AXA

INVESTOR DAY

Presentation

December 3, 2015

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, by their nature, they are subject to known and unknown risks and uncertainties. Please refer to the section "Cautionary statements" in page 2 of AXA's Document de Référence for the year ended December 31, 2014, for a description of certain important factors, risks and uncertainties that may affect AXA's business. 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.

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INTRODUCTION

Denis Duverne, Group Deputy CEO

STRONG SOLVENCY II RATIO REFLECTS AXA'S DISCIPLINED STRATEGY

Early 2000s

AXA pioneer in developing an internal model

2008 - 2011

Managed through financial and sovereign crises

2011

Launch of Ambition AXA with key strategic initiatives driven by our Solvency II internal model

2011 - 2015

- Strengthening of Balance Sheet
- Internal model refinement and approval process

November 2015

Internal model approved by ACPR[1]

Approved Solvency II ratio

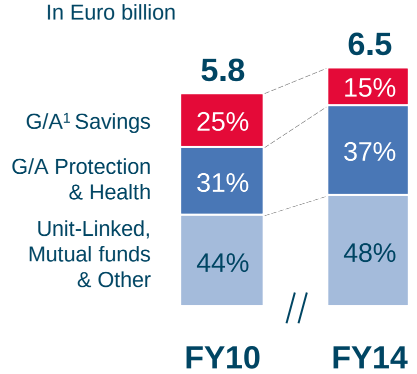
212% **3Q15**

All notes are on Page 33 of this document

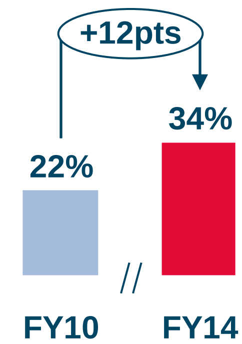
OUR MODEL IS AT THE HEART OF OUR DECISION MAKING PROCESS

Business Mix Transformation

APE by product



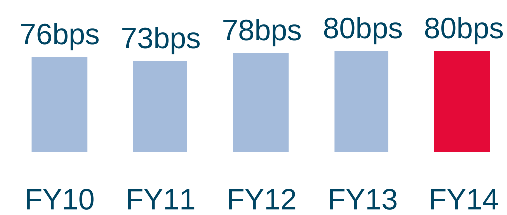
NBV margin



Asset Liability Management

- **Tight** duration gap
- **Lower** crediting rates
- **Disciplined** asset mix

Resilient L&S investment margin[2]



Capital Allocation

M&A operations since 2010

Euro 9 billion
cash generated from disposals

Euro 5 billion
cash spent on strategic acquisitions favoring P&C and HGM

Sustained dividend paying capacity

Euro 19 billion
2011 – 2014 adjusted earnings

Euro 8 billion
2011 – 2014 dividends paid

All notes are on Page 33 of this document

OUR CAPITAL MANAGEMENT IS ANCHORED IN SOLVENCY II

Attractive dividend

Local capital management

Product pricing

Capital structure

Ability to sustain shocks

Risk appetite

Solvency II ratio at 212%
(3Q15)

New business mix

Target ratio

Cash upstream

Product structure

Asset portfolio

M&A strategy

Geographical mix

Capital quality

SOLVENCY II CAPITAL POSITION AND INTERNAL MODEL

Alban de Mailly Nesle, Group CRO

Our internal model has been approved and our ratio is resilient

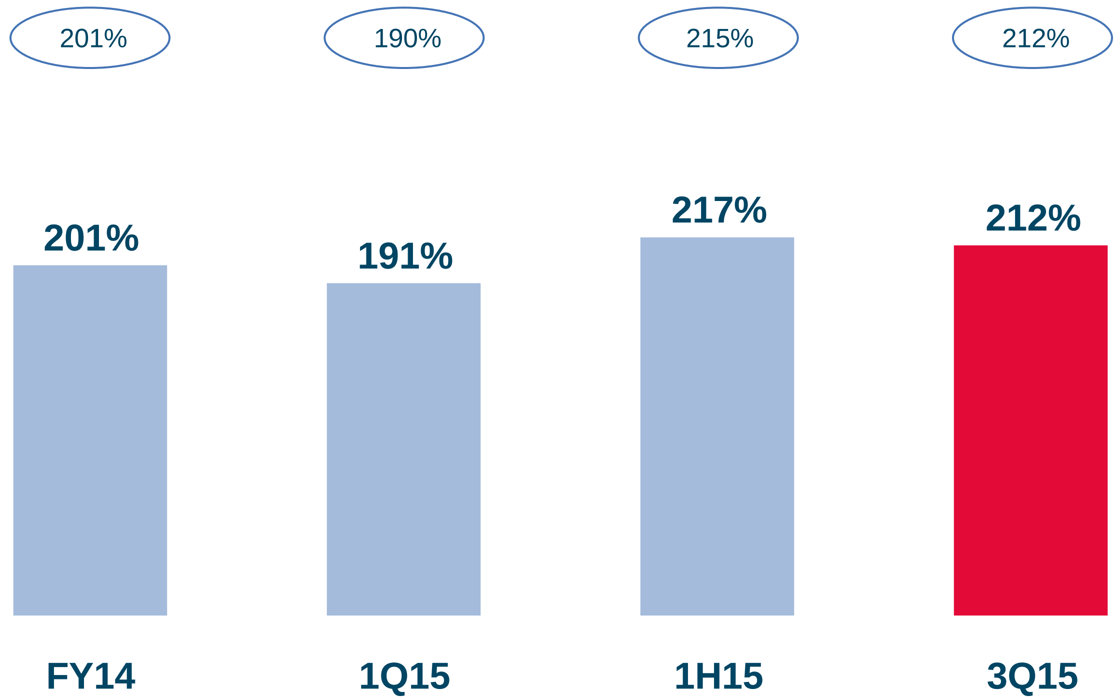
Agenda

- **Building blocks of our Solvency II ratio**
- **Resilience to financial and non-financial shocks**
- **Risk management in action**

STRONG SOLVENCY UNDER OUR APPROVED INTERNAL MODEL

From Economic Solvency Ratio…

… to approved Solvency II ratio

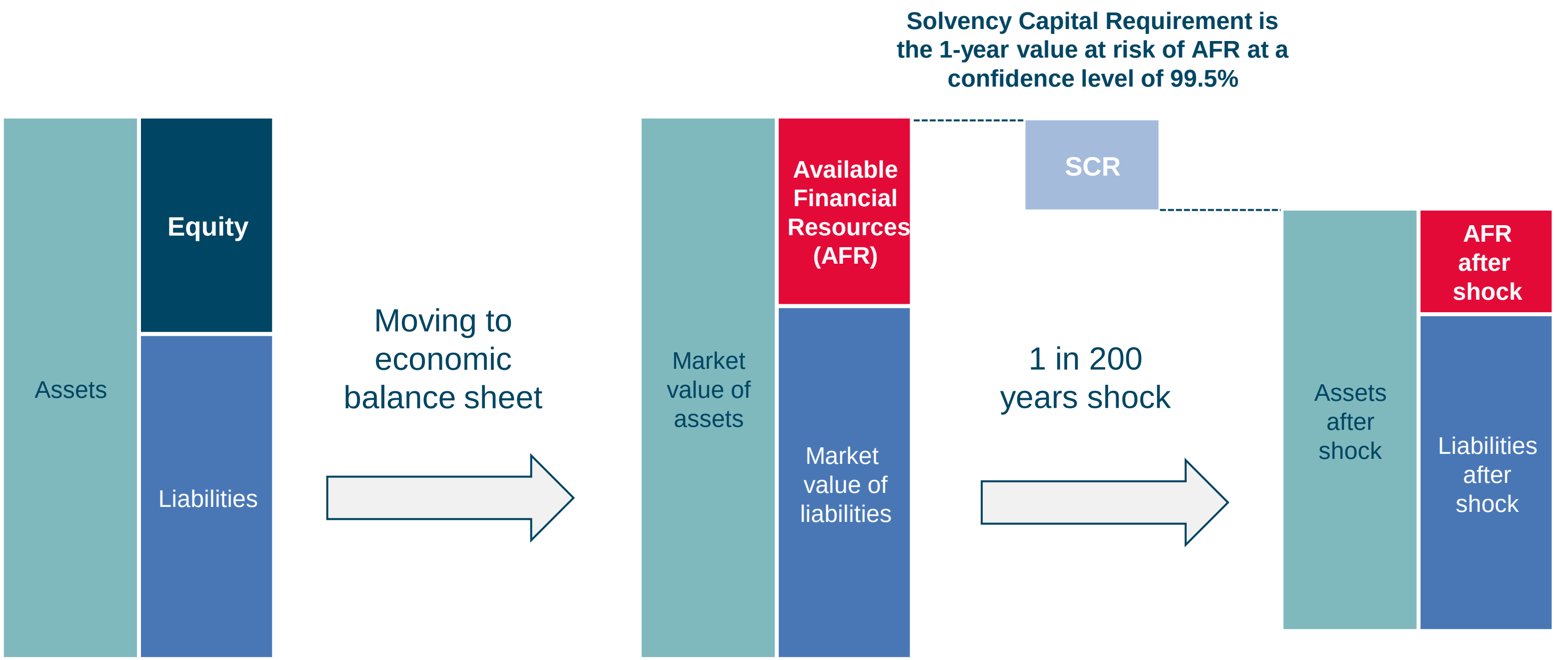


- 1Q15 Solvency ratio temporarily impacted by the spike in implied interest rates volatility (~10 points)
- Solvency II ratio adjusted for subsequent year dividend payment at Full Year only

SOLVENCY II IS A MARKET CONSISTENT FRAMEWORK

in Euro billion

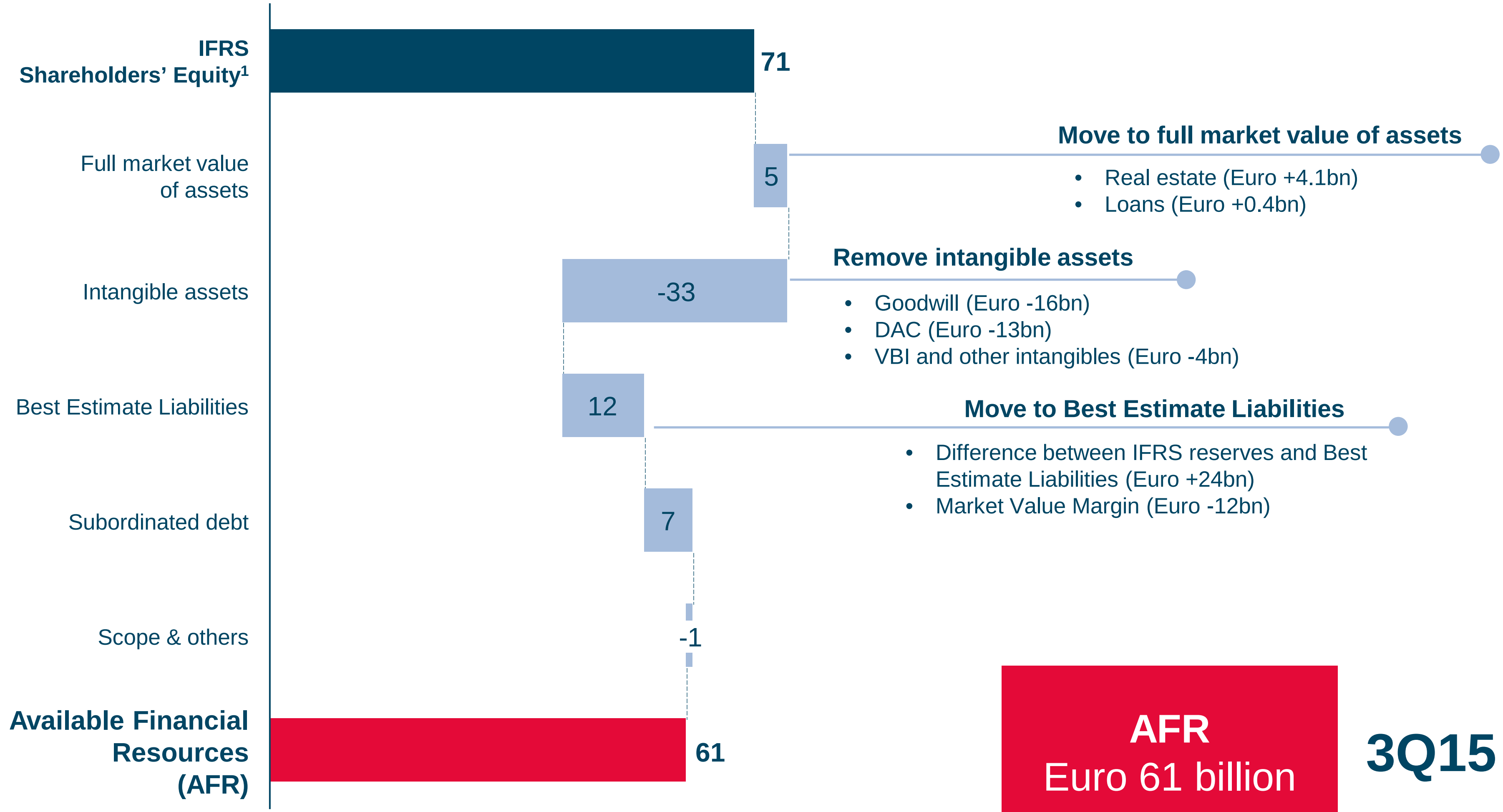
IFRS Balance Sheet | **Solvency II Balance Sheet** | **Solvency II Balance Sheet under 1 in 200 years shock**



Solvency II ratio $= \dfrac{\text{AFR}}{\text{SCR}} = \dfrac{61}{29} =$ **212%** **3Q15**

AFR IS THE ECONOMIC VALUE OF AVAILABLE CAPITAL

3Q15 figures under approved internal model, in Euro billion



AFR
Euro 61 billion

3Q15

All notes are on Page 33 of this document

SCR IS THE CAPITAL NEEDED TO SUSTAIN A 1 IN 200 YEARS SHOCK

3Q15 figures under approved internal model, in Euro billion

Euro 15bn

Underwriting risk

- L&S lapse risk
- P&C reserve risk
- Longevity risk
- …

Euro 15bn

Market risk

- Equity risk
- Spread risk (corporate & sovereign)
- Interest rate risk
- …

Euro 4bn

Credit risk

- Fixed Income default risk
- Reinsurance default risk
- Mortgage default risk
- …

Euro 2bn

Operational risk

- Client, product and business practices
- External Fraud
- Employment practices and workplace safety
- …

- **Diversification benefits across risks** — **Euro 11 billion**

Asset Management, Banking & others Euro +2.5 billion
Tax adjustments Euro -2.5 billion

= **Post-tax SCR excluding the US** — **Euro 25 billion**

Euro 4 billion **+** **US equivalence required capital**

SCR
Euro 29 billion

3Q15

AXA SOLVENCY II TECHNICAL SPECIFICATIONS (1/2)

Scope of Solvency II ratio

- Internal model covers **97% of insurance business[1]** excluding the US
- US in **equivalence**
- **Asset Management and Banking included** under their own regulatory frameworks
- **Pension funds risk** included

Ultimate-Forward Rate (UFR)

- UFR used due to lack of observable market data for long term interest rates
- Set at **4.2%[2]** at year 60, extrapolated from year 20 (last liquid point)

A decrease of 100bps in UFR would reduce our Solvency II ratio by **19pts**

Sovereign risk

- Spread and default risk considered for **all government bonds** (domestic and non-domestic holdings)

Transitional rules

- **No use** of transitional rules for technical provisions discount rates
- **No use** of transitional rules on equities risk weighting

Fungibility

- Minority interests in excess of their coverage of local SCR **considered unavailable** for Group AFR

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AXA SOLVENCY II TECHNICAL SPECIFICATIONS (2/2)

Market Value Margin

- **Risk buffer** added on top of Best Estimate Liabilities (Euro 12 billion at 3Q15)
- Reflects **cost of non-hedgeable risks**
- Computed using **6% cost of capital** in line with EIOPA guidance

Loss-absorbency capacity of deferred taxes

- The tax adjustment on SCR is limited to the existing net deferred tax liabilities **already recognized** in the Solvency II balance sheet
- Use of the **tax group mechanism** (ability to compensate losses between entities in the same tax group) when allowed by the regulator

Volatility Adjuster (VA)

- The Volatility Adjuster has been applied according to EIOPA rules
- The market value of assets in the AFR reduces when spreads widen.
- The Volatility Adjuster applies a corresponding adjustment to the liabilities
- This reflects our **ability to bear illiquidity risk** on assets backing long term liabilities

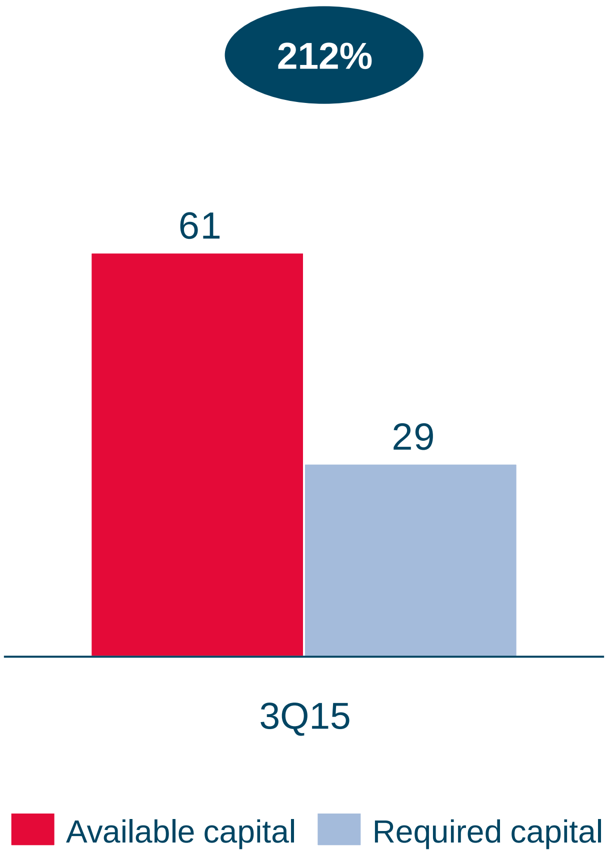
-13pts impact on our Solvency II ratio in case of +75bps widening corporate spreads and **stable VA**

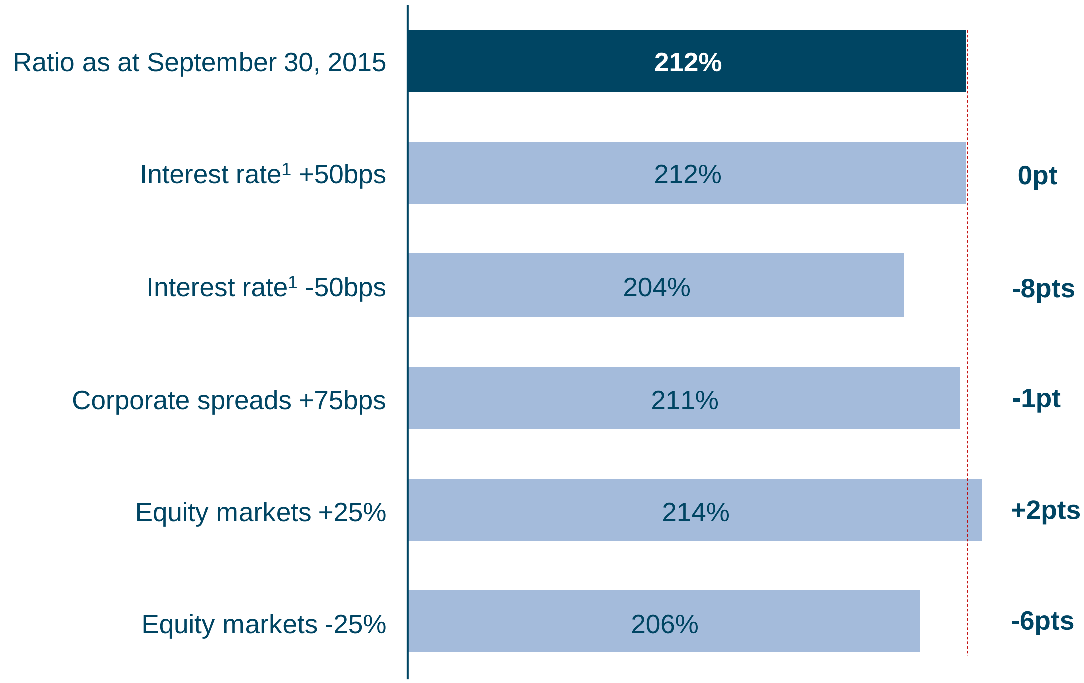
- The VA is calculated using the weighting of corporate and sovereign bonds in a reference portfolio of the assets of European insurers
- EIOPA VA = 65% [w_{gov} * S_{gov} + w_{corp} * S_{corp}]
with w_{gov} = 38.7% and w_{corp} = 48.2%

A reduction by 5% in the weighting of corporate bonds in the reference portfolio would reduce our Solvency II ratio by **5pts**

OUR SOLVENCY II RATIO IS RESILIENT TO FINANCIAL MARKET SHOCKS

in Euro billion





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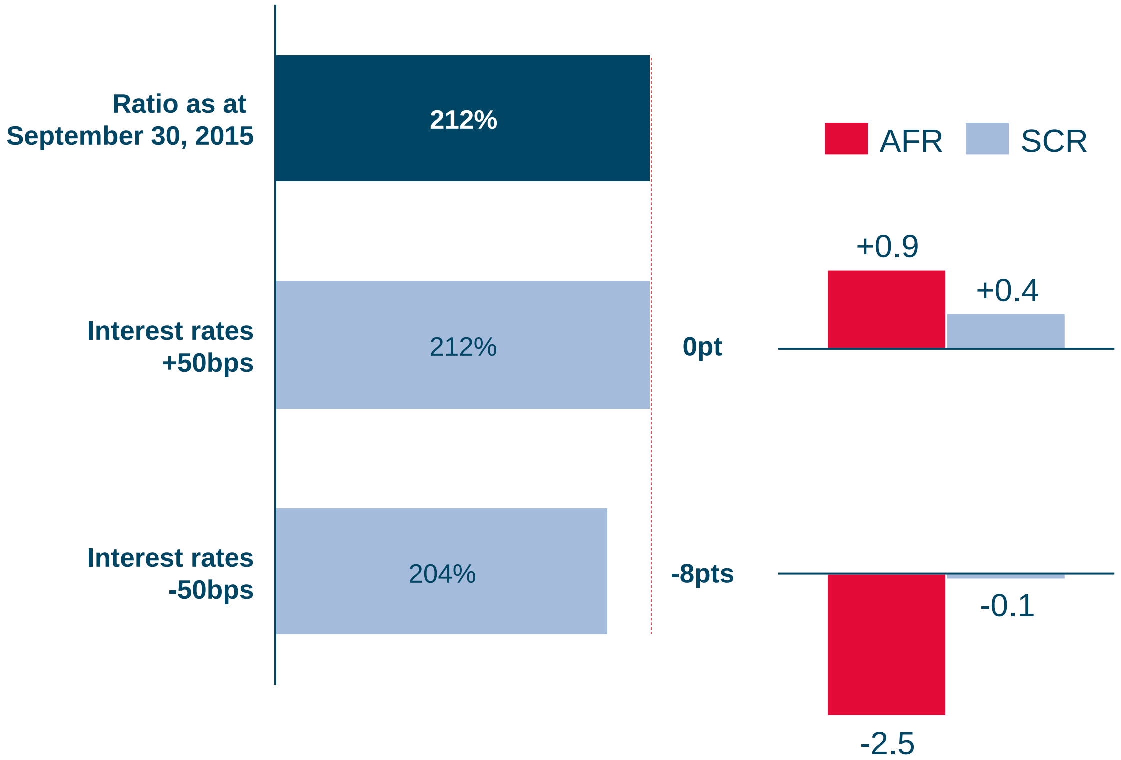
LIMITED AND ASYMETRIC SENSITIVITY TO INTEREST RATES

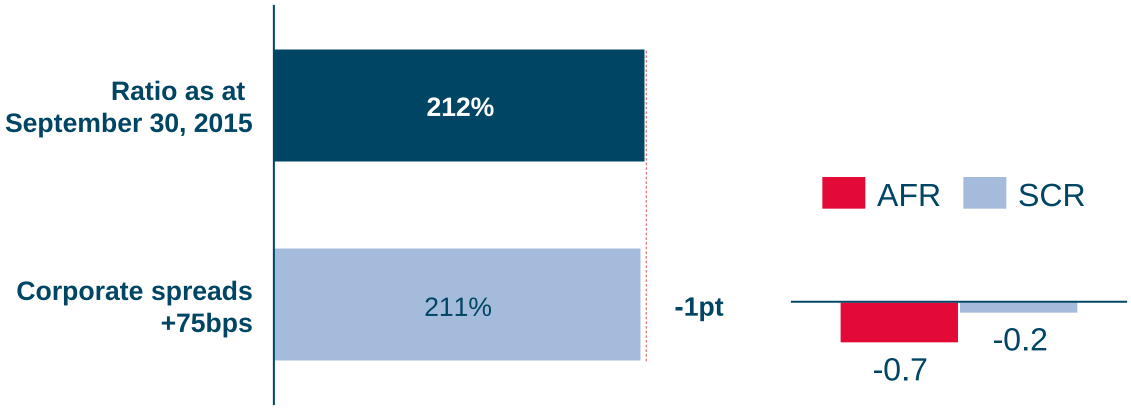
in Euro billion



- **AFR increases roughly at twice** the rate of SCR maintaining a stable ratio > 200%
- Interest rates sensitivity **highly convex** at current low rates

LIMITED SENSITIVITY TO CORPORATE SPREADS

in Euro billion



- The impact of corporate spreads widening is limited by Volatility Adjuster

Corporate spreads sensitivity linked to our asset portfolio characteristics[1]

- Relatively low share of corporate bonds in AXA's General Account asset mix: **35%**
- Low corporate bonds asset duration: **4 to 5 years**

Widening of sovereign spreads[2] by +50bps would reduce the Solvency II ratio by 9 points

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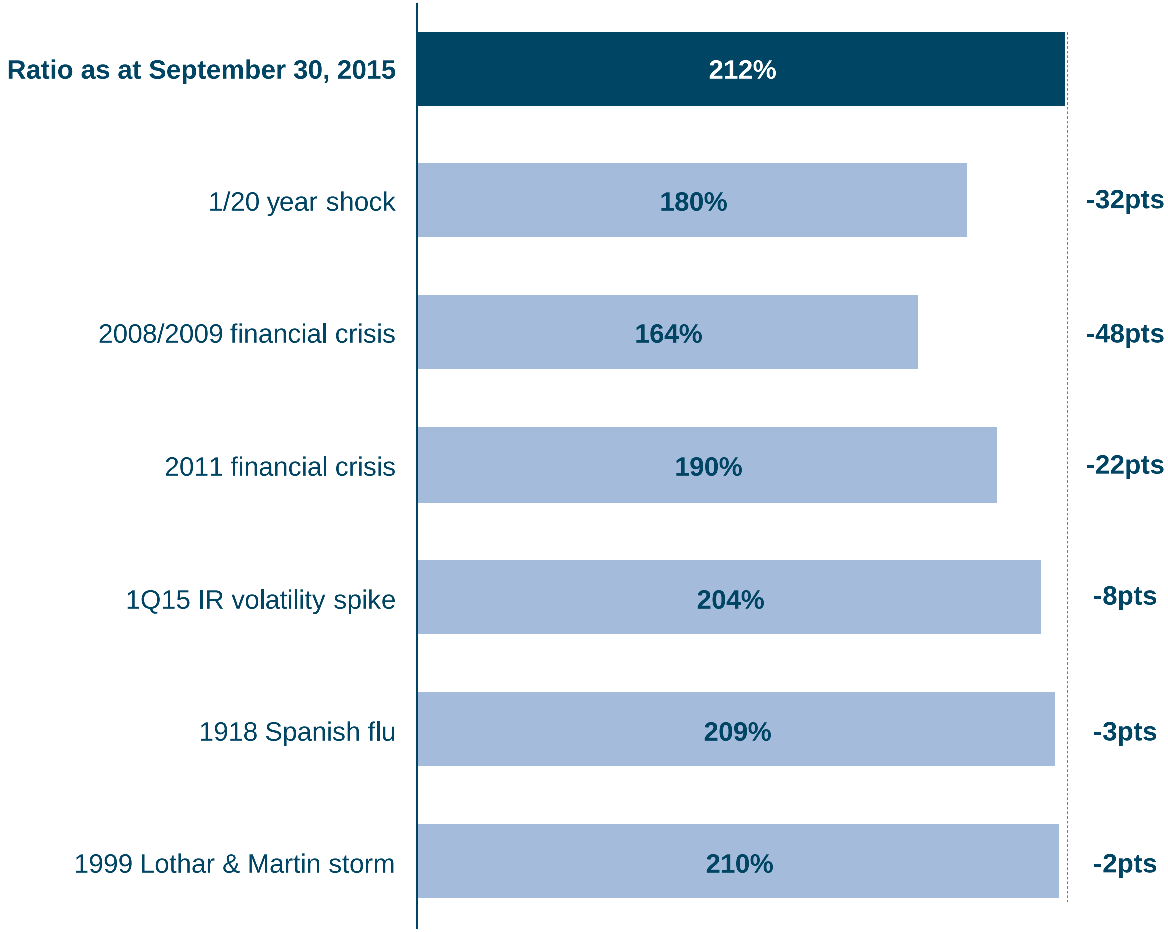
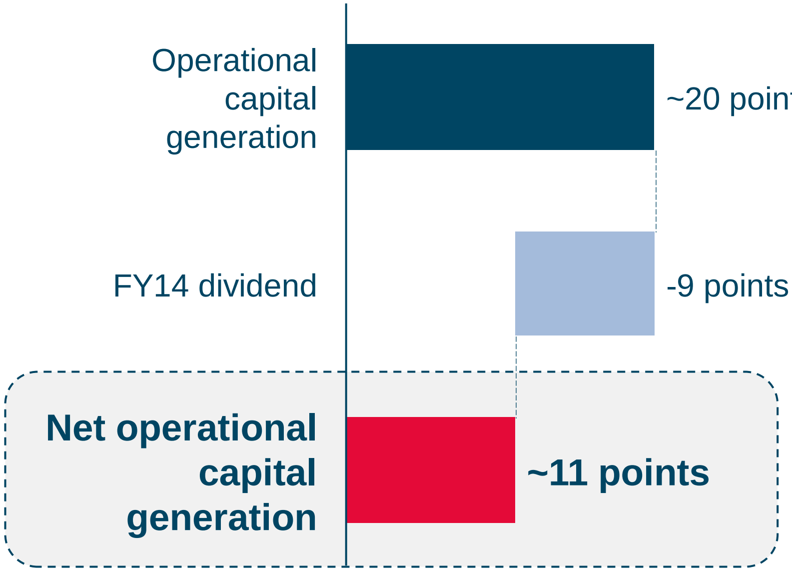
OUR SOLVENCY II RATIO IS RESILIENT TO A WIDE RANGE OF SHOCKS



Definition of shocks on Page 33 of this document

STRONG CAPITAL GENERATION ACTS AS A BUFFER

Illustrative net capital generation per year…



… is enough to sustain individual shocks on

Interest rates -60bps

Equity markets -45%

Interest rates -30bps & Equity markets -20%

STRONG AND RESILIENT RATIO DRIVEN BY OUR STRATEGY

Internal model in action

Products

- Product development
- Product pricing

Investments

- Driven by liability profile
- Balance expected return, capital consumption and liquidity

Risk mitigation

- Reinsurance
- Securitization
- Hedging

Asset Liability management

- Duration gap management
- Cash flow matching

CAPITAL MANAGEMENT FRAMEWORK

Gérald Harlin, Group CFO

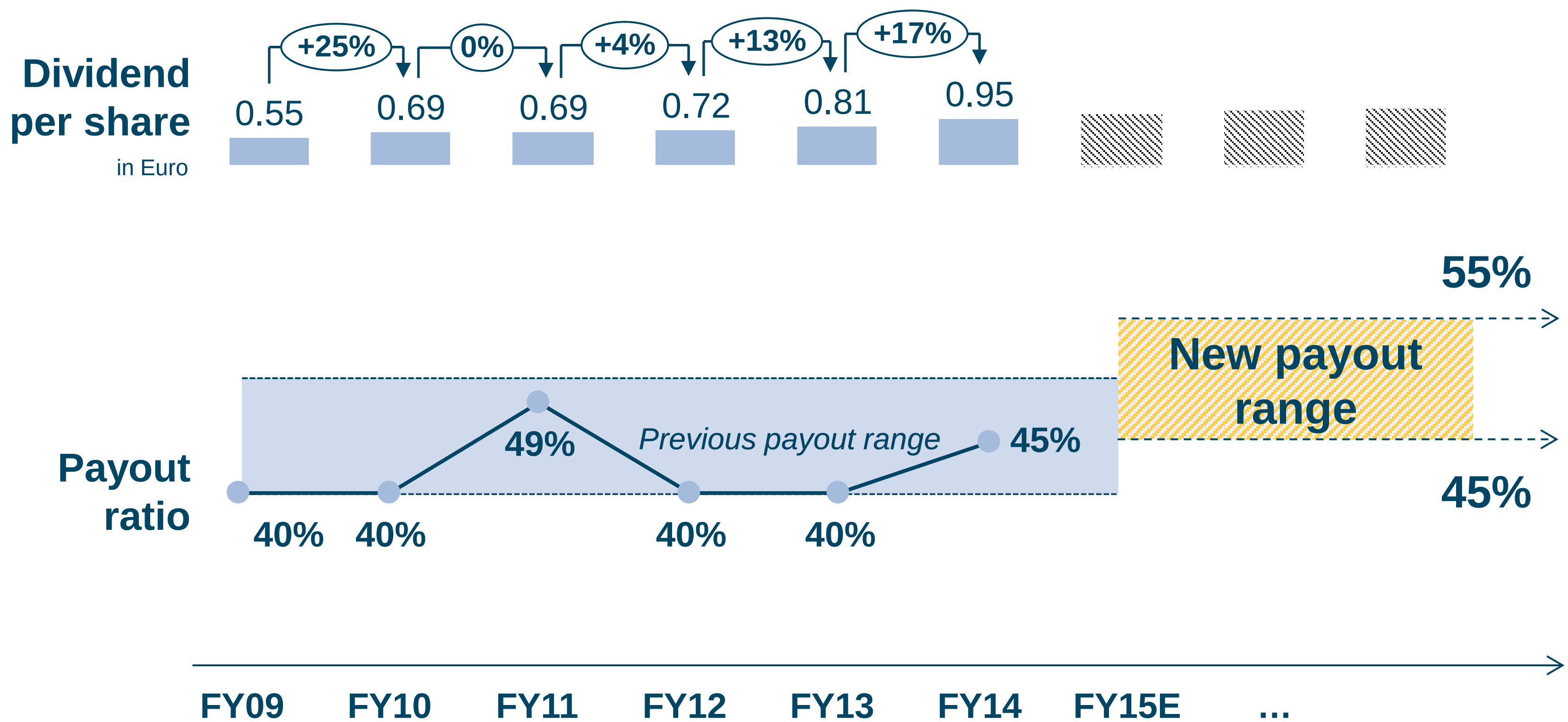
Our Solvency II ratio is strong and resilient and the framework is now stable

Agenda

- **Dividend policy**
- **Capital management strategy**
- **Capital structure**
- **Cash flow and remittance ratio**

DIVIDEND POLICY: PAYOUT RANGE SET AT A HIGHER LEVEL

Payout ratio of 45% - 55% of Adjusted Earnings[1]



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CAPITAL MANAGEMENT STRATEGY

230%

- **Return** excess capital to shareholders
- Increase **appetite** for investment risk
- Additional room to **invest** in business growth
- Additional **flexibility** on the payout ratio

Target Capital Range

- Dividend policy based on **45% - 55%** payout ratio
- **Neutralize** dilution of employee shares and stock-options offering
- **Invest** in business growth
- Maintain **current** investment **risk** appetite

170%

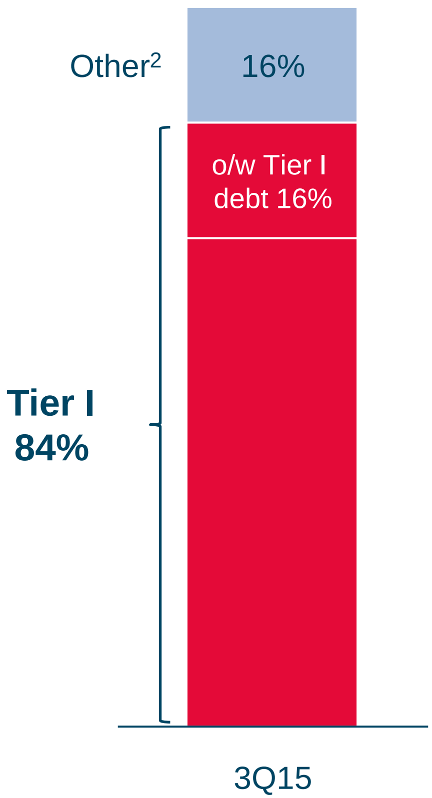
- **Selective** de-risking of investments
- Increased selectivity in **growth** initiatives
- Allow for **dilution** of employee shares and stock-options offering
- Additional **flexibility** on the payout ratio

140%

- **Restrict** growth initiatives
- Further **de-risking** of investments
- **Reduce** dividend payout ratio below the range

INCREASING THE RESILIENCE OF OUR CAPITAL STRUCTURE

AFR structure[1]



- Tier I represents 84% of AFR
- The strong organic solvency generation of **~11 points per year post dividend** allows us flexibility not to renew part of our Tier 1 debt maturing over the next years
- This would reduce the share of debt in our Tier I capital thereby further increasing our **resilience to extreme scenarios**

All notes are on Page 33 of this document

MAXIMIZE CASH UPSTREAM TO THE GROUP

ECONOMIC quantification of local capital needs + **Maintain LIMITED volatility buffer above 100% locally** = **Local EXCESS capital**
(France L&S, Germany P&C, US…)

Maximize upstream to the Group subject to

Local statutory and regulatory constraints

Group Holding

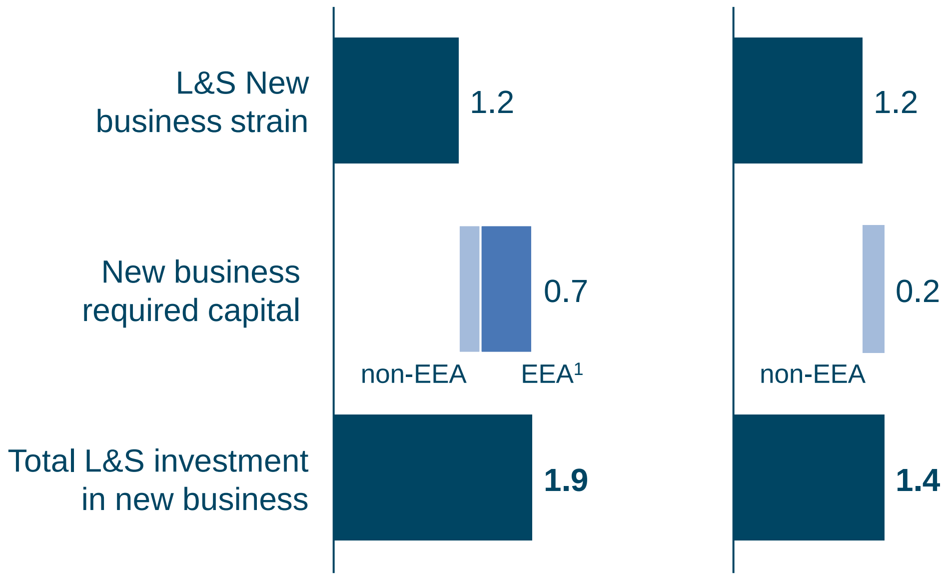
Local Entities

- Reduce local excess capital
- Maximize ordinary dividends
- Simplify legal structures
- Risk pooling

LOWER CASH CONSUMPTION FROM L&S NEW BUSINESS

Solvency I framework | **Solvency II framework**

FY14, In Euro billion



- No change in new business strain
- New business future profits from favorable business mix more than sufficient to cover new business required capital for EEA entities
- New business internal rate of return increases from 14% to 17%

- P&C and L&S in-force free cash flows remain broadly stable when moving from Solvency I to Solvency II

~Euro 0.5 billion annual uplift in Free Cash Flow writing **profitable new business** under Solvency II

All notes are on Page 33 of this document

STRONG REMITTANCE AND DIVIDEND COVERAGE

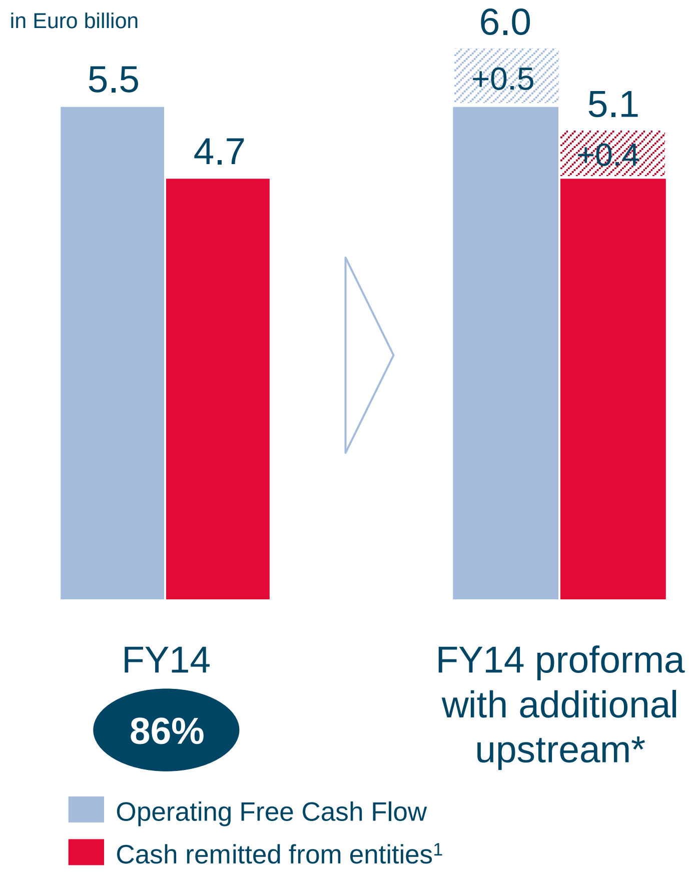
Remittance target confirmed

75-85%

remittance ratio target confirmed
with annual new business cash uplift

78% remittance ratio on average over 2011-2014

Increased cash upstream



Dividend comfortably covered by cash upstream – ~1.5x dividend coverage ratio[2]

*assuming the mid-point of the 75-85% remittance ratio range and a Euro 0.5 billion uplift in Operating Free Cash Flow writing profitable new business under Solvency II

All notes are on Page 33 of this document

CONCLUSION

Denis Duverne, Group Deputy CEO

KEY TAKEAWAYS FROM THE DAY

Strong Solvency II ratio at 212% (3Q15) under our approved internal model

Key strategic and operational choices driven by our internal model
Product mix, Investment mix, Risk mitigation, Portfolio diversification

Solvency II ratio resilient to a wide range of both financial and non-financial related shocks

Clearly defined capital management framework with 170-230% as central target Solvency II range

Dividend payout ratio range increased to 45-55%

Higher free cash flow under Solvency II resulting from lower new business capital consumption
Euro 0.5 billion (annually)

Remittance ratio target confirmed at 75-85% leading to strong dividend coverage ratio

Q&A

Investor Day

NOTES

Page 5
1. ACPR (Autorité de Contrôle Prudentiel et de Résolution) is AXA's lead supervisor

Page 6
1. General Account
2. General Account only

Page 12
1. IFRS Shareholders' Equity is gross of minority interests and includes Euro 9.4bn of undated subordinated debt (TSS/TSDI)

Page 14
1. Based on invested assets
2. For Euro, US & Hong Kong dollar and British pound

Page 16
1. Interest rates sensitivity based on swap rates

Page 18
1. All asset portfolio characteristics as at June 30, 2015
2. Sensitivity to a widening in Euro sovereign spreads vs. the Euro swap curve

Page 19

<u>1/20 shock</u>: 95% quantile on Market and Credit risk
<u>2008/2009 financial crisis</u>: impact of the evolution of markets between March 2008 and March 2009 combined with credit losses observed during this period
<u>2011 financial crisis</u>: impact of the evolution of markets between January 2011 and January 2012
<u>1Q15 IR volatility spike</u>: average increase of 46% of implied interest rate volatility modelled with Euro 10x10 interest rate swaptions
<u>1999 Lothar & Martin storm</u>: Sensitivity relates to the severity impact of the storm assuming same reinsurance coverage as at September 30, 2015

Page 24
1. Net of undated debt interest charges (Euro 307 million in FY14)

Page 26
1. AFR tiering includes US equivalence and excludes Asset Management and Banking operations
2. Tier II and Tier III

Page 28
1. EEA for AXA's Solvency II internal model includes Belgium, France, Germany, Italy and the UK.

Page 29
1. Includes cash dividends from the operating entities, cash proceeds from the US loan repayment to the Group and cash held at regional holding level to finance acquisition (Colpatria)
2. Defined as cash upstreamed from local entities net of holding costs divided by dividends paid to the shareholders

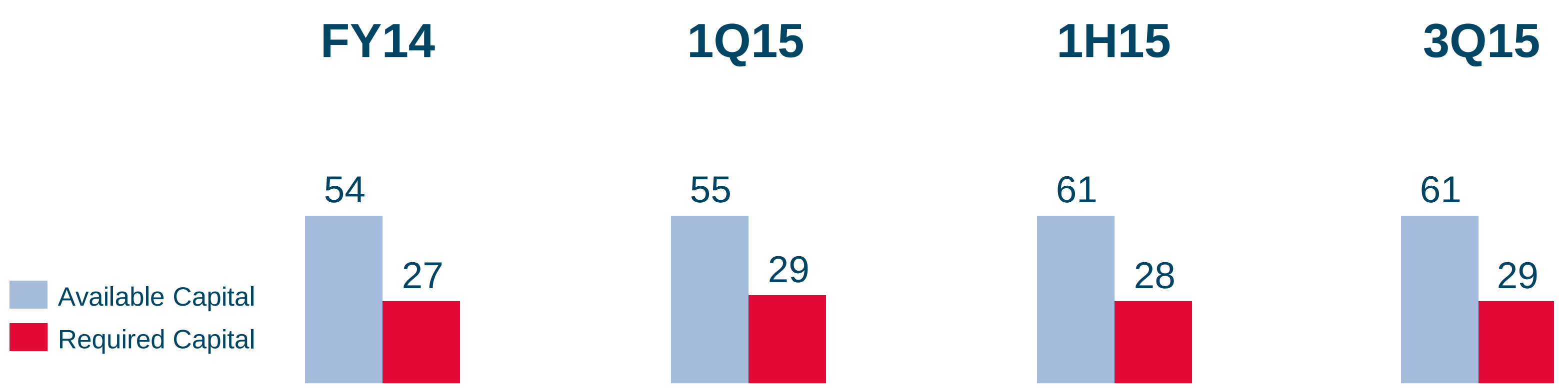
DEFINITIONS

Adjusted earnings, APE, NBV and Group operating Free Cash Flows are non-GAAP measures and as such are not audited, may not be comparable to similarly titled measures reported by other companies and should be read together with our GAAP measures. Management uses these non-GAAP measures as key indicators of performance in assessing AXA's various businesses and believes that the presentation of these measures provides useful and important information to shareholders and investors as measures of AXA's financial performance.

Life & Savings New Business Value (NBV) is the value of the new business sold during the reporting period. The new business value includes both the initial cost (or strain) to sell new business and the future earnings and return of capital to the shareholder.

APPENDICES

EVOLUTION OF SOLVENCY II RATIO



	FY14	1Q15	1H15	3Q15
Solvency II ratio	**201%**	**191%**	**217%**	**212%**

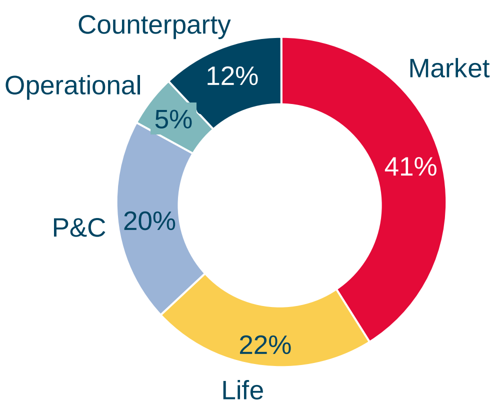
SCR REFLECTS OUR UNIQUE DIVERSIFIED PROFILE

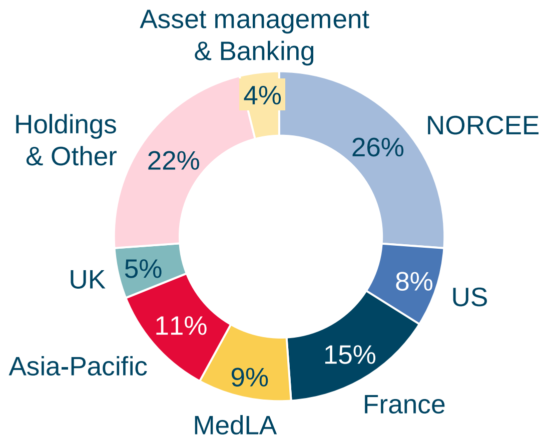
3Q15 figures under approved internal model

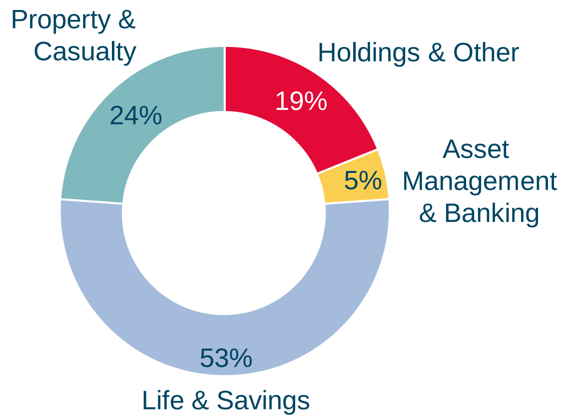
Diversified risk profile*

Diversified geographic footprint

Diversified business exposure





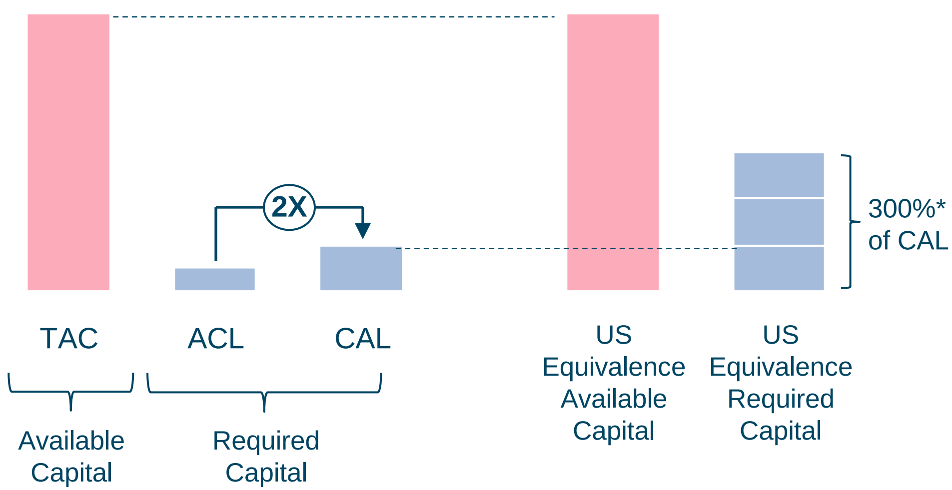


*Insurance only, excluding US operations

OUR SOLVENCY II RATIO IS COMPUTED WITH US EQUIVALENCE

RBC framework US

Solvency II US equivalence

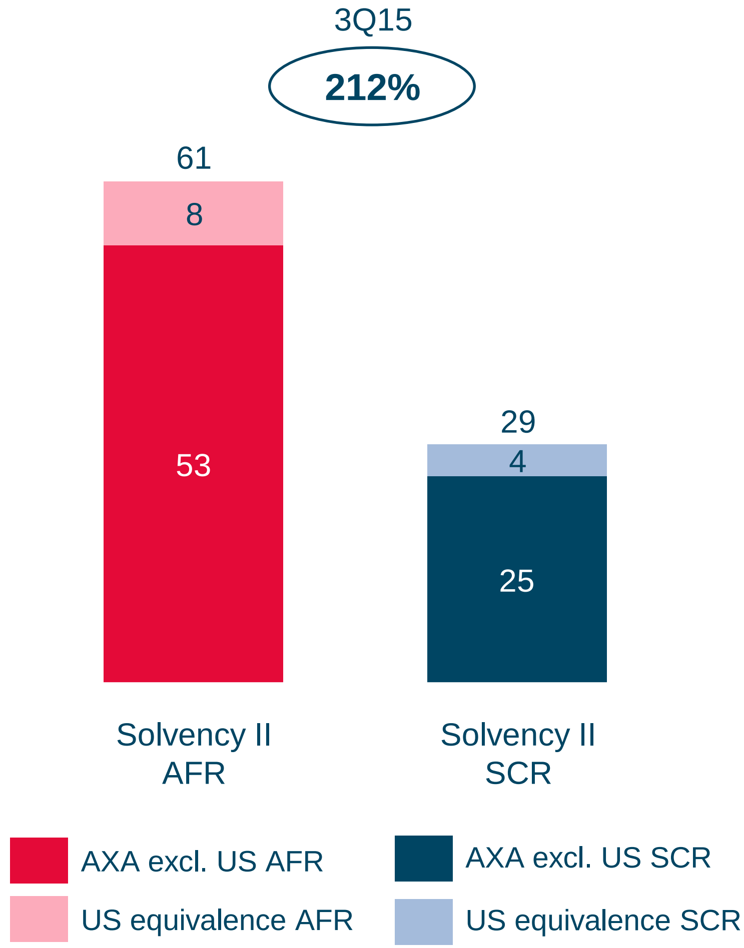


RBC ratio = TAC / CAL

TAC - Total Adjusted Capital
ACL - Authorized Control Level
CAL - Company Action Level

Solvency II Group

In Euro billion



* for AXA Equitable Life and Savings Insurance Company (AXA's main Life carrier in the US).