consolidated mutual funds (61,455 shares) not backing contracts where financial risk is borne by policyholders.

As of December 31, 2012, 1.6 million treasury shares backing contracts where financial risk is borne by policyholders held in controlled investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €32 million and their market value €21 million at the end of December 2012.

C) UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

As described in Note 1.12.2 of the accounting principles, undated subordinated debt issued by the Group do not qualify as liabilities under IFRS.

Undated subordinated debt instruments are classified in shareholders' equity at their historical value as regards credit spread and interest rates and their closing value as regards exchange rates. The corresponding foreign exchange differences are cancelled out through the translation reserve.

In 2012, the change in other reserves was driven by €-292 million from interest expense related to the undated subordinated debt (net of tax), and €-23 million from foreign exchange rate differences.

As of December 31, 2012 and December 31, 2011, undated subordinated debt recognized in shareholders' equity broke down as follows:

(In Euro million)	December 31, 2012		December 31, 2011	
	Value of the undated subordinated debt in currency of issuance	Value of the undated subordinated debt in Euro million	Value of the undated subordinated debt in currency of issuance	Value of the undated subordinated debt in Euro million
October 29, 2004 - 375 M€ 6.0%	375	375	375	375
December 22, 2004 - 250 M€ 6.0%	250	250	250	250
January 25, 2005 - 250 M€ 6.0%	250	250	250	250
July 6, 2006 - 1000 M€ 5.8%	1,000	994	1,000	994
July 6, 2006 - 500 M£ 6.7%	500	607	500	593
July 6, 2006 - 350 M£ 6.7%	350	429	350	419
October 26, 2006 - 600 M A$ (of which 300M A$ 7.5%)	600	469	600	469
November 7, 2006 - 150 M A$ 7.5%	150	118	150	117
December 14, 2006 - 750 M US$ 6.5%	750	566	750	577
December 14, 2006 - 750 M US$ 6.4%	750	566	750	577
October 5, 2007 - 750 M€ 6.2%	750	746	750	746
October 16, 2007 - 700 M£ 6.8%	700	855	700	835
Undated notes - variables rates in €	660	660	660	660
Undated notes - 3.3% in JPY	27,000	238	27,000	269
Undated notes - (of which 500 M US$ at 7.1%) in US$	875	663	875	676
Sub-Total undated subordinated debt		**7,786**		**7,809**
Equity component of convertible debt (2017)	95	95	95	95
TOTAL		**7,880**		**7,903**

In addition to the nominal amounts shown above, shareholders' equity included net accumulated financial expenses of:

- €-2,125 million as of December 31, 2012;
- €-1,834 million as of December 31, 2011.

Undated subordinated debt often contains the following features:

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

D) DIVIDENDS PAID

At April 25, 2012 Shareholders' Meeting, shareholders approved a dividend distribution of €1,626 million with respect to the 2011 financial year.

13.1.2. Change in shareholders' equity Group share in 2011

A) SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2011, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- increase in capital of €+336 million of which employee share offering (December 2011) for €+332 million;
- share-based payments for €+43 million.

B) TREASURY SHARES

As of December 31, 2011, the Company and its subsidiaries owned approximately 17 million AXA shares, representing 0.8% of the share capital, a decrease of 8 million shares compared to December 31, 2010. The share repurchase program terminated on February 18, 2011, impacting shareholders' equity by €+110 million.

As of December 31, 2011, the carrying value of treasury shares and related derivatives was €383 million. This figure included €1.0 million relating to AXA shares held by consolidated mutual funds (81,965 shares) not backing contracts where financial risk is borne by policyholders.

As of December 31, 2011, 2.0 million treasury shares backing contracts where financial risk is borne by policyholders held in controlled investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €43 million and their market value €21 million at the end of December 2011.

C) UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

In 2011, the change in other reserves was due to €-291 million in interest expense related to the undated subordinated debt (net of tax) and €+152 million in foreign exchange rate differences.

D) DIVIDENDS PAID

At April 27, 2011 Shareholders' Meeting, shareholders approved a dividend distribution of €1,601 million with respect to the 2010 financial year.

E) AXA APH TRANSACTION

On April 1, 2011, AXA announced that it had successfully completed the AXA APH transaction, whereby it had disposed of its Australian & New Zealand operations and acquired the AXA APH Asia Life operations. This transaction had an impact on AXA Group of €0.6 billion realized capital gains recorded in net income regarding the sale of its Australian and New Zealand operations and €2.5 billion reduction in shareholders' equity mainly related to the buy-out of minority interests in AXA APH Asian operations in accordance with the application of the new accounting principles on Business Combinations. The ownership increase in a controlled Company while maintaining the control is accounted for in shareholders' equity and no additional goodwill is recognized.

13.2. COMPREHENSIVE INCOME FOR THE PERIOD

The Statement of Comprehensive Income, presented as primary financial statements, includes net income for the period, the reserve relating to the change in fair value of available for sale financial instruments, the translation reserve, and actuarial gains and losses on employee benefit obligations.

13.2.1. Comprehensive income for 2012

A) RESERVE RELATED TO CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS INCLUDED IN SHAREHOLDERS' EQUITY

The increase of gross unrealized gains and losses on assets available for sale totaled €22,351 million, mainly from debt instruments (€21,271 million), primarily due to interest rates and credit spreads decrease.

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

(In Euro million)	December 31, 2012	December 31, 2011 Restated [a]
Gross unrealized gains and losses [b]	**37,572**	**15,221**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholders' participation	(20,116)	(6,855)
Shadow accounting on Deferred Acquisition Costs [c]	(801)	(416)
Shadow accounting on Value of purchased Business In force	(651)	(554)
Unallocated unrealized gains and losses before tax	**16,004**	**7,396**
Deferred tax	(4,831)	(2,157)
Unrealized gains and losses (net of tax) - Assets available for sale	**11,173**	**5,239**
Unrealized gains and losses (net of tax) - Equity accounted companies [d]	4	(21)
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**11,177**	**5,218**
Minority interests' share in unrealized gains and losses [e]	(78)	3
Translation reserves [f]	(211)	(384)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [D]	**10,887**	**4,838**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Unrealized gains on total available for sale invested assets including loans.
(c) Net of shadow accounting on unearned revenues and fees reserves.
(d) Including unrealized gains and losses on assets from discontinued operations.
(e) Including foreign exchange impact attributable to minority interests.
(f) Group share.

At December 31, 2012, most of the unrealized gains on assets available for sale related to the Life & Savings segment, leading to significant movements in shadow policyholders' participation.

In jurisdictions where participating business represents an important portion of contracts in force and where required minimum local policyholders' share in the entities' results (limited to investment or not) are significant, the reconciliation between gross unrealized gains and losses on available for sale financial assets and the corresponding net reserve recognized in shareholders' equity were as follows as of December 31, 2012:

(In Euro million)	December 31, 2012		
	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings
Gross unrealized gains and losses [(a)]	**12,332**	**5,662**	**3,394**
Less unrealized gains and losses attributable to:			
Shadow accounting on policyholders' participation	(8,381)	(4,924)	(2,812)
Shadow accounting on Deferred Acquisition Costs [(b)]	(161)	-	(12)
Shadow accounting on Value of purchased Business In force	-	-	(72)
Unallocated unrealized gains and losses before tax	**3,790**	**738**	**498**
Deferred tax	(985)	(236)	(105)
Unrealized gains and losses (net of tax) - Assets available for sale	**2,805**	**502**	**394**
Unrealized gains and losses (net of tax) - Equity accounted companies	21	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**2,826**	**502**	**394**
Minority interests' share in unrealized gains and losses [(c)]	**(7)**	**-**	**-**
Translation reserves [(d)]	-	-	(173)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE)	**2,819**	**502**	**221**

(a) Unrealized gains and losses on total available for sale invested assets including loans.
(b) Net of shadow accounting on unearned revenues and fees reserves.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.

The change in reserves related to changes in fair value of available for sale financial instruments included in shareholders' equity relating to changes in fair value of assets as of December 31, 2012 and December 31, 2011 broke down as follows:

(In Euro million)	December 31, 2012	December 31, 2011 [(a)]
Unrealized gains and losses (net of tax) 100%, opening	**5,218**	**6,736**
Transfer in the income statement on the period [(b)]	(469)	(742)
Investments bought in the current accounting period and changes in fair value	6,659	(533)
Foreign exchange impact	(231)	59
Change in scope and other changes	(1)	(302)
Unrealized gains and losses (net of tax) 100%, closing	**11,177**	**5,218**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Transfer induced by disposal of financial assets, impairment write-back following reevaluation, or transfer of expenses following impairment charge during the period, and debt instruments discount premium impacts.

B) CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movement was €-634 million (of which €-614 million from group share and €-20 million from minority interest) as of December 31, 2012.

The group share translation reserves movement (€-614 million) was mainly driven by Japan (€-902 million), the United States (€-157 million), partly offset by the UK (€+117 million) and the Company (€+82 million, driven by change in fair value of derivatives and debt hedging net investments in foreign operations).

C) EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-821 million net group share (of which group share was €-817 million and minority interests was €-4 million) as of December 31, 2012.

Additional information on pension benefits is provided in Note 26.2.

13.2.2. Comprehensive income for 2011

A) RESERVE RELATED TO CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS INCLUDED IN SHAREHOLDERS' EQUITY

The decrease of gross unrealized gains and losses on assets available for sale totaled €-284 million, driven by equity securities (€-2,912 million) mainly driven by the sale of Taikang Life stake, partly offset by debt instruments (€2,730 million) primarily due to interest rates decrease.

B) CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movement was €+97 million (of which €+408 million from group share and €-311 million from minority interest) as of December 31, 2011.

The group share translation reserves movement (€+408 million) was mainly driven by the United States (€+295 million), Japan (€+495 million), Switzerland (€+246 million), partly offset by the Company (€-510 million) driven by change in fair value of derivatives and debt hedging net investments in foreign operations.

C) EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-581 million net group share (of which group share was €-577 million and minority interests was €-4 million) as of December 31, 2011.

Additional information on pension benefits is provided in Note 26.2.

13.3. CHANGE IN MINORITY INTERESTS

Under IFRS, minority interests in most investment funds in which the Group invests consist of instruments that holders can redeem at will at fair value, and qualify as a liability rather than shareholders' equity items. The same is true for puttable instruments held by minority interest holders.

13.3.1. Change in minority interests for 2012

The €12 million decrease in minority interests to €2,355 million was driven by comprehensive income and transactions with minority interests' holders:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+130 million,
  - reserves relating to changes in fair value through shareholders' equity for €+83 million,
  - impact from open market purchase of AllianceBernstein holding units for €-64 million;
- transactions with minority interests' holders, mainly included:
  - dividend payout to minority interests' holders for €-172 million.

13.3.2. Change in minority interests for 2011

The €-1,799 million decrease in minority interests to €2,367 million was due to transactions with shareholders' for €-1,616 million mainly resulting from AXA APH transaction (minority buy-out of Asian operations), and comprehensive income for €-181 million.

The comprehensive income for the period notably included the following:

- net income attributable to minority interests for €+190 million;
- change in translation reserves for €-311 million mainly driven by Australia;
- reserves relating to changes in fair value through shareholders' equity for €-59 million, including €-152 million following the transaction with AXA APH.

Note 14 Liabilities arising from insurance and investment contracts

14.1. LIABILITIES ARISING FROM INSURANCE CONTRACTS (GROSS AND REINSURERS' SHARE)

Liabilities arising from insurance contracts, including those where the financial risk is borne by policyholders, were split by segment as follows:

	December 31, 2012				December 31, 2011			
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Total	Life & Savings	Property & Casualty	International Insurance	Total
Future policy benefit reserves	286,314	17	679	287,009	283,967	9	711	284,686
Unearned premiums reserves	412	9,425	502	10,338	320	9,014	449	9,783
Claim reserves [a]	11,083	36,626	8,018	55,728	10,917	35,579	8,388	54,883
of which IBNR [b]	*3,138*	*7,493*	*3,140*	*13,771*	*3,805*	*6,923*	*2,799*	*13,527*
Liability adequacy test reserves	-	-	-	-	-	-	-	-
Other reserves [c]	4,751	4,502	50	9,303	4,462	4,277	54	8,794
Liabilities arising from insurance contracts	**302,560**	**50,569**	**9,249**	**362,378**	**299,666**	**48,879**	**9,601**	**358,146**
of which measured at current assumptions [d]	*10,995*	-	-	*10,995*	*10,860*	-	-	*10,860*
Future policy benefit reserves	113,707	-	-	113,707	104,480	-	-	104,480
Claim reserves [a]	90	-	-	90	65	-	-	65
of which IBNR [b]	*3*	-	-	*3*	-	-	-	-
Other reserves	123	-	-	123	97	-	-	97
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	**113,921**	**-**	**-**	**113,921**	**104,642**	**-**	**-**	**104,642**
Reinsurers' share in future policy benefit reserves	4,786	-	-	4,786	4,921	-	1	4,923
Reinsurers' share in unearned premiums reserves	3	374	195	572	1	404	153	557
Reinsurers' share in claim reserves [a]	998	1,591	2,112	4,702	775	1,625	2,401	4,801
of which IBNR [b]	*23*	*188*	*202*	*414*	*270*	*242*	*609*	*1,121*
Reinsurers' share in other reserves	374	(34)	-	340	353	(6)	-	347
Reinsurers' share in liabilities arising from insurance contracts	**6,162**	**1,931**	**2,307**	**10,400**	**6,049**	**2,023**	**2,556**	**10,628**
Reinsurers share in liabilities arising from insurance contracts where the financial risk is borne by policyholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURANCE CEDED	**410,319**	**48,638**	**6,942**	**465,899**	**398,258**	**46,856**	**7,046**	**452,160**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholders participation (see Note 14.8), and derivative instruments (see Note 20.4) are excluded from the table above.

Reinsurer's share in insurance contracts liabilities relating to policyholders' participation (€139 million in 2012 and €51 million in 2011), as well as derivatives instruments (none in 2012 and 2011) are excluded from the table above.

(a) Includes reserves for claim handling expenses.

(b) For the detail of Property & Casualty and International Insurance IBNR, see Note 21.3.4.

(c) Notably includes non-life annuities mathematical reserves.

(d) See Note 1.13.2 – Reserves measured according to the option offered by IFRS 4.24 for selective re-measurement of reserves at current market assumptions.

14.2. LIABILITIES ARISING FROM INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

The following table shows a breakdown by segment of liabilities arising from investment contracts including those where the financial risk is borne by policyholders:

(In Euro million)	December 31, 2012 Total	December 31, 2011 Total
Future policy benefit reserves	36,074	37,576
Unearned premiums reserves	-	-
Claim reserves [(a)]	261	267
Liability adequacy test reserves	-	-
Other reserves	15	15
Liabilities arising from investment contracts with discretionary participating features	**36,350**	**37,858**
of which measured at current assumptions [(b)]	-	-
Future policy benefit reserves	244	366
Claim reserves [(a)]	7	12
Other reserves	1	2
Liabilities arising from investment contracts with no discretionary participating features	**251**	**380**
Future policy benefit reserves	34,059	29,951
Claim reserves [(a)]	5	6
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders	**34,063**	**29,957**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features	**13**	**14**
Reinsurers' share in liabilities arising from investment contracts with no discretionary participating features	**-**	**-**
Reinsurers' share in liabilities arising from investment contracts where the financial risk is borne by policyholders	**5**	**5**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS – NET OF REINSURANCE CEDED	**70,646**	**68,176**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholders' participation (see Note 14.8), and derivative instruments (see Note 20.4), are excluded from the table above.

Reinsurance's share in investments contracts liabilities relating to policyholders' participation (none in 2012 and 2011), as well as derivatives instruments (none in 2012 and 2011) are excluded from the table above.

(a) Includes reserves for claim handling expenses.

(b) See Note 1.13.2. – Reserves measured according to the option opened by IFRS 4.24 for selective re-measurement of reserves at current market assumptions.

14.3. CHANGE IN CLAIM RESERVES FOR PROPERTY & CASUALTY AND INTERNATIONAL INSURANCE (INSURANCE CONTRACTS)

14.3.1. Change in gross of reinsurance claim reserves

	2012			2011		
(In Euro million)	Property & Casualty	International Insurance	Total	Property & Casualty	International Insurance	Total
Claim reserves as of January 1	34,423	8,138	42,561	35,176	8,833	44,009
Claim handling cost reserves as of January 1	1,155	250	1,405	1,232	234	1,466
Gross claims reserve as at January 1 [(a)]	**35,579**	**8,388**	**43,967**	**36,408**	**9,067**	**45,476**
Current year charge	18,215	1,623	19,839	17,257	1,791	19,049
Loss reserves development (prior years)	(446)	(162)	(608)	(563)	(168)	(731)
Total claim expenses [(b)]	**17,769**	**1,462**	**19,231**	**16,695**	**1,623**	**18,317**
Claim payments (current year)	(9,164)	(571)	(9,735)	(8,794)	(980)	(9,773)
Claim payments (prior years)	(7,501)	(1,368)	(8,870)	(7,605)	(1,290)	(8,895)
Claim payments [(b)]	**(16,665)**	**(1,939)**	**(18,604)**	**(16,399)**	**(2,269)**	**(18,668)**
Change in scope of consolidation and change in accounting method	**(192)**	**7**	**(185)**	**(1,289)**	**(48)**	**(1,337)**
Impact of foreign currency fluctuation	**135**	**101**	**236**	**164**	**15**	**179**
Claim reserves as of December 31	35,483	7,760	43,243	34,423	8,138	42,561
Claim handling cost reserves as of December 31	1,143	259	1,402	1,155	250	1,405
Gross claim reserves as of December 31 [(a)]	**36,626**	**8,018**	**44,645**	**35,579**	**8,388**	**43,967**

(a) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €4.3 billion in 2011 and €4.5 billion in 2012.
(b) Excluding claim handling expense reserves.

In 2011, changes in scope of consolidation totaled €-1,337 million, mainly due to the disposal of Canadian operations (€-1,581 million).

14.3.2. Change in reinsurers' share in claim reserves

	2012			2011		
(In Euro million)	Property & Casualty	International Insurance	Total	Property & Casualty	International Insurance	Total
Reinsurers' share in claim reserves as of January 1	**1,625**	**2,401**	**4,027**	**1,725**	**2,839**	**4,564**
Reinsurers' share in total claim expenses	621	200	821	474	500	974
Reinsurers' share in claim payments	(680)	(547)	(1,227)	(512)	(882)	(1,394)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	22	12	35	(47)	(50)	(97)
Impact of foreign currency fluctuation	3	45	49	(16)	(5)	(21)
Reinsurers' share in claim reserves as of December 31	**1,591**	**2,112**	**3,704**	**1,625**	**2,401**	**4,027**

14.4. CHANGE IN LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS - LIFE & SAVINGS

14.4.1. Change in liabilities arising from insurance and investment contracts – gross of reinsurance

The table below includes liabilities arising from insurance and investment contracts for the Life & Savings segment, whether or not the risk is borne by policyholders (i.e. including Unit-Linked business), except unearned revenue and unearned fees reserves, liabilities arising from policyholders' participation and derivative instruments relating to insurance and investment contracts.

	December 31, 2012			December 31, 2011		
(In Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Opening technical reserves [a]	**404,308**	**68,195**	**472,503**	**390,745**	**67,659**	**458,404**
Collected premiums net of loadings on premiums (+)	45,249	6,216	51,465	41,754	8,665	50,419
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(43,857)	(8,484)	(52,341)	(42,511)	(9,644)	(52,155)
Unit-Linked technical reserves value adjustment (+/-)	12,317	1,404	13,722	(4,639)	(19)	(4,658)
Change in reserves relating to technical and actuarial items (+/-) [b]	6,101	2,406	8,507	11,506	542	12,048
Transfers following technical reserves/ contract reclassification	(110)	110	-	(788)	788	-
Change in scope of consolidation, portfolio transfers and change in accounting principles	(6)	(61)	(68)	(761)	111	(650)
Impact of foreign currency fluctuation	(7,521)	878	(6,643)	9,001	92	9,093
Closing technical reserves [a]	**416,480**	**70,664**	**487,145**	**404,308**	**68,195**	**472,503**

(a) Includes: future policy benefits reserves (including shadow accounting reserves), unearned premiums reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefits reserves. Excludes: unearned revenues and unearned fees reserves, liabilities from policyholders' participation.

(b) Notably includes "interests credited and policyholders' participation credited to reserves", "fees on account balance and investment management fees" and "change in reserves relating to other technical and actuarial items".

In 2011, changes in the scope of consolidation totaled €-650 million, mainly due to the disposal of Canadian operations (€-691 million).

14.4.2. Change in reinsurers' share in liabilities arising from insurance and investment contracts

	December 31, 2012			December 31, 2011		
(In Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Opening reinsurers' share in technical reserves [a]	**6,050**	**19**	**6,068**	**5,675**	**270**	**5,945**
Reinsurers' share in collected premiums net of loadings on premiums (+)	1,525	-	1,525	1,065	-	1,065
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(1,163)	(2)	(1,165)	(451)	(1)	(452)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) [b]	(191)	1	(190)	(196)	(1)	(197)
Change in scope of consolidation and change in accounting principles	20	-	20	(195)	(247)	(442)
Impact of foreign currency fluctuation	(79)	-	(79)	151	(3)	148
Reinsurers' share in closing technical reserves [a]	**6,162**	**18**	**6,180**	**6,050**	**19**	**6,068**

(a) Includes: future policy benefits reserves (including shadow accounting reserves), unearned premiums reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefits reserves. Excludes: unearned revenues and unearned fees reserves, liabilities from policyholders participation.

(b) Notably includes "interests credited and policyholders' participation credited to reserves", "fees on account balance and investment management fees" and "change in reserves relating to other technical and actuarial items".

14.5. LIABILITIES ARISING FROM INVESTMENT CONTRACTS BY ACCOUNTING METHOD

	Carrying value	
(In Euro million)	December 31, 2012	December 31, 2011
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [a] [d]	36,350	37,858
Investment contracts with Discretionary Participation Features (DPF) measured with current assumptions [b]	-	-
Investment contracts with no Discretionary Participation Features (DPF) measured according to existing accounting policies	251	380
(Unit-Linked) – Liabilities arising from contracts where financial risk is borne by policyholders:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [a] [c]	4,080	3,621
Investment contracts with no Discretionary Participation Features (DPF) measured at current unit value [d]	29,983	26,336
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**70,664**	**68,195**

Note: This information is presented net of the impact of derivatives, which is described in Note 20.4.1.

(a) In accordance with IFRS 4 standard which allows, under certain conditions, to continue to use a previous accounting policy to liabilities arising from contracts with discretionary participating features.

(b) See Note 1.13.2. – Reserves measured according to IFRS 4.24 option which allows to evaluate certain portfolios with current assumptions.

(c) & (d) As Unit-Linked contracts, such contracts share the same reserves measurement determined on the basis of held assets units fair value ("current unit value"). Only the valuation of related assets is different:

- *for Unit-Linked contracts with a discretionary participating feature (c), an asset representing the deferred acquisition costs is recognized in continuity with previous accounting policies;*
- *for Unit-Linked contracts with no discretionary participating feature (d), an asset representing the rights to future management fees is recognized in accordance with IAS 18 (Rights to future management fees also known as Deferred Origination Costs "DOC") – see Note 1.6.3 and Note 7.*

The recognition of investment contracts with discretionary participating features is subject to IFRS 4, which allows, under certain conditions, the use of accounting principles applied prior to the adoption of IFRS. However, these contracts must be treated in accordance with IFRS 7 with regards to the disclosures to be provided in the Notes to the financial statements. IFRS 7 requires the disclosure of fair value or value ranges for these contracts, unless the Group cannot reliably measure the participating features.

In Phase I, the IAS Board acknowledged the difficulties involved in the recognition and the measurement of discretionary participating features included in insurance or investment contracts. The IAS Board has numerous projects underway that could influence the definition of fair value of discretionary participating features including, but not limited to the Insurance Contracts Phase II project.

Outstanding questions on these issues are highly complex and are not yet sufficiently advanced. Phase II discussions regarding insurance and certain investment contracts, even if re-activated at the IASB level soon after the issuance of IFRS 4, are still insufficiently developed. A Phase II Discussion Paper was published in May 2007 and an Exposure Draft in July 2010 with still many open issues regarding among other:

- the standard under which investment contracts with a discretionary participating feature should fall into: impacts of unbundling and extent to which such contracts or components of contracts will have to be measured under IAS 39/IFRS 9, and
- measurement principles, notably related to discount rates to be used and where to set the boundaries of contracts (level of future premiums to be included in projections).

The IASB decided end of February 2013 to grant the staff permission to ballot the forthcoming Exposure Draft on Insurance Contracts.

However, many debates remain open: there are too many remaining uncertainties and AXA cannot reliably disclose fair value or value ranges for investment contracts with a discretionary participating features.

14.6. LOSS RESERVE DEVELOPMENT TABLE

The loss reserves development table shows movements in loss reserves between 2002 and 2012, based on previously applied accounting standards, in accordance with IFRS 4. All contracts concerned are insurance contracts as defined by IFRS.

The first line labeled “Gross reserves for unpaid claims and claim expenses developed initially at the booking date” represents the loss reserves developed in the Group’s balance sheet on the reporting date for the year indicated in the column heading. For example, the amount of €31,168 million appearing in the first line of the table in the 2005 column represents all loss reserves developed in all years of occurrence prior to and including 2005, recognized on the Group’s balance sheet as of December 31, 2005.

The second line entitled “Gross reserves for unpaid claims and claim expenses developed in 2012 adjusted for changes in exchange rates and scope of consolidation” indicates the amount that would have been developed initially at the booking date, had the exchange rates for the current year been used (for reserves recognized by AXA Group entities that do not use the Euro as their functional currency) and assuming an identical scope of consolidation to that used for the last diagonal of the table.

The first section of the table entitled “Cumulative payments” shows, for a given column N, the cumulative amount of payments related to years of occurrence prior to and including N, made since December 31 of year N.

The second part of the table entitled “Reserve re-estimated” shows, for a given column N, an estimate of the final cost of liabilities carried as of December 31 of year N in respect of all years of occurrence prior to and including N, at each future period end. The final cost estimate varies year on year as information relating to losses still outstanding becomes more reliable.

The surplus (shortfall) of the initial reserve with respect to the re-estimated (gross) final cost for each year represents, for a given year N, the difference between the amount shown in the second line (gross reserves for unpaid claims and claims expenses developed in 2012 adjusted for changes in exchange rates and scope of consolidation) and the amount shown in the final diagonal under “Reserve re-estimated”.

A) LOSS RESERVES DEVELOPMENT TABLE: PROPERTY & CASUALTY AND INTERNATIONAL INSURANCE EXCLUDING COLISÉE RE (EX-AXA RE)

(In Euro million)	2002	2003	2004 [(a)]	2005	2006 [(c)]	2007	2008 [(d)]	2009	2010	2011 [(e)]	2012
Gross reserves for unpaid claims and claims expenses developed initially at the booking date [(a)]	**28,465**	**27,825**	**29,128**	**31,168**	**41,301**	**44,020**	**44,046**	**44,470**	**46,367**	**45,946**	**46,440**
Gross reserves for unpaid claims and claims expenses developed in 2012 adjusted for changes in exchange rates and scope of consolidation [(a)]	**25,961**	**26,698**	**27,429**	**28,788**	**43,077**	**44,740**	**45,105**	**45,309**	**45,502**	**45,846**	**46,440**
Cumulative payments at:											
One year later	6,371	6,075	6,180	6,084	7,652	8,312	9,145	9,483	8,953	9,183	
Two years later	9,554	9,233	8,871	8,700	11,243	12,395	13,358	13,360	13,016		
Three years later	11,846	11,332	10,580	10,314	14,036	15,418	15,549	16,078			
Four years later	13,411	12,518	11,590	12,239	16,451	17,143	17,525				
Five years later	14,159	13,131	13,133	13,460	17,782	18,553					
Six years later	14,414	14,383	14,106	13,637	18,655						
Seven years later	15,450	15,152	14,440	14,483							
Eight years later	16,088	15,378	14,780								
Nine years later	16,174	15,791									
Ten years later	16,638										
Reserve re-estimated at:											
One year later	26,856	27,527	29,179	29,878	40,966	41,371	42,610	44,814	44,518	44,971	
Two years later	26,219	26,791	27,833	27,084	38,406	39,471	42,501	41,973	42,904		
Three years later	25,835	26,920	25,572	24,595	37,019	39,818	39,889	41,301			
Four years later	25,783	24,994	23,455	24,048	37,590	38,094	39,302				
Five years later	24,076	23,153	23,050	24,008	35,992	37,509					
Six years later	22,458	22,822	23,212	23,434	35,402						
Seven years later	22,196	23,082	22,877	23,493							
Eight years later	22,525	22,808	22,567								
Nine years later	22,095	23,035									
Ten years later	22,475										
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves: [(b)]											
Amount	3,486	3,663	4,861	5,295	7,675	7,231	5,803	4,008	2,599	876	
Percentages	13.4%	13.7%	17.7%	18.4%	17.8%	16.2%	12.9%	8.8%	5.7%	1.9%	

(a) In 2004, AXA Corporate Solutions Assurance US, Mosaic Insurance Company (ex AXA RE P&C Insurance Company) were transferred from Colisée RE (ex AXA RE) to "other international activities". The reserves of AXA Corporate Solutions Assurance US were presented on an occurrence year basis and included in the Property & Casualty loss reserves development table. The reserves of Mosaic Insurance Company (ex AXA RE P&C Insurance Company) and Coliseum RE (ex AXA CS Reinsurance Company) were presented on an underwriting year basis and included in the Colisée RE (ex AXA RE) loss reserves development table.

(b) It is not appropriate to extrapolate future redundancies or future deficiencies based on the loss reserves development presented in the table, as conditions and trends that have affected development of the liability in prior periods may not necessarily occur in the future periods. Redundancy/deficiency disclosed includes forex impact between one year and the next.

This line also includes the impact of the unwind of discount rate on annuities (which are developed from 2006 on) for an amount of €116 million for 2011.

(c) In 2006, Winterthur's operations were integrated within AXA. Total loss reserves developed amounted to €41.3 billion including €8.7 billion in respect of Winterthur (final figure after PGAAP re-opening).

(d) In accordance with IFRS 3, i.e.within 12 months following the acquisition date, the Group adjusted certain items impacting the allocation of Seguros ING (Mexico) purchase price, resulting in a €33 million increase in the goodwill to €512 million. Most of this increase in goodwill was due to adjustments to provisions for liabilities and claims reserves.

(e) Following the disposal of Canadian operations, amounts in its respect were not reported for the current year while previously disclosed amounts were unchanged.

B) LOSS RESERVES DEVELOPMENT TABLE: COLISÉE RE (EX AXA RE)

On December 21, 2006, the Group finalized an agreement to sell the AXA RE reinsurance business to Paris Ré Holding. Under the terms of the agreement, AXA retains exposure to any changes in the final cost of claims occurring before December 31, 2005. However, the proportional treaty set in place as part of the agreement between AXA RE and Paris Ré protects AXA entirely from any claims occurring after January 1, 2006. Consequently, the table below shows the development of loss reserves recognized in AXA RE's balance sheet at each year-end until December 31, 2005. Reserves recognized after that, which correspond to exposure assumed fully by Paris Ré, have not been developed. Paris Ré has been acquired by PartnerRe and terms of the agreements mentioned above remains in-force.

(In Euro million)	2002	2003	2004 (b)	2005
Gross reserves for unpaid claims and claims expenses developed initially at the booking date (a)	**4,778**	**4,200**	**3,314**	**4,523**
Gross reserves for unpaid claims and claims expenses developed in 2012 (b)	**4,778**	**3,742**	**3,314**	**4,253**
Initial retroceded reserves	(1,020)	(853)	(410)	(1,048)
Retroceded reserves in 2012 (b)	(1,020)	(461)	(502)	(1,048)
Initial net claims reserves	3,758	3,281	2,812	3,205
Cumulative payments at:				
One year later	1,441	950	1,127	1,191
Two years later	2,113	1,543	1,574	1,688
Three years later	2,570	1,784	1,812	2,123
Four years later	2,768	1,953	2,289	2,298
Five years later	2,899	2,352	2,225	2,421
Six years later	3,239	2,313	2,347	2,571
Seven years later	3,205	2,465	2,469	2,606
Eight years later	3,363	2,576	2,527	
Nine years later	3,464	2,629		
Ten years later	3,525			
Reserve re-estimated at:				
One year later	5,012	3,438	3,797	4,061
Two years later	4,163	3,642	3,621	3,745
Three years later	4,374	3,514	3,399	3,884
Four years later	4,281	3,332	3,664	3,629
Five years later	4,107	3,553	3,282	3,654
Six years later	4,326	3,248	3,340	3,495
Seven years later	4,050	3,369	3,217	3,436
Eight years later	4,195	3,257	3,199	
Nine years later	4,100	3,245		
Ten years later	4,107			
Cumulative redundancy (deficiency) from the initial gross claims reserves in excess of (less than) re-estimated gross claim reserves	**671**	**497**	**115**	**817**
Re-estimated retroceded reserves	801	416	620	1,043
Premiums adjustment (c)	(1,289)	(580)	(374)	(403)
Re-estimated net claims reserves				
Initial net claims reserves in excess of (less than) re-estimated net claims reserves as of December 31, 2012				
Amount (a)	1,741	1,033	607	1,215
Percentage of original net reserve (a)	46.3%	31.5%	21.6%	37.9%

(a) The loss reserves development table is presented on an underwriting year basis for Colisée RE (ex AXA RE) business. Accordingly reserves re-estimated and the excess of re-estimated reserves of the initial reserves include reserves for losses occurring up to twelve months subsequent to the original year-end. It is not appropriate to extrapolate future redundancies or future deficiencies based on the loss reserves development presented in the table, as conditions and trends that have affected the development of the liability in prior periods may not necessarily occur in future periods.

(b) In 2004, AXA Corporate Solutions Assurance US, Mosaic Insurance Company (ex AXA RE P&C Insurance Company) were transferred from Colisée RE (ex AXA RE) to the "other international activities". The reserves of AXA Corporate Solutions Assurance US were presented on an occurrence year basis and included in the Property & Casualty loss reserves development table. The reserves of Mosaic Insurance Company (ex AXA RE P&C Insurance Company) and Coliseum RE (ex AXA CS Reinsurance Company) were presented on an underwriting year basis and included in the Colisée RE (ex AXA RE) loss reserves development table.

(c) Represents premiums earned subsequent to the accounting year end and premiums reinstatements/experience-rated premiums received and accrued from the ceding insurers as assumed losses were incurred.

C) RECONCILIATION BETWEEN DEVELOPED RESERVES AND TOTAL RECOGNIZED CLAIM RESERVES

(In Euro million)	December 31, 2012 Carrying value	December 31, 2011 Carrying value
Gross claims and other reserves developed		
Property & Casualty and International Insurance (excluding Colisée RE (ex AXA RE)) [(a)]	46,440	45,946
■ *of which future policy benefit annuity reserves*	*4,109*	*3,968*
■ *of which construction reserves (PSNEM)*	*1,876*	*1,802*
Total gross claims and other reserves developed	**46,440**	**45,946**
Other reserves non developed [(b)]	**2,757**	**2,353**
TOTAL GROSS CLAIM RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY AND INTERNATIONAL INSURANCE	**49,197**	**48,298**

(a) Total gross claims and other reserves developed are presented on the basis of the loss reserves development table. The reserves of AXA Corporate Solutions Insurance US were included in Property & Casualty and International Insurance loss reserves. The reserves of Mosaic Insurance Company (ex AXA RE P&C Insurance Company) and Coliseum RE (ex AXA CS Reinsurance Company) (€85 million in 2012, €92 million in 2011) were included in Colisée RE's (ex AXA RE) loss reserves development table.

(b) Includes reserves inward reinsurance (€1,125 million in 2012, €854 million in 2011).

14.7. ASBESTOS

AXA continues to receive claims from policies written in prior years asserting damages from asbestos-related exposures.

There is considerable uncertainty as to the future cost of asbestos claims. The ultimate cost of claims is very much dependent on legal factors that are difficult to predict with any certainty. It is common to have issues of allocation of responsibility among parties, as well as involvement of multiple insurers and multiple policy periods. Such issues raise considerable coverage issues.

AXA actively conducts its exposure to asbestos claims by using its unit specialized in non-life run-offs: AXA Liabilities Managers. Claims are managed by dedicated teams of experts who use a variety of claims payment including settlements, policy buy-backs and, in certain cases, litigation. In addition, they focus specifically on final resolutions of exposures, either through commutations or other solutions.

The calculation of reserves for asbestos risks raises specific difficulties as conventional reserving techniques cannot be used for evaluating IBNR. AXA evaluates the future cost of those claims using a range of specific methods based either on exposure analysis, frequency/cost projections or reserving benchmarks. Asbestos reserves are reviewed on a yearly basis to ensure that they adequately reflect the latest claims experience, as well as legal and economic developments. Consistent with AXA's reserving practices, and despite the particularly long-tail nature of those risks, reserves for asbestos are undiscounted.

Due to the uncertainty surrounding asbestos claims, it is not possible to determine their future cost with the same degree of certainty as for other types of claims. Although AXA considers its reserves for asbestos claim to be adequate, it is possible that, under some adverse scenarios, they may turn out to be insufficient to cover future losses.

At year-end 2012, key data relating to Asbestos claims were as follows:

	2012		2011	
(In Euro million)	Gross	Net	Gross	Net
Evolution of reserves				
Claims reserves at end of year	1,113	1,030	1,071	984
of which reported claims	195	170	199	174
of which IBNR claims	918	860	873	810
Reserves adequacy ratios				
3-Year survival ratio excluding commutations [(a)]	39 years	41 years	37 years	37 years
IBNR / Case Reserves	471%	506%	440%	464%
Cumulative Payments to date / Projected Ultimate Cost	38%	37%	38%	39%

(a) Reserves at the end of the year / Average yearly payments over the last 3 years (excluding in respect of commutations).

In 2012, AXA paid a net amount of €25 million in respect of asbestos (€37 million in 2011). During the year, AXA incurred losses and loss expenses of €52 million net of reinsurance (€5 million in 2011). This increase was mainly driven by the re-estimation of the ultimate liability for UK mesothelioma claims.

As a result of those various changes and after allowing for movements in exchange rates, AXA held total reserves for asbestos exposure (net of reinsurance) of €1,030 million at year-end 2012 (€984 million at year-end 2011).

14.8. LIABILITIES AND ASSETS ARISING FROM POLICYHOLDERS' PARTICIPATION

The following table shows liabilities and assets arising from policyholders' participation as of December 31 2012.

(In Euro million)	December 31, 2012	December 31, 2011
Policyholders' participation reserves	9,715	10,023
Policyholders' deferred participation liabilities	21,635	7,915
Total Liabilities arising from policyholders' participation	**31,350**	**17,938**
Total Assets arising from policyholders' participation	**4**	**1,247**

The deferred policyholders' participation liability and asset include the impact of shadow accounting (see definition in Note 1.13.2) mainly in relation to unrealized gains and losses on invested financial assets available for sale as described in Note 13.2.1, but also with regard to other temporary differences not necessarily linked to financial assets. Note 13.2.1 also contains a focus on jurisdictions with significant portions of participating business and where required minimum local policyholders' share in the entities' results are significant. This Note discloses for such jurisdictions unrealized gains and losses related to available for sale investments and related shadow accounting adjustments. Decrease in deferred policyholders' participation assets mainly relates to decrease in unrealized losses on assets available for sale at AXA MPS.

14.9. PAYMENT AND SURRENDER PROJECTIONS AND INSURANCE AND INVESTMENT CONTRACT LIABILITIES DISCOUNT RATES

In the tables presented in Note 14.9.1 and 14.9.2, liabilities arising from Life & Savings and Property & Casualty insurance and investment contracts exclude contracts where the financial risk is borne by policyholders. These liabilities are not exposed to interest rate or duration risk, except Unit-Linked contracts with performance guarantees. In addition, as far as liquidity risk is concerned, entities hold Unit-Linked assets backing the corresponding liabilities arising from these contracts. Occasional mismatches result mainly from administrative timing differences in the processing of day-to-day operations.

14.9.1. Payment and surrender projections

The table below shows the breakdown of projected payments and surrenders related to insurance and investment contracts (excluding contracts where the financial risk is borne by policyholders) of Life & Savings, Property & Casualty and International Insurance. Actual maturities may differ significantly from the estimates set out below, mainly because some of the contracts contain a surrender option controlled by the policyholder that may reduce their duration.

The projections shown below cannot be compared with the reserves carried on the balance sheet and are higher than the published balance sheet figures because they represent expected cash flows without any discounting element. They are also shown net of inflows of periodical premiums payable by policyholders.

The figures shown in the first line of the table below represent estimated undiscounted cash outflows in connection to death, incapacity and disability claims, surrenders, annuities, minimum guaranteed benefits for Unit-Linked contracts, Property & Casualty and Health claims, net of premiums due from policyholders under contracts in-force. These cash flows are based on assumptions regarding mortality, incapacity and disability, surrender and settlement frequency for Property & Casualty, which are consistent with past experience in the Group's business. They are gross of reinsurance. Given the strong use of estimates, it is likely that actual payments will differ.

(In Euro million)	2012				2011			
	12 months or less	More than 1 year up to 5 years	More than 5 years	Total	12 months or less	More than 1 year up to 5 years	More than 5 years	Total
Liabilities arising from insurance and investment contracts	27,202	74,271	466,354	567,827	25,357	76,335	445,218	546,909
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*14,242*	*54,621*	*336,096*	*404,959*	*13,846*	*58,369*	*329,367*	*401,582*

14.9.2. Insurance and investment contract liabilities – discount rates

The table hereafter and related comments exclude contracts where the financial risk is borne by policyholders (Unit-Linked contracts).

The general principles for establishing insurance liabilities are set out in Note 1 of the consolidated financial statements. Liabilities are based on estimates, and one of the key assumptions used in these estimates is the discount rate.

As shown in the table below, as of December 31, 2012: 88% of Life & Savings reserves (excluding Unit-Linked contracts) were discounted, of which 11% were subject to a revision of the discount rate and 77% retained the rate set at inception, subject to the liability adequacy test described in Note 1.

By convention, contracts with zero guaranteed rates are deemed not-discounted, except for products offering guaranteed rates updated annually and for one year: these contracts are presented in discounted reserves. Reserves for savings contracts with non-zero guaranteed rates are discounted at the technical interest rate. Contracts for which the assumptions are revised in the financial statements at closing mainly consist of reserves for guarantees (Guaranteed Minimum Death Benefits, etc.).

In Property & Casualty and International Insurance business, most reserves (91% as of December 31, 2012) are not discounted, with the exception of disability annuities and worker's compensation liabilities that are deemed structured settlements and where the discount rate is revised regularly. Undiscounted reserves are not sensitive to interest rate risks in financial statements.

The rates presented in the table below are weighted average rates for all the portfolios under consideration. For contracts with guaranteed rates that are revised annually, rates are considered at the closing date. The risk factors associated with the contracts are set out in Note 4.

(In Euro million)	December 31, 2012		December 31, 2011	
	Carrying value	Average discount rate%	Carrying value	Average discount rate%
Life & Savings – locked-in discount rate [(a)]	260,239	2.43%	263,614	2.48%
Life & Savings – unlocked discount rate	38,624	3.12%	36,760	3.18%
Life & Savings – undiscounted reserves	40,298		37,529	
Sub-total Life & Savings	**339,161**		**337,903**	
Non Life – locked-in discount rate [(a)]	4,231	3.84%	4,182	3.87%
Non Life – unlocked discount rate	1,132	2.73%	984	2.53%
Non Life – undiscounted reserves	54,455		53,314	
Sub-total – Non Life and International Insurance	**59,818**		**58,481**	
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**398,979**		**396,384**	

Amounts are presented excluding the impact of derivatives on insurance and investment contracts (presented in Note 20.4) and excluding liabilities related to unearned revenues and fees, and to policyholders' participations. Liabilities relating to contracts where the financial risk is borne by policyholders are also excluded.

(a) Subject to liability adequacy tests (not systematic but reviewed on a regular basis).

In accordance with IFRS 7, the Group discloses, in Note 4 of its consolidated financial statements, quantitative sensitivities of the Group "Embedded Value" (as defined in the "market risks" section) to interest risk and equity price risk.

The estimated impact of the unlocking of discount rates relating to Life & Savings reserves was €625 million reserve increase for 2012 (compared to €3,175 million reserve increase for 2011) gross of policyholders' participation, tax impacts and other shadow accounting impacts and was included in the income statement of the period.

14.9.3. Major business areas

The tables in Note 21 set out the Group's major insurance business areas, and reflect the Group's high level of diversification.

14.10. EMBEDDED DERIVATIVES MEETING THE DEFINITION OF AN INSURANCE CONTRACT

AXA sells insurance contracts that contain a variety of options and guarantees for contract-holders. These features are described in Note 4. They are not embedded derivatives which AXA reports separately at fair value because:

- many of the features would be considered clearly and closely related to the host contract; and
- many of the features themselves would qualify as insurance contracts under Phase I (IFRS 4).

This Note describes the features that are embedded derivatives and meet the definition of an insurance contract on a stand-alone basis. The primary features can be divided into two main categories: guaranteed minimum death benefits (GMDBs) or guaranteed minimum income benefits (GMIBs) offered on Unit-Linked contracts and guaranteed annuity purchase rates.

GMDB features provide a guaranteed death benefit which may be higher than the contract account balances of the Unit-Linked contract, depending on performance of the Unit-Linked assets. GMIB features provide a guaranteed lifetime annuity which may be elected by the contract-holder after a stipulated waiting period, and which may be larger than what the contract account balance could purchase at then-current annuity purchase rates.

The risk of GMDB and GMIB features to AXA is that protracted under-performance of the financial markets could result in benefits being higher than the accumulated policyholder account balances could support. Reserves are established for these features on the basis of actuarial assumptions related to projected benefits and related contract charges. The determination of estimated GMDB and GMIB liabilities is based on models which involve numerous estimates and subjective judgments, including those regarding expected market rates of return and volatility, policyholders' behaviour assumptions and GMIB election rates. There can be no assurance that ultimate experience will not differ from management's estimates. In addition to providing for risk through establishing reserves, AXA also manages the risk through a combination of reinsurance programs and active financial risk management programs including derivatives.

Guaranteed annuity purchase rates provide contract-holders with a guarantee that at a future date the accumulated balance on their contract will be sufficient to purchase a lifetime annuity at currently defined rates. The risk to AXA in these features is either that longevity will improve significantly so that contract-holders electing to exercise this benefit will live longer than assumed in the guaranteed purchase rates, or that investment returns during the payout period will be lower than assumed in the guaranteed purchase rates. Reserves are established for these features on the basis of actuarial assumptions related to projected benefits and related contract charges. The determination of this estimated liability is based on models which involved numerous estimates and subjective judgments, including those regarding expected rates of return and volatility, policyholders' behaviour assumptions, mortality, and benefit election rates. There can be no assurance that ultimate experience will not differ from management's estimates. In addition to providing for risk through establishing reserves, AXA also manages these risks through asset-liability management programs including derivatives to protect against a decline in interest rates.

Note 15 Liabilities arising from banking activities

15.1. BREAKDOWN OF THE LIABILITIES ARISING FROM BANKING ACTIVITIES

	December 31, 2012		December 31, 2011	
(In Euro million)	Carrying value	Fair value	Carrying value	Fair value
Banking liabilities issued at fair value - Retail customers [a]	1,062	1,062	378	378
Retail customers	19,216	19,228	17,594	17,607
Corporate customers	7,340	7,345	1,581	1,585
Interbanking refinancing	3,289	3,291	12,452	12,453
Refinancing with central banks	252	252	791	791
Other liabilities arising from banking activities	2,538	2,604	1,131	1,145
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(204)	(204)	96	96
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**33,494**	**33,579**	**34,023**	**34,056**

(a) Banking liabilities issued at fair value that were previously included in the line "Retail customers" (€378 million in 2011) are now presented in a dedicated line. In order to present a comparable basis, corresponding amounts in 2011 (including impact of derivatives) were restated in this line.

The fair value option is used to measure certain debt from banking activities designated at fair value through profit or loss (€1,062 million in 2012 and €378 million in 2011). Such fair values are based on a majority of observable market data (see Note 9.10 for a description of observable data) and are therefore considered as level 2 instruments.

Given the short maturities of the main liabilities arising from banking activities (see below), the total fair value of amounts displayed above is close to carrying amounts.

In 2012, debt relating to investments under lending agreements and equivalent in banking activities amounted to €8,427 million.

15.2. BREAKDOWN BY MATURITY

	December 31, 2012				December 31, 2011			
	Carrying value by contractual maturity				Carrying value by contractual maturity			
(In Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
Banking liabilities issued at fair value - Retail customers [a]	125	578	359	1,062	(3)	311	70	378
Retail customers	17,711	1,376	129	19,216	15,773	1,756	65	17,594
Corporate customers	7,277	60	2	7,340	1,475	104	3	1,581
Interbanking refinancing	2,969	55	265	3,289	12,263	27	162	12,452
Refinancing with central banks	252	-	-	252	791	-	-	791
Other liabilities arising from banking activities	179	1,500	859	2,538	18	1,113	-	1,131
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	(3)	(130)	(71)	(204)	94	27	(25)	96
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**28,511**	**3,439**	**1,544**	**33,494**	**30,411**	**3,338**	**275**	**34,023**

(a) Banking liabilities issued at fair value that were previously included in the line "Retail customers" (€378 million in 2011) are now presented in a dedicated line. In order to present a comparable basis, corresponding amounts in 2011 (including impact of derivatives) were restated in this line.

Note 16 Provisions for risks and charges

16.1. BREAKDOWN OF PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges included the following items:

(In Euro million)	December 31, 2012	December 31, 2011
Employee benefits	9,564	8,822
Share-based compensation	102	64
Restructuring provisions	276	189
Lawsuits contingency provisions	333	351
Liability warranty provisions	10	9
Other provisions for risks and charges	1,503	1,324
TOTAL PROVISIONS FOR RISKS AND CHARGES	**11,789**	**10,760**

Provisions relating to employee benefits and share-based compensations are commented in Note 26 “Employees”.

As of December 31, 2012, the “Other provisions for risks and charges” mainly included provisions for tax liability (€618 million) mainly in the United States Life & Savings (€561 million). Other provisions for risks and charges other than provisions for tax liability amounted to €885 million mainly in the Company (€379 million), AXA Investments Managers (€110 million), France Property & Casualty (€71 million) and the United Kingdom and Ireland Property & Casualty (€58 million).

16.2. CHANGE IN PROVISIONS FOR RISKS AND CHARGES (EXCLUDING EMPLOYEE BENEFITS AND SHARE-BASED COMPENSATION)

Changes in provisions for risks and charges (excluding employee benefits and share-based compensation) are set out below:

(In Euro million)	2012	2011
Carrying value - January, 1	**1,873**	**1,791**
Financial cost related to unwind	6	4
Impact of change in scope of consolidation and changes in accounting method	(19)	(63)
Increase in provisions	656	701
Write back after use	(163)	(484)
Write back after final cost review	(226)	(91)
Impact of foreign exchance fluctuations	(5)	17
Carrying value - December, 31	**2,123**	**1,873**

Note 17 Financing debt

17.1. FINANCING DEBT BY ISSUANCE

(In Euro million)	Carrying value December 31, 2012	Carrying value December 31, 2011
AXA	**6,682**	**6,452**
Debt component of subordinated notes, 2.5% due 2014 (€)	2,043	1,970
Debt component of subordinated convertible notes, 3.75% due 2017 (€)	1,482	1,419
Subordinated notes, 5.25% due 2040 (€)	1,300	1,300
U.S. registered redeemable subordinated debt, 8.60% 2030 (US$)	907	923
U.S. registered redeemable subordinated debt, 7.125% 2020 (£)	398	389
Derivatives relating to subordinated debts [(a)]	553	451
AXA Financial	**153**	**155**
Surplus notes, 7.70%, due 2015	152	154
MONY Life 11.25% Surplus notes due 2024	1	1
AXA Bank Europe	**347**	**364**
Subordinated debt maturity below 10 years fixed rate	126	143
Undated Subordinated debt fixed rate	221	221
AXA-MPS Vita and Danni	**108**	**108**
Subordinated notes, euribor 6 months + 81bp	108	108
Other subordinated debt (under €100 million)	**26**	**28**
Subordinated debt	**7,317**	**7,108**
AXA	**1,841**	**1,866**
Euro Medium Term Notes, 6.0% due through 2013, and BMTN	841	866
Euro Medium Term Notes, due through 2015	1,000	1,000
AXA Financial	**264**	**268**
Senior notes, 7%, due 2028	264	268
AXA UK Holdings	**188**	**183**
GRE: Loan Notes, 6.625%, due 2023	188	183
Other financing debt instruments issued (under €100 million)	**221**	**189**
Other financing debt instruments issued (under €100 million)	220	137
Derivatives relating to other financing debt instruments issued [(a)]	1	52
Financing debt instruments issued	**2,514**	**2,506**
AXA	**830**	**806**
Other financing debt owed to credit institutions (under €100 million)	**1**	**2**
Financing debt owed to credit institutions	**831**	**807**
TOTAL FINANCING DEBT [(b)]	**10,662**	**10,421**

(a) Hedging instruments according to IAS 39 and economic hedge derivatives which are not acting as hedge under IAS 39.
(b) Excluding accrued interest on derivatives.

Derivative instruments hedging financing debt are commented in Note 20.

For the sensitivity to movements in interests rates, please refer to page 163 of the "Interest rates & Equity risk related to the operating activities of Group subsidiaries" Section.

17.2. FAIR VALUE MEASUREMENT OF FINANCING DEBT

(In Euro million)	December 31, 2012 Carrying value	December 31, 2012 Fair value	December 31, 2011 Carrying value	December 31, 2011 Fair value
Subordinated debt at cost	6,765	7,676	6,657	6,406
Derivatives on subordinated debt [(a)]	553	553	451	451
Subordinated debt	**7,317**	**8,229**	**7,108**	**6,857**
Financing debt instruments issued at cost	2,513	2,841	2,454	2,606
Derivatives on financing debt instruments issued [(a)]	1	1	52	52
Financing debt instruments issued	**2,514**	**2,842**	**2,506**	**2,658**
Financing debt owed to credits institutions at cost	831	816	807	617
Financing debt owed to credit institutions	**831**	**816**	**807**	**617**
FINANCING DEBT	**10,662**	**11,887**	**10,421**	**10,133**

(a) Hedging instruments according to IAS 39 and economic hedge derivatives which are not acting as hedge under IAS 39.

The Group does not hold any financing debt designated as at fair value through profit or loss (fair value option or trading instruments).

Information on the fair value figures presented in this Note is provided in addition to information on carrying values and should be used with caution. On the one hand, these estimates are based on closing date parameters such as interest rates and spreads, which fluctuate over time, and resulting in instantaneous values, and on the other hand because there are multiple possible methods to derive these estimates.

Data used when calculating the fair value of financing debt are period-end market data that reflect (i) interest rates by currency, (ii) AXA's average spread by maturity and currency, distinguishing subordinated and senior debt and (iii) options included in issued contracts, such as issuer redemption options.

The fair value of subordinated convertible bonds is equal to the quoted price for these instruments at the end of the period. Therefore, reported fair value includes the value of the conversion option, which is included as a component of equity.

The fair value of financing debt as of December 31, 2012, excluding accrued interests, was €11,887 million, including related hedging derivative instruments. The fair value increased by €1,754 million compared to December 31, 2011 mainly due to the decrease in credit spreads in the period.

17.3. EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of financing debt (excluding the impact of derivatives detailed in Note 20.4). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

(In Euro million)	Carrying value of financing debt by contractual maturity as of December 31			
	12 months or less	More than 1 year up to 5 years	More than 5 years	Total carrying value
2012	1,059	5,741	3,309	10,109
2011	40	5,175	4,703	9,918

Note 18 Payables

18.1. BREAKDOWN OF PAYABLES

(In Euro million)	Carrying value December 31, 2012	Carrying value December 31, 2011 [(a)]
Minority interests of consolidated investment funds and other puttable instruments held by minority interest holders	**3,775**	**3,896**
Other debt instrument issued, notes and bank overdraft [(b)]	**4,510**	**6,272**
Payables arising from direct insurance and inward reinsurance operations	**8,955**	**7,212**
Deposits and guarantees	1,083	1,169
Current accounts payables to other insurance companies	571	231
Payables to policyholders, brokers and general agents	7,301	5,812
Payables arising from direct outward reinsurance operations	**5,352**	**5,179**
Deposits and guarantees	1,409	1,360
Current accounts payable to other companies	3,936	3,812
Other payables	7	7
Payable - current tax position	**1,170**	**1,194**
Debt relating to investments under lending agreements and equivalent [(c)]	**24,397**	**27,509**
Other payables	**17,373**	**18,130**
PAYABLES	**65,531**	**69,391**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(b) Other activities than banking operations.
(c) Excludes debt relating to investments under lending agreements and equivalent in Bank segment (Note 15).

Movements in the **"Minority interests in consolidated investment funds"** caption depend on:

- changes in minority interests in consolidated investment funds and changes in their fair value. There is an identical change in invested assets held by these funds;
- buyouts of minority interests for which the Group holds an unconditional commitment. Entries balancing these movements are recorded in goodwill.

Minority interests in funds under this caption, totaled €3,775 million as of December 31, 2012 (€3,896 million as of December 31, 2011).

"Debt relating to investments under lending agreements and equivalent" totaled €24,397 million as of December 31, 2012, a decrease of €3,112 million compared with December 31, 2011, or €2,580 million at constant exchange rate, mainly due to decrease of repurchase agreements activity in Japan.

18.2. OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS (OTHER THAN FINANCING DEBT) BY ISSUANCE

Other debt instruments issued, notes and bank overdrafts (other than financing debt) by issuance are described below:

	Carrying value	
(In Euro million)	December 31, 2012	December 31, 2011
AXA SA	**801**	**2,530**
Commercial paper	801	2,530
AXA Financial	**1,080**	**250**
Commercial paper	1,080	250
AllianceBernstein	**245**	**343**
Short term commercial paper, 4.3%	245	343
Other	**258**	**285**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**2,384**	**3,407**
France	**201**	**200**
Arche Finance - convertible loans due 2014	201	200
Real estate investment funds	**1,452**	**1,635**
ERIV: amortizing loan - Euribor 3M + 145 bps, due 2013	175	180
ERIV: mortgage loan based on Euribor 3M + 85bps, due 2013 + 2x1 year	84	88
ERIV2: Euribor 3M + 85 bps, due 2014	92	92
Vendome Commerce: mortgage loan based on Euribor 3M + 145bps, due 2013	173	180
REOF2: mortgage loan based on Euribor 3M + 65bps, due 2012	-	113
APIV+EHV: mortgage loan based on Euribor 3M + 120bps, due 2015	101	96
APIV+EHV: mortgage loan based on Libor CHF 3M + 120bps, due 2015	74	74
APIV+EHV: amortizing loan based on Euribor 3M + 160bps, due 2015	40	40
Other debt	715	772
OTHER DEBT (OTHER THAN FINANCING DEBT) - OWED TO CREDIT INSTITUTIONS	**1,681**	**1,835**
Bank overdrafts	**445**	**1,029**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS (OTHER THAN FINANCING DEBT)	**4,510**	**6,272**

As of December 31, 2012, other debt instruments issued and bank overdrafts (other than financing debt) totaled €4,510 million, a decrease of €1,761 million compared to December 31, 2011, mainly due to decrease of commercial papers in the Company during the year (€-1,729 million) and bank overdrafts in the Life & Savings segment (€-538 million), partly offset by increase of commercial papers in the US holdings (€+828 million).

18.3. FAIR VALUE MEASUREMENT OF OTHER DEBT INSTRUMENTS ISSUED AND BANK OVERDRAFTS (OTHER THAN FINANCING DEBT)

The fair value of other debt instruments issued and bank overdrafts (other than financing debt) was €4,529 million as of December 31, 2012. Among the elements included in the preceding table, fair value is only calculated for other debt instruments issued.

As of December 31, 2012 and December 31, 2011, the Group did not hold any debt other than financing debt designated as at fair value through profit or loss.

Such fair values are based on a majority of observable market data (see Note 9.10 for a description of observable data) and are therefore classified as level 2 instruments.

18.4. PAYABLES ARISING FROM DIRECT INSURANCE, INWARD REINSURANCE OPERATIONS AND DIRECT OUTWARD REINSURANCE OPERATIONS

As of December 31, 2012, payables arising from direct insurance and inward reinsurance operations totaled €8,955 million, an increase of €1,742 million compared to December 31, 2011 mainly due to increase of brokers and general agents payables in Property & Casualty segment.

As of December 31, 2012, payables arising from direct outward reinsurance operations totaled €5,352 million, an increase of €173 million compared to December 31, 2011.

Payables arising from direct insurance, inward reinsurance and direct outward reinsurance operations are measured at amortized cost.

18.5. EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of other debt instruments issued, notes and bank overdrafts (excluding the impact of derivatives – detailed in Note 20.4). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	Carrying value of other debt instrument issued, notes and bank overdrafts by contractual maturity			
(In Euro million)	**12 months or less**	**More than 1 year up to 5 years**	**More than 5 years**	**Total carrying value**
2012	3,079	1,135	296	4,510
2011	4,756	1,009	507	6,272

Note 19 Tax

19.1. TAX EXPENSE

19.1.1. Breakdown of tax expense between current and deferred tax

The income tax charge was split as follows:

(In Euro million)	December 31, 2012	December 31, 2011 Restated [(a) (b)]
Income tax - France	**134**	**133**
Current	362	(596)
Deferred	(228)	728
Income tax - Foreign countries	**1,001**	**878**
Current	1,534	264
Deferred	(533)	614
TOTAL INCOME TAX FROM CONTINUED OPERATIONS	**1,135**	**1,011**
Income tax from discontinued operations (current)	-	85
Income tax from discontinued operations (deferred)	-	(6)
INCOME TAX FROM DISCONTINUED OPERATIONS	**-**	**79**
TOTAL INCOME TAX	**1,135**	**1,090**

(a) As described in Note 1.10, the contribution of discontinued Canadian operations is reclassified on a separate line of the income statement in order to present a comparable basis.

(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

19.1.2. Tax proof

The reconciliation between the theoretical tax charge (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge was as follows:

(In Euro million)	December 31, 2012	December 31, 2011 Restated (a) (b)
Income from operating activities, gross of tax expenses (excluding discontinued activities and result from investments consolidated using equity method)	5,299	4,328
Notional tax rate	36.10%	36.10%
Notional tax charge	**1,913**	**1,562**
Impact of rates difference on notional tax charges	(328)	(348)
Impact of change in tax rates	(27)	28
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	(148)	(64)
Impact of differences in tax rates and tax bases	**(503)**	**(384)**
Tax losses of prior years used in the current year without DTA recognized previously	(13)	(23)
Deferred tax assets recognized on tax losses of prior years	(51)	(4)
Deferred tax assets not recognized on tax losses of the year	34	52
Derocognition of deferred tax assets on tax losses of prior years (c)	11	20
Tax losses impact	**(19)**	**45**
Impact of permanent differences	**(229)**	**92**
Adjustments of tax relating to prior years	(63)	(335)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) (c)	4	(2)
Other	32	33
Impact of adjustments, decrease in value and other items	**(27)**	**(304)**
EFFECTIVE TAX CHARGE	**1,135**	**1,011**
EFFECTIVE TAX RATE (%)	**21.42%**	**23.37%**

(a) As described in Note 1.10, the contribution of 2011 discontinued Canadian operations is classified on a separate line of the income statement.
(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(c) Derecognition of DTA (Deferred Tax Assets) arising on tax losses is shown in "Tax losses impact".

The impact of rate differences on notional tax charge represents the difference between the expected tax calculated at each entity level with the applicable standard rate and the tax calculated using the 36.10% French tax rate applicable to the Company. The blended standard rate was 30% in 2012 and 28% in 2011.

Permanent differences mainly represent the impact in some countries of non-deductible financial impairments and realized capital losses on equity instruments, or non taxable dividends and realized capital gains on equity instruments.

In 2011, the impact of the goodwill reduction in the United States activities, which was not tax deductible, was partly offset by the reduced taxation of capital gains in respect of the stake in Taikang Life and Australian and New Zealand operations disposals.

In 2012, adjustments of tax relating to prior years (€-63 million) mainly included positive tax benefits following tax audit settlements in the United States Life & Saving, AllianceBernstein and Germany.

In 2011, adjustments of tax relating to prior years (€-335 million) mainly included positive tax benefits following tax audit settlements in the United States Life & Saving, AllianceBernstein and Germany.

19.2. DEFERRED TAX

Net deferred tax balances broke down as follows:

(In Euro million)	December 31, 2012			December 31, 2011 Restated [a]
	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
Deferred tax Assets/(liabilities) concerning:				
■ Profit or loss	11,553	10,255	1,298	557
■ Reserves relating to the fair value adjustment of available for sale assets	6,045	10,876	(4,831)	(2,157)
■ Reserves relating to hedge accounting and other items	50	144	(95)	(12)
■ Reserves relating to gains and losses on defined benefits pension plans	1,480	2	1,478	1,150
■ Reserves relating to stock options	1	-	1	-
Net deferred tax excluding policyholders' tax	**19,128**	**21,277**	**(2,149)**	**(462)**
Policyholder tax - Net deferred tax assets/(liabilities)	**-**	**-**	**-**	**-**
TOTAL NET DEFERRED TAX	**19,128**	**21,277**	**(2,149)**	**(462)**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

In the table above, the net deferred tax position corresponds to the difference between deferred tax assets (DTA) and deferred tax liabilities (DTL) carried on the Group's consolidated statement of financial position. Note that the breakdown of DTA/DTL disclosed in these tables corresponds to the deferred tax before the netting that occurs for balance sheet presentation purpose as required by IAS 12-74.

The change from net liability position €-462 million in 2011 to €-2,149 million in 2012 mainly came from a significant increase in unrealized capital gains on fixed income assets.

(In Euro million)	December 31, 2012			December 31, 2011 Restated [a]		
	Net deferred tax excluding policyholders' tax	Policyholders' tax - Net deferred tax	Total net deferred tax	Net deferred tax excluding policyholders' tax	Policyholders' tax - Net deferred tax	Total net deferred tax
Opening	**(462)**	**-**	**(462)**	**(1)**	**-**	**(1)**
Movements through profit or loss	762	-	762	(1,355)	12	(1,342)
Movements through shareholders' equity [b]	(2,505)	-	(2,505)	106	5	111
Forex impact	78	-	78	(79)	-	(79)
Change in scope and other variations	(21)	-	(21)	868	(17)	851
Closing	**(2,149)**	**-**	**(2,149)**	**(462)**	**-**	**(462)**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(b) The movements through shareholders' equity mainly concern net investment hedge in the Company, revaluation of assets through shareholders' equity and employee benefits actuarial gains and losses.

In 2011, the change in scope and other variations mainly corresponded to (i) the disposal of Canadian operations as well as, Australian and New Zealand operations, (ii) the impact of minority interests' buyout of AXA APH Asian activities, and (iii) retrospective restatement for the voluntary change in accounting policy on deferred acquisition costs (please refer to Note 1.2.1).

Recognized Deferred Tax Assets (DTA) on tax loss carried forward by maturity and expiration date

The tables below break down (i) in the first part the maturity by which the Group expects to use the DTA accounted at year end and the corresponding tax losses carried forward, (ii) in the second part, the "expiration date" of the DTA, i.e. the latest date at which the Group could use them.

The decrease in tax losses carried forward in 2012 mainly concerns the United States Life & Savings.

€19,128 million Deferred Tax Assets (DTA) included €2,160 million of DTA on tax losses carried forward as of December 31, 2012.

	2012									
(In Euro million)	DTA maturity date 1 year	DTA maturity date 2 years	DTA maturity date 3 years	DTA maturity date 4 years	DTA maturity date 5 years	DTA maturity date 6 years	DTA maturity date between 7 and 11 years	DTA maturity date > 11 years	No maturity date	TOTAL
	Expected date of use									
DTA recognised on tax losses carried forward	**204**	**177**	**255**	**617**	**108**	**140**	**163**	**498**	**-**	**2,160**
Corresponding carry forward losses	722	647	895	1,905	380	426	513	1,593	-	7,082
	Latest date of possible use									
DTA recognised on tax losses carried forward	**8**	**14**	**7**	**21**	**77**	**16**	**73**	**114**	**1,830**	**2,160**
Corresponding carry forward losses	31	51	30	66	345	49	222	366	5,921	7,082

In 2011, the €462 million net DTL position included €15,316 million DTA of which €2,517 million DTA on tax losses carried forward.

	2011 Restated [(a)]									
(In Euro million)	DTA maturity date 1 year	DTA maturity date 2 years	DTA maturity date 3 years	DTA maturity date 4 years	DTA maturity date 5 years	DTA maturity date 6 years	DTA maturity date between 7 and 11 years	DTA maturity date > 11 years	No maturity date	TOTAL
	Expected date of use									
DTA recognised on tax losses carried forward	**836**	**215**	**296**	**355**	**203**	**42**	**50**	**519**	**-**	**2,517**
Corresponding carry forward losses	2,461	708	954	1,123	629	135	171	1,717	-	7,898
	Latest date of possible use									
DTA recognised on tax losses carried forward	**18**	**13**	**20**	**61**	**33**	**101**	**13**	**537**	**1,720**	**2,517**
Corresponding carry forward losses	63	54	69	193	110	290	56	1,555	5,509	7,898

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

Unrecognized Deferred Tax Assets (DTA)

The amount of the potential Deferred Tax Assets (DTA) which has not been recorded in the accounts at the end of the year as considered unrecoverable represented €503 millions (€544 million in 2011) of which:

- €401 million concerned unrecognized DTA on €1,728 million tax losses carried forward (€366 million DTA on €1,422 million tax losses carried forward in 2011). The major part of these losses has no maturity date (€1,447 million in 2012 and €1,259 million in 2011);
- €101 million related other unrecognized deferred tax assets (€178 million in 2011).

Note 20 Derivative instruments

This Note includes all types of derivatives excluding derivative instruments that meet the definition of equity instruments (see Note 13 for details) or derivative instruments held by consolidated investment funds in the “satellite investment portfolio” (see Note 1.7.2) which are recognized at fair value in accordance with IAS 39.

20.1. DERIVATIVE INSTRUMENTS: MATURITIES, NOTIONAL VALUES AND FAIR VALUES

	Maturity of notional amount as of December 31, 2012 [(a)]			Notional amount		Positive fair value		Negative fair value		Net fair value	
(In Euro million)	< 1 year	1 to 5 years	> 5 years	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Interest rates derivatives	52,265	89,113	137,565	278,943	230,248	11,515	11,045	9,887	9,285	1,628	1,760
Equity derivatives	17,611	4,724	764	23,100	27,085	1,061	1,269	1,043	1,087	18	182
Currencies derivatives	74,195	32,598	5,200	111,993	166,572	2,284	3,156	3,645	6,133	(1,361)	(2,977)
Credit derivatives	5,413	12,534	3,673	21,620	23,208	185	346	520	1,116	(335)	(769)
Other derivatives	14,422	1,662	7,432	23,516	16,763	270	376	940	670	(670)	(294)
TOTAL	**163,906**	**140,631**	**154,635**	**459,172**	**463,876**	**15,314**	**16,192**	**16,034**	**18,290**	**(721)**	**(2,098)**

Note: This table includes all derivatives (assets and liabilities), i.e. hedge, macro-hedge and other, asset or liability positions as described in Note 1.9.
(a) By convention, notional amounts are displayed in absolute value, and exclude potential netting out.

20.2. HEDGE ACCOUNTING DERIVATIVES

Hedging derivative instruments are broken down as follows:

	December 31, 2012									
	Derivative instruments used in fair value hedging relationship		Derivative instruments used in cash flow hedging relationship		Derivative instruments used in hedges of net investment in a foreign operation		Macro-hedges and other derivative instruments not qualifying under IAS 39 but generally used as economic hedges		Total	
(In Euro million)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	22,418	(1,504)	2,732	411	-	-	253,793	2,722	278,943	1,628
Equity derivatives	1,846	(296)	-	-	-	-	21,253	314	23,100	18
Currencies derivatives	2,911	(3)	552	88	6,166	(199)	102,365	(1,246)	111,993	(1,361)
Credit derivatives	5,056	(119)	-	-	-	-	16,564	(216)	21,620	(335)
Other derivatives	-	-	2,965	(425)	-	-	20,550	(246)	23,516	(670)
TOTAL	**32,231**	**(1,923)**	**6,250**	**74**	**6,166**	**(199)**	**414,526**	**1,327**	**459,172**	**(721)**

Note: This table includes all derivatives (assets and liabilities), i.e. hedge, macro-hedge and other, asset or liability positions as described in Note 1.9.

	December 31, 2011									
	Derivative instruments used in fair value hedging relationship		Derivative instruments used in cash flow hedging relationship		Derivative instruments used in hedges of net investment in a foreign operation		Macro-hedges and other derivative instruments not qualifying under IAS 39 but generally used as economic hedges		Total	
(In Euro million)	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	22,690	(1,284)	2,877	220	13	-	204,668	2,825	230,248	1,760
Equity derivatives	948	61	-	-	-	-	26,137	121	27,085	182
Currencies derivatives	4,645	(177)	617	32	42,918	(2,496)	118,392	(337)	166,573	(2,977)
Credit derivatives	6,409	(44)	50	4	272	9	16,477	(738)	23,208	(769)
Other derivatives	-	-	2,059	(345)	-	-	14,704	51	16,763	(294)
TOTAL	**34,693**	**(1,445)**	**5,603**	**(89)**	**43,202**	**(2,486)**	**380,378**	**1,922**	**463,876**	**(2,098)**

Note: This table includes all derivatives (assets and liabilities), i.e. hedge, macro-hedge and other, asset or liability positions as described in Note 1.9.

As of December 31, 2012, the notional amount of all derivative instruments totaled €459.2 billion (€463.9 billion at the end of 2011). Their net fair value as of December 31, 2012 totaled €-721 million (€-2,098 million at the end of 2011).

AXA uses derivatives primarily to hedge various risks stemming from both sides of the balance sheet in the context of its Asset Liability Management (ALM) strategy in insurance companies, as well as holdings and banks. Notional amount of such hedging strategies amounted to €447.7 billion and include:

- **(i)** managing interest rate exposures on fixed maturity investments, long-term debt and guaranteed interest rates on insurance contracts;
- **(ii)** reducing foreign-currency exposures on foreign-currency denominated investments and liabilities;
- **(iii)** managing liquidity positions (including the ability to pay benefits and claims when due) in connection with asset-liability management and local regulatory requirements for insurance and banking operations;
- **(iv)** limiting equity risk; and
- **(v)** limiting credit risk with regard to certain investments in corporate debt instruments.

AXA also uses derivatives as an alternative to gain exposure to certain asset classes through "synthetic positions", for example, holding cash and equity futures instead of physical equities. Another example is the combination of government bonds and credit default swaps (CDS) as a synthetic position and an alternative to the direct purchase of a corporate bond. These schemes do not add any specific risks compared with other investment assets.

The notional amount of derivatives which is used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments most certainly overstates the level of activity and does not directly measure risk as it greatly exceeds the possible credit and market loss that could arise from such transactions. It does not represent the amounts that are effectively exchanged by the parties, and thus is not a measure of the Group's exposure to derivative instruments. For example, the Group is exposed to credit risk in respect of its counterparties to the derivative instruments, but is not exposed to credit risk on the entire notional amounts. AXA actively manages counterparty risk generated by derivatives through a specific Group-wide policy. This policy includes a limit framework and an exposure monitoring process. Limits are specifically set for each authorized counterparty, based on an internal scoring system. This policy also includes daily to weekly collateralization for the majority of the Group's exposure.

For further detail on Asset Liability Management governance, please refer to page 158 of Section 3.3 "Quantitative and Qualitative Disclosures about Market Risk and Risk Factors".

The market turmoil that started in 2008 has increased the importance of risk management and led to additional hedging activity. While AXA's liabilities remained almost stable, the notional amount of the derivatives used by AXA almost doubled over the 2006-2012 period. The rise in derivative activity was part of AXA's risk management response to such a tumultuous environment.

Moreover, regulatory developments will most likely continue to increase derivative hedging activities. Indeed, in a regime where the capital requirements are based on the value at risk over a one-year horizon of the marked-to-market balance sheet, the extensive use of derivatives is the major way to decrease the risk of the options and guarantees that are implicit in most Life & Savings products and some Property & Casualty products.

In the tables above, the fourth column includes derivatives that do not qualify for hedge accounting under IAS 39, but whose objective is nevertheless to provide economic hedging of a risk, with the exception notably of certain credit derivatives. They also include "macro-hedging" derivatives as defined by the IASB in IAS 39.

In 2012 the notional amount of hedging derivative instruments as defined by IAS 39 (fair value hedge, cash flow hedge and net investment hedge) of the Group was €44,646 million versus €83,498 million in 2011. The net fair value recorded was €-2,048 million as of December 31, 2012, versus €-4,020 million in 2011.

20.2.1. Interest rate derivative instruments

The AXA Group's primary interest rate exposure is related to contracts with guaranteed benefits and the risk that the value of the financial assets purchased with the consideration received from the contract holders is insufficient to fund the guaranteed benefits and expected discretionary participation payable to them. To hedge against potential adverse market conditions, derivative strategies are used to reduce the risk arising from the guarantee liability over time.

As of December 31, 2012, the notional amount of interest rate derivative instruments totaled €278,943 million (€230,248 million at the end of 2011). Their net fair value as of December 31, 2012 totaled €1,628 million (€1,760 million at the end of 2011). AXA mainly uses (i) interest rate Swaps (65% of total notional amount of interest rate derivative instruments), (ii) interest rate options (23%), and (iii) futures and forwards (11%).

These instruments are mainly used to:

(i) hedge interest rate risk and interest volatility risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, mainly in the United-States Life & Savings (notional amounts of €39,639 million in 2012 versus €36,491 million in 2011), Germany Life & Savings (notional amount of €21,914 million in 2012 versus €23,200 million in 2011) and in Japan Life & Savings (notional amount of €14,214 million in 2012 versus €12,418 million in 2011);

(ii) manage duration gap and/or hedge convexity risk between assets and liabilities on the General Account as a part of Asset Liability Management strategy mainly in the United-States Life & Savings (notional amount of €4,465 million in 2012 versus €2,620 million at the end of 2011), in Japan Life & Saving for €23,558 million in 2012 (versus €13,199 million in 2011), and in the France Life & Saving for €36,764 million (versus €23,330 million in 2011);

(iii) minimize the cost of Group debt and limit the short-to-medium term volatility of its net interest expenses mainly in the Company, with notional amount of €80,348 million in 2012 versus €53,055 million in 2011. This increase was mainly driven by the lengthening of interests rates debt position in order to protect the future net financial charges from increase of interest rates and other changes following the refinement of its foreign currency hedging policy;

(iv) hedge interest rate risk exposures arising in the context of its ordinary banking activities, mainly at AXA Bank Europe, in order to manage an interest rate exposure between its interest-earning assets and interest-bearing liabilities mainly by interest rate swaps (notional value of €18,809 million in 2012 versus €27,286 million in 2011).

20.2.2. Equity derivatives instruments

As of December 31, 2012, the notional amount of equity derivative instruments totaled €23,100 million (€27,085 million at the end of 2011). Their net fair value as of December 31, 2012 totaled €18 million (€182 million at the end of 2011). AXA mainly uses (i) Equity futures and forwards (47% of total notional amount of equity derivative instruments) and (ii) Equity puts and calls (35%).

These instruments are mainly used to:

(i) hedge equity risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, mainly in the United States Life & Savings (notional amount of €9,951 million in 2012 compared with €10,031 in 2011), and Japan Life & Savings (notional amount of €757 million in 2012 compared with €663 million in 2011);

(ii) hedge the exposure to equity risk within the General Account assets, protecting policyholders' investments and their guaranteed liability over time, mainly in the United States Life & Savings (notional amount of €1,757 million in 2012 compared with €600 million in 2011), in Japan Life & Saving for €979 million (versus €1,264 million in 2011), and in the France Life & Saving for €36 million (versus €7 million in 2011);

(iii) hedge equity exposures relating to the Group investments in strategic shares (€2,472 million compared with €2,141 million in 2011).

20.2.3. Currency derivative instruments

The Group has entered into different currency instruments to reduce its exposure to foreign currency risk. Currency derivative instruments represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

In 2012, the notional amount of currency derivative amounted to €111,993 billion versus €166,572 million in 2011. Their market value was €-1,361 million versus €-2,977 million in 2011. AXA mainly uses (i) Currency future and forward contracts (49% of total notional amount of currency derivative instruments), (ii) Currency swaps (43%) and (iii) Currency option contracts (8%).

Main objective of currency derivatives instruments is to limit variations in net foreign currency-denominated assets resulting from movements in exchange rates in order to protect partially or in full the value of AXA's net foreign-currency investments in its subsidiaries and thus reduce the variability of Group consolidated shareholder's equity against currency fluctuations, but also of others key indicators such as liquidity, gearing and solvency ratios. Notional amounts of derivatives used by the Company to hedge the foreign currency exposure decreased from €107,596 million in 2011 to €47,741 million in 2012, as a result of the partial unwinding of net investment hedge strategies in JPY and CHF, in line with the refinement of its foreign currency hedging policy.

Currency derivative instruments are also used to hedge foreign exchange mismatch between assets and liabilities. While most of the operating units' commitments are matched by assets denominated in the same currency, some entities may invest in foreign currency denominated assets to diversify their investments. This is the case mainly in (i) Japan Life & Savings using future and forward foreign currency contracts to hedge exchange-rate risk arising from its investments in fixed-maturity debt instruments denominated in non JPY currencies with a total notional amount of €17,076 million in 2012 versus €18,173 million in 2011, and (ii) Switzerland using such contracts to hedge exchange rate risk arising from their investments in equities and debt instruments denominated in non CHF currencies (mainly € and US$) with a total notional amount of €29,045 million in 2012 versus €26,280 million in 2011.

In accordance with IAS 21 and IAS 39, the translation difference relating to these debt instruments is recognized in profit & loss and offsets most of the change in market value of associated derivative instruments, which is also recognized in profit & loss.

20.2.4. Credit derivative instruments (CDS)

The Group, as part of its investment and credit risk management activities, uses strategies that involve credit derivatives, which consist mainly of Credit Default Swaps (CDS). These instruments are used as an alternative to corporate bonds portfolios, when coupled with government debt instruments, but also as a protection on single names or specific portfolios.

In 2012, the notional amount of credit derivatives held by the Group was €21,620 billion compared to €23,208 million in 2011 (excluding the instruments held within investment funds of the "satellite investment portfolio" (€1,372 million); see Note 1.7.2).

Credit derivative instruments are mainly used to:

(i) hedge credit risk involving the purchase of CDS as a protection mainly on single corporate names or specific portfolios (notional amount of €5,271 million in 2012 versus €2,809 million in 2011);

(ii) implement credit risk hedging strategies by purchasing bonds and protection on the same name (i.e. CDS). During stressed market conditions, the credit derivative market is indeed more liquid than the cash market. For instance, holders of cash bonds may be unwilling or unable to sell the bonds that they hold as part of their longer-term investment strategies. For this reason, rather than simply selling their bonds, they turn to the CDS market to buy protection on a specific company or issuer and thus, contribute to increase the CDS market liquidity. This creates hedging opportunities (i.e. bond spread is higher than CDS spread) where the Group can hedge the underlying asset at an attractive price. In fact, through hedging strategies, insurance companies execute Negative Basis Trade (NBT) strategies, leading to the creation of an asset that can be compared to a risk-free asset. CDS protections used by AXA in this context amounted to €5,056 million in 2012 versus €6,681 million in 2011;

(iii) enhance the return mainly on government bonds portfolios by holding government bonds and at same time selling protection on very good quality names as an alternative to the direct purchase of a corporate bond. This type of ALM strategy is implemented to compensate for the lack of depth or liquidity in some markets by taking a synthetic credit risk (notional amount of €11,294 million in 2012 versus €13,718 million in 2011).

20.3. EFFECT OF HEDGING ON FINANCIAL INVESTMENTS

The impact of derivative instruments is presented in the consolidated statement of financial position within their related underlying financial assets (and liabilities see Note 20.4). The table below sets out the impact of derivative instruments on the related underlying assets.

	December 31, 2012								
	Insurance			Other activities			Total		
(In Euro million)	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]	Net book value excluding effect of derivatives [a]	Impact of derivative instruments [b]	Net book value including effect of derivatives [c]
Investment in real estate properties	**17,191**	**-**	**17,192**	**2,461**	**-**	**2,461**	**19,652**	**-**	**19,653**
Debt instruments	379,301	(1,073)	378,228	10,517	(244)	10,273	389,818	(1,317)	388,501
Equity securities	19,383	(73)	19,309	2,950	(126)	2,824	22,332	(199)	22,133
Non consolidated investment funds	11,682	25	11,707	1,013	-	1,013	12,694	25	12,720
Other investments [d]	4,755	23	4,777	1	-	1	4,755	23	4,778
Macro-hedge and other derivatives	(1)	1,676	1,675	-	(1,988)	(1,988)	(1)	(313)	(314)
TOTAL FINANCIAL INVESTMENTS	**415,119**	**578**	**415,697**	**14,480**	**(2,358)**	**12,122**	**429,599**	**(1,781)**	**427,819**
Loans	**25,788**	**(16)**	**25,772**	**21,157**	**(541)**	**20,616**	**46,945**	**(557)**	**46,388**
Assets backing contracts where the financial risk is borne by policyholders	**147,171**	**(9)**	**147,162**	**-**	**-**	**-**	**147,171**	**(9)**	**147,162**
TOTAL INVESTMENTS	**605,270**	**553**	**605,823**	**38,098**	**(2,899)**	**35,199**	**643,368**	**(2,346)**	**641,022**

(a) Carrying value, i.e net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(b) Including macro-hedge and other derivatives.
(c) Carrying value (see (a)), but including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(d) Other investments held through consolidated investment funds designated as at fair value through profit or loss.

(In Euro million)	December 31, 2011								
	Insurance			Other activities			Total		
	Net book value excluding effect of derivatives (a)	Impact of derivative instruments (b)	Net book value including effect of derivatives (c)	Net book value excluding effect of derivatives (a)	Impact of derivative instruments (b)	Net book value including effect of derivatives (c)	Net book value excluding effect of derivatives (a)	Impact of derivative instruments (b)	Net book value including effect of derivatives (c)
Investment in real estate properties	**16,061**	**-**	**16,061**	**2,574**	**-**	**2,574**	**18,635**	**-**	**18,635**
Debt instruments	359,950	(1,688)	358,262	12,651	(142)	12,510	372,601	(1,829)	370,772
Equity securities	17,164	(89)	17,075	2,326	2	2,328	19,490	(86)	19,404
Non consolidated investment funds	11,839	(158)	11,682	719	-	719	12,559	(158)	12,401
Other investments (d)	5,386	27	5,413	1	-	1	5,386	27	5,413
Macro-hedge and other derivatives	(169)	1,452	1,283	-	(2,500)	(2,500)	(169)	(1,049)	(1,218)
TOTAL FINANCIAL INVESTMENTS	**394,169**	**(455)**	**393,715**	**15,698**	**(2,640)**	**13,057**	**409,867**	**(3,095)**	**406,772**
Loans	**25,085**	**(35)**	**25,050**	**19,998**	**(365)**	**19,634**	**45,083**	**(399)**	**44,684**
Assets backing contracts where the financial risk is borne by policyholders	**134,227**	**4**	**134,230**	**-**	**-**	**-**	**134,227**	**4**	**134,230**
TOTAL INVESTMENTS	**569,542**	**(486)**	**569,056**	**38,270**	**(3,005)**	**35,264**	**607,812**	**(3,491)**	**604,321**

(a) Carrying value, i.e net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(b) Including macro-hedge and other derivatives.
(c) Carrying value (see (a)), but including effect of hedging instruments (IAS 39), economic hedging instruments not acting as hedging under IAS 39, macro-hedge and other derivatives.
(d) Other investments held through consolidated investment funds designated as at fair value through profit or loss.

20.4. EFFECT OF HEDGING ON LIABILITIES

The impact of derivative instruments is presented in the balance sheet within their related underlying financial liabilities (and assets see Note 20.3). The tables below set out the impact of derivative instruments on the related underlying liabilities.

20.4.1 Liabilities arising from insurance and investment contracts

(In Euro million)	December 31, 2012			December 31, 2011		
	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of derivatives	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of derivatives
Liabilities arising from insurance contracts	362,378	(929)	361,449	358,146	(612)	357,534
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	113,921	(29)	113,891	104,642	(167)	104,475
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACT	**476,299**	**(959)**	**475,340**	**462,788**	**(779)**	**462,009**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**70,664**	**(56)**	**70,608**	**68,195**	**(36)**	**68,158**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**(1,038)**	**(1,038)**	**-**	**(1,241)**	**(1,241)**

20.4.2 Liabilities (and assets) arising from banking activities

As of December 31, 2012, the fair value of derivatives related to banking liabilities shown in Note 15 are used to hedge interest rate risk exposures in the context of ordinary banking activities, in order to achieve an appropriate interest rate spread between its interest earning assets and interest bearing liabilities. Related hedged assets are disclosed in Note 9.4.2 and liabilities in Note 15.

20.4.3 Other financial liabilities

	December 31, 2012			December 31, 2011		
(In Euro million)	Carrying value excluding effect of derivative instruments	Impact of derivative instruments	Carrying value including effects of derivative instruments	Carrying value excluding effect of derivative instruments	Impact of derivative instruments	Carrying value including effects of derivative instruments
Subordinated debt	6,765	553	7,317	6,657	451	7,108
Financing debt instruments issued	2,513	1	2,514	2,454	52	2,506
Financing debt owed to credit institutions	831	-	831	807	-	807
FINANCING DEBT [a]	**10,109**	**553**	**10,662**	**9,918**	**503**	**10,421**
Liabilities arising from banking activities	**33,698**	**(204)**	**33,494**	**33,927**	**96**	**34,023**
PAYABLES	**65,453**	**78**	**65,531**	**69,328**	**64**	**69,391**

(a) Financing debt are disclosed in the balance sheet net of the impact of derivatives. As a result, the amount showing in the column "value including effect of derivatives" is their carrying value.

20.5. BREAKDOWN OF DERIVATIVE INSTRUMENTS BY VALUATION METHOD

	December 31, 2012				December 31, 2011			
	Instruments quoted in an active market	Instruments not quoted in an active market - No active market			Instruments quoted in an active market	Instruments not quoted in an active market - No active market		
(In Euro million)	Fair value determined directly by reference to an active market (level 1)	Fair value based on a majority of observable market data (level 2)	Fair value not based on a majority of observable market data (level 3)	Total	Fair value determined directly by reference to an active market (level 1)	Fair value based on a majority of observable market data (level 2)	Fair value not based on a majority of observable market data (level 3)	Total
Net value of derivative instruments - assets (1)	**651**	**(2,997)**	**0**	**(2,346)**	**(570)**	**(2,922)**	**1**	**(3,491)**
Derivative instruments relating to insurance and investment contracts	2	(2,055)	-	(2,053)	20	(2,078)	3	(2,056)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	553	-	553	-	503	-	503
Macro-hedge banking activities and other derivatives	39	(165)	-	(126)	75	85	-	160
Net value of derivative instruments - liabilities (2)	**41**	**(1,666)**	**-**	**(1,625)**	**95**	**(1,491)**	**3**	**(1,393)**
NET FAIR VALUE (1)-(2)				**(721)**				**(2,098)**

Principles applied by the Group in order to proceed with the classification of financial instruments into the IAS 39 fair value hierarchy categories and the fair value hierarchy applicable to such instruments are described in Note 9.10. Same principles apply as far as derivatives instruments are concerned.

ASSETS FOR WHICH FAIR VALUE IS NOT BASED ON A MAJORITY OF OBSERVABLE MARKET DATA – LEVEL 3

Among amounts presented as level 3, fair values determined in whole or in part using a valuation technique based on assumptions that are not supported by a majority of prices from observable current market transactions in the same instrument or a majority of available observable market data represented as of December 31, 2012 net fair values of €0.2 million of derivatives held by the Group (including an estimation of the extent to which external quotes on inactive markets are based on observable data), in comparison with net fair values of €-1 million as of December 31, 2011. There was no significant transfer in or out of the level 3 category and all changes relate to changes in fair value through income or expirations.

The identification of such derivatives among assets held at fair value representing instruments not quoted in an active market involves a significant level of judgment. Inputs provided by external pricing services, information observable on data providers screens, rating agencies, external surveys are considered as observable. The extent to which such data are external to the Group and not assessed by internal valuation teams is one of the main criteria applied in assessing whether data are observable or not. Should those data be significantly adjusted or would they be outdated because of the lack of new available factors, such inputs would be deemed unobservable. Another area of judgment is the assessment of the significance of an input against the fair value measurement in its entirety. As a result, a different cut between observable and unobservable data and variances in the weighting of the significance of each input against the fair value measurement in its entirety could produce a different categorization.

Note 21 Information by segment

For more information about the Group's segments identification, please refer to page 211 to 215 of Note 3 Statement of income by segment.

21.1. TOTAL REVENUES

Total revenues [a] *(In Euro million)*	December 31, 2012	December 31, 2011 [b]
LIFE & SAVINGS	**55,016**	**52,431**
of which direct premiums	*50,679*	*48,027*
of which reinsurance assumed	*2,893*	*2,891*
of which fees and charges on investment contracts with no participation features	*334*	*350*
of which revenues from other activities	*1,111*	*1,163*
France	13,737	13,644
United States	11,228	9,656
United Kingdom	648	651
Japan	6,725	5,747
Germany	6,635	6,985
Switzerland	6,551	6,151
Belgium	2,087	2,142
Mediterranean and Latin American Region	4,828	4,789
Other countries	2,577	2,666
PROPERTY & CASUALTY	**28,315**	**27,046**
of which direct premiums	*27,584*	*26,724*
of which reinsurance assumed	*671*	*249*
of which revenues from other activities	*59*	*74*
France	5,681	5,553
Germany	3,795	3,607
United Kingdom and Ireland	4,049	3,670
Switzerland	2,736	2,637
Belgium	2,061	2,080
Mediterranean and Latin American Region	7,082	6,816
Direct	2,215	2,102
Other countries	696	581
INTERNATIONAL INSURANCE	**2,987**	**2,876**
of which direct premiums	*2,059*	*1,963*
of which reinsurance assumed	*705*	*716*
of which revenues from other activities	*222*	*197*
AXA Corporate Solutions Assurance	2,069	1,986
AXA Global Life & AXA Global P&C	55	71
AXA Assistance	832	750
Other	31	69
ASSET MANAGEMENT	**3,343**	**3,269**
AllianceBernstein	2,019	1,963
AXA Investment Managers	1,324	1,306
BANKING	**466**	**485**
AXA Banque	91	118
AXA Bank Europe	298	264
German bank	27	25
Other Banks	50	79
Holdings	-	-
TOTAL	**90,126**	**86,107**

(a) Net of intercompany eliminations.
(b) The contribution of discontinued Canadian operations is reclassified on a separate line of the income statement.

Geographical information regarding revenues and assets of International Insurance and Asset Management is not readily available in the Group reporting tool and the cost to develop it would be excessive. A relevant split by entity is provided above for these segments.

Given the Group's scale and diversity, none of its clients accounts for more than 10% of its business.

21.2. TOTAL ASSETS

TOTAL assets [(a)] [(b)] *(In Euro million)*	**December 31, 2012**	**December 31, 2011 Restated** [(c)]
LIFE & SAVINGS	**589,725**	**559,165**
France	153,096	141,631
United States	137,873	131,553
United Kingdom	21,501	19,110
Japan	52,278	59,368
Germany	69,376	63,400
Switzerland	67,076	62,413
Belgium	33,770	30,857
Mediterranean and Latin American Region	39,035	38,485
Other countries	15,721	12,348
PROPERTY & CASUALTY	**70,013**	**65,175**
France	19,158	17,540
Germany	9,561	8,868
United Kingdom and Ireland	7,181	6,432
Switzerland	7,567	7,491
Belgium	8,629	8,565
Mediterranean and Latin American Region	12,594	12,025
Direct	3,795	3,273
Other countries	1,529	981
INTERNATIONAL INSURANCE	**14,333**	**14,211**
AXA Corporate Solutions Assurance	9,025	8,757
AXA Global Life & AXA Global P&C	491	457
AXA Assistance	885	788
Other	3,932	4,209
ASSET MANAGEMENT	**7,462**	**7,039**
AllianceBernstein	5,103	4,813
AXA Investment Managers	2,359	2,226
BANKS	**35,035**	**35,285**
AXA Banque	3,832	3,262
AXA Bank Europe	29,265	30,290
German bank	587	441
Other Banks	1,351	1,293
Holdings	**45,282**	**46,330**
TOTAL	**761,849**	**727,204**

(a) Net of intercompany eliminations.
(b) Including assets held for sale
(c) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

21.3. OTHER INFORMATION BY SEGMENT

21.3.1. Life & Savings

(In Euro million)	December 31, 2012			December 31, 2011 Restated		
	Gross written premiums	Liabilities arising from insurance contracts [a]	Liabilities arising from investment contracts [a]	Gross written premiums	Liabilities arising from insurance contracts [a]	Liabilities arising from investment contracts [a]
Retirement/annuity/investment contracts (individual)	18,491	191,401	32,620	19,178	187,434	34,349
Retirement/annuity/investment contracts (group)	2,848	30,529	6,413	2,279	30,826	5,589
Life contracts (including endowment contracts)	22,442	160,166	1,315	20,097	154,952	1,508
Health contracts	7,639	23,795	65	7,304	21,080	23
Other	2,152	10,589	16	2,062	10,016	9
Sub-total	**53,572**	**416,480**	**40,430**	**50,918**	**404,308**	**41,479**
Fees and charges relating to investment contracts with no participating features [b]	334	-	30,235	350	-	26,716
Fees, commissions and other revenues	1,111	-		1,163	-	-
TOTAL	**55,016**	**416,480**	**70,664**	**52,431**	**404,308**	**68,195**
Contracts with financial risk borne by policyholders (Unit-Linked)	15,232	113,921	34,063	12,051	104,642	29,957

(a) Excludes liabilities relating to unearned revenues and fees, and policyholder bonuses, along with derivatives relating to insurance and investment contracts.
(b) Relates to liabilities arising from investment contracts without discretionary participation features and investment contracts without discretionary participation features where the financial risk is borne by policyholders.

21.3.2. Property & Casualty

(In Euro million)	Gross written premiums		Liabilities arising from insurance contracts	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Personal lines	16,783	16,104	23,811	23,365
Motor	9,929	9,793	16,144	15,762
Property damage	4,000	3,754	3,579	3,469
Health	1,364	1,204	1,011	1,172
Other	1,491	1,353	3,077	2,962
Commercial lines	10,995	10,472	25,697	24,565
Motor	2,524	2,178	3,624	3,180
Property damage	2,750	2,727	2,816	2,770
Liability	1,631	1,583	7,755	7,565
Health	2,253	2,176	4,176	3,929
Other	1,837	1,808	7,326	7,120
Other	477	396	1,062	948
Sub-total	**28,255**	**26,972**	**50,569**	**48,879**
Fees, commissions and other revenues	59	74	-	-
TOTAL	**28,315**	**27,046**	**50,569**	**48,879**

21.3.3. International Insurance

(In Euro million)	Gross written premiums December 31, 2012	Gross written premiums December 31, 2011	Liabilities arising from insurance contracts December 31, 2012	Liabilities arising from insurance contracts December 31, 2011
Property damage	653	598	1,445	1,601
Motor, Marine, Aviation	880	883	2,357	2,365
Liability	493	498	3,937	4,058
Other	738	700	1,510	1,578
Sub-total	**2,764**	**2,679**	**9,249**	**9,601**
Fees, commissions and other revenues	222	197	-	-
TOTAL	**2,987**	**2,876**	**9,249**	**9,601**

21.3.4. Liabilities arising from insurance contracts in the Property & Casualty and International Insurance segments

	December 31, 2012						
(In Euro million)	Claims reserves	IBNR	Claim expense reserves	Claim expense reserve on IBNR	Total Claims reserves including IBNR and expenses	Unearned premiums reserves & others	Total technical liabilities
Personal lines							
Motor	9,600	2,382	364	23	12,369	3,775	16,144
Property damage	1,322	436	75	5	1,838	1,741	3,579
Other	1,282	602	70	14	1,968	2,120	4,088
Sub-total Personal lines	**12,204**	**3,420**	**509**	**42**	**16,175**	**7,636**	**23,811**
Commercial lines							
Motor	2,024	440	88	4	2,556	1,068	3,624
Property damage	1,586	291	45	3	1,925	891	2,816
Liability	5,445	1,739	149	19	7,353	402	7,755
Other	6,144	1,281	228	33	7,687	3,815	11,502
Sub-total Commercial lines	**15,199**	**3,752**	**510**	**59**	**19,520**	**6,176**	**25,697**
Other	704	205	18	5	931	131	1,062
TOTAL - PROPERTY & CASUALTY EXCLUDING INTERNATIONAL INSURANCE	**28,106**	**7,377**	**1,037**	**106**	**36,626**	**13,943**	**50,569**
Property damage	793	438	25	11	1,268	177	1,445
Motor, Marine, Aviation	1,445	763	68	17	2,293	65	2,357
Liability	1,997	1,672	68	36	3,773	164	3,937
Other	450	201	32	2	685	825	1,510
TOTAL - INTERNATIONAL INSURANCE	**4,685**	**3,075**	**193**	**66**	**8,018**	**1,231**	**9,249**
TOTAL - PROPERTY & CASUALTY INCLUDING INTERNATIONAL INSURANCE	**32,791**	**10,452**	**1,230**	**172**	**44,645**	**15,174**	**59,818**

(In Euro million)	Claims reserves	IBNR	Claim expense reserves	Claim expense reserve on IBNR	Total Claims reserves including IBNR and expenses	Unearned premiums reserves & others	Total technical liabilities
	December 31, 2011						
Personal lines							
Motor	9,408	2,140	365	26	11,939	3,823	15,762
Property damage	1,208	446	82	6	1,742	1,727	3,469
Other	1,535	676	69	17	2,297	1,837	4,134
Sub-total Personal lines	**12,151**	**3,261**	**516**	**49**	**15,978**	**7,387**	**23,365**
Commercial lines							
Motor	1,822	411	85	3	2,321	860	3,180
Property damage	1,556	248	43	2	1,848	922	2,770
Liability	5,453	1,542	150	36	7,181	384	7,565
Other	6,063	1,108	222	28	7,421	3,628	11,049
Sub-total Commercial lines	**14,893**	**3,310**	**500**	**68**	**18,771**	**5,794**	**24,565**
Other	579	229	17	5	830	118	948
TOTAL - PROPERTY & CASUALTY EXCLUDING INTERNATIONAL INSURANCE	**27,623**	**6,800**	**1,032**	**123**	**35,579**	**13,300**	**48,879**
Property damage	988	417	35	2	1,442	159	1,601
Motor, Marine, Aviation	1,688	533	77	5	2,302	63	2,365
Liability	2,246	1,574	74	16	3,909	149	4,058
Other	440	253	42	-	735	843	1,578
TOTAL - INTERNATIONAL INSURANCE	**5,362**	**2,776**	**227**	**23**	**8,388**	**1,214**	**9,601**
TOTAL - PROPERTY & CASUALTY INCLUDING INTERNATIONAL INSURANCE	**32,985**	**9,576**	**1,259**	**146**	**43,967**	**14,514**	**58,480**

21.4. NET REVENUES FROM BANKING ACTIVITIES

(In Euro million)	December 31, 2012	December 31, 2011
Net interests revenues	398	410
Net commissions	61	69
Net revenues from banking activities	**460**	**479**

Note 22 Net investment result excluding financing expenses

Net investment result (excluding financing expenses) from the financial assets of insurance Companies and Companies in other business segments (excluding revenues from the financial assets of banks included in net revenues from banking activities) was as follows:

(In Euro million)	December 31, 2012				
	Net investment income [(a)]	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	Change in investments impairment	Net investment result
Investment in real estate properties at amortized cost	699	111	-	(53)	757
Investment in real estate properties as at fair value through profit or loss	47	-	27	-	75
Investment in real estate properties	**747**	**111**	**27**	**(53)**	**832**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	12,571	541	281	(91)	13,302
Debt instruments designated as at fair value through profit or loss [(b)]	821	-	951	-	1,772
Debt instruments held for trading	23	-	(18)	-	4
Non quoted debt instruments (amortized cost)	107	-	-	-	107
Debt instruments	**13,521**	**541**	**1,213**	**(91)**	**15,185**
Equity instruments available for sale	515	1,079	245	(411)	1,428
Equity instruments designated as at fair value through profit or loss [(c)]	176	-	164	-	340
Equity instruments held for trading	2	-	1	-	3
Equity instruments	**693**	**1,079**	**410**	**(411)**	**1,772**
Non consolidated investment funds available for sale	227	196	(16)	(81)	326
Non consolidated investment funds designated as at fair value through profit or loss	343	-	23	-	366
Non consolidated investment funds held for trading	2	-	33	-	35
Non consolidated investment funds	**572**	**196**	**40**	**(81)**	**727**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**82**	**-**	**(44)**	-	**38**
Loans held to maturity	-	-	-	-	-
Loans available for sale	29	-	-	-	29
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	1,107	(5)	-	2	1,103
Loans	**1,136**	**(5)**	**-**	**2**	**1,132**
Assets backing contracts where the financial risk is borne by policyholders	**-**	-	**14,186**	-	**14,186**
Derivative instruments	**(1,253)**	**-**	**(1,402)**	**-**	**(2,654)**
Investment management expenses	**(519)**	-	-	-	**(519)**
Other	**3**	**81**	**(222)**	**1**	**(136)**
NET INVESTMENT RESULT	**14,982**	**2,004**	**14,210**	**(634)**	**30,562**

(a) Includes gain/losses from derivatives hedging Variable Annuities.
(b) Includes debt instruments held by consolidated investment funds, designated as at fair value through profit or loss.
(c) Includes equity instruments held by consolidated investment funds, designated as at fair value through profit or loss.

	December 31, 2011 [a]				
(In Euro million)	Net investment income [b]	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	Net realized gains and losses and change in fair value of other investments at fair value through profit or loss	Change in investments impairment	Net investment result
Investment in real estate properties at amortized cost	735	455	-	(43)	1,147
Investment in real estate properties as at fair value through profit or loss	63	-	35	-	98
Investment in real estate properties	**798**	**455**	**35**	**(43)**	**1,245**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	12,476	293	124	(1,127)	11,766
Debt instruments designated as at fair value through profit or loss [c]	1,010	-	(60)	-	950
Debt instruments held for trading	18	-	4	-	22
Non quoted debt instruments (amortized cost)	110	-	-	-	110
Debt instruments	**13,614**	**293**	**68**	**(1,127)**	**12,848**
Equity instruments available for sale [d]	544	1,648	(304)	(776)	1,112
Equity instruments designated as at fair value through profit or loss [e]	198	-	(16)	-	182
Equity instruments held for trading	(1)	-	(1)	-	(2)
Equity instruments	**741**	**1,648**	**(321)**	**(776)**	**1,292**
Non consolidated investment funds available for sale	231	96	50	(79)	298
Non consolidated investment funds designated as at fair value through profit or loss	211	-	79	-	291
Non consolidated investment funds held for trading	3	-	(31)	-	(27)
Non consolidated investment funds	**445**	**96**	**98**	**(79)**	**561**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**84**	**-**	**(86)**	-	**(2)**
Loans held to maturity	-	-	-	-	-
Loans available for sale	22	-	-	15	37
Loans designated as at fair value through profit or loss	1	-	-	-	1
Loans held for trading	-	-	-	-	-
Loans at cost	1,059	(72)	-	(8)	978
Loans	**1,082**	**(72)**	**-**	**7**	**1,016**
Assets backing contracts where the financial risk is borne by policyholders	**-**	-	**(4,977)**	-	**(4,977)**
Derivative instruments	**2,441**	**-**	**1,585**	**-**	**4,026**
Investment management expenses	**(516)**	-		-	**(516)**
Other	**(219)**	**732**	**191**	**2**	**706**
NET INVESTMENT RESULT	**18,469**	**3,153**	**(3,406)**	**(2,016)**	**16,199**

(a) As described in Note 1.10, the contribution of 2011 discontinued Canadian operations is classified on a separate line of the income statement.
(b) Includes gain/losses from derivatives hedging Variable Annuities.
(c) Includes debt instruments held by consolidated investment funds, designated as at fair value through profit or loss.
(d) Includes net realized gains and losses relating to investments at cost and at fair value through shareholders' equity on Taikang Life (€830 million gross or €798 million net).
(e) Includes equity instruments held by consolidated investment funds, designated as at fair value through profit or loss.

Net investment income is presented net of impairment charges on directly-owned investment properties, and net of amortization of debt instruments premiums/discounts. All investment management fees are also included in the aggregate figure.

Net realized gains and losses relating to investment at cost and at fair value through shareholders' equity include write back of impairment following investment sales.

Net realized gains and losses and change in fair value of investments designated as at fair value through profit or loss consists mainly of:

- adjustments relating to investments backing contracts where the financial risk is borne by policyholders which are offset by an adjustment of related policyholders reserves, as there is a full pass through of the performance of held assets to the individual contract holder;
- changes in the fair value of investments designated as at fair value through profit or loss held by funds of the "Satellite Investment Portfolios" as defined in Note 1.7.2;
- changes in fair value of underlying hedged items in fair value hedges (as designated by IAS 39) or "natural hedges" (i.e. underlying assets designated as at fair value through profit or loss part of an economic hedge not eligible for hedge accounting as defined by IAS 39).

The changes in investments impairment for available for sale assets include impairment charges on investments, and releases of impairment only following revaluation of the recoverable amount. Write back of impairment following investment sales are included in the net realized capital gains or losses on investments aggregate.

Note 23 Net result of reinsurance ceded

Net result of reinsurance ceded was as follows:

	December 31, 2012				
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(1,676)	(1,828)	(929)	358	(4,075)
Claims ceded (including change in claims reserves)	1,479	675	326	(210)	2,269
Commissions received from reinsurers	156	198	147	(19)	482
NET RESULT OF REINSURANCE CEDED	**(40)**	**(956)**	**(456)**	**129**	**(1,323)**

	December 31, 2011 (a)				
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(1,203)	(1,598)	(979)	356	(3,423)
Claims ceded (including change in claims reserves)	1,291	525	625	(150)	2,292
Commissions received from reinsurers	93	167	136	3	398
NET RESULT OF REINSURANCE CEDED	**181**	**(905)**	**(217)**	**208**	**(733)**

(a) As described in Note 1.10, the contribution of 2011 discontinued Canadian operations is classified on a separate line of the income statement.

Note 24 Financing debt expenses

In 2012, financing debt expenses, which includes income and expenses relating to hedging derivative instruments on financing debt, amounted to €568 million (€329 million in 2011) mainly in the Company: €505 million (€281 million in 2011).

Note 25 Expenses by type

25.1. ACQUISITION EXPENSES

	December 31, 2012									December 31, 2011 Restated [(a)] [(b)]
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Total Insurance	Asset Management	Banking	Holdings	Inter-segment eliminations	Total	Total
Acquisition expenses – gross [(c)]	5,431	5,094	384	10,909	-	-	-	(21)	10,888	9,957
Change in deferred acquisition expenses and equivalents [(d)]	(1,275)	(72)	(2)	(1,349)	-	-	-	-	(1,349)	(1,575)
NET ACQUISITION EXPENSES	**4,156**	**5,022**	**382**	**9,560**	**-**	**-**	**-**	**(21)**	**9,539**	**8,383**

(a) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.

(b) As described in Note 1.10, the contribution of 2011 discontinued Canadian operations is classified in a separate line of the income statement.

(c) Includes all acquisition expenses relating to insurance and investment contracts before capitalization/amortization of deferred acquisition expenses and equivalents.

(d) Change (capitalization and amortization) in deferred acquisition expenses relating to insurance and investment contracts with discretionary participation features and changes in net rights to future management fees relating to investment contracts with no discretionary participation features.

25.2. EXPENSES BY TYPE

	December 31, 2012									December 31, 2011 (a)
(In Euro million)	Life & Savings	Property & Casualty	International Insurance	Total Insurance	Asset Management	Banking	Holdings	Inter-segment eliminations	TOTAL	Total
Acquisition expenses – gross	5,431	5,094	384	10,909	-	-	-	(21)	10,888	9,957
Claims handling expenses	497	1,274	476	2,247	-	-	-	(4)	2,243	2,167
Investment management expenses	324	73	10	407	0	2	56	(148)	316	276
Administrative expenses	2,775	2,699	214	5,688	2,887	404	774	(313)	9,440	10,038
Banking expenses	-	-	-	-	-	80	(0)	-	80	87
Increase/(write back) of tangible assets amortization	(19)	1	-	(18)	-	-	(1)	-	(19)	(29)
Other income/ expenses	72	26	(23)	75	260	(22)	(209)	131	236	518
TOTAL EXPENSES BY DESTINATION	**9,080**	**9,166**	**1,061**	**19,307**	**3,147**	**464**	**620**	**(355)**	**23,184**	**23,016**
Breakdown of expenses by type										
Staff expenses	2,506	2,681	446	5,633	1,424	159	211	(1)	7,426	7,685
Outsourcing and professional services	444	305	37	786	117	34	57	(144)	850	874
IT expenses	546	594	60	1,200	141	54	81	41	1,516	1,505
Charges relating to owner occupied properties	238	231	47	516	372	12	22	(1)	922	773
Commissions paid	4,002	4,444	360	8,806	692	3	-	(220)	9,282	8,766
Other expenses	1,344	911	112	2,366	401	202	249	(31)	3,188	3,414

(a) As described in Note 1.10, the contribution of 2011 discontinued Canadian operations is classified in a separate line of the income statement.

Expenses increased by €168 million compared to December 31, 2011. Excluding the unfavourable forex impact, expenses decreased by €443 million, following:

- a positive impact of Australia and New Zealand disposal as well as in the UK (Denplan and Bluefin);
- productivity programs leading to decrease in administrative expenses in mature insurance markets;
- as well as non repeat of 2011 higher restructuring costs notably €340 million deferred compensation accelerated vesting charge in AllianceBernstein and restructuring of participation in India;

partly offset by:

- higher commissions both in Life & Savings and Property & Casualty;
- as well as higher expenses both in High Growth and Direct markets.

Note 26 Employees

26.1. BREAKDOWN OF STAFF EXPENSES

(In Euro million)	December 31, 2012	December 31, 2011
Wages and benefits	5,519	5,591
Social contributions	759	779
Employee benefits expenses	501	507
Share based compensation	206	461
Other staff expenses and employees' profit sharing [(a)]	440	347
TOTAL STAFF EXPENSES	**7,426**	**7,685**

(a) Including redundancies and early retirement expenses (triggering event = set up of the plan), and employees' profit sharing in France.

26.2. EMPLOYEE BENEFITS

26.2.1. Defined contribution plans

The cost of the contributions paid was recognized as an expense in the income statement, and amounted to €111 million as of December 31, 2012 (€103 million in 2011, €96 million in 2010, €89 million in 2009 and €82 million in 2008).

26.2.2. Defined benefit plans

The assumptions for each of the liabilities are consistent with the economic features of the corresponding countries' plans. The weighted-average assumptions used by AXA for pension plans in the principal regions in which AXA operates were as follows:

DECEMBER 2012 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions at end 2012				
Discount rate	3.1%	3.5%	1.4%	6.0%
Salary increase for future years [(a)]	2.4%	6.0%	3.6%	6.1%
Inflation rate	1.9%	2.5%	0.0%	3.8%
Pension benefit expense - assumptions at beginning of 2012				
Discount rate	3.9%	4.3%	1.5%	5.9%
Expected return on plan assets and separate assets	5.0%	6.8%	1.3%	8.2%
Salary increase for future years [(a)]	2.4%	6.0%	3.6%	6.4%

(a) The salary increase rate assumption in Japan was adjusted to include a defined benefit plan reclassified in the scope of IAS 19 as of January 1, 2012.

DECEMBER 2011 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions at end 2011				
Discount rate	3.9%	4.3%	1.5%	5.9%
Salary increase for future years	2.4%	6.0%	0.0%	6.4%
Inflation rate	2.0%	2.5%	0.0%	3.7%
Pension benefit expense - assumptions at beginning of 2011				
Discount rate	4.3%	5.3%	1.4%	6.2%
Expected return on plan assets and separate assets	5.2%	6.8%	1.3%	4.0%
Salary increase for future years	2.8%	5.7%	0.0%	3.7%

DECEMBER 2010 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions at end 2010				
Discount rate	4.3%	5.3%	1.4%	6.2%
Salary increase for future years	2.8%	5.7%	0.0%	3.7%
Inflation rate	2.3%	2.5%	0.0%	2.7%
Pension benefit expense - assumptions at beginning of 2010				
Discount rate	4.6%	6.0%	1.9%	6.6%
Expected return on plan assets and separate assets	5.6%	6.8%	1.3%	7.3%
Salary increase for future years	2.8%	5.8%	0.0%	3.8%

DECEMBER 2009 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions at end 2009				
Discount rate	4.6%	6.0%	1.9%	6.6%
Salary increase for future years	2.8%	5.8%	0.0%	3.8%
Inflation rate	2.4%	2.5%	0.0%	2.7%
Pension benefit expense - assumptions at beginning of 2009				
Discount rate	5.5%	6.6%	2.0%	6.6%
Expected return on plan assets and separate assets	6.1%	6.8%	1.3%	7.3%
Salary increase for future years	3.1%	5.8%	0.0%	3.7%

DECEMBER 2008 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions at end 2008				
Discount rate	5.5%	6.6%	2.0%	6.6%
Salary increase for future years	3.1%	5.8%	0.0%	3.7%
Inflation rate	2.1%	2.5%	0.0%	2.8%
Pension benefit expense - assumptions at beginning of 2008				
Discount rate	5.2%	6.2%	2.1%	6.7%
Expected return on plan assets and separate assets	6.3%	8.3%	1.3%	7.5%
Salary increase for future years	3.7%	5.7%	0.0%	4.5%

For any given plan, the discount rate is determined at the statement of financial position date by reference to market yields for the corresponding currency on high quality corporate bonds depending on the plan's duration and the maturity profile of the defined benefit obligation. The discount rate used in projections still meets the high quality corporate bonds definition at the end of 2012 with a reference to AA.

Some plans do not have benefits linked to salary increase or inflation.

The expected return on assets is the weighted average between the asset allocation and the expected return for each asset category, which is established by an AXA Group assumptions committee and is consistent with long-term assumptions used in other Group indicators.

26.2.3. Annual change in pension and other benefit obligation

The annual change in the Defined Benefit Obligation (DBO) is calculated on the basis of:

- service cost for the period (representing the increase in the DBO attributable to one year of additional service);
- interest cost (cost of one year less discounting);
- employee contributions;
- change in plans (amendments, curtailments, settlements, business combinations, etc.);
- actuarial gains and losses (due to assumptions and experience);
- benefits paid by employer, plan assets and separate assets.

26.2.4. Statement of financial position information

The statement of financial position information for employee benefits captures the difference between the DBO, the fair value of the corresponding invested plan assets, and any unrecognized past service cost. When this difference is positive, a contingency and loss reserve is recognized in the statement of financial position as a liability. When it is negative, a prepaid asset is recognized in the statement of financial position.

In addition, in accordance with IAS 19, a category of assets referred to as "separate assets" is also recorded in the statement of financial position. As defined by IFRS, separate assets are assets that may not be used to offset the DBO. Within AXA, separate assets are insurance contracts issued by some subsidiaries to back their defined benefit pension plans. The accounting consequence of these separate assets is a potential increase in the accrued liability or decrease in the prepaid asset. These assets are shown separately in the following table. In general, these funds are backing insurance contracts and are only available to general creditors in case of bankruptcy, so their economic nature is not different from plan assets on a going concern basis. However, as the separate account assets are available to the pension plan through an insurance contract, IFRS requires their classification as separate assets despite their economic nature.

AXA Group has adopted the Statement of Comprehensive Income (SoCI) option available under IAS 19. Under the SoCI option, actuarial gains and losses are recognized in full in the period in which they occurred, but outside of profit or loss, and are presented on a separate line of the SoCI in shareholders' equity (see Statement of consolidated shareholders' equity).

Actuarial gains and losses result from experience adjustments (the effects of differences between the previous actuarial assumptions and what actually occurred) and changes in actuarial assumptions. They also include differences between the expected and actual returns on plan assets and separate assets.

Unrecognized past service cost represents non-vested benefits on the date of a change in the amount of benefits following an amendment to the plan. It is amortized on a straight-line basis over the average remaining vesting period.

The table below presents the change in benefit obligation and the change in plan assets associated with pension plans and other benefit plans sponsored by AXA, together with an analysis of separate assets as of December 31, 2012.

In 2012, there was no significant change in scope.

In 2011, the main change in scope related to the sale of Canadian, Australian and New Zealand's activities.

In 2010, the partial sale of the UK Life & Savings operations has not led to a significant decrease in the liabilities of the UK pension scheme as these have been retained by AXA UK holding Company, with preserved rights at the date of the sale and a related compensation implicitely included in the sale price.

As of January 1, 2009, in Switzerland, a part of AXA Winterthur General Account assets was reclassified as plan assets and the plan for the active employees is now an autonomous foundation with its own assets.

During the year 2008, the main change in scope was the acquisition of Seguros ING, now AXA Mexico, which was completed on July 22, 2008.

(In Euro million)	Pension benefits					Other benefits				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Change in benefit obligation										
Benefit obligation at the beginning of the year	16,353	15,732	13,661	11,729	12,955	624	606	534	511	506
Service cost	268	257	248	211	213	10	9	9	7	7
Interest cost	633	648	675	656	656	25	28	31	32	30
Employee contributions	50	50	46	46	54	-	-	-	-	-
Amendments (including acquisitions and disposals) [a]	15	(574)	110	(75)	(150)	(1)	(56)	4	(2)	12
Actuarial (gains) and losses	1,468	672	712	1,636	(803)	81	60	29	35	(20)
Benefits paid by plan assets and by separate assets	(575)	(486)	(464)	(474)	(434)	-	-	-	-	-
Benefits directly paid by the employer	(331)	(310)	(275)	(310)	(270)	(43)	(40)	(37)	(39)	(44)
Impact of foreign currency fluctuations	66	365	1,018	241	(493)	(8)	18	36	(9)	19
Benefit obligation at the end of the year (A)	**17,947**	**16,353**	**15,732**	**13,661**	**11,729**	**689**	**624**	**606**	**534**	**511**
Change in plan assets										
Fair value of plan assets at the beginning of year	8,311	7,834	6,181	4,662	7,057	4	5	4	3	3
Actual return on plan assets	737	322	544	516	(1,498)	(1)	(1)	0	(0)	(1)
Employer contributions [c]	476	805	897	220	192	1	1	1	1	1
Employee contributions	37	37	35	36	44	-	-	-	-	-
Net transfer in/(out) (including acquisitions and disposals) [a] [b]	(10)	(519)	40	924	(27)	-	-	-	-	-
Benefits paid by plan assets	(481)	(396)	(393)	(407)	(370)	-	-	-	-	-
Impact of foreign currency fluctuations	92	228	528	230	(735)	-	-	-	-	-
Fair value of plan assets at the end of the year (B)	**9,164**	**8,311**	**7,834**	**6,181**	**4,662**	**4**	**4**	**5**	**4**	**3**
Change in separate assets										
Fair value of separate assets at the beginning of year	952	985	893	789	739	-	-	-	-	-
Actual return on separate assets	75	(6)	59	31	(25)	-	-	-	-	-
Employer contributions	143	63	72	70	86	-	-	-	-	-
Employee contributions	12	13	11	10	10	-	-	-	-	-
Net transfer in/(out) (including acquisitions and disposals) [a]	(48)	(13)	21	58	48	-	-	-	-	-
Benefits paid by separate assets	(94)	(90)	(71)	(66)	(64)	-	-	-	-	-
Impact of foreign currency fluctuations	-	-	-	0	(5)	-	-	-	-	-
Fair value of separate assets at the end of the year	**1,041**	**952**	**985**	**893**	**789**	**-**	**-**	**-**	**-**	**-**
Funded status										
Underfunded status (plan by plan)	(8,792)	(8,049)	(7,907)	(7,500)	(7,087)	(685)	(620)	(601)	(530)	(507)
Overfunded status (plan by plan)	9	7	9	19	21	-	-	-	-	-
Funded status (B)-(A)	(8,784)	(8,042)	(7,898)	(7,480)	(7,066)	(685)	(620)	(601)	(530)	(507)
Unrecognized past service cost	75	68	61	67	71	0	0	1	1	1
Cumulative impact of asset ceiling	(10)	(7)	(2)	(10)	-	-	-	-	-	-
Liability and asset recognized in the statement of financial position (excluding *separate assets*)										
Plans with a positive net position (Asset)	-	0	6	8	20	-	-	-	-	-
Plans with a negative net position (Liability)	(8,719)	(7,981)	(7,846)	(7,431)	(7,015)	(685)	(619)	(600)	(529)	(506)
Net position (excluding *separate assets*)	**(8,719)**	**(7,981)**	**(7,840)**	**(7,423)**	**(6,995)**	**(685)**	**(619)**	**(600)**	**(529)**	**(506)**
Net economic funding position (including *separate assets*)										
Net position (excluding *separate assets*)	(8,719)	(7,981)	(7,840)	(7,423)	(6,995)	(685)	(619)	(600)	(529)	(506)
Fair value of *separate assets* at the end of the year	1,041	952	985	893	789	-	-	-	-	-
Net economic funding position (including *separate assets*)	**(7,678)**	**(7,029)**	**(6,855)**	**(6,530)**	**(6,206)**	**(685)**	**(619)**	**(600)**	**(529)**	**(506)**

(a) This amount includes the acquisition of Seguros ING in 2008, now AXA Mexico, and the sale of Canada, Australia and New Zealand's activities in 2011.
(b) This amount includes the reclassification of General Account assets as plan assets in 2009 in Switzerland.
(c) This amount includes additional contributions paid to plan assets in the United Kingdom and in the United States to reduce the deficit in 2010, 2011 and 2012.

"Other benefits" include postretirement benefits other than pensions, principally health care benefits, and post employment benefits after employment but before retirement.

For pension plans where the fair value of plan assets exceeds the benefit obligation, the aggregate fair value of plan assets and aggregate benefit obligation were respectively €47 million and €38 million as of December 31, 2012. As required by IFRIC 14, a surplus is recognized to the extent that it is recoverable, either through future contribution reductions or a refund to which the Group has an unconditional right.

For pension plans where the benefit obligation exceeds the fair value of plan assets, the aggregate benefit obligation and fair value of plan assets were respectively €17,909 million and €9,117 million as of December 31, 2012.

26.2.5. Pension and other benefits expense

The annual expense for employee pension and other benefits recorded in the income statement (included in the "employee benefits expenses" presented in Note 26.1), for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 is presented below:

	Pension benefits					Other benefits				
(In Euro million)	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Pension and other benefits expense										
Service cost	268	257	248	211	213	10	9	9	7	7
Interest cost	633	648	675	656	656	25	28	31	32	30
Expected return on *plan assets*	(477)	(436)	(399)	(362)	(470)	(0)	(0)	-	(0)	(0)
Expected return on *separate assets*	(37)	(42)	(40)	(34)	(35)	-	-	-	-	-
Amortization of unrecognized amounts	1	17	28	5	20	0	(0)	4	0	0
Settlements, curtailments	5	4	4	(73)	(78)	-	(40)	-	(2)	-
Pension and other benefits expense	**393**	**448**	**517**	**404**	**306**	**36**	**(4)**	**44**	**37**	**37**

26.2.6. Net economic funding position

The evolution in the net economic funding position from January 1, 2012 to December 31, 2012 captures both the change in the liability recorded in the Group's statement of financial position and the change in separate assets, as presented in the table below:

	Pension benefits					Other benefits				
(In Euro million)	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Change in net economic funding position										
Opening position	(7,029)	(6,855)	(6,530)	(6,206)	(5,079)	(619)	(600)	(529)	(506)	(501)
Pension and other benefits expense	(393)	(448)	(517)	(404)	(306)	(36)	4	(44)	(37)	(37)
Employer contributions and benefits directly paid by the employer (c)	949	1,179	1,245	600	548	43	41	38	40	44
Net transfer in/(out) (including acquisitions and disposals) (a) (b)	(68)	72	(32)	983	107	1	15	-	0	(11)
SoCI impact	(1,163)	(840)	(532)	(1,493)	(1,229)	(82)	(61)	(29)	(36)	19
Impact of foreign currency fluctuations	26	(137)	(490)	(11)	(247)	8	(18)	(36)	9	(20)
Closing position	**(7,678)**	**(7,029)**	**(6,855)**	**(6,530)**	**(6,206)**	**(685)**	**(619)**	**(600)**	**(529)**	**(506)**

(a) This amount includes the acquisition of Seguros ING in 2008, now AXA Mexico, and the sale of Canada, Australia and New Zealand's activities in 2011.
(b) This amount includes the effect of the reclassification of General Account assets as plan assets in 2009 in Switzerland.
(c) This amount includes additional contributions paid to plan assets in the United Kingdom and in the United States to reduce the deficit in 2010, 2011 and 2012.

The 2012 change in the net economic funding position was mainly due to actuarial losses on pension liability (see Note 26.2.8) partly offset by additional contributions paid to plan assets in the United States (€245 million) and in the United Kingdom (€82 million) to reduce the deficit, together with assets outperformance above their expected return.

26.2.7. Change in the liability recognized in the statement of financial position (excluding separate assets)

The roll-forward of the statement of financial position liability from January 1, 2012 to December 31, 2012 only captures the evolution of the liability recorded in the Group's statement of financial position and not the separate assets. This does not reflect a full economic picture. The table below shows the detailed roll-forward of the statement of financial position liability, with the separate assets added at each year end.

	Pension benefits					Other benefits				
(In Euro million)	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Change in the liability recognized in the statement of financial position										
Statement of financial position liability at the beginning of the year	(7,981)	(7,840)	(7,423)	(6,995)	(5,818)	(619)	(600)	(529)	(506)	(501)
Pension and other benefits expense	(393)	(448)	(517)	(404)	(306)	(36)	4	(44)	(37)	(37)
Adjustment due to *separate assets*	(88)	(7)	(70)	(41)	15	-	-	-	-	-
Employer contributions [(c)]	476	805	897	220	192	1	1	1	1	1
Benefits directly paid by the employer	331	310	275	310	270	43	40	37	39	44
Benefits paid by *separate assets*	94	90	71	66	64	-	0	-	-	-
Net transfer in/(out) (including acquisitions and disposals) [(a)]	(20)	86	(52)	884	50	1	15	-	0	(11)
Net transfer in/(out) of separate assets to *plan assets* [(b)]	-	-	-	41	10	-	-	-	-	-
Actuarial gains and losses recognized in the SoCI component	(1,163)	(840)	(532)	(1,493)	(1,229)	(82)	(61)	(29)	(36)	19
Impact of foreign currency fluctuations	26	(137)	(490)	(12)	(242)	8	(18)	(36)	9	(20)
Statement of financial position liability at the end of the year	**(8,719)**	**(7,981)**	**(7,840)**	**(7,423)**	**(6,995)**	**(685)**	**(619)**	**(600)**	**(529)**	**(506)**
Fair value of *separate assets* at the end of the year	1,041	952	985	893	789	-	-	-	-	-
Net economic funding position at the end of the year	**(7,678)**	**(7,029)**	**(6,855)**	**(6,530)**	**(6,206)**	**(685)**	**(619)**	**(600)**	**(529)**	**(506)**

(a) This amount includes the acquisition of Seguros ING in 2008, now AXA Mexico, and the sale of Canada, Australia and New Zealand's activities in 2011.
(b) This amount includes the reclassification of General Account assets as plan assets in 2009 in Switzerland.
(c) This amount includes additional contributions paid to plan assets in the United Kingdom and in the United States to reduce the deficit in 2010, 2011 and 2012.

26.2.8. Change in actuarial gains and losses recognized in the statement of financial position in the SoCI component of shareholders' equity

The Statement of Comprehensive Income (SoCI) is an integral part of the statement of changes in shareholders' equity. It includes actuarial gains and losses as well as net income for the period (see Part "Consolidated Statement of changes in equity").

The table shows the change in SoCI component due to employee benefits (excluding net income impacts), before deduction of deferred tax and policyholder benefits, between January 1, 2008 and December 31, 2012 due to adjustments arising on plan liabilities and adjustments arising on plan assets and separate assets.

(In Euro million)	Pension benefits					Other benefits				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
SoCI at the beginning of the year	**(4,042)**	**(3,150)**	**(2,442)**	**(955)**	**308**	**(60)**	**3**	**30**	**67**	**45**
Experience and assumptions adjustments on plan liabilities	(1,459)	(672)	(704)	(1,634)	799	(81)	(60)	(29)	(35)	20
Experience adjustments on plan assets and *separate assets*	299	(161)	164	151	(2,028)	(1)	(1)	-	(0)	(1)
Adjustment due to the sales of subsidiaries	-	54	-	-	-	-	1	-	-	-
Change in asset ceiling	(3)	(7)	8	(10)	-	-	-	-	-	-
Impact of foreign currency fluctuations	(10)	(107)	(176)	6	(34)	2	(3)	3	(1)	3
SoCI at the end of the year	**(5,216)**	**(4,042)**	**(3,150)**	**(2,442)**	**(955)**	**(140)**	**(60)**	**3**	**30**	**67**

During 2012, the change in the SoCI was mainly due to actuarial losses on pension liability (due to the decrease in discount rate in most countries, especially in the Eurozone Countries, in the United States, and in Switzerland), partially balanced by experience gains on plan assets and separate assets (due to performance higher than expected).

During 2012, the change in the SoCI component of shareholders' equity after deduction of deferred tax and policyholder benefits amounted to €-812 million (€-577 million in 2011, €-450 million in 2010, €-1,031 million in 2009 and €-695 million in 2008). The 2011 net change included €29 million reclassified as a reduction of retained earnings due to the sale of some AXA subsidiaries.

As of December 31, 2012, the cumulative impact after deduction of deferred tax and policyholder amounted to €-3,436 million (€-2,624 million at the end of 2011).

26.2.9. Near-term cash flows (benefits paid and employer contributions)

A) ESTIMATED FUTURE BENEFITS TO BE PAID

(In Euro million)	Pension benefits	Other benefits
2013	974	43
2014	894	42
2015	903	40
2016	904	39
2017	995	37
Five years thereafter	4,736	176
From year N+11 until the last benefit payments is paid	24,915	552

These amounts are subject to uncertainty as they will be driven by economics of future years.

B) ESTIMATED EMPLOYER CONTRIBUTIONS TO PLAN ASSETS AND SEPARATE ASSETS

The estimated amount of 2013 employer contributions for pension benefits is €325 million (€292 million estimated in 2011 for 2012). These amounts are subject to uncertainty as they will be driven by economics of future years and are cash contributions with no direct link to the pension and other benefits expense under IFRS.

26.2.10. Asset mix at the end of 2012

As pension liabilities have a long-term nature, a mix of equity instruments, debt instruments and real estate investments is used in plan assets and separate assets.

The table below shows the asset mix for plan assets at the end of 2012:

Asset mix for *plan assets*	Total Group	Europe	North America	Other
Equity instruments	31.9%	30.0%	37.0%	0.0%
Debt instruments	47.3%	45.0%	56.0%	89.0%
Real estate	7.5%	8.0%	7.0%	0.0%
Other	13.3%	17.0%	0.0%	11.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**
TOTAL *(in Euro million)*	**9,168**	**7,020**	**2,112**	**36**

The table below shows the asset mix for plan assets and separate assets at the end of 2012:

Asset mix for plan assets and *separate assets*	Total Group	Europe	North America	Other
Equity instruments	29.9%	28.0%	37.0%	0.0%
Debt instruments	47.0%	45.0%	56.0%	89.0%
Real estate	6.9%	7.0%	7.0%	0.0%
Other	16.2%	20.0%	0.0%	11.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**
TOTAL *(in Euro million)*	**10,208**	**8,061**	**2,112**	**36**

26.2.11. Other employee benefits funded on a pay-as-you-go basis

In the United States, AXA Financial provides certain medical and life insurance benefits (collectively, "postretirement benefits") for qualifying employees, managers and "financial professionals" retiring from AXA Financial based on years of service and age. The life insurance benefits are related to age and salary at retirement for certain grandfathered retirees.

AXA Financial continues to fund the postretirement benefits costs for these plans on a pay-as-you-go basis with the exception of certain fully insured retiree life insurance benefit. In 2011, AXA Financial eliminated any subsidy for retiree medical and dental coverage for individuals retiring on or after May 1, 2012 as well as a €8 thousand retiree life insurance benefit for individuals retiring on or after January 1, 2012.

For 2012, postretirement benefits payments amounted to €34 million (€32 million in 2011), net of employee contributions.

26.2.12. Statement of financial position reconciliation

(In Euro million)	2012	2011	2010	2009	2008
Net position (excluding *separate assets*) (a)	(9,404)	(8,600)	(8,440)	(7,952)	(7,501)
- Assets/(liabilities) held for sale (b)	-	-	31	41	-
Other liabilities	(161)	(221)	(192)	(192)	(187)
TOTAL (c)	**(9,564)**	**(8,822)**	**(8,601)**	**(8,103)**	**(7,688)**

(a) Net position (excluding separate assets) for pension benefits and other benefits as reported in Note 26.2.4.

(b) Included in the net position above but the contribution of held for sale operations is stated on separate asset and liability items on the statement of financial position.

(c) It corresponds to a liability of €9,564 million (as of December 31, 2012) included in the statement of financial position under the caption "provision for risks and charges", and an asset included in the statement of financial position under the caption "other receivables".

26.3. SHARE-BASED COMPENSATION

All figures 100%, gross of tax

(In Euro million)	2012	2011
Cost by plan		
AXA SA stock options	**11.3**	**13.1**
■ 2007 grants	-	0.9
■ 2008 grants	0.2	2.0
■ 2009 grants	1.5	2.3
■ 2010 grants	3.0	4.6
■ 2011 grants	4.6	3.3
■ 2012 grants	2.0	
AXA stock options for US holding Company	**3.5**	**5.2**
■ 2007 AXA SA grants	-	0.4
■ 2008 AXA SA grants	0.4	1.0
■ 2009 AXA SA grants	0.2	0.4
■ 2010 AXA SA grants	0.8	1.2
■ 2011 AXA SA grants	1.3	2.1
■ 2012 AXA SA grants	0.9	
AXA Group shareplan	**9.7**	**10.9**
■ Classic Plan	0.0	0.4
■ Leverage Plan	9.6	10.6
AXA performances shares	**22.0**	**20.4**
■ 2009 grants	-	2.1
■ 2010 grants	1.1	10.7
■ 2011 grants	11.0	7.6
■ 2012 grants	10.0	
AXA performances units plans	**66.5**	**21.9**
■ 2009 equity grants	-	1.2
■ 2009 cash grants	1.3	0.9
■ 2010 cash grants	6.5	9.7
■ 2011 cash grants	27.6	10.0
■ 2012 cash grants	31.2	
AXA Miles	**15.8**	**8.7**
■ Plan 2007 (4+0)	-	8.7
■ Plan 2012 (2+2)	10.2	
■ Plan 2012 (4+0)	5.6	
AXA Financial share-based compensation instruments	**0.5**	**0.1**
■ AXA Financial TSAR	0.3	(0.1)
■ AXA Financial Restricted Shares and PARS	0.2	0.2
AXA APH stock option plan (terminated as at December 31, 2011)	**-**	**1.7**
AllianceBernstein share-based compensation instruments	**73.1**	**381.5**
■ of which accelerated vesting [(a)]	-	234.5
■ of which other share-based compensation cost	73.1	147.0
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**202.5**	**463.5**

(a) The amount presented for 2011 is due to a restructuring of compensation plans on November 17, 2011, leading to an accelerated vesting of all AllianceBernstein deferred compensation plans for a total cost of €340.2 million. €234.5 million exclude the impact on the deferred cash awards.

In accordance with IFRS 2, the total employee share based compensation cost of €202.5 million for full year 2012 included expenses from share-based compensation instruments for grants made after November 7, 2002 which had not yet vested as of December 31, 2003.

The cost includes the expenses from share-based compensation instruments issued by the Group as well as by AXA subsidiaries.

The share-based compensation instruments listed above are mostly composed of instruments settled in equity but include also instruments settled in cash. The unit cost of the equity settled instruments does not vary for a given plan while the cash settled instruments unit cost is updated at each closing.

The total charge is amortized over the vesting period and adjusted at each future closing date for the difference between actual and expected lapse to take into account actual service conditions and actual non-market performance conditions.

A detail of each of the major plans and associated cost are presented in Note 26.3.1 a) to e) and in Note 26.3.2.

26.3.1. Share-based compensation instruments issued by the Group

A) AXA SA STOCK-OPTIONS

Executive officers and other key employees may be granted options on AXA ordinary shares under employee stock option plans. These options may be either subscription options involving newly issued AXA ordinary shares or purchase options involving AXA treasury shares. While the precise terms and conditions of each option grant may vary, options are currently (i) granted at a price not less than the average closing price of the ordinary share on the Paris Stock Exchange during the 20 trading days preceding the date of grant, (ii) valid for a maximum term of ten years, and (iii) vest generally in instalments of 33.33% per year on each of the second, third and fourth anniversaries of the grant date.

For the employees who are granted more than 5,000 options, the first two instalments vest unconditionally at the end of the vesting period, while the final instalment is subject to the fulfilment of certain conditions regarding the performance of the AXA shares compared to the Eurostoxx Insurance index. From 2010, all options granted to the members of the Management Committee are subject to the fulfilment of this market performance condition.

The following table shows AXA SA stock options granted under all plans, and not only the ones granted after November 7, 2002.

	Options *(in million)*		**Weighted price** *(in Euro)*	
	2012	**2011**	**2012**	**2011**
Options AXA				
Outstanding on January 1	**77.3**	**78.8**	**19.98**	**21.52**
Granted	4.6	9.1	12.17	14.73
Capital increase	-	-	-	-
Exercised	(1.7)	(0.4)	10.42	10.34
Cancelled and expired	(7.4)	(10.2)	19.69	27.54
Outstanding as of December 31	**72.8**	**77.3**	**19.74**	**19.98**
Options ex-FINAXA				
Outstanding on January 1	**1.8**	**2.7**	**12.72**	**19.40**
Capital increase	-	-	-	-
Exercised	-	-	-	-
Cancelled and expired	-	(0.9)	-	32.57
Outstanding as of December 31	**1.8**	**1.8**	**12.72**	**12.72**
TOTAL AXA AND EX-FINAXA	**74.6**	**79.1**	**19.58**	**19.82**

The number of outstanding options and the number of exercisable options as of December 31, 2012 and 2011 are shown below by maturity date:

Expiry year of options *(in million)*	Outstanding options 2012	Outstanding options 2011	Exercisable options 2012	Exercisable options 2011
2012	-	6.0	-	6.0
2013	1.9	3.5	1.9	3.5
2014	7.7	7.8	7.7	7.8
2015	10.4	10.5	10.4	10.5
2016	9.8	9.9	9.8	9.9
2017	8.3	8.4	8.3	8.4
2018	8.0	8.1	8.0	5.4
2019	6.4	6.7	4.3	2.2
2020	7.2	7.5	2.4	-
2021	8.6	8.9	-	-
2022	4.5		-	
Total AXA	**72.8**	**77.3**	**52.8**	**53.7**
Options ex-FINAXA				
2013	1.3	1.3	1.3	1.3
2014	0.5	0.5	0.5	0.5
Total ex-FINAXA	**1.8**	**1.8**	**1.8**	**1.8**
TOTAL AXA AND EX-FINAXA	**74.6**	**79.1**	**54.5**	**55.5**

Options AXA and ex-FINAXA	Outstanding options Number *(in million)*	Outstanding options Exercise price *(in Euro)*	Exercisable options Number *(in million)*	Exercisable options Exercise price *(in Euro)*
Price range				
€6.48 – €12.96	12.2	10.99	6.1	10.41
€12.97 – €19.44	26.2	15.66	12.2	16.41
€19.45 – €25.92	18.1	20.32	18.1	20.32
€25.93 – €32.40	9.8	27.82	9.8	27.82
€32.41 – €38.87	8.3	33.21	8.3	33.21
€6.48 – €38.87	**74.6**	**19.58**	**54.5**	**21.64**

The following table shows AXA SA stock options granted under all plans after November 7, 2002:

	Options *(in million)* 2012	Options *(in million)* 2011	Weighted price *(in Euro)* 2012	Weighted price *(in Euro)* 2011
Options				
Outstanding on January 1	**71.4**	**65.4**	**20.0**	**20.6**
Granted	4.6	9.1	12.2	14.7
Capital increase	-	-		
Exercised	(1.7)	(0.4)	10.4	10.3
Cancelled and expired	(1.4)	(2.8)	18.5	19.7
Outstanding as of December 31	**72.8**	**71.4**	**19.7**	**20.0**
Options ex-FINAXA				
Outstanding on January 1	**1.8**	**1.8**	**12.7**	**12.7**
Capital increase	-	-	-	-
Exercised	-	-	-	-
Cancelled and expired	-	-	-	-
Outstanding as of December 31	**1.8**	**1.8**	**12.7**	**12.7**
TOTAL AXA AND EX-FINAXA	**74.6**	**73.1**	**19.6**	**19.8**

The number of outstanding options and the number of exercisable options as of December 31, 2012 and 2011 are shown below by maturity date for AXA SA plans granted after November 7, 2002:

Expiry year of options *(in million)*	Outstanding options 2012	Outstanding options 2011	Exercisable options 2012	Exercisable options 2011
Options AXA				
2013	1.9	3.5	1.9	3.5
2014	7.7	7.8	7.7	7.8
2015	10.4	10.5	10.4	10.5
2016	9.8	9.9	9.8	9.9
2017	8.3	8.4	8.3	8.4
2018	8.0	8.1	8.0	5.4
2019	6.4	6.7	4.3	2.2
2020	7.2	7.5	2.4	-
2021	8.6	8.9	-	-
2022	4.5	-	-	-
Total AXA	**72.8**	**71.4**	**52.8**	**47.8**
Options ex-FINAXA				
2013	1.3	1.3	1.3	1.3
2014	0.5	0.5	0.5	0.5
Total ex-FINAXA	**1.8**	**1.8**	**1.8**	**1.8**
TOTAL AXA AND EX-FINAXA	**74.6**	**73.1**	**54.5**	**49.5**

Options AXA and ex-FINAXA	Outstanding options Number *(in million)*	Outstanding options Exercise price *(in Euro)*	Exercisable options Number *(in million)*	Exercisable options Exercise price *(in Euro)*
Price range				
€6.48 – €12.96	12.2	10.99	6.1	10.41
€12.97 – €19.44	26.2	15.66	12.2	16.41
€19.45 – €25.92	18.1	20.32	18.1	20.32
€25.93 – €32.40	9.8	27.82	9.8	27.82
€32.41 – €38.87	8.3	33.21	8.3	33.21
€6.48 – €38.87	**74.6**	**19.58**	**54.5**	**21.64**

The fair value of AXA SA stock options is calculated using the Black & Scholes option pricing model. The effect of expected early exercise is taken into account through the use of an expected life assumption based on historical data. AXA SA share price volatility is estimated on the basis of implied volatility, which is checked against an analysis of historical volatility to ensure consistency. The expected AXA SA dividend yield is based on the market consensus. The risk-free interest rate is based on the Euro Swap Rate curve for the appropriate term.

The option pricing assumptions and fair value for plans issued in 2012, 2011, 2010, 2009 and 2008 are as follows:

	2012	2011	2010	2009	2008
Assumptions (b)					
Dividend yield	8.36%	7.16%	7.35%	10.84%	7.21%
Volatility	39.89%	33.86%	36.48%	56.98%	34.65%
Risk-free interest rate	2.11%	3.25%	2.84%	3.04%	4.17%
Expected life (in years)	7.6	7.1	7.1	7.4	6.0
Weighted average fair value per option at grant date in Euro (a) (c)	1.81	1.78	2.24	1.91	3.23

(a) For employees who have been granted more than 5,000 options the vesting of the final instalment is subject to the fulfilment of a condition regarding the performance of the AXA shares compared to the DowJones Eurostoxx Insurance index. The options with performance criteria were valued at €1.33 per option granted in 2012 and €1.44 per option granted in 2011, based on a Monte-Carlo model. The options without performance criteria were valued at €2.12 per option granted in 2012 and €1.90 per option granted in 2011, based on the Black & Scholes model.

(b) Assumptions at grant date, in average weighted by grants of the year.

(c) Based on an estimated 5% pre-vesting lapse rate per year for options without performance criteria.

The total cost is amortized over the vesting period and an estimated pre-vesting lapse rate is applied. On that basis, the expense recognized in profit or loss for the year ended December 31, 2012 was €14.8 million (€0.6 million for the 2008 grants, €1.8 million for the 2009 grants, €3.8 million for the 2010 grants, €5.8 million for the 2011 grants, €2.9 million for the 2012 grants).

B) AXA ADR STOCK-OPTION

AXA Financial granted options to purchase AXA ADRs (American Depositary Receipt). These options were issued at the market value of AXA ADRs on the date of grant. Options granted prior to 2004 vest over a three-year period, with one third vesting on each anniversary date. However, starting in 2004, new grants generally vest over a four-year period with one third vesting on each of the second, third and fourth anniversary dates (generally in March). Options currently issued and outstanding have a 10-year contractual term from their date of grant.

In first quarter 2010, AXA voluntarily delisted the AXA ADRs from the New York Stock Exchange and filed to deregister and terminate its reporting obligation with the SEC. AXA's deregistration became effective in second quarter 2010. Following these actions, AXA ADRs continue to trade in the over-the-counter markets in the U.S. and be exchangeable into AXA ordinary shares on a one-to-one basis while AXA ordinary shares continue to trade on the compartiment A of NYSE Euronext Paris, the primary and most liquid market for AXA shares. Consequently, current holders of AXA ADRs may continue to hold or trade those shares, subject to existing transfer restrictions, if any.

The terms and conditions of AXA Financial's share-based compensation programs generally were not impacted by the delisting and deregistration except that AXA ordinary shares generally will be delivered to participants in lieu of AXA ADRs at exercise or maturity of outstanding awards and new offerings are expected to be based on AXA ordinary shares. In addition, due to U.S. securities law restrictions, certain blackouts on option exercise are expected to occur each year when updated financial information for AXA will not be available.

None of the modifications made to AXA Financial's share-based compensation programs as a result of AXA's delisting and deregistration resulted in the recognition of additional compensation expenses.

The following tables show a summary of the U.S. holding Company's AXA ADR stock option plans:

	Options *(in million)*		Weighted price *(in US$)*	
	2012	2011	2012	2011
Options				
Outstanding on January 1	**7.6**	**10.1**	**18.47**	**19.96**
Granted	-	-	-	-
Capital increase	-	-	-	-
Exercised	(1.1)	(0.6)	12.04	15.63
Cancelled and expired	(1.5)	(1.9)	18.18	27.24
Outstanding as of December 31	**5.0**	**7.6**	**20.01**	**18.47**

	Outstanding options		Exercisable options	
	Number *(in million)*	Weighted Exercise price *(in US$)*	Number *(in million)*	Weighted Exercise price *(in US$)*
Price range				
$11.95 - $14.45	0.8	12.00	0.8	12.00
$17.16 - $21.19	2.9	19.71	2.9	19.71
$25.59 - $26.30	1.2	25.59	1.2	25.59
$33.41 - $42.46	-	36.78	-	36.98
$11.95 - $ 42.46	**5.0**	**20.01**	**5.0**	**20.03**

The following table shows information for grants after November 7, 2002:

	Options *(in million)*		Weighted price *(in US$)*	
	2012	2011	2012	2011
Options				
Outstanding on January 1	**6.5**	**7.0**	**18.90**	**18.77**
Granted	-	-	-	-
Capital increase	-	-	-	-
Exercised	(0.9)	(0.3)	11.95	14.56
Cancelled and expired	(0.6)	(0.3)	19.72	25.59
Outstanding as of December 31	**5.0**	**6.4**	**20.01**	**18.90**

	Outstanding options		Exercisable options	
	Number *(in million)*	Exercise price *(in US$)*	Number *(in million)*	Exercise price *(in US$)*
Price range				
$11.95 - $14.45	0.8	12.00	0.8	12.00
$18.63 - $20.68	2.9	19.71	2.9	19.71
$25.59 - $26.30	1.2	25.59	1.2	25.59
$33.41 - $42.46	-	36.78	-	36.98
$11.95 - $ 42.46	**5.0**	**20.01**	**5.0**	**20.03**

The fair value of AXA ADR stock options is calculated using the Black & Scholes option pricing model. The effect of expected early exercise is taken into account through the use of an expected life assumption based on historical data. AXA ADR volatility is based on AXA SA ordinary shares volatility, adjusted for the US$/€ exchange rate volatility. The expected dividend yield on AXA SA shares is based on the market consensus. The risk-free interest rate is based on the U.S. Treasury bond curve for the appropriate maturity.

C) AXA GROUP SHAREPLAN

AXA offers to its employees the opportunity to become shareholders through special employee share offerings. In countries that meet the legal and fiscal requirements, two investment options are available: the traditional plan and the leveraged plan.

The traditional plan allows employees to purchase, through a personal investment, AXA shares (either through Mutual funds (FCPE) or through direct share ownership) with a discount of up to 20%. The shares are restricted from sale during a period of 5 years (except specific early exit cases allowed by applicable laws). Employees bear the risk of all movements in the share as compared to the subscription price.

The leveraged plan allows employees to purchase, on the basis of 10 times their personal investment, to AXA shares (either through Mutual funds (FCPE) or through direct share ownership) with a discount. The leverage on the employees' personal investment is in the form of a loan (non-recourse) from a third party bank. The shares are restricted from sale during a period of 5 years (except specific early exit cases allowed by applicable laws). Employees who participate in the leverage plan benefit from a guarantee on their personal investment and also receive a defined percentage of any upside appreciation (above the non-discounted reference price) on the full leveraged amount invested.

At the end of the 5 years restricted period, the employees can, depending on their residence country, do any one of the following: (1) receive the cash value of their assets; (2) receive the value of their assets in the form of AXA shares; or (3) transfer their assets invested in the leveraged plan into the traditional sub-fund.

The cost of this plan is valued taking into account the five-year lock-up period, as recommended by the ANC (French accounting standard setter). The ANC approach values the restricted shares through a replication strategy whereby the employee would sell the restricted shares forward at the end of the lock-up period, borrow enough money to buy unrestricted shares immediately, and uses the proceeds of the forward sale together with dividends paid during the lock-up period to finance the loan. For the leveraged plan, the cost also includes the opportunity gain implicitly provided by AXA by enabling its employees to benefit from an institutional price for derivatives as opposed to a retail price.

On October 25, 2012, the AXA Group made an employee share offering at €9.50 per share for the traditional plan (discount of 20% to the reference price of €11.86 representing the average over the twenty trading days ending on October 24, 2012) and at €9.82 per share for the leverage plan (discount of 17.19% to the reference price) Subscriptions amounted to 29.7 million shares, increasing the share capital by €290.9 million. This offering represented a total cost of €9.7 million taking into account the five-year lock-up period.

In 2012, the cost of the lock-up period was measured at 19.81% for the traditional plan and 17.07% for the leveraged plan (due to different discounts). In addition to the lock-up cost, the opportunity gain offered to the employees under the leveraged plan was measured at 2.80%.

The table below shows the main features of the plan, the amounts subscribed, valuation assumptions, and the cost of the plan for 2011 and 2012:

	2012		2011	
	Traditional	**Leveraged**	**Traditional**	**Leveraged**
Plan maturity (in years)	5	5	5	5
[A] Discount to face value	20.00%	17.19%	20.00%	13.60%
Reference price *(in Euro)*	11.86		10.53	
Subscription price *(in Euro)*	9.50	9.82	8.43	9.10
Amount subscribed by employee *(in Euro million)*	17.8	27.3	19.1	31.4
Total amount subscribed *(in Euro million)*	17.8	273.2	19.1	313.5
Total number of shares subscribed *(in million shares)*	1.9	27.8	2.3	34.5
Interest rate on employee loan	9.36%	9.45%	8.94%	8.90%
5-year risk-free rate (euro zone)	0.59%		1.30%	
Dividend yield	8.16%		10.37%	
Early exit rate	1.12%		1.01%	
Interest rate for borrowing securities (repo)	0.25%		0.25%	
Retail/institutional volatility spread	N/A	4.08%	N/A	4.36%
[B] Cost of the lock-up for the employee	19.81%	17.07%	18.49%	13.53%
[C] Opportunity gain	N/A	2.80%	N/A	2.84%
Total cost for AXA = [A] – [B] + [C] (as a percentage of the reference price)	**0.19%**	**2.92%**	**1.51%**	**2.91%**
TOTAL COST FOR AXA *(in Euro million)*	**0.04**	**9.65**	**0.36**	**10.58**

D) AXA MILES

On March, 16, 2012, the AXA Group granted 50 free AXA ordinary shares ("AXA Miles") to more than 120,000 employees worldwide, engaging all employees in the successful execution of the Company's strategic plan Ambition AXA. A first tranche of 25 AXA Miles was granted without any condition. The second tranche was subject to the fulfilment of a performance condition determined by AXA's Board of Directors. This condition required the achievement of at least one of two indicators related to Ambition AXA: (1) an increase in underlying earnings per share or (2) an increase in the Group's customer satisfaction index ("Customer Scope"). For the year ended December 31, 2012, both of these conditions were met and, consequently, the grant of the second tranche has been confirmed.

These 50 AXA Miles shares granted in 2012 will vest upon completion of a two or four year vesting period (i.e., in 2014 or 2016) depending on applicable local regulations, and subject to fulfilment of certain conditions.

	Number of employees at grant date *(in thousand)*	Number of AXA Miles granted *(in million)*
2007 grants		
Plan 2+2	47	2.3
Plan 4+0	65	3.2
Total	**112**	**5.6**
2012 grants		
Plan 2+2 [(a)]	57	2.8
Plan 4+0 [(b)]	67	3.3
Total	**123**	**6.2**

(a) Plan 2+2: grants with a two-year vesting period followed by a two-year post-vesting transfer restrictions period.
(b) Plan 4+0: grants with four-year vesting period with no subsequent restriction period.

The free shares are valued using the ANC approach described in the AXA Group Shareplan section using assumptions adapted to the structure of the plan (2+2 or 4+0 plan), based on a market price of €13.18 per share on March 16, 2012 (€32 per share on July 1, 2007) and an estimated 5% pre-vesting lapse rate.

The total cost of the AXA Miles is amortized over the vesting period (i.e. over 2 years for the 2+2 plan and over 4 years for the 4+0 plan) starting from the grant date. On that basis, the expense recognized in the profit or loss for the year ended December 31, 2012 was €15.8 million (December 31, 2011 was €8.7 million).

E) OTHER SHARE-BASED COMPENSATION

AXA Performance Shares

Performance Shares are issued to executive officers and other key employees.

Performance Shares are similar to Performance Units, but the payment is equity-settled. In France, most of the Performance Units granted to employees in 2004 were converted into Performance Shares in 2005.

The Performance Shares are valued using the ANC approach described in the AXA Group Shareplan section using assumptions adapted to the structure of the plan.

In 2012 the valuation was based on a market price of €13.18 per share at grant date and an estimated 5% pre-vesting lapse rate per year. The grant date fair value of Performance Shares granted in 2012 was €8.74.

The total cost of Performance Shares recognised is €22.0 million in 2012 (20.4 million in 2011).

AXA Performance Units

AXA issues Performance Units to executive officers and other key employees outside France.

During the vesting period, the Performance Units initially granted are subject to non-market performance criteria.

Before 2010, if the number of Performance Units definitely acquired was less than one thousand, the employing entity paid in cash, 100% of the calculated value. If the number of Performance Units definitely acquired was more than one thousand the employing entity paid in cash, 70% of the calculated value and the remaining 30% was simultaneously invested on behalf of the beneficiaries in AXA shares restricted for a minimum period of two years (equity-settled).

For 2010 grants, the employing entity at the end of the vesting period will pay in cash the first half of the Performance Units definitely acquired at that date. One year later, the employing entity will pay in cash the second half provided that the beneficiary is an employee of the AXA Group at that date. For the settlement of the second half of the Performance Units definitely acquired, beneficiaries may, if they wish, choose a settlement of all or part of their Performance Units in AXA shares.

For 2011 and 2012 grants, the number of Performance Units definitely acquired will be known after two years and will be paid one year later in cash by the employing entity, provided that the beneficiary is an employee of the AXA Group at that date.

For the cash-settled instruments, the expected payment at the maturity date of the instrument is revised at each closing dates and amortized over the vesting period (*prorata temporis*)

The total cost of the Performance Units recorded in earnings in 2012 was €66.5 million (0 for the equity-settled portion).

26.3.2. Share-based compensation instruments issued by AXA Subsidiaries

Main share-based compensation plans issued by AXA subsidiaries are described below:

AXA FINANCIAL SHARE-BASED COMPENSATION PLANS

The total cost of AXA Financial share-based compensation plans in 2012 included €0.3 million in respect of AXA Financial Stock Appreciation Rights (as they are subject to variations in the basis of recognition due to changes in the market value of AXA ADRs) and €0.2 million in respect of AXA ADR Restricted Shares and Performance Accelerated Restricted Shares granted to senior executives and non-employee directors.

ALLIANCEBERNSTEIN SHARE-BASED COMPENSATION PLANS

AllianceBernstein grants Restricted Units and options to acquire AllianceBernstein Units, which are valued and booked according to IFRS principles.

The deferred awards under AllianceBernstein Incentive Compensation plan are in the form of restricted Holding units or cash which are granted to certain key employees.

On November 17, 2011 AllianceBernstein amended all outstanding deferred incentive compensation awards of active employees, so that employees who terminate their employment or are terminated without cause may retain their award, subject to compliance with certain agreements and restrictive covenants set forth in the applicable award agreement, including restrictions on competition, employee and client solicitation, and a clawback for failing to follow existing risk management policies. This amendment eliminated employee service requirement but did not modify delivery dates contained in the original award agreements.

It resulted in the immediate recognition in 2011 of the cost of all unvested share-based compensation instruments granted from prior years amended at that date and amounted €234.5 million (100%, gross of tax) instead of an amortization over a maximum of four years.

Under the Incentive Compensation Program, AllianceBernstein made awards in December 2012 aggregating €113.1 million (€115.4 million in December 2011) of which €92.2 million in the form of Restricted Holding units (€94.5 million in 2011), elected in January 2013 and representing 6.5 million restricted Holding Units (8.7 million in 2011).

AllianceBernstein also awarded restricted Holding Units in connection with certain employee and separation agreements.

The total granted in 2012 including these awards was 9.9 milion restricted Holding Units (10.5 million Restricted Holding units in 2011).

Moreover, options to acquire AllianceBernstein Units were granted as follows: 114,443 options were granted during 2012; 70,328 options were granted in 2011; 387,661 options were granted in 2010.

Most of the awards granted in 2011 and in 2012 contained the same conditions than awards amended in November 2011, resulting in the immediate recognition of the cost of these awards instead of an amortization over a maximum of four years.

At the end, the 2012 total cost amounted to €73.1 million (€381.5 million in 2011), gross of tax.

26.4. COMPENSATION OF MANAGEMENT AND OFFICERS

In 2012:

- short-term benefits: compensation paid to members of the Management Committee in 2012 totaled €13.1 million, including fixed salary, bonuses, directors' fees and benefits in kind;
- share-based compensation: the expense recognized in 2012 in respect of share-based compensation granted to Management Committee members was €5.2 million.

In 2011:

- short-term benefits: compensation paid to members of the Management Committee in 2011 totaled €13.3 million, including fixed salary, bonuses, directors' fees and benefits in kind;
- share-based compensation: the expense recognized in 2011 in respect of share-based compensation granted to Management Committee members was €6 million.

Long-term benefits:

Amounts provisioned or recognized by AXA SA and its subsidiaries for the payment of pensions or retirement benefits to the members of the Management Committee totaled €46.0 million as of December 31, 2012 (43.8 million as of December 31, 2011).

26.5. SALARIED WORKFORCE

At December 31, 2012, the Group employed 94,364 salaried people on a full-time equivalent basis (95,710 at the end of 2011, excluding salaried people at disposed Bluefin business in the UK and contractors at AXA Technology).

The decrease of salaried employees by -1,346 in 2012 was mainly driven by:

- AllianceBernstein (-446) due to a global staff reduction plan;
- the US (-427) mainly due to the restructuring plan undertaken in June 2011, offshoring and outsourcing;
- Germany (-367) due to productivity programs;
- France (-318) mainly due to a decrease in commercial staff;

Partly offset by Hong Kong (+255) as a consequence of the integration of HSBC acquired business.

Note 27 Net income per ordinary share

The Group calculates a basic net income per ordinary share and a diluted net income per ordinary share:

- the calculation of the basic net income per ordinary share assumes no dilution and is based on the weighted average number of outstanding ordinary shares during the period;
- the calculation of diluted net income per ordinary share takes into account shares that may be issued as a result of stock option plans. The effect of stock option plans on the number of fully diluted shares is taken into account only if options are considered to be exercisable on the basis of the average stock price of the AXA share over the period.

Net income per ordinary share takes into account interest payments related to undated subordinated debt classified in shareholders' equity.

(In Euro million) [(a)]		December 31, 2012	December 31, 2011 Restated [(b)]	December 31, 2011 Published
Net income group share		**4,152**	**4,190**	**4,324**
Undated subordinated debt financial charge		(292)	(291)	(291)
Net income including impact of undated subordinated debt	**A**	**3,861**	**3,899**	**4,033**
Weighted average number of ordinary shares (net of treasury shares) - opening		2,340	2,294	2,294
Increase in capital (excluding stock options exercised) [(c)]		2	2	2
Stock options exercised [(c)]		-	-	-
Treasury shares [(c)]		1	4	4
Share purchase program [(c)]		-	-	-
Weighted average number of ordinary shares	**B**	**2,343**	**2,301**	**2,301**
BASIC NET INCOME PER ORDINARY SHARE	**C = A/B**	**1.65**	**1.69**	**1.75**
Potentially dilutive instruments:				
■ Stock options		1	2	2
■ Other		6	2	2
Fully diluted - weighted average number of shares [(d)]	**D**	**2,349**	**2,305**	**2,305**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**F = A/D**	**1.64**	**1.69**	**1.75**

(a) Except for number of shares (million of units) and earnings per share (Euro).
(b) As described in Note 1.2.1, comparative information related to previous periods was retrospectively restated for the voluntary change in accounting policy on deferred acquisition costs.
(c) Weighted average.
(d) Taking into account the impact of potentially dilutive instruments.

In 2012, net income per ordinary share stood at €1.65 on a basic calculation, all attributable to continuing operations, and €1.64 on a fully diluted basis also all attributable to continuing operations.

In 2011 restated, net income per ordinary share stood at €1.69 on both basic and fully diluted basis, of which €1.26 attributable to continuing operations and €0.44 from discontinued operations on a basic calculation, and €1.26 attributable to continuing operations and €0.43 from discontinued operations on a fully diluted basis.

Excluding the offset of the voluntary change in accounting policy on deferred acquisition costs decided in 2012, 2011 non restated net income per ordinary share stood at €1.75 on both basic and fully diluted basis, of which €1.32 attributable to continuing operations and €0.44 from discontinued operations, and €1.31 attributable to continuing operations and €0.43 from discontinued operations on a fully diluted basis.

Note 28 Related-party transactions

In 2012, the Company was party to the following transactions with related parties which may be deemed to have been material to AXA or the related party in question or unusual in their nature or conditions.

RELATIONSHIPS WITH THE MUTUELLES AXA

The Mutuelles AXA (AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle, hereafter "Mutuelles AXA") are two mutual insurance companies engaged in the Property & Casualty insurance business and Life & Savings insurance business in France. On December 31, 2012, the Mutuelles AXA collectively owned 14.35% of the Company's outstanding ordinary shares representing 23.05% of the voting rights.

Each Mutuelle AXA is supervised by a Board of Directors elected by delegates representing policyholders. Certain members of the Company's Executive Management and Board of Directors serve as directors or executive officers of the Mutuelles AXA.

The Mutuelles AXA and certain of the Company's French insurance subsidiaries, AXA France IARD and AXA France Vie (the "Subsidiaries"), are parties to a management agreement pursuant to which the Subsidiaries provide a full range of management services to manage the insurance operations and portfolios of the Mutuelles AXA. This agreement includes provisions designed to ensure the legal independence and protection of the respective clients' portfolios of the Mutuelles AXA and these Subsidiaries.

The Property & Casualty insurance business generated in France by insurance brokers is underwritten through a coinsurance arrangement between AXA Assurances IARD Mutuelle and AXA France IARD, a Property & Casualty insurance subsidiary of the Company. For coinsurance, AXA France IARD underwrites 89% of businesses and AXA Assurances IARD Mutuelle 11%. Technical results are shared between these companies in proportion to their written premiums. Aggregate written premiums recorded in this coinsurance agreement amounted to €1,708 million in 2012 (of which €1,520 was attributed to AXA France IARD).

Certain of the costs and expenses of operation of these businesses (other than commissions) are shared by these Subsidiaries and the Mutuelles AXA and allocated among them through a *Groupement d'Intérêt Économique* or "GIE" which is a type of French inter-company partnership more fully described below. There are no agreements between the Mutuelles AXA and the Company's insurance subsidiaries that restrict in any way their ability to compete with one another.

GROUPEMENT D'INTÉRÊT ÉCONOMIQUE (GIE)

From time to time the Company enters into GIEs with certain of its subsidiaries. GIEs are intercompany partnerships, governed by French law, created to perform various common services for their members and to allocate associated costs and expenses among their members. The allocation of costs and expenses invoiced to GIE members may be based on various agreed criteria including particular activity drivers. The GIEs to which the Company was party during 2012 covered a variety of common services including services performed by the Group's central functions (GIE AXA) for the benefit of AXA Group companies (*e.g.* finance, accounting and reporting, tax, legal, marketing and brand, internal audit, human resources, procurement, information systems, risk management, cash management) as well as certain other services. Expenses invoiced by these GIEs to the Company and its subsidiaries are generally invoiced at cost and are included in the consolidated expenses reflected in the Company's audited consolidated financial statements. Expenses invoiced in 2012 and 2011 amounted to respectively €551 million and €563 million for GIE AXA France, and respectively €197 million and €192 million for GIE AXA.

LOANS/GUARANTEES/CAPITAL CONTRIBUTIONS, ETC.

AXA has given numerous commitments and guarantees, including financing commitments, guarantees given to financial institutions and customers, pledged assets, collateralized commitments and letters of credit. For a description of these commitments and guarantees, see Note 29 "Contingent assets and liabilities and unrecognized contractual commitments" to the Group's consolidated financial statements.

Certain of these guarantees are given by the Company for the benefit of its subsidiaries and affiliates for various business purposes including to promote development of their business (*e.g.* to facilitate acquisitions, integration of acquired businesses, distribution arrangements, off-shoring arrangements, internal restructurings, sales or other disposals of assets or businesses, sales or renewals of products or services or similar transactions), to support their credit ratings, and/or to promote efficient use of the Group's capital resources. In this context, the Company may guarantee repayment of loans or other obligations between its subsidiaries, guarantee obligations of its subsidiaries to third parties, or provide other types of guarantees for the benefit of its subsidiaries. The beneficiaries of these guarantees are generally required to compensate the Company at a negotiated rate based on prevailing market rates and conditions for guarantees of a similar nature. In addition, from time to time, the Company may provide comfort letters or similar letters to rating agencies and/or regulators for the benefit of its subsidiaries and affiliates for various business purposes, including facilitating specific transactions, achieving target rating levels and, more generally, helping to develop the business of these subsidiaries.

Internal Commitments granted by the Company to its subsidiaries are disclosed in Appendix V of this Annual Report "AXA parent Company financial statements: subsidiaries and participating interests".

The Company, from time to time, makes capital contributions, loans, other extensions of credit, or otherwise provides liquidity and capital resources to its subsidiaries and affiliates for various business purposes including to finance their business operations and/or to promote the development of their business (*e.g.* to facilitate acquisitions, integration of acquired businesses, distribution arrangements, internal restructurings, or similar transactions). These transactions may involve the Company entering into various types of transactions with its subsidiaries and affiliates from time to time including loans or other types of credit arrangements, acquisitions or sales of assets, securities or other financial instruments and/or similar transactions. In addition, the Company may from time to time borrow from its subsidiaries for various business purposes. These transactions are generally carried out on arms-length terms and conditions with loans and other extensions of credit bearing interest at varying rates that generally reflect prevailing market rates at the respective dates such loans were originated.

In addition, the Company may enter into various other types of transactions with its subsidiaries and affiliates from time to time for various other business purposes including in connection with liquidity, solvency and capital management initiatives designed to promote efficient use and fungibility of the Group's capital resources. These transactions may involve loans or other types of credit arrangements, acquisitions or sales of assets, securities or other financial instruments (including swaps or other types of derivatives), securitization transactions, and/or other types of arrangements or transactions to which the Company may be a direct party and/or guarantor.

KEY MANAGEMENT AND DIRECTORS

To the best of the Company's knowledge, based on information reported to it:

- on December 31, 2012, there were no loans outstanding from the Group to any of the Company's executive officers or to any member of the Company's Board of Directors;
- during 2012, the daughter of a member of the Board of Directors was employed by a subsidiary of the Company on arms-length basis and remains an employee of that subsidiary as of the date of this Annual Report;
- various members of the Company's Board of Directors as well as various other executive officers and directors of other AXA Group companies may, from time to time, purchase insurance, wealth management or other products or services offered by AXA in the ordinary course of its business. The terms and conditions of these transactions are substantially similar to the terms and conditions generally available to the public or to AXA employees in general. In addition, certain members ot the Board of Directors are corporate officers, directors or have interests, directly or indirectly, in companies that may have agreements or enter into transactions from time to time with AXA Group entities including extensions of credit, loans (including investments in loans to French midcap companies developed by AXA France with banking partners) purchases of securities (for their own account or for third parties), underwriting of securities and/or furnishing of other types of services or goods. These agreements or deals are generally fully negotiated and performed on arm's length terms and conditions.

Note 29 Contingents assets and liabilities and unrecognized contractual commitments

Consistent with the principles set forth in Note 1.3.1 "Scope and basis of consolidation" to the financial statements, (i) AXA's investments or other arrangements with non-consolidated special purpose entities (SPEs) do not allow AXA to exercise control over such SPEs; and (ii) SPEs controlled by AXA are consolidated as disclosed in Note 2.2 to the financial statements.

Investments in non-consolidated investment funds are limited to the shares in these funds which do not provide control. Any material arrangements between AXA and these funds are disclosed in this Note.

29.1. BREAKDOWN OF COMMITMENTS RECEIVED

(In Euro million)	December 31, 2012	December 31, 2011
Financing commitments	**16,041**	**14,725**
Credit institutions	16,040	14,725
Customers	-	-
Guarantee commitments	**15,647**	**13,871**
Credit institutions	163	942
Customers	15,484	12,930
Other	**34,682**	**36,869**
Pledged securities and collaterized commitments	31,061	32,530
Letters of credit	650	2,268
Other commitments	2,970	2,070
TOTAL	**66,369**	**65,465**

Commitments received by AXA totaled €66,369 million at the end of 2012, and increased by €904 million compared to the end of 2011, mainly due to an increase in guarantee commitments (€+1,776 million) and an increase in financing commitments (€+1,316 million), partly offset by a decrease in other commitments (€-2,187 million).

These commitments broke down as follows:

Financing commitments received totaled €16,041 million at the end of 2012, and mainly consisted of:

- credit facilities received from banks for €12,075 million in the Company including €5,675 million stand-by credit lines, €5,400 million credit agreements and €1,000 million credit facility;
- €2,389 million in US Holdings, including €234 million credit facilities and €2,155 million commitment lines with various banks and other lenders;
- €948 million at AllianceBernstein including €758 million commitment lines with various banks and other lenders and €190 million stand-by credit lines;
- €474 million commitment lines granted to Japan Life & Savings as part of its operations.

Guarantee commitments received totaled €15,647 million at the end of 2012, and mainly consisted of (i) guarantees from customers related to mortgage loans (€13,819 million) received by Switzerland Life & Savings (€6,950 million), Switzerland Property & Casualty (€1,292 million), AXA Bank Europe (€2,644 million), AXA Banque (€1,362 million) and Belgium Life & Savings (€1,310 million), and (ii) €1,664 million other guarantees received from customers at AXA Banque.

Pledged securities and collaterized commitments received totaled €31,061 million at the end of 2012, and mainly consisted of:

- mortgage security collateral taken for loans totaled €21,693 million, mainly from AXA Bank Europe (€18,138 million) and AXA Bank Hungary (€3,455 million);
- security reverse repurchase agreements and similar operations totaled €3,398 million mainly in Germany Life & Savings (€1,222 million), Japan Life & Savings (€707 million) and AXA Bank Europe (€531 million);
- €3,274 million collaterals for reinsurance operations of which €2,063 million in the United States Life & Savings;
- €2,614 million collateral for derivatives mainly from AXA Bank Europe (€923 million) and Germany Life & Savings (€731 million);

Letters of credit received totaled €650 million at the end of 2012.

Other commitments received totaled €2,970 million at the end of 2012, and were broken down as follows:

- €1,482 million from France Life & Savings mainly due to commitments received by real estate funds;
- €924 million received by AXA Bank Europe related to money market activities;
- €490 million received by Belgium Life & Savings (€245 million) and Belgium Property & Casualty (€245 million) related to mortgages as guarantees for debt instruments.

29.2. BREAKDOWN OF COMMITMENTS GIVEN

(In Euro million)	December 31, 2012					December 31, 2011
	Expiring date					
	12 months or less	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	Total
Financing commitments	**1,420**	**1,467**	**139**	**95**	**3,122**	**3,266**
Credit institutions	9	-	-	89	99	273
Customers	1,411	1,467	139	6	3,023	2,993
Guarantee commitments	**391**	**1,113**	**2,405**	**2,505**	**6,414**	**4,568**
Credit institutions	363	1,084	2,391	2,407	6,244	4,299
Customers	28	29	14	99	170	269
Other	**29,104**	**1,931**	**1,170**	**17,332**	**49,538**	**56,710**
Pledged securities and collateralized commitments	26,503	54	7	11,985	38,549	45,895
Letters of credit	31	20	-	143	195	227
Other commitments	2,569	1,857	1,164	5,204	10,794	10,587
TOTAL	**30,914**	**4,511**	**3,715**	**19,933**	**59,073**	**64,544**

Commitments given totaled €59,073 million at the end of 2012, a decrease of €5,470 million compared to the end of 2011, mainly due to a decrease of €7,346 million in pledged securities and collaterized commitments mainly in relation with repurchase transactions and similar operations (see below).

Financing commitments given totaled €3,122 million at the end of 2012, and mainly consisted of financing commitments to customers (€3,023 million), notably comprising loan commitments granted at AXA Bank Europe (€1,139 million), AXA Germany Life & Savings (€1,116 million) and by AXA Banque (€653 million) to their customers.

Guarantee commitments given totaled €6,414 million at the end of 2012, and mainly consisted of:

- €6,244 million guarantee commitments given to credit institutions (including €1,073 million guarantees in case of insolvency or default in AXA Bank Europe) mainly driven by the Company (€4,359 million) including €4,142 million loans guarantees and €209 million backing IT contracts;
- €170 million guarantee commitments given to customers mainly at AXA Banque (€70 million).

Pledged securities and collaterized commitments given totaled €38,549 million at the end of 2012, and mainly consisted of:

- €11,602 million in AXA Bank Europe to financial institutions in respect of security repurchase agreements and similar operations (€8,628 million), pledged assets for loans (€1,902 million) and pledged assets and collaterals for derivatives instruments (€1,071 million);
- €11,925 million in AXA France including €10,102 million from Life & Savings due to pledged assets for security repurchase agreements and similar operations (€9,359 million) and derivative transactions (€697 million), as well as €1,822 million from Property & Casualty mainly due to pledged assets for security repurchase agreements and similar operations (€1,807 million);
- €7,791 million in Japan Life & Savings, including pledged assets for security repurchase agreements and similar operations (€6,974 million) and pledged assets for loaned stock (€614 million);
- €2,804 million in Switzerland Life & Savings in respect of pledged assets for securities repurchase agreements and similar operations;

Letters of credit given totaled €195 million at the end of 2012 and were mainly from Colisée RE (ex-AXA RE) related to the run-off activities of reinsurance operations (€131 million).

Other commitments given totaled €10,794 million at the end of 2012 and mainly consisted of:

- capital call options in respect of unfunded commitments to Private Equity (€3,896 million) mainly given by the France Life & Savings (€1,298 million), Germany Life & Savings (€602 million), Switzerland Life & Savings (€565 million), Japan Life & Savings (€357 million) and United States Life & Savings (€275 million);
- €1,609 million guarantees given by the Company as part of Group employee insurance contracts;
- €1,293 million commitments given by France Life & Savings as commitments to real estate funds;

- €475 million in Germany Life & Savings commitments given to "Protektor" and "Medicator", the German insurance guarantee funds in the case of a bankruptcy of insurance companies;
- €380 million of unamortized balance of the Company's subordinated debt instruments: the Company issued subordinated debt with reimbursement premiums which are amortized over the life of the instrument at the effective interest rate for each debt;
- €282 million guarantees given by the Company as part of acquisition and disposal of companies.

29.3. OTHER AGREEMENTS

Partial disposal of UK Life & Savings operations

AXA has guaranteed the liabilities and obligations of AXA UK in connection with the sale of part of its Life & Savings insurance business to Resolution Ltd. This includes the potential liability of AXA UK under customary warranties and indemnities given by AXA UK to Resolution Ltd. in connection with this transaction.

Cross-shareholding Agreement with BNP Paribas

On August 5, 2010, and after authorization by the AXA Board of Directors on August 3, 2010, AXA and BNP Paribas entered into an agreement that replaced a previous agreement between them dated December 15, 2005.

The 2010 agreement maintains the option for each party to repurchase its shares in the event of a hostile change of control of the other party.

In force for a period of three years starting from August 5, 2010, this agreement is renewable automatically for successive periods of one year thereafter, unless one of the two parties decides to terminate the agreement earlier, in which case the terminating party is required to give three month notice prior to the next renewal date. The agreement was made public by the AMF on August 9, 2010.

Commitments towards some Group employees

In addition to other employment-related obligations, various AXA subsidiaries are required to indemnify their employees against certain liabilities and costs that they may incur from time to time in performing activities within the scope of their employment duties. These activities may include, for example, service as a director, officer, agent, general partner, or in a similar capacity for (i) an AXA Group Company other than the employee's principal employer or (ii) a Company outside the AXA Group where service is at the request of (or for the benefit of) the Group (*e.g.* joint ventures, partnerships, or special-purpose investment Companies or funds). The potential amount of compensation relating to commitments covered by these obligations cannot be evaluated with any certainty, and the Group purchased the D&O (Directors and Officers) insurance to mitigate such risk.

Supports provided without having a contractual or constructive obligation to do so

The Group did not provide any material support without having a contractual or constructive obligation to do so to non consolidated entities during the period.

29.4. OTHER ITEMS: RESTRICTION ON DIVIDEND PAYMENTS TO SHAREHOLDERS

Some AXA subsidiaries, principally insurance Companies, are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise.

In most cases, the amounts available for distribution from AXA's insurance subsidiaries are limited to net income for the year and retained earnings calculated in accordance with the statutory accounting policies used by the subsidiaries to prepare their local financial statements. Further restrictions may be imposed by the local insurance regulators in countries where AXA operates. In some cases, amounts available for distribution are also subject to regulatory capital adequacy tests or the approval of an independent actuary, or subject to individual provisions contained in a Company's by-laws.

In accordance with European Union directives, insurance Companies with their registered office in a European Union member country are required to maintain minimum solvency ratios which must be supported by capital, retained earnings and reserves and unrealized capital gains on marketable securities and real estate as reported in regulatory filings or subject to approval by local regulators in some countries. AXA's insurance operations in countries outside the European Union are also subject to local capital adequacy and solvency margin regulations.

While AXA seeks to manage its exposure to foreign currency fluctuations through hedging, fluctuations in the exchange rates may have a significant impact on AXA's results of operations and cash flows. For example, an appreciation of Euro against foreign currencies in 2012 and future periods may adversely affect AXA's results of operations and the price of its securities. In addition, the currency hedges used by AXA to manage foreign exchange rate risk may significantly impact the Company cash position.

AXA regularly monitors its exchange rate hedging strategy and will continue to review its effectiveness and the potential need to vary it in any way taking into account earnings, value, solvency, gearing and liquidity indicators.

Note 30 Fees paid to Statutory Auditors

30.1. STATUTORY AUDITORS

Incubent auditors

PRICEWATERHOUSECOOPERS AUDIT:
63, rue de Villiers – 92208 Neuilly-sur-Seine, represented by Messrs. Pierre Coll and Michel Laforce, first appointed on February 28, 1989. The current appointment is for a term of 6 years, until the General Shareholders' Meeting called to approve the financial statements for the fiscal year 2017.

Membership in a professional body:

PricewaterhouseCoopers Audit is registered as an independent auditor with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

MAZARS:
61, rue Henri Regnault – 92400 Courbevoie Cedex, represented by Messrs. Philippe Castagnac and Gilles Magnan, first appointed on June 8, 1994. The current appointment is for a term of 6 years, until the General Shareholders Meeting called to approve the financial statements for the fiscal year 2015.

Membership in a professional body:

Mazars is registered as an independent auditor with the *Compagnie Régionale des Commissaires aux Comptes* de Versailles.

Alternate auditors

Mr Yves Nicolas: 63, rue de Villiers – 92208 Neuilly-sur-Seine, first appointed on April 25, 2012. The current appointment is for a period of 6 years, until the annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2017.

Mr Jean-Brice de Turckheim: 61, rue Henri Regnault – 92400 Courbevoie Cedex, first appointed on April 29, 2010. The current appointment is for a period of 6 years, until the annual General Meeting of the shareholders called to approve the financial statements for the fiscal year 2015.

30.2. FEES PAID TO STATUTORY AUDITORS

According to Article 222-8 of the *Autorité des marchés financiers* (AMF) General Regulations, the table below distinguishes the fee amounts paid by AXA to each of the Statutory Auditors in charge of auditing the Group's financial statements between the fees for the legal mission of Statutory Auditors of the statements, for the diligence directly related to them, and for other services.

	PricewaterhouseCoopers				Mazars			
	Amount (before VAT)		%	%	Amount (before VAT)		%	%
(In Euro thousand)	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Statutory audit and certification of local and consolidated financial statements	27,414	26,712	63%	64%	8,474	7,942	80%	77%
Parent Company	2,496	2,506	6%	6%	600	600	6%	6%
Fully consolidated subsidiaries [(a)]	24,917	24,206	58%	58%	7,874	7,342	74%	71%
Other specific audit assignment	11,236	9,947	26%	24%	2,067	2,220	20%	22%
Parent Company [(b)]	4,635	5,183	11%	12%	1,563	1,785	15%	17%
Fully consolidated subsidiaries [(a)]	6,601	4,764	15%	11%	504	435	5%	4%
Sub-total	**38,650**	**36,660**	**89%**	**87%**	**10,541**	**10,163**	**100%**	**98%**
Other services								
Legal, tax and employment consulting	4,107	4,537	10%	11%	11	68	0%	1%
Other [(b) (c)]	474	869	1%	2%	31	93	0%	1%
Sub-total	**4,581**	**5,406**	**11%**	**13%**	**42**	**161**	**0%**	**2%**
TOTAL	**43,231**	**42,065**	**100%**	**100%**	**10,584**	**10,324**	**100%**	**100%**

(a) Consistently with its nature, SSAE 16 related fees have been reclassified from "Audit" to "Other specific audit assignment".
(b) Consistently with its nature, Solvency II and EEV related fees have been reclassified from "Other services" to "Other specific audit assignment".
(c) Including Technology, IT systems consulting and other internal services.

External audit fees are also paid by certain Affiliates and Mutual funds which are not required to be included in the table above.

Note 31 Litigation

With respect to all significant litigation matters, we consider the likelihood of a negative outcome. If we determine the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, we establish a reserve and record an estimated loss for the expected outcome of the litigation. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, the litigation is in its early stages, or when the litigation is highly complex or broad in scope.

31.1. MATTERS DIRECTLY CONCERNING AXA SA

AXA SA is involved in lawsuits, investigations and other actions arising in the various jurisdictions where it does business, including the following:

In 2007, AXA SA completed the squeeze out of the minority shareholders at two German subsidiaries, AXA Konzern AG ("AKAG") and Kölnische Verwaltungs-AG für Versicherungswerte ("KVAG"). Following the effective date of these squeeze outs in July 2007, certain former AKAG and KVAG shareholders brought an action in Germany alleging that the cash compensation offered by AXA SA was not adequate. Management believes that these claims are without merit and intends to vigorously defend them. Management also believes that these judicial proceedings are likely to continue for a significant period of time before they are definitively resolved due to the complexities, procedural and otherwise, of this matter.

31.2. MATTERS CONCERNING AXA SUBSIDIARIES

In addition, several AXA subsidiaries are involved in lawsuits (both class action and individual), investigations, and other actions arising in the various jurisdictions where they do business, including the following.

31.2.1. United States Matters

In the United States, certain AXA subsidiaries are involved in a number of lawsuits (both class actions and individual litigations), investigations and other actions in various states and jurisdictions where they do business. A detailed description of significant matters involving AXA Equitable Life Insurance Company and its subsidiaries (including AllianceBernstein L.P.) is included in the Annual Reports on Form 10-K for the year ended December 31, 2012 and subsequent reports on Form 10-Q, respectively, of AXA Equitable Life Insurance Company (SEC file no. 000-20501) and AllianceBernstein (SEC file no. 000-29961) filed with the SEC (collectively, the "Subsidiary SEC Reports"). The Subsidiary SEC Reports are publicly available and Management encourages readers of the financial statement to consult the Subsidiary SEC Reports for a full description of all the various litigations and related matters in which these subsidiaries are involved. Copies of the Subsidiary SEC Reports can be obtained through the SEC's EDGAR system (www.sec.gov).

A number of lawsuits have been filed against insurers in the United States and elsewhere involving insurers' sales practices, alleged agent misconduct or misrepresentation, alleged failure to properly supervise agents, compensation of intermediaries as well as numerous other matters. Some of these actions have resulted in the award of substantial judgments against insurers (including material amounts of punitive damages) or in substantial settlements. In certain jurisdictions, juries have substantial discretion in awarding punitive damages. AXA's United States subsidiaries are involved in these types of litigations as well as in a wide variety of other matters including regulatory inquiries, investigations and/or actions, in connection with the ownership and/or management of real estate, asset or investment management activities, corporate transactions, employee benefit disputes, alleged discrimination in employment practices, as well as other matters. For additional details on these matters, please see the Subsidiary SEC Reports.

AXA ROSENBERG

In April 2010, AXA Rosenberg, a quantitative asset manager owned 75% by AXA Investment Managers at that time (now fully owned), communicated to its clients that a coding error in its risk model, corrected in November 2009, had not been reported in a timely manner. AXA Rosenberg's Board of Directors hired an independent law firm to conduct an internal investigation into this matter and an independent consultant was engaged to assist in assessing the impact of this error on the performance of each client's account. On February 3, 2011, the United States Securities and Exchange Commission charged three AXA Rosenberg entities with securities fraud for concealing this error, which was determined to have caused $217 million in investor losses. Without admitting or denying the SEC's findings, AXA Rosenberg Group LLC ("ARG"), AXA Rosenberg Investment Management LLC ("ARIM"), and Barr Rosenberg Research Center LLC ("BRRC") consented to the entry of an SEC order that required them to cease and desist from committing or causing any violations and any future violations of certain provisions of US federal securities laws; censured them; and ordered them jointly and severally to pay a $25 million penalty. The SEC's order also required ARG, ARIM and BRRC to comply with certain undertakings including the payment to clients of approximately $217 million to redress harm from the coding error, reorganization of the firms' compliance functions and hiring of an independent compliance consultant to conduct a comprehensive review of the firms' overall supervisory and compliance policies and procedures.

During 2011, three putative class action lawsuits were filed against AXA Rosenberg on behalf of AXA Rosenberg clients in the Federal District Court for the Northern District of California. These suits (i) alleged breach of fiduciary duty, negligence/gross negligence in connection with the coding error, (ii) sought an "accounting" of underperformance against benchmarks attributable to the coding error and (iii) requested damages in an unspecified amount to be determined at trial. All of these actions were consolidated into a single putative class action lawsuit, and in the fourth quarter of 2011, the parties entered into an agreement to settle all of the claims in the lawsuit. On December 6, 2011, the Federal District Court for the North District of California approved a preliminary settlement order pursuant to which AXA Rosenberg agreed to pay $65 million in exchange for a full release from class members. The court's final approval of the settlement was granted end of March 2012.

AXA EQUITABLE MUTUAL FUND DERIVATIVE ACTION

A lawsuit was filed in the United States District Court of the District of New Jersey in July 2011, entitled Mary Ann Sivolella v. AXA Equitable Life Insurance Company and AXA Equitable Funds Management Group, LLC ("FMG LLC"). The lawsuit was filed derivatively on behalf of eight funds. The lawsuit seeks recovery under Section 36(b) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), for alleged excessive fees paid to AXA Equitable and FMG LLC for investment management services. In January 2013, a second lawsuit under Section 36(b) of the Investment Company Act, entitled Sanford et al. v. FMG LLC, was filed in the same court. The second lawsuit was filed derivatively on behalf of eight funds (four of which are also named in the Sivolella lawsuit). In light of the similarities of the allegations in the Sivolella and Sanford lawsuits, the parties and the Court agreed to consolidate the two lawsuits. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

ALLIANCEBERNSTEIN

During the first quarter of 2012, AllianceBernstein received a legal letter of claim (the "Letter of Claim") on behalf of a former European pension fund client, alleging that AllianceBernstein Limited (a wholly-owned subsidiary of AllianceBernstein organized in the U.K.) was negligent and failed to meet certain applicable standards of care with respect to the initial investment in and management of a £500 million portfolio of U.S. mortgage-backed securities. The alleged damages range between $177 million and $234 million, plus compound interest on an alleged $125 million of realized losses in the portfolio. AllianceBernstein believes that any losses to this client resulted from adverse developments in the U.S. housing and mortgage market that precipitated the financial crisis in 2008 and not from any negligence or failure on their part. AllianceBernstein believes that it has strong defenses to these claims, which are set forth in its October 12, 2012 response to the letter of claim, and will defend this matter vigorously.

31.2.2. Other Litigations

During the fourth quarter of 2012 a lawsuit was filed against AXA Seguros Generales SA de Seguros y Reaseguros ("AXA Spain") in Madrid by a real estate development company, Sistema KLEC, alleging breach of contract in connection with an arrangement entered into by AXA Spain in 2008 for the development of up to 125 agencies. The plaintiff claims damages on alternative theories for amounts ranging from approximately €149 million to €623 million. AXA Spain believes that it has strong defenses to these claims and will defend them vigorously. A preliminary hearing in this case is set for October 1, 2013.

AXA and certain of its subsidiaries are also involved in various legal actions and proceedings arising out of transactions involving the acquisition or sale of businesses or assets, mergers or other business combination transactions, the establishment or dissolution of joint ventures or other partnerships, public exchange or tender offers, buy-outs of minority interests or similar types of transactions ("M&A Transactions"). In connection with M&A Transactions, AXA and its subsidiaries from time to time:

- are involved in legal actions or other claims brought by purchasers, joint venture partners, shareholders or other transaction parties asserting claims for damages on various theories (including misrepresentation, failure to disclose material information, failure to perform contractual duties, breach of fiduciary duties), seeking contractual indemnification, or otherwise seeking to impose liability on AXA and/or its subsidiaries; and/or
- benefit from contractual rights to indemnification from third party sellers or other transaction counterparties that are designed to protect the Group against existing or potential future litigation exposures or other types of contingent liabilities of the acquired businesses or assets. These indemnities generally constitute unsecured obligations of the indemnifying party and, consequently, their value may be substantially impaired or rendered worthless in the event of the bankruptcy or insolvency of the indemnifying party.

For example, Friends Provident ("FP") has notified certain indemnification claims to AXA UK in connection with the sale of AXA Sun Life Holdings Limited and Winterthur Life UK Limited. Many of these claims relate to potential future contingencies that have not yet transpired and, consequently, the extent to which they may give rise to future liability (if any) for AXA UK is currently unclear. In connection with this transaction, AXA UK also granted a separate indemnity to Friends Provident for any losses that FP may suffer as a result of having to pay out monies to pension scheme trustees/employers in relation to pension equalisation claims. In addition, in a separate matter, Banca Monte dei Paschi ("BMPS") has notified certain indemnification claims to AXA Assicurazioni in connection with its sale of AXA SIM in 2007. AXA's indemnity covers certain misselling and litigation liabilities (up to a defined cap) arising on business written on or before the closing. These indemnification claims are currently under review and the ultimate amount of liability in these matters will take several months/years to determine. Management believes that AXA's ultimate liability in connection with these matters will not be material to the Group's consolidated results of operations or financial position in any event.

In addition, AXA and certain of its subsidiaries are involved in various legal actions and proceedings with tax authorities in various jurisdictions including actions arising in connection with M&A Transactions, the Group's ordinary course of business activities or other matters.

Over the past several years a number of jurisdictions, including France and Belgium, have enacted legislation that permits corporate entities to be charged with criminal offences. The standard for attributing criminal conduct by corporate officers and employees to corporate entities is not clearly defined in many of these jurisdictions and government prosecutors and judges have broad discretion in this area. In recent years, complaints against or indictments of corporate entities for alleged criminal offences have become increasingly common and certain AXA Group companies have been the subject of penal complaints and/or indictments from time to time including in Belgium and France. While a criminal complaint against or indictment of a corporate entity may not pose material financial risk, it has broad potential implications for a regulated financial institution like AXA both from a reputation point of view and from a regulatory perspective because a criminal conviction can have potentially far reaching negative implications for AXA Group companies engaged in regulated businesses around the world (including for their ability to obtain and/or maintain licenses to engage in certain types of regulated business activities such as asset management, insurance and banking).

In addition to the matters noted above, AXA and its subsidiaries are also involved in various legal actions and proceedings of a character normally incident to their business including claims litigation arising in connection with the Group's insurance business and litigation arising from the Group's asset management business.

In addition to litigation risks of the type described above, AXA and its subsidiaries are subject to comprehensive regulation in the various jurisdictions where they do business. In this context, AXA and its subsidiaries are subject, from time to time, to examinations, investigations, enforcement proceedings and other actions by regulatory and law enforcement authorities (involving civil and/or penal matters) as well as to proposed changes in law and/or regulation that may significantly impact their business and results of operations. For additional information on these matters as well as other risks and contingent liabilities affecting the Group and its business, please see section 3.1 "Regulation" and 3.2 "Risk Factors" in Part 3 of this Annual Report and Note 29 to the Group's consolidated financial statements in Part 4 of this Annual Report. Some of the litigations described above have been brought on behalf of various alleged classes of claimants, and certain of the claimants in these actions seek significant or unspecified amounts of damages, including punitive damages. In some jurisdictions, juries have substantial discretion in awarding punitive damages.

Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, management believes that the ultimate resolution of the matters described above are not likely to have a material adverse effect on the consolidated financial position of AXA, taken as a whole. However, due to the nature of such lawsuits and investigations and the frequency of large damage awards in certain jurisdictions (particularly the United States) that bear little or no relation to actual economic damages incurred by plaintiffs, AXA's management cannot make an estimate of loss, if any, or predict whether or not these matters will have a material adverse effect on AXA's consolidated results of operations in any particular period.

Note 32 Subsequent events

AXA announced on January 17, 2013 the issuance of USD 850 million undated subordinated debt (5.50% annual coupon, fixed for life) and on January 18, 2013 the issuance of €1 billion subordinated debt due 2043 (5.125% annual coupon, fixed until the first call date in July 2023 and floating thereafter with a step up of 100 basis points), to anticipate the refinancing of part of subordinated debt instruments maturing on January 1, 2014. Both transactions have been structured to comply with the expected eligibility criteria for a Tier 2 capital treatment under Solvency II.

4.7 REPORT OF THE STATUTORY AUDITORS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Report of the statutory auditors on the consolidated financial statements
(For the year ended December 31, 2012)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of **AXA**
25, avenue Matignon
75008 Paris

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying consolidated financial statements of AXA , as attached to the present report;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion expressed above, we draw your attention to the paragraph related to the “voluntary change in accounting policy on deferred acquisition costs (DAC)” included in Note 1.2.1 of the consolidated financial statements which disclose the change in accounting policy regarding the definition of deferred acquisition costs.

II – JUSTIFICATION OF OUR ASSESSMENTS

The prolonged economic and financial uncertainties continue to give rise to specific considerations with respect to the determination of assumptions underlying the preparation of the financial statements, in particular, the future evolution of interest rates utilized in the accounting estimates. In this context and in accordance with Article L.823-9 of the French Commercial Code requiring statutory auditors to justify their assessment, we bring to your attention the following matters:

- Your company details in Notes 1.7.2, 4.3 and 9.9 to the consolidated financial statements the valuation methods it applies to financial assets.

  We have assessed the appropriateness of the process of the financial assets valuation, as well as the information disclosed in the above mentioned notes.
- Certain consolidated balance sheet items that are specific to insurance and reinsurance business are estimated on the basis of statistical and actuarial data, such as actuarial reserves, future policyholders’ benefits, deferred acquisition costs and their amortization, and the value of business in force. The methods and assumptions used to calculate the carrying values of these items are described in Notes 1.13, 1.6.3 and 1.6.2 to the consolidated financial statements.

  We have assessed the reasonableness of the assumptions used to calculate these values, particularly with respect to the Group’s experience and its regulatory and economic environments as well as the overall consistency of these assumptions. We also have assessed the appropriateness of the change in accounting policy mentioned above and its related disclosure in note 1.2.1.
- The carrying values of purchase goodwill are tested at each closing for impairment using the methods described in Notes 1.6.1 and 5.2.2 to the consolidated financial statements.

  We have in particular ensured the valuation approaches used rely on assumptions that are consistent with the forecasts that emerge from the strategic plans established by the Group. We have also examined the elements gathered by the Group to assess the other assumptions considered as well as the sensitivity tests performed.
- Deferred tax assets and liabilities are recorded and measured using the methods described in Note 1.16.1 of the notes to the consolidated financial statements.

  We have verified that the valuation methods used take into account the nature of tax differences, business plans established by the Group and, when accounting policies permit, its intentions.
- Derivatives and hedging activities are recognized in accordance with the methods and procedures described in Note 1.9 to the consolidated financial statements.

  We have assessed whether the hedging activities that abide by hedge accounting have been duly documented in accordance with hedge accounting rules.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATION

As required by law we have also verified the information given in the Group’s management report in accordance with the professional standards applicable in France.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, March 20, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Pierre Coll – Michel Laforce	Philippe Castagnac – Gilles Magnan

5 CERTAIN ADDITIONAL INFORMATION

5.1 CHARTER

We summarize below certain material provisions of applicable French law, in force at the filing date of this Annual Report, and of our Charter *("Statuts")*. You may obtain copies of our Charter in French from the Paris Trade and Companies Register *("Registre du commerce et des sociétés")*.

Corporate purpose

Under Article 3 of its Charter, AXA's corporate purpose is generally to:

- acquire all types of ownership interests in any French or foreign company or business, including insurance companies or businesses;
- acquire, manage and sell all listed or unlisted shares and securities, as well as personal or real properties, rights, shares or securities, whether listed or unlisted, that are related to such properties; and
- perform all industrial, commercial, financial, personal or real property transactions, directly or indirectly related to any of the foregoing.

Members of the Board of Directors

In addition to French law provisions, AXA's Charter and the Board of Directors' Bylaws include a number of specific provisions concerning members of the Board of Directors, including the following:

COMPENSATION

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) will receive compensation which amount and conditions will be set by the Board of Directors, upon proposal of the Compensation & Human Resources Committee. Members of the Board of Directors receive a fixed annual directors' fee, the maximum overall amount of which is determined by the Shareholders' Meeting and apportioned by the Board of Directors among its members. Notwithstanding the above, the Board of Directors' Bylaws provide that no directors' fee shall be paid to directors exercising in the Executive Management (Chief Executive Officer and Deputy Chief Executive Officer).

For further information please see Part 2 – "Corporate governance" of this Annual Report.

RETIREMENT

Notwithstanding the term of office for which the Chairman of the Board of Directors is appointed, his/her functions shall terminate, at the latest, at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chairman reaches the age of seventy.

Notwithstanding the term of office for which the Chief Executive Officer is appointed, his/her functions shall terminate at the latest at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding fiscal year and held during the year the Chief Executive Officer reaches the age of sixty-five. The same rule applies for the Deputy Chief Executive Officer(s).

An individual aged seventy or older may be appointed or reappointed to the Board of Directors exclusively for a two-year term of office. His/her term of office can be renewed only once.

When the number of Board members aged seventy or older exceeds one-third of the directors in office, the oldest director is deemed to have resigned automatically unless any member of the Board of Directors aged seventy or older voluntarily resigns within three months.

When the permanent representative of a legal entity member of the Board of Directors reaches seventy-years old, the legal entity is deemed to have resigned automatically unless it designates a new representative within three months.

SHAREHOLDING

In accordance with the AFEP/MEDEF Code, the directors shall be shareholders of the Company and own a significant number of shares in the Company; if they do not own such shares at the time they are first appointed, they shall use their directors' fees to acquire AXA shares. Accordingly, the Board of Directors has set for each Board member, whether an individual or a permanent representative of a legal entity to whom directors' fees were paid, the objective of holding, within two years after first being appointed, a number of shares in the Company, the value of which, on the basis of the closing price of the AXA share on December 31 of the preceding fiscal year, corresponds to an amount at least equivalent to the gross director's fees earned in respect of the previous fiscal year. The shares purchased for the purpose of this holding objective must be held in registered form.

For additional information regarding the powers of the Board of Directors, please see Part 2 – "Corporate governance" of this Annual Report.

Rights, preferences and restrictions attached to the shares

VOTING RIGHTS

Each AXA share entitles its holder to one vote at every AXA Shareholders' Meeting, subject to the provisions regarding double voting rights described below. On May 26, 1977, the Shareholders' Meeting decided that each ordinary share fully paid and held in registered form by the same person for at least two full fiscal years entitled its holder to double voting rights with respect to such share.

In the event of a capital increase by capitalization of existing reserves, profits or premiums, shares granted for free to any shareholder holding shares entitled to double voting rights will also carry double voting rights.

Double voting rights may be terminated at any time upon the decision of an Extraordinary Shareholders' Meeting, after authorization by a Special Meeting of the holders of these rights.

DIVIDENDS

Upon proposal by the AXA Board of Directors, the shareholders of AXA may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends. If AXA has earned a distributable profit since the end of the previous fiscal year, as reflected in an interim balance sheet certified by its Statutory Auditors, the Board of Directors may distribute interim dividends to the extent of the distributable profit without prior approval of the shareholders. AXA's Charter requires AXA to distribute dividends between its shareholders in proportion to their share in the capital.

Under the provisions of AXA's Charter, the actual dividend payment date is decided by the Board of Directors.

AXA's Charter provides that, the shareholders may grant each shareholder the choice of receiving dividends in either cash or additional ordinary shares.

PRE-EMPTIVE RIGHTS

Under French law, shareholders have preferential subscription rights to subscribe, on a prorata basis, additional ordinary shares (and/or convertible, exchangeable or other securities giving a claim, directly or indirectly, to AXA ordinary shares). This subscription right is transferable and normally trades separately during the subscription period for a capital increase. In order to issue additional shares without preferential subscription rights, except for issues already approved or authorized by AXA shareholders, AXA must obtain the approval of a two-thirds majority of voting rights at an Extraordinary Shareholders' Meeting.

LIQUIDATION RIGHTS

If AXA is liquidated, the assets remaining after it pays its debts, liquidation expenses and all prior claims will first be used to repay AXA shareholders up to the amount of the liquidation balance and the par value of the shares held by each shareholder. Any surplus will be divided among all shareholders, subject to rights arising, if any, from the different classes of shares, in proportion of the rights they own in the Company's share capital.

Modification of shareholders' rights

Under French law, shareholders of a French public company *("société anonyme")* have the power to amend the charter of the Company. Such an amendment generally requires the approval of two-thirds of the shareholders attending or represented at an Extraordinary Shareholders' Meeting. However, no such Extraordinary Shareholders' Meetings may decide (i) to increase the liability of the shareholders in respect of the company or a third-party; or (ii) to reduce the individual rights vested in each shareholder (such as voting rights, the right to distributable profits of the Company when allocated as dividends, the right to sell one's shares and the right to sue the Company).

Shareholders' Meetings

Shareholders are convened, meet, and deliberate in accordance with applicable French laws and AXA's Charter.

A Notice of Meeting must be published in the *Bulletin des annonces légales obligatoires* ("BALO"), at least 35 days before any Shareholders' Meeting (or 15 days in certain specific cases) and must indicate, in particular, the agenda and the proposed resolutions.

At least 15 days (or 6 days in certain cases) prior to the date set for the meeting on first call, and at least 10 days (or 4 days in certain cases) before any second call, the Company shall send a final notice containing all the information requested by Law by mail to all registered shareholders who have held shares for more than one month prior to the date of this final notice and publish this final notice in a Bulletin of legal notices as well as the BALO.

All shareholders are entitled to attend these meetings, either in person or by proxy, provided that they show valid proof of ID and share ownership as specified under French Law. This ownership is justified by an accounting entry showing the number of shares in the name of the shareholder (or the intermediary for the account), on the third business day preceding the meeting at midnight (Paris time), either in the registered share accounts kept by the Company or in the bearer share accounts kept by a qualified intermediary.

Anti-takeover provisions

There are no French anti-takeover statutes similar to the anti-takeover statutes enacted by certain states in the United States and other jurisdictions. However, a number of French law provisions including certain provisions of the European Directive of April 21, 2004 (which was implemented in France in 2006) concerning takeover bids, may have certain anti-takeover effects. In the case of AXA, the relevant provisions include, among other things, the existence of AXA shares with double voting rights.

French law generally requires mergers and certain consolidations to be approved by two-thirds of the shareholders attending or represented at the Extraordinary Shareholders' Meeting convened to decide on such matters. French law also requires the affirmative vote of the shareholders of the surviving corporation of a merger at an Extraordinary Shareholders' Meeting. However, Shareholders' Meetings of the respective shareholders of the merged and surviving companies are not required in the case of a merger of a wholly-owned subsidiary with its parent company.

Disclosure requirements when holdings exceed specified thresholds

Pursuant to Article 7 of AXA's Charter, any person, acting alone or jointly, who comes to hold, directly or indirectly through companies it controls within the meaning of Article L.233-3 of the French Commercial Code, a number of shares representing 0.5% of the Company's share capital or voting rights, shall notify the Company by registered letter with acknowledgment of receipt within five days from the threshold crossing. This notification shall detail the total number of shares and voting rights held as well as the total number of securities giving a differed claim to the share capital and the potential voting rights attached thereto.

The notification shall be repeated in the conditions stated above each time an additional fraction of 0.5% of the share capital or voting rights is crossed upward or downward.

In the event of failure to comply with the notification requirements described above, shares exceeding the fraction that should have been notified will be deprived of voting rights at Shareholders' Meetings if, at such meetings, the notification failure has been recorded and if one or more shareholders jointly holding at least 5% of the share capital so request. Loss of voting rights shall be applicable in all Shareholders' Meetings that would be held up until two years following proper notification.

Changes in the capital

The Company's share capital may be modified only under the conditions stipulated by the legal and regulatory provisions in force. The provisions of the Charter or the Bylaws shall not prevail over changes in the law governing the Company's share capital.

5.2 DESCRIPTION OF AXA'S SHARE CAPITAL

Transactions involving AXA's share capital

On December 31, 2012, AXA's share capital was comprised of 2,388,610,984 ordinary shares, each with a par value of €2.29. All these shares were fully paid up and non assessable and began earning dividends on January 1st, 2012. The following table sets forth changes in the number of shares from January 1, 2010 to December 31, 2012:

Date	Transaction	Number of shares issued or cancelled	Issue or merger premium (in Euro)	Number of shares after the transaction	Amount of share capital after the transaction (in Euro)
2010	Share capital reduction by cancellation of shares	(45)	(2,137)	2,289,965,079	5,244,020,031
	Exercise of stock options	27,087	221,390	2,289,992,166	5,244,082,060
	Conversions of bonds	552	19,423	2,289,992,718	5,244,083,324
	Share capital reduction by cancellation of shares	(552)	(25,961)	2,289,992,166	5,244,082,060
	New equity issue reserved for employees of AXA (SharePlan 2010)	30,082,363	260,922,313	2,320,074,529	5,312,970,671
	Exercise of stock options	30,708	250,919	2,320,105,237	5,313,040,993
2011	Exercise of stock options	327,094	2,632,555	2,320,432,331	5,313,790,038
	New equity issue reserved for employees of AXA (SharePlan 2011)	36,713,690	233,119,323	2,357,146,021	5,397,864,388
	Exercise of stock options	51,499	414,197	2,357,197,520	5,397,982,321
2012	Exercise of stock options	103,184	813,732	2,357,300,704	5,398,218,612
	New equity issue reserved for employees of AXA (SharePlan 2012)	29,685,889	215,710,432	2,386,986,593	5,466,199,298
31/12/2012	Exercise of stock options	1,624,391	13,225,275	2,388,610,984	5,469,919,153

A APPENDICES

APPENDIX I CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT

This report presents, according to the provisions of Article L.225-37 of the French Commercial Code, the composition of the Board of Directors and the gender balance on the Board, the conditions of preparation and organization of the Board of Directors' work (Part 1) as well as the internal control and risk management procedures implemented by the Company (Part 2). The report also presents the principles and the rules adopted by the Board of Directors in order to determine the compensation and the other benefits granted to the corporate officers (Part 3). Finally, the report indicates the Company's Corporate Governance Code of reference and specifies the provisions of that code, if any, that have not been applied by the Company and the reasons why they have not been applied (Part 4).

Part 1 Composition and conditions of preparation and organization of the Board of Directors' work

For information on the composition of the Board of Directors and the gender balance on the Board, as well as on the conditions of preparation and organization of the Board of Directors' work please see Part 2 – "Corporate governance" "Board of Directors" and "Board of Directors' Committees", Sections of this Annual Report. For information on specific limitations of the powers of the Chairman & Chief Executive Officer decided by the Board of Directors please see Part 2 – "Corporate governance", "The Chairman & Chief Executive Officer" Section of this Annual Report.

Part 2 Internal control and risk management procedures

In accordance with Article L.225-37 of the French Commercial Code, the Chairman of the Board of Directors is required to report annually on internal control and risk management procedures implemented by the Company.

In this context, the following report provides a summary of the AXA Group's principal internal control mechanisms and procedures that allow management to conclude that the Group has a sound and comprehensive system of internal control well adapted to its business and the specific risks inherent to its activities. This report is not intended to provide a comprehensive description of all internal controls and procedures in place within the Company and its subsidiaries, but rather to provide an overview of the Group's principal internal control mechanisms and procedures.

In preparing this report, the Chairman of the Board of Directors has consulted, as he deemed appropriate, members of AXA's management and has taken into account information furnished to the Board of Directors with respect to the Group's internal control environment. This report was assessed by the Audit Committee before being reviewed and approved by the Board of Directors during its meeting of March 13, 2013.

In this report, the term "Group" refers to AXA SA (the "Company") together with its direct and indirect consolidated subsidiaries.

INTERNAL CONTROL AND RISK MANAGEMENT: OBJECTIVES

The AXA Group is engaged in the financial protection and wealth management business on a global scale. As such, it is exposed to a very wide variety of risks – insurance risks, financial market risks and other types of risks – which are described in detail in this Annual Report. Please see, in particular, Part 3 – "Regulation, Risk Factors, Certain Disclosures about Market Risk and Related Matters" and Part 4 – "Consolidated Financial Statements" – Note 31 "Litigation".

In order to manage these risks, the Group has put in place a comprehensive system of internal controls designed to ensure that Management is informed of significant risks on a timely and continuing basis, has the necessary information and tools to appropriately analyze and manage these risks, and that the Group's financial statements and other market disclosures are timely and accurate.

These mechanisms and procedures principally include:

- **(i)** the Group's corporate governance structures which are designed to ensure appropriate supervision and management of the Group's business as well as clear allocation of roles and responsibilities at the highest level;
- **(ii)** management structures and control mechanisms designed to ensure that the Group senior Management has a clear view of the principal risks the Group faces and the tools necessary to analyze and manage these risks;
- **(iii)** internal control over financial reporting ("ICOFR"), designed to ensure the accuracy, completeness and timeliness of the Group's consolidated financial statements and the other financial information that the Group reports to the markets; and
- **(iv)** disclosure controls and procedures designed to ensure that Management has the necessary information to make fully informed disclosure decisions on a timely basis and that the Company's disclosures on material information (both financial and non-financial) to the markets are timely, accurate and complete.

These mechanisms and procedures, taken together, constitute a comprehensive control environment that Management believes is appropriate and well adapted to the Group's business.

CORPORATE GOVERNANCE STRUCTURES

Group level Governance Bodies

EXECUTIVE MANAGEMENT

Executive Management oversees implementation of the internal control system and the existence and appropriateness of internal control and risk management monitoring systems within the Group.

BOARD OF DIRECTORS

The Board of Directors determines the Company's business strategy and oversees its implementation. The Board shall consider any question related to the proper functioning of the Company and take all appropriate decisions for its business. The Board of Directors shall undertake all controls and verifications it deems appropriate.

The Board of Directors has established four Committees to assist it in fulfilling its responsibilities: Audit Committee, Finance Committee, Ethics & Governance Committee and Compensation & Human Resources Committee. These Committees exercise their activities under the responsibility of the Board of Directors and report regularly to the Board of Directors on matters within the scope of their responsibility.

A detailed description of AXA's corporate governance structures including the composition and assignments of the Board of Directors as well as the structure and composition of the Board of Directors' Committees is set forth in Section 2.1 "Directors, senior management and employees" of this Annual Report.

AUDIT COMMITTEE

All the Board Committees constitute an important part of the Group's overall internal control environment. However, the Audit Committee plays a particularly important role in reviewing internal control and risk related issues. The Committee reviews the Group's internal control systems and procedures for risk management.

The scope of the Audit Committee's responsibilities is set forth in the Audit Committee Terms of Reference, approved by the Board of Directors.

For more information about the Audit Committee's assignments and activities, its composition and the principal matters it handled in 2012, please see Section 2.1 "Directors, senior management and employees" of this Annual Report.

Subsidiary level governance structures

AXA's principal subsidiaries, whether publicly traded or not, are generally governed by (i) a board of directors or a supervisory board whose membership typically includes independent or non-executive directors and (ii) various board committees including a compensation committee and an audit committee, whose membership include independent or non-executive directors.

In recent years, AXA initiated a process designed to harmonize corporate governance standards throughout the Group. This effort is focused, among other matters, on standardizing, to the extent practicable, principles relating to a number of corporate governance matters including board composition and size, directors' independence criteria, board committees and their roles, and directors' fees.

The Group Governance Standards require, among other things, the boards of AXA's principal subsidiaries to establish an audit committee and a compensation committee in addition to any other board committees that they consider necessary or appropriate for their specific businesses. The role, duties, and composition of these committees (including the requirements for participation of independent directors) are specified in the audit committee guidelines and the compensation committee standard. The audit committees have a critical role in reviewing financial results and other financial information prepared by the management, financial reporting and control processes, critical accounting policies, particular accounting issues, key risks and systems of internal control, fraud and similar issues.

MANAGEMENT STRUCTURES AND CONTROLS

In order to manage the various risks to which it is exposed, the AXA Group has various management structures and control mechanisms designed to ensure that Management has a clear and timely view of the principal risks facing the Group and the tools necessary to analyze and manage these risks.

These management structures and controls include the following:

Management Committee

AXA currently has an 8-member Management Committee which is an internal committee having for main mission to assist the Chief Executive Officer and the Deputy Chief Executive Officer in the operational management of the Group. The Management Committee does not have any formal decision making power.

AXA's Management Committee generally meets once a week to discuss strategic, financial and operational decisions.

For more information about the Management Committee including its composition, please see Section 2.1 "Directors, senior management and employees" of this Annual Report.

Executive Committee – Quarterly Business Reviews ("QBR") – Strategic Plan

AXA currently has a 17-member Executive Committee which is an internal committee composed of the members of AXA's Management Committee, the Chief Executive Officers of the Group's principal subsidiaries and/or business units and selected other senior executives. While the Executive Committee is an internal committee which has no formal decision making power, it plays an important role in assisting the Executive Management to effectively manage the Group's operating businesses, consider strategic initiatives and other subjects the Executive Management deems appropriate from time to time. The Executive Committee usually meets four times a year.

At the end of the first three quarters, the Management Committee conducts QBRs, during which the performance of the AXA Group is reviewed. These QBRs were introduced in 2000 to provide management with a clear and consistent framework for: (1) reviewing operational performance and monitoring the progress of key projects using quantifiable standards of measurement defined in collaboration with the Management Committee; (2) assessing the status of Group transversal projects; and (3) exchanging ideas and information on key Group strategic orientations.

These QBRs constitute an important management control mechanism to monitor the operating performance of the Group and its principal business units on a continuing basis and to identify any new material risks or issues facing the Group in a timely manner.

During the fourth quarter, each business unit presents its strategic plan to the Group's strategic plan steering committee chaired by the Chief Executive Officer or the Deputy Chief Executive Officer. The Group's strategic plan is reviewed by the Management Committee and approved by the Board of Directors.

For more information about the Executive Committee including its composition, please see Section 2.1 "Directors, senior management and employees" of this Annual Report.

Group Management Services (GMS) [1] Departments focused principally on internal control and risk related matters

Several GMS Departments are responsible for managing and/or monitoring some aspects of internal control and/or risk related matters, however, the following four GMS Departments are primarily focused on these matters as part of their principal day-to-day management responsibilities:

GROUP RISK MANAGEMENT DEPARTMENT

The role of Group Risk Management (GRM) is to identify, quantify and manage the main risks to which AXA is exposed. To this end, GRM develops and deploys a number of risk measurements, monitoring instruments and methods, including a set of standardized stochastic modelling tools.

When appropriate, this work leads to the implementation of decisions that affect the Group's risk profile, helping to monitor the solvency position and manage the volatility of AXA's earnings through improved understanding of the risks taken and to optimize capital allocation.

As a central team, GRM coordinates risk management for the Group and is supported by local Risk Management teams within each operating unit. The types of risks covered include risks coming from the invested assets, from the insurance liabilities, asset/liability mismatch risks and operational risks.

For a detailed description of the organization, governance, missions and controls of Risk Management, please see Section 3.3 "Quantitative and Qualitative Disclosures about Risk Factors" of this Annual Report.

(1) Central functions at the holding Company level.

PBRC (PLANNING, BUDGETS, RESULTS CENTRAL)

The PBRC Department within the Group Finance Department is responsible for consolidation, management reporting and control over accounting and financial information. It works with local PBR units within Finance Departments of Group subsidiaries.

The local PBR units are responsible for producing their contribution to the Group consolidated financial statements.

PBRC's role encompasses principally the following:

- establishing and distributing both consolidation and reporting standards and instructions to subsidiaries;
- managing the Group's financial reporting system;
- producing the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and analyzing key performance indicators;
- managing the Internal Financial Control (IFC) program;
- developing and using management control tools;
- steering the European Embedded Value process;
- coordinating the production of AXA's Annual Report *(Document de Référence)* filed with the AMF;
- liaising with the Statutory Auditors and contributing to Audit Committee meetings as required; and
- steering convergence of accounting and financial reporting processes, systems and organizations for insurance activities in Europe.

The PBRC Department is also responsible for controls relating to the preparation and processing of accounting and financial information.

PBRC has defined and implemented a set of policies and procedures to ensure that the consolidation process leading to the consolidated financial statements is timely and accurate. This consolidation process and its related controls are based on the following:

Definition of standards and maintenance of an information system

Group accounting standards, which are consistent with accounting and regulatory principles, are set forth in the AXA Group Accounting Manual and updated regularly by PBRC experts. These guidelines are submitted to AXA's Statutory Auditors for review before being made available to AXA subsidiaries.

The information system is based on "Magnitude", a consolidation tool managed and updated by a dedicated team. This system is also used to deliver management reporting information used to produce an economic perspective on the consolidated financial statements. The process through which this management reporting information is produced and validated is the same as the one used to prepare consolidated financial information.

Operating control mechanisms

At entity level, AXA subsidiaries are responsible for entering and controlling accounting and financial data that comply with the AXA Group Accounting Manual and reflect consolidation rules under IFRS accounting standards. In this respect, the chief financial officer of each entity signs off on the accuracy of consolidated figures reported through Magnitude and their compliance with both the Group accounting manual and instructions.

At PBRC level, accounting and financial information reported by entities are reviewed and analyzed by teams that liaise with subsidiaries on a full-time basis. In particular, these teams review the compliance with the Group Accounting Manual and Group actuarial standards.

GROUP LEGAL & COMPLIANCE

The Group Legal Department is responsible for identifying and managing the significant legal, regulatory and compliance risks to which the Group is exposed. It provides expertise and advice on all significant corporate legal matters at the Group level and manages the legal aspects of transactions undertaken by the Group as well as significant litigation, regulatory, and compliance matters.

The Group Legal Department is structured in three Practice Groups which are organized around the substantive matters that the department manages on a continuing basis in addition to one-off projects or issues that arise from time to time. These Practice Groups are: (i) Corporate Law (Mergers & Acquisitions, Corporate Finance and Securities Law), (ii) Corporate Governance & Company Law and (iii) Litigation, Regulatory & Compliance.

As part of its Compliance responsibilities, the Group legal department manages a wide range of compliance related matters including (i) regular reporting from Group companies on significant compliance, litigation and regulatory matters, (ii) implementation of the AXA Group Compliance and Ethics Guide which applies to all AXA Group employees worldwide and (iii) financial crime matters including the Group's global Anti-Money Laundering Program, the Group's Cross-Border Business Standard and the Group Standard on business with countries and/or individuals subject to international sanctions.

The Group Legal Department works closely with the Legal Departments of AXA's principal subsidiaries on legal, regulatory, and compliance matters impacting those companies. In order to optimize integration, coordination, ensure open lines of communication across the Group's global Legal & Compliance Organization and share best practices, the Group General Counsel has established and chairs a Global Legal Steering Group composed of the General Counsels of AXA's principal subsidiaries.

GROUP AUDIT

Group Audit provides the Audit Committee and the Management Committee with independent and objective assurance on the effectiveness of internal control and risk management across the Group.

The Group Head of Audit reports to the Chairman of the AXA Audit Committee with an administrative reporting line to the Group's Deputy CEO.

All internal audit teams across the Group report directly to the Group Head of Audit whilst also having a direct and unfettered reporting line to their local Audit Committee chairman and an administrative reporting line within their local management structure.

GROUP RISK AND COMPLIANCE COMMITTEE

In 2008, Management established a Group Risk and Compliance Committee to ensure that the Group has: (i) a comprehensive view of the various risks facing the Group on a continuing basis, (ii) a dedicated forum for reviewing, analyzing and prioritizing these risks, (iii) defined action plans to manage these risks and (iv) optimal coordination and communication between the different departments managing these risks.

This internal management committee is co-chaired by the Group Chief Financial Officer and the Group Chief Operating Officer and is managed by Group Risk Management. The Committee usually meets on a quarterly basis.

The committee is comprised of the following 11 GMS Departments, each of which is responsible for presenting to the Committee the significant risks within its scope: Group Risk Management, Group Corporate Finance and Treasury, Group Audit, Group Legal & Compliance, Group Tax, Planning Budgets Results Central, Information Technology (IT)/Operational Excellence, AXA Global P&C, AXA Global Life, Group Human Resources and Group Communication & Corporate Responsibility Department.

In addition to its other activities, the committee has undertaken a comprehensive risk mapping exercise covering the aggregate risks to which the Group is exposed including financial, solvency, insurance, operational, legal and compliance, tax, audit, human resources, and communication risks. As part of the process, priorities and action points were established for the various GMS Departments that manage these risks.

INTERNAL CONTROL OVER FINANCIAL REPORTING

AXA's internal control over financial reporting (ICOFR) is a process designed under the supervision of AXA's Chief Financial Officer (CFO) to provide reasonable but not absolute assurance regarding the reliability of financial reporting and the preparation of AXA's consolidated financial statements.

AXA's ICOFR includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Group assets;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with the applicable generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Group; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group assets that could have a material effect on the Group's financial statements would be prevented or detected in a timely manner.

AXA has put in place a comprehensive program coordinated by PBRC (the Internal Financial Control (IFC) program) designed to ensure that AXA's Chief Executive Officer and Deputy Chief Executive Officer have a reasonable basis to conclude that AXA's ICOFR is effective as of the end of each year.

The IFC program is based on AXA's IFC Standard which is an internal control and governance standard developed by AXA. AXA's IFC Standard is based on the Internal Control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The IFC Standard is designed to define the IFC scope and governance, ensure consistency and quality in AXA's financial reporting and provide an overall framework for AXA's annual IFC program.

In accordance with the IFC Standard, the in-scope AXA Group companies must (i) document the significant processes and controls, as well as the rationale of how the associated risk of material misstatements due to error or fraud can be reduced to an acceptable level, (ii) test the design and operational effectiveness of key controls based on the test plans elaborated by management with insights into risks, and (iii) remediate identified control deficiencies.

At each year-end, the in-scope AXA Group companies are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the Company's process owners and culminates with a formal certificate signed by the Company's CFO or another senior executive officer stating their conclusion as to the effectiveness of the Company's ICOFR and certain other matters.

DISCLOSURE CONTROLS AND PROCEDURES

AXA SA has implemented a formal internal review and sign-off process pursuant to which all Executive Committee members, CFOs and certain other senior executives are required to certify various matters covered in AXA's Annual Report.

This process is based on the following four pillars:

1. CFO Sign-Off Certificates required to be submitted by all local CFOs to PBRC, together with the required subsidiary financial reporting & consolidation information.
2. IFC Management Reports required to be submitted by the CFO or another senior executive officer of every in-scope AXA Group company, as part of the IFC program.
3. Disclosure Controls & Procedures Certificates required to be submitted by AXA Executive Committee members, regional CFOs and certain other executives (including heads of GMS Departments) pursuant to which each of these executives is required to review the Group's Annual Report and formally certify (i) the accuracy and completeness of the information in the Annual Report with respect to the companies under his/her responsibility, and (ii) the effectiveness of disclosure controls and procedures and ICOFR at companies under his/her responsibility (with specific disclosure of any significant deficiencies or material weaknesses). In addition, as part of this "sub-certification" process, these executives are required to review and comment on a number of transversal disclosures in the Annual Report relating to risk and other matters.
4. CFO sign-off on notes to the Consolidated Financial Statements: PBRC provided regional CFOs with the contribution of the companies under their responsibility to the consolidated financial statements in order to facilitate their certification on the accuracy and completeness of the information in the Annual Report of the Group.

CONCLUSION

The AXA Group believes it has put in place a comprehensive system of internal control procedures and mechanisms that is appropriate and well adapted to its business and the global scale of its operations.

However, all internal control systems, no matter how well designed, have inherent limitations and do not constitute a guaranty or provide absolute certainty. Even systems determined to be effective by management may not prevent or detect all human errors, all system malfunctions, all fraud or all misstatements and can provide only reasonable assurance. In addition, effective controls may become inadequate over time because of changes in conditions, deterioration of compliance with procedures or other factors.

Part 3 Compensation

For information on the principles and rules adopted by the Board of Directors in order to determine the compensation and the advantages granted to the corporate officers please see Part 2 – Section 2.2 "Full disclosure on executive compensation and share ownership" of this Annual Report.

Part 4 Corporate Governance Code of Reference

Pursuant to the provisions of the French law dated July 3, 2008, it has been decided, in December 2008, to adopt all of the AFEP/MEDEF recommendations, including the recommendations on the compensation of executive officers dated October 2008, as AXA's Corporate Governance Code of reference.

These recommendations were consolidated in a Corporate Governance Code of Listed Corporations published by the AFEP *(Association Française des Entreprises Privées)* and the MEDEF *(Mouvement des Entreprises de France)* in April 2010 (hereafter the "AFEP/MEDEF Code"), which is available at AXA's registered office or on its website (www.axa.com) under the "Corporate Governance" Section.

AXA complies with the recommendations of the AFEP/MEDEF Code that are in line with the long-established corporate governance principles initiated by the Company. AXA applies the recommendations of the AFEP/MEDEF Code. Details are presented in Sections 2.1 "Directors, senior management and employees" and 2.2 "Full disclosure on executive compensation and share ownership" of this Annual Report describing corporate governance mechanisms and containing information about executives' compensation.

In order to take into account certain specificities of its governance practices, AXA has decided to adapt the following provisions of the AFEP/MEDEF Code:

- section 14.2.1 of the AFEP/MEDEF Code related to the review of the accounts by the Audit Committee: for practical reasons, the review of the accounts by the Audit Committee generally occurs on the day preceding the Board of Directors' review, and not two days before as it is recommended by the AFEP/MEDEF Code. However, the Company endeavours, to the extent possible, to provide the members of the Audit Committee with the required documents early enough to allow their proper examination;
- section 20.2.3 of the AFEP/MEDEF Code relative to stock options and performance shares:

(i) *holding of shares subsequent to subscription options or allotment of performance shares*: in 2007, the Company decided to implement strict rules pertaining to shareholding requirements for AXA's Chief Executive Officer and Deputy Chief Executive Officer ("Executive Officers"). This policy requires each Executive Director to hold, during the entire duration of his/her functions, a minimum number of AXA shares representing a multiple of his/her annual cash remuneration (fixed salary plus annual variable remuneration) received for the previous fiscal year. The Chairman & Chief Executive Officer is consequently required to hold the equivalent of his/her total cash remuneration multiplied by three and the Deputy Chief Executive Officer is required to hold the equivalent of his/her total cash remuneration multiplied by two. AXA shares, ADS and other quoted subsidiaries of the Group are taken into account to calculate the number of shares actually held. Each Executive Officer is required to meet with this minimum shareholding requirement within a period of five years from (i) January 1, 2007 or (ii) the date of his/her first appointment as Executive Officer if he/she was appointed after January 1, 2007. Considering the already high level of these shareholding requirements imposed upon Executive Officers, the Board of Directors, upon recommendation of its Compensation & Human Resources Committee, has decided that it was not necessary to set higher shareholding thresholds after the initial 5-year period. For the same reasons, the Board of Directors has decided that it was not appropriate to compel Executive Officers to acquire a number of AXA shares once the compulsory holding period of their performance shares has expired;

(ii) *exercise of stock options*: pursuant to the AFEP/MEDEF Code, companies shall determine periods preceding the disclosure of their financial statements during which the exercise of the stock options is not allowed ("sensitive periods"). To date, the sensitive periods are determined by applying the AXA Group's Compliance and Ethics Guide. They generally begin 30 days prior to the disclosure of the annual or half-year earnings releases and 15 days prior to its quarterly financial information releases. The Compliance and Ethics Guide prohibits the sale of shares acquired subsequent to the exercise of stock options ("subscription and sale" transactions), but does not prohibit, in accordance with common practice, the simple exercise of options that is not followed by the sale of the shares acquired subsequently.

Pursuant to the provisions of Article L.225-37 of the French Commercial Code, it is specified that the conditions for the participation to Shareholders' Meetings are detailed in Section 23 of AXA's Charter *("statuts")*, copies of which are available at the Paris Trade and Companies Register *(Registre du commerce et des sociétés du tribunal de commerce de Paris)*. AXA's Charter is also available on the Company's website (www.axa.com). In addition, the information referred to in Article L.225-100-3 of the French Commercial Code is made public in the Report of AXA's Board of Directors which is included in this Annual Report.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

Report of the Statutory Auditors prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of AXA
(For the year ended December 31, 2012)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders of **AXA**
25, avenue Matignon
75008 Paris

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA, and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with the professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board of Directors' report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, March 20, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Pierre Coll – Michel Laforce	Philippe Castagnac – Gilles Magnan

APPENDIX II MANAGEMENT'S ANNUAL EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

AXA's internal control over financial reporting (ICOFR) is a process designed under the supervision of AXA's Chief Financial Officer (CFO) to provide reasonable but not absolute assurance regarding the reliability of financial reporting and the preparation of AXA's consolidated financial statements.

Since its delisting from the New York Stock Exchange (NYSE) in March 2010 and deregistration with the United States Securities and Exchange Commission (SEC) in June 2010, AXA has maintained an annual Internal Financial Control (IFC) programme designed to evaluate the effectiveness of AXA's ICOFR. AXA's Statutory Auditors provide a reasonable assurance report on AXA's ICOFR each year.

AXA's IFC programme is based on AXA's IFC Standard which is an internal control and governance standard developed by AXA and used as the framework for its IFC programme.

(a) AXA IFC Standard

AXA's IFC Standard is based on the Internal Control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The IFC Standard is designed to define the IFC scope and governance, ensure consistency and quality in AXA's financial reporting and provide an overall framework for AXA's annual IFC programme.

(A.1) IFC SCOPE

IFC involves primarily the entities which are individually significant to AXA's consolidated financial position or results of operations, as well as the entities which provide significant services to AXA and/or its consolidated subsidiaries (the "Group").

(A.2) IFC GOVERNANCE

Management, including AXA's Chief Executive Officer (CEO) and his deputy, is responsible for establishing and maintaining adequate ICOFR.

The IFC programme is monitored by a Steering Committee chaired by AXA's CFO and involves the Planning Budgets Results Central Department (PBRC), other relevant AXA departments and representatives from each in-scope AXA Group company. The IFC programme and the conclusion of management as to the effectiveness of AXA's ICOFR are also reviewed by AXA's Audit Committee.

(A.3) IFC PRINCIPLES

AXA's ICOFR includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Group assets;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with the applicable generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Group; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group assets that could have a material effect on the Group's financial statements would be prevented or detected in a timely manner.

In order to assess the effectiveness of ICOFR, financial reporting risks are initially identified at an AXA Group level with a focus on identifying those risks that may result in a material misstatement of AXA's consolidated financial statements not being prevented or detected in a timely manner. This top-down risk-based approach starts with AXA's consolidated financial statement line items and is used to identify in-scope AXA Group companies and processes.

In line with the COSO framework, AXA'ICOFR is organized around the following key processes and controls: Entity-Level Controls (ELC), IT ELC, Financial Statement Closing Process, Business Processes, and IT General Controls.

For every key process or control, the in-scope AXA Group companies (i) document the significant processes and controls, as well as the rationale of how the associated risk of material misstatement due to error or fraud can be reduced to an acceptable level, (ii) test the design and operational effectiveness of key controls based on the test plans elaborated by management with insights into risks, and (iii) remediate identified control deficiencies.

Outstanding control deficiencies are consolidated at the Group level, to evaluate their impact on AXA's consolidated financial statements, considering their likelihood, potential impact, compensating controls and other qualitative factors. This evaluation process is designed to identify any control deficiencies that may rise to the level of a material weakness. A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected on a timely basis.

(A.4) IFC CERTIFICATION

At each year-end, the in-scope AXA Group companies are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the company's process owners and culminates with a formal certificate signed by the company's CFO or another senior executive officer stating their conclusion as to the effectiveness of the company's ICOFR and certain other matters.

This internal certification process across all in-scope Group companies is designed to assist AXA SA's management in its evaluation of AXA's ICOFR and to support its conclusion as to the effectiveness of AXA's ICOFR.

(b) Management's Annual Report on ICOFR based on AXA IFC Standard

Management conducted an evaluation of the effectiveness of AXA's ICOFR in accordance with the AXA IFC Standard as described above. Based on this evaluation, management concluded that AXA's ICOFR was effective as of December 31, 2012.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or if the degree of compliance with policies or procedures deteriorates.

(c) Report of the Statutory Auditors on ICOFR

PricewaterhouseCoopers and Mazars have performed audit procedures in order to be able to obtain reasonable assurance as to whether management's conclusion as to the effectiveness of AXA's ICOFR based on the IFC Standard is fairly stated.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine

Mazars
61, rue Henri-Regnault
92400 Courbevoie

Report of the Statutory Auditors on internal control over financial reporting

To the Board of Directors of AXA:

As Statutory Auditors of AXA and at your request, we have performed audit procedures on AXA and its subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2012, in order to be able to obtain reasonable assurance as to whether AXA's management's assertion that internal control is effective included in the Management's Annual Evaluation of Internal Control Over Financial Reporting is fairly stated.

The Company's management is responsible for maintaining effective internal control over financial reporting and for establishing a statement on its assessment of the effectiveness of internal control over financial reporting as of December 31, 2012. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS accounting principles. The assessment of the effectiveness of internal control is based on criteria established in the Internal Financial Control standard of AXA (the "IFC standard"), which is an internal control and governance standard developed by AXA and used as a framework for its IFC programme, as described in the Management's Annual Evaluation of Internal Control Over Financial Reporting on page 339 of this Annual Report. Our responsibility is to express an opinion on the Company's management's assertion, based on our audit procedures.

We conducted our work in accordance with French professional standards and ISAE 3000 ("Assurance engagements other than audits or reviews of historical financial information"). These standards require that we plan and perform the audit procedures to obtain reasonable assurance about whether AXA management's assertion that internal control over financial reporting is effective, was fairly stated in all material respects. Our audit procedures included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit procedures provide a reasonable basis for our opinion.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company's management's assertion that internal control over financial reporting as of December 31, 2012, is effective, in all material respects, is fairly stated based on the criteria established in the IFC standard.

Neuilly-sur-Seine and Courbevoie, March 20, 2013

PricewaterhouseCoopers Audit	Mazars
Pierre Coll – Michel Laforce	Philippe Castagnac – Gilles Magnan

APPENDIX III STATEMENT OF THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

STATEMENT OF THE PERSON RESPONSIBLE

I, the undersigned, having taken all reasonable care to ensure that such is the case, hereby certify that the information contained in this Annual Report is, to the best of my knowledge, in accordance with the facts and contains no material omission likely to render it misleading or inaccurate in any material respect.

I confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and fairly present the assets and liabilities, the financial position and the profit or loss of the Company and its consolidated subsidiaries, and that the Board of Directors' Report, the various sections of which are mentioned on page 392 of this Annual Report, fairly presents the evolution of the business, results and financial position of the Company and its consolidated subsidiaries, and describes the principal risks and contingencies facing the Group.

The Statutory Auditors have provided me with a letter of completion of assignment, in which they confirm that they have verified the information relating to the financial position and the financial statements contained in this Annual Report and have reviewed the entire document.

The Statutory Auditos have prepared a report on the Consolidated financial statements for the year ended December 31, 2012 presented in this Document. This report, set out in pages 321 and 322 contains an observation.

The Statutory Auditors prepared a report on the Company's financial statements for the year ended December 31, 2011, which are incorporated by reference in this document. This report, set out in pages 457 and 458 of the Registration Document filed with the AMF on March 15, 2012 under number D.12-0161 contains an observation.

Paris, March 21, 2013

Henri de Castries

Chairman & Chief Executive Officer

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Denis Duverne

Deputy Chief Executive Officer in charge of Finance, Strategy and Operations

Member of the AXA Board of Directors

AXA

25, avenue Matignon, 75008 Paris, France

APPENDIX IV FINANCIAL AUTHORIZATIONS

FINANCIAL AUTHORIZATIONS TO ISSUE SHARES OR OTHER TYPES OF SECURITIES VALID AS OF DECEMBER 31, 2012

AXA's authorizations to issue shares or other types of securities that were valid as of December 31, 2012 are summarized in the tables below:

Issues with preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro)*	Term	Expiration date
Capitalization of reserves, earnings or premiums	–	1 billion (a)	26 months	June 27, 2013
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise	6 billion (c)	2 billion (d)	26 months	June 27, 2013

Issues without preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro or in percentage of the share capital)*	Term	Expiration
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise (b)	6 billion (c)	1 billion	26 months	June 27, 2013
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million (e)	18 months	October 25, 2013
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million (e)	18 months	October 25, 2013
Performance shares (*actions gratuites*) (f)	–	1% (g)	38 months	June 27, 2014
Restricted shares (*actions gratuites*) (f)/ Plan for all employees	–	0.4% (h)	38 months	June 27, 2014
Shares issued in connection with the exercise of stock options	–	2% (i)	38 months	June 27, 2014

(a) Independent ceiling.

(b) Including the issue of ordinary shares or securities (i) in the event of private investments or through public offers, (ii) in the event of public exchange offers initiated by the Company, (iii) in consideration for contributions in kind for up to 10% of the Company's share capital, or (iv) as result of securities issues by subsidiaries of AXA.

(c) The aggregate nominal value of debt instruments associated with the issue of securities with or without preferential subscription rights may not exceed the global upper limit of €6 billion. This upper limit is separate and distinct from the limit on issuances of debt securities and does not give a claim to the Company's share capital (ceiling of €2 billion).

(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

(e) Common and independent ceiling.

(f) Existing shares and/or newly issued shares.

(g) At the date on which performance shares are granted by the Board of Directors.

(h) At the date on which restricted shares are granted by the Board of Directors.

(i) At the date on which stock options are granted by the Board of Directors.

NEW FINANCIAL AUTHORIZATIONS

The following authorizations to issue shares or securities giving a claim to ordinary shares of the Company require the shareholders' consent. They will be submitted to the Shareholders' Meeting for approval on April 30, 2013:

Issues with preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro)*	Term	Expiration date
Capitalization of reserves, earnings or premiums	–	1 billion [a]	26 months	June 30, 2015
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise	6 billion [c]	2 billion [d]	26 months	June 30, 2015

Issues without preferential subscription rights for shareholders

Securities	Maximum nominal amount in case of debt instruments *(in Euro)*	Maximum nominal amount of the capital increase *(in Euro)*	Term	Expiration
Ordinary shares and other securities giving a claim to ordinary shares of the Company through subscription, conversion, exchange, redemption, presentation of a warrant or otherwise [b]	6 billion [c]	545 million	26 months	June 30, 2015
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [e]	18 months	October 30, 2014
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [e]	18 months	October 30, 2014

(a) Independent ceiling.

(b) Including the issue of ordinary shares or securities (i) in the event of private investments or through public offers, (ii) in the event of public exchange offers initiated by the Company, (iii) in consideration for contributions in kind for up to 10% of the Company's share capital, or (iv) as result of securities issues by subsidiaries of AXA.

(c) The aggregate nominal value of debt instruments associated with the issue of securities with or without preferential subscription rights may not exceed the global upper limit of €6 billion. This upper limit is separate and distinct from the limit on issuances of debt securities and does not give a claim to the Company's share capital (ceiling of €2 billion).

(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

(e) Common and independent ceiling.

USE IN 2012 OF THE VARIOUS FINANCIAL AUTHORIZATIONS PERTAINING TO CAPITAL INCREASES

Equity issue reserved for employees

Please see Part 2.3. “Major shareholders and related party transactions”, Section “Employee shareholders” of this Annual Report.

Stock options / Performance shares

STOCK OPTIONS

In 2012, by virtue of the authorization granted by the shareholders at the Shareholders’ Meeting of April 27, 2011 (resolution 21), 4,584,469 stock options giving the right to their beneficiaries to subscribe or to acquire existing or newly issued AXA shares, were granted by the AXA Board of Directors.

PERFORMANCE SHARES

In 2012, by virtue of the authorization granted by the shareholders at the Shareholders’ Meeting of April 27, 2011 (resolution 22), 2,787,659 performance shares were granted by the AXA Board of Directors.

AXA Miles

By virtue of the authorization granted by the shareholders at the Shareholders’ Meeting of April 27, 2011 (resolution 23) and in order to associate all AXA Group employees with the roll-out of the AXA Group’s Ambition AXA strategic plan, 50 free AXA ordinary shares (“AXA Miles”) were granted on March 16, 2012 by the AXA Board of Directors to over 120,000 AXA Group employees worldwide.

These shares will vest upon completion of a two or four year vesting period (*i.e.* in 2014 or 2016) depending on applicable local regulations, and subject to fulfilment of certain conditions.

APPENDIX V AXA PARENT COMPANY FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

NET INCOME

Net income for the fiscal year ended December 31, 2012 was €3,261 million, compared with a profit of €8,649 million for the year ended December 31, 2011, mainly driven by a €4,922 million gain on the disposal of the Australian and Canadian businesses, a €1,113 million gain on carry-back receivables and €1,086 million of exceptional dividends, €826 million of which representing the cash proceeds from the disposal of shares in Taikang Life by AXA Leben AG and €260 million paid by the company Vinci following the redemption of a loan granted to AXA Canada.

AXA continued to manage its exposure to exchange-rate risk in 2012 by decreasing hedge positions amounting to JPY740 billion, CHF6.6 billion and USD2.9 billion.

Dividends received from subsidiaries amounted to €3,303 million in 2012, down from €4,307 million in 2011, representing an increase of €82 million excluding the exceptional dividends referred to above.

Dividends received from insurance companies increased by €165 million to €3,033 million mainly due to the following:

- a €1,385 million dividend from AXA France Assurance, compared with €1,064 million in 2011, arising from a higher statutory profit;
- a €73 million dividend from AXA UK, compared with €9 million in 2011;
- €1,152 million of dividends received from the Northern, Central and Eastern Europe Region, compared with €867 million in 2011;
- €126 million of dividends paid by the Mediterranean and Latin American Region, as apposed to €376 million in 2011.

  The €250 million decrease in dividends paid by the Mediterranean and Latin American Region resulted from the decline in statutory profit in Italy and the reinforcement of the local solvency level in Spain;
- dividends received from companies located mainly in Asia totaling €239 million, down from €501 million in 2011 owing to the lower statutory profit in Japan and the disposal in 2011 of the Australian business.

Dividends received from financial subsidiaries and other holding companies decreased by €83 million to €270 million from €353 million in 2011. They included €140 million of dividends paid by Finance Solutions, a Group's financing and cash management company, and €114 million from AXA Investment Managers versus €192 million in 2011.

Net financial expenses, including interest expenses net of interest income from loans and investments, totaled €1,105 million, compared with €994 million in 2011, up €138 million excluding non-recurring items in the previous year, (€120 million loss on the sale of a tax receivable, a €36 million gain on cancelled shares following the merger into AXA SA of its wholly-owned subsidiaries AXA Participation II and Colisée Excellence and a €57 million exceptional dividend following the closing of the securitization program).

This increase derived mainly from a reduction of €85 million from swaps as a result of the amendment in the foreign currency hedging policy and of €50 million lower income due to the Company's net exposure in BNP Paribas.

Operating expenses rose by €33 million to €353 million mailing due to the strong expansion in respect of the AXA Research Fund.

Capital operations resulted in a gain of €1,041 million in 2012, versus a profit of €3,676 million in 2011, which broke down as follows:

- a €903 million foreign-exchange gain resulting mainly from the euro's appreciation, in particular against the Japanese Yen, along with the unwinding of the positions in the Yen and Swiss franc referred to above versus a foreign-exchange loss of €329 million in 2011;
- releases of provisions for contingent liabilities totaled €502 million, primarily comprising provisions for unrealized losses on derivatives;
- allowances for provisions for contingent liabilities totaled €340 million. €198 million corresponded to unrealized losses on derivatives, of which €196 million for the mark-to-market revaluation of an external equity swap intended to hedge an equity position, plus an annual allowance of €107 million for provisions for bond redemption premiums. In 2011, allowances amounted to €1,086 million of which €786 million corresponded to unrealized losses on derivatives;

- a gain of €70 million linked to the sale of Canadian operations in respect of contingent consideration based on profitability metrics versus a profit of €4,922 million as mentioned above in 2011;
- finally, net exceptional items included a loss of €60 million on the unwinding of equity derivative positions.

The corporate income tax expense amounted to €375 million compared with a tax benefit of €2,002 million in 2011 of which €1,113 million of tax benefit linked to carry back receivables. It included mainly €531 million of tax receivable from members of the tax consolidation group in France and €129 million allowance for provisions for the risk of tax repayments.

In 2011, the corporate income tax benefit derived mainly from the €1,113 million in carry-back receivables, €759 million of tax receivable from members of the tax consolidation group in France and a €235 million release of the provision for the risk of tax repayments.

BALANCE SHEET

At December 31, 2012, total assets amounted to €73,464 million, versus €75,124 million at December 31, 2011.

Assets

Intangible assets totaled €361 million. They mainly included the AXA brand contributed by FINAXA as part of the merger in 2005 and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €54 million relating to the capitalization of software costs.

Investments in subsidiaries net of valuation allowances totaled €65,070 million, versus €63,453 million at year-end 2011, representing an increase of €1,617 million. Developments in 2012 included the following:

- a €720 million increase in the capital of AXA Asia, of which €410 million representing the financing for the acquisition of HSBC's non-life insurance business in Asia;
- a €72 million increase in the capital of AXA Mediterranean Holding to finance the acquisition of HSBC's non-life insurance business in Mexico;
- €230 million and €106 million capital increases respectively by AXA Life Europe and AXA Reinsurance Ireland to sustain their development;
- a €134 million increase in Beaujon's capital to foster the development of its subsidiaries, notably in Poland, the Czech Republic, Romania and India;
- finally, the acquisition of AXA Konzern AG's participation in AXA Investment Managers for €171 million.

Receivables from subsidiaries totaled €214 million, down from €711 million at end-2011. This €497 million decrease was primarily attributable to the reimbursement of the USD340 million loan granted to AXA China Region and to the repayment for €118 million of credit lines granted to AXA Investment Managers.

Loans totaled €47 million, down from €810 million in 2011, representing a fall by €763 million resulting from the reimbursement of a USD1 billion credit facility granted to shareholders in RESO Garantia.

Other financial assets amounted to €3,509 million, versus €4,118 million in 2011, with the €609 million decrease mainly attributable to margin calls paid to bank counterparties under collateral agreements linked to the management of derivative instruments, which amounted to €3,366 million at end-2012, compared with €3,972 million at end-2011, mainly due to the unwinding of the foreign-exchange positions referred to above.

Tax receivables reached €503 million, including a €491 million carry back receivable.

Miscellaneous receivables totaled €115 million, reflecting €82 million in financial income receivable.

Equity securities amounted to €40 million, down €9 million given the sale of some of the treasury shares held by the Company.

Cash and cash equivalents totaled €2,265 million, down €725 million driven by the significant decline of outstanding commercial paper by €1,729 million partly offset by the reimbursement of a USD1 billion loan granted to RESO Garantia's shareholders and positive cash flow from the entities to the Company net of the dividend paid.

Cash instruments totaled €48 million, down from €654 million in 2011, representing a €606 million decline resulting from the maturity of premiums paid in 2011, of which €260 million of premiums for share call options and €327 million of premiums paid for Swiss franc and Japanese Yen hedging strategies.

Unrealized foreign exchange losses amounted to €1,253 million, of which €1,023 million related to the deferred recognition of exchange-rate losses in line with the principles of hedge accounting which are compensated by unrealized capital gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies arising from their revaluation at the balance sheet closing exchange rate.

Liabilities

Shareholders' equity, before net income for the period and after payment of the dividends relating to the prior year, totaled €39,188 million. This represented an increase of €313 million, including €291 million through a capital increase reserved for employees.

Other shareholders' equity included undated deeply subordinated notes amounting to €6,360 million, compared with €6,341 million in 2011, owing to negative €22 million in exchange-rate effects.

Provisions for contingent liabilities amounted to €2,872 million, and mainly consisted in €1,018 million for redemption premiums related to subordinated notes, €532 million of provisions corresponding to the mark-to-market revaluation of derivative instruments, €461 million of provisions for exchange-rate risk and €541 million of provisions for the possible repayment of tax savings owed to subsidiaries belonging to the French tax consolidation group. The €1,677 million reduction mainly came from the release of €1,379 million in provisions for exchange-rate risk.

Subordinated debt totaled €6,974 million, down from €7,030 million in 2011 driven by €54 million in positive exchange-rate effects.

Financial debt stood at €13,354 million, compared with €15,243 million at December 31, 2011. This represented a decrease of €1,889 million due to a €1,729 million fall in outstanding commercial paper (€801 million at December 31, 2012), which is primarily used to finance margin calls under collateral agreements, protecting the Company from counterparty risk on derivative instruments, and €101 million in currency effects.

Unrealized foreign exchange gains amounted to €1,017 million at end-2012, down from €1,071 million at December 31, 2011. This item reflects the positive effects derived from the revaluation of foreign-currency denominated assets and liabilities at the balance sheet closing exchange rate. It declined compared with 2011 mainly driven by an increase in the sterling exchange rate, which had an adverse impact on liabilities.

OTHER INFORMATION

In accordance with Article L.225.102-1 of the French Commercial Code ("Code de commerce"), disclosures related to the Company's executive compensation appear in Part 2, Section 2.2. "Full disclosure on executive compensation and share ownership".

Supplier invoices to be paid at December 31, 2012 and due within three months amounted to €10 million (application of Article D. 441-4 of the French Commercial Code). At December 31, 2011, they amounted to €10 million which €8 million were due within three months.

ACQUISITION OF EQUITY INTERESTS:

In 2012, AXA did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Commercial Code.

BALANCE SHEET

Assets

(In Euro million)		December 31, 2012 Gross carrying value	Amortizations and provisions	Net carrying value	Net carrying value as at December 31, 2011
FIXED ASSETS					
INTANGIBLE ASSETS		375	14	361	383
TANGIBLE ASSETS					
Land		-	-	-	-
Buildings and other fixed assets		2	-	2	1
FINANCIAL ASSETS					
Investments in subsidiaries		66,007	937	65,070	63,453
Receivables from subsidiaries		215	1	214	711
Other financial assets		3,566	57	3,509	4,118
Loans		47	-	47	810
	I	**70,212**	**1,009**	**69,203**	**69,476**
CURRENT ASSETS					
OPERATING RECEIVABLES					
Tax receivables		503	-	503	496
Receivables and subsidiaries' current accounts		116	1	115	561
Marketable securities		40	-	40	49
Cash instruments		48	-	48	654
Cash and cash equivalents		2,265	-	2,265	2,990
Prepaid expenses		8	-	8	10
	II	**2,980**	**1**	**2,979**	**4,760**
PREPAYMENTS AND ACCRUED INCOME					
Deferred charges		262	236	26	33
Bond redemption premiums		3	-	3	3
Unrealized foreign exchange losses		1,253	-	1,253	852
TOTAL ASSETS		**74,710**	**1,246**	**73,464**	**75,124**

Liabilities

(In Euro million)		December 31, 2012	December 31, 2011
SHAREHOLDERS' EQUITY			
CAPITAL			
Ordinary shares		5,470	5,398
CAPITAL IN EXCESS OF NOMINAL VALUE			
Issue premiums		19,081	18,851
Merger and contribution premiums		1,060	1,060
RESERVES			
Legal reserve		547	540
Specific reserves for long term capital gains		2,316	2,016
Other reserves		1,494	1,794
Retained earnings		9,184	2,162
Tax driven provision		36	31
Net income for the financial year		3,261	8,649
	I	**42,449**	**40,501**
OTHER SHAREHOLDERS' EQUITY			
Undated subordinated notes		6,360	6,341
	II	**6,360**	**6,341**
PROVISIONS FOR CONTINGENT LIABILITIES	**III**	**2,872**	**4,549**
LIABILITIES			
SUBORDINATED DEBT		**6,974**	**7,030**
FINANCIAL DEBT		**13,354**	**15,243**
OPERATING PAYABLES			
Tax payables		4	1
Social payables		-	1
OTHER PAYABLES			
Debt on fixed assets		183	183
Other		238	188
Cash instruments		-	-
Deferred income		13	16
	IV	**20,766**	**22,662**
PREPAYMENTS AND ACCRUED EXPENSE			
Unrealized foreign exchange gains		1,017	1,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**73,464**	**75,124**

INCOME STATEMENT

(In Euro million)		2012	2011
I. RESULT ON ORDINARY ACTIVITIES			
FINANCIAL & OPERATING REVENUES			
Dividends received from subsidiaries		3,303	4,307
Revenues on short-term investments		134	412
Other revenues		8	9
	I	**3,445**	**4,728**
OPERATING EXPENSES			
External expenses and other expenses		(338)	(307)
Tax expenses		(1)	(1)
Payroll and compensation		(7)	(7)
Interest expense		(1,239)	(1,407)
Allowances for depreciation of buildings and deferred charges		(14)	(14)
	II	**(1,599)**	**(1,736)**
Operating profit	(III = I + II)	**1,846**	**2,992**
Contribution on common operations	**IV**	**-**	**-**
FINANCIAL OPERATIONS ON SECURITIES			
Reversals to provisions for marketable securities		8	-
Net income on sale of short-term securities		(9)	(13)
Allowances to provisions for marketable securities		-	(8)
Investment result on securities	**V**	**(1)**	**(21)**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**(VI = III + IV + V)**	**1,845**	**2,971**
II. RESULT ON CAPITAL OPERATIONS			
Proceeds from the sale of fixed assets		2,283	7,833
Releases of provisions for contingent liabilities		502	29
Releases of equity securities provisions		93	89
Foreign exchange result		903	(329)
Net book value on the sale of fixed assets		(2,278)	(2,814)
Allowances to provisions for contingent liabilities		(340)	(1,086)
Allowances to equity shares provisions		(36)	(91)
Exceptional result		(86)	45
	VII	**1,041**	**3,676**
INCOME TAX BENEFIT/(EXPENSE)	**VIII**	**375**	**2,002**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII + VIII**	**3,261**	**8,649**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
1 - CLOSING BALANCE SHEET SUMMARY					
a) Capital - Ordinary shares (in Euro million)	4,784	5,244	5,313	5,398	5,470
b) Ordinary shares (numbers in million)	2,089	2,290	2,320	2,357	2,389
c) Bonds convertible into ordinary shares (numbers in million)	7	7	7	7	7 (a)
2 - INCOME STATEMENT SUMMARY (IN EURO MILLION)					
a) Gross revenues before sales tax	3,171	3,134	4,134	4,719	3,438
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	1,561	1,568	2,529	2,992	1,850
c) Income tax expense/benefit	835	(154)	944	2,002	375
d) Net after-tax income after depreciation, amortization and releases	(1,253)	3,953	(488)	8,649	3,261
e) Net dividend distribution	836	1,259	1,601	1,626	1,720
3 - PER SHARE DATA (IN EURO)					
a) After tax income, before depreciation, amortization and releases	0.90	1.25	0.69	3.98	0.65
b) After tax income, after depreciation, amortization and releases	(0.60)	1.73	(0.21)	3.67	1.37
c) Net dividend per share	0.40	0.55	0.69	0.69	0.72 (b)

(a) Since January 1, 2007, AXA's 2017 bonds can still be converted, but any dilutive impact created by the issuance of new shares resulting from the conversion of the bonds is neutralized by the automatic exercise of call options on the AXA shares which have been put in place.

(b) Dividend of €0.72 per share proposed to the Shareholders' Meeting of April 30, 2013, based on 2,388,610,984 outstanding ordinary shares.

STATEMENT OF CASH-FLOWS

(In Euro million)	December 31, 2012	December 31, 2011
CASH INFLOWS		
Profit on ordinary activities before tax	1,845	2,971
Result on capital operations before tax	1,041	3,676
Income tax expense/benefit	375	2,002
Changes in reserves and amortization	(1,714)	752
Cash flow for the year	**1,547**	**9,401**
Increases in shareholders' equity	309	336
New borrowings	-	-
Sale or decrease in fixed assets		
■ Intangible assets	15	-
■ Tangible fixed assets	-	-
■ Financial assets	2,013	4,398
TOTAL CASH INFLOWS	**3,884**	**14,135**
CASH OUTFLOWS		
Dividends paid out during the year	1,626	1,598
Repayments of financial debt	1,778	1,389
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	1,774	9,445
Reduction of capital	-	-
TOTAL CASH OUTFLOWS	**5,178**	**12,432**
Change in working capital	**(1,294)**	**1,703**
SHORT-TERM EQUIVALENTS		
Change in:		
■ operating receivables	(445)	498
■ operating payables	(21)	26
■ cash and cash equivalent	(828)	1,179
TOTAL	**(1,294)**	**1,703**

SUBSIDIARIES AND PARTICIPATING INTERESTS

(In Euro million)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
A. DETAILED INFORMATION CONCERNING SUBSIDIARIES AND INVESTMENTS ACCOUNTING FOR IN EXCESS OF 1% OF AXA'S SHAREHOLDERS' EQUITY				
1) Subsidiaries (at least 50%-owned)				
AXA ASIA	8,161	22	100,00%	8,173
21, avenue Matignon - 75008 PARIS				
AXA ASSISTANCE	52	4	100,00%	58
6, rue André Gide - 92320 CHATILLON				
AXA CHINA	147	(10)	51,00%	75
23, avenue Matignon - 75008 PARIS				
AXA EQUITY AND LAW PLC	1	2,552	99,96%	1,133
5 Old Broad Street - LONDON EC2N 1AD - England				
AXA FRANCE ASSURANCE	452	3,857	100,00%	4,315
26, rue Drouot - 75009 PARIS				
AXA GENERAL INSURANCE	120	(12)	99,52%	205
395-70, Shindaebang-dong, Dongjak-gu - SEOUL - South Corean				
AXA GLOBAL DISTRIBUTORS	112	(55)	100,00%	112
Wolfe Tone House, Wolfe Tone Street - DUBLIN 1 - Ireland				
AXA GLOBAL LIFE	11	14	91,92%	82
40, rue du Colisée - 75008 PARIS				
AXA GLOBAL P&C	137	48	100,00%	175
9, avenue de Messine - 75009 PARIS				
AXA GROUP SOLUTIONS	-	105	100,00%	158
23, avenue Matignon - 75008 PARIS				
AXA HOLDING AS	178	(28)	50,00%	112
Meclisi Mebusan cadn° 15 - Salipazari				
80040 ISTANBUL - Turkey				
AXA HOLDINGS BELGIUM	453	2,341	100,00%	5,318
25, Boulevard du Souverain - 1170 BRUXELLES - Belgium				
AXA HOLDING MAROC	212	13	100,00%	229
120-122, avenue Hassan II - 21000 CASABLANCA - Morocco				
AXA INVESTMENT MANAGERS	53	565	78,96%	1,551
Cœur Défense - Tour B - La Défense 4 - 100 Esplanade du				
Général de Gaulle - 92932 PARIS LA DÉFENSE				
AXA ITALIA SPA	624	26	98,24%	715
Via Leopardi, 15 - 20123 MILAN - Italy				
AXA JAPAN HOLDING COMPANY LIMITED	1,831	2,009	78,92%	3,237
NBF Platinium Tower 1-17-3 Shirokane - Minato-ku				
108 - 8020 TOKYO - Japan				

(a) For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.
(b) Consolidated data.

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/participation	Last closing revenues available [(a)]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
8,173	-	-	58	14	-	31 December 2012
58	-	-	46	5	-	31 December 2012
75	-	-	-	(9)	-	31 December 2012
1,133	-	-	-	34	34	31 December 2012
4,315	-	-	1,456	1,419	1,385	31 December 2012
205	-	-	373	1	-	31 December 2012
38	-	-	27	(18)	-	31 December 2012
27	-	-	48	-	-	31 December 2012
175	-	-	1,863	35	17	31 December 2012
107	3	-	236	-	-	31 December 2012
112	-	-	38	38	18	31 December 2012
5,318	-	-	230	208	213	31 December 2012
229	-	-	107	104	93	31 December 2012
1,551	91	121	67	328	114	31 December 2012
715	-	-	-	(11)	-	31 December 2012
3,237	-	-	330	415	233	30 September 2012

A

(In Euro million)	Share capital 1	Other shareholders' equity 2	Percentage of capital held 3	Gross Book Value of securities held 4
AXA LIFE EUROPE	100	1,379	100,00%	1,489
Wolfe Tone House - Wolfe Tone Street - DUBLIN - Ireland				
AXA LIFE INSURANCE COMPANY LTD	6	1	100,00%	90
151, Gloucester Road - Wan Chai - HONG KONG				
AXA MEDITERRANEAN HOLDING	111	1,880	100,00%	2,723
Calle monseñor Palmer numero 1 - PALMA DE MALLORCA - Balearic Islands				
AXA PORTUGAL COMPANHIA DE SEGUROS	37	67	83,01%	72
Praca Marquês de Pombal, 14 - LISBON 1050 - Portugal				
AXA REINSURANCE IRELAND	72	355	100,00%	432
Wolfe Tone House - Wolfe Tone Street - DUBLIN - Ireland				
AXA TECHNOLOGY SERVICES	25	6	99,78%	73
Les collines de l'Arche - 76 route de la Demi Lune				
92057 PARIS LA DEFENSE				
AXA UK PLC [(b)]	1,884	4,385	53,12%	4,556
5 Old Broad Street - LONDON EC2N 1AD - England				
AXA VERSICHERUNGEN AG	140	1,542	100,00%	5,171
General Guisan-str, 40 - CH-8401 WINTERTHUR - Swizerland				
CFP MANAGEMENT	9	38	100,00%	184
21, avenue Matignon - 75008 PARIS				
COLISEE RE	319	251	100,00%	843
40, rue du Colisée - 75008 PARIS				
FAMILY PROTECT	71	(9)	100,00%	71
21, avenue Matignon - 75008 PARIS				
FINANCE SOLUTIONS	270	2,304	100,00%	2,703
1, Allée Scheffer - L-2520 LUXEMBOURG				
HOLDING VENDOME 3	-	-	100,00%	159
21, avenue Matignon - 75008 PARIS				
OUDINOT PARTICIPATIONS	9,150	3,657	100,00%	12,299
21, avenue Matignon - 75008 PARIS				
PORTMAN INSURANCE LIMITED	25	62	100,00%	109
140, Frenchurch Street - LONDON EC3M 6BL - England				
SOCIETE BEAUJON	36	851	99,99%	1,026
21, avenue Matignon - 75008 PARIS				
VINCI B.V.	1,439	1,077	100,00%	4,285
Graadt van Roggenweg 500 - Postbus 30800				
3503 AP UTRECHT - Netherlands				

(a) For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.

(b) Consolidated data.

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/ participation	Last closing revenues available [a]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
1,489	-	1,592	-	8	-	31 December 2012
7	-	-	-	-	-	31 December 2011
2,723	-	440	239	162	-	31 December 2012
72	-	-	308	(32)	-	31 December 2012
426	-	-	-	-	-	31 December 2012
32	-	194	166	2	3	31 December 2012
4,556	-	1,776	-	127	39	31 December 2012
5,171	-	-	2,680	402	498	31 December 2012
48	10	-	-	3	4	31 December 2012
626	-	-	1	8	41	31 December 2012
71	-	-	3	(22)	-	31 December 2012
2,703	-	-	176	150	140	31 December 2012
-	-	-	-	-	-	31 December 2012
12,299	-	-	-	-	-	31 December 2012
78	-	13	-	13	-	31 December 2012
1,026	47	132	13	(20)	-	31 December 2012
4,285	-	-	271	270	275	31 December 2012

(In Euro million)	Share capital	Other shareholders' equity	Percentage of capital held	Gross Book Value of securities held
	1	2	3	4
2) Participating interests (10 to 50%-owned)				
AXA KONZERN AG	80	1,110	34,63%	2,120
Colonia Allee, 10-20 - 51067 KOLN - Germany				
LOR MATIGNON	5	92	33,94%	57
100, Esplanade du Général De Gaulle - Cœur Défense Tour B				
92400 COURBEVOIE				
RESO GARANTIA (RGI Holdings B.V.)	-	343	39,34%	805
Ul, Svetlanskaya, 250/1, Vladivostok, Primorsky Territory				
Far Eastern federal district, 690000 Russian Federation				
Sub-total A				**64,915**
B. GENERAL INFORMATION ABOUT OTHER UNITS AND PARTICIPATING INTERESTS				
1) Subsidiaries not shown in section A				
a) french subsidiaries (total)				72
b) foreign subsidiaries (total)				199
2) Participating interests not shown in section A				
a) in french companies (total)				39
b) in foreign companies (total)				104
TOTAL (A+B)				**65,329**

(a) For Insurance companies: gross written premiums. For real estate companies: rental revenues. For holding companies: dividends. For financial services companies: gross banking revenues.

(b) Consolidated data.

Net Book Value of securities held	Loans and cash advances given by the Company still outstanding	Guarantees and commitments given by the Company under commitments made by subsidiary/ participation	Last closing revenues available [(a)]	Last closing result available	Dividends received	Closing date and other observations
5	6	7	8	9	10	11
2,120	-	-	290	395	149	31 December 2012
57	-	-	6	3	-	31 December 2011
805	-	-	-	117	-	31 December 2012
64,062	**151**	**4,268**	**9,032**	**4,149**	**3,256**	
55	-	8	-	-	-	
177	-	-	-	-	15	
34	-	-	-	-	-	
62	26	-	-	-	2	
64,390	**177**	**4,276**	**9,032**	**4,149**	**3,273**	

Notes to the financial statements as at December 31, 2012

Net income

Net income for the fiscal year ended December 31, 2012 was €3,261 million, compared with a profit of €8,649 million for the year ended December 31, 2011, mainly driven by a €4,922 million gain on the disposal of the Australian and Canadian businesses, a €1,113 million gain on carry-back receivables and €1,086 million of exceptional dividends.

1. HIGHLIGHTS

The significant account movements are presented in the tables in these notes.

2. ACCOUNTING PRINCIPLES

2.1. General principles

The financial statements as at December 31, 2012 are prepared and presented in accordance with the provisions of the 1999 Chart of Accounts (PCG 99-03).

Since January 1, 2011, AXA has applied the hedge accounting rules to hedge foreign-exchange risk applicable to investments in subsidiaries and affiliates.

Since January 1, 2005, AXA has applied regulations 2002-10 relating to depreciation and amortization of assets, as amended by CRC regulation 2003-07, and 2004-06 relating to the definition, recognition and measurement of assets. Application of these regulations has had no impact on the Company's financial statements.

In accordance to CRC regulation 2008-15, treasury shares are recorded in "Marketable securities". At December 31, 2012, 57,048 shares were allocated to hedging purposes, representing €0.7 million.

The application of CRC regulation 2008-15 dated December 4, 2008 relating to the accounting treatment of stock options (subscription and purchase) and performance shares/units (free shares granted to employees and subject to performance conditions) had no impact on the Company's financial statements.

Find below a summary of options and performances shares granted in 2012 and 2011 to Board of Directors paid by AXA SA:

Stocks options, performance shares and performance units plans are described in Part 2 – Section 2.2 "Full disclosure on executive compensation and share ownership" of this Annual Report.

	Year 2012		Year 2011	
(In Euro)	Value of options granted during the year	Value of performance shares and performance units granted during the year	Value of options granted during the year	Value of performance shares granted during the year
Henri de Castries	292,600	1,153,680	429,550	947,430
Denis Duverne	255,360	1,006,848	351,450	775,170
François Pierson	-	-	195,250	430,650
Nicolas Moreau	117,040	461,472	171,820	378,972

2.2. Presentation of the financial statements

BALANCE SHEET

Intangible assets include concessions, patents, brands and software.

Tangible assets include investments in real estate, split between land and buildings, as well as fixtures and fittings.

Financial assets consist in (i) investments in and receivables from subsidiaries and affiliates and (ii) other financial assets and loans.

Securities are classified using the following criteria:

- investments in subsidiaries and affiliates are securities representing at least 10% of the share capital of the issuing company plus those which AXA deems held for the long term;
- other financial assets comprise securities representing less than 10% of the share capital and which are not investments in subsidiaries and affiliates.

INCOME

The income statement distinguishes between ordinary operations and capital operations:

- ordinary operations include dividends, revenues from other investments, financial expenses, operating expenses and income from transactions in investments;
- capital operations include gains or losses on the disposal of investments in subsidiaries and affiliates and portfolio management investments, impairment charges and reversals in respect of these securities and related receivables, gains and losses arising from exchange rate movements, charges and reversals of provisions for risks and charges, and exceptional income and expense;
- disposals of investments in subsidiaries and affiliates are measured using the weighted average unit cost method.

To improve the transparency of the financial statements, (i) charges and releases of provisions for exchange rate risk are recognized in foreign exchange result, and (ii) charges and reversals of provisions for tax repayment risk are recognized in income tax benefit/expense.

2.3. Intangible assets

Intangible assets amounted to €361 million, and mainly included the AXA brand contributed by FINAXA as part of the merger in 2005 and valued at €307 million based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA.

2.4. Tangible assets

Tangible assets are recognized at acquisition cost or transfer value. Buildings are depreciated using the straight line method over fifty years, and fitting work is depreciated over five or ten years as appropriate.

2.5. Financial assets

Financial assets are measured at acquisition cost or transfer cost. At the balance sheet date, the acquisition cost is compared with the fair value, and the lower of these two values is then recognized in the balance sheet.

The fair value of investments in subsidiaries and affiliates is their going concern value for the firm. This may be determined as a function of either their share price or their shareholders' equity, including unrealized gains, and prospects for the subsidiary.

This multi-criteria analysis reflects the long-term nature of AXA's ownership in these subsidiaries and excludes factors relating to short-term market volatility. Net book value is compared with the going concern value, which is the value of the assets and expected profits of existing and new business, taking into account the entity's future prospects. The value of future profits is estimated on the basis of calculations of the European Embedded Value of the Life & Savings business published by the Group, or similar calculations for other activities.

For other investments, the fair value is the share price for listed securities and the likely trading value for unlisted securities.

2.6. Receivables

Receivables are measured at nominal value. An impairment provision is charged in the event of risk of non-recovery.

2.7. Marketable securities

At the balance sheet date, the acquisition cost is compared with the fair value, which corresponds to the exit value for SICAV and FCP mutual funds and to the average share price over the last month before the balance sheet date for the other securities.

2.8. Prepayments and accrued income

Deferred charges correspond to debt issue costs, which are spread over the lifetime of the issue or for a maximum of 10 years when the debt has no predetermined maturity.

2.9. Subordinated bonds

AXA SA has issued two subordinated bonds:

- 2.5% bonds, maturity January 1, 2014: 9,185,581 bonds with a par value of €165 and a redemption value of €230.88 were in circulation at December 31, 2012. The redemption premium amounts to €606 million;
- 3.75% bonds, maturity January 1, 2017: 6,613,129 bonds with a par value of €165.50 and a redemption value of €269.16 were in circulation at December 31, 2012. The redemption premium amounts to €688 million.

These bonds have been recognized using the single transaction approach. The redemption premium, being the difference between the value at par and the redemption value of the bond issue, was not recognized as a liability at the time of the bond issue. Redemption premiums have been amortized since 2002 and will be until maturity of the issue, using the compound interest method. The yield to maturity used is the rate which enables future payment of the redemption premium, assuming the two bonds were issued on January 1, 2002, namely 2.84% for the 1999 issue and 3.29% for the 2000 issue.

The charge for the year ending December 31, 2012 amounted to €107 million, and the existing provision at December 31, 2012 is €1,018 million. The unamortized balance of €276 million was recognized as an off-balance sheet commitment.

On January 11, 2007, the meetings of holders of AXA's 2014 and 2017 convertible bonds were held to vote on an amendment of the final conversion dates of the bonds to January 26, 2007 in exchange for a cash payment in respect of the value of the conversion option.

The General Meetings of 2014 convertible bondholders accepted the amendment. As a result, holders who did not convert their bonds by January 26, 2007 received €16.23 per bond on January 31, 2007.

The General Meeting of 2017 bondholders did not approve the amendment. As a result, to fully neutralize the dilution impact of the 2017 convertible bonds, AXA bought call options on AXA shares with an automatic exercise mechanism from a bank counterparty for a total cash amount equivalent to the payment proposed to bondholders. This €96 million premium is to be amortized over the residual ten-year term of the bond. At December 31, 2012, the remaining amount to be amortized was €38 million.

2.10. Employee benefits

Employee benefit liability is reviewed to ensure it covers future retirement benefit obligations and post-retirement benefits. Pursuant to this review, the employee benefit liability amounted to €3 million at December 31, 2012.

2.11. Unrealized foreign exchange gains/ losses

Foreign currency receivables and liabilities are adjusted at the balance sheet date exchange rate. The matching item for this adjustment is a translation variance asset account when the difference is an unrealized loss, and a translation variance liability account when it is an unrealized gain. These items do not flow through the income statement but a provision for foreign exchange risk is made to recognize unrealized losses relating to the translation variance asset.

When a loan or borrowing generates an unrealized translation loss, but is hedged, a provision for unhedged risk is registered.

2.12. Derivative products

- interest rate swaps: these transactions are recognized by applying the accrued interest method. A distinction is made in the income statement and balance sheet between income from the principal transaction, which is the subject of the swap, and the net income from the swap transaction. The nominal value of the swaps serving as bases for interest rate swaps is recognized off-balance sheet.
- derivative products qualifying as hedges against foreign exchange risk (exchange rate or currency swaps, currency futures) are recognized off-balance sheet as a reciprocal liability and receivable commitment. For currency options, the premium paid on acquisition is recognized as an asset on the balance sheet in the 'cash instruments' account. When the option is exercised, the premium is recorded in the income statement. The same is true when the option is not exercised at term. For option sales, a provision for risks and charges is recognized to take into account the unrealized loss. Other derivative instruments are recognized off-balance sheet at their nominal value. Unrealized losses arising from the estimated market value of these financial instruments give rise to recognition of a provision for foreign exchange loss when the hedge accounting can not be applied.
- equity derivative products: equity option rights paid or received are posted in a suspense account on payment or receipt of funds. At the balance sheet date, if the option has not been exercised, the rights received, representing possible income, are not recognized in the income statement. A provision is created against rights paid if it is likely, given market trends, that the option will not be exercised. When the option is exercised, this represents an addition to the acquisition price of the underlying instrument and an addition to the sale price when the option is sold.

2.13. Other shareholders' equity

Undated deeply subordinated notes are classified as "Other shareholders' equity" when, like for ordinary shares, there is no contractual obligation to remit cash or any other financial assets.

Other shareholders' equity included €6,360 million of undated subordinated notes at December 31, 2012, versus €6,341 million at December 31, 2011, representing an increase of €19 million mainly due to exchange rate fluctuation impact.

2.14. Provisions for contingent liabilities

The Company is the head of a French tax consolidation regime group. The tax consolidation regime provides that tax savings should be recognized directly in the Company's financial statements. However, a provision for the return of tax savings is recognized when there is a high probability that the benefit will accrue to subsidiaries as a result of the prospect of future taxable income resulting from the Group's strategic planning.

3. NOTES TO THE BALANCE SHEET

3.1. Movements in intangible assets

This account includes the AXA brand, transferred by FINAXA at the time of the merger, and valued at €307 million. It also includes €54 million relating to the capitalization of software costs.

3.2. Movements in financial assets (before provisions)

(In Euro million)	Gross value at December 31, 2011	Acquisitions	Disposals	Gross value at December 31, 2012
Investments in subsidiaries	64,450	3,854 [(a)]	2,297 [(a)]	66,007
Receivables from subsidiaries	711	271 [(b)]	767 [(b)]	215
Other financial assets	4,172	-	606 [(c)]	3.566
Loans	810	35 [(d)]	798 [(d)]	47
TOTAL	**70,143**	**4,160**	**4,468**	**69,835**

(a) Corresponding to a net increase by €1,557 million of wich:
- *a €720 million increase in the capital of AXA Asia, of which €410 million representing the financing for the acquisition of HSBC's non-life insurance business in Asia;*
- *a €72 million increase in the capital of AXA Mediterranean Holding to finance the acquisition of HSBC's non-life insurance business in Mexico;*
- *€230 million and €106 million capital increases respectively by AXA Life Europe and AXA Reinsurance Ireland to sustain their development;*
- *a €134 million increase in Beaujon's capital to foster the development of its subsidiaries, notably in Poland, the Czech Republic, Romania and India;*
- *acquisition of AXA Konzern AG's participation in AXA Investment Managers for €171 million.*

(b) The net decrease of €496 million was primarily attributable to the reimbursement of the USD340 million loan granted to AXA China Region and to the repayment for €118 million of credit lines granted to AXA Investment Managers.

(c) The decrease is mainly due to margin calls paid to bank counterparties under collateral agreements linked to the management of derivative instruments, which amounted to €3,366 million at end-2012, compared with €3,972 million at end-2011, mainly due to the unwinding of the foreign-exchange positions.

(d) The net decrease of €763 million result mainly from the reimbursement of a USD1 billion credit facility granted to shareholders in RESO Garantia.

3.3. Movement in provisions for impairment of financial assets

(In Euro million)	Provisions at December 31, 2011	Allowances	Releases	Provisions at December 31, 2012
Investments in subsidiaries	997	33	93	937
Receivables from subsidiaries	1	-	-	1
Other financial assets	55	3	-	58
TOTAL	**1,053**	**36**	**93**	**996**

3.4. Statement of receivables by maturity

(In Euro million)	Gross value	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	215	135	3	77
Tax receivables	503	12	491	-
Loans	47	8	-	39
Miscellaneous receivables and currents accounts with subsidiaries	116	116	-	-
TOTAL	**881**	**271**	**494**	**116**

3.5. Miscellaneous receivables and subsidiaries' current accounts

(In Euro million)	
Income receivable	16
Miscellaneous debtors	35
Accrued interest on swaps	64
Subsidiaries' current accounts	1
TOTAL	**116**

3.6. Expenses payable over more than one period

(In Euro million)	Gross value	Amount amortised at December 31, 2011	Charge for the period	Net value at December 31, 2012
Bond issue expenses	111	101	1	9
Other debt issue expenses	80	57	6	17
Investment acquisition expenses	71	71	-	-
TOTAL	**262**	**229**	**7**	**26**

Starting January 1, 2007, acquisition expenses on investments in affiliates are capitalized (included in the purchase price) and are subject to amortization over five years.

3.7. Unrealized foreign exchange losses

Amounted to €1,253 million, up €401 million, of which €1,023 million related to the deferred recognition of exchange-rate losses in line with the principles of hedge accounting.

3.8. Share capital

AXA's share capital is represented by 2,388,610,984 shares with a par value of €2.29, giving a total value of €5,469,919,153.36 at December 31, 2012. These shares were all entirely subscribed and paid with rights from January 1, 2012.

3.9. Movement in shareholders' equity

(In Euro million)	Year ending December 31, 2011	Year ending December 31, 2012
Net income	8,649	3,261
Per share	3.67	1.37
Movement in shareholders' equity compared with opening balance	8,987	1,948
Per share	3.81	0.82
Proposed dividend	1,626	1,720 (a)
Per share	0.69	0.72 (a)

(a) Proposed to Shareholders' Meeting of April 30, 2013.

(In Euro million)	
Equity at December 31, 2011	**40,501**
Capital increase for employees	290
Exercise of equity instruments	18
Dividends paid out	(1,626)
Net income for the period	3,261
Tax driven provision	5
Equity at December 31, 2012	**42,449**

3.10. Other shareholders' equity

Other shareholders' equity amounted to €6,360 million, compared to €6,341 million at the end of 2011.

(In Euro million)	Value at December 31, 2011	Issues	Translation variance/accrued interests	Value at December 31, 2012
Undated deeply Subordinated Notes (nominal)	6,230	-	21	6,251
Accrued interests	111	-	(2)	109
TOTAL	**6,341**	-	**19**	**6,360**

3.11. Provisions for contingent liabilities

(In Euro million)	Value at beginning of period	Allowances for the period	Releases for the period (provisions used)	Releases for the period (provisions not used)	Value at end of period
Provisions for deferred taxes	468	151	-	-	619 (a)
Provision for foreign exchange losses	1,840	-	227	1,152	461
Other provisions for risks	1,330	228 (b)	282 (b)	502 (b)	774
Amortization of convertible bond redemption premiums	911	107	-	-	1,018
TOTAL	**4,549**	**486**	**509**	**1,654**	**2,872**

(a) The €619 million provision for deferred taxes includes a €541 million provision for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group.
(b) This is mainly allowance and releases primarily comprising provisions for unrealized losses on derivatives.

3.12. Subordinated debt

(In Euro million)	Value at December 31, 2012	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	652	-	-	652
Undated subordinated EMTN	909	-	-	909
Subordinated bonds 2.5% 2014	1,516	-	1,516	-
Convertible Subordinated bonds 3.75% 2017	1,095	-	1,095	-
Redeemable subordinated bond 6.75% 2020 (€)	1,300	-	-	1,300
Redeemable subordinated bond 8.60% 2030 ($)	947	-	-	947
Redeemable subordinated bond 7.125% 2020 (£)	398	-	-	398
Other subordinated debt	10	-	-	10
Accrued interests	147	147	-	-
TOTAL	**6,974**	**147**	**2,611**	**4,216**

Subordinated debt totaled €6,974 million as opposed to €7,030 million in 2011 driven by €54 million in positive exchange-rate effects.

The perpetual subordinated notes are undated bonds. The Company has the option of deferring payment of the coupons under certain conditions. Nonetheless, the coupons must be paid when these conditions cease to be met or on redemption of the instruments. When payment is deferred for an extended period, the coupons remain payable by law. Similarly, in the absence of dividends being paid, unpaid coupons accumulated over the years will be recognized as payable upon liquidation, if any. These instruments are classified as debt on the basis of this contractual obligation to pay the coupons.

3.13. Financial debt

(In Euro million)	Value at December 31, 2012	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	3,050	1,700	1,000	350
Bonds	6,901	3,005	400	3,496
Loans granted by Group entities	2,458	310	861	1,287
Commercial paper	801	801	-	-
Deposits under collateral agreements	12	12	-	-
Accrued interests	132	132	-	-
TOTAL	**13,354**	**5,960**	**2,261**	**5,133**

Financial debt totaled €13,354 million as opposed to €15,243 million in 2011. This represented a decrease of €1,889 million due to a €1,729 million fall in outstanding commercial paper (€801 million at December 31, 2012), which is primarily used to finance margin calls under collateral agreements, protecting the Company from counterparty risk on derivative instruments, and €101 million in currency effects.

3.14. Statement of operating payables

(In Euro million)	Value	Less than 1 year	1 to 5 years
Debt on fixed assets [a]	183	183	-
Other payables, including tax and social payables [b]	190	190	-
Subsidiaries' current accounts	52	52	-
TOTAL	**425**	**425**	-

(a) Debt relating to non-current assets totaled €183 million and included shares issued by entities but not yet fully paid, including €75 million for AXA Life Europe and €54 million each for AXA Italia and AXA Reinsurance Ireland.

(b) Of which €171 million of expenses payable.

3.15. Unrealized foreign exchange gains

Amounted to €1,017 million at end-2012, down from €1,071 million at December 31, 2011. This item reflects the positive effects derived from the revaluation of foreign-currency denominated assets and liabilities at the balance sheet closing exchange rate. It declined compared with 2011 mainly driven by an increase in the sterling exchange rate, which had an adverse impact on liabilities.

4. NOTES TO THE STATEMENT OF INCOME

4.1. Executive remuneration

- Directors' fees allocated to members of the board of directors K€1,200
- Other remuneration (net of recharging) K€5,196

The Company had 3 employees or executive officers at the balance sheet date.

4.2. Income tax

(In Euro million)	Income before tax	Tax benefit/ expense *	Net income
Ordinary income	1,845	[a]	1,845
Income from capital operations	1,041	-	1,041
Income tax expense	-	375 [b]	375
TOTAL	**2,886**	**375**	**3,261**

* *A positive sign indicates tax benefit.*

(a) *Dividends received from investments in subsidiaries are under the fiscal "parent-subsidiary" regime and are tax-exempt.*

(b) *The corporate income tax benefit amounted to €375 million compared with a tax benefit of €2,002 million in 2011 of which €1,113 million of tax benefit linked to carry back receivables. It included mainly €531 million of tax receivable from members of the tax consolidation group in France and €129 million allowance for provisions for the risk of tax repayments.*

A

5. OFF-BALANCE SHEET COMMITMENTS

5.1. Summary of off-balance sheet commitments

(In Euro million)	Notional value (Commitments given)	Market value
FINANCIAL FUTURES INSTRUMENTS	**155,897**	**(2,973)**
Foreign exchange Forward	**2,503**	**(157)**
Swaps	**144,460**	**(2,831)**
Interest rate swaps	90,937	(454)
Equity swap	3,297	(515)
Foreign Exchange swaps (short term)	15,316	(454)
Cross Currency swaps (long term)	33,941	(1,406)
Credit Default swaps	969	(2)
Options	**8,934**	**15**
Caps	1,000	-
Foreign Exchange Options	6,143	15
Indice options	1,786	-
Floor	5	-
Other commitments	**Commitments given**	**Commitments received**
Credit facilities (authorized but not drawn)	**1,558**	**12,075**
Internal group guarantees and securities		
Commitments to buy back shares and bonds from Group entities	42	-
Other commitments	18,909	341
of which financial guarantees given to Group entities	12,486	341
Subordinated convertible bond redemption premium (see § 2.9 of this note)	**276**	-

5.2. Commitments in respect of shareholder pacts

CROSS-SHAREHOLDING AGREEMENT

AXA has entered into cross-shareholding agreement with BNP Paribas which is described hereafter.

Agreement with the BNP Paribas Group

On August 5, 2010, and after authorization by the AXA Board of Directors of August 3, 2010, AXA and BNP Paribas entered into an agreement that replaces the prior agreement between them dated December 15, 2005.

The 2010 agreement maintains the option for each party to repurchase its shares in the event of a hostile change of control of the other party.

In force for a period of three years starting from August 5, 2010, this agreement is renewable automatically for successive periods of one year thereafter, unless one of the two parties decides to terminate the agreement earlier, in which case the terminating party is required to give three months' notice prior to the next renewal date.

The agreement was made public by the AMF on August 9, 2010.

6. SENSITIVITY

By virtue of its business, AXA SA is mainly exposed to interest rate and exchange rate risks.

The table below shows an estimate of changes in the fair value of debt, loans and hedging instruments in the event of a 1% rise in the interest rate curve or a 10% depreciation of the Euro.

(In Euro million)	Change in fair value	
Sensitivity	**Interest rates: +100 bps**	**Depreciation of the Euro: 10%**
Debt [a]	-3.1% [1]	3.8% [2]
Loans [b]	-3.4% [1]	2.4% [2]
Derivatives [c]	19.0% [1]	-14.3% [2]

(a) External debt (excluding intra-group debt) before hedging.
(b) Loans are net of internal refinancing.
(c) Both eligible and not eligible derivatives.
(1) A 100 bps rise in interest rates leads to a 3.1% decrease in the fair value of debt, a 3.4% decrease in the fair value of loans, and a 19.0% increase in the fair value of derivatives.
(2) A 10% depreciation of the Euro leads to a 3.8% increase in the fair value of debt, a 2.4% increase in the fair value of loans and a 14.3% decrease in the fair value of derivatives.
The information on fair value presented above should be used with care:
- *since these estimates are based on the use of measurements such as interest rates and spreads at the balance sheet date; such measurements may fluctuate over time; and*
- *because there are a number of possible ways to perform these calculations.*

The information used for calculating the fair value of financing debt is market prices at the end of the period, using (i) market rates for each currency, (ii) AXA's average spread by maturity and for the main currencies, distinguishing between subordinated debt and senior debt, and (iii) options included in issue contracts, such as issuer redemption options.

This note does not omit any material commitment or any which might become material in the future.

7. OTHER INFORMATIONS

7.1. Affiliated companies

Affiliated companies (consolidated entities) (value net of provisions for impairment) *(in Euro million)*

Investments	64,779
Of which:	
■ AXA Asia	8,173
■ AXA Konzern AG	2,120
■ AXA Italia SPA	715
■ AXA France Assurance	4,315
■ AXA UK Plc	4,556
■ AXA Holdings Belgium	5,318
■ Oudinot Participations	12,299
■ AXA Japan Holding Company Limited	3,237
■ Vinci BV	4,285
■ Colisée RE	626
■ AXA Equity & Law Plc	1,133
■ AXA Méditerranean Holding	2,723
■ AXA Versicherungen AG	5,171
■ AXA Belgium	610
■ Reso Garantia	805
■ AXA Investment Managers	1,551
■ AXA Life Europe	1,489
■ Finance Solutions	2,703
■ Beaujon	1,026
Receivables towards related companies	1,199
Payables toward related companies	11,303
Financial income and expense in respect of affiliates	
Financial expense	367
Financial income	3,345

7.2. Related parties

None of the transactions operated by related parties, that are still outstanding at year end or that occurred during the course of the year, account for the distinctive characteristics of transactions to be disclosed in accordance with the ANC regulations n° 2010-02 and 2010-03 as made official by the decision as of December 29, 2010 and announced in the Journal Officiel as of December 31, 2010.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri-Régnault
92400 Courbevoie

Report of the Statutory Auditors on the Company's financial statements

(For the year ended December 31, 2012)

This is a free translation into English of the Statutory Auditors' report issued in French and which is provided solely for the convenience of English readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, which is presented below in the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the statutory financial statements of the Company.

This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders of **AXA SA**
25, avenue Matignon
75008 Paris

In compliance with the assignment entrusted with us by your General Meeting, we hereby submit our report for the year ended December 31, 2012 on:

- the audit of the financial statements of AXA SA, as attached to the present report;
- the justifications of our assessments;
- the specific verifications and information required under French law.

The above mentioned financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the Company's financial statements

We conducted our audit in accordance with the professional standards applicable in France, which require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that the elements and information we gathered constitute an adequate and appropriate basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2012 and of the results of operations for the year then ended, in accordance with accounting rules and principles applicable in France.

II – Justifications of our assessments

The prolonged economic and financial uncertainties continue to give rise to specific considerations with respect to the determination of assumptions underlying the preparation of the financial statements, in particular, the future evolution of interest rates utilized in the accounting estimates. In this context and in accordance with Article L.823-9 of the French Commercial Code requiring Statutory Auditors to justify their assessment, we bring to your attention the following matters:

- financial assets are recorded using the methods applying to each category and described in paragraph 2.5 of the notes to the financial statements;

  We have assessed whether the impairment tests performed by the Company, depending on the invested assets situation and the volatility of financial markets, are appropriate and we also assessed the reasonableness of the resulting provisions. Regarding investments, for which impairment is based on the value-in-use and the intent to hold, we have assessed the data used in order to determine the value-in-use of the main investments in the portfolio and obtained confirmation of the intent to hold;

- in accordance with the policies described in paragraph 2.9 of the notes to the financial statements, liabilities are recorded at the year-end for redemption premiums on convertible bonds issued by the Company whenever the prevailing stock price is lower than the discounted redemption value of the underlying note. We have reviewed the reasonableness of the assumptions used for calculation, having regards the stock market volatility and the maturities of outstanding convertible bonds issued by the Company;
- derivatives used by your Company are assessed pursuant to the rules contained in paragraph 2.12 of the notes to the financial statements. We have checked that the implementation of a hedge accounting, as the case may be, was documented. In the other cases, we verified that adequate provisions for the unrealized losses were recorded.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our opinion expressed in the first part of this report.

III – Specific verifications and information

In addition, we have carried out the specific verifications required by law, in accordance with the professional standards applicable in France.

We have no matter to report regarding the fairness of the Board of Directors' report and the documents addressed to the shareholders concerning the Company's financial situation and financial statements, and their consistency with the financial statements.

Regarding the information provided in application of the provisions of Article L.225-102-1 of the French Commercial Code on the compensation and benefits paid to AXA executives as well as commitments made to them, we have verified their consistency with the financial statements or with the data underlying the preparation of the financial statements and, if applicable, with the elements gathered by the Company from entities controlling the Company or controlled by the Company. On the basis of this work, we confirm the accuracy and fairness of this information.

As required by law, we have verified that the information pertaining to equity and controlling interests of the Company, to the identity of holders of share capital or voting rights and to reciprocal participations has been duly disclosed in the aforementioned Board of Directors' report.

Neuilly-sur-Seine and Courbevoie, March 20, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Pierre Coll – Michel Laforce	Philippe Castagnac – Gilles Magnan

APPENDIX VI GROUP EMBEDDED VALUE

The information is disclosed in the "Embedded Value 2012 report" which is available on AXA Group website under Investor Relations / Results and Reports / Earnings presentations.

APPENDIX VII SOCIAL AND ENVIRONMENTAL INFORMATION

In accordance with the provisions of the Articles L.225-102-1 and R.225-104 et seq. of the French Commercial Code, the following information describes the manner in which the Company takes into account the social, societal and environmental impacts of its business.

Additional information about the AXA Group's corporate responsibility-related policies and practices is available in the "Activity and Corporate Responsibility Report", in the "Social Data Report" and on the AXA Group's website (www.axa.com), in particular in the "Corporate Responsibility" section.

Reporting certification, evaluation and ratings

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, presents in their assurance report attached at the end of this appendix, their attestation of completeness on the consolidated social, environmental and societal information disclosed in the Company's management report prepared for the year ended December 31, 2012 Pursuant to Article L.225-102-1 of the French Commercial as well as their limited assurance report on a selection of information.

The Group's environment social and governance (ESG) performance is also evaluated by specialized rating agencies. The Group ranks above average in its industry and is also included in international ethical indices.

All Environmental, Social and Governance ratings are available on: www.axa.com/en/responsibility/strategy-commitments/sri/

Institutional commitments

In 2012, the AXA Group joined two major initiatives in the area of corporate responsibility: (1) the Group is a founding signatory to the UN Principles for Sustainable Insurance, a voluntary framework to integrate environmental, social and governance criteria into the insurance business; (2) the Group signed the UN Principles for Responsible Investment (UN PRI), a voluntary framework to integrate environmental, social and governance criteria into the investment value chain. Both AXA Investment Managers and Alliance Bernstein were already UN PRI members.

SOCIAL INFORMATION

AXA strives to be a responsible employer, placing employee engagement at the heart of its business strategy. Achieving this has meant creating a workplace built on AXA's values which foster diversity and equal opportunity for all, promote employee participation, encourage professional development and support employee wellbeing. For additional and more comprehensive information, including local initiatives, consult the 2012 "Social Data Report".

Workforce size

AXA's overall salaried workforce on December 31, 2012, was 113,422 employees (open-ended and fixed-term contracts), which represents a slight decrease of 0.9%.

Moreover, the footprint of AXA's salaried workforce in 2012 was 66% in Europe (vs. 67% in 2011), 19% in Asia-Pacific (vs. 18% in 2011), 12% in the Americas (vs. 12% in 2011) and 3% in Africa (vs. 3% in 2011).

AXA continued to recruit in 2012 and hired more than 16,000 employees, of which almost 4,800 were sales employees. Out of that total number of hires, 373 persons were re-hires into the Company.

Employee relations and collective bargaining

Effective labor-management communications and social dialogue pave the way for the stability which is needed to implement the Group's business development strategy. Each AXA Group entity therefore engages with staff or their representatives for communications on a regular basis. AXA has also set up a European Works Council (EWC), whose extensive role goes beyond regulatory requirements. The EWC is made up of staff representatives from AXA's largest European entities, who meet in order to receive and exchange information on the social, strategic and economic issues that concern the Group and maintain an ongoing dialogue between employees and management.

In June 2009, a Group EWC agreement (available at www.axa.com) was concluded in order to protect social dialogue. AXA holds two EWC plenary meetings a year in combination with a preparatory and post-plenary session systematically held for debriefing.

The introductory part of the Group EWC agreement is based on a number of international benchmark documents, such as the UN Declaration of Human Rights and the International Labor Organization's standards as well as AXA's own set of core values and commitments. An appendix to the agreement also contains certain recommendations in case of restructuring, as detailed below.

The majority of the Group's employees are covered by the EWC's framework agreement. Other affiliates outside the scope of the EWC have also developed social dialogue agreements, but these are not monitored at Group level. More generally beyond Europe, the Group strives to ensure that employees are fairly represented in all major countries where it is present. In addition to the work of the EWC, numerous collective bargaining agreements are signed on a local basis.

Headcount adjustments, mobility and related measures

THE CONDUCT OF RESTRUCTURING

The aforementioned Group EWC agreement commits the Group to a certain number of measures in favor of employees when major organizational changes impact their jobs. AXA maintains the following principles with a view to guiding its various European business units in local management practices:

- when organizational changes affect jobs, AXA pledges to supply relevant information and, as appropriate in light of local cultures and rules, to consult with employees and their representatives;
- in connection with an information-gathering and consultative process, AXA would provide data and information about possible alternative solutions, where relevant;
- factoring in its employees', customers' and shareholders' interests, AXA undertakes to maximize opportunities for internal and external redeployment, when applicable, for all AXA employees affected by possible employment issues;
- AXA will do its utmost to prevent compulsory redundancies and other collective transfers, by pursuing other approaches whenever possible;
- when geographic mobility is necessary, it must be offered as a matter of priority to employees who volunteer to move, with the process managed with a view to enabling their integration into a new environment under the best possible conditions;
- AXA pledges to acknowledge certain individuals as staff representatives and uphold their liberty, rights and purpose, in line with national legislation and, where relevant, agreements in force in local business units;
- aware that training represents a major investment both for the Group and for its employees, AXA commits to embrace a continuous-learning culture;
- AXA condemns discrimination of any kind on the basis of gender, race, color, ethnic origin, genetic form of difference, disability, sexual orientation, language, religion, personal conviction, union membership or political opinion.

In addition, AXA went past a significant milestone when Group management, UNI Europe Finance and all French trade unions signed a major European agreement on anticipating change. The agreement, negotiated within the European Works Council, sets out an approach for social dialogue with the purpose of anticipating change in the sector in order to adapt employee skills to future needs and thus preserve jobs. According to the EWC, this agreement is unique in the insurance sector. It offers significant means to secure employment in Europe. In an uncertain job environment, this sends a strong signal about how social responsibility within AXA's EWC aims at finding alternative solutions and refuses to accept things as inevitable.

INTERNAL AND INTERNATIONAL MOBILITY

AXA has launched a new internal mobility policy and processes across its major entities in support of its business and to help its people better develop. The aim is (1) to make business needs immediately visible through global Group-wide posting of available jobs, (2) to detect internal skills through an enlarged hiring process and (3) to share knowledge, expertise and best practice in facilitating transfers and to align resources with AXA's business priorities. In 2012, the U.S. and Germany launched an extension of the mobility process, with the intent of fully integrating an external recruitment platform.

Furthermore, international mobility has steadily progressed (about 600 assignments in 2012), supporting deployment and development of key expertise and leadership skills in mature as well as developing marketplaces. From April 2012 onwards, a new delivery model for international mobility was launched and an expertise center created (French: *CEMI*). The *CEMI*, located in France, provides support and expertise to 75% of AXA employees on international assignment within the Group. Support services enable assignees and their families to be better prepared for their international experience.

Working time, overtime and work flexibility

One of the Group's diversity & inclusion priorities for 2012 was to create and launch a reference framework for a flexible work. Group Human Resources, AXA Japan and a core team, comprised of five other AXA entities, co-supervised the project. The flex work framework offers a range of good practices, from both internal and external sources, and a toolkit for support to entities implementing flexible work arrangements.

Various initiatives are in place across many AXA entities, such as AXA Germany's flex work model, implemented across nearly all sites in Germany, where 450 employees were enrolled in "telework" schemes. As seen in other AXA entities where flex work has been a priority, this has resulted in an increase in employee trust, empowerment, and satisfaction. It also increased productivity, quality and efficiency at work, and yielded a reduced environmental footprint (406 tons of CO_2 saved in 2012) and an estimated annual €1.3 million reduction in real-estate costs from 2014 onwards.

Reward, benefits and compensation expense

COMPENSATION POLICY

AXA's compensation policy aims to attract, develop and retain best talents by ensuring that (1) pay level are market competitive, (2) internal equity relies on differentiated individual and collective performance, (3) payouts are affordable and in line with company financial results.

Consequently, remuneration levels are set taking into account local market conditions along with company financial and operational results.

Performance management is a key component of the overall reward policy which fosters and recognizes individual and collective superior achievements.

In 2012, total compensation expense amounts to €7.74 billion, which correspond to a decrease of 1.9% on a reported basis. On a comparable Foreign Exchange basis, the decrease of 2012 versus 2011 would amount to 5.0%.

BENEFITS

Benefits form a significant part of AXA's broader total reward offer. They can either supplement local government-provided health and welfare programs or be the primary source of those benefits in some countries. AXA's benefits approach is primarily country-driven, since employee benefit plans can vary significantly between countries due to different levels of social benefits provision and diverse tax and legal regulations. However, AXA's policy is to target benefits coverage at the median of the relevant market and encourage flexible benefits schemes, as this allows employees to choose the set of benefits they perceive as high-value. The Group's policy is that benefits should include competitive insurance coverage (the nature and type of which may vary by entity depending on local competitive and cost considerations) In all cases, local minimum requirements are respected and generally exceeded on a large scale for a majority of AXA employees across all geographies.

"SHAREPLAN" AND "AXA MILES" PROGRAMS

Through its "SharePlan" program, the Group encourages employees to become AXA shareholders. Offered internationally for the first time in 1994, each year "SharePlan" gives AXA employees an opportunity to acquire shares at preferential prices. In 2012, this offer was made in 40 countries in which AXA had 21,000 employees who subscribed that year for a total of €291 million in subscriptions. In July 2007, the Group launched its first world-wide all-employee free share grant to over 100,000 employees. In order to continue to include all AXA employees in the rollout of the Ambition AXA strategic plan, 50 free AXA shares of common stock ("AXA Miles") were granted on March 16, 2012, to all employees world-wide. The "AXA Miles" program has been designed to both acknowledge the outstanding contributions of the Company's employees and to further engage and motivate them for the many challenges that lie ahead. Employee shareholders represented 7.4% of the outstanding share capital and 9.0% of the voting rights at December 31, 2012.

DIVERSITY AND INCLUSION

AXA promotes diversity and inclusion (D&I) by creating a work environment where all employees are treated with dignity and respect and where individual differences are valued. AXA is an equal opportunity employer in all aspects of the work environment. AXA opposes all forms of unfair or unlawful discrimination and does not tolerate discrimination based on age, race, nationality, ethnic origin, gender, sexual orientation, religion, marital status, or disability. AXA cultivates a diverse and inclusive environment where all employees feel fully engaged and a part of the Company's business and strategy to become the "Preferred Company."

In 2012, AXA Group D&I focused on ensuring it had the necessary infrastructure to deliver its D&I strategy. The aim was to involve leadership and garner support from key functions, leveraging talent and knowledge. D&I executive sponsors from several AXA entities are members of the Group D&I Advisory Council, who report to AXA Deputy CEO Denis Duverne, also the AXA Group D&I executive sponsor.

At AXA, a key point of focus was furthering an inclusive culture in alignment with AXA's Ambition culture of trust and achievement. The result was for inclusion to also be based on awareness of unconscious bias, micro-inequities and group-think dynamics. In June 2012, AXA launched a new, specially-designed course entitled "Building an Inclusive Culture at AXA".

Gender equality was one of AXA's early priorities, dating back to the establishment of the AXA Group D&I office. AXA conducted an in-depth analysis of gender issues across the Group, resulting in several actions, such as sponsorships, mentoring and developing a framework for flex work and for women successfully to return to work. In 2012, the focus was on strengthening the "gender pipeline." Consequently, the Catalyst organization (a long-established global research organization focused on gender issues in corporations) recognized one AXA development initiative, the "Talent Tandem," as a "best practice" in 2012.

In total, AXA's global gender balance is 52.3% women and 47.7% men.

AXA also strongly further encouraged and supported the integration of disabled employees. In France, the number of employees with disabilities went from 746 in 2011 to 809 in 2012.

Health and Safety, absenteeism and employee wellbeing

Although no formal Health and Safety (H&S) policy exists at Group level, all entities undertake initiatives to implement local policies as well as best practices, tailor-made to their specific sector and local environment.

The total absenteeism rate remains stable in 2012 at a level of 4.9%. The proportion of absences due to work-related accidents decreased while the proportion due to pregnancy increased. With a total absenteeism rate due to work related accidents of less than 0.1% and operating in an environment that generates business through management of capital and financial services, the AXA Group does not monitor gravity, severity or frequency of work-related accidents on a global level. Systems, procedures and processes might be in place to comply with local health, safety and welfare legislation, if necessary. In 2012, AXA Asia fine-tuned H&S policies at many entities, which subsequently were awarded national recognition for commendable Workplace Health Promotion Programs. AXA Gulf introduced an extensive range of health and wellbeing initiatives to accommodate different locations and employee populations. The aim was to increase employee engagement and satisfaction by improving education and standards of health and wellbeing. In addition, the policy reached out to each employee's family members to help improve their health and wellbeing as well. AXA UK launched its innovative "Be Healthy" portal, designed to help employees understand their health risks associated with diet, exercise, mind-set and lifestyle. That led to 2,487 employees registering and 1,093 completing the health risk assessment which identified 4,700 health risks. So far 141 employees have succeeded in mitigating one or more risks. That was a significant lifestyle improvement for employees and a productivity increase of approximately £70,500.

Over the years, AXA has developed a comprehensive framework for identifying and measuring operational risks, arising from potential organizational, systemic or resource-based failures or as a result of external events. Ensuring an adequate approach to mitigating these risks across the Group is an essential function of Risk Management Departments. With respect to its employment practices, AXA defined Human Resources Key Risk Indicators in support of a safer and healthier environment for AXA's workforce.

Training, learning and development

AXA's skills development result remained high with 83.2% of its employees taking a training course at least once during the year. The average number of training days per employee remained stable at 2.6 days per year.

In 2012, the AXA Group initiated changes in order to achieve a common developmental experience in all AXA entities across the world under the "Learning@AXA" banner. Five initiatives were deployed, set to strengthen consistency in Human Resources development at AXA and instill a strong sense of belonging to a global company. More in detail, initiatives (1) intensified leadership development along AXA's talent pipeline, (2) prepared leadership to have a more positive impact on the organization and drive required change, (3) aligned key management practices, thus enabling a desired culture shift, (4) enhanced technical know-how required to deliver on the so-called "Ambition AXA" strategy and (5) raised business acumen among non-experts to foster cross-functional collaboration and reinforce employee affiliation through a consistent on-boarding experience.

A corporate structure, AXA University, is entrusted with providing AXA's leaders a place to focus on Group challenges and leadership practices and values, exchange ideas and build strong networks through well targeted development and competence-building opportunities. Training programs are structured around two broad themes: (1) professional "colleges" (which build specific technical skills for families of professions, such as Finance, Risk, Operational Excellence, IT, Human Resources, and Marketing) and (2) experiences dedicated to the development of the leadership capabilities of AXA's leaders. The emphasis is on driving innovation through learning and development by encouraging reflection, enabling knowledge sharing and instituting learning as a continuous process. To achieve that mandate, AXA University partners with experts both within AXA and with some of the world's leading institutions and business schools, such as Wharton, IMD, CEDEP and INSEAD.

Talent attraction and retention

PERFORMANCE AND TALENT MANAGEMENT

Since 2005 AXA has conducted organization and talent reviews (OTRs), which are systematic reviews of its organizational structure and what is required for AXA's current business and future needs. The process provides a snapshot of organizational challenges and of key positions. It helps identify the potential of key people, taking into consideration their performance and leadership behaviors. It also helps build and share a robust and solid "talent pipeline" to ensure the right staffing around the globe. Finally, each OTR round offers a chance to discuss career paths, development plans and prepare for the next move (including international mobility) for key people. Since 2010, AXA has also used the process to review its structure and people from the perspective of the Group's new global business lines and their respective areas of expertise.

A performance management standard has been established to ensure that the Group's performance-based pay policy and evaluation of training needs run efficiently. During 2012, 62,000 employees were already making use of AXA's PeopleSoft platform for Performance Management (38,000 employees in 2010). The Group also delivered a new "AXA 360" platform to all entities to accelerate its leaders' development through feedback on their leadership skills. A total of 2,000 executives and managers went through this process.

An AXA leadership framework defined what skills were expected from the Company's leaders to meet AXA's challenges and achieve its ambition. Until recently, it only concerned senior managers. In 2012, it was simplified and adjusted for all AXA employees and is set to be embedded into all performance and talent management-related processes by 2013.

"EMPLOYER BRAND" AND GRADUATES

In 2012, AXA started building its so-called "employer brand" in selected pilot entities with urgent needs. The initiative aimed gradually to build a strong employer brand that would boost pride world-wide in being an AXA employee. In addition, it should help attract the right talent to build Ambition AXA in all AXA marketplaces, and further strengthen and protect AXA's No. 1 insurance brand ranking (according to InterBrand). Moreover in 2012, AXA leveraged and enhanced its global presence on external platforms, such as LinkedIn.com, further leveraging technologies and helping to improve AXA's attraction and brand awareness for candidates.

AXA has a long-term vision of becoming a preferred employer for all generations, with a focus on university graduates. In 2012, AXA successfully launched its global risk graduate program for risk management professionals, an activity where there is an ongoing business need to recruit. The two and a half year program has been redesigned in close collaboration with Group Risk Management. The objective is to attract high potential talents and support them to gain the skills necessary to become AXA's future leaders. Following three weeks of targeted promotion of the program in April 2012 to selected schools and universities in Europe, 320 applications were received. The program offers graduates a local permanent contract, with the first assignment in one country for a period of 12 months, second assignment of 18 months abroad based on an exchange, with the aim for the graduate to return to their original entity following these 18 months overseas. The program's successful launch confirmed that a well-structured, packaged and targeted program can have a real impact on the Company's attraction of university graduates.

SOCIAL DATA 2012 - AXA GROUP

WORKFORCE [a]

Headcount (number of persons) as of December 31	2012		Evolution	2011	
Total headcount of salaried workforce (open-ended and fixed-term contract)	**113,422**	**emp.**	**-0.9%**	**114,488**	**emp.**
Headcount of salaried workforce	**109,362**	**emp.**	**-1.1%**	**110,551**	**emp.**
■ Proportion of men	47.7	%		48.1	%
■ Proportion of women	52.3	%		51.9	%
Headcount of salaried non-sales force √	**93,217**	emp.	-1.1%	**94,241**	emp.
Executives [b] √	3,326	emp.		2,974	emp.
■ Proportion of men √	73.7	%		76.3	%
■ Proportion of women √	26.3	%		23.7	%
Managers √	15,768	emp.		16,068	emp.
■ Proportion of men √	59.5	%		60.7	%
■ Proportion of women √	40.5	%		39.3	%
Experts & staff √	74,123	emp.		75,199	emp.
■ Proportion of men √	42.8	%		42.8	%
■ Proportion of women √	57.2	%		57.2	%
Headcount of salaried sales force	**16,145**	emp.	-1.0%	**16,310**	emp.
■ Proportion of men	53.1	%		54.9	%
■ Proportion of women	46.9	%		45.1	%
Headcount of salaried workforce with fixed-term contract	**4,060**	emp.	3.1%	**3,937**	emp.
■ Non-sales force	3,690	emp.		3,603	emp.
■ Sales force	370	emp.		334	emp.
Full-time equivalent (headcount converted into full-time equivalent)	**2012**		**Evolution**	**2011**	
Average FTE of salaried workforce	**104,082.4**	fte	-0.8%	**104,948.7**	fte
Average FTE of salaried non-sales force	88,225.6	fte	-1.3%	89,367.5	fte
■ Executives [b]	3,318.3	fte		2,886.8	fte
■ Managers	15,407.4	fte		15,833.8	fte
■ Experts & staff	69,499.9	fte		70,647.0	fte
Average FTE of salaried sales force	15,856.8	fte	1.8%	15,581.2	fte
Average FTE of temporary non-salaried staff	4,792.7	fte		4,974.3	fte
■ Temporary staff	3,183.0	fte	-5.7%	3,373.8	fte
■ Trainees	1,609.7	fte		1,600.6	fte
Profile of AXA employees	**2012**		**Evolution**	**2011**	
Average age of salaried workforce	**40.9**	yrs	0.3%	**40.8**	yrs
■ Non-sales force √	40.8	yrs		40.4	yrs
■ Sales force	41.5	yrs		42.0	yrs
Average length of service of salaried workforce	**11.5**	yrs	0.6%	**11.5**	yrs
■ Non-sales force √	12.2	yrs		12.0	yrs
■ Sales force	7.7	yrs		8.4	yrs
Disability (open-ended and fixed-term contract)					
Number of employees with disabilities - concerns entities operating in France only	809	emp.		746	emp.

WORKFORCE DYNAMICS I

Movements	2012	Evolution	2011
Movements of salaried workforce			
Net headcount evolution (entries versus departures)	-1,421 emp.		-6,553 emp.
■ Entries	16,161 emp.	0.7%	16,048 emp.
■ Departures	17,582 emp.	-22.2%	22,601 emp.
Movements of salaried non-sales force			
Net headcount evolution (entries versus departures)	-1,264 emp.		-6,050 emp.
Entries	11,324 emp.	-2.4%	11,606 emp.
■ Number of external recruitments √	9,432 emp.		9,590 emp.
■ Number of fixed-term contract transformed into open-ended contract	1,028 emp.		1,339 emp.
■ Number of re-hires in the Company	343 emp.		423 emp.
■ Number of entries following mergers and acquisitions	521 emp.		254 emp.
Departures	12,588 emp.	-28.7%	17,656 emp.
■ Number of resignations √	6,630 emp.	-9.4%	7,318 emp.
■ Number of economic/collective layoffs √	1,614 emp.		2,230 emp.
■ Number of individual layoffs √	1,474 emp.		1,268 emp.
■ Number of retirements/pre-retirements	1,458 emp.		1,138 emp.
■ Number of departures due to external transfers [c]	1,138 emp.		5,307 emp.
■ Number of other departures	274 emp.		395 emp.
Movements of salaried sales force			
Net headcount evolution (entries versus departures)	-157 emp.		-503 emp.
Entries	4,837 emp.	8.9%	4,442 emp.
■ Number of external recruitments	4,529 emp.		4,146 emp.
■ Number of fixed-term contract transformed into open-ended contract	79 emp.		200 emp.
■ Number of re-hires in the Company	30 emp.		21 emp.
■ Number of entries following mergers and acquisitions	199 emp.		75 emp.
Departures	4,994 emp.	1.0%	4,945 emp.
■ Number of resignations	3,453 emp.		3,544 emp.
■ Number of economic/collective layoffs	336 emp.		198 emp.
■ Number of individual layoffs	678 emp.		648 emp.
■ Number of retirements/pre-retirements	263 emp.		233 emp.
■ Number of departures due to external transfers [c]	242 emp.		280 emp.
■ Number of other departures	22 emp.		42 emp.
Movements of salaried workforce with fixed-term contract			
Net headcount evolution of salaried non-sales force (entries versus departures)	1,236 emp.		586 emp.
■ Number of external recruitments	4,422 emp.		4,895 emp.
■ Number of fixed-term contracts ended	3,186 emp.		4,309 emp.
Net headcount evolution of salaried sales force (entries versus departures)	134 emp.		-246 emp.
■ Number of external recruitments	229 emp.		253 emp.
■ Number of fixed-term contracts ended	95 emp.		499 emp.

WORKFORCE DYNAMICS II

Mobility	2012	Evolution	2011
Internal mobility rate of salaried workforce	**9.1 %**		**11.0 %**
■ Non-sales force	9.9 %		11.9 %
■ Sales force	4.7 %		5.8 %
Employee turnover	**2012**	**Evolution**	**2011**
Turnover rate of salaried workforce	**14.8 %**	**-4.0%**	**15.4 %**
■ Involuntary (layoffs/dismissals)	3.8 %		3.9 %
■ Voluntary (resignations)	9.2 %		9.8 %
■ Other reasons (pre/retirements and miscellaneous)	1.8 %		1.6 %
Turnover rate of salaried non-sales force	**12.3 %**	**-6.5%**	**13.1 %**
■ Involuntary (layoffs/dismissals) √	3.3 %		3.7 %
■ Voluntary (resignations)	7.1 %		7.8 %
■ Other reasons (pre/retirements and miscellaneous)	1.9 %		1.6 %
Turnover rate of salaried sales force	**29.8 %**	**3.1%**	**28.9 %**
■ Involuntary (layoffs/dismissals)	6.4 %		5.2 %
■ Voluntary (resignations)	21.7 %		21.9 %
■ Other reasons (pre/retirements and miscellaneous)	1.8 %		1.7 %

COMPENSATION

Compensation costs	2012	Evolution	2011
Compensation costs of salaried workforce [(d)] √	**7,744 M€**	**-1.9%**	**7,891 M€**
■ Proportion of fixed pay (related to wages) √	78.0 %		72.8 %
■ Proportion of variable pay (related to wages) √	22.0 %		27.2 %
Annual gross payroll of salaried non-sales force √			
■ Proportion of fixed pay (related to wages) √	83.8 %		80.2 %
■ Proportion of variable pay (related to wages) √	16.2 %		19.8 %
Annual gross payroll of salaried sales force √			
■ Proportion of fixed pay (related to wages) √	48.2 %		39.5 %
■ Proportion of variable pay (related to wages) √	51.8 %		60.5 %

TRAINING

Training days	2012	Evolution	2011
Number of training days of salaried workforce	**276,179.1 days**	**-2.4%**	**282,570.8 days**
■ Non-sales force √	214,467.6 days		221,099.4 days
■ Sales force	61,711.5 days		61,471.4 days
Training attendees	**2012**	**Evolution**	**2011**
Percentage of salaried workforce having received at least one training course	**83.2 %**	**0.6%**	**82.7 %**
■ Non-sales force	80.8 %		80.5 %
■ Sales force	97.8 %		95.1 %
Average number of training days per salaried workforce	**2.6 days**		**2.6 days**
■ Non-sales force	2.4 days		2.5 days
■ Sales force	4.0 days		3.9 days

LABOUR RELATIONS

Working time	2012	Evolution	2011
Average number of working days per year of salaried workforce	**225.6 days**	**-0.4%**	**226.5 days**
Average number of working hours per week of salaried workforce	**36.1 hrs**	**-0.2%**	**36.1 hrs**
■ Full-time employees	37.4 hrs		37.5 hrs
■ Part-time employees	25.3 hrs		25.0 hrs
Part-time salaried workforce			
■ Proportion of part-time salaried non-sales force √	12.5 %		12.1 %
■ Proportion of part-time salaried sales force	2.9 %		2.7 %
Absenteeism	**2012**	**Evolution**	**2011**
Absenteeism rate of salaried workforce √	**4.9 %**	**2.7%**	**4.8 %**
■ Proportion of absences due to sickness √	72.9 %		73.6 %
• Proportion of short term sick absences √	79.6 %		79.9 %
• Proportion of long term sick absences √	20.4 %		20.1 %
■ Proportion of absences due to work related accidents √	1.8 %		2.1 %
■ Proportion of absences linked to pregnancy √	25.3 %		24.3 %
Absenteeism rate of salaried non-sales force √	**5.2 %**	**3.8%**	**5.0 %**
■ Proportion of absences due to sickness √	73.6 %		74.6 %
• Proportion of short term sick absences √	78.3 %		78.9 %
• Proportion of long term sick absences √	21.7 %		21.1 %
■ Proportion of absences due to work related accidents √	1.7 %		1.8 %
■ Proportion of absences linked to pregnancy √	24.7 %		23.6 %
Absenteeism rate of salaried sales force √	**3.3 %**	**-3.8%**	**3.4 %**
■ Proportion of absences due to sickness √	66.2 %		65.2 %
• Proportion of short term sick absences √	92.1 %		89.1 %
• Proportion of long term sick absences √	7.9 %		10.9 %
■ Proportion of absences due to work related accidents √	2.3 %		4.5 %
■ Proportion of absences linked to pregnancy √	31.4 %		30.3 %

(√) Quantitative information reviewed by the Statutory Auditors according to the method presented in the limited assurance report page 432.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise

(b) The increase in the number of executives is mainly due to banding or level reallocation process carried out in the US in 2012, in addition to efforts for better alignment with the standardized definitions.

(c) Salaried workforce who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses, the employee is no longer under a contract with AXA.

(d) As per the definition of compensation, it includes the individual fixed pay, the individual variable pay, employer social contribution and collective profit sharing (if any) and excludes equity based compensation (stocks options, performance shares, AXA Miles).

ENVIRONMENTAL INFORMATION

AXA is committed to reducing its direct impact on the environment by actively managing its energy, paper and water consumption, as well as carbon emissions and waste. AXA is also conscious of the role it can play in promoting environmental protection awareness amongst its stakeholders, contributing to improve the understanding of global and local environmental risks, and committing to address climate change.

Environmental management perimeter definition

AXA's direct operations, focusing on financial services, do not significantly impact the environment. AXA does not produce any significant emissions into air, water and soil, with the exception of CO_2. No complaints, to AXA's knowledge, relating to noise and odour issues were filed against the Group. AXA's operations and land use do not significantly threaten biodiversity, nor water resource, as water consumption is limited to building usage.

Carbon dioxide is the most significant greenhouse gas emitted by AXA (related to fossil fuel and electricity consumption). Electronic waste is AXA's most significant hazardous type of waste. Paper is the most significant raw material consumed by AXA. As a result, AXA's environmental reporting and management processes focus on energy, water and paper consumption, as well as related CO_2 emissions.

Performance targets

AXA set quantitative targets for its Key Performance Indicators (KPIs) related to energy, CO_2 emissions, paper and water consumption for the 2008-2012 period:

- power consumption (kWh/Full Time Employee [FTE]): 20% reduction;
- CO_2 emissions (T eq. CO_2/FTE): 20% reduction;
- water consumption (m^3/FTE): 15% reduction;
- paper consumption (kg/FTE): 15% reduction (vs. 2009).

AXA is working closely with the Group operational teams (e.g. procurement, IT, marketing, HR teams) to ensure it sets ambitious 2020 reduction targets, which will steer AXA to a more sophisticated and embedded environmental strategy.

Environmental reporting network, tools and perimeter

To measure its environmental footprint, the Group Corporate Responsibility team coordinates a network of around 300 dedicated environmental managers and employees in local entities. This network monitors annual progress on its reduction targets through the internal reporting tool, which helps local entities evaluate their own action plans and targets. These managers then analyse indicators, identify performance targets and promote best practice sharing. To accompany these action plans, entities have put in place a wide variety of activities to raise awareness and train employees on environmental issues and risks (e.g. lunch and learn conferences, Corporate Responsibility week, etc.). In addition, an annual transport survey available in 41 countries is used to help estimating the amount of CO_2 emissions related to home-work commuting and help raise employee awareness on alternative modes of transportation.

Reducing the AXA Group's impact on the environment

POWER CONSUMPTION

AXA's power consumption per FTE decreased by 7% in 2012 compared to 2011 and achieved a 16% decrease between 2008 and 2012. Although the Group did not completely achieve its 20% target, all AXA entities made significant steps forward on reducing energy consumption and improving data quality. Moreover, AXA rents 80% of its buildings, which places constraints on the implementation of large infrastructure initiatives. Therefore, as AXA entities relocate to energy efficient buildings, this should have a positive impact on AXA's energy consumption. Two main actions can be seen as responsible for AXA's decrease in energy consumption (2008-2012). The continued actions led by AXA Technology Services through the pursuit of an environmental optimization strategy for AXA's IT systems reduced 55.7 GWh with its Green IT program. This program is based on: server refreshes, data center consolidation and virtualization; PC refreshes; and PC power management. Entities have also implemented on-site energy consumption actions and seek green certificates (e.g. AXA France, AXA Winterthur, AXA UK, AXA Middle East, etc.), as well as the selection of more energy efficient buildings in cases of location transfers (e.g. AXA Assicurazioni, AXA Germany). AXA's premises use electricity (78% of floor space), gas (15% of floor space) and fuel/steam (7% of floor space). Of note, the proportion of renewable energy consumed by AXA's premises is 36%.

CO_2 EMISSIONS: TRANSPORTATION AND ENERGY

AXA's CO_2 emissions per FTE related to energy and business travel (air, rail and car fleet) decreased by 4% between 2011 and 2012 and exceeded its 20% target to achieve a 34% decrease between 2008 and 2012. 57% of Group CO_2 emissions are related to energy consumption, 28% from business travel (air and train) and 15% from AXA's vehicle fleet. While multiple local entities over the years have developed greenhouse gas emissions standards for their business travels (air, train, vehicle fleets); the Group in 2010 defined common environmental travel guidelines, which were rolled out across the Group in 2011. These will be updated periodically. To encourage employees not to travel, the Group since 2008 has installed 50 video-conferencing rooms, which saved 60,000 trip and 64,000 tons of CO_2, which indicated a 7 fold increase compared to 2010.

Furthermore, employee commuting-related CO_2 emissions per FTE decreased by 6% compared to 2011 to achieved 0.98 T eq. CO_2 per FTE.

WATER CONSUMPTION

AXA's water consumption per FTE decreased by 2% between 2011 and 2012 and achieved a 4% decrease compared to 2008 and 2012, which is below the 15% target. The main reasons for this are a more accurate measurement process and a broader reporting scope than in 2008, both of which lead to the identification of previously unreported sources of consumption. However, AXA entities have achieved a better level of management maturity and reporting quality regarding their water consumption patterns. Related initiatives include the installation of water-saving faucets at various entities. For example, AXA Business Services India installed water level controllers for the overhead tanks to stop overflow. The entity also recycles rainwater.

PAPER CONSUMPTION

AXA's office paper consumption and marketing and distribution paper consumption both decreased by 11% between 2011 and 2012 and achieved a 43% decrease for office paper and 33% decrease for marketing and distribution paper consumption between 2009 and 2012, hence exceeding its 15% target. A significant number of entities have implemented a printing policy to help reduce office paper consumption which includes reducing the number of printers, and installing an employee badging system to collect all printed documents. AXA is also working on increasing the volume of paper originating from recycled sources or sustainably managed forests. In 2011, AXA increased its use of office paper from recycled sources from 64% to 66% and slightly decreased the use for its marketing and distribution paper from 72% to 68%. This trend is linked to the roll-out of internal campaigns. In 2011, the Group selected environmentally-friendly office paper as sourcing minimum standards for the main Group entities.

WASTE MANAGEMENT

AXA's unsorted waste has positively decreased by 13% and sorted paper for recycling increased by 14% between 2011 and 2012. This reflects that a significant number of entities are sorting their waste (e.g. AXA UK, AXA Winterthur, Affin GI Berhad, AXA France, etc.). Ink cartridges are also being recycled by entities, where recycling has increased from 48% to 51%. Indeed, in 2012, AXA's IT business unit, AXA Technology Services, for which electronic waste is of particular relevance, strives to ensure compliance with the Waste Electronic and Electrical Equipment (WEEE) Directive.

OVERALL PERFORMANCE (2008-2012)

AXA closed its 2008-2012 environmental management programme with significant results: the Group achieved a 34% reduction in carbon emissions, a 16% reduction in energy consumption, a 43% and 33% reduction in, respectively, office paper and commercial paper consumption, and a 4% reduction in water consumption. The Group has, therefore, made good progress at achieving its targets just falling short on energy and water consumption (respectively set at -20% and -15%), which are more complex to manage as they are often based on constrained collective processes in leased buildings. However, AXA over achieved its objectives on carbon emissions and paper consumption, where AXA was more self-reliant.

Business-related environmental initiatives

In addition to reducing its operational environmental footprint, the Group seeks to minimize its "indirect" impact on the environment by offering insurance and investment solutions that promote environmentally-friendly behaviour.

P&C INSURANCE

Numerous offers with environmental added-value have been developed by various AXA entities in the P&C business segment:

- in the retail product line: motor insurance policies/ products encourage low CO_2 emission vehicles (e.g. promoting electric, hybrid and low emitting), home insurance policies encouraging energy efficiency (e.g. environmental appliances upgrades), renewable energy installations (e.g. wind, solar power, etc.), and environmental claims strategies (e.g. repair rather than replace auto spare parts). In addition, prevention devices (e.g. smartphone applications) to help raise customer and general public awareness are also being developed. AXA Assistance has, for example, launched a "community platform" application called "Plug and move" for electric vehicles, which offers itinerary services, geo-localization and information on recharging stations for electric vehicles;
- in the Commercial product line:
  - the Global Business Line P&C has set a 2011-2015 target to achieve 100M€ of New Business from at least 3 "green" product offers (e.g. electric motor vehicles, green buildings and renewable energies),
  - encouraging "green" buildings or car fleets in the SME segment,
  - industrial: environmental risk prevention, promoting the development of renewable energies via adapted policies covering the equipment and the revenues derived from electric energy sales, etc. AXA Germany is the leading insurer of renewable energy power generation in Germany,
  - renewable energy infrastructure reinsurance pool.

More examples of business-related environmental initiatives are disclosed on www.axa.com/en/responsibility/environment.

AXA's position regarding climate change

AXA's position regarding climate change is not only to adapt, but to take advantage of its privileged position to provide solutions (see above sections). Indeed insurers are well equipped to address climate-related risks. They can fund and promote risk research and education. They possess claims loss data, as well as models and tools to analyse and project this data. They have a duty to unveil and disseminate knowledge about such new risks, including poorly known threats to society. Insurers, through their significant investments, are also well positioned to send the right signals to the investment community and to specific invested companies. This strategy addresses both the "mitigation" and the "adaptation" dimensions of climate change. They are not solely self-interested or commercially driven, but they need to be global and collective to be effective.

AXA over the past year has been particularly active in the area of research and education about climate-related risks:

- AXA/IPSOS survey on individual perception of climate risks published in October 2012: a survey that aims to understand how individuals perceive climate risks;
- AXA Paper on climate risks published in October 2012: an overview of climate risks and their potential evolution, compiling current scientific understandings of climate change;
- high-level expert 4th of October 2012 conference organised by AXA, where the Group CEO, Henri de Castries, opened the event: *Climate change: fears and expectations of the general public. What collective answers?*;
- «Where the rain falls» program and reports in partnership with CARE International: an international research project (published in Doha in November during the United Nations Framework Convention and Climate Change (UNFCCC), which analyzes changing rainfall patterns and their impact on vulnerable people in regards to food security and migration in 8 countries (Bangladesh, India, Guatemala, Peru, Ghana, Tanzania, Thailand, and Vietnam).

The Group's position regarding climate change is disclosed on www.axa.com/en/responsibility/environment.

Institutional commitments to protect the environment

The AXA Group and local entities signed or joined the various initiatives in the area of environmental protection (and/or CR more generally). The Group signed: the World Business Council for Sustainable Development (WBCSD) manifesto for Energy Efficiency in buildings (2010), the "Kyoto Statement" (Geneva Association: AXA Group 2009), "Caring for Climate" (WBCSD/UNEP FI/UN Global Compact: AXA Group 2008), Carbon Disclosure Project (AXA Group partnership since 2005), "Sustainable Development Charter" (*Fédération Française des Sociétés d'Assurances*: AXA France, 2009), Investor Statement on Climate Change (International Investor Group on Climate Change: AXA IM, 2008). Other engagements are detailed online: www.axa.com/en/responsibility/strategy-commitments/Commitments

Legal measures and environmental expenditures

Regarding measures taken to ensure compliance with legal requirements, the main concern arises from the existence of "classified facilities" (for environmental protection purposes) such as fuel tanks for backup electricity generators, or major air conditioning systems. In 2012, the Group reported 46 sites with a specific permit. Their impact on the neighbouring environment is minimal. Nevertheless, being classified, those facilities benefit from adequate maintenance and their compliance with local legal obligations is monitored regularly. The full range of expenditures incurred to promote environmental preservation is minor, local and of a heterogeneous nature, and as such, is not monitored at Group level. No specific provisions or guarantees covering environmental risks have been set aside, considering the limited litigation risks arising from the management of AXA's direct environmental footprint. Furthermore, in 2012, 42 sites were reported to have some form of environmental certification.

	AXA Group environmental indicators [a]	Unit	2011	2012
√ [b]	Number of employees on site, Full-Time Equivalent (FTEs)	FTE	104,972	104,082
√	Net internal area (sites)	m^2	1,966,321	1,841,781
	POWER (sites)			
√	Power consumption [c]	kWh	489,425,467	449,067,868
√	**KPI: Power consumption per person**	**kWh/FTE**	**4,662**	**4,315**
	Evolution compared to 2011			***-7%***
	TRANSPORTATION			
√	Business travel: airplane and train [d]	Km	249,703,349	249,315,384
√	Business travel: AXA vehicle fleet	Km	277,304,077	264,954,373
	Home/workplace commute (round trip) [e]	Km	1,014,065,612	1,088,174,373
	CO_2 EMISSIONS [f]			
√	CO_2 emissions: onsite power consumption	T. eq CO_2	145,478	135,869
√	CO_2 emissions: business travel: airplane and train	T. eq CO_2	65,225	65,179
√	CO_2 emissions: business travel: AXA vehicle fleet [g]	T. eq CO_2	39,169	35,947
√	**KPI: CO_2 emissions resulting from onsite power consumption and business travel (airplane, train, AXA vehicle fleet) per person**	**T. eq CO_2/FTE**	**2.38**	**2.28**
	Evolution compared to 2011			-4%
	CO2 emissions: home/workplace commute [h]	T. eq CO_2	99,706	101,966
	WATER			
√	Water consumption [i]	m^3	1,062,581	1,036,455
√	**KPI: Water consumption per person**	**m^3/FTE**	**10.12**	**9.96**
	Evolution compared to 2011			***-2%***
	PAPER [j]			
√	Office paper consumption	T	3,299	2,909
√	**KPI: Office paper consumption per person**	**kg/FTE**	**31**	**28**
	Evolution compared to 2011			***-11%***
√	Paper recycled and/or garanteeing sustainable management: office	%	64	66
√	Marketing and distribution paper consumption	T	12,458	11,287
	KPI: Marketing and distribution paper consumption per customer [k]	**kg/customer**	**0.12**	**0.11**
	Evolution compared to 2011			***-11%***
√	Paper recycled and/or garanteeing sustainable management: marketing & distribution	%	72	68
	WASTE			
√	Unsorted waste [l]	T	7,333	6,398
√	Sorted paper for recycling	T	4,665	5,308
√	Cartridge and/or toners for recycling	%	48	51

Stable reporting perimeter compared to 2011, representing the 41 most significant countries where the AXA Group is present. Key Performance Indicators (KPIs) highlighted in bold.

(a) In 2012, environmental indicators were collected for sites representing 93,261 FTEs (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 104,082 salaried FTEs working at the AXA Group as of 31/12/2012. In 2011, this process took place on the basis of data collected from 94,889 FTEs, extrapolated to 104,972 FTEs.

(b) Indicator reviewed by PricewaterhouseCoopers Audit which do not indicate any inconsistency.

(c) Includes electricity, natural gas, fuel, steam and covers 93,261 FTEs.

(d) This data has been collected from 92,455 FTEs. In 2012, entities business travel per employee remained stable compared to 2011.

(e) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. This data has been collected from 23,165 FTEs and then extrapolated. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(f) The emissions factors specific to each country used for energy were revised in 2012. Source: the International Energy Agency (IEA).

(g) The AXA vehicle fleet covers 91,775 FTEs. Performance in 2012 remains stable.

(h) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(i) This data has been collected from 85,703 FTEs. Some sites in Asia and America are not equipped with water meters, which prevents accurate measurement and excludes them from the reporting scope before extrapolation. However, entities are starting to better track their water consumption with the installation of water meters (e.g. data centers, AXA Ireland).

(j) Office paper indicator covers 93,256 FTEs, whilst marketing and distribution covers 92,007 FTEs, as certain entities have not been able to report this data.

(k) The Group had 102.000.000 customers in 2012 and 101.000.000 in 2011.

(l) Unsorted wasted covers 72,393 FTE, which is low as many entities are currently unable to monitor this waste flow.

SOCIETAL INFORMATION

Impact on regional development, subcontracting

To the extent that AXA's activities are decentralized and its staff is spread among numerous locations, AXA's activities generally have no significant direct impact on local employment or development in any given region. It does not resort to significant levels of subcontracting.

However, as a provider of insurance, savings and investment services, AXA promotes economic growth and social development through the support of over 100 million clients, local communities and businesses. Indeed AXA's business is to protect people and businesses, their belongings, their health, their savings, their assets over the long run, providing peace of mind through uncertainty and support when it is most needed. This means designing reliable insurance and investment solutions to meet the needs of our customers, managing risks and claims, acting as a major long-term investor, but also sharing our business expertise by helping to build a better understanding of the risks faced by individuals and Society.

Stakeholder dialogue

AXA's stakeholders include organizations that may influence or be influenced by its decisions and activities. Contacts with them enables AXA to improve its understanding of societal issues. For example, AXA has set up a European Works Council which, beyond social dialogue issues, is also regularly invited to give its opinion on AXA's CR strategy. NGOs have in particular been associated with the development of certain investment policies. AXA also has a longstanding tradition of social involvement, in particular through corporate philanthropic efforts to benefit the community, society and culture in general. Both at Group and local levels, close ties are built up with distributor representative associations and trade bodies concerned by the sector's activities.

Community involvement: social & cultural activities, philanthropy, education, employee volunteering

RISK RESEARCH & EDUCATION

Protecting its clients from risks and unexpected events is at the core of AXA's purpose. This is why AXA is committed to use its skills, resources and expertise to build a better understanding of the risks faced by individuals and society at large.

AXA developed in 2011 a set of community investment guidelines. All entities are required to ensure that 30% of their community investment projects are aligned with the CR flagship theme of Risk Research and Education by year end 2013.

Since 2011, the AXA Group partnered with CARE, an international humanitarian NGO, to help vulnerable populations better prepare for climate-related risks. As part of the CARE partnership, the AXA Group donated €930,000 to CARE in 2012. Moreover, most AXA entities support local risk prevention projects through sponsorship, philanthropy or products in the field of road safety, health prevention, climate change, accidents at work, etc.

AXA RESEARCH FUND

In a constantly changing world, societies cannot only rely on the past to explain the future, nor on mere incremental adaptation of existing models. The AXA Research Fund (www.axa-research.org) therefore supports independent academic research to challenge local or historical consensus on risks related to:

- environment (Climate change, Weather hazards, Volcanic and seismic risks, Biodiversity risks, Socioeconomic consequences);
- human life (Longevity, Healthy Lifestyle, Infectious and non-infectious diseases, Mental Health and Addictions, Health Policies);
- society and economy (Decision making, Finance and Systemic Risks, Sociopolitical Risks, Macroeconomic Risks, Mathematics).

The AXA Research Fund contributes to truly understand the current reality of those risks: today's research will help better protect tomorrow. This scientific philanthropy initiative is a major constituent of AXA's commitment to better protect people against risks. Since its creation in 2008, the AXA Research Fund invested €99 million to support 367 research teams of 49 nationalities in 27 countries. Funding is granted by decision of the AXA Research Fund's Scientific Board, majorly composed of world-renowned researchers.

VOLUNTEERING

AXA employees worldwide support disadvantaged people through "AXA Hearts In Action", the Group's employee volunteering program. In 2012, 23,043 AXA Hearts In Action volunteers around the world made their skills and time available to help underprivileged people. AXA donated more than 60,902 working hours to allow employees to volunteer.

Responsible Products

AXA's products – general insurance, savings and associated services – do not pose direct health and safety concerns for our customers. On the contrary, through our products, we encourage and reward healthy and environmentally responsible behavior, as well as help reduce social exclusion.

"Green" products are described in the "Environmental Information" section above as well as on www.axa.com in more detail.

MICROINSURANCE

AXA focuses on microinsurance projects that address social exclusion while being breakeven in the long term, by enabling vulnerable segments of the population to access insurance services. Current initiatives include:

- France: AXA, in partnership with the Association pour le Droit à l'Initiative Economique (which helps people excluded from the usual circuits set up their own business) and a French mutual insurer, MACIF, offers since 2007 basic covers sold at cost;
- India: AXA microinsurance products (Personal Accident & Health) were launched in 2009. In 3 years, including a 2009 pilot phase, 1.7M lives were insured and sold through different networks of NGOs, community groups or mobile phone retail distributors;
- Mexico: AXA has launched 4 products in the fields of life insurance, personal accident, home and car robbery;
- Mediterranean region: in 2012, AXA and Grameen Jameel Microfinance Ltd have signed a cooperation protocol to develop and provide micro-insurance products to clients in the Middle-east, North Africa and Turkey.

Responsible Investment

ASSET MANAGEMENT

Leveraging AXA IM's multi-expert model, AXA IM embeds global Environmental, Social and Governance (ESG) research across all asset classes and provides investors the opportunity to select the level of ESG integration that best fits their needs and objectives. To do so, AXA IM has built a global ESG research capacity, RI Search©. The tool covers now more than 2300 companies. The RI Search© platform provides an ESG score for each security and assesses them against peers thus enabling the portfolio managers to take ESG risks into account in their decision-making process.

AXA IM also expanded proxy voting coverage to include listed companies in Australia, Asia, Europe, North America & Japan. The RI team created a thematic research function to investigate material ESG issues – for example research on the experienced skills shortage in the Oil & Gas sector in 2012. Further information can be found on www.axa-im.com/en/responsible-investment. Both AXA IM and AXA Private Equity are UN Principles for Responsible Investment (UN PRI) signatories since 2007 and 2009 respectively. AllianceBernstein also signed up to the UN PRI in 2011, and the AXA Group in 2012.

Group investment policy

In 2010, the Group created a Responsible Investment Committee (RIC), presided by the Group Chief Investment Officer. The RIC's mandate is to develop a global approach to responsible investment which takes into account both controversial sectors from a reputational standpoint, and the more positive inclusion of ESG issues in investment processes, from a performance and risk management perspective.

In 2012 the RIC developed and approved the Group's first RI Policy. The policy defines the corporate governance practices – such as effective and accountable boards, shareholder rights and transparent remuneration policies – that AXA asset managers are expected to encourage, including via engagement and voting. Moreover, the Policy allows for a structured development of investment guidelines for sectors that pose particularly acute environmental or ethical challenges. Finally, the RI Policy initiated the Group's "Impact Investment" project, which aims to allocate capital to investment strategies whose goal is to focus on assets that address key sustainability concerns such as renewable energy, poverty, health or risk prevention. In light of this progress, the AXA Group also decided to sign the UN Principles for Responsible Investment in 2012.

Responsible procurement

AXA is a major purchaser of products and services for the purpose of its internal operations as well as services provided to its policyholders. The volume of purchases equalled €11 billion in 2012. The buyers are required to sign a specific Procurement code of ethics in addition to the Group Compliance & Ethics Guide. AXA also encourages its suppliers to be socially and environmentally responsible and requests from them a formal commitment to uphold International Labor Organisation principles. In addition, the Group applies social and environmental criteria to assess supplier performance. These criteria enable the Group to improve service quality and reduce some supply chain risks.

Business ethics

AXA's Group Compliance and Ethics Guide ("the Guide") seeks to establish Group-wide guidelines and rules to ensure that AXA Group companies and employees have a common understanding of applicable ethical standards and conduct business accordingly. The Guide covers a variety of matters, including specific rules concerning conflicts of interest, transactions involving AXA securities and those of its listed entities, confidentiality and control of sensitive information as well as record keeping and retention. The Guide also seeks to reflect AXA's values. Most of AXA's principal operating entities have developed ethical guidelines that comply with local regulatory and statutory requirements. The Guide is available on the Group's website (www.axa.com).

Compliance with International Labour Organization (ILO) recommendations

UN GLOBAL COMPACT

In addition to compliance with national law and regulations, AXA joined the United Nations' Global Compact in 2003, formally committing to upholding and protecting principles for human rights. The first chapter of the aforementioned Group Compliance and Ethics Guide refers to the UN Global Compact in its founding principles. Both the Compliance Guide and UN Global Compact adhesion are applicable to every AXA entity.

INTEGRATION OF ENVIRONMENTAL, SOCIAL AND ETHICAL ISSUES IN RISK MANAGEMENT AND PRODUCT DEVELOPMENT

When appropriate or relevant, the Group underwriters and portfolio managers integrate a number of emerging environmental and social risks, including human rights concerns, as well as more generally ethical concerns in their product development processes and policies. This is notably undertaken via (1) the AXA Group Controversial weapons policy, (2) the Group underwriting guidelines for P&C Commercial lines that require local AXA entities to exclude certain sensitive sectors or activities, and (3) the "Policy on business relationships involving sanctioned countries and countries identified as having high levels of corruption or political risk". The latter policy formalises the Group policies and procedures with respect to business in or with countries that are subject to international sanctions or embargoes or otherwise identified as high corruption, high political risk and/or tax haven jurisdictions.

Attestation of completeness and limited assurance report of one of the Statutory Auditors on selected social, environmental and societal information
Year ended December 31, 2012

This is a free translation into English of the Statutory Auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Pursuant to management request and in our capacity as Statutory Auditor of AXA, we hereby present our attestation of completeness on the consolidated social, environmental and other societal information disclosed in the management report prepared for the year ended December 31, 2012 Pursuant to Article L.225-102-1 of the French Commercial as well as our limited assurance report on a selection of information.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a management report including the consolidated social, environmental and other sustainable development information provided for in Article R.225-105-1 of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the reporting framework used by the AXA Group (the "Reporting Framework") and available at the Group Corporate Responsibility Department.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the profession's Code of Ethics as well as by the provisions set forth in Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures that aim to ensure compliance with rules of ethics, professional standards and the applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR

Based on our work, our responsibility is:

- to attest that the required Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code and Decree no. 2012-557 of April 24, 2012 (Attestation of completeness);
- to express a limited assurance conclusion on whether the selected information and designated by (√) is prepared, in all material respects, in accordance with the Reporting Framework (Limited assurance report).

We called upon our Corporate Social Responsibility experts to assist us in the performance of our work.

1. Attestation of completeness

Our engagement was performed in accordance with professional standards applicable in France:

- we have compared the Information presented in the management report with the list set forth in Article R.225-105-1 of the French Commercial Code;
- we have verified that the Information covers the scope of consolidation, namely the company and its subsidiaries as defined in Article L.233-1 and the controlled entities as defined in Article L.233-3 of the French Commercial Code including the limitations for every indicators as applicable;
- in the event of an omission of certain consolidated Information, we have verified that appropriate explanations were provided in accordance with Decree no. 2012-557 dated April 24, 2012.

Based on the work performed, we attest the completeness of the required Information in the management report.

2. Limited assurance report on a selection of consolidated social and environmental information and designated by (√)

NATURE AND SCOPE OF THE WORK

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional standards applicable in France.

We performed the following procedures to obtain a limited assurance that nothing has come to our attention that causes us to believe that the Information selected by the AXA Group and designated by (√), is not prepared in all material respects, in accordance with the Reporting Framework. A higher level of assurance would have required additional verification procedures. Our work consisted in the following:

- we have assessed the appropriateness of the Reporting Framework with respect to its relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- we have verified the implementation within the AXA Group of a process to collect, compile, process and check the selected information with regard to its completeness and consistency. We have obtained an understanding of the internal control and risk management procedures relating to the compilation of this information. We have conducted interviews with individuals responsible for social, environmental and other sustainable development reporting.
- regarding the selected quantitative consolidated information designated by (√) (1):
- for the consolidating entity and controlled entities, we have performed analytical procedures and have verified, on a sample basis, the calculations as well as the consolidation of this information;
- for the locations that we have selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we have:
  - conducted interviews to verify the proper application of the procedures,
  - performed test of details, on a sample basis, to verify the calculations performed and reconcile the data used with supporting documentation.

The selected sample included 34% of the total energy consumption, 37% of the total water consumption, 39% of the total of paper consumption and 31% of the total headcounts of the Group and included the following entities:

- for environmental information: AXA Life Japan, AXA Direct Japan, ABS India, AXA Belgium, AXA France, AXA Ireland, AXA Seguros Mexico, AXA Ukrainia, AXA Assistance and AXA Corporate Solutions France;
- for social information: AXA UK, AXA Life Japan, AXA Direct Japan, ABS India, AXA Tech Shared Services India, AXA Bank Belgium, Logement Français, AXA Ireland, AXA France and AXA Assistance.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the selected information designated by (√) has not been prepared, in all material respects, in accordance with the Reporting Framework.

Neuilly-sur-Seine, March 20th 2013

One of the Statutory Auditors PricewaterhouseCoopers Audit Michel Laforce	Sylvain Lambert Sustainable Development Department Partner

(1) *This information include: number of AXA employees on site, number of AXA non-salaried permanent AXA staff on site, usable occupied area, usable vacant area, total of electricity consumption, total of power consumption, total of power consumption per person, professional distances covered by train and by plane, professional distances covered by all AXA's vehicles fleet (classification by CO_2 emissions/km), CO_2 emissions resulting from onsite power consumption and business travel (airplane, train, AXA vehicle fleet) per person, water consumption, Water consumption per person, office paper consumed, Office paper consumption per person, marketing and distribution paper consumed, recycled paper and/or paper guaranteeing sustainable management (office and marketing), consumption of ink cartridges or toners, non-sorted waste, sorted office paper (cardboard excluded) to recycling, ink cartridges or toners to recycling. Headcount of salaried non sales force and salaried sales force (open-ended contract, by status and gender), % of part-time among salaried non-sales force (open-ended contract), average age of salaried non-sales force (open-ended contract), average length of service of salaried non-sales force (open-ended contract), number of training days per salaried non-sales force, training cost – salaried non-sales force (not published), number of salaried non-sales force external recruitments (open-ended contract), number of salaried non-sales force resignations (open-ended contract), number of salaried non-sales force dismissals (collective layoff + Individual dismissal) (open-ended contract), involuntary turnover of salaried non-sales force (open-ended contract), annual gross payroll of salaried non-sales force and sales force (open-ended contract, fixed and variable pay), absenteeism rate of salaried workforce (open-ended contract, non-sales force and sales force, by type of absence).*

APPENDIX VIII BOARD OF DIRECTORS' REPORT - CORRESPONDENCE TABLE

This registration document includes all the compulsory matters required to be covered in the Board of Directors' report of AXA established pursuant to Articles L.225-100 and L.225-100-2 of the French Commercial Code.

You will find below the references to the extracts of the Registration Document corresponding to the sections of the Board of Directors' report as approved by the Board of Directors of the Company.

APPENDIX IX COMMISSION REGULATION OF APRIL 29, 2004 CORRESPONDENCE TABLE

Annual Report (Registration Document) filed with the AMF on March 21, 2013

ANNEX 1 OF THE COMMISSION REGULATION N° 809/2004

* *Pursuant to Article 28 of Commission Regulation (EC) n° 809/2004 of April 29, 2004, the following items are incorporated by reference:*

- *AXA's Consolidated Financial Statements for the year ended December 31, 2011 and the Statutory Auditors' report on them, respectively presented on pages 227-402 and on pages 403-404 of the Annual Report (Registration Document), the French version of which was filed with the AMF (Autorité des marchés financiers) on March 15, 2012 under reference n° D12-0161;*
- *AXA's Consolidated Financial Statements for the year ended December 31, 2010 and the Statutory Auditors' report on them, respectively presented on pages 237-408 and on pages 409-410 of the Annual Report (Registration Document), the French version of which was filed with the AMF (Autorité des marchés financiers) on March 18, 2011 under reference n° D11-0147.*

OTHER PERIODICAL INFORMATION REQUIRED BY THE AMF GENERAL REGULATIONS

APPENDIX X ANNUAL FINANCIAL REPORT - CORRESPONDENCE TABLE

This Registration Document includes all the components of the Annual Financial Report *(Rapport Financier Annuel)* referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the AMF General Regulations.

You will find below the references to the extracts of the Registration Document corresponding to the various sections of the Annual Financial Report.

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THIS ANNUAL REPORT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE AT

www.axa.com

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