

AXA

PRESS RELEASE

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AXA releases 2014 Emerging Risks Acumen

- > It is emerging economic and financial risks that will have the highest impact on society in the near future, according to AXA's experts

According to the 2014 Emerging Risks Acumen unveiled today by AXA¹, economic & financial risks, especially macro-economic disruptions and mismanagement of public debt & budget deficit, will have the highest impact on society in the coming 5 to 10 years.

29% of AXA's experts estimated that these are the most significant risks, followed by social & political ones (24%), environmental ones (19%), technological (14%), medical (10%) and others (4%).

Top 10 emerging risks in the next 5 to 10 years:

Rank	Overall category	Risk
#1	Economic & Financial	Macro-Economic disruptions
#2	Economic & Financial	Mismanagement of public debt & budget deficit
#3	Social & Political	Social and political unrest
#4	Social & Political	Mismanagement of population aging and demographic changes
#5	Environmental	Natural hazards
#6	Social & Political	Evolving terrorism
#7	Economic & Financial	Market risks
#8	Social & Political	Geopolitical imbalances
#9	Environmental	Pollution
#10	Technological & IT	Cybercrime & cyber sabotage

"Developing our ability to anticipate tomorrow's risks is key for us. To identify and analyse new risks, we use tools as well as the internal research carried out by our experts, in order to develop appropriate solutions to protect our customers", said **Alban de Mailly Nesle, Chief Risk Officer of the AXA Group.**

"It is our role to anticipate new risks in order to ensure our long-term commitments towards our clients. The findings of this Emerging Risk Acumen will help us be prepared, and by sharing this knowledge we want to contribute to raising awareness of those risks broadly", added **Hélène Chauveau, Head of Emerging Risks of the AXA Group**

Five experts of the AXA Group comment on the risk categories identified in the study, and explain AXA's role in view of new trends and opportunities:

- **On Economic & Financial risks, Eric Chaney, Head of AXA IM Research and AXA Group Chief Economist, commented:**

"As insurers, it is our job to provide insurance against economic and financial risks to people who trust us. I am talking about investors, people who are saving their money through our life and savings products, and also companies that trust us to manage part of their assets or their pension funds."

¹ See: <http://www.axa.com/en/responsibility/customers-products/emerging-risks/>

See Eric Chaney's interview here:

<http://www.axa.com/en/responsibility/customers-products/emerging-risks/risks/#c140448811002771>

- **On Social & Political risks, Christian Thimann, AXA Group Head of Strategy & Public Affairs, commented:**

“There are a number of drivers in the global economy that give rise to social and political risks, potentially, both at a global and regional level. One important driver is rising discrepancies - not just in terms of income and wealth, but also inequality of access to education, basic goods and health. [...] Another very important driver is population ageing and the possible mismanagement of that process. [...] Every year, life expectancy rises by 1-2 months. This will change our society very profoundly.”

See Christian Thimann's interview here:

<http://www.axa.com/en/responsibility/customers-products/emerging-risks/risks/#c140448811009096>

- **On Environmental risks, David Cadoux, AXA Group P&C Chief Risk Officer, commented:**

“Our society as a whole could become more vulnerable for two main reasons. First, there is an urbanization phenomenon leading to an accumulation of population and wealth in megacities that tends to amplify pollution problems and consequently global warming. Second, this concentration is mainly observed in coastal areas that could be the first regions affected by climate change impacts, notably rising sea levels. [...] As a leader in the insurance industry, AXA has to leverage its expertise and to support initiatives to find solutions to the climate challenge.”

See David Cadoux's interview here:

<http://www.axa.com/en/responsibility/customers-products/emerging-risks/risks/#c1404488110041311>

- **On Technological & IT risks, Vincent Lambert, AXA Global P&C Chief Operating Officer, commented:**

“This type of risk poses new concerns to societies, especially regarding the security of data storage and data privacy. These trends will continue to evolve in the future and to accelerate. [...] AXA has started to launch products protecting customers against these risks, for both individuals and companies.”

See Vincent Lambert's interview here:

<http://www.axa.com/en/responsibility/customers-products/emerging-risks/risks/#c1404488110006716>

- **On Medical risks, Jean-Christophe Ménioux, AXA Global Life Chief Executive Officer commented:**

“An increase in longevity will bring a lot of opportunities for the population of seniors as well as great progress for societies in general. People aged 65 today have an average of 20 years left to live. AXA provides solutions to clients on retirement, solutions for asset management, and solutions for income, potentially combined with medical, healthcare and long-term care solutions.”

See Jean-Christophe Ménioux's interview here:

<http://www.axa.com/en/responsibility/customers-products/emerging-risks/risks/#c1404488110042921>

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AXA is part of the CRO Forum² Emerging Risks Initiative³, which was launched in 2005 to raise awareness on major emerging risks relevant to society and the (re)insurance industry.

² The Forum is a group of professional risk managers that focus on developing and promoting industry best practices in risk management.

³ See: <http://www.thecroforum.org/emerging-risk-initiative-2/>

Definition of emerging risks:

The CRO Forum defines emerging risks as “new and developing or existing risks that are difficult to quantify in terms of frequency and severity of potential losses. Therefore, emerging risks are generally characterized by major uncertainty. [...] Because of their accumulation potential, long-term exposure and initial difficulties with respect to establish a clear causal link, they have a high relevance for the risk capital of the insurance industry.”⁴

Methodology of the 2014 Emerging Risks Acumen

In 2014, AXA asked ca. 200 internal experts (Risk Management, Underwriting & Claims, Marketing & Distribution, Legal, Finance, IT) to determine which emerging risks would have the highest impact on the society at large in the next 5 to 10 years.

This exercise helped collecting about 1,800 verbatim that allowed for a thorough qualitative analysis of the results.

ABOUT THE AXA GROUP

The AXA Group is a worldwide leader in insurance and asset management, with 157,000 employees serving 102 million clients in 56 countries. In 2013, IFRS revenues amounted to Euro 91.2 billion and IFRS underlying earnings to Euro 4.7 billion. AXA had Euro 1,113 billion in assets under management as of December 31, 2013.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depositary Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

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⁴ CRO Forum Insight on emerging and long-term risks