

## 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:

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
<b>Income tax - France</b>	<b>408</b>	<b>510</b>
Current	452	496
Deferred	(44)	14
<b>Income tax - Foreign countries</b>	<b>1,340</b>	<b>1,281</b>
Current	1,411	1,581
Deferred	(71)	(300)
<b>TOTAL INCOME TAX</b>	<b>1,748</b>	<b>1,791</b>

#### 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:

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	7,521	7,201
Notional tax rate	38.00%	38.00%
<b>Notional tax charge</b>	<b>2,858</b>	<b>2,736</b>
Impact of rates difference on notional tax charges	(691)	(586)
Impact of change in tax rates	12	8
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	57	71
<b>Impact of differences in tax rates and tax bases</b>	<b>(621)</b>	<b>(507)</b>
Tax losses of prior years used in the current year without DTA recognized previously	(26)	(27)
Deferred tax assets recognized on tax losses of prior years	(40)	(16)
Deferred tax assets not recognized on tax losses of the year	17	23
Derecognition of deferred tax assets on tax losses of prior years <sup>(a)</sup>	1	6
<b>Tax losses impact</b>	<b>(48)</b>	<b>(14)</b>
<b>Impact of permanent differences</b>	<b>(373)</b>	<b>(308)</b>
Adjustments of tax relating to prior years	(94)	(137)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) <sup>(a)</sup>	(3)	(3)
Other	29	25
<b>Impact of adjustments, decrease in value and other items</b>	<b>(68)</b>	<b>(115)</b>
<b>EFFECTIVE TAX CHARGE</b>	<b>1,748</b>	<b>1,791</b>
<b>EFFECTIVE TAX RATE (%)</b>	<b>23.24%</b>	<b>24.87%</b>

(a) Derecognition of Deferred Tax Assets (DTA) 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 38.00% French tax rate applicable to the Company. This tax rate is composed of the following items: a basic tax rate (33.3%), a social contribution (1.1%) and a temporary

exceptional contribution (3.6%). The blended standard rate was 29% in 2015 and 30% in 2014.

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.

## 19.2. DEFERRED TAX

Net deferred tax balances broke down as follows:

(in Euro million)	December 31, 2015			December 31, 2014
	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
Deferred tax Assets/(liabilities) concerning:				
■ Profit or loss	12,787	11,574	1,214	1,113
■ Reserves relating to the fair value adjustment of available for sale assets	9,058	14,689	(5,630)	(6,762)
■ Reserves relating to hedge accounting and other items	(27)	234	(261)	(281)
■ Reserves relating to gains and losses on defined benefits pension plans	1,599	14	1,585	1,588
■ Reserves relating to Equity-Settled share based compensation plans	19	(0)	19	8
<b>TOTAL NET DEFERRED TAX</b>	<b>23,437</b>	<b>26,509</b>	<b>(3,073)</b>	<b>(4,335)</b>

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.

The change from net liability position €-4,335 million in 2014 to €-3,073 million in 2015 mainly came from a significant decrease in unrealized capital gains on fixed income assets.

(in Euro million)	2015	2014
	Net deferred tax	Net deferred tax
<b>January 1</b>	<b>(4,335)</b>	<b>(1,983)</b>
Movements through profit or loss	115	285
Movements through shareholders' equity <sup>(a)</sup>	1,289	(2,749)
Forex impact	(153)	58
Change in scope and other variations	12	55
<b>December 31</b>	<b>(3,073)</b>	<b>(4,335)</b>

(a) The movements through shareholders' equity mainly concern net investment hedge in the Company, revaluation to fair value of financial investments through shareholders' equity and employee benefits actuarial gains and losses.

In 2014, the change in scope was mainly driven by the first time consolidation of Colpatria (Colombia).

### 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 €23,437 million DTA included €1,466 million of DTA on tax losses carried forward as of December 31, 2015.

	2015									
	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
<i>(in Euro million)</i>										
<b>Expected date of use</b>										
DTA recognised on tax losses carried forward	207	197	280	260	294	85	111	32	-	1,466
Corresponding carry forward losses	751	722	940	836	907	249	352	145	-	4,902
<b>Latest date of possible use</b>										
DTA recognised on tax losses carried forward	14	8	9	4	17	-	62	495	856	1,466
Corresponding carry forward losses	41	38	32	21	82	-	220	1,453	3,016	4,902

In 2014, the €4,335 million net DTL position included €22,512 million DTA of which €1,584 million DTA on tax losses carried forward.

	2014									
	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
<i>(in Euro million)</i>										
<b>Expected date of use</b>										
DTA recognised on tax losses carried forward	216	254	208	254	239	142	252	19	-	1,584
Corresponding carry forward losses	737	880	736	828	743	437	756	72	1	5,190
<b>Latest date of possible use</b>										
DTA recognised on tax losses carried forward	6	23	12	6	5	6	70	607	848	1,584
Corresponding carry forward losses	27	80	60	28	18	16	242	1,781	2,939	5,190

### Unrecognized Deferred Tax Assets (DTA)

The amount of the potential DTA which has not been recorded in the accounts at the end of the year as considered unrecoverable represented €582 million (€479 million in 2014) of which:

- €497 million concerned unrecognized DTA on €2,512 million tax losses carried forward (€404 million DTA on €1,764 million

tax losses carried forward in 2014). The major part of these losses has no maturity date (€2,257 million in 2015 and €1,565 million in 2014); the significant increase of non-recognised DTA mainly concerned the Genworth group integrated on December 1, 2015 for the first time;

- €85 million related to other unrecognized deferred tax assets (€75 million in 2014).

In addition to the above Note 19 to the 2015 Annual Report, there are various detailed information within the same Annual report on tax figures.

Section 1.3 (pages 35 to XX) shows income tax expenses/benefits broken down into Property & Casualty and Life Savings activities and into major countries. For each country, a dedicated paragraph provides a comment about the line related to Tax income. We have consolidated below these information, with the global figures which are reported first and, in a second step, some more detailed information per business line and country.

## Consolidated underlying earnings, adjusted earnings and net income Group share

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
Gross written premiums	91,938	86,267
Fees and revenues from investment contracts without participating feature	371	327
<b>Revenues from insurance activities</b>	<b>92,309</b>	<b>86,595</b>
Net revenues from banking activities	560	452
<b>Revenues from other activities</b>	<b>5,609</b>	<b>4,834</b>
<b>TOTAL REVENUES</b>	<b>98,478</b>	<b>91,880</b>
<b>Change in unearned premium reserves net of unearned revenues and fees</b>	<b>(247)</b>	<b>(289)</b>
<b>Net investment result excluding financing expenses <sup>(a)</sup></b>	<b>16,875</b>	<b>27,917</b>
Technical charges relating to insurance activities <sup>(a)</sup>	(85,045)	(92,229)
Net result of reinsurance ceded	(881)	(762)
Bank operating expenses	(71)	(78)
Insurance acquisition expenses	(10,406)	(9,605)
Amortization of value of purchased life business in force	(153)	(120)
Administrative expenses	(9,752)	(9,030)
Valuation allowances on tangible assets	0	-
Change in value of goodwill	(4)	(3)
Other	(588)	(220)
<b>Other operating income and expenses</b>	<b>(106,900)</b>	<b>(112,047)</b>
<b>OPERATING EARNINGS BEFORE TAX</b>	<b>8,205</b>	<b>7,462</b>
Net income from investments in affiliates and associates	174	164
Financing expenses	(500)	(519)
<b>UNDERLYING EARNINGS BEFORE TAX</b>	<b>7,879</b>	<b>7,107</b>
Income tax expenses	(1,943)	(1,726)
Minority interests	(362)	(321)
<b>UNDERLYING EARNINGS GROUP SHARE</b>	<b>5,574</b>	<b>5,060</b>
Net realized capital gains or losses attributable to shareholders	433	442
<b>ADJUSTED EARNINGS GROUP SHARE</b>	<b>6,008</b>	<b>5,503</b>
Profit or loss on financial assets (under fair value option) & derivatives	(229)	225
Exceptional operations (including discontinued operations)	91	(188)
Goodwill and other related intangible impacts	(74)	(345)
Integration and restructuring costs	(178)	(170)
<b>NET INCOME GROUP SHARE</b>	<b>5,617</b>	<b>5,024</b>

(a) For the periods ended December 31, 2015 and December 31, 2014, "the change in fair value of assets backing contracts with financial risk borne by policyholders" impacted the net investment result for respectively €+1,426 million and €+9,520 million, and benefits and claims by the offsetting amounts respectively.

## Life & Savings segment

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

### LIFE & SAVINGS SEGMENT

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
<b>GROSS REVENUES <sup>(a)</sup></b>	<b>59,403</b>	<b>55,469</b>
APE (Group share)	7,376	6,477
Investment margin	2,784	2,609
Fees & revenues	8,386	7,461
Net technical margin	609	769
Expenses	(7,246)	(6,726)
Amortization of VBI	(153)	(120)
Other	138	111
<b>UNDERLYING EARNINGS BEFORE TAX</b>	<b>4,518</b>	<b>4,105</b>
Income tax expenses/benefits	(917)	(887)
Minority interests	(98)	(86)
<b>UNDERLYING EARNINGS GROUP SHARE</b>	<b>3,503</b>	<b>3,132</b>
Net capital gains or losses attributable to shareholders net of income tax	259	292
<b>ADJUSTED EARNINGS GROUP SHARE</b>	<b>3,762</b>	<b>3,424</b>
Profit or loss on financial assets (under FV option) & derivatives	(121)	114
Exceptional operations (including discontinued operations)	212	30
Goodwill and other related intangibles impacts	(11)	(13)
Integration and restructuring costs	(35)	(31)
<b>NET INCOME GROUP SHARE</b>	<b>3,808</b>	<b>3,524</b>

(a) Before intercompany eliminations.

### CONSOLIDATED GROSS REVENUES

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
France	16,077	15,148
United States	13,622	11,470
United Kingdom	706	645
Japan	4,194	3,801
Germany	6,684	6,670
Switzerland	7,177	6,726
Belgium	1,716	1,813
Central & Eastern Europe <sup>(a)</sup>	298	320
Mediterranean & Latin American Region <sup>(b)</sup>	5,709	6,389
Hong Kong	2,540	1,972
South-East Asia, India & China <sup>(c)</sup>	522	336
Other <sup>(d)</sup>	160	180
<b>TOTAL</b>	<b>59,403</b>	<b>55,469</b>
Intercompany transactions	(192)	(124)
<b>Contribution to consolidated gross revenues</b>	<b>59,211</b>	<b>55,345</b>
High growth markets	4,001	3,209
Mature markets	55,210	52,136

(a) Includes Poland, Czech Republic and Slovakia.

(b) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Mexico and Colombia.

(c) South-East Asia, India & China revenues include Singapore and non bancassurance subsidiaries in Indonesia.

(d) Other correspond to Luxembourg, AXA Life Invest Services, Architas and Family Protect.

## UNDERLYING EARNINGS

<i>(in Euro million)</i>	December 31, 2015	December 31, 2014
France	824	768
United States	854	760
United Kingdom	75	28
Japan	412	363
Germany	165	162
Switzerland	328	307
Belgium	163	156
Central & Eastern Europe <sup>(a)</sup>	33	40
Mediterranean & Latin American Region <sup>(b)</sup>	173	193
Hong Kong	353	282
South-East Asia, India & China <sup>(c)</sup>	145	119
Other <sup>(d)</sup>	(22)	(45)
<b>UNDERLYING EARNINGS</b>	<b>3,503</b>	<b>3,132</b>
High growth markets	548	459
Mature markets	2,955	2,673

*(a) Includes Poland, Czech Republic and Slovakia.*

*(b) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Mexico and Colombia.*

*(c) South-East Asia, India & China earnings include Indonesia, Thailand, Philippines, China, India and Singapore.*

*(d) Other correspond to Luxembourg, AXA Life Invest Services, Architas and Family Protect.*

More detailed information:

- **For Group Underlying Earnings**

- o **Life & Savings**

Higher tax expenses and minority interests (€-18 million or +2%) driven by higher pre-tax underlying earnings, partly offset by higher positive tax one-off in the United Kingdom (€+43 million in 2015 vs. €+15 million in 2014) while tax one-off remained stable in the United States (€104 million in 2015 vs. €128 million in 2014).

- o **Property & Casualty**

Higher tax expenses and minority interests (€-43 million or +5%) driven by higher pre-tax underlying earnings and the unfavorable effect of the increase in tax rate in Italy.

- **For Consolidated Shareholders' Equity**

- o **Life & Savings segment**

### LIFE & SAVINGS OPERATIONS – FRANCE

Income tax expenses increased by €51 million (+16%) to €-380 million driven by the increase in pre-tax underlying earnings combined with a lower level of non-taxable revenues.

#### LIFE & SAVINGS OPERATIONS – UNITED STATES

Income tax expenses increased by €14 million (+17%) to €-67 million. On a constant exchange rate basis, income tax expenses decreased by €25 million (-30%), reflecting lower pre-tax underlying earnings, partly offset by lower positive tax settlements (€104 million vs. €128 million in 2014).

#### LIFE & SAVINGS OPERATIONS – UNITED KINGDOM

Income tax benefits increased by €25 million to €45 million. On a constant exchange rate basis, income tax benefit increased by €21 million due to higher positive tax one-offs.

#### LIFE & SAVINGS OPERATIONS – JAPAN

Income tax expenses decreased by €10 million (-5%) to €-180 million. On a constant exchange rate basis, income tax expenses decreased by €16 million (-9%) due to a positive impact following the decrease in corporate tax rate, partly offset by higher pre-tax underlying earnings.

#### LIFE & SAVINGS OPERATIONS – GERMANY

Income tax expenses increased by €16 million (+24%) to €-84 million mainly due to higher pre-tax underlying earnings.

#### LIFE & SAVINGS OPERATIONS – SWITZERLAND

Income tax expenses increased by €11 million (+16%) to €-80 million. On a constant exchange rate basis, income tax expenses increased by €2 million (+3%) driven by the no repeat of a 2014 tax one-off, partly offset by lower pre-tax underlying earnings.

#### LIFE & SAVINGS OPERATIONS – BELGIUM

Income tax expenses increased by €14 million (+22%) to €-78 million due to higher pre-tax underlying earnings as well as the increase in the effective tax rate.

#### LIFE & SAVINGS OPERATIONS – MEDITERRANEAN & LATIN AMERICAN REGION

Income tax expenses decreased by €11 million (-13%) to €-74 million. Excluding Colombia and on a constant exchange rate basis, income tax expenses decreased by €3 million (-3%) mainly driven by lower pre-tax earnings.

#### LIFE & SAVINGS OPERATIONS – HONG KONG

Income tax expenses decreased by €2 million (-13%) to €-16 million. On a constant exchange rate basis, income tax expenses decreased by €5 million mainly due to lower taxable income.

#### ○ **Property and Casualty segment**

Income tax expenses decreased by €5 million (-2%) to €-279 million mainly due to higher pre-tax underlying earnings (€-7 million) more than offset by a €+12 million non-recurring tax adjustment.

#### PROPERTY & CASUALTY OPERATIONS – UNITED KINGDOM & IRELAND



Income tax expenses increased by €10 million (+18%) to €-66 million. On a constant exchange rate basis, income tax expenses increased by €4 million (+7%) reflecting higher pre-tax underlying earnings.

#### PROPERTY & CASUALTY OPERATIONS – GERMANY

Income tax expenses increased by €18 million (+13%) to €-165 million due to higher pre-tax underlying earnings.

#### PROPERTY & CASUALTY OPERATIONS – SWITZERLAND

Income tax expenses increased by €24 million (+24%) to €-124 million. On a constant exchange rate basis, income tax expenses increased by €10 million (+10%) driven by higher pretax underlying earnings.

#### PROPERTY & CASUALTY OPERATIONS – BELGIUM

Income tax expenses increased by €14 million (+13%) to €-120 million as a result of higher pre-tax underlying earnings.

#### PROPERTY & CASUALTY OPERATIONS – MEDITERRANEAN & LATIN AMERICAN REGION

Income tax expenses decreased by €4 million (-3%) to €-130 million. Excluding Colombia and on a constant exchange rate basis, income tax expenses decreased by €14 million (-11%) mainly driven by lower pre-tax underlying earnings, partly offset by a negative one-off effect in Italy (€-16 million) following the change in tax rate voted in 2015 that will be applicable starting in 2017.

#### PROPERTY & CASUALTY OPERATIONS – DIRECT BUSINESS

Income tax expenses increased by €9 million (+22%) to €-50 million. On a constant exchange rate basis, income tax expenses increased by €7 million (+18%) mainly reflecting higher pre-tax underlying earnings.

#### PROPERTY & CASUALTY OPERATIONS – ASIA

Income tax expenses increased by €6 million to €-19 million. On a comparable basis, income tax expenses increased by €3 million due to higher pre-tax underlying earnings.

### ○ **International Insurance segment**

#### AXA CORPORATE SOLUTIONS ASSURANCE

Income tax expenses decreased by €7 million (-9%) to €-69 million. On a constant exchange rate basis, income tax expenses decreased by €7 million (-9%) mainly due to lower pre-tax underlying earnings.

#### Asset Management segment

#### AB

Income tax expenses increased by €22 million (+19%) to €-138 million. On a constant exchange rate basis, income tax expenses were stable.

#### AXA INVESTMENT MANAGERS (“AXA IM”)

Income tax expenses increased by €27 million (+25%) to €-135 million. On a comparable basis, income tax expenses increased by €20 million (+18%) driven by higher pre-tax underlying earnings and unfavorable tax one-offs (€-12 million).