REGISTRATION DOCUMENT
ANNUAL FINANCIAL REPORT

2016

CONTENTS

CERTAIN PRELIMINARY INFORMATION ABOUT THIS ANNUAL REPORT 1
Group profile 4
Chairman and Chief Executive Officer's messages 6

1 **THE AXA GROUP** 9
1.1 Key figures 11
1.2 History 15
1.3 Business overview 17

2 **ACTIVITY REPORT AND CAPITAL MANAGEMENT** 27
2.1 Market environment 28
2.2 Operating Highlights 33
2.3 Activity Report 38
2.4 Liquidity and capital resources 93
2.5 Events subsequent to December 31, 2016 100
2.6 Outlook 101

3 **CORPORATE GOVERNANCE** 103
3.1 Corporate governance structure – A balanced and efficient governance 104
3.2 Executive compensation and share ownership 136
3.3 Related-party transactions 171

4 **RISK FACTORS AND RISK MANAGEMENT** 177
4.1 Risk factors 178
4.2 Internal control and risk management 190
4.3 Market risks 204
4.4 Credit risk 211
4.5 Liquidity risk 214
4.6 Insurance risks 215
4.7 Operational risk 219
4.8 Other material risks 220

5 **CONSOLIDATED FINANCIAL STATEMENTS** 223
5.1 Consolidated statement of financial position 224
5.2 Consolidated statement of income 226
5.3 Consolidated statement of comprehensive income 227
5.4 Consolidated statement of changes in equity 228
5.5 Consolidated statement of cash flows 232
5.6 Notes to the Consolidated Financial Statements 234
5.7 Report of the Statutory Auditors on the consolidated financial statements 370

6 **SHARES, SHARE CAPITAL AND GENERAL INFORMATION** 373
6.1 AXA shares 374
6.2 Share capital 375
6.3 General information 381

7 **CORPORATE RESPONSIBILITY** 391
7.1 General information 392
7.2 Social information 393
7.3 Environmental information 403
7.4 Societal information 409
7.5 Responsible investment, "Article 173"/Climate-related financial disclosures 413

A **APPENDICES** 423
Appendix I Chairman of the Board of Directors' report 424
Appendix II Management's annual evaluation of internal control over financial reporting 429
Appendix III Statement of the person responsible for the Registration Document 432
Appendix IV AXA parent company financial statements 433
Appendix V Group Embedded Value & AFR 457
Appendix VI Glossary 458
Appendix VII Board of Directors' report – Cross-reference table 462
Appendix VIII European Commission regulation (EC) n° 809/2004 of April 29, 2004 – Cross-reference table 463
Appendix IX Annual Financial Report – Cross-reference table 466

REGISTRATION DOCUMENT
ANNUAL REPORT 2016

This Registration Document, the French version of which was filed with the French *Autorité des marchés financiers* ("AMF") on March 23, 2017, in accordance with the provisions of Article 212-13 of its General Regulation (the "Registration Document"), may be used in support of a financial transaction if supplemented by a securities note approved by the AMF. This document has been prepared by the issuer, and its signatories are responsible for its content.

This Registration Document 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 Regulation (*Règlement Général de l'AMF*) (please refer to the cross-reference table on page 466 of this Registration Document which indicates the relevant sections of this Registration Document corresponding to the items referred to in Article 222-3 of the AMF General Regulation), 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 26, 2017, 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 such required disclosures have been approved by AXA's Board of Directors and are referred to in the cross-reference table on page 462 of this Registration Document (the "Annual Report").

CERTAIN PRELIMINARY INFORMATION ABOUT THIS ANNUAL REPORT

In this Annual Report, unless provided otherwise, (i) the "Company", "AXA" and "AXA SA" refer to AXA, a *société anonyme* (a public limited company) organized under the laws of France, which is the publicly traded parent company of the AXA Group, and (ii) the "AXA Group", the "Group" and "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", "AXA shares" or "AXA ordinary shares". The principal trading market for AXA's ordinary shares is Euronext Paris (Compartment A), which we refer to in this Annual Report as "Euronext Paris".

The Group's consolidated financial statements and related notes are prepared in accordance with International Financial Reporting Standards (IFRS) (the "Consolidated Financial Statements") and published in Euro ("Euro", "euro", "EUR" or "€"). Unless otherwise stated, all amounts in this Annual Report are (i) expressed in Euro, with applicable foreign exchange rates presented on page 29 of this Annual Report, and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

This page was intentionnally left blank.

Cautionary statement regarding forward-looking statements and the use of non-GAAP financial measures

This Annual Report may include statements with respect to future events, trends, plans, expectations or objectives and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance, and strategy. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Such statements are based on Management's current views and assumptions and, by nature, involve known and unknown risks and uncertainties; therefore, undue reliance should not be placed on them. Actual financial condition, results of operations, performance or events may differ materially from those expressed or implied in such forward-looking statements, due to a number of factors including, without limitation, general economic and political conditions and competitive situation; future financial market performance and conditions, including fluctuations in exchange and interest rates; frequency and severity of insured loss events, and increases in loss expenses; mortality and morbidity levels and trends; persistency levels; changes in laws, regulations and standards; the impact of acquisitions and disposal, including related integration issues, and reorganization measures; and general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of catastrophic events, including weather-related catastrophic events, or terrorist-related incidents. Please refer to Part 4 – "Risk factors and risk management" 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 assumes no obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

In addition to the Consolidated Financial Statements, this Annual Report refers to certain non-GAAP financial measures, or alternative performance measures, used by Management in analyzing the Group's operating trends, financial performance and financial position and providing investors with additional information that Management believes to be useful and relevant regarding the Group's results. These non-GAAP financial measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, the Consolidated Financial Statements included in Part 5 – "Consolidated Financial Statements" of this Annual Report. The non-GAAP financial measures used by the Group are defined in the Glossary set forth in Appendix VI to this Annual Report.

GROUP PROFILE

OPERATING IN 64 COUNTRIES

- A **worldwide leader** in insurance and asset management
- **1st** global insurance **brand** (1)
- **165,000** employees and agents
- Serving **107 million clients** (2)

STABLE

RATINGS (3)
S&P AA-, MOODY'S Aa3, FITCH AA-

DJSI SCORE (4)
85/100

■ AXA'S MAIN OPERATIONS WORLDWIDE

(1) Interbrand's Best Global Brands ranking 2016.

(2) Source: AXA.

(3) Insurer financial strength rating. Please refer to pages 13 and 14 of this Annual Report for further details.

(4) Dow Jones Sustainability Index. Please refer to pages 13 and 14 of this Annual Report for further details.

REVENUES

€100.2 Bn

UNDERLYING EARNINGS

€5.7 Bn

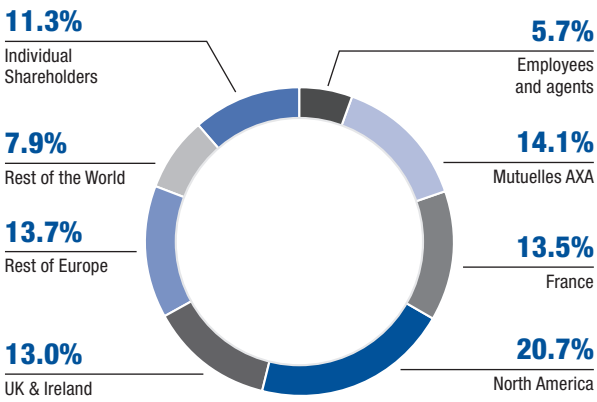
SHAREHOLDERS' EQUITY

€70.6 Bn

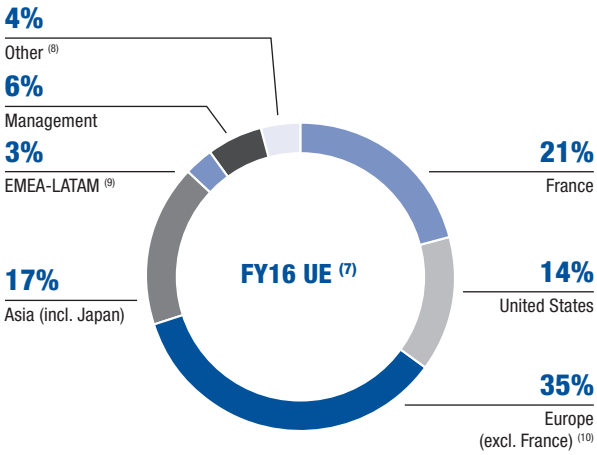
ASSETS UNDER MANAGEMENT

€1,429 Bn

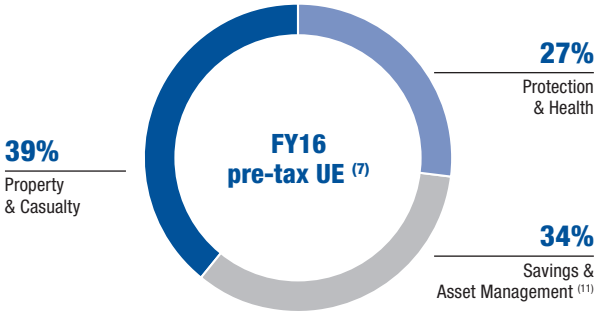
SHARE CAPITAL / SHAREHOLDERS [5]



GEOGRAPHICAL DIVERSIFICATION [6]



BUSINESS DIVERSIFICATION



(5) *Source: TPI dated December 31, 2016.*

(6) *Direct business underlying earnings are split within geographies.*

(7) *Underlying earnings excluding holdings.*

(8) *Other: AXA Corporate Solutions Assurance, AXA Assistance, AXA Life Invest, AXA Corporate Solutions Life Reinsurance, AXA Global Life, Architas, AXA Global P&C, AXA Liabilities Managers, Family Protect and Banking.*

(9) *EMEA-LATAM: Luxembourg, Russia (P&C and underlying earnings only), Poland, Czech Republic and Slovak Republic (L&S only), Greece, Turkey, Mexico, Morocco, Nigeria (underlying earnings only), Colombia, Gulf region (P&C only), Lebanon (P&C and underlying earnings only) and Brazil (P&C only).*

(10) *Europe (excl. France): United Kingdom & Ireland, Germany, Switzerland, Belgium, Italy and Spain.*

(11) *Including G/A Savings, Unit-Linked, Funds and other and Banks.*

CHAIRMAN'S MESSAGE

2016 was a historic year for the AXA Group with the success of the Ambition AXA strategic plan and the retirement of Henri de Castries who, after 27 years in the Group, and close to 17 at its head, stepped down on September 1, 2016.

I would like to thank Henri de Castries who leaves behind him a strong Group on a promising path. I would also like to recognize the work of the Board of Directors and its Compensation & Governance Committee, who were instrumental in preparing the management team's succession plan and which led, after a successful transition period, to the appointment of Thomas Buberl as Chief Executive Officer of AXA and myself as Chairman of the Board of Directors.

I am very honored by the confidence that the Board has shown me and have been pleased to devote my time to my new role of non-executive Chairman, for over six months now.

In my new position, I shall continue the corporate responsibility actions carried out for many years by the Group. I am also committed to ensuring that AXA preserves the elements which make it strong, such as its entrepreneurial spirit and its cultural and professional diversity. This diversity of profiles, which encourages exchange and sharing, will contribute to the Group's success. I am particularly pleased that Thomas Buberl has promoted the four values that make up AXA's identity to Group employees: "Customer First, Courage, Integrity and One AXA".

With the new management team around Thomas Buberl, we are convinced that AXA must empower people to live a "better life". AXA will therefore continue its recognized actions to support the fight against climate change. For example, the Group has taken innovative and ambitious commitments, through partnerships with the United Nations to help cities face up to climate risks and with the World Bank to support vulnerable populations with "parametric" insurance solutions. In addition, as a responsible health insurer and investor, AXA decided last May to divest all its tobacco industry assets.

The Board of Directors will continue to pay close attention to corporate responsibility matters as they contribute to sustainable economic development and to the interests of society as a whole.

AXA has also launched a major transformation to move from a payer of insurance indemnities to a partner of its customers. This means accelerating our work around innovation to meet our customers' new expectations and to better protect them against the risks they are exposed to. This transformation process is at the heart of our strategy, presented last June by Thomas Buberl and reflected in the Ambition 2020 strategic plan, which the Board of Directors fully supports and will follow in its implementation.

Finally, I would like to personally extend my warmest thanks to all Group employees for their commitment and to our stakeholders for putting their trust in AXA's women and men every day and working with them to make our Group succeed.

Denis Duverne
Chairman of the Board of Directors

CHIEF EXECUTIVE OFFICER'S MESSAGE

AXA is a worldwide leader in insurance and asset management, known for its financial strength, its brand, its entrepreneurial history and the high quality of its teams. It was therefore with great humility and enthusiasm that I became the Chief Executive Officer of AXA on September 1, 2016. I would like to take this opportunity to congratulate Claude Bébéar and Henri de Castries for their exceptional achievements along with all those people that supported them in building the Group in only a few decades. What they have accomplished is unique.

To continue this development, we want to "empower each person to live a better life". AXA must continue to better protect its clients, to help them manage new risks and to give them confidence. I am convinced that the insurer's role must significantly evolve to give our clients a real partner who supports them day-to-day and not just a simple "payer".

Practically speaking, this means that AXA must be present early on, to help prevent risks materializing or to mitigate their effects. We are already a strong player in prevention, but we must step up our efforts notably by taking advantage of all the opportunities new technologies can offer.

We must help our customers gain time and make their day-to-day lives easier in every way possible, from the most simple to the most innovative. We must also be more present, assist them over the long term and contribute positively to their daily life, not only when a disaster occurs. The possibilities are endless!

These transformations are already in development or are well under way. Today, we need to move up a gear whilst continually questioning and challenging ourselves. This is how we will open up new horizons for growth and play a key role in society and the economy.

These are the underlying themes behind our strategic plan, Ambition 2020, which is based on two pillars, "focus" and "transform". "Focus", in continuity with our plan Ambition AXA which took us from 2010 to 2015, concentrates on growth in selected areas, such as health or corporate insurance, while working on strengthening the Group's competitiveness. "Transform" will enable us to become a genuine partner for our clients, using data and digital power so that our teams can be part in this transformation.

In the current adverse macroeconomic context, with historically low interest rates, and the uncertain geopolitical environment, the Group's revenues crossed the symbolic €100 billion mark for the first time in 2016.

We continued to grow our profitable Protection & Health and capital light Savings businesses, in line with our strategy. In Property & Casualty, we grew in both Personal and Commercial lines, while improving our underwriting profitability. We also experienced significant positive net inflows in asset management.

In 2016, in terms of the headline indicators of the Ambition 2020 plan, we recorded €5.7 billion in underlying earnings and a growth of 4% on a per share basis. We generated over €6.2 billion of operating free cash flows and our Solvency II ratio of 197% [(1)] remained well within our target range. The adjusted return on equity stood at 13.5%.

In 2016 we have made a strong start to the Ambition 2020 plan. I would like to thank our 107 million clients for their continued trust and all of our employees, agents, and partners who are AXA's heart and image across the world.

Thomas Buberl
Chief Executive Officer

(1) Estimated.

This page was intentionnally left blank.

1

THE AXA GROUP

Governance and reporting changes 10

1.1 KEY FIGURES 11

IFRS indicators 11
Activity and Earnings indicators 11
Assets under management 12
Dividends and dividend policy 12
Ratings 13

1.2 HISTORY 15

1.3 BUSINESS OVERVIEW 17

Life & Savings segment 17
Property & Casualty segment 21
Asset Management segment 24
Banking segment 25

AXA SA is the holding company of the AXA Group, a worldwide leader in insurance and asset management. In 2016, AXA remained the 1st global insurance brand for the 8th consecutive year (1) and AXA Group was the world's largest insurance group (2) with total assets of €893 billion and the world's 9th largest asset manager (3) with total assets under management of €1,429 billion for the year ended December 31, 2016.

AXA operates primarily in Europe, North America, Asia-Pacific Region and, to a lesser extent, in other regions including the Middle East, Latin America and Africa.

AXA has four operating business segments: Life & Savings, Property & Casualty, Asset Management and Banking. In addition, various holding companies within the Group conduct certain non-operating activities.

Governance and reporting changes

On March 21, 2016, AXA announced that Henri de Castries, Chairman and Chief Executive Officer of AXA, would retire and step down from the Board of Directors on September 1, 2016. The Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, appointing Denis Duverne as non-executive Chairman of the Board of Directors and Thomas Buberl as Chief Executive Officer of AXA and member of the Board of Directors.

On May 27, 2016, AXA announced a series of senior appointments to form a new management team to support Thomas Buberl in the definition and implementation of the Group's strategy and management of its global operations. The new Management Committee notably reinforced the role of large countries ("Mature markets") and Global Business Lines, while the Group's Regions were repositioned to focus on the development of emerging and smaller markets ("Emerging markets") in Asia and in the rest of the world.

The following changes have been implemented in the financial reporting in order to reflect the above-mentioned evolutions in the governance of the Group and are retroactively restated in this Annual Report:

- Spain and Italy, which were formerly reported within the Mediterranean & Latin American Region, are now reported on a standalone basis;
- the former Mediterranean & Latin American Region has been renamed the Europe, Middle East, Africa & Latin America Region. It regroups all entities from the former Mediterranean & Latin American Region (except Spain and Italy) as well as all entities formerly included in Central and Eastern Europe, Luxembourg and Russia;
- the International Insurance segment is no longer reported separately. Entities which were part of this segment have been reallocated as follows:
  - AXA Corporate Solutions Assurance, AXA Assistance, AXA Liabilities Managers and AXA Global P&C are now part of the Property & Casualty segment,
  - AXA Global Life and AXA Corporate Solutions Life Reinsurance Company are now part of the Life & Savings segment.

High Growth markets have been renamed Emerging markets.

In addition, in Life & Savings, some Protection products with Unit-Linked features which were previously classified under the Unit-Linked line of business are now classified under the Protection & Health line of business.

Throughout this Annual Report, "Restated" refers to the restatement of the United Kingdom Life & Savings contribution as discontinued operations following the disposal announcements and the reclassification of the International Insurance segment into the Life & Savings and the Property & Casualty segments.

(1) Interbrand's Best Global Brands ranking 2016.

(2) Ranking in terms of total assets established by AXA based on information available in 2015 annual reports.

(3) Ranking in terms of assets under management established by AXA based on information available as of September 30, 2016.

1.1 KEY FIGURES

IFRS indicators

The IFRS indicators presented below are derived from the Consolidated Financial Statements for the year ended December 31, 2016.

The table set out below is only a summary. You should read it in conjunction with the Consolidated Financial Statements for the year ended December 31, 2016 included in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(In Euro million)	2016	2015 restated [d]
Income Statement Data		
Revenues [a]	100,193	98,136
Net consolidated income Group share	5,829	5,617

(In Euro million except per share data)	2016	2015
Balance Sheet Data		
Total assets	892,783	887,070
Shareholders' equity Group share	70,597	68,475
Shareholders' equity per share [b]	25.8	24.3
Dividend per share [c]	1.16	1.10

(a) Gross of reinsurance.

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

(c) An annual dividend is generally paid each year in respect of the prior year after the Annual 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 €1.16 per share will be proposed at the Shareholders' Meeting to be held on April 26, 2017. Subject to the Shareholders' Meeting approval, the dividend will be paid out on May 9, 2017, with an ex-dividend date of May 5, 2017.

(d) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

Activity and Earnings indicators

The table set out below presents the key activity and earnings indicators. You should read it in conjunction with Section 2.3 "Activity Report" and the Glossary set forth in Appendix VI to this Annual Report.

(in Euro million, except percentages)	2016	2015 restated [b]
Life & Savings Annual Premium Equivalent (APE)	6,600	6,464
Life & Savings New Business Value (NBV)	2,623	2,471
Life & Savings Net Inflows	4,445	6,942
Property & Casualty Combined Ratio all-year	96.5%	96.2%
Asset Management Net Inflows	44,784	44,541
Underlying earnings Group share [a]	5,688	5,507
Adjusted earnings Group share [a]	6,103	5,940

(a) Alternative Performance Measures. For further information, refer to Section 2.3 "Activity Report" and the Glossary set forth in Appendix VI of this Annual Report.

(b) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of the International Insurance segment into the Life & Savings and the Property & Casualty segments.

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, 2016	2015
AXA:		
General Account assets	628,279	598,174
Assets backing contracts with financial risk borne by policyholders (Unit-linked)	175,292	194,601
Subtotal	**803,571**	**792,775**
Managed on behalf of third parties [(a)]	625,186	570,060
TOTAL ASSETS UNDER MANAGEMENT	**1,428,757**	**1,362,835**

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

For additional information on AXA's revenues by segment and geographic area, see Note 21 "Information by segment" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

For additional information on AXA's business segments, see Section 2.3 "Activity Report" and Note 3 "Consolidated statement of income by segment" in Part 5 - "Consolidated Financial Statements" of this Annual Report.

Dividends and dividend policy

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 and are submitted for approval to the Shareholders' Meeting.

AXA determines its dividend policy on the basis of its adjusted earnings less interest charges on its outstanding undated debts. In 2015, AXA indicated that it targets to pay aggregate dividends in a general range of 45% to 55% of this amount (representing an increase from the prior indicative range of 40% to 50%). The dividend proposed by the Board of Directors in any particular year may vary considerably depending on a variety of factors (as noted above) which may have an impact on this target from one year to another. 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 €1.16 per share for the 2016 fiscal year will be proposed to the Shareholders' Meeting to be held on April 26, 2017.

The following table sets forth information on the dividends declared and paid in respect of the last five fiscal 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)
2012	1,720	2,388,610,984	0.72 [b]	0.72 [b]	0.72 [b]
2013	1,958	2,417,865,471	0.81 [c]	0.81 [c]	0.81 [c]
2014	2,320	2,442,276,677	0.95 [d]	0.95 [d]	0.95 [d]
2015	2,669	2,426,458,242	1.10 [e]	1.10 [e]	1.10 [e]
2016	2,813 [a]	2,425,149,130	1.16 [f]	1.16 [f]	1.16 [f]

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 26, 2017.
(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.29 per share for fiscal year 2012.
(c) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.32 per share for fiscal year 2013.
(d) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.38 per share for fiscal year 2014.
(e) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.44 per share for fiscal year 2015.
(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 26, 2017. Individual shareholders who are residents of France for tax purposes will be eligible for a tax relief of 40% on the dividend, i.e. €0.46 per share for fiscal year 2016.

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

For further information on AXA's dividend, see Note 29.4 "Other items: Restriction on dividend payments to shareholders" in Part 5 – "Consolidated Financial Statements" and Section 6.3 "General information – Bylaws – Dividends" of this Annual Report.

Ratings

The financial strength, debt or performance of the Company and certain of its insurance subsidiaries is rated by recognized rating agencies. The ratings set forth below are subject to revision or withdrawal at any time by the assigning rating agency in its sole discretion. Credit ratings are intended to reflect the ability of AXA to meet its payment obligations and may not reflect the potential impact of all risks on the value of AXA's securities. A rating is not a recommendation to buy, sell or hold securities. None of these ratings should be construed as an indication or forecast of the historical or potential performance of AXA's securities nor should any such rating be relied upon for the purpose of making an investment decision with respect to any of the Company's securities. The Company does not undertake to maintain its ratings, nor in any event shall the Company be responsible for the accuracy or reliability of any of the ratings set forth below. The significance and the meaning of individual ratings vary from agency to agency.

INSURER FINANCIAL STRENGTH & COUNTERPARTY CREDIT RATINGS

At the date of this Annual Report, the relevant ratings for the Company and its principal insurance subsidiaries were as follows:

		Insurer financial strength ratings		Counterparty credit ratings		
Agency	Date of last review	AXA's principal insurance subsidiaries	Outlook	Senior debt of the Company	Outlook	Short term debt of the Company
S&P Global Ratings	October 27, 2016	AA-	Stable	A	Stable	A-1
Moody's Investors Service	September 9, 2016	Aa3	Stable	A2	Stable	P-1
Fitch Ratings	June 28, 2016	AA-	Stable	A	Stable	F1

SOCIALLY RESPONSIBLE INVESTMENT (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 SRI market, as well as specialist organizations focused on single sustainability themes. The Group generally ranks amongst the top performers in its industry and is also included in the main international sustainability indices:

- DJSI World and DJSI Europe (based on RobecoSAM research);
- World 120, Europe 120 and France 20 (based on Vigeo Eiris research);
- FTSE4GOOD (based on FTSE ESG research).

The AXA Group's main SRI ratings are listed below (not all ratings are updated annually):

Agency/Organisation	Scores & ratings
RobecoSAM (2016) *"Dow Jones Sustainability Index"* (a)	85/100 – Sector average: 50/100 Percentile ranking: 95th *"Silver class" category*
Vigeo Eiris (2016)	68/100 – Sector leader
FTSE ESG (2016)	3.8/5
Sustainalytics (2015)	87/100 – Rank 2/150 in sector
CDP (2016)	B
MSCI (2016)	AAA
UN Principles for Responsible Investment	A+

(a) Note: The Dow Jones Sustainability Index is a reference performance indicator for AXA, its methodology serves as the basis for the Group's internal sustainability evaluation tool since 2010, and is one of the performance metrics used to calculate long term incentives (Performance Shares) since 2016.

1.2 HISTORY

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

1982

Takeover of Groupe Drouot.

1986

Acquisition of 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 Compagnie UAP.

2000

Acquisition of (i) Sanford C. Bernstein (United States) by AXA's asset management subsidiary Alliance Capital, which subsequently changed its name to AllianceBernstein (now AB); (ii) the minority interest in AXA Financial; and (iii) Japanese life insurance company, Nippon Dantaï Life Insurance Company; and

Sale of Donaldson, Lufkin & Jenrette (United States) to Credit Suisse Group.

2004

Acquisition of the American insurance group MONY.

2005

FINAXA (AXA's principal shareholder at that date) merged into AXA.

2006

Acquisition of Winterthur Group.

2008

Acquisition of Seguros ING (Mexico).

2010

Voluntary delisting of AXA SA from the New York Stock Exchange and deregistration with the Securities and Exchange Commission (SEC); and

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

2011

Sale of (i) AXA's Australian and New Zealand Life & Savings operations and acquisition of the AXA APH Life & Savings operations in Asia; and (ii) AXA Canada to the Canadian insurance group Intact.

2012

Launch of ICBC-AXA Life, a Life insurance joint venture in China with ICBC; and

Acquisition of HSBC's Property & Casualty operations in Hong Kong and Singapore.

2013

Acquisition of HSBC's Property & Casualty operations in Mexico; and

Sale by (i) AXA Investment Managers of a majority stake in AXA Private Equity and (ii) AXA Financial of a MONY portfolio.

2014

Acquisition of (i) 50% of Tian Ping, a Chinese Property & Casualty insurance company; (ii) 51% of Grupo Mercantil Colpatria's insurance operations in Colombia; and (iii) 77% of Mansard Insurance plc in Nigeria.

2015

Acquisition of (i) 7% of African Reinsurance Corporation ("Africa Re"); (ii) BRE Insurance, mBank's Property & Casualty subsidiary in Poland; (iii) the P&C large commercial risks insurance subsidiary of SulAmérica in Brazil; (iv) Commercial International Life, the Life & Savings joint-venture between Commercial International Bank ("CIB") and Legal & General in Egypt and conclusion of an exclusive Life & Savings distribution partnership with CIB; and (v) Genworth Lifestyle Protection Insurance;

Launch of (i) AXA Strategic Ventures, a €230 million venture capital fund dedicated to emerging strategic innovations in insurance and financial services; and (ii) Kamet, a €100 million InsurTech incubator dedicated to conceptualizing, launching and accompanying disruptive InsurTech products and services; and

Sale of Hong Kong's mandatory retirement schemes business to The Principal Financial Group.

2016

Acquisition of (i) Charter Ping An Insurance Co.; and (ii) the Polish Property & Casualty operations of Liberty Ubezpieczenia from Liberty Mutual Insurance Group; and

Sale of AXA's (i) Portuguese operations to Ageas; (ii) UK offshore investment bonds business based in the Isle of Man to Life Company Consolidation Group; (iii) UK (non-platform) investment and pensions businesses and its direct protection businesses to Phoenix Group Holdings; (iv) UK wrap platform business Elevate to Standard Life plc; (v) Hungarian banking operations to OTP bank plc.; (vi) Life & Savings and Property & Casualty operations in Serbia to Vienna Insurance Group and exit from the Serbian market, and (vii) Property & Casualty commercial broker in the UK, Bluefin Insurance Group Ltd, to Marsh.

For more information concerning Group subsidiaries (including the Group's equity interest and voting rights percentages), please see Note 2 "Scope of consolidation" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

1.3 BUSINESS OVERVIEW

AXA has four operating business segments: Life & Savings, Property & Casualty, Asset Management and Banking.

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.

Following the governance and reporting changes implemented in 2016, the following entities, which were previously part of the International Insurance segment, have been reallocated to the Life & Savings segment:

- **AXA Corporate Solutions Life Reinsurance Company**, which is a reinsurance company in the United States, in run-off, notably managing a book of reinsurance contracts of variable annuities;
- **AXA Global Life**, which alongside its role as a global business line, is in charge of analysis, structuring and negotiation of reinsurance treaties on behalf of AXA Group insurance companies to a selection of third party reinsurers.

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

	Gross revenues [a] Years ended December 31,				Gross insurance liabilities at December 31, 2016
(in Euro million, except percentages)	2016		2015 restated [e]		
France	17,010	28%	15,922	27%	153,821
United States	14,303	24%	13,628	23%	176,055
United Kingdom	-	-	-	-	-
Japan	5,161	9%	4,194	7%	40,302
Germany	6,662	11%	6,650	11%	79,264
Switzerland	7,044	12%	7,170	12%	65,710
Belgium	1,210	2%	1,715	3%	30,232
Italy	3,411	6%	4,086	7%	29,078
Spain	794	1%	757	1%	7,195
EMEA-LATAM Region [b]	1,092	2%	1,285	2%	5,599
Asia excl. Japan	3,343	6%	3,029	5%	19,418
Others [c]	253	0%	426	1%	1,646
TOTAL	**60,282**	**100%**	**58,862**	**100%**	**608,320**
o/w Mature markets	56,020	93%	54,861	93%	584,469
o/w Emerging markets	4,262	7%	4,001	7%	23,850
Of which:					
Gross written premiums	*58,686*		*57,216*		
Fees and charges relating to investment contracts with no participating feature	*219*		*236*		
Fees, commissions and others revenues [d]	*1,378*		*1,410*		

(a) Net of intercompany eliminations.
(b) Includes Portugal, Turkey, Greece, Morocco, Mexico, Colombia, Poland, Czech Republic, Slovak Republic and Luxembourg.
(c) Includes AXA Life Invest (excluding Germany & Japan), Family Protect, Other UK Life, Architas, AXA Corporate Solutions Life Reinsurance and AXA Global Life.
(d) Includes revenues from other activities (mainly commissions and related fees on mutual funds sales).
(e) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

MARKETS AND COMPETITION

In the Life & Savings segment, AXA operates primarily in Western Europe, the United States and Asia-Pacific. In addition, AXA offers Investment and Savings products as well as Protection and Health products in a number of other jurisdictions including Latin America, Central and Eastern Europe and Middle East. These products are offered through various distribution channels, as described in the "Distribution channels" paragraph below.

The nature and level of competition vary among the countries in which the Group 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 level of bonuses with respect to participating contracts;
- crediting rates on General Account products;
- reputation, visibility and recognition of brand; and
- ratings for financial strength and claims-paying ability.

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 2.1 "Market environment – Market conditions at segment level" 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. Life & Savings products offered by AXA include term life, whole life, universal life, endowment, deferred annuities, immediate annuities, and other investment-based products. Health products offered include critical illness and permanent health insurance products. Types and specificities of the products offered by AXA vary from market to market.

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 are designed to support AXA's multi-contract offer 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.

The table below presents consolidated gross written premiums (after inter-segment elimination) and gross insurance liabilities by major product:

GROSS WRITTEN PREMIUMS & INSURANCE LIABILITIES PER PRODUCT LINE

	Gross written premiums by main product lines [a] Years ended December 31,				Gross insurance liabilities at December 31, 2016
(in Euro millon, except percentages)	2016		2015 restated [c]		
Investment & Savings	26,268	45%	24,035	42%	321,636
Individual	23,374	40%	21,699	38%	286,437
Group	2,894	5%	2,336	4%	35,198
Life contracts (including endowment contracts)	21,433	37%	22,558	39%	179,776
Health contracts	8,286	14%	8,073	14%	28,194
Other	2,699	5%	2,550	4%	14,550
Sub-Total	**58,686**	**100%**	**57,216**	**100%**	**544,155**
Fees and charges relating to investment contracts with no participating features	219		236		14,299
Fees, commissions and other revenues [b]	1,378		1,410		
Liabilities arising from policyholder's participation					49,214
Unearned revenues and unearned fees reserves					2,565
Derivatives relating to insurance and investment contracts					(1,914)
TOTAL WRITTEN PREMIUMS AND LIABILITIES	**60,282**		**58,862**		**608,320**
o/w.					
Contracts with financial risk borne by policyholders (Unit-Linked)	*15,789*	*27%*	*17,383*	*30%*	*175,733*

(a) Net of intercompany eliminations.

(b) Includes revenues from other activities (mainly commissions and related fees on mutual funds sales).

(c) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

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, in return of a commission, 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 an exclusive or non exclusive 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 contacts 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, 2016 and 2015, is presented below:

	Based on gross revenues in 2016		Based on gross revenues in 2015 restated [a]	
	Proprietary network	Non Proprietary network	Proprietary network	Non Proprietary network
France	43%	57%	46%	54%
United States	60%	40%	62%	38%
United Kingdom	-	-	-	-
Japan	64%	36%	64%	36%
Germany	56%	44%	55%	45%
Switzerland	52%	48%	54%	46%
Belgium	0%	100%	0%	100%
Italy	15%	85%	15%	85%
Spain	60%	40%	66%	34%
EMEA-LATAM Region [b]	24%	76%	31%	69%

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

(b) Includes Portugal, Turkey, Greece, Morocco, Mexico, Colombia, Poland, Czech Republic, Slovak Republic and Luxembourg.

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 2016 amounted to €26,074 million (2015: €25,896 million) and the ratio of surrenders and lapses was 5.8% (2015: 6.0%).

AXA GLOBAL LIFE

The Group implemented an organization by global business line in 2010. AXA Global Life, which is the Life & Savings business line, defines a group-wide strategy and has set the following priorities:

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

In addition, in December 2014, the Group announced the creation of a third global business line (alongside the global business lines Life & Savings and Property & Casualty) dedicated to the Health insurance business with the following priorities:

- focus on becoming a leader in 11 countries where AXA is present;
- focus on increasing AXA's presence in Health insurance in the international health insurance segment; and
- developing the Health business model focus on partnering the client in his health care management.

AXA Global Life also provides reinsurance services to some of AXA's insurance subsidiaries and negotiates reinsurance covers with third party reinsurers.

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].

Following the governance and reporting changes implemented in 2016, the following entities, which were previously part of the International Insurance segment, have been reallocated to the Property & Casualty segment:

- **AXA Corporate Solutions Assurance**, which is the AXA Group subsidiary dedicated to large corporations for Property & Casualty, loss prevention, risk management, underwriting and claims handling and to specialty markets (Marine, Aviation, Space) worldwide;
- **AXA Global P&C**, which alongside its role as a global business line, is in charge of analysis, structuring and negotiation of reinsurance treaties on behalf of AXA Group insurance companies to 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**, which is the Group subsidiary committed to servicing its customers in emergencies and everyday situations. AXA Assistance operates through four business lines (Vehicle, Travel, Health and Home) to offer customer focused services;
- **AXA Liabilities Managers**, which is the Group's specialized company in charge of managing AXA Group's Property & Casualty run-off portfolios.

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

	Gross revenues Years ended December 31, [a]				Gross insurance liabilities at December 31, 2016
(in Euro million, except percentages)	2016		2015 restated [d]		
France	6,742	19%	6,020	17%	15,888
United Kingdom & Ireland	4,658	13%	4,792	14%	5,408
Germany	4,016	11%	3,909	11%	7,452
Switzerland	3,088	9%	3,100	9%	8,051
Belgium	2,081	6%	2,010	6%	5,841
Italy	1,557	4%	1,558	4%	2,813
Spain	1,567	4%	1,536	4%	1,703
EMEA-LATAM Region [b]	4,232	12%	4,507	13%	5,206
Direct	2,864	8%	2,732	8%	3,975
Asia	1,103	3%	1,099	3%	1,499
AXA Corporate Solutions Assurance	2,318	7%	2,255	6%	6,900
AXA Assistance	1,276	4%	1,226	4%	409
Other countries [c]	103	0%	86	0%	1,835
TOTAL	**35,604**	**100%**	**34,831**	**100%**	**66,980**
o/w Mature markets	27,606	78%	26,940	77%	56,623
o/w Emerging markets	5,134	14%	5,159	15%	6,382
o/w Direct	2,864	8%	2,732	8%	3,975
o/w:					
Gross written premiums	*35,534*		*34,514*		
Other revenues	*70*		*317*		

(a) Net of intercompany eliminations.
(b) Includes Portugal, Greece, Morocco, Turkey, Mexico, Colombia, the Gulf Region, Brazil and Luxembourg.
(c) Includes AXA Global P&C and AXA Liabilities Managers.
(d) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

(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 Asia (mainly in Hong Kong, Singapore, Malaysia, China and Thailand), the Europe Middle East, Africa and Latin America Region (Mexico, Colombia and Brazil). In addition, AXA operates in Direct insurance mainly in the United Kingdom, France, South Korea, Japan, Spain and Poland.

The nature and level of competition vary among the countries where AXA operates. AXA competes with other insurers in each of its Property & Casualty lines 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; and
- ratings for financial strength and claims-paying ability.

For additional information on markets, see Section 2.1 “Market environment - Market conditions at segment level” 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 risk engineering services to support prevention policies in companies.

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

GROSS WRITTEN PREMIUMS & INSURANCE LIABILITIES PER PRODUCT LINE

	Gross Written Premiums Years ended December 31, [a]				Gross insurance liabilities at December 31, 2016
(in Euro million, except percentages)	2016		2015 restated [b]		
Personal lines					
Motor	10,528	30%	10,405	30%	18,441
Homeowners/Household	4,034	11%	4,034	12%	3,465
Other	4,073	11%	3,419	10%	5,099
Commercial lines					
Motor	3,234	9%	3,005	9%	5,254
Property damage	4,135	12%	4,030	12%	5,491
Liability	2,314	7%	2,266	7%	11,875
Other	6,487	18%	6,635	19%	15,583
Other	**729**	**2%**	**720**	**2%**	**1,485**
TOTAL	**35,534**	**100%**	**34,514**	**100%**	**66,694**
Liabilities arising from policyholders’ participation					274
Derivatives relating to insurance and investment contracts					11
TOTAL					**66,980**

(a) Net of intercompany eliminations.
(b) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

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, 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 this Section 1.3 "Business Overview" – "Life & Savings segment" - "Distribution channels".

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 years ended December 31, 2016 and 2015, is presented below:

	Based on gross revenues in 2016		Based on gross revenues in 2015 restated [a]	
	Proprietary network	Non Proprietary network	Proprietary network	Non Proprietary network
France	58%	42%	66%	34%
United Kingdom & Ireland	27%	73%	26%	74%
Germany	49%	51%	49%	51%
Switzerland	77%	23%	78%	22%
Belgium	1%	99%	1%	99%
Italy	84%	16%	77%	23%
Spain	56%	44%	56%	44%
EMEA-LATAM Region [b]	20%	80%	19%	81%

(a) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.
(b) Includes Portugal, Greece, Morocco, Turkey, Mexico, Colombia, the Gulf Region, Brazil and Luxembourg.

AXA GLOBAL P&C

The Group implemented an organization by global business line in 2010. AXA Global P&C, which is the Property & Casualty business line, defines a group-wide strategy and has set the following priorities:

- focus on improving profitability (loss ratio) and efficiency;
- develop excellence in underwriting standards and pricing policy;
- optimize claims management;
- enhance the quality of technical expertise;
- foster dedicated offer to small and medium size entities.

In addition, AXA Global P&C provides reinsurance services to AXA's insurance subsidiaries.

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 Management's 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 year ended December 31, 2016, the Asset Management segment accounted for €3.7 billion (2015: €3.8 billion), or 4% of AXA's consolidated gross revenues (2015: 4%).

AXA's principal asset management companies are AB and AXA Investment Managers.

The table below sets forth the total assets managed by AXA's asset 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)	2016	2015
Assets managed by AXA's assets managers at December 31, [(a)]		
Managed on behalf of third parties [(b)]	625,186	570,060
Assets backing contracts with financial risk borne by policyholders (Unit-Linked)	60,567	57,179
Other invested assets	517,541	497,063
TOTAL	**1,203,295**	**1,124,302**
Of which		
AB	486,157	454,866
AXA Investment Managers	717,138	669,436
Commissions and fees earned for the years ended December 31,		
AB	2,642	2,690
AXA Investment Managers	1,545	1,604
Sub-Total	**4,187**	**4,295**
Intercompany eliminations	(476)	(473)
CONTRIBUTION TO AXA'S CONSOLIDATED GROSS REVENUES	**3,710**	**3,822**

(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 €1,429 billion as of December 31, 2016.

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

MARKET AND COMPETITION, PRODUCTS AND SERVICES, AND DISTRIBUTION CHANNELS

AB

AB, a 63.7% subsidiary, is a leading global investment management firm based in the United States. AB provides diversified investment management and related services to individual investors, private clients and to a variety of institutional clients, including AXA and its insurance subsidiaries (which collectively are AB's largest client). AB Holding L.P. (AB Holding) is listed on the New York Stock Exchange under the ticker symbol "AB".

AB's offering includes:

- 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 and families, trusts and estates, and charitable foundations);
- management of retail mutual funds for individual investors;
- management of investments on behalf of institutional clients; and
- fundamental research, quantitative services and brokerage-related services in equities and listed options for institutional investors.

At December 31, 2016, AB had €486 billion of assets under management, including €337 billion of assets managed on behalf of third party clients (2015: €455 billion and €324 billion, respectively). AB accounted for €2,530 million or 68% of the Asset Management segment consolidated gross revenues for the year ended December 31, 2016 (2015: €2,580 million or 68%).

AXA Investment Managers ("AXA IM")

AXA IM, headquartered in Paris, is a significant player in the international Asset Management business. Through its operating entities located in more than 20 countries, AXA IM provides its clients with a wide range of global products and expertises principally *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) Fixed Income and Structured Finance, (ii) Framlington and Rosenberg Equities, (iii) Real Assets, and (iv) Multi-Asset Client Solutions.

At December 31, 2016, AXA IM had €717 billion of assets under management, including €289 billion of assets managed on behalf of third party clients (2015: €669 billion and €246 billion, respectively). AXA IM accounted for €1,180 million or 32% of Asset Management segment consolidated gross revenues for the year ended December 31, 2016 (2015: €1,242 million or 32%).

AXA GLOBAL ASSET MANAGEMENT

In July 2016, the Group created AXA Global Asset Management "AXA GAM" to oversee all of its asset management activities. AXA GAM is responsible for defining and implementing the overall strategy for the Asset Management businesses, setting and monitoring operational and financial performance and aligning the activities of the asset managers with the needs of the Group's other global business lines.

Banking segment

The operations in the Banking segment are conducted primarily in Belgium, France and Germany. For the year ended December 31, 2016, the Banking segment accounted for €596 million (2015: €621 million), or less than 1% of AXA's consolidated gross revenues (2015: less than 1%).

This segment's operations principally include the following businesses:

BELGIUM

AXA Bank products and services in Belgium are mainly distributed by a network of 558 exclusive (1) bank agents. The bank's products and offers are linked with insurance business and are primarily focused on retail products.

FRANCE

AXA Banque had approximately 705,000 registered customers (1) at the end of 2016, with a retail and private banking product offer. 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 retail customers and supports the strategy of AXA Germany by facilitating new life insurance business and offering asset management solutions. The bank had approximately 43,000 clients (1) at the end of 2016. The main activities of AXA Bank are providing loans, deposits and investment funds. These products are mainly sold through the tied agent network of AXA Germany.

(1) Information established by AXA based on data available for the year 2016.

This page was intentionally left blank.

2 ACTIVITY REPORT AND CAPITAL MANAGEMENT

2.1 MARKET ENVIRONMENT 28

Financial market conditions in 2016 28
Market conditions at segment level 29

2.2 OPERATING HIGHLIGHTS 33

2.3 ACTIVITY REPORT 38

Activity & Earnings indicators 38
Underlying earnings, adjusted earnings and net income Group share 42
Alternative performance measures 43
Shareholders' equity 46
Shareholder value 47
Segment information 48
Segment information by entity 55

2.4 LIQUIDITY AND CAPITAL RESOURCES 93

Liquidity, sources and needs for Group operating subsidiaries 94
Liquidity position 94
Uses of funds 96
Impact of regulatory requirements 97
Subsequent events after December 31, 2016 impacting AXA's liquidity 99

2.5 EVENTS SUBSEQUENT TO DECEMBER 31, 2016 100

2.6 OUTLOOK 101

2.1 MARKET ENVIRONMENT

Financial market conditions in 2016

In 2016, financial markets reacted to a number of important political events: the 'Brexit' vote at the United Kingdom (UK) referendum on European Union (EU) membership in June led to a further decline in interest rates, equities as well as the British Pound. In the United States (US), after the election of Donald Trump as US President in November, markets were upbeat on expectations of higher inflation, public spending and favorable tax policies. In Italy, the 'No' vote at the referendum on constitutional reforms led to higher volatility for Italian assets, although with no contagion across the rest of Europe.

The US Federal Reserve initiated a normalisation of its monetary policy, raising its benchmark interest rate range by 25 basis points to 0.50%-0.75%. In Japan, the central bank introduced 'yield curve control' measures which resulted into a steepening of the yield curve. In Europe, the European Central Bank (ECB) decided to extend its asset purchase programme until the end of March 2017 with a reduction of its size from €80 billion to €60 billion per month from April 2017 onwards. In the UK, the Bank of England launched additional quantitative easing measures following the 'Brexit' vote, including a 25 basis point decrease in interest rates and an expansion of the asset purchase scheme of UK government bonds of £60 billion.

In the US, economic growth was moderate in 2016, at around 1.6%, down from 2.6% in 2015, driven mainly by household consumption and an improving trade balance, while investment remained depressed. The labour market continued to return to normal conditions with unemployment rate falling from 5.0% in 2015 to 4.6%. The improvement of the labour market combined with the increase in inflation rate (at around 1.2% in 2016 from 0.1% in 2015) led the US Federal Reserve to raise interest rates.

In the Eurozone, economic growth remained stable at around 1.6% in 2016 (from 1.9% in 2015), mainly driven by both consumption and investment, and supported by renewed confidence and low interest rates. The labour market improved slightly with an unemployment rate of 9.7% (10.4% in 2015). Inflation remained at a low level (0.2% on average in 2016), dragged lower by energy prices, while core inflation remained subdued at around 0.9%.

The Japanese economy disappointed again in 2016 with economic growth of 1.0%, mainly supported by a significant budget stimulus, while household and corporate consumption did not bounce back. Inflation remained also very low at around -0.1% in 2016.

The uncertainty concerning the possible protectionist measures to be taken by Donald Trump weighted on some emerging markets currencies, in particular Mexico, where the central bank raised interest rates twice during the year. The Chinese economy continued its slowdown in 2016 (6.6% in 2016 from 6.9% in 2015). In Brazil, parliament voted the impeachment of President Rousseff following a contentious procedure with regards to illegal practices of accounting. The failed coup in Turkey and the continuing government actions in its aftermath have increased the risk for political instability in the region.

STOCK MARKETS

Equity markets in the US, Japan and Europe posted gains in 2016. The MSCI World Index increased by 6.8%.

The Dow Jones Industrial Average index increased by 13.4% and the S&P 500 index increased by 9.5% in 2016. The FTSE 100 index in London increased by 14.4% in 2016. The EUROSTOXX 50 index in the Eurozone increased by 0.7% and the Nikkei index in Tokyo increased by 1.6%.

The MSCI G7 index increased by 8.1% and the MSCI Emerging index increased by 7.1%. The S&P 500 implied volatility index (VIX) decreased from 18.2% on December 31, 2015 to 14.0% on December 31, 2016.

The S&P 500 realized volatility index decreased from 18.6% on December 31, 2015 to 10.2% on December 31, 2016.

BOND MARKETS

In most mature economies except the US, government bond yields declined in 2016 as the strong decrease in the first part of the year was partly offset in the latter part of the year: the 10-year German Bund yield decreased by 43 bps to 0.21%, the French 10-year government bond yield decreased by 31 bps to 0.68%, the 10-year Belgium government bond yield decreased by 43 bps to 0.55% and the 10-year Swiss government bond yield also decreased by 12 bps to -0.19% while the 10-year US T-bond yield increased by 18 bps to 2.45%.

The 10-year government bond yields declined also in most of the Eurozone peripheral countries: -126 bps to 7.13% in Greece, -39 bps to 1.39% in Spain and -38 bps to 0.77% in Ireland while it increased by 122 bps to 3.76% in Portugal and by 21 bps to 1.82% in Italy.

In Europe, the iTRAXX Main spreads decreased by 5 bps to 72 bps compared to December 31, 2015 while the iTRAXX Crossover decreased by 26 bps to 289 bps. In the United States, the CDX Main spread Index decreased by 21 bps to 67 bps.

The Euro interest rates implied volatility index (based on 10x10 Euro swaptions) increased from 33.8% as of December 31, 2015 to 76.3% as of December 31, 2016.

EXCHANGE RATES

	End of Period Exchange rate		Average Exchange rate	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(for €1)	(for €1)	(for €1)	(for €1)
US Dollar	1.05	1.09	1.11	1.12
Japanese Yen (x100)	123	131	121	135
British Sterling Pound	0.85	0.74	0.82	0.73
Swiss Franc	1.07	1.09	1.09	1.08

Market conditions at segment level

LIFE & SAVINGS

Mature markets

In mature markets, premium income growth slowed in 2016, decelerating or turning negative in most countries in Europe (with the notable exception of Spain), however remaining resilient in Japan and the US. There was a modest increase in new business mainly driven by sales of protection products, while savings business was under further pressure due to the continued low interest rate environment and equity market volatility as well as regulatory headwinds. The sustained low interest rate environment and the impact of Solvency II on capital requirements for guarantees led to a further re-design of savings products, namely with a reduction of long term guarantees and more hybrid offers, whilst crediting rates on in-force polices continued to be gradually lowered. At the same time Unit-Linked markets were challenged by equity market volatility in Europe and the anticipation of the DOL review in the US.

Emerging markets

Overall, markets kept growing at a fast pace in Asia, especially in China and Hong Kong with the exception of Thailand where market growth has been subdued by lower economic growth, low interest rates environment and political instability. In China, sales were still supported by strong volumes of traditional life policies, while in the rest of the region Unit-Linked sales were negatively affected by financial markets volatility. In Latin America, Brazil in particular, economic growth decelerated in the second half of the year. Turkey and Morocco showed a positive evolution, especially the latter, increasing strongly thanks to the expansion of bancassurance agreements in savings and the positive prospects for Unit-Linked products. In Central and Eastern Europe, life insurance markets broadly declined, impacted by low interest rates, continued economic weakness and regulatory uncertainties.

Rankings and market shares

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

	2016		2015		
	Ranking	Market share (%)	Ranking	Market share (%)	Sources
France	3	9.2	3	8.9	FFA as of December 31, 2015 and December 31, 2016.
United States Life	17	1.7	17	1.7	LIMRA Life sales as of September 30, 2016 and September 30, 2015.
United States Variable Annuities	3	9.7	5	7.1	Morningstar VARDS as of September 30, 2016 and September 30, 2015.
Japan	15	2.0	18	1.6	Life Insurance Association Japan of Insurance Research Institute (excluding Kampo Life) for the 12 months ended September 30, 2016 and September 30, 2015.
Germany Life			8	3.8	German association of Insurance companies (GDV) as of December 31, 2015. 2016 information not available.
Germany Health			4	7.6	German association of Insurance companies (GDV) as of December 31, 2015. 2016 information not available.
Switzerland	2	26.0	2	27.0	SIA (Swiss Insurance Association) as of December 31, 2016 and December 31, 2015. Market share based on statutory premiums and market estimations by the SIA.
Belgium	3	8.6	2	12.6	Assuralia (Belgium Professional Union of Insurance companies) based on gross written premium as of September 31, 2016 and December 31, 2015.
Spain	9	2.8	9	2.9	Spanish Association of Insurance Companies. ICEA as of September 30, 2016 and December 31, 2015.
Italy			6	5.9	Associazione Nazionale Imprese Assicuratrici (ANIA). Ranking and market share as of September 30, 2015. 2016 information not available.
Greece			8	3.2	Hellenic association of Insurance Companies as of December 31, 2015. 2016 information not available.
Mexico			6	3.4	AMIS (Asociacion Mexicana de instituciones de Seguros) as of December 31, 2015. 2016 information not available.
Hong Kong	5	6.5	5	8.1	Office of Commissioner statistics as of September 30, 2016 and September 30, 2015 based on gross written premiums for the individual life in-force business.
Indonesia	2	9.7	2	9.8	AAJI Statistic as of September 30, 2016 and September 30, 2015 measured on Weighted New Business Premium.
Thailand	4	11.9	3	11.9	TLAA statistics report as of November 30, 2016 and November 30, 2015 (measured on APE).
Singapore	6	4.2	7	4.0	LIA statistics report as of September 30, 2016 and September 30, 2015 (measured on APE).
India	14	1.5	18	1.4	IRDA statistics as of December 31, 2016 and December 31, 2015 measured on first year premium.
China	14	1.5	14	1.4	CIRC statistics as of November 30, 2016 and November 30, 2015 measured on total premium income.
Philippines			2	12.1	Insurance Commission as of December 31, 2015 measured on total premium income. 2016 information not available.

PROPERTY & CASUALTY

In 2016, the Property & Casualty market experienced tariff increases both in mature and emerging markets, notably driven by market hardening in Motor in Spain, Germany, the United Kingdom, Mexico and Turkey. In France, Belgium and Switzerland, markets achieved a moderate growth driven by softening prices in both Personal and Commercial lines, while Italy evolved in a soft Motor insurance market environment.

Middle East, Africa and Latin America markets expanded at a slower pace than initially expected due to various reasons: US elections in Mexico as well as persistency of low oil prices in the Gulf Region, Nigeria and Brazil. In China, growth remained much higher than in European countries, while unfavorable economic conditions and higher competition in Asia resulted in slower growth. Underwriting profitability remained globally at a relatively high level with a stabilizing trend in Europe still benefiting from a low level of natural catastrophes. However, profitability was impacted by lower reinvestment yields in most economies.

Rankings and market shares

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

	2016		2015		
	Ranking	Market share (%)	Ranking	Market share (%)	Sources
France	2	14.6	2	15.0	FFA as of December 31, 2016 and December 31, 2015.
United Kingdom			2	8.0	UK General Insurance: Competitor Analytics 2016, Verdict Financial. 2016 information not available.
Ireland (Republic of Ireland) – Motor			1	24.0	Insurance Ireland Non-Life Headline Statistics 2015. 2016 information not available.
Ireland (Nothern Ireland) – Motor			1	27.0	Driver & Vehicle Licensing Authority registered vehicle numbers. 2016 information not available.
Germany			5	5.7	GDV (German association of Insurance companies) as of December 31, 2015. 2016 information not available.
Switzerland	1	13.0	1	13.0	SIA (Swiss Insurance Association) as of December 31, 2016 and December 31, 2015. Market share based on statutory premiums and market estimations by the SIA.
Belgium	1	17.7	1	17.9	Assuralia (Belgium Professional Union of Insurance companies). Based on gross written premium as of September 30, 2016 and December 31, 2015.
Spain	5	5.5	5	5.6	Spanish Association of Insurance Companies. ICEA as of September 30, 2016 and December 31, 2015.
Italy	6	4.5	6	4.4	Associazione Nazionale Imprese Assicuratrici (ANIA) as of December 31, 2016 and December 31, 2015.
Greece			8	5.3	Hellenic Association of Insurance Companies as of December 31, 2015. 2016 information not available.
Mexico			2	12.7	AMIS (Asociacion Mexicana de instituciones de Seguros) as of December 31, 2015. 2016 information not available.
Turkey	3	10.7	3	11.3	Turkish Association of Insurance Companies as of September 30, 2016 and December 31, 2015.
Morocco	4	13.3	5	14.1	Moroccan Association of Insurance Companies as of June 30, 2016 and December 31, 2015.
Colombia	2	7.0	2	7.2	Colombian Superintendence of Finance – 290 Report as of September 30, 2016 and December 31, 2015
Singapore	2	10.7	2	11.6	General Insurance Association as of September 30, 2016 and December 31, 2015.
Malaysia	3	8.5	5	7.8	BNM (Bank Negara Malaysia) as of October 31, 2016 and December 31, 2015.
Hong Kong	1	8.4	1		Office of the Commissioner of Insurance (OCI) as of September 30, 2016 and December 31, 2015. Market share not available in 2015.
Thailand	19	1.5	17	1.6	TGIA as of October 31, 2016 (based on Direct Premium) and December 31, 2015.

HEALTH

Mature markets

In mature markets, premium income continued to grow steadily driven to a certain extent by medical inflation increasing the need but also the cost of coverage. Specific situations can be noticed across AXA's footprint. In France, a gradual shift from individual coverage to group coverage is happening as a consequence of the introduction of compulsory corporate cover. In the United Kingdom, the increase in insurance tax has put further challenge on affordability leading to slower market growth and the search for non-insured solutions in the large corporate segment. In Germany, the strong increase in premiums, partly caused by the need to readjust old-age reserves has created some tension in the market among distributors and customers of private health insurance.

Emerging markets

Most emerging markets experienced very strong growth driven by multiple factors: increased access to healthcare as a direct consequence of economic development in the markets of South-East Asia, change in disease patterns, *e.g.* higher prevalence of chronic conditions in Mexico increasing medical inflation. One exception needs to be noticed in the Gulf region where the economic slowdown has led to increased pressure on corporate accounts leading to decrease in coverage and premiums.

ASSET MANAGEMENT

Institutional investors further diversified their portfolios with a heightened focus on cost and better alignment of interest. In the low interest rates environment, the search for yield continued with diversified fixed income, multi-assets and alternative investment strategies being the most favoured. Responsible investment has also moved further ahead on the agenda of institutional investors.

In a market environment characterized by political turbulence and rising interest rates in the US, retail investors took limited risks. Bonds strategies gathered inflows, especially in US and emerging market bonds, whereas equities suffered outflows, especially regional strategies.

In the asset management market, AXA Investment Managers ranked 20th (1) and AB 26th (1) based on volume of assets under management. On a combined basis, AXA ranked 9th (1).

(1) Ranking established by AXA based on information available as of September 30, 2016.

2.2 OPERATING HIGHLIGHTS

GOVERNANCE

Denis Duverne appointed Chairman of AXA's Board of Directors and Thomas Buberl appointed AXA's Chief Executive Officer

During its meeting held on September 1, 2016, and following Henri de Castries' decision to step down from the Board of Directors as announced on March 21, 2016, AXA's Board of Directors has (i) appointed Denis Duverne as non-executive Chairman of the Board of Directors, and (ii) appointed Thomas Buberl as Chief Executive Officer of the Group, and co-opted him to the Board as Director. These appointments were effective as of September 1, 2016.

New Management Committee and Partners Group

On May 27, 2016, AXA announced a series of appointments to form a new management team. The composition of the new Management Committee has been effective since July 1, 2016. The Management Committee was established by the Chief Executive Officer to assist him in the operational management of the Group and to discuss Group strategic, financial and operational matters. For information on the Management Committee, please see Part 3 – "Corporate Governance" of this Annual Report.

On September 1, 2016, AXA announced the composition of a new Partners Group that is the successor of the Group's Executive Committee. The Partners Group is composed of the Group's Management Committee members plus other senior executives from across the Group. For information on the Partners Group, please see Part 3 – "Corporate Governance" of this Annual Report.

STRATEGY

Focus and Transform: AXA New Ambition 2020 Strategy

After the successful delivery of "Ambition 2015", AXA presented on June 21, 2016, its new strategic plan "Ambition 2020". This 5-year plan is articulated around two strategic priorities: focus and transform.

The first priority is a continued and immediate focus on sustainable earnings growth over the plan based on selective growth, cost efficiencies, technical margin improvement and an active management of capital and cash. These initiatives will position AXA to grow earnings and increase dividends, even in a context of continued low interest rates.

At the same time, AXA will accelerate the transformation of its business model based on initiatives related to meeting rapidly evolving customer expectations in the digital world, moving from a payer model to a partner model, and adapting its workforce capabilities in order to succeed in this ambition.

AXA set out its financial objectives for 2016 to 2020, including underlying earnings per share CAGR [(1)] ranging between 3% and 7% over the period, 2016-2020 cumulated Group Operating Free Cash Flows of €28-32 billion, adjusted return on equity between 12% and 14% over the period and €2.1 billion pre-tax cost savings by 2020. AXA also confirmed its Solvency II ratio target range between 170%-230%.

The above-mentioned range of 3% to 7% underlying earnings per share CAGR reflects cautious assumptions for interest rates with an annual impact ranging between -5% (corresponding to interest rates remaining at June 21, 2016, levels over the next 5 years) and -1% (reflecting a modest rise in interest rates over the next 5 years). A series of measures under management control (*e.g.* efficiencies, margin improvement, topline growth, M&A) are targeted to contribute 8% underlying earnings per share CAGR, more than offsetting interest rates headwinds.

SIGNIFICANT ACQUISITIONS

AXA completed the acquisition of Charter Ping An in the Philippines and extended Philippines bancassurance partnership

On April 4, 2016, AXA announced that AXA Philippines had completed the acquisition of 100% of Charter Ping An Insurance Co. (Charter Ping An), the #5 non-life insurer in the Philippines [(2)] for a total amount of €40 million [(3)].This acquisition allows AXA to offer Property & Casualty insurance products alongside its current range of Life & Savings products. AXA also extended its successful bancassurance partnership with GT Capital and Metrobank, the #2 bank in the country [(4)], to include the distribution of Property & Casualty insurance products.

(1) Average annual growth over the 5 year plan period; period-to-period results may vary.

(2) Source: Philippines Insurance Commission.

(3) EUR 1 = PHP 52.2981 as of March 31, 2016.

(4) Source: Central Bank of Philippines.

AXA completed the acquisition of Liberty Ubezpieczenia in Poland

On September 30, 2016, AXA announced that it had completed the acquisition of the Polish Property & Casualty operations of Liberty Ubezpieczenia from Liberty Mutual Insurance Group for a total consideration of PLN 101.3 million [(1)] (or €23.5 million [(2)]). This transaction allows AXA to further strengthen its presence in Poland, which is one of the most attractive insurance markets in Central and Eastern Europe.

SIGNIFICANT DISPOSALS

Disposal of two real estate properties in the US

In 2015, the two buildings, "787 7th Avenue" and "1285 Avenue of Americas" located in New York, were reclassified as held for sale. On January 27, 2016, AXA Financial completed the sale of the "787 7th Avenue" fully-owned property, at a sale price of $1,950 million. On May 23, 2016, AXA Financial completed the sale of the "1285 Avenue of Americas" (owned at 50%) for a total sale price of $1,650 million. At December end 2016, a total net exceptional gain for the sale of the two buildings has been recorded in net income for €972 million after tax ($1,075 million after tax).

AXA completed the sale of its Portuguese operations

On April 1, 2016, AXA announced that it had completed the sale of its Portuguese operations to Ageas, including in particular its entire stake in AXA Portugal Companhia de Seguros SA (Property & Casualty business), AXA Portugal Companhia de Seguros de Vida SA (Life & Savings business) as well as AXA Global Direct Seguros y Reaseguros, the Portuguese branch of its direct operations (Direct business) [(3)]. The total cash consideration amounted to €189 million. AXA recorded an exceptional positive impact of €41 million, accounted for in net income in 2016.

AXA to sell its Romanian operations to Vienna Insurance Group

On August 4, 2016, AXA announced that it had entered into an agreement with Vienna Insurance Group to sell its Life & Savings insurance operations in Romania and exit the Romanian market. Under the terms of the agreement, Vienna Insurance Group would acquire 100% of AXA Life Insurance SA [(4)] through its BCR Life and Omniasig entities. Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals.

AXA completed the sale of its UK offshore investment bonds business based in the Isle of Man to Life Company Consolidation Group

On October 21, 2016, AXA announced that it had completed the sale of its UK offshore investment bonds business based in the Isle of Man ("AXA Isle of Man") to Life Company Consolidation Group (LCCG).

AXA also announced that it had signed an agreement with LCCG for the disposal of AXA Life Europe Limited's offshore investment bonds business (€2.2 million revenues in 2015), which was distributed and administrated by AXA Isle of Man. Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to occur in 2017.

AXA completed the sale of its UK Life & Savings businesses to Phoenix Group Holdings & Standard Life plc

On November 1, 2016, AXA announced that it had completed the sale of its UK wrap platform business "Elevate" to Standard Life plc, and of its UK (non-platform) investment, pensions and direct protection ("Sunlife") businesses to Phoenix Group Holdings. AXA UK Property & Casualty, Health and Asset Management ("Architas") operations were not part of these transactions.

The final overall consideration for the sale of the UK Life & Savings businesses amounted to GBP 0.6 billion (or €0.7 billion [(5)]). AXA recorded an exceptional negative P&L impact of €0.5 billion, accounted for in net income in 2016.

(1) Subject to purchase price adjustment.

(2) EUR 1 = PLN 4.3056 as of September 29, 2016 (Source: Bloomberg).

(3) AXA owned 99.7% of the P&C business, 95.1% of the L&S business and 100.0% of the Direct business.

(4) AXA Life Insurance SA is the AXA Life & Savings operating entity in Romania.

(5) EUR 1 = GBP 0,83105 as of June 30, 2016.

AXA completed the sale of its Hungarian banking operations to OTP Bank plc

On November 2, 2016, AXA announced that it had completed the sale of its Hungarian banking operations to OTP bank plc. This transaction is the final step in the repositioning of AXA Bank Europe as a fully focused Belgian retail bank, serving almost one million clients and operating jointly with AXA Insurance in Belgium.

AXA completed the sale of its Serbian operations to Vienna Insurance Group

On December 1, 2016, AXA announced that it had completed the sale of both its Serbian Life & Savings (AXA Životno osiguranje Ado) and Property & Casualty (AXA Neživotno osiguranje Ado) operations in Serbia to Vienna Insurance Group AG [(1)].

AXA completed the sale of its UK P&C commercial broker Bluefin to Marsh

On January 2, 2017, AXA announced that it had completed the sale of Bluefin Insurance Group Ltd ("Bluefin"), its P&C commercial broker in the UK, to Marsh. AXA recorded an exceptional negative impact of €82 million, accounted for in 2016 net income.

PARTNERSHIPS & INNOVATION

Africa Internet Group and AXA partner to provide insurance products and services to African customers

On February 8, 2016, AXA and Africa Internet Group ("AIG"), a leading e-commerce group in Africa announced a partnership whereby AXA would become the exclusive provider of insurance products and services through Jumia and other AIG online and mobile platforms in Africa. As part of the partnership, AXA invested €75 million and owns 6% of the capital of AIG.

AXA expanded operations in Africa by launching a Lloyd's specialty insurance venture with Chaucer

On April 19, 2016, AXA announced that it was targeting the rapidly expanding market for African specialty insurance by partnering with Chaucer, a Lloyd's specialty insurance group. The new venture, named "AXA Africa Specialty Risks", will be dedicated to covering specialty insurance lines in Africa, covering business such as political risks, energy and infrastructures.

AXA, Alibaba and Ant Financial Services announced global strategic partnership

On July 29, 2016, AXA announced that AXA, Alibaba and Ant Financial Services had agreed to engage in a global strategic partnership to jointly explore opportunities to distribute AXA's insurance products and services through Alibaba's global ecommerce ecosystem, benefitting the businesses and consumers that transact *via* Alibaba's marketplaces. The companies will seek to work together to co-innovate and to develop value-added products and services to customers around the world as well as to mutually support each other in developing and exploring new markets and segments.

CAPITAL/DEBT OPERATIONS/OTHER

AXA Ratings

On October 27, 2016, S&P Global Ratings upgraded its long-term financial strength rating of AXA's core operating subsidiaries to 'AA-' with a stable outlook, from 'A+' with a positive outlook.

On September 9, 2016, Moody's Investors Service reaffirmed the 'Aa3' insurance financial strength ratings of AXA's principle insurance subsidiaries, maintaining a stable outlook.

On June 28, 2016, Fitch reaffirmed all AXA entities' insurer financial strength ratings at 'AA-', maintaining a stable outlook.

(1) Vienna Insurance Group AG is the holding company of the Vienna Insurance Group.

Share repurchase program

In order to meet its obligation to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes [(1)], on February 2, 2016, AXA bought back 20,100,000 shares for €460 million. These shares were delivered to the beneficiaries of share-based compensation schemes or canceled, all in accordance with the share repurchase program [(2)].

Shareplan 2016

On December 5, 2016, AXA announced the results of the AXA Group employee share offering ("Shareplan 2016"), a capital increase reserved to its employees worldwide, which had been launched on August 26, 2016. Over 28,000 employees in 36 countries, representing over 24% of the eligible employees, subscribed to Shareplan 2016.

The aggregate proceeds from the offering amounted to over €430 million, for a total of over 24.5 million newly-issued shares, subscribed at a price of €15.53 for the classic plan and €17.73 for the leveraged plan. The new shares are created with full rights as of January 1, 2016.

In order to eliminate the dilutive effect associated with the Shareplan 2016, AXA bought back 23,823,572 shares for €462 million on December 5, 2016. AXA undertook the cancellation of its shares on December 14, 2016 in accordance with its share repurchase program as authorized by the Shareholders' Meeting of April 27, 2016. Following Shareplan 2016, AXA's employees held 5.81% of the share capital and 7.28% of the voting rights.

The total of number of outstanding AXA shares amounted to 2,425,149,130 as of December 31, 2016.

AXA announced the successful placement of €1.5 billion dated subordinated notes due 2047

On March 24, 2016, AXA announced the successful placement of €1.5 billion of Reg S subordinated notes due 2047 to institutional investors to refinance, in advance, part of its outstanding debt. The initial spread over swap is 275 basis points. The initial coupon has been set such as it corresponds to a reoffer yield of 3.462%. It will be fixed until the first call date in July 2027 and floating thereafter with a margin including a 100 basis points step-up. Settlement of the notes took place on March 30, 2016. The notes will be treated as capital from a regulatory and rating agencies' perspective within applicable limits. The transaction has been structured for the notes to be eligible as Tier 2 capital under Solvency II.

AXA announced the successful placement of €500 million senior notes due 2028

On May 11, 2016, AXA announced the successful placement of €500 million of Reg S senior notes due 2028 to institutional investors to refinance, in advance, part of its outstanding debt. The spread over swap is 55 basis points, corresponding to a fixed coupon of 1.125% *per annum*. Settlement of the notes took take place on May 13, 2016.

AXA announced the successful placement of $850 million undated subordinated notes

On September 9, 2016, AXA announced the successful placement, notably to Asian investors, of $850 million of Reg S 4.5% undated subordinated notes to refinance, in advance, part of its outstanding debt. Settlement of the notes took place on September 15, 2016. The notes have been swapped into Euro. The notes will be treated as capital from a regulatory and rating agencies' perspective within applicable limits. The transaction has been structured for the notes to be eligible as Tier 2 capital under Solvency II.

US Department of Labor rule

On April 6, 2016, the US Department of Labor (the "DOL") issued a final rule that significantly expands the range of activities that would be considered to be fiduciary investment advice under the Employee Retirement Income Security Act of 1974 ("ERISA"). Pursuant to the new regulation, advisors and employees, including those affiliated with AXA US, who provide investment-related information and support to retirement plan sponsors, participants, and Individual Retirement Account ("IRA") holders would be subject to enhanced fiduciary duty obligations and requirements. Implementation of the rule is currently scheduled to be phased in, starting in April 2017, with a transition period for certain requirements through January 2018. In February 2017, however, the DOL was directed by executive order and memorandum (the "President's Order and Memorandum") to review the fiduciary rule and determine whether the rule should be rescinded or revised, in light of the new administration's

(1) Stock-options plans and performance shares plans (including the AXA Miles plan).

(2) AXA share repurchase program has been authorized by the Shareholder's Meeting of April 30, 2015.

policies and orientations. On March 2, 2017, the DOL submitted a proposal to delay for sixty days the applicability date of the fiduciary rule and invited comments on both the proposed extension and the examination described in the President's Order and Memorandum. Comments on the proposed extension were due by March 17, 2017, and comments on the President's Order and Memorandum are due by April 17, 2017. While the outcome of the foregoing cannot be anticipated at this time, it is likely to result in implementation of the fiduciary rule being delayed.

While implementation of the rule remains uncertain, and is currently subject to judicial challenge, Management continues to evaluate its potential impact on AXA US. If implemented as planned, the new fiduciary rule may affect the range of services provided by AXA US and its affiliated advisors and firms, as well as the nature and amount of compensation and fees such entities receive which may have a significant adverse effect on AXA US's business and operations.

SOCIAL AND ENVIRONMENT

Emerging customers – AXA launched a global initiative to scale up its protection of tomorrow's emerging middle class

On February 11, 2016, AXA announced a business initiative to contribute to financial inclusion and better serve the middle class of tomorrow by accelerating the development of its Emerging Customer insurance offer across high growth markets.

Building upon its existing micro-insurance schemes developed locally across Asia, Africa and Latin America that currently protect over 3 million emerging customers, AXA has allocated dedicated resources and expertise to address this growth segment, and develop offerings encompassing Life & Savings, Health, Property & Casualty insurance as well as Assistance. AXA intends to develop innovative solutions in this sector, be it in terms of partnerships, products and services, distribution channels or operating models.

In this context, AXA increased to 46% its participation in MicroEnsure (a UK-based leader in the mobile micro-insurance space serving over 20 million emerging customers through partnerships with mobile network operators, banks and microfinance institutions in 17 countries across Asia and Africa). MicroEnsure will become the platform of choice for AXA to develop its emerging customer insurance offer.

AXA Group divests tobacco industry assets

On May 23, 2016, the AXA Group announced its decision to divest its tobacco industry assets, currently valued at approximately €1.8 billion. Equity holdings in tobacco companies were sold immediately, while corporate bonds will be run off. This decision was primarily motivated by the belief that investing in the tobacco industry, which presents a significant net cost to society in terms of externalized health expenses, is not consistent with AXA's new health strategy, which stresses the importance of prevention.

Diversity & Inclusion – EDGE Certification and Global Parental Leave Policy

On September 29, 2016, AXA announced that it was awarded the Economic Dividends for Gender Equality (EDGE) certification, for its global headquarters (GIE AXA Paris), its principal business in France (AXA France) and AXA Technology Services with operations in 16 countries. This certification recognizes AXA's global commitments and actions in achieving and sustaining gender diversity and equality in the workplace.

On December 8, 2016, AXA announced the launch (effective on January 1, 2017) of a parental leave policy for employees in all of the 64 countries in which it operates.

2.3 ACTIVITY REPORT

Activity & Earnings indicators

GROSS REVENUES

(in Euro million)	December 31, 2016	December 31, 2015 restated [c]	December 31, 2016/ December 31, 2015 restated [a] [c]
Life & Savings	60,282	58,862	1.6%
o/w. gross written premiums	*58,686*	*57,216*	-
o/w. fees and revenues from investment contracts with no participating feature	*219*	*236*	-
Property & Casualty	35,604	34,831	3.4%
Asset Management	3,710	3,822	(3.1%)
Banking [b]	596	621	(4.1%)
Holdings and other companies	-	-	
TOTAL	**100,193**	**98,136**	**2.0%**

Revenues are disclosed net of intercompany eliminations.

(a) Changes are on a comparable basis.

(b) Excluding (i) net realized capital gains or losses and (ii) change in the fair value of assets under fair value option and derivatives, net banking revenues and total consolidated revenues respectively amounted to €519 million and €100,115 million for full year 2016 and €565 million and €98,080 million for full year 2015 restated.

(c) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of the International Insurance segment into the Life & Savings and the Property & Casualty segments.

Consolidated gross revenues amounted to €100,193 million as of December 31, 2016, up 2% compared to December 31, 2015, on both reported and comparable basis.

The comparable basis mainly consisted in the adjustment of: (i) the foreign exchange rate movements (€+0.4 billion or +0.4 point) mainly due to the appreciation of average Euro exchange rates against GBP and MXN, (ii) the sale of the Portuguese operations in 2016 (€+0.4 billion or +0.4 point) and (iii) the acquisition of Genworth in France in 2015 (€-0.9 billion or -0.9 point).

In addition, within the Life & Savings segment, both 2015 and 2016 reported figures include the reclassification of some Protection products with Unit-Linked features which were previously classified under the Unit-Linked Line of Business under the Protection & Health Line of Business. This reclassification amounted to €1,932 million in 2015 and €1,801 million in 2016 gross revenues and to €380 million in 2015 and €378 million in 2016 APE.

In the comments below, reported figures, changes on a constant exchange rate basis and changes on a comparable basis are restated in order to reflect the disposal of the United Kingdom Life & Savings operations retroactively accounted for as discontinued operations. As a consequence, both 2016 and 2015 profit & loss contribution from the United Kingdom Life & Savings operations are flowing through net income, but do not impact gross revenues, APE, underlying earnings and adjusted earnings.

LIFE & SAVINGS ANNUAL PREMIUM EQUIVALENT [1]

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]	December 31, 2016/ December 31, 2015 restated [a] [b]
TOTAL	**6,600**	**6,464**	**2.1%**
Protection & Health	2,949	3,025	2.2%
G/A Savings	1,438	943	15.2%
Unit-Linked	1,549	1,837	(10.5%)
Funds & Other	664	658	10.1%
Mature markets	**5,194**	**5,163**	**(0.8%)**
Emerging markets	**1,406**	**1,301**	**13.9%**

(a) Changes are on a comparable basis.

(b) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

Life & Savings New Business APE amounted to €6,600 million, up 2% on both reported and comparable basis. The increase in G/A Savings was primarily driven by higher sales in South-East Asia, India & China, as well as Hong Kong and Japan mainly resulting from the launch of new G/A capital light products, partly offset by Continental Europe. The growth in Protection & Health products was primarily driven by Switzerland, mainly resulting from the sale of a large contract, as well as Hong Kong and Spain. Funds & Other increased mainly following the underwriting of a large and profitable contract in France. This was partly offset by the decrease in Unit-Linked sales primarily driven by AXA MPS in a context of higher regulatory constraints and adverse market conditions.

In emerging markets, APE grew by 14% mainly driven by South-East Asia, India & China (+19% or €+125 million) and Hong Kong (+12% or €+56 million). In mature markets, APE decreased by 1% mainly driven by AXA MPS (-30% or €-91 million) and Belgium (-45% or €-44 million), partly offset by the United States (+3% or €+53 million), France (+2% or €+29 million) and Japan (+7% or €+28 million).

- **G/A Savings APE (€1,438 million, 22% of total)** up 15% (or €+190 million) notably from (i) China (€+126 million) following higher sales of whole life and single premium term products, (ii) Hong Kong (€+54 million) mainly driven by the successful launch of a G/A capital light product and (iii) Japan (€+48 million) following the continued success of the G/A capital light product, partly offset by (iv) France (€-31 million) and (v) Switzerland (€-22 million).
- **Protection & Health APE (€2,949 million, 45% of total)** up 2% (or €+62 million) notably from (i) Switzerland (€+26 million) driven by the sale of a large contract, (ii) Hong Kong (€+22 million) mainly driven by the launch of a new product and the sale of a large Group Health contract, and (iii) Spain (€+13 million) mainly driven by the positive impact from the new distribution agreements with RGA and Caixa Colonya banks.
- **Funds & Other APE (€664 million, 10% of total)** up 10% (or €+60 million) notably from France (€+69 million) driven by the underwriting of a large and profitable contract.
- **Unit-Linked APE (€1,549 million, 23% of total)** down 10% (or €-180 million) notably from (i) AXA MPS (€-133 million) mainly due to the discontinuation of Protected Unit product sales in a context of higher regulatory constraints and adverse market conditions, (ii) Belgium (€-37 million) in line with the strategy to focus on Protection products and to exit the Individual Savings business line, (iii) Hong Kong (€-19 million) following significant regulatory changes as well as the non-repeat of exceptional sales of large contracts in 1H15, partly offset by (iv) the United States (€+63 million) driven by higher sales of non-GMxB Variable Annuity products, partly offset by a decrease in GMxB Variable Annuity sales.

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

PROPERTY & CASUALTY REVENUES

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]	December 31, 2016/ December 31, 2015 restated [a] [b]
TOTAL	**35,604**	**34,831**	**3.4%**
Personal Lines	**18,105**	**18,057**	**3.6%**
o/w Motor	10,398	10,357	3.6%
o/w Non-Motor	7,708	7,701	3.6%
Commercial Lines	**17,217**	**16,631**	**2.3%**
o/w Motor	3,659	3,586	7.1%
o/w Non-Motor	13,558	13,045	1.0%
Mature markets	**27,606**	**26,940**	**2.4%**
Emerging markets	**5,134**	**5,159**	**6.6%**
Direct	**2,864**	**2,732**	**6.7%**

(a) Changes are on a comparable basis.
(b) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

Property & Casualty gross revenues were up 2% on a reported basis and up 3% on a comparable basis to €35,604 million. Personal lines revenues increased by 4%, primarily in Direct, the United Kingdom & Ireland, the EMEA-LATAM Region, France, Germany and Asia. Commercial lines revenues increased by 2% with growth in the United Kingdom & Ireland, the EMEA-LATAM Region, AXA Assistance, partly offset by France. Overall, tariffs increased by 3%.

Personal lines (51% of P&C gross revenues) increased by 4% (or €+645 million) on a comparable basis.

Motor revenues increased by 4% (€+371 million) as a result of tariff increases in the EMEA-LATAM Region, Direct, the United Kingdom & Ireland and Germany, partly offset by negative product mix and volume impacts in the EMEA-LATAM Region:

- **Direct** (+8%) mainly from Poland, the United Kingdom, France, Japan and Spain following tariff increases;
- **the EMEA-LATAM Region** (+11%) reflecting significant tariff increases, mainly in Turkey;
- **the United Kingdom & Ireland** (+12%) mainly due to tariff increases in both Great Britain and Ireland;
- **Germany** (+2%) driven by tariff increases.

Non-Motor revenues increased by 4% (or €+274 million) mainly driven by tariff increases across the board, as well as higher volumes and a positive product mix impact:

- **France** (+4%) mainly driven by higher revenues from assumed business and tariff increases in Household and Property;
- **the United Kingdom & Ireland** (+5%) mainly following strong growth in Health in Great Britain and internationally combined with higher volumes in Property in Great Britain;
- **the EMEA-LATAM Region** (+7%) mainly driven by tariff increases in Health in Mexico and Turkey;
- **Asia** (+7%) mainly from Hong Kong as a result of higher new business volumes in Health.

Commercial lines (48% of P&C gross revenues) increased by 2% (or €+386 million) on a comparable basis.

Motor revenues increased by 7% (or €+253 million):

- **the United Kingdom & Ireland** (+21%) mainly due to increased new business volumes and higher retention rates as well as tariff increases notably in Ireland;
- **the EMEA-LATAM Region** (+10%) reflecting tariff increases in Turkey, higher new business in Mexico and higher volumes in the Gulf Region;
- **AXA Assistance** (+10%) mainly driven by higher new business in Europe and in Mexico;

partly offset by:

- **AXA Corporate Solutions Assurance** (-10%) due to actions undertaken to protect the profitability.

Non-Motor revenues increased by 1% (or €+133 million) mainly reflecting tariff increases across the board as well as higher volumes:

- **the United Kingdom & Ireland** (+3%) from Great Britain as a result of higher volumes in Health and Property;
- **the EMEA-LATAM Region** (+3%) mainly from Mexico driven by tariff increases and new business volumes in Health, Brazil reflecting higher volumes and Colombia due to higher new business volumes in Property, partly offset by the Gulf Region due to the loss of large accounts in Health;
- **Germany** (+4%) mainly in Property driven by new business in SME and Mid-Market;

partly offset by:

- **France** (-5%) as tariff increases were offset by lower volumes notably in Construction in a context of selective underwriting and lower average premium in Property and Liability.

HEALTH REVENUES (AS REPORTED IN LIFE & SAVINGS AND PROPERTY & CASUALTY SEGMENTS)

Health gross revenues were stable on a reported basis and up 4% on a comparable basis to €11,959 million with (i) **France** up 6% (or €+184 million) to €3,399 million driven by the Group business (+8% or €+201 million) mainly from higher volumes in the context of a change in regulation following the Accord National Interprofessionnel (ANI) starting on January 1, 2016, partly offset by a decrease in the Individual business due to negative portfolio developments in the context of the ANI, (ii) **the United Kingdom & Ireland** up 6% (or €+100 million) to €1,824 million driven by both the Group and Individual businesses in Great Britain and internationally, (iii) **Germany** up 3% (or €+89 million) to €2,876 million mainly due to tariff increases and higher new business in full benefit insurance, and (iv) **Mexico** up 14% (or €+81 million) to €573 million mainly driven by tariff increases, partly offset by (v) **the Gulf Region** down 21% (or €-103 million) to €386 million mainly due to the loss of large accounts in the Group business.

ASSET MANAGEMENT REVENUES AND ASSETS UNDER MANAGEMENT

Asset Management revenues decreased by 3% on both reported and comparable basis to €3,710 million from AB (€-82 million) mainly driven by lower management and distribution fees.

Asset Management Average AUM decreased by 1% (or €-11 billion) on a comparable basis to €1,059 billion driven by AXA Investment Managers (-3% or €-16 billion) due to the withdrawal of "Friends Life" assets, partly offset by AB (+1% or €+5 billion) due to market appreciation in the second half of the year.

Asset Management net inflows amounted to €+45 billion driven by AXA Investment Managers (€+56 billion) mainly due to inflows from Asian Joint Ventures (€+39 billion) and other third party clients (€+18 billion), partly offset by AB (€-12 billion) mainly driven by outflows from the Institutional channel.

AB revenues were down 3% (or €-82 million) on a comparable basis to €2,530 million mainly driven by lower management fees as a result of a decline in management fee bps combined with lower distribution fees mainly from the Retail channel.

AB AUM increased by 7% (or €+31 billion) from year-end 2015 to €486 billion as a result of €+26 billion market appreciation, €+14 billion favorable foreign exchange impact and €+2 billion positive scope impact, partly offset by €-12 billion net outflows.

AXA Investment Managers revenues decreased by 3% (or €-38 million) on a comparable basis to €1,180 million mainly driven by lower management and distribution fees.

AXA Investment Managers AUM increased by 7% (or €+48 billion) from year-end 2015 to €717 billion as a result of €+56 billion net inflows, €+9 billion combined market and foreign exchange rate impacts, partly offset by €-18 billion negative scope impact mainly related to the withdrawal of Friends Life assets.

NET BANKING REVENUES

Net banking revenues were down 4% (or €-25 million) mainly from Belgium mainly due to lower interest income on mortgage loans in a context of low interest rates environment.

Underlying earnings, adjusted earnings and net income Group share

(in Euro million)	December 31, 2016	December 31, 2015 restated [c]
Gross written premiums	94,220	91,730
Fees and revenues from investment contracts without participating feature	219	236
Revenues from insurance activities	**94,439**	**91,966**
Net revenues from banking activities	513	560
Revenues from other activities	**5,164**	**5,554**
TOTAL REVENUES [a]	**100,115**	**98,080**
Change in unearned premium reserves net of unearned revenues and fees	**(348)**	**(281)**
Net investment result excluding financing expenses [b]	**23,674**	**16,244**
Technical charges relating to insurance activities [b]	(93,727)	(84,293)
Net result of reinsurance ceded	(590)	(881)
Bank operating expenses	(58)	(71)
Insurance acquisition expenses	(11,394)	(10,190)
Amortization of value of purchased life business in force	(169)	(153)
Administrative expenses	(9,769)	(9,680)
Valuation allowances on tangible assets	(0)	0
Change in value of *goodwill*	(5)	(4)
Other	218	(586)
Other operating income and expenses	**(115,492)**	**(105,860)**
OPERATING EARNINGS BEFORE TAX	**7,949**	**8,184**
Net income from investments in affiliates and associates	239	174
Financing expenses	(252)	(500)
UNDERLYING EARNINGS BEFORE TAX	**7,937**	**7,858**
Income tax expenses	(1,908)	(1,990)
Minority interests	(340)	(362)
UNDERLYING EARNINGS GROUP SHARE	**5,688**	**5,507**
Net realized capital gains or losses attributable to shareholders	415	433
ADJUSTED EARNINGS GROUP SHARE	**6,103**	**5,940**
Profit or loss on financial assets (under fair value option) & derivatives	(118)	(231)
Exceptional operations (including discontinued operations)	387	159
Goodwill and other related intangible impacts	(89)	(74)
Integration and restructuring costs	(454)	(177)
NET INCOME GROUP SHARE	**5,829**	**5,617**

(a) Including (i) net realized capital gains or losses and (ii) change in the fair value of assets under fair value option and derivatives, total consolidated revenues respectively amounted to €100,193 million for full year 2016 and €98,136 million for full year 2015 restated.

(b) For the periods ended December 31, 2016 and December 31, 2015 restated, "the change in fair value of assets backing contracts with financial risk borne by policyholders" impacted the net investment result for respectively €+9,124 million and €+784 million, and benefits and claims by the offsetting amounts respectively.

(c) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

Alternative performance measures

Underlying and Adjusted earnings are Alternative Performance Measures as defined in ESMA's guidelines issued in 2015.

ADJUSTED EARNINGS

Adjusted earnings represent the net income (Group share) as disclosed in Part 5 – "Consolidated Financial Statements" of this Annual Report, before the impact of the following items net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- integration and restructuring costs related to material newly-acquired companies as well as restructuring and associated costs related to productivity improvement plans;
- goodwill and other related intangibles;
- exceptional operations (primarily changes in scope and discontinued operations);
- 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.

UNDERLYING EARNINGS

Underlying earnings correspond to Adjusted earnings excluding net capital gains or losses attributable to shareholders, and including the following elements net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- 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 backing General Account and shareholders' funds.

For further information on those indicators, see Appendix VI Glossary of this Annual Report.

GROUP UNDERLYING EARNINGS

(in Euro million)	December 31, 2016	December 31, 2015 restated [(a)]
Life & Savings	3,507	3,375
Property & Casualty	2,514	2,482
Asset Management	416	458
Banking	78	97
Holdings and other companies	(827)	(906)
UNDERLYING EARNINGS GROUP SHARE	**5,688**	**5,507**

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of the International Insurance segment into the Life & Savings and the Property & Casualty segments.

Group underlying earnings amounted to €5,688 million, up 3% versus 2015 on a reported basis. On a constant exchange rate basis, underlying earnings increased by 3% driven by the Life & Savings, Property & Casualty and Holdings segments.

Life & Savings underlying earnings amounted to €3,507 million. On a reported basis, Life & Savings underlying earnings were up €132 million (or +4%). Excluding the contribution of Genworth and the activities in Portugal and on a constant exchange rate basis, Life & Savings underlying earnings increased by €70 million (or +2%) mainly attributable to the United States (€+60 million), Germany (€+59 million), South-East Asia, India & China (€+31 million), Japan (€+19 million) and Belgium (€+19 million), partly offset by France (€-66 million) and Switzerland (€-38 million) resulting from:

- **lower investment margin** (€-109 million or -4%) mainly in (i) France (€-47 million), (ii) Japan (€-35 million) mainly resulting from the non-repeat of exceptional dividends from a Japanese equity fund in 2015, (iii) the United States (€-34 million) and (iv) Germany (€-31 million) primarily driven by lower reinvestment yields on fixed income assets;

- **lower fees and revenues** (€-231 million or -3%):
  - **loadings on premiums and mutual funds** were down €121 million mainly in (i) Japan (€-122 million) primarily due to a reclassification of loadings on premium to technical margin (€-147 million), (ii) AXA MPS (€-94 million) driven by lower Unearned Revenues Reserves amortization as a consequence of lower surrenders (partly offset in Deferred Acquisition Costs) and (iii) France (€-76 million) mainly due to a lower opening adjustment (€92 million) in Unearned Revenues Reserves (more than offset in Deferred Acquisition Costs), partly offset by (iv) the United States (€+166 million) mainly due the non-repeat of the acceleration of the amortization of deferred premiums loadings in 2015,
  - **Unit-Linked management fees** were down €91 million mainly driven by (i) the United States (€-120 million) reflecting lower average legacy GMxB balances, partly offset by (ii) France (€+41 million) due to higher account value,
  - **other revenues** were down €20 million;
- **higher net technical margin** (€+869 million) mainly attributable to (i) the United States (€+886 million) primarily driven by favorable Variable Annuity GMxB results reflecting the non-repeat of the reserve strengthening for policyholder behavior in 2015, (ii) Japan (€+168 million) mainly due to the above-mentioned reclassification (€147 million) as well as the improved mortality experience, and (iii) Germany (€+87 million) mainly due to an improved margin for Variable Annuity GMxB products (€43 million), partly offset by (iv) France (€-312 million) mainly due to an unfavorable change in prior reserve developments in Group Protection;
- **higher expenses** (€-659 million or +9%) as a result of:
  - **higher acquisition expenses** (€-644 million) mainly in (i) the United States (€-894 million) mainly driven by reactivity to higher Variable Annuity GMxB results and the impact of model and assumption changes in 2015 and 2016, partly offset by (ii) France (€+237 million) reflecting lower Deferred Acquisition Costs amortization (partly offset in Unearned Revenues Reserves) and lower commissions,
  - **higher administrative expenses** (€-15 million) mainly due to the combined effects of inflation, business growth and investments, partly offset by the effects of cost savings programs;
- **higher underlying earnings arising from investment in associates – Equity Method** (€+39 million or +28%) mainly reflecting growth of the portfolios in (i) China (€+20 million) and (ii) Thailand (€+18 million);
- **lower tax expenses and minority interests** (€+177 million or -17%) mainly driven by lower pre-tax underlying earnings and higher positive tax one-offs in the United States (€164 million in 2016 vs. €104 million in 2015) and in Germany (€29 million).

Property & Casualty underlying earnings amounted to €2,514 million. On a reported basis, Property & Casualty underlying earnings were up €31 million (or +1%). Excluding the contribution of Genworth and the activities in Portugal and on a constant exchange rate basis, Property & Casualty underlying earnings increased by €51 million (or +2%) mainly attributable to the EMEA-LATAM Region (€+220 million), France (€+70 million), Direct (€+47 million), partly offset by Germany (€-91 million), Belgium (€-62 million), the United Kingdom & Ireland (€-48 million) and Italy (€-36 million), resulting from:

- **lower net technical result** (€-129 million or -10%) driven by:
  - **current year loss ratio** improved by 0.5 point as a result of (i) an improved claims experience (-0.3 point) mainly driven by AXA Assistance following the cancellation of a loss-making large contract as well as a favorable change in business mix, Switzerland due to an improvement in Workers' Compensation and Germany due to lower natural events combined with (ii) lower Nat Cat charges (-0.2 point) mainly in the United Kingdom & Ireland due to the absence of Nat Cat events in 2016, partly offset by France, mainly due to the June foods (€68 million), and Germany, mainly due to the Marine and Elvira storms (€66 million),
  - **lower positive prior year reserve developments** by 0.3 point to -1.2 points (compared to -1.4 points in 2015) mainly driven by Germany (€-139 million), the United Kingdom & Ireland (€-81 million) and Switzerland (€-56 million), partly offset by the EMEA-LATAM Region (€+227 million, mainly in Turkey) and France (€+118 million),
  - **higher expense ratio** by 0.6 point to 26.9% driven by (i) the acquisition expense ratio up 0.5 point mainly driven by higher commissions following a change in business mix both at AXA Assistance and in the United Kingdom & Ireland combined with (ii) the administrative expenses ratio up 0.1 point mainly from Direct reflecting investments in IT systems in the United Kingdom,

- As a result, the **combined ratio** increased by 0.5 point to 96.5% while current year combined ratio deteriorated by 0.2 point to 97.7%;

- **stable net investment result** primarily driven by (i) the EMEA-LATAM Region (€+41 million) mainly from Turkey as a result of both higher interest rates and average asset base, and (ii) Germany (€+15 million) mainly due to higher private equity dividends, partly offset by (iii) Belgium (€-24 million) due to lower dividend distribution on mutual funds and lower reinvestment yields on fixed income assets, (iv) Switzerland (€-20 million) mainly driven by lower reinvestment yields on fixed income assets and higher foreign exchange hedging costs and (v) Italy (€-17 million) mainly due to the non-repeat of an exceptional distribution from mutual funds;

- **lower tax expenses and minority interests** (€+154 million or -14%) mainly driven by lower pre-tax underlying earnings and lower corporate tax rate in France.

Health underlying earnings (as reported in the Life & Savings and Property & Casualty segments) increased by 5% (or €+21 million) on a comparable basis to €516 million mainly driven by (i) lower expenses and an improved technical result in Japan as well as an improved technical result combined with higher volumes in Germany, partly offset by (ii) a lower technical result in the EMEA-LATAM Region mainly due to the loss of large accounts in the Gulf Region. As a result, the combined ratio improved by 0.2 point to 94.9%.

Asset Management underlying earnings amounted to €416 million. On a constant exchange rate basis, underlying earnings decreased by €37 million (or -8%) attributable to (i) AB (€-35 million) reflecting lower revenues and an unfavorable tax one-off (€-50 million Group share) and (ii) AXA Investment Managers (€-2 million) primarily from lower revenues.

Banking underlying earnings amounted to €78 million. On a constant exchange rate basis, underlying earnings decreased by €19 million (or -19%) mainly attributable to Belgium (€-16 million) as a consequence of lower operating net banking revenues.

Holdings and other companies underlying earnings amounted to €-827 million. On a constant exchange rate basis, underlying earnings increased by €79 million (or +9%) mainly driven by AXA SA as a consequence of lower financial charges mainly reflecting the interest rate management program implemented in the context of lower interest rates.

GROUP ADJUSTED EARNINGS TO NET INCOME

Group net realized capital gains attributable to shareholders amounted to €415 million. On a constant exchange rate basis, Group net realized capital gains and losses attributable to shareholders decreased by €19 million mainly due to:

- €+158 million **higher net realized capital gains** to €880 million mainly driven by higher net realized capital gains on real estate (€+166 million);

- €-120 million **higher impairments** to €-395 million mainly driven by real estate (€-43 million), alternative investments (€-29 million) and fixed income assets (€-24 million);

- €-57 million more **unfavorable intrinsic value** to €-70 million related to equity hedging derivatives.

As a result, **adjusted earnings** amounted to €6,103 million (or +3%). On a constant exchange rate basis, adjusted earnings increased by €167 million (or +3%).

Net income amounted to €5,829 million (or +4%). On a constant exchange rate basis, net income increased by €136 million (or +2%) mainly as a result of:

- higher adjusted earnings (€+167 million);

- positive exceptional and discontinued operations impacts (€+157 million) to €387 million mainly due to the gain on the sale of two real estate properties in New York (€+1.0 billion), partly offset by the losses on the disposals of the Life & Savings operations and Bluefin in the United Kingdom (€-0.5 billion) as well as by the partial write-off at AXA SA of the net deferred tax asset position of the French tax consolidation Group due to the decrease in the corporate tax rate from 34% to 28% enacted in 2016 to be effective as of January 1, 2020 (€-0.1 billion);

- a less unfavorable change in the fair value of financial assets and derivatives net of foreign exchange impacts; up €112 million to €-117 million which can be analyzed as follows:

  - €-197 million from the change in the fair value of hedging derivatives not eligible for hedge accounting under IAS 39,

  - €+40 million favorable foreign exchange rate movements on investments denominated in foreign currencies as well as on change in the fair value of economic hedge derivatives not eligible for hedge accounting under IAS 39,

  - €+40 million from the change in the fair value of assets accounted for under fair value option driven by equity and private equity funds;

partly offset by:

- higher negative impact from integration and restructuring costs (€-284 million) to €-454 million mainly reflecting a redundancy plan in Belgium as well as restructuring costs in Germany and France.

Shareholders' equity

As of December 31, 2016, consolidated shareholders' equity totalled €70.6 billion. The movements in shareholders' equity since December 31, 2015 are presented in the table below:

(in Euro million)	Shareholders' Equity
At December 31, 2015	**68,475**
Share Capital	(3)
Capital in excess of nominal value	(148)
Equity-share based compensation	37
Treasury shares sold or bought in open market	(88)
Deeply subordinated debt (including accumulated interests charges)	(1,512)
Fair value recorded in shareholders' equity	1,698
Impact of currency fluctuations	(150)
Payment of N-1 dividend	(2,656)
Other	(306)
Net income for the period	5,829
Actuarial gains and losses on pension benefits	(580)
At December 31, 2016	**70,597**

Shareholder value

EARNINGS PER SHARE ("EPS")

(in Euro except ordinary shares in million)	December 31, 2016 Basic	December 31, 2016 Fully diluted	December 31, 2015 published Basic	December 31, 2015 published Fully diluted	December 31, 2015 restated [a] Basic	December 31, 2015 restated [a] Fully diluted	December 31, 2016/ December 31, 2015 restated [a] Basic	December 31, 2016/ December 31, 2015 restated [a] Fully diluted
Weighted average number of shares	**2,416**	**2,423**	**2,429**	**2,441**	**2,429**	**2,441**		
Net income (Euro per Ordinary Share)	*2.30*	*2.30*	*2.19*	*2.18*	*2.19*	*2.18*	*5.3%*	*5.5%*
Adjusted earnings (Euro per Ordinary Share)	*2.42*	*2.41*	*2.35*	*2.34*	*2.32*	*2.31*	*4.1%*	*4.3%*
Underlying earnings (Euro per Ordinary Share)	*2.24*	*2.24*	*2.17*	*2.16*	*2.14*	*2.13*	*4.8%*	*5.0%*

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

RETURN ON EQUITY ("ROE")

(in Euro million)	December 31, 2016	December 31, 2015 published	December 31, 2015 restated [c]	December 31, 2016/ December 31, 2015 restated [c]
ROE	**8.8%**	**8.8%**	**8.8%**	**0.0 pt**
Net income	5,829	5,617	5,617	
Average shareholders' equity	66,120	63,721	63,721	
Adjusted ROE	**13.5%**	**14.1%**	**14.0%**	**(0.5 pt)**
Adjusted earnings [a]	5,836	5,703	5,635	
Average shareholders' equity [b]	43,352	40,303	40,303	
Underlying ROE	**12.5%**	**13.1%**	**12.9%**	**(0.4 pt)**
Underlying earnings [a]	5,421	5,269	5,202	
Average shareholders' equity [b]	43,352	40,303	40,303	

(a) Including an adjustment 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: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

Segment information

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:

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**60,459**	**59,038**
APE (Group share)	*6,600*	*6,464*
Investment margin	2,669	2,781
Fees & revenues	8,008	8,095
Net technical margin	1,498	529
Expenses	(7,796)	(6,977)
Amortization of VBI	(169)	(153)
Other	178	138
Underlying earnings before tax	**4,388**	**4,413**
Income tax expenses/benefits	(804)	(940)
Minority interests	(76)	(98)
Underlying earnings Group share	**3,507**	**3,375**
Net capital gains or losses attributable to shareholders net of income tax	250	265
Adjusted earnings Group share	**3,757**	**3,640**
Profit or loss on financial assets (under Fair Value option) & derivatives	34	(123)
Exceptional operations (including discontinued operations)	(447)	280
Goodwill and other related intangibles impacts	(20)	(11)
Integration and restructuring costs	(128)	(33)
NET INCOME GROUP SHARE	**3,196**	**3,753**

(a) Before intercompany eliminations.

(b) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

CONSOLIDATED GROSS REVENUES

(in Euro million)	December 31, 2016	December 31, 2015 restated [d]
France	17,095	16,005
United States	14,305	13,629
United Kingdom	-	-
Japan	5,161	4,194
Germany	6,697	6,684
Switzerland	7,044	7,177
Belgium	1,210	1,716
Italy	3,412	4,086
Spain	798	760
EMEA-LATAM Region [a]	1,095	1,286
Hong Kong	2,769	2,540
South-East Asia, India & China [b]	606	522
Other [c]	267	442
TOTAL	**60,459**	**59,038**
Intercompany transactions	(177)	(176)
Contribution to consolidated gross revenues	**60,282**	**58,862**
Mature markets	56,020	54,861
Emerging markets	4,262	4,001

(a) EMEA-LATAM Region includes Portugal, Greece, Turkey, Morocco, Mexico, Colombia, Poland, Czech Republic, Slovak Republic and Luxembourg.
(b) South-East Asia, India & China revenues include Singapore and non bancassurance subsidiaries in Indonesia.
(c) Other corresponds to AXA Life Invest (excluding Germany & Japan), Architas, AXA Global Life, AXA Corporate Solutions Life Reinsurance Company and Family Protect.
(d) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

UNDERLYING EARNINGS GROUP SHARE

(in Euro million)	December 31, 2016	December 31, 2015 restated [d]
France	774	825
United States	905	834
United Kingdom	(0)	0
Japan	480	412
Germany	223	165
Switzerland	287	328
Belgium	182	163
Italy	76	98
Spain	44	48
EMEA-LATAM Region [a]	49	67
Hong Kong	366	353
South-East Asia, India & China [b]	174	145
Other [c]	(52)	(63)
UNDERLYING EARNINGS GROUP SHARE	**3,507**	**3,375**
Mature markets	2,924	2,827
Emerging markets	583	548

(a) EMEA-LATAM Region includes Portugal, Greece, Turkey, Morocco, Mexico, Colombia, Nigeria, Poland, Czech Republic, Slovak Republic and Luxembourg.
(b) South-East Asia, India & China earnings include Indonesia, Thailand, Philippines, China, India and Singapore.
(c) Other corresponds to AXA Life Invest (excluding Germany & Japan), Architas, AXA Global Life, AXA Corporate Solutions Life Reinsurance Company and Family Protect.
(d) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.

Property & Casualty segment

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

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**35,970**	**35,241**
Current accident year loss ratio (net)	70.8%	71.9%
All accident year loss ratio (net)	69.6%	70.5%
Net technical result before expenses	**10,800**	**10,324**
Expense ratio	26.9%	25.7%
Net investment result	2,202	2,266
Underlying earnings before tax	**3,431**	**3,584**
Income tax expenses/benefits	(915)	(1,091)
Net income from investments in affiliates and associates	48	30
Minority interests	(51)	(41)
Underlying earnings Group share	**2,514**	**2,482**
Net capital gains or losses attributable to shareholders net of income tax	175	159
Adjusted earnings Group share	**2,688**	**2,642**
Profit or loss on financial assets (under Fair Value option) & derivatives	66	(35)
Exceptional operations (including discontinued operations)	27	(5)
Goodwill and other related intangibles impacts	(69)	(64)
Integration and restructuring costs	(297)	(124)
NET INCOME GROUP SHARE	**2,415**	**2,414**

(a) Before intercompany eliminations. Gross Revenues amounted to €35,604 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

CONSOLIDATED GROSS REVENUES

(in Euro million)	December 31, 2016	December 31, 2015 restated [e]
France	6,786	6,077
United Kingdom & Ireland	4,716	4,879
Germany	4,045	3,945
Switzerland	3,095	3,109
Belgium	2,095	2,029
Italy	1,564	1,569
Spain	1,577	1,551
EMEA-LATAM Region [a]	4,239	4,517
Direct [b]	2,866	2,735
Asia [c]	1,111	1,108
AXA Corporate Solutions Assurance	2,325	2,265
AXA Assistance	1,449	1,371
Other [d]	103	87
TOTAL	**35,970**	**35,241**
Intercompany transactions	(366)	(410)
Contribution to consolidated gross revenues	**35,604**	**34,831**
Mature markets	27,606	26,940
Emerging markets	5,134	5,159
Direct	2,864	2,732

(a) EMEA-LATAM Region includes other than Direct operations in Portugal, Greece, Turkey, Morocco, Gulf Region, Mexico, Colombia, Brazil and Luxembourg.
(b) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, United Kingdom, South Korea and Japan.
(c) Asia includes Hong Kong, Malaysia, Singapore and Thailand.
(d) Other corresponds to AXA Liabilities Managers and AXA Global P&C.
(e) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

COMBINED RATIO

(in %)	December 31, 2016	December 31, 2015 restated [d]
TOTAL	**96.5%**	**96.2%**
France	94.5%	95.3%
United Kingdom & Ireland	98.9%	97.6%
Germany	97.3%	93.6%
Switzerland	86.2%	86.0%
Belgium	95.2%	91.0%
Italy	94.7%	90.6%
Spain	98.0%	99.7%
EMEA-LATAM Region [a]	102.9%	107.9%
Direct [b]	96.8%	98.0%
Asia [c]	95.3%	94.0%
AXA Corporate Solutions Assurance	101.2%	98.6%
AXA Assistance	98.0%	96.7%
Mature markets	95.6%	94.2%
Emerging markets	101.8%	105.6%
Direct	96.8%	98.0%

(a) EMEA-LATAM Region includes other than Direct operations in Portugal, Greece, Turkey, Morocco, Gulf Region, Mexico, Colombia, Brazil and Luxembourg. Excluding RESO - RESO combined ratio amounted to 86.3% as of December 31, 2016.
(b) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, United Kingdom, South Korea and Japan.
(c) Asia includes Hong Kong, Singapore, Malaysia and Thailand.
(d) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

UNDERLYING EARNINGS GROUP SHARE

(in Euro million)	December 31, 2016	December 31, 2015 restated [e]
France	598	507
United Kingdom & Ireland	203	273
Germany	286	378
Switzerland	474	503
Belgium	179	241
Italy	110	147
Spain	92	70
EMEA-LATAM Region [a]	144	(76)
Direct [b]	168	135
Asia [c]	49	53
AXA Corporate Solutions Assurance	122	134
AXA Assistance	13	25
Other [d]	75	94
UNDERLYING EARNINGS GROUP SHARE	**2,514**	**2,482**
Mature markets	2,173	2,380
Emerging markets	172	(32)
Direct	168	135

(a) EMEA-LATAM Region includes other than Direct operations in Portugal, Greece, Turkey, Morocco, Gulf Region, Mexico, Lebanon, Colombia, Nigeria, Brazil, Luxembourg and RESO.
(b) Direct business in France, Belgium, Spain, Portugal, Italy, Poland, the United Kingdom, South Korea and Japan.
(c) Asia includes India, Hong Kong, China, Malaysia, Singapore and Thailand.
(d) Other corresponds to AXA Liabilities Managers and AXA Global P&C.
(e) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

Asset Management segment

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

CONSOLIDATED GROSS REVENUES

(in Euro million)	December 31, 2016	December 31, 2015
AB	2,642	2,690
AXA Investment Managers	1,545	1,604
TOTAL	**4,187**	**4,295**
Intercompany transactions	(476)	(473)
Contribution to consolidated gross revenues	**3,710**	**3,822**

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME GROUP SHARE

(in Euro million)	December 31, 2016	December 31, 2015
AB	191	224
AXA Investment Managers	225	234
Underlying earnings Group share	**416**	**458**
Net realized capital gains or losses attributable to shareholders	-	-
Adjusted earnings Group share	**416**	**458**
Profit or loss on financial assets (under Fair Value option) & derivatives	31	10
Exceptional operations (including discontinued operations)	36	27
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	(9)	(13)
NET INCOME GROUP SHARE	**474**	**482**

Banking segment

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

CONSOLIDATED GROSS REVENUES

(in Euro million)	December 31, 2016	December 31, 2015
AXA Banks [a]	**550**	**581**
Belgium [b]	375	402
France	141	152
Hungary	13	6
Germany	21	22
Other	**6**	**5**
TOTAL	**556**	**586**
Intercompany transactions	40	35
Contribution to consolidated gross revenues	**596**	**621**

(a) Of which AXA Bank Europe and its branches: €388 million.
(b) Includes commercial activities in Belgium and shared services of AXA Bank Europe (treasury and support functions).

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME GROUP SHARE

(in Euro million)	December 31, 2016	December 31, 2015
AXA Banks	**80**	**99**
Belgium	74	90
France	1	5
Hungary	-	-
Germany	5	4
Other	**(2)**	**(2)**
Underlying earnings Group share	**78**	**97**
Net realized capital gains or losses attributable to shareholders	(0)	0
Adjusted earnings Group share	**78**	**97**
Profit or loss on financial assets (under Fair Value option) & derivatives	19	33
Exceptional operations (including discontinued operations)	18	(71)
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	(15)	(10)
NET INCOME GROUP SHARE	**100**	**49**

Holdings and other companies

The Holdings and other companies consist of AXA's non-operating companies, including mainly the AXA parent company, AXA France Assurance, AXA Financial, AXA United Kingdom Holdings, AXA Germany Holdings, AXA Belgian Holding and EMEA-LATAM Region Holdings.

UNDERLYING, ADJUSTED EARNINGS AND NET INCOME GROUP SHARE

(in Euro million)	December 31, 2016	December 31, 2015
AXA	(773)	(833)
Other French holding companies	5	(16)
Foreign holding companies	(59)	(58)
Other	0	1
Underlying earnings Group share	**(827)**	**(906)**
Net realized capital gains or losses attributable to shareholders	(9)	9
Adjusted earnings Group share	**(836)**	**(897)**
Profit or loss on financial assets (under Fair Value option) & derivatives	(268)	(115)
Exceptional operations (including discontinued operations)	752	(71)
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	(5)	3
NET INCOME GROUP SHARE	**(357)**	**(1,081)**

Segment information by entity

Life & Savings segment

LIFE & SAVINGS OPERATIONS – FRANCE

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**17,095**	**16,005**
APE (Group share)	*1,824*	*1,760*
Investment margin	1,151	1,190
Fees & revenues	1,771	1,810
Net technical margin	492	716
Expenses	(2,390)	(2,518)
Amortization of VBI	-	-
Other	9	9
Underlying earnings before tax	**1,032**	**1,208**
Income tax expenses/benefits	(256)	(380)
Minority interests	(2)	(2)
Underlying earnings Group share	**774**	**825**
Net capital gains or losses attributable to shareholders net of income tax	105	114
Adjusted earnings Group share	**879**	**939**
Profit or loss on financial assets (under Fair Value option) & derivatives	16	68
Exceptional operations (including discontinued operations)	2	(18)
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(29)	-
NET INCOME GROUP SHARE	**868**	**989**

(a) Before intercompany eliminations. Gross Revenues amounted to €17,010 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of AXA Life Europe operations into AXA Life Invest (included in Life & Savings – Other).

In the comments below, the comparable basis excludes the contribution of Genworth entities, consolidated starting from December 31, 2015.

Gross revenues increased by €1,090 million (+7%) to €17,095 million. On a comparable basis, gross revenues increased by €920 million (+6%):

- *Protection & Health* revenues (43% of gross revenues) increased by €345 million (+5%) to €7,302 million reflecting a €318 million increase in Group Protection & Health mainly driven by higher volumes in the context of a change in regulation following the *Accord National Interprofessionnel* (ANI) effective since January 1, 2016, and a €44 million increase in Individual Protection reflecting a significant growth in new contracts, partly offset by a €17 million decrease in Individual Health due to negative portfolio developments in the context of the ANI;
- *G/A Savings* revenues (33% of gross revenues) decreased by €146 million (-3%) to €5,599 million in line with the strategy to focus on products with a significant Unit-Linked component;
- *Unit-Linked* revenues (18% of gross revenues) increased by €32 million (+1%) to €3,108 million stemming from a €108 million increase in Group Retirement reflecting a significant growth in additional and recurring premiums on existing contracts, partly offset by a decrease in Individual Savings (€-76 million) reflecting unfavorable market conditions at the beginning of the year;
- *Funds & Other* revenues (6% of gross revenues) increased by €689 million (+221%) to €1,001 million due to the sale of a large and profitable contract in 2016.

APE increased by €63 million (+4%) to €1,824 million. On a comparable basis, APE increased by €29 million (+2%):

- *Protection & Health* sales (48% of APE) increased by €4 million (+0%) to €873 million mainly driven by an increase in Group Health in the context of the ANI and in Individual Protection reflecting an increase in average premium;
- *G/A Savings* sales (28% of APE) decreased by €31 million (-6%) to €518 million in line with the strategy to focus on products with a significant Unit-Linked component;
- *Unit-Linked* sales (18% of APE) decreased by €12 million (-4%) to €332 million reflecting unfavorable market conditions at the beginning of the year;
- *Funds & Other* sales (5% of APE) increased by €69 million (+221%) to €100 million due to the sale of a large and profitable contract in 2H16.

Investment margin decreased by €40 million (-3%) to €1,151 million. On a comparable basis, investment margin decreased by €47 million (-4%) mainly due to lower reinvestment yields, partly offset by the decrease in interests credited to policyholders.

Fees & revenues decreased by €39 million (-2%) to €1,771 million. On a comparable basis, fees & revenues decreased by €40 million (-2%) mainly due to a lower opening adjustment (€-92 million) in Unearned Revenues Reserves (more than offset in Deferred Acquisition Costs), partly offset by a €24 million increase in loadings on premiums mainly driven by higher volumes in Protection & Health as well as a €34 million increase in Unit-Linked management fees due to higher account value.

Net technical margin decreased by €224 million (-31%) to €492 million. On a comparable basis, net technical margin decreased by €312 million (-44%) mainly due to an unfavorable change in prior year reserves development in Group Protection (€-209 million) mainly from the non-repeat of positive developments in 2015, as well as the non-repeat of a favorable change in assumptions in Individual Protection in 2015 (€50 million).

Expenses decreased by €128 million (-5%) to €-2,390 million. On a comparable basis, expenses decreased by €210 million (-8%) mostly due to the opening adjustment of Deferred Acquisition Costs (€123 million, partly offset in Unearned Revenues Reserves) and lower commissions as well as lower general expenses.

As a result, the **underlying cost income ratio** increased by 2.3 points to 70.0%. On a comparable basis, the underlying cost income ratio increased by 1.8 points.

Income tax expenses decreased by €124 million (-33%) to €-256 million. On a comparable basis, income tax expenses decreased by €123 million (-32%) driven by lower pre-tax underlying earnings and a decrease in the corporate tax rate from 38% to 34.43%.

Underlying earnings decreased by €52 million (-6%) to €774 million. On a comparable basis, underlying earnings decreased by €66 million (-8%).

Adjusted earnings decreased by €60 million (-6%) to €879 million. On a comparable basis, adjusted earnings decreased by €74 million (-8%) driven by lower underlying earnings and lower net realized capital gains (€-8 million).

Net income decreased by €121 million (-12%) to €868 million. On a comparable basis, net income decreased by €131 million (-13%) driven by lower adjusted earnings, an unfavorable change in the fair value of interest rate and foreign exchange derivatives not eligible for hedge accounting and higher restructuring costs, partly offset by realized gains on the disposal of AXA Portugal and a favorable change in the fair value of mutual funds.

LIFE & SAVINGS OPERATIONS – UNITED STATES

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**14,305**	**13,629**
APE (Group share)	*1,732*	*1,656*
Investment margin	562	590
Fees & revenues	2,650	2,572
Net technical margin	124	(763)
Expenses	(2,382)	(1,507)
Amortization of VBI	(10)	(2)
Other	-	-
Underlying earnings before tax	**945**	**890**
Income tax expenses/benefits	(40)	(56)
Minority interests	0	(0)
Underlying earnings Group share	**905**	**834**
Net capital gains or losses attributable to shareholders net of income tax	8	(5)
Adjusted earnings Group share	**913**	**828**
Profit or loss on financial assets (under Fair Value option) & derivatives	(37)	(29)
Exceptional operations (including discontinued operations)	1	-
Goodwill and other related intangibles impacts	(0)	(0)
Integration and restructuring costs	(13)	(2)
NET INCOME GROUP SHARE	**863**	**798**
Average exchange rate : €1.00 = $	*1.105*	*1.119*

(a) Before intercompany eliminations. Gross Revenues amounted to €14,303 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of Accident & Health run-off portfolio from the International Insurance segment into the United States Life & Savings operations.

Gross revenues increased by €677 million (+5%) to €14,305 million. On a comparable basis, gross revenues increased by €493 million (+4%):

- *Variable Annuity* revenues (71% of gross revenues) increased by €525 million (+6%) to €10,196 million due to strong sales of non-GMxB Variable Annuity products, partly offset by a decrease in GMxB Variable Annuity sales;
- *Life* revenues (20% of gross revenues) increased by €10 million (+0%) to €2,925 million primarily driven by higher renewals mostly offset by lower sales of Protection products;
- *Asset Management* fees (7% of gross revenues) decreased by €36 million (-4%) to €947 million, reflecting unfavorable market conditions and lower average asset balances;
- *Mutual funds* revenues (2% of gross revenues) decreased by €5 million (-2%) to €237 million, reflecting lower advisory fees and lower sales.

APE increased by €75 million (+5%) to €1,732 million. On a comparable basis, APE increased by €53 million (+3%):

- *Variable Annuity* sales (60% of APE) increased by €81 million (+9%) to €1,033 million due to higher sales of non-GMxB Variable Annuity products, partly offset by a decrease in GMxB Variable Annuity sales;
- *Mutual funds* sales (30% of APE) decreased by €6 million (-1%) to €517 million due to lower advisory account sales reflecting unfavorable market conditions;
- *Life* sales (10% of APE) decreased by €22 million (-11%) to €183 million driven by lower sales in Protection.

Investment margin decreased by €27 million (-5%) to €562 million. On a constant exchange rate basis, investment margin decreased by €34 million (-6%) mainly driven by lower reinvestment yields on fixed income assets and lower distributions from private equity investments.

Fees & revenues increased by €78 million (+3%) to €2,650 million. On a constant exchange rate basis, fees & revenues increased by €44 million (+2%) mainly due to the non-repeat of the acceleration of the amortization of deferred premiums loadings in 2015, partly offset by lower Unit-Linked management fees reflecting lower average legacy GMxB balances.

Net technical margin increased by €887 million to €124 million. On a constant exchange rate basis, net technical margin increased by €886 million due to favorable Variable Annuity GMxB results reflecting the non-repeat of the reserves strengthening for policyholder behavior in 2015.

Expenses increased by €875 million (+58%) to €-2,382 million. On a constant exchange rate basis, expenses increased by €844 million (+56%):

- expenses excluding Deferred Acquisition Costs amortization decreased by €44 million due to lower asset-based sales compensation as a result of lower average balances and lower mutual funds sales;
- Deferred Acquisition Costs amortization increased by €888 million mainly driven by reactivity to higher Variable Annuity GMxB results and the impact of model and assumption changes in 2015 and 2016.

Amortization of VBI increased by €9 million to €-10 million. On a constant exchange rate basis, amortization of VBI increased by €8 million.

As a result, the **underlying cost income ratio** increased by 8.8 points to 71.7% mainly driven by higher expenses.

Income tax expenses decreased by €16 million (-29%) to €-40 million. On a constant exchange rate basis, income tax expenses decreased by €17 million (-29%) as higher pre-tax underlying earnings were more than offset by higher positive tax settlements and one-offs (€164 million in 2016 vs. €104 million in 2015).

Underlying earnings increased by €71 million (+9%) to €905 million. On a constant exchange rate basis, underlying earnings increased by €60 million (+7%).

Adjusted earnings increased by €84 million (+10%) to €913 million. On a constant exchange rate basis, adjusted earnings increased by €72 million (+9%) driven by higher underlying earnings and higher net realized capital gains.

Net income increased by €65 million (+8%) to €863 million. On a constant exchange rate basis, net income increased by €54 million (+7%) due to higher adjusted earnings partly offset by mark-to-market effects.

LIFE & SAVINGS OPERATIONS – UNITED KINGDOM

(in Euro million)	December 31, 2016	December 31, 2015 restated [(a)]
Gross revenues	**-**	**-**
APE (Group share)	-	-
Investment margin	-	-
Fees & revenues	-	-
Net technical margin	-	-
Expenses	-	-
Amortization of VBI	-	-
Other	-	-
Underlying earnings before tax	**-**	**-**
Income tax expenses/benefits	-	-
Minority interests	(0)	0
Underlying earnings Group share	**(0)**	**0**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**(0)**	**0**
Profit or loss on financial assets (under Fair Value option) & derivatives	-	-
Exceptional operations (including discontinued operations)	(439)	68
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**(439)**	**68**
Average exchange rate : €1.00 = £	*0.819*	*0.731*

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

Following announcements of the disposal, the UK Life & Savings contribution has been restated as discontinued operations for both 2015 and 2016. As a consequence, the profit and loss contribution of the business has been recognized in net income.

Net income decreased by €507 million to €-439 million. On a constant exchange rate basis, net income decreased by €560 million mainly reflecting the loss related to the disposal of the UK Life and Savings operations (€-457 million).

LIFE & SAVINGS OPERATIONS – JAPAN

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**5,161**	**4,194**
APE (Group share)	*499*	*418*
Investment margin	0	35
Fees & revenues	1,327	1,319
Net technical margin	241	48
Expenses	(870)	(782)
Amortization of VBI	(17)	(23)
Other	-	-
Underlying earnings before tax	**682**	**597**
Income tax expenses/benefits	(195)	(180)
Minority interests	(6)	(5)
Underlying earnings Group share	**480**	**412**
Net capital gains or losses attributable to shareholders net of income tax	19	(0)
Adjusted earnings Group share	**499**	**411**
Profit or loss on financial assets (under Fair Value option) & derivatives	69	(119)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**568**	**292**
Average exchange rate : €1.00 = Yen	*121.228*	*135.357*

(a) Before intercompany eliminations. Gross Revenues amounted to €5,161 million net of intercompany eliminations as of December 31, 2016.

Gross revenues increased by €967 million (+23%) to €5,161 million. On a comparable basis, gross revenues increased by €428 million (+10%):

- *Protection & Health* revenues (75% of gross revenues) increased by €51 million (+1%) to €3,864 million mainly reflecting higher new business in Protection with Savings (€+82 million) and higher in-force revenues from Health products (€+10 million), partly offset by a decrease in the in-force revenues from the portfolios of Increasing Term, Increasing Term Rider, Whole Life, Endowment (run-off portfolios) and Group Life products (€-41 million);
- *G/A Savings* revenues (25% of gross revenues) increased by €514 million (+81%) to €1,285 million mainly due to the continued success of the G/A capital light Single Premium Whole Life product;
- *Unit-Linked* revenues (0% of gross revenues) decreased by €136 million (-93%) to €12 million due to lower sales of Variable Annuity products (€-135 million) in line with the strategic decision to stop sales.

APE increased by €81 million (+19%) to €499 million. On a comparable basis, APE increased by €28 million (+7%):

- *Protection & Health* sales (84% of APE) decreased by €6 million (-2%) to €417 million mainly due to lower new business in Health in the context of strong competition, partly offset by higher sales in Protection with Savings (€+2 million) reflecting client appetite and continued commercial efforts;
- *G/A Savings* sales (16% of APE) increased by €48 million (+192%) to €81 million due to the continued success of the G/A capital light Single Premium Whole Life product (€+48 million);
- *Unit-Linked* sales (0% of APE) decreased by €14 million (-100%) to €0 million due to Variable Annuity products (€-14 million) following the above-mentioned strategic decision to stop sales.

Investment margin decreased by €35 million (-100%) to €0 million mainly due to the non-repeat of exceptional dividends from a Japanese equity fund in 2015.

Fees & revenues increased by €8 million (+1%) to €1,327 million. On a constant exchange rate basis, fees & revenues decreased by €130 million (-10%) mainly due to a reclassification of loadings on premiums to surrender margin (€-147 million), partly offset by higher volumes from Protection & Health products and higher Unearned Revenues Reserves amortization of Variable Annuity products (partly offset in Deferred Acquisition Costs amortization).

Net technical margin increased by €193 million to €241 million. On a constant exchange rate basis, net technical margin increased by €168 million mainly due to the above-mentioned reclassification (€+147 million) as well as the improved mortality experience and various assumption updates, partly offset by lower surrender margin and deteriorated hedging results on Variable Annuity products reflecting higher equity market volatility.

Expenses increased by €88 million (+11%) to €-870 million. On a constant exchange rate basis, expenses decreased by €3 million (0%) mainly due to lower Deferred Acquisition Costs amortization driven by the above-mentioned assumption updates, partly offset by higher amortization relating to the Variable Annuity products (more than offset in Unearned Revenues Reserves).

Amortization of VBI decreased by €6 million (-27%) to €-17 million. On a constant exchange rate basis, amortization of VBI decreased by €8 million (-34%) mainly due to favorable assumption changes.

As a result, the **underlying cost income ratio** decreased by 0.9 point to 56.5%.

Income tax expenses increased by €16 million (+9%) to €-195 million. On a constant exchange rate basis, income tax expenses decreased by €5 million (-3%) mainly due to a decrease in corporate tax rate, partly offset by higher pre-tax underlying earnings.

Underlying earnings increased by €68 million (+17%) to €480 million. On a constant exchange rate basis, underlying earnings increased by €19 million (+5%).

Adjusted earnings increased by €88 million (+21%) to €499 million. On a constant exchange rate basis, adjusted earnings increased by €37 million (+9%) mainly due to higher underlying earnings as well as higher net realized capital gains.

Net income increased by €276 million (+94%) to €568 million. On a constant exchange rate basis, net income increased by €217 million (+74%) mainly due to higher adjusted earnings as well as a favorable change in the fair value of both mutual funds and interest rate hedging derivatives not eligible for hedge accounting.

LIFE & SAVINGS OPERATIONS – GERMANY

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**6,697**	**6,684**
APE (Group share)	*382*	*373*
Investment margin	147	178
Fees & revenues	310	269
Net technical margin	124	37
Expenses	(257)	(184)
Amortization of VBI	(35)	(50)
Other	-	-
Underlying earnings before tax	**289**	**249**
Income tax expenses/benefits	(65)	(84)
Minority interests	(1)	(0)
Underlying earnings Group share	**223**	**165**
Net capital gains or losses attributable to shareholders net of income tax	44	30
Adjusted earnings Group share	**267**	**195**
Profit or loss on financial assets (under Fair Value option) & derivatives	25	(10)
Exceptional operations (including discontinued operations)	(1)	(0)
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(29)	(1)
NET INCOME GROUP SHARE	**262**	**184**

(a) Before intercompany eliminations. Gross Revenues amounted to €6,662 million net of intercompany eliminations as of December 31, 2016.

Gross revenues increased by €14 million (+0%) to €6,697 million. On a comparable basis, gross revenues increased by €12 million (+0%):

- *Life* revenues (57% of gross revenues) decreased by €77 million (-2%) to €3,786 million driven by lower single premiums mainly from hybrid products after re-pricing measures and lower revenues from run-off portfolios mainly in Protection with Savings, partly offset by higher regular premiums from hybrid and Pure Protection products;
- *Health* revenues (43% of gross revenues) increased by €89 million (+3%) to €2,876 million mainly due to tariff increases and higher new business in full benefit insurance, notably in the civil servant segment.

APE increased by €9 million (+2%) to €382 million. On a comparable basis, APE increased by €9 million (+2%):

- *Life* sales (72% of APE) increased by €5 million (+2%) to €273 million due to higher regular premiums in Unit-Linked and Pure Protection, partly offset by lower single premiums from hybrid products while regular premiums remained stable;
- *Health* sales (28% of APE) increased by €4 million (+3%) to €109 million mainly driven by higher sales of full benefit products.

Investment margin decreased by €31 million (-17%) to €147 million mainly due to lower re-investment yields.

Fees & revenues increased by €41 million (+15%) to €310 million from Health due to higher volumes and a decrease in policyholder participation.

Net technical margin increased by €87 million (+234%) to €124 million mainly due to an improved margin for Variable Annuity GMxB products (€+43 million), reflecting the new hedging strategy implemented in 2015 and the non-repeat of related one-off transaction costs, as well as an improved technical margin in Health.

Expenses increased by €73 million (+40%) to €-257 million mainly due to the non-repeat of the favorable one-off impact of the reduction of the deferred policyholder participation in 2015 in Life, higher acquisition costs related to new business in Life and Health, and higher pension costs which partly offset the gain in holdings.

Amortization of VBI decreased by €16 million (-31%) to €-35 million due to the non-repeat of the unfavorable one-off impact of updated lower interest rate assumptions in 2015.

As a result, the **underlying cost income ratio** increased by 1.8 points to 50.3%.

Income tax expenses decreased by €19 million (-23%) to €-65 million mainly due to positive tax one-offs (€+29 million).

Underlying earnings increased by €59 million (+36%) to €223 million.

Adjusted earnings increased by €73 million (+37%) to €267 million mainly due to higher underlying earnings as well as higher net realized capital gains from fixed income assets (€+14 million).

Net income increased by €78 million (+43%) to €262 million mainly due to higher adjusted earnings and a favorable change in the fair value of fixed income securities and economic hedge derivatives not eligible for hedge accounting, partly offset by higher restructuring costs.

LIFE & SAVINGS OPERATIONS – SWITZERLAND

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**7,044**	**7,177**
APE (Group share)	*301*	*313*
Investment margin	212	205
Fees & revenues	347	348
Net technical margin	203	225
Expenses	(333)	(326)
Amortization of VBI	(77)	(44)
Other	-	-
Underlying earnings before tax	**351**	**408**
Income tax expenses/benefits	(63)	(80)
Minority interests	(0)	(0)
Underlying earnings Group share	**287**	**328**
Net capital gains or losses attributable to shareholders net of income tax	7	42
Adjusted earnings Group share	**294**	**370**
Profit or loss on financial assets (under Fair Value option) & derivatives	(24)	(5)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(7)	(7)
Integration and restructuring costs	(1)	-
NET INCOME GROUP SHARE	**262**	**358**
Average exchange rate : €1.00 = Swiss Franc	*1.089*	*1.078*

(a) Before intercompany eliminations. Gross Revenues amounted to €7,044 million net of intercompany eliminations as of December 31, 2016.

Gross revenues decreased by €132 million (-2%) to €7,044 million. On a comparable basis, gross revenues decreased by €55 million (-1%):

- *Group Life* revenues (87% of gross revenues) increased by €128 million (+2%) to €6,138 million driven by the successful sale of a large contract;
- *Individual Life* revenues (13% of gross revenues) decreased by €189 million (-17%) to €906 million driven by lower sales of single premium products, partly offset by higher sales of regular premium Protection products in line with the strategy.

APE decreased by €12 million (-4%) to €301 million. On a comparable basis, APE increased by €4 million (+1%):

- *Group Life* sales (70% of APE) increased by €27 million (+15%) to €211 million driven by the successful sale of a large contract;
- *Individual Life* sales (30% of APE) decreased by €23 million (-20%) to €89 million mainly driven by lower sales of the single premium Protect Star product.

Investment margin increased by €7 million (+4%) to €212 million. On a constant exchange rate basis, investment margin increased by €10 million (+5%) due to a lower allocation of policyholder participation, partly offset by lower reinvestment yields on fixed income assets, higher foreign exchange hedging costs and lower private equity distributions.

Fees & revenues decreased by €1 million (0%) to €347 million. On a constant exchange rate basis, fees & revenues increased by €2 million (+1%) driven by higher Unit-Linked management fees.

Net technical margin decreased by €23 million (-10%) to €203 million. On a constant exchange rate basis, net technical margin decreased by €21 million (-9%) driven by the non-repeat of a favorable development of the disability and mortality claims experience in 2015.

Expenses increased by €7 million (+2%) to €-333 million. On a constant exchange rate basis, expenses increased by €11 million (+3%) mainly due to lower Deferred Acquisition Costs capitalization and higher pension costs as a result of lower interest rate assumptions.

Amortization of VBI increased by €33 million (+76%) to €-77 million. On a constant exchange rate basis, amortization of VBI increased by €34 million (+78%) mainly driven by updated model assumptions in Individual and Group Life attributable to the decrease in interest rates (€-44 million).

As a result, the **underlying cost income ratio** increased by 6.4 points to 53.9%.

Income tax expenses decreased by €17 million (-21%) to €-63 million. On a constant exchange rate basis, income tax expenses decreased by €16 million (-20%) mainly driven by lower pre-tax underlying earnings.

Underlying earnings decreased by €41 million (-13%) to €287 million. On a constant exchange rate basis, underlying earnings decreased by €38 million (-12%).

Adjusted earnings decreased by €75 million (-20%) to €294 million. On a constant exchange rate basis, adjusted earnings decreased by €72 million (-20%) mainly driven by lower underlying earnings and lower net realized capital gains.

Net income decreased by €95 million (-27%) to €262 million. On a constant exchange rate basis, net income decreased by €93 million (-26%) mainly driven by lower adjusted earnings and an unfavorable change in the fair value of alternative investments and convertible bonds (€-13 million) and interest rate derivatives not eligible for hedge accounting (€-10 million).

LIFE & SAVINGS OPERATIONS – BELGIUM

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**1,210**	**1,716**
APE (Group share)	*55*	*100*
Investment margin	342	318
Fees & revenues	134	139
Net technical margin	22	32
Expenses	(224)	(243)
Amortization of VBI	(8)	(5)
Other	-	-
Underlying earnings before tax	**266**	**241**
Income tax expenses/benefits	(84)	(78)
Minority interests	0	0
Underlying earnings Group share	**182**	**163**
Net capital gains or losses attributable to shareholders net of income tax	50	62
Adjusted earnings Group share	**232**	**225**
Profit or loss on financial assets (under Fair Value option) & derivatives	5	(39)
Exceptional operations (including discontinued operations)	0	(0)
Goodwill and other related intangibles impacts	(0)	-
Integration and restructuring costs	(40)	(11)
NET INCOME GROUP SHARE	**197**	**174**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,210 million net of intercompany eliminations as of December 31, 2016.

Gross revenues decreased by €505 million (-29%) to €1,210 million. On a comparable basis, gross revenues decreased by €505 million (-29%):

- *Protection & Health* revenues (67% of gross revenues) decreased by €50 million (-6%) to €807 million mainly due to the non-repeat of higher renewals in 2015 in Group Protection, partly offset by higher new business;
- *G/A Savings* revenues (26% of gross revenues) decreased by €85 million (-22%) to €309 million mainly due to lower sales of the Oxylife Secure hybrid product, in line with the strategy to focus on Protection products and to exit the Individual Savings business line;
- *Unit-Linked* revenues (8% of gross revenues) decreased by €370 million (-80%) to €94 million mainly due to lower sales of the Oxylife Invest hybrid product, in line with the strategy to focus on Protection products and to exit the Individual Savings business line.

APE decreased by €44 million (-45%) to €55 million. On a comparable basis, APE decreased by €44 million (-45%):

- *Protection & Health* sales (52% of APE) increased by €5 million (+19%) to €29 million mainly due to higher new business in Group Protection;
- *G/A Savings* sales (32% of APE) decreased by €12 million (-40%) to €18 million mainly due to lower new business in the Oxylife Secure hybrid product, in line with the strategy to focus on Protection products and to exit the Individual Savings business line;
- *Unit-Linked* sales (16% of APE) decreased by €37 million (-81%) to €9 million reflecting lower sales of the Oxylife Invest hybrid product, in line with the strategy to focus on Protection products and to exit the Individual Savings business line.

Investment margin increased by €24 million (+8%) to €342 million driven by higher investment income from mutual funds, as well as lower credited interests and policyholder bonus allocation.

Fees & revenues decreased by €5 million (-4%) to €134 million reflecting lower gross revenues.

Net technical margin decreased by €10 million (-30%) to €22 million mainly driven by a less favorable mortality experience.

Expenses decreased by €19 million (-8%) to €-224 million:

- acquisition expenses decreased by €23 million (-21%) to €-88 million, mainly due to lower commissions and overhead costs driven by lower volumes as well as a reallocation of some costs from acquisition to administrative expenses in the context of the exit from the Individual Savings business line;
- administrative expenses increased by €4 million (+3%) to €-136 million driven by the above-mentioned reallocation, partly offset by the positive impacts of cost savings programs as well as lower commissions.

Amortization of VBI increased by €4 million to €-8 million as a result of unfavorable financial assumptions update.

As a result, the **underlying cost income ratio** decreased by 4.0 points to 46.7%.

Income tax expenses increased by €5 million (+7%) to €-84 million driven by higher pre-tax underlying earnings.

Underlying earnings increased by €19 million (+12%) to €182 million.

Adjusted earnings increased by €7 million (+3%) to €232 million as higher underlying earnings were partly offset by higher impairments mainly on equities.

Net income increased by €23 million (+13%) to €197 million mainly driven by higher adjusted earnings and a favorable change in the fair value of mutual funds and of foreign exchange derivatives not eligible for hedge accounting, partly offset by higher restructuring costs (€-29 million) following the plan announced in September 2016.

LIFE & SAVINGS OPERATIONS – ITALY

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**3,412**	**4,086**
APE (Group share)	*300*	*405*
Investment margin	144	147
Fees & revenues	288	364
Net technical margin	49	52
Expenses	(288)	(319)
Amortization of VBI	(3)	(4)
Other	-	-
Underlying earnings before tax	**189**	**240**
Income tax expenses/benefits	(46)	(55)
Minority interests	(67)	(87)
Underlying earnings Group share	**76**	**98**
Net capital gains or losses attributable to shareholders net of income tax	12	2
Adjusted earnings Group share	**88**	**100**
Profit or loss on financial assets (under Fair Value option) & derivatives	(14)	(3)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	-	6
Integration and restructuring costs	(2)	(0)
NET INCOME GROUP SHARE	**73**	**103**

(a) Before intercompany eliminations. Gross Revenues amounted to €3,411 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of AXA Life Europe operations into AXA Life Invest (included in Life & Savings – Other).

Gross revenues decreased by €675 million (-17%) to €3,412 million. On a comparable basis, gross revenues decreased by €675 million (-17%):

- *Unit-Linked* revenues (16% of gross revenues) decreased by €1,278 million (-70%) to €541 million mainly due to the discontinuation of Protected Unit product sales in a context of higher regulatory constraints as well as adverse market conditions;
- *G/A Savings* revenues (78% of gross revenues) increased by €571 million (+27%) to €2,672 million mainly driven by the shift towards G/A capital light products due to the above-mentioned context;
- *Protection & Health* revenues (6% of gross revenues) increased by €32 million (+20%) to €199 million mainly due to higher sales of Protection products.

APE decreased by €105 million (-26%) to €300 million. On a comparable basis, APE decreased by €106 million (-26%):

- *Unit-Linked* sales (33% of APE) decreased by €133 million (-57%) to €99 million mainly due to the discontinuation of Protected Unit product sales in a context of higher regulatory constraints as well as adverse market conditions combined with a stronger competition;
- *G/A Savings* sales (54% of APE) increased by €21 million (+15%) to €163 million mainly driven by the shift towards G/A capital light products due to the above-mentioned context;
- *Protection & Health* sales (13% of APE) increased by €7 million (+21%) to €38 million mainly due to higher sales of Protection products.

Investment margin decreased by €3 million (-2%) to €144 million mainly due to lower reinvestment yields on fixed income assets, partly offset by a higher asset base as well as a lower average minimum guaranteed rate.

Fees & revenues decreased by €76 million (-21%) to €288 million due to lower Unearned Revenues Reserves amortization as a consequence of lower Protected Unit product surrenders (partly offset in Deferred Acquisition Costs).

Net technical margin decreased by €3 million (-6%) to €49 million.

Expenses decreased by €30 million (-10%) to €-288 million mainly driven by lower Deferred Acquisition Costs amortization (more than offset in Unearned Revenues Reserves) in line with lower surrenders.

As a result, the **underlying cost income ratio** increased by 3.4 points to 60.7%.

Income tax expenses decreased by €9 million (-16%) to €-46 million due to lower pre-tax underlying earnings.

Underlying earnings decreased by €22 million (-23%) to €76 million.

Adjusted earnings decreased by €12 million (-12%) to €88 million due to lower underlying earnings, partly offset by higher net realized capital gains.

Net income decreased by €30 million (-29%) to €73 million due to lower adjusted earnings as well as an unfavorable change in the fair value of interest rate hedging derivatives not eligible for hedge accounting.

LIFE & SAVINGS OPERATIONS – SPAIN

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**798**	**760**
APE (Group share)	*86*	*84*
Investment margin	40	47
Fees & revenues	79	77
Net technical margin	29	30
Expenses	(86)	(85)
Amortization of VBI	(3)	(4)
Other	-	-
Underlying earnings before tax	**58**	**65**
Income tax expenses/benefits	(14)	(16)
Minority interests	(0)	(0)
Underlying earnings Group share	**44**	**48**
Net capital gains or losses attributable to shareholders net of income tax	8	0
Adjusted earnings Group share	**52**	**48**
Profit or loss on financial assets (under Fair Value option) & derivatives	11	(3)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(3)	(1)
NET INCOME GROUP SHARE	**60**	**44**

(a) Before intercompany eliminations. Gross Revenues amounted to €794 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of AXA Life Europe operations into AXA Life Invest (included in Life & Savings – Other).

Gross revenues increased by €38 million (+5%) to €798 million. On a comparable basis, gross revenues increased by €36 million (+5%):

- *Protection & Health* revenues (42% of gross revenues) increased by €129 million (+63%) to €334 million driven by the new distribution agreements with RGA and Caixa Colonya banks;
- *G/A Savings* revenues (38% of gross revenues) decreased by €48 million (-14%) to €303 million mainly due to adverse market conditions;
- *Unit-Linked* revenues (19% of gross revenues) decreased by €44 million (-23%) to €148 million mainly due to adverse market conditions.

APE increased by €2 million (+2%) to €86 million. On a comparable basis, APE increased by €2 million (+2%):

- *Protection & Health* sales (40% of APE) increased by €13 million (+62%) to €34 million mainly driven by the new distribution agreements with RGA and Caixa Colonya banks;

- *G/A Savings* sales (28% of APE) decreased by €3 million (-11%) to €24 million mainly due to adverse market conditions;
- *Unit-Linked* sales (21% of APE) decreased by €6 million (-25%) to €18 million mainly due to adverse market conditions.

Investment margin decreased by €7 million (-14%) to €40 million mainly due to lower reinvestment yields on fixed income assets, partly offset by lower interests credited to policyholders.

Fees & revenues increased by €1 million (+1%) to €79 million.

Net technical margin decreased by €1 million (-4%) to €29 million mainly driven by lower surrender margin, partly offset by an improved mortality margin.

Expenses increased by €1 million (+1%) to €-86 million mainly driven by commissions, in line with higher sales on Protection & Health products.

Amortization of VBI decreased by €1 million (-16%) to €-3 million.

As a result, the **underlying cost income ratio** increased by 2.7 points to 60.6%.

Income tax expenses decreased by €2 million (-13%) to €-14 million mainly driven by lower pre-tax underlying earnings.

Underlying earnings decreased by €5 million (-10%) to €44 million.

Adjusted earnings increased by €4 million (+7%) to €52 million as lower underlying earnings were more than offset by higher net realized capital gains.

Net income increased by €16 million (+36%) to €60 million mainly driven by higher adjusted earnings as well as a favorable foreign exchange impact combined with a positive change in the fair value of mutual funds.

LIFE & SAVINGS OPERATIONS – EMEA-LATAM REGION

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**1,095**	**1,286**
APE (Group share)	*118*	*148*
Investment margin	57	68
Fees & revenues	256	310
Net technical margin	84	88
Expenses	(332)	(382)
Amortization of VBI	(4)	(4)
Other	0	2
Underlying earnings before tax	**62**	**83**
Income tax expenses/benefits	(13)	(12)
Minority interests	(0)	(3)
Underlying earnings Group share	**49**	**67**
Net capital gains or losses attributable to shareholders net of income tax	(2)	1
Adjusted earnings Group share	**47**	**68**
Profit or loss on financial assets (under Fair Value option) & derivatives	10	9
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(4)	(4)
Integration and restructuring costs	(1)	(2)
NET INCOME GROUP SHARE	**53**	**71**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,092 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification of AXA Life Europe operations into AXA Life Invest (included in Life & Savings – Other).

Scope: (i) Mexico, Colombia, Czech Republic, Poland, Morocco, Greece, Slovak Republic, Luxembourg and Turkey are fully consolidated; (ii) Portugal was disposed on April 1, 2016; (iii) Nigeria is consolidated under the equity method and contributes only to the underlying earnings, adjusted earnings and net income.

In the comments below, the comparable basis excludes the contribution of Portugal.

Gross revenues decreased by €190 million (-15%) to €1,095 million. On a comparable basis, gross revenues increased by €15 million (+1%) mainly driven by:

- *Mexico* (€+11 million or +4%) and *Colombia* (€+9 million or +3%) both mainly in Protection & Health;
- *Luxembourg* (€-11 million or -8%) mainly due to lower sales of G/A Savings products.

APE decreased by €30 million (-20%) to €118 million. On a comparable basis, APE decreased by €8 million (-6%) mainly in *Poland* (€-8 million) driven by lower sales of Unit-Linked products following regulatory changes.

Investment margin decreased by €10 million (-15%) to €57 million. On a comparable basis, investment margin increased by €5 million (+8%) mainly in Mexico.

Fees & revenues decreased by €54 million (-17%) to €256 million. On a comparable basis, fees & revenues decreased by €27 million (-9%) mainly driven by lower sales of Protection & Health products through bancassurance in Poland.

Net technical margin decreased by €4 million (-5%) to €84 million. On a comparable basis, net technical margin increased by €8 million (+10%) mainly in Mexico with improved mortality margin reflecting pruning actions and lower large claims.

Expenses decreased by €50 million (-13%) to €-332 million. On a comparable basis, expenses decreased by €13 million (-4%) driven by lower commissions following lower sales of Protection & Health products through bancassurance in Poland.

Amortization of VBI decreased by €1 million to €-4 million. On a comparable basis, amortization of VBI remained stable.

As a result, the **underlying cost income ratio** increased by 1.6 points to 84.4%. On a comparable basis, the underlying cost income ratio decreased by 0.3 point.

Income tax expenses increased by €1 million (+7%) to €-13 million. On a comparable basis, income tax expenses increased by €5 million (+62%) as lower pre-tax underlying earnings were more than offset by the non-repeat of positive tax one-offs.

Underlying earnings decreased by €18 million (-27%) to €49 million. On a comparable basis, underlying earnings decreased by €6 million (-10%).

Adjusted earnings decreased by €21 million (-31%) to €47 million. On a comparable basis, adjusted earnings decreased by €9 million (-15%) driven by lower underlying earnings as well as lower net realized capital gains.

Net income decreased by €18 million (-25%) to €53 million. On a comparable basis, net income decreased by €4 million (-7%) mainly driven by lower adjusted earnings.

LIFE & SAVINGS OPERATIONS – HONG KONG

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**2,769**	**2,540**
APE (Group share)	*536*	*525*
Investment margin	0	0
Fees & revenues	638	678
Net technical margin	146	100
Expenses	(378)	(392)
Amortization of VBI	(11)	(18)
Other	-	-
Underlying earnings before tax	**396**	**369**
Income tax expenses/benefits	(30)	(16)
Minority interests	(0)	0
Underlying earnings Group share	**366**	**353**
Net capital gains or losses attributable to shareholders net of income tax	(5)	0
Adjusted earnings Group share	**360**	**353**
Profit or loss on financial assets (under Fair Value option) & derivatives	6	2
Exceptional operations (including discontinued operations)	(0)	236
Goodwill and other related intangibles impacts	(0)	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**366**	**591**
Average exchange rate : €1.00 = Hong Kong Dollar	*8.589*	*8.679*

(a) Before intercompany eliminations. Gross Revenues amounted to €2,737 million net of intercompany eliminations as of December 31, 2016.

In the comments below, the comparable basis excludes the contribution of the pension business sold on September 1, 2015.

Gross revenues increased by €229 million (+9%) to €2,769 million. On a comparable basis, gross revenues increased by €307 million (+13%):

- *Protection & Health* revenues (80% of gross revenues) increased by €125 million (+6%) to €2,198 million from both new business sales and in-force growth;
- *G/A Savings* revenues (10% of gross revenues) increased by €105 million (+63%) to €276 million mainly driven by the successful launch of a G/A capital light product;
- *Unit-Linked* revenues (11% of gross revenues) increased by €77 million (+36%) to €290 million mainly due to higher single premiums from insurance contracts.

APE increased by €11 million (+2%) to €536 million. On a comparable basis, APE increased by €56 million (+12%):

- *Protection & Health* sales (72% of APE) increased by €22 million (+6%) to €387 million mainly driven by the launch of a new product and the sale of a large Group Health contract;
- *G/A Savings* sales (23% of APE) increased by €54 million (+76%) to €125 million driven by the successful launch of a G/A capital light product, partly offset by;
- *Unit-Linked* sales (5% of APE) decreased by €19 million (-44%) to €24 million following significant regulatory changes as well as the non-repeat of exceptional sales of large contracts in 2015.

Investment margin remained stable at €0 million. On a constant exchange rate basis, investment margin remained stable as higher investment income driven by higher average asset base was offset by higher interests credited to policyholders.

Fees & revenues decreased by €40 million (-6%) to €638 million. On a constant exchange rate basis, fees & revenues decreased by €47 million (-7%) as robust new business and in-force growth in Protection & Health were more than offset by temporary reactivity to market experience and lower Unit-Linked management fees.

Net technical margin increased by €47 million (+47%) to €146 million. On a constant exchange rate basis, net technical margin increased by €45 million (+45%) mainly due to higher surrender margin and better claims experience in Protection & Health.

Expenses decreased by €14 million (-4%) to €-378 million. On a constant exchange rate basis, expenses decreased by €18 million (-5%) driven by the disposal of pension business in 2015 as well as disciplined expense management.

Amortization of VBI decreased by €6 million (-36%) to €-11 million. On a constant exchange rate basis, amortization of VBI decreased by €6 million (-36%) mainly due to temporary reactivity to market experience.

As a result, the **underlying cost income ratio** decreased by 3.0 points to 49.6%.

Income tax expenses increased by €14 million (+83%) to €-30 million. On a constant exchange rate basis, income tax expenses increased by €13 million (+81%) mainly due to higher pre-tax underlying earnings.

Underlying earnings increased by €13 million (+4%) to €366 million. On a constant exchange rate basis, underlying earnings increased by €9 million.

Adjusted earnings increased by €8 million (+2%) to €360 million. On a constant exchange rate basis, adjusted earnings increased by €4 million (+1%) due to higher underlying earnings partly offset by lower net realized capital gains.

Net income decreased by €225 million (-38%) to €366 million. On a constant exchange rate basis, net income decreased by €228 million (-39%) mainly due to the non-repeat of the exceptional capital gain on the disposal of the pension business (€-237 million).

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

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**606**	**522**
APE (Group share)	*754*	*646*
Underlying earnings Group share	**174**	**145**
Net capital gains or losses attributable to shareholders net of income tax	3	14
Adjusted earnings Group share	**177**	**159**
Profit or loss on financial assets (under Fair Value option) & derivatives	(38)	10
Exceptional operations (including discontinued operations)	-	(5)
Goodwill and other related intangibles impacts	(5)	(5)
Integration and restructuring costs	(2)	(7)
NET INCOME GROUP SHARE	**132**	**151**

(a) Before intercompany eliminations. Gross Revenues amounted to €606 million net of intercompany eliminations as of December 31, 2016.

Scope: (i) for gross revenues: Singapore and non-bancassurance subsidiaries in Indonesia, on a 100% share basis; (ii) for APE, underlying earnings, adjusted earnings and net income: China, India, Indonesia, Thailand, Philippines and Singapore, on a Group share basis. Malaysian operations are not consolidated.

Gross revenues increased by €84 million (+16%) to €606 million. On a comparable basis, gross revenues increased by €81 million (+16%) driven by:

- *Singapore* up €75 million driven by Protection & Health (€+43 million) due to higher sales mainly through the agency channel and Unit-Linked (€+27 million) due to higher renewals combined with higher sales;
- *Indonesia* up €6 million driven by Protection & Health (€+6 million) with higher renewals.

APE increased by €108 million (+17%) to €754 million. On a comparable basis, APE increased by €125 million (+19%) mainly driven by *China* (€+133 million) due to strong sales of G/A Savings products.

Underlying earnings increased by €28 million (+20%) to €174 million. On a constant exchange rate basis, underlying earnings increased by €31 million (+22%) mainly due to:

- strong new business, in-force portfolio growth and higher investment returns in China (€+20 million);
- in-force portfolio growth in Thailand (€+18 million);
- better market performance in the Philippines (€+3 million);
- partly offset by lower investment performance and deteriorated claims experience in Health in Indonesia (€-9 million).

Adjusted earnings increased by €18 million (+11%) to €177 million. On a constant exchange rate basis, adjusted earnings increased by €21 million (+13%) mainly due to higher underlying earnings (€+31 million), partly offset by lower net realized capital gains in China (€-11 million).

Net income decreased by €20 million (-13%) to €132 million. On a constant exchange rate basis, net income decreased by €17 million (-12%) as the increase in adjusted earnings was more than offset by an unfavorable change in the fair value of financial assets in Thailand (€-19 million) and China (€-17 million).

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)	December 31, 2016	December 31, 2015 restated [a]
AXA Life Invest (excluding Germany and Japan)	155	322
Family Protect	-	7
AXA Global Life	3	2
Other UK Life	68	69
Other [b]	41	41
TOTAL	**267**	**442**
Intercompany transactions	(13)	(16)
Contribution to consolidated gross revenues	**253**	**426**

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.
(b) Other corresponds to AXA Corporate Solutions Life Reinsurance Company and Architas.

Underlying, Adjusted earnings and Net income Group share

(in Euro million)	December 31, 2016	December 31, 2015 restated [a]
AXA Life Invest (excluding Germany and Japan)	(18)	(9)
Family Protect	(1)	(20)
AXA Global Life	(14)	(16)
Other UK Life	2	6
Other [b]	(21)	(24)
Underlying earnings Group share	**(52)**	**(63)**
Net realized capital gains or losses attributable to shareholders	0	7
Adjusted earnings Group share	**(51)**	**(56)**
Profit or loss on financial assets (under Fair Value option) & derivatives	5	(5)
Exceptional operations (including discontinued operations)	(10)	-
Goodwill and related intangible impacts	(3)	(0)
Integration and restructuring costs	(8)	(8)
NET INCOME GROUP SHARE	**(68)**	**(69)**

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of a part of the International Insurance segment into the Life & Savings segment.
(b) Other corresponds to AXA Corporate Solutions Life Reinsurance Company and Architas.

AXA Life Invest [1]

Underlying earnings decreased by €9 million to €-18 million. On a constant exchange rate basis, underlying earnings decreased by €10 million mainly due to accelerated Deferred Acquisition Costs amortization as a result of the decision to stop sales of the Secure Advantage product.

Adjusted earnings decreased by €10 million to €-18 million. On a constant exchange rate basis, adjusted earnings decreased by €11 million mainly driven by lower underlying earnings.

Net income decreased by €15 million to €-24 million. On a constant exchange rate basis, net income decreased by €17 million mainly driven by lower adjusted earnings and exceptional restructuring costs, partly offset by a favorable change in the fair value of interest rate derivatives not eligible for hedge accounting.

Family Protect

Underlying earnings and **adjusted earnings** increased by €19 million to €-1 million following the strategic decision to redeploy insurance portfolios and resources within the Group and to close the entity.

Net income increased by €20 million to €-8 million mainly driven by higher adjusted earnings, partly offset by restructuring costs in line with the above-mentioned strategic decision.

AXA Global Life

Underlying earnings and **adjusted earnings** increased by €3 million to €-14 million mainly driven by an improved technical margin.

Net income increased by €2 million to €-16 million driven by higher adjusted earnings.

AXA Corporate Solutions Life Reinsurance

Underlying earnings increased by €3 million to €-21 million mainly due to a more favorable development on the run-off portfolio.

Adjusted earnings and **net income** decreased by €3 million to €-21 million due to lower net realized capital gains in 2016.

Other UK Life [2]

Underlying earnings and **adjusted earnings** decreased by €4 million to €2 million. On a constant exchange rate basis, underlying and adjusted earnings decreased by €4 million mainly driven by higher expenses due to growth in the Architas business, partly offset by higher fees and revenues.

Net income decreased by €4 million to €0 million. On a constant exchange rate basis, net income decreased by €4 million mainly due to lower adjusted earnings.

(1) AXA Life Invest includes all AXA Life Europe entities except Germany and Japan.

(2) Other UK Life includes Architas UK.

Property & Casualty segment

PROPERTY & CASUALTY OPERATIONS – FRANCE

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**6,786**	**6,077**
Current accident year loss ratio (net)	69.4%	72.2%
All accident year loss ratio (net)	67.2%	71.7%
Net technical result before expenses	**2,208**	**1,699**
Expense ratio	27.3%	23.6%
Net investment result	517	503
Underlying earnings before tax	**885**	**786**
Income tax expenses/benefits	(287)	(279)
Net income from investments in affiliates and associates	-	-
Minority interests	(1)	(1)
Underlying earnings Group share	**598**	**507**
Net capital gains or losses attributable to shareholders net of income tax	50	44
Adjusted earnings Group share	**648**	**551**
Profit or loss on financial assets (under Fair Value option) & derivatives	9	(19)
Exceptional operations (including discontinued operations)	5	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(31)	-
NET INCOME GROUP SHARE	**632**	**532**

(a) Before intercompany eliminations. Gross Revenues amounted to €6,742 million net of intercompany eliminations as of December 31, 2016.

In the comments below, the comparable basis excludes the contribution of the Genworth entities, consolidated starting from December 31, 2015.

Gross revenues increased by €709 million (+12%) to €6,786 million. On a comparable basis, gross revenues decreased by €22 million (0%):

- *Personal lines* (52% of gross revenues) were up 2% to €3,520 million, as higher revenues from assumed business as well as tariff increases in most segments were partly offset by lower volumes driven by a strong competition in the context of the Hamon law;
- *Commercial lines* (48% of gross revenues) were down 3% to €3,222 million, as tariff increases were offset by lower volumes notably in Construction in a context of selective underwriting and lower average premiums in Property and Liability.

Net technical result increased by €509 million (+30%) to €2,208 million. On a comparable basis, net technical result increased by €77 million (+5%):

- the *current accident year loss ratio* increased by 0.8 point to 69.5% mainly driven by a higher Nat Cat charge, related to the June floods (€68 million in 2016);
- the *all accident year loss ratio* decreased by 1.2 points to 67.2% due to a favorable prior year reserve developments mainly in Construction.

Expense ratio increased by 3.7 points to 27.3%. On a comparable basis, expense ratio remained stable.

Enlarged expense ratio increased by 2.8 points to 32.3%. On a comparable basis, enlarged expense ratio decreased by 0.5 point to 29.0% due to lower claims handling expenses.

As a result, the **combined ratio** improved by 0.7 point to 94.5%. On a comparable basis, the combined ratio improved by 1.2 points to 94.1%.

Net investment result increased by €14 million (+3%) to €517 million. On a comparable basis, net investment result increased by €9 million (+2%) as lower reinvestment yields on the fixed income portfolio were more than offset by higher dividend distribution from mutual funds.

Income tax expenses increased by €8 million (+3%) to €-287 million. On a comparable basis, income tax expenses increased by €12 million (+4%) due to higher pre-tax underlying earnings, partly offset by the decrease in the corporate tax rate from 38% to 34.43%.

Underlying earnings increased by €91 million (+18%) to €598 million. On a comparable basis, underlying earnings increased by €70 million (+14%).

Adjusted earnings increased by €97 million (+18%) to €648 million. On a comparable basis, adjusted earnings increased by €76 million (+14%) driven by higher underlying earnings and higher net realized capital gains.

Net income increased by €100 million (+19%) to €632 million. On a comparable basis, net income increased by €91 million (+17%) mainly driven by higher adjusted earnings (€+76 million) and a more favorable change in the fair value of mutual funds and economic derivatives not eligible for hedge accounting (€+28 million).

PROPERTY & CASUALTY OPERATIONS – UNITED KINGDOM & IRELAND

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**4,716**	**4,879**
Current accident year loss ratio (net)	69.2%	69.8%
All accident year loss ratio (net)	70.3%	69.4%
Net technical result before expenses	**1,363**	**1,438**
Expense ratio	28.6%	28.3%
Net investment result	191	227
Underlying earnings before tax	**241**	**339**
Income tax expenses/benefits	(38)	(66)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	(0)
Underlying earnings Group share	**203**	**273**
Net capital gains or losses attributable to shareholders net of income tax	11	10
Adjusted earnings Group share	**214**	**283**
Profit or loss on financial assets (under Fair Value option) & derivatives	17	(32)
Exceptional operations (including discontinued operations)	16	-
Goodwill and other related intangibles impacts	(3)	(2)
Integration and restructuring costs	(15)	(31)
NET INCOME GROUP SHARE	**229**	**219**
Average exchange rate : €1.00 = £	*0.819*	*0.731*

(a) Before intercompany eliminations. Gross Revenues amounted to €4,658 million net of intercompany eliminations as of December 31, 2016.

In the comments below, the comparable basis excludes the contribution of Simplyhealth whilst the first consolidation took place at the end of 2015.

Gross revenues decreased by €162 million (-3%) to €4,716 million. On a comparable basis, gross revenues increased by €356 million (+8%):

- *Commercial lines* (54% of gross revenues) were up 7% to €2,555 million:
  - Non-Motor was up 3% to €1,958 million: (i) Health was up 4% to €1,023 million due to growth in Great Britain and internationally, (ii) Property was up 4% to €574 million due to increased new business and improved retention, (iii) Liability was up 10% to €225 million mainly driven by improved retention rates, partly offset by (iv) Other was down 51% to €21 million due to a reduction in the retrocession of the Group pool,
  - Motor was up 21% to €597 million principally due to increased new business volumes and higher retention rates;
- *Personal lines* (46% of gross revenues) were up 7% to €2,162 million:
  - Non-Motor was up 5% to €1,457 million: (i) Health was up 7% to €801 million following strong growth in Great Britain and internationally, and (ii) Property was up 3% to €463 million reflecting increased volumes in Great Britain,
  - Motor was up 12% to €705 million mainly due to tariff increases in both Great Britain and Ireland.

Net technical result decreased by €75 million (-5%) to €1,363 million. On a constant exchange rate basis, net technical result increased by €72 million (+5%):

- the *current year accident loss ratio* decreased by 0.8 point to 69.2% due to a reduction in Nat Cat and other weather-related claims (-1.5 points), an improvement in Personal Motor (-8.4 points) reflecting tariff increases in Great Britain and Ireland, and a reduction in Health (-0.4 point) due to an improvement in Simplyhealth and tariff increases in Commercial, partly offset by a deterioration in the international business. These improvements in profitability were partly offset by a deterioration in Personal Travel (+6.0 points) from increased claims frequency and in Commercial Motor (+4.0 points) reflecting higher average damage costs as well as increases in the Group pool;
- the *all accident year loss ratio* increased by 0.9 point to 70.3% due to negative prior year reserve developments (+1.6 points), partly offset by the improvement of the current year accident loss ratio.

Expense ratio increased by 0.3 point to 28.6%. On a constant exchange rate basis, expense ratio increased by 0.4 point driven by an increase in the acquisition expense ratio (+0.8 point) reflecting an increase in commissions in Commercial lines in Great Britain following changes in business mix, increased broker business in the Republic of Ireland and further growth in Health. The administrative expense ratio decreased (-0.4 point) mainly due to increased volumes and the effects of cost savings programs in Great Britain.

Enlarged expense ratio increased by 0.7 point to 31.4%. On a constant exchange rate basis, enlarged expense ratio increased by 0.8 point.

As a result, the **combined ratio** increased by 1.3 points on both reported and a constant exchange rate basis to 98.9%.

Net investment result decreased by €36 million (-16%) to €191 million. On a constant exchange rate basis, net investment result decreased by €16 million (-7%) due to higher foreign exchange hedging costs.

Income tax expenses decreased by €28 million (-42%) to €-38 million. On a constant exchange rate basis, income tax expenses decreased by €24 million (-36%) mainly reflecting lower pre-tax underlying earnings.

Underlying earnings decreased by €70 million (-26%) to €203 million. On a constant exchange rate basis, underlying earnings decreased by €48 million (-18%).

Adjusted earnings decreased by €69 million (-24%) to €214 million. On a constant exchange rate basis, adjusted earnings decreased by €47 million (-17%) mainly reflecting lower underlying earnings.

Net income increased by €9 million (+4%) to €229 million. On a constant exchange rate basis, net income increased by €34 million (+16%) due to a favorable change in the fair value of interest rate derivatives not eligible for hedge accounting (€+38 million), an exceptional income received following the sale of two real estate properties in New York (€+17 million), lower restructuring costs, favorable foreign exchange movements partly offset by lower adjusted earnings.

PROPERTY & CASUALTY OPERATIONS – GERMANY

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**4,045**	**3,945**
Current accident year loss ratio (net)	67.4%	67.4%
All accident year loss ratio (net)	69.0%	65.4%
Net technical result before expenses	**1,257**	**1,364**
Expense ratio	28.4%	28.2%
Net investment result	306	290
Underlying earnings before tax	**414**	**543**
Income tax expenses/benefits	(128)	(165)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	(1)
Underlying earnings Group share	**286**	**378**
Net capital gains or losses attributable to shareholders net of income tax	7	(13)
Adjusted earnings Group share	**293**	**365**
Profit or loss on financial assets (under Fair Value option) & derivatives	(2)	(32)
Exceptional operations (including discontinued operations)	(3)	(1)
Goodwill and other related intangibles impacts	(4)	(5)
Integration and restructuring costs	(69)	(11)
NET INCOME GROUP SHARE	**216**	**315**

(a) Before intercompany eliminations. Gross Revenues amounted to €4,016 million net of intercompany eliminations as of December 31, 2016.

Gross revenues increased by €100 million (+3%) to €4,045 million. On a comparable basis, gross revenues increased by €111 million (+3%):

- *Personal lines* (57% of gross revenues) were up 2% to €2,283 million mainly driven by tariff increases in both Motor and Non-Motor;
- *Commercial lines* (34% of gross revenues) were up 3% to €1,364 million mainly in Property driven by new business in SME and Mid Market;
- *Other lines* (9% of gross revenues) were up 9% to €397 million mainly driven by higher assumed business from Commercial lines.

Net technical result decreased by €107 million (-8%) to €1,257 million:

- the *current accident year loss ratio* remained stable at 67.4% as the unfavorable impact of Nat Cat events (+0.9 point or €66 million) from Marine and Elvira storms and higher net large claims (+0.6 point) were offset by a lower impact from natural events (-1.5 points);
- the *all accident year loss ratio* increased by 3.5 points to 69.0% due to the non-repeat of favorable 2015 prior year reserve developments.

Expense ratio increased by 0.2 point to 28.4% mainly due to higher administrative costs for pensions which partly offset the gain in holdings.

Enlarged expense ratio decreased by 0.5 point to 32.1% mainly due to lower claims handling costs.

As a result, the **combined ratio** increased by 3.8 points to 97.3%.

Net investment result increased by €16 million (+6%) to €306 million mainly due to higher private equity dividends.

Income tax expenses decreased by €37 million (-22%) to €-128 million due to lower pre-tax underlying earnings.

Underlying earnings decreased by €92 million (-24%) to €286 million.

Adjusted earnings decreased by €72 million (-20%) to €293 million mainly driven by lower underlying earnings partly offset by higher net realized capital gains mainly from equities.

Net income decreased by €99 million (-31%) to €216 million as a result of lower adjusted earnings, higher restructuring costs and an unfavorable impact of foreign exchange derivatives not eligible for hedge accounting, partly offset by a favorable change in the fair value of fixed income funds as a result of lower interest rates.

PROPERTY & CASUALTY OPERATIONS – SWITZERLAND

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**3,095**	**3,109**
Current accident year loss ratio (net)	66.1%	67.3%
All accident year loss ratio (net)	61.7%	61.0%
Net technical result before expenses	**1,191**	**1,216**
Expense ratio	24.6%	25.0%
Net investment result	173	194
Underlying earnings before tax	**601**	**631**
Income tax expenses/benefits	(123)	(124)
Net income from investments in affiliates and associates	-	-
Minority interests	(4)	(4)
Underlying earnings Group share	**474**	**503**
Net capital gains or losses attributable to shareholders net of income tax	42	45
Adjusted earnings Group share	**516**	**548**
Profit or loss on financial assets (under Fair Value option) & derivatives	(18)	(19)
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(24)	(26)
Integration and restructuring costs	(2)	-
NET INCOME GROUP SHARE	**473**	**504**
Average exchange rate : €1.00 = Swiss Franc	*1.089*	*1.078*

(a) Before intercompany eliminations. Gross Revenues amounted to €3,088 million net of intercompany eliminations as of December 31, 2016.

Gross revenues decreased by €14 million (0%) to €3,095 million. On a comparable basis, gross revenues increased by €19 million (+1%):

- *Personal lines* (55% of gross revenues) were up 1% to €1,712 million driven by higher volumes and positive price effects in Motor as well as higher volumes in Household and Legal Protection;
- *Commercial lines* (45% of gross revenues) were stable at €1,399 million as higher volumes in Motor and Workers' Compensation were offset by the loss of a large unprofitable contract in Workers' Compensation.

Net technical result decreased by €25 million (-2%) to €1,191 million. On a constant exchange rate basis, net technical result decreased by €13 million (-1%):

- the *current accident year loss ratio* decreased by 1.2 points to 66.1% driven by an improvement in Workers' Compensation;
- the *all accident year loss ratio* increased by 0.6 point to 61.7% due to a lower positive prior year reserve development.

Expense ratio improved by 0.4 point to 24.6% mainly driven by a lower administrative expense ratio reflecting the positive impact of cost savings programs.

Enlarged expense ratio improved by 0.5 point to 28.3%.

As a result, the **combined ratio** increased by 0.2 point to 86.2%.

Net investment result decreased by €22 million (-11%) to €173 million. On a constant exchange rate basis, net investment result decreased by €20 million (-10%) mainly driven by lower reinvestment yields on fixed income assets and higher foreign exchange hedging costs.

Income tax expenses decreased by €1 million (-1%) to €-123 million. On a constant exchange rate basis, income tax expenses remained stable.

Underlying earnings decreased by €30 million (-6%) to €474 million. On a constant exchange rate basis, underlying earnings decreased by €25 million (-5%).

Adjusted earnings decreased by €32 million (-6%) to €516 million. On a constant exchange rate basis, adjusted earnings decreased by €27 million (-5%) mainly driven by lower underlying earnings.

Net income decreased by €30 million (-6%) to €473 million. On a constant exchange rate basis, net income decreased by €26 million (-5%) mainly driven by lower adjusted earnings and an unfavorable change in the fair value of interest rate and foreign exchange derivatives not eligible for hedge accounting (€-11 million), partly offset by a favorable change in the fair value of alternative investments (€+10 million).

PROPERTY & CASUALTY OPERATIONS – BELGIUM

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**2,095**	**2,029**
Current accident year loss ratio (net)	68.9%	67.7%
All accident year loss ratio (net)	64.8%	60.4%
Net technical result before expenses	**741**	**805**
Expense ratio	30.5%	30.6%
Net investment result	154	178
Underlying earnings before tax	**254**	**361**
Income tax expenses/benefits	(76)	(120)
Net income from investments in affiliates and associates	-	-
Minority interests	-	-
Underlying earnings Group share	**179**	**241**
Net capital gains or losses attributable to shareholders net of income tax	57	37
Adjusted earnings Group share	**235**	**278**
Profit or loss on financial assets (under Fair Value option) & derivatives	25	13
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(2)	(1)
Integration and restructuring costs	(108)	(28)
NET INCOME GROUP SHARE	**150**	**261**

(a) Before intercompany eliminations. Gross Revenues amounted to €2,081 million net of intercompany eliminations as of December 31, 2016.

Gross revenues increased by €66 million (+3%) to €2,095 million. On a comparable basis, gross revenues increased by €70 million (+4%):

- *Personal lines* (49% of gross revenues) were up 1% to €1,022 million driven by a new distribution agreement with a wholesale broker and tariff increases, partly offset by negative net new contracts in the traditional broker channel;
- *Commercial lines* (48% of gross revenues) were up 1% to €995 million as growth in the SME business was partly offset by lower sales in the Mid Market business;
- *Other lines* (3% of gross revenues) were up 117% to €87 million due to the one-off booking in prior year of a reinsurance contract.

Net technical result decreased by €64 million (-8%) to €741 million:

- the *current accident year loss ratio* increased by 1.1 points to 68.9% impacted by the May and June floods (€27 million) and the terrorist attacks in March 2016 (€26 million), partly offset by lower large claim charges;
- the *all accident year loss ratio* increased by 4.4 points to 64.8% as a result of lower positive prior year reserve developments.

Expense ratio decreased by 0.2 point to 30.5% driven by a lower administrative expense ratio.

Enlarged expense ratio decreased by 0.9 point to 37.6%.

As a result, the **combined ratio** increased by 4.2 points to 95.2%.

Net investment result decreased by €24 million (-13%) to €154 million due to lower dividend distribution on mutual funds and lower reinvestment yields on fixed income assets.

Income tax expenses decreased by €45 million (-37%) to €-76 million mainly driven by lower pre-tax underlying earnings.

Underlying earnings decreased by €62 million (-26%) to €179 million.

Adjusted earnings decreased by €42 million (-15%) to €235 million mainly due to lower underlying earnings, partly offset by higher net realized capital gains on equities.

Net income decreased by €111 million (-42%) to €150 million mainly due to lower adjusted earnings as well as higher restructuring costs (€-80 million) following the plan announced in September 2016.

PROPERTY & CASUALTY OPERATIONS – ITALY

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**1,564**	**1,569**
Current accident year loss ratio (net)	68.2%	67.1%
All accident year loss ratio (net)	65.8%	62.0%
Net technical result before expenses	**525**	**587**
Expense ratio	28.9%	28.6%
Net investment result	103	120
Underlying earnings before tax	**184**	**265**
Income tax expenses/benefits	(64)	(107)
Net income from investments in affiliates and associates	-	-
Minority interests	(10)	(11)
Underlying earnings Group share	**110**	**147**
Net capital gains or losses attributable to shareholders net of income tax	(8)	3
Adjusted earnings Group share	**103**	**149**
Profit or loss on financial assets (under Fair Value option) & derivatives	(1)	4
Exceptional operations (including discontinued operations)	3	-
Goodwill and other related intangibles impacts	-	8
Integration and restructuring costs	(8)	(2)
NET INCOME GROUP SHARE	**96**	**160**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,557 million net of intercompany eliminations as of December 31, 2016.

Gross revenues decreased by €5 million (0%) to €1,564 million. On a comparable basis, gross revenues decreased by €1 million (0%):

- *Personal lines* (80% of gross revenues) were down 1% to €1,238 million mainly driven by tariff decreases in Motor in the context of strong competition, partly offset higher volumes from the acquisition of new agencies;
- *Commercial lines* (20% of gross revenues) were up 2% to €317 million from higher volumes through bancassurance and brokers channels;
- *Other lines* (0% of gross revenues) were down 23% to €14 million.

Net technical result decreased by €63 million (-11%) to €525 million:

- the *current accident year loss ratio* increased by 1.0 point to 68.2% mainly reflecting lower average premiums in Motor as well as higher natural events mainly impacting Commercial lines;
- the *all accident year loss ratio* increased by 3.8 points to 65.8% mainly driven by a lower positive prior year reserve developments as well as the increase in current accident year loss ratio.

Expense ratio increased by 0.3 point to 28.9% mainly driven by an increase in the acquisition expense ratio from higher commissions due to a change in business mix and a large partnership in Commercial Motor, partly offset by the positive impacts of cost savings programs.

Enlarged expense ratio increased by 0.3 point to 31.8%.

As a result, the **combined ratio** increased by 4.1 points to 94.7%.

Net investment result decreased by €17 million (-14%) to €103 million mainly due to the non-repeat of an exceptional distribution from mutual funds.

Income tax expenses decreased by €43 million (-40%) to €-64 million driven by lower pre-tax underlying earnings.

Underlying earnings decreased by €36 million (-25%) to €110 million.

Adjusted earnings decreased by €47 million (-31%) to €103 million driven by lower pre-tax underlying earnings as well as lower net realized capital gains.

Net income decreased by €64 million (-40%) to €96 million mainly driven by lower adjusted earnings as well as higher restructuring costs.

PROPERTY & CASUALTY OPERATIONS – SPAIN

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**1,577**	**1,551**
Current accident year loss ratio (net)	70.1%	72.7%
All accident year loss ratio (net)	71.1%	73.5%
Net technical result before expenses	**456**	**438**
Expense ratio	26.9%	26.3%
Net investment result	90	94
Underlying earnings before tax	**122**	**98**
Income tax expenses/benefits	(29)	(28)
Net income from investments in affiliates and associates	-	-
Minority interests	(0)	(0)
Underlying earnings Group share	**92**	**70**
Net capital gains or losses attributable to shareholders net of income tax	(3)	5
Adjusted earnings Group share	**89**	**74**
Profit or loss on financial assets (under Fair Value option) & derivatives	3	4
Exceptional operations (including discontinued operations)	(0)	-
Goodwill and other related intangibles impacts	(5)	(7)
Integration and restructuring costs	(25)	(21)
NET INCOME GROUP SHARE	**61**	**51**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,567 million net of intercompany eliminations as of December 31, 2016.

Gross revenues increased by €26 million (+2%) to €1,577 million. On a comparable basis, gross revenues increased by €31 million (+2%):

- *Personal lines* (75% of gross revenues) were up 1% to €1,189 million mainly due to higher sales in Motor and Health, partly offset by lower sales in Property from lower renewals following 2015 pruning actions;
- *Commercial lines* (24% of gross revenues) were up 6% to €384 million driven by higher volumes mainly in SME Motor business;
- *Other lines* (1% of gross revenues) were down 23% to €15 million due to lower assumed business from Group pool.

Net technical result increased by €18 million (+4%) to €456 million:

- the *current accident year loss ratio* decreased by 2.6 points to 70.1% driven by lower attritional claims reflecting improved frequency and severity as well as lower Nat Cat charges, partly offset by higher large losses;
- the *all accident year loss ratio* decreased by 2.4 points to 71.1% as a consequence of an improved current accident year loss ratio, partly offset by lower positive prior year reserve developments.

Expense ratio increased by 0.6 point to 26.9% mainly driven by an increase in the acquisition expense ratio mainly reflecting lower gross earned premiums.

Enlarged expense ratio increased by 0.9 point to 31.6%.

As a result, the **combined ratio** improved by 1.8 points to 98.0%.

Net investment result decreased by €4 million (-4%) to €90 million mainly driven by lower income from fixed income assets.

Income tax expenses increased by €1 million (+4%) to €-29 million driven by higher pre-tax underlying earnings, partly offset by the decrease in the corporate tax rate.

Underlying earnings increased by €23 million (+33%) to €92 million.

Adjusted earnings increased by €15 million (+20%) to €89 million driven by higher underlying earnings, partly offset by lower net realized capital gains.

Net income increased by €11 million (+21%) to €61 million mainly driven by higher adjusted earnings, partly offset by higher restructuring costs.

PROPERTY & CASUALTY OPERATIONS – EMEA-LATAM REGION

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**4,239**	**4,517**
Current accident year loss ratio (net)	76.2%	76.5%
All accident year loss ratio (net)	77.0%	82.4%
Net technical result before expenses	**959**	**808**
Expense ratio	25.9%	25.5%
Net investment result	261	254
Underlying earnings before tax	**141**	**(107)**
Income tax expenses/benefits	(33)	3
Net income from investments in affiliates and associates	56	37
Minority interests	(21)	(10)
Underlying earnings Group share	**144**	**(76)**
Net capital gains or losses attributable to shareholders net of income tax	(14)	(3)
Adjusted earnings Group share	**131**	**(79)**
Profit or loss on financial assets (under Fair Value option) & derivatives	19	38
Exceptional operations (including discontinued operations)	(6)	(3)
Goodwill and other related intangibles impacts	(8)	(10)
Integration and restructuring costs	(4)	(8)
NET INCOME GROUP SHARE	**131**	**(61)**

(a) Before intercompany eliminations. Gross Revenues amounted to €4,232 million net of intercompany eliminations as of December 31, 2016.

Scope: (i) Mexico, Turkey, the Gulf Region, Colombia, Morocco, Luxembourg, Greece and Brazil are fully consolidated; (ii) Russia, Nigeria and Lebanon are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income; (iii) Brazil is fully consolidated since January 1, 2016; (iv) Portugal was disposed on April 1, 2016.

In the comments below, the comparable basis includes the contribution of Brazil and excludes Portugal.

Gross revenues decreased by €279 million (-6%) to €4,239 million. On a comparable basis, gross revenues increased by €339 million (+8%). Personal lines (36% of gross revenues) were up 10% to €1,526 million, Commercial lines (63% of gross revenues) were up 5% to €2,660 million and Other lines (1% of gross revenues) were up 209% to €84 million, with:

- *Turkey* up €163 million (+17%) mainly driven by tariff increases in Motor;
- *Mexico* up €124 million (+8%) mainly driven by tariff increases in Health;
- *Brazil* up €66 million (+359%) driven by new business in Commercial lines; partly offset by
- *The Gulf Region* down €31 million (-4%) mainly due to the loss of large accounts in Commercial Health.

Net technical result increased by €151 million (+19%) to €959 million. On a comparable basis, net technical result increased by €299 million (+40%):

- the *current accident year loss ratio* decreased by 0.5 point to 76.2% mainly driven by (i) an improvement in Motor in Turkey following tariff increases and a decrease in frequency, partly offset by (ii) higher large losses in Property in Turkey mainly due to terror events and in Mexico;
- the *all accident year loss ratio* decreased by 5.8 points to 77.0% driven by less unfavorable prior year reserves development in Motor in Turkey.

Expense ratio increased by 0.4 point to 25.9%. On a comparable basis, expense ratio increased by 0.7 point driven by (i) a higher acquisition expense ratio (+0.4 point) mainly in Brazil to support growth and in Colombia driven by a new bancassurance agreement with higher commission schemes, and (ii) a higher administrative expense ratio (+0.3 point) mostly driven by higher staff costs in Mexico.

Enlarged expense ratio increased by 0.8 point to 28.5%. On a comparable basis, enlarged expense ratio increased by 1.1 points.

As a result, the **combined ratio** improved by 5.0 points to 102.9%. On a comparable basis, the combined ratio improved by 5.1 points.

Net investment result increased by €8 million (+3%) to €261 million. On a comparable basis, net investment result increased by €39 million (+16%) mainly driven by (i) Turkey as a result of both higher interest rates and average asset base, and (ii) Colombia driven by inflation-linked bonds.

Income tax expenses increased by €36 million to €-33 million. On a comparable basis, income tax expenses increased by €40 million primarily due to higher pre-tax underlying earnings.

Underlying earnings increased by €220 million to €144 million. On a comparable basis, underlying earnings increased by €228 million.

Adjusted earnings increased by €209 million to €131 million. On a comparable basis, adjusted earnings increased by €220 million mainly driven by higher underlying earnings partly offset by lower net realized capital gains.

Net income increased by €192 million to €131 million. On a comparable basis, net income increased by €199 million mainly driven by higher adjusted earnings.

PROPERTY & CASUALTY OPERATIONS – DIRECT BUSINESS

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**2,866**	**2,735**
Current accident year loss ratio (net)	76.9%	78.2%
All accident year loss ratio (net)	75.0%	76.9%
Net technical result before expenses	**691**	**607**
Expense ratio	21.8%	21.1%
Net investment result	115	124
Underlying earnings before tax	**203**	**176**
Income tax expenses/benefits	(43)	(50)
Net income from investments in affiliates and associates	9	8
Minority interests	(0)	(0)
Underlying earnings Group share	**168**	**135**
Net capital gains or losses attributable to shareholders net of income tax	(2)	(2)
Adjusted earnings Group share	**166**	**132**
Profit or loss on financial assets (under Fair Value option) & derivatives	7	(5)
Exceptional operations (including discontinued operations)	4	(1)
Goodwill and other related intangibles impacts	(8)	(7)
Integration and restructuring costs	(11)	(12)
NET INCOME GROUP SHARE	**157**	**108**

(a) Before intercompany eliminations. Gross Revenues amounted to €2,864 million net of intercompany eliminations as of December 31, 2016.

Direct business includes operations in the United Kingdom (22% of total Direct gross revenues), France (21%), South Korea (20%), Japan (16%), Poland (7%), Spain (6%), Italy (4%) and Belgium (3%).

In the comments below, the comparable basis excludes the contribution of Portugal.

Gross revenues increased by €131 million (+5%) to €2,866 million. On a comparable basis, gross revenues increased by €183 million (+7%):

- *Personal Motor* (86% of gross revenues) was up €186 million (+8%) to €2,500 million driven by (i) Poland (€+67 million or +62%) reflecting strong volumes on new business from direct sales and growth through the bancassurance partnership with mBank, (ii) the United Kingdom (€+46 million or +8%) due to tariff increases and improved retention, (iii) France (€+40 million or +10%) due to higher average premiums as well as the positive impact of the Hamon law on new business, (iv) Japan (€+28 million or +8%) due to higher average premiums and (v) Spain (€+21 million or +12%) driven by a higher retention rate and higher new business, partly offset by (vi) South Korea (€-18 million or -3%) due to the implementation of a pruning strategy to restore profitability;

- *Personal Non-Motor* (14% of gross revenues) was up €13 million (+3%) to €395 million driven by (i) France (€+5 million or +3%) reflecting an increase in renewals in Household, (ii) Poland (€+4 million or +11%) due to higher volumes in Household, Liability and Health and (iii) Japan (€+3 million or +23%) due to the strong performance in pet insurance, partly offset by (iv) the United Kingdom (€-3 million or -3%) due to lower new business volumes in Household.

Net technical result increased by €84 million (+14%) to €691 million. On a comparable basis, net technical result increased by €109 million (+18%):

- the *current accident year loss ratio* improved by 1.2 points to 76.9% mainly from (i) the United Kingdom mainly driven by a reduction in claims handling costs, lower Nat Cat and natural events, as well as improvements in Motor reflecting tariff increases, and (ii) lower attritional losses in South Korea, Spain and Japan, partly offset by the decrease in market average premiums in Italy;
- the *all accident year loss ratio* improved by 2.1 points to 75.0% mainly as a result of favorable prior year reserve developments in the United Kingdom.

Expense ratio increased by 0.7 point to 21.8%. On a comparable basis, expense ratio increased by 0.7 point mainly from investments in IT systems in the United Kingdom.

Enlarged expense ratio increased by 0.3 point to 27.1%. On a comparable basis, enlarged expense ratio increased by 0.3 point due to a higher expense ratio, partly offset by lower claims handling costs in the United Kingdom.

As a result, the **combined ratio** improved by 1.2 points to 96.8%. On a comparable basis, the combined ratio improved by 1.4 points.

Net investment result decreased by €8 million (-7%) to €115 million. On a comparable basis, net investment result decreased by €1 million (-1%).

Income tax expenses decreased by €7 million (-14%) to €-43 million. On a comparable basis, income tax expenses decreased by €4 million (-8%) as higher pre-tax underlying earnings were more than offset by a lower corporate tax rate in France.

Underlying earnings increased by €34 million (+25%) to €168 million. On a comparable basis, underlying earnings increased by €47 million (+35%).

Adjusted earnings increased by €34 million (+26%) to €166 million. On a comparable basis, adjusted earnings increased by €48 million (+35%) driven by higher underlying earnings.

Net income increased by €50 million (+46%) to €157 million. On a comparable basis, net income increased by €64 million (+58%) mainly driven by higher adjusted earnings and a favorable change in the fair value of interest rate derivatives not eligible for hedge accounting in the United Kingdom.

PROPERTY & CASUALTY OPERATIONS – ASIA

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**1,111**	**1,108**
Current accident year loss ratio (net)	68.3%	67.0%
All accident year loss ratio (net)	64.1%	64.6%
Net technical result before expenses	**389**	**377**
Expense ratio	31.2%	29.3%
Net investment result	42	36
Underlying earnings before tax	**93**	**100**
Income tax expenses/benefits	(12)	(19)
Net income from investments in affiliates and associates	(18)	(16)
Minority interests	(14)	(12)
Underlying earnings Group share	**49**	**53**
Net capital gains or losses attributable to shareholders net of income tax	5	6
Adjusted earnings Group share	**55**	**59**
Profit or loss on financial assets (under Fair Value option) & derivatives	(1)	0
Exceptional operations (including discontinued operations)	-	-
Goodwill and other related intangibles impacts	(15)	(15)
Integration and restructuring costs	-	(1)
NET INCOME GROUP SHARE	**39**	**44**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,103 million net of intercompany eliminations as of December 31, 2016.

Scope: (i) for gross revenues and combined ratio: Hong Kong, Malaysia, Singapore and Thailand, on a 100% share basis; (ii) for underlying earnings, adjusted earnings and net income: China, India, Hong Kong, Malaysia, Singapore and Thailand, on a group share basis. Indonesia operations are not consolidated. China and India are consolidated through the equity method.

Gross revenues increased by €2 million to €1,111 million. On a comparable basis, gross revenues increased by €6 million (+1%). Personal lines (50% of gross revenues) were up 4% to €560 million and Commercial lines (50% of gross revenues) were down 3% to €551 million. The overall increase was driven by:

- *Malaysia* (€+33 million or +11%) driven by (i) Personal lines (€+20 million) mainly as a result of new business growth in Motor as well as (ii) Commercial lines (€+13 million) from new large accounts in Health and Property;
- *Thailand* (€+5 million or +7%) driven by Commercial lines (€+7 million) from new large accounts in Property;

partly offset by:

- *Singapore* (€-17 million or -6%) mostly due to market competition in (i) Commercial lines (€-11 million) mainly from Workers' Compensation and Construction and in (ii) Personal lines (€-7 million) mainly from Motor due to tariff decreases and lower renewals;
- *Hong Kong* (€-15 million or -3%) due to (i) Commercial lines (€-28 million) mainly due to the pruning of large accounts in Health, partly offset by (ii) Personal lines (€+13 million) mainly from higher new business in Health.

Net technical result increased by €12 million (+3%) to €389 million. On a constant exchange rate basis, net technical result increased by €17 million (+4%):

- the *current accident year loss ratio* increased by 1.3 points to 68.3% due to worsening claims experience in Singapore from Commercial Motor and Commercial Property, in Thailand from Personal Motor and Commercial Health, as well as in Malaysia from Commercial Property;
- the *all accident year loss ratio* improved by 0.5 point to 64.1% due to higher positive prior year reserve developments in Singapore and Hong Kong.

Expense ratio increased by 1.9 points to 31.2%. On a constant exchange rate basis, expense ratio increased by 1.8 points mostly driven by higher administrative expenses (+1.4 points) as a consequence of investments in transformation projects in Hong Kong and Singapore.

Enlarged expense ratio increased by 1.9 points to 34.0%. On a constant exchange rate basis, enlarged expense ratio increased by 1.9 points.

As a result, the **combined ratio** increased by 1.4 points to 95.3%. On a constant exchange rate basis, the combined ratio increased by 1.4 points.

Net investment result increased by €6 million (+18%) to €42 million. On a constant exchange rate basis, net investment result increased by €7 million (+20%) mainly driven by higher average asset base in Malaysia and a positive change in asset mix in Singapore.

Income tax expenses decreased by €7 million (-35%) to €-12 million. On a constant exchange rate basis, income tax expenses decreased by €6 million (-33%) mainly due to lower pre-tax underlying earnings.

Underlying earnings decreased by €4 million (-8%) to €49 million. On a constant exchange rate basis, underlying earnings decreased by €4 million (-8%) mainly driven by lower pre-tax underlying earnings and lower results from affiliates and associates, driven by China due to higher digital marketing investments. Restating from the change of the Group share in Bharti from 26% to 49% in December 2015, underlying earnings increased by €8 million (+19%).

Adjusted earnings decreased by €4 million (-8%) to €55 million. On a constant exchange rate basis, adjusted earnings decreased by €5 million (-8%) driven by lower underlying earnings.

Net income decreased by €5 million (-11%) to €39 million. On a constant exchange rate basis, net income decreased by €5 million (-11%) driven by lower adjusted earnings.

PROPERTY & CASUALTY OPERATIONS – AXA CORPORATE SOLUTIONS ASSURANCE

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**2,325**	**2,265**
Current accident year loss ratio (net)	85.7%	85.8%
All accident year loss ratio (net)	83.4%	82.8%
Net technical result before expenses	**383**	**391**
Expense ratio	17.8%	15.8%
Net investment result	182	173
Underlying earnings before tax	**155**	**205**
Income tax expenses/benefits	(32)	(69)
Net income from investments in affiliates and associates	-	-
Minority interests	(2)	(2)
Underlying earnings Group share	**122**	**134**
Net capital gains or losses attributable to shareholders net of income tax	25	21
Adjusted earnings Group share	**146**	**155**
Profit or loss on financial assets (under Fair Value option) & derivatives	4	7
Exceptional operations (including discontinued operations)	6	-
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(8)	(6)
NET INCOME GROUP SHARE	**149**	**156**

(a) Before intercompany eliminations. Gross Revenues amounted to €2,318 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification from the International Insurance segment into the Property & Casualty segment.

In the comments below, the comparable basis excludes the contribution of the Brazil activities consolidated starting from January 1, 2016.

Gross revenues increased by €61 million (+3%) to €2,325 million. On a comparable basis, gross revenues increased by €1 million (0%), notably in Property (+5%) and Liability (+6%), partly offset by Aviation/Space (-17%), Construction (-12%) and Motor (-10%) due to the actions undertaken to protect the profitability.

Net technical result decreased by €8 million (-2%) to €383 million. On a comparable basis, net technical result decreased by €27 million (-7%):

- the *current accident year loss ratio* increased by 0.3 point to 85.7% driven by higher large losses in Liability, partly offset by lower large losses in Marine and Aviation;
- the *all accident year loss ratio* increased by 1.0 point to 83.4% mainly due to lower prior year adjustments.

Expense ratio increased by 1.9 points to 17.8%. On a comparable basis, expense ratio increased by 1.2 points mainly driven by higher project investment costs.

Enlarged expense ratio increased by 2.0 points to 21.2%. On a comparable basis, enlarged expense ratio increased by 1.4 points.

As a result, the **combined ratio** increased by 2.6 points to 101.2%. On a comparable basis, the combined ratio increased by 2.1 points.

Net investment result increased by €9 million (+5%) to €182 million. On a comparable basis, net investment result decreased by €1 million due to lower reinvestment on the fixed income portfolio, partly offset by higher distribution from mutual funds.

Income tax expenses decreased by €38 million (-54%) to €-32 million. On a comparable basis, income tax expenses decreased by €38 million (-54%) mainly due to lower pre-tax underlying earnings as well as positive tax one-offs.

Underlying earnings decreased by €12 million (-9%) to €122 million. On a comparable basis, underlying earnings decreased by €12 million (-9%).

Adjusted earnings decreased by €8 million (-5%) to €146 million. On a comparable basis, adjusted earnings decreased by €8 million (-5%) driven by lower underlying earnings, partly offset by higher net realized capital gains.

Net income decreased by €7 million (-5%) to €149 million. On a comparable basis, net income remained stable as lower adjusted earnings and unfavorable change in the fair value of mutual funds were offset by the realized capital gain related to the disposal of Portugal.

PROPERTY & CASUALTY OPERATIONS – AXA ASSISTANCE

(in Euro million)	December 31, 2016	December 31, 2015 restated [b]
Gross revenues [a]	**1,449**	**1,371**
Underlying earnings before tax	**34**	**47**
Income tax expenses/benefits	(22)	(22)
Net income from investments in affiliates and associates	1	1
Minority interests	0	(0)
Underlying earnings Group share	**13**	**25**
Net capital gains or losses attributable to shareholders net of income tax	0	1
Adjusted earnings Group share	**14**	**26**
Profit or loss on financial assets (under Fair Value option) & derivatives	(2)	(1)
Exceptional operations (including discontinued operations)	-	(1)
Goodwill and other related intangibles impacts	-	-
Integration and restructuring costs	(17)	(5)
NET INCOME GROUP SHARE	**(5)**	**19**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,276 million net of intercompany eliminations as of December 31, 2016.
(b) Restated: Reclassification from the International Insurance segment into the Property & Casualty segment.

Gross revenues increased by €77 million (+6%) to €1,449 million. On a comparable basis, gross revenues increased by €56 million (+5%) mainly driven by the refinement in accounting methodology of a large contract combined with new business in Motor and Health.

Underlying earnings decreased by €12 million (-47%) to €13 million mainly driven by costs incurred in relation with the set-up of AXA Partners, a higher commission ratio and a higher corporate tax rate due to an unfavorable country mix.

Adjusted earnings decreased by €12 million (-48%) to €14 million due to lower underlying earnings.

Net income decreased by €23 million (-125%) to €-5 million driven by lower adjusted earnings combined with higher restructuring costs mainly in Germany.

PROPERTY & CASUALTY OPERATIONS – OTHER

Consolidated Gross revenues

(in Euro million)	December 31, 2016	December 31, 2015 restated [(a)]
AXA Liabilities Managers	6	3
AXA Global P&C	97	84
TOTAL	**103**	**87**
Intercompany transactions	-	(1)
Contribution to consolidated gross revenues	**103**	**86**

(a) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

Underlying, Adjusted earnings and Net income Group share

(in Euro million)	December 31, 2016	December 31, 2015 restated [(a)]
AXA Liabilities Managers	47	57
AXA Global P&C	28	37
Underlying earnings Group share	**75**	**94**
Net realized capital gains or losses attributable to shareholders	4	7
Adjusted earnings Group share	**79**	**101**
Profit or loss on financial assets (under Fair Value option) & derivatives	4	7
Exceptional operations (including discontinued operations)	3	-
Goodwill and related intangibles impacts	-	-
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**86**	**107**

(a) Restated: Reclassification of a part of the International Insurance segment into the Property & Casualty segment.

AXA LIABILITIES MANAGERS

Underlying earnings decreased by €9 million (-16%) to €47 million. On a constant exchange rate basis, underlying earnings decreased by €7 million (-13%) mainly driven by less favorable developments on run-off portfolios.

Adjusted earnings decreased by €13 million (-20%) to €51 million. On a constant exchange rate basis, adjusted earnings decreased by €10 million (-16%) mainly driven by lower underlying earnings and lower net realized capital gains.

Net income decreased by €4 million (-7%) to €58 million. On a constant exchange rate basis, net income decreased by €2 million (-4%) mainly driven by lower adjusted earnings, partly offset by a favorable change in the fair value of foreign exchange hedging derivatives not eligible for hedge accounting.

AXA GLOBAL P&C

Underlying earnings decreased by €9 million (-25%) to €28 million mainly driven by a lower technical margin.

Adjusted earnings decreased by €9 million (-25%) to €28 million due to lower underlying earnings.

Net income decreased by €17 million (-37%) to €28 million due to lower adjusted earnings as well as an unfavorable change in the fair value of mutual funds and foreign exchange impact.

Asset Management segment

AB

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**2,642**	**2,690**
Net investment result	(5)	(13)
Total revenues	**2,637**	**2,678**
General expenses	(2,021)	(2,105)
Underlying earnings before tax	**616**	**573**
Income tax expenses/benefits	(220)	(138)
Minority interests	(205)	(210)
Underlying earnings Group share	**191**	**224**
Net capital gains or losses attributable to shareholders net of income tax	-	0
Adjusted earnings Group share	**191**	**224**
Profit or loss on financial assets (under Fair Value option) & derivatives	23	(1)
Exceptional operations (including discontinued operations)	-	0
Goodwill and other related intangibles impacts	-	0
Integration and restructuring costs	(5)	(10)
NET INCOME GROUP SHARE	**210**	**213**
Average exchange rate : €1.00 = $	*1.105*	*1.119*

(a) Before intercompany eliminations. Gross Revenues amounted to €2,530 million net of intercompany eliminations as of December 31, 2016.

Assets under Management ("AUM") increased by €31 billion from year-end 2015 to €486 billion as a result of €26 billion market appreciation, €14 billion favorable foreign exchange rate impact and €2 billion change in scope from the acquisition of Ramius, partly offset by €-12 billion net outflows mainly from Institutional clients.

Gross revenues decreased by €48 million (-2%) to €2,642 million. On a comparable basis, gross revenues decreased by €82 million (-3%) due to (i) lower investment management fees (-3%) resulting from an unfavorable shift in product mix, (ii) lower Institutional Research Services fees (-3%) due to lower market levels and volumes in Europe and Asia and (iii) lower distribution fees (-10%) due to lower average AUM in retail mutual funds.

Net investment result increased by €8 million to €-5 million. On a constant exchange rate basis, net investment result increased by €8 million.

General expenses decreased by €84 million (-4%) to €-2,021 million. On a constant exchange rate basis, general expenses decreased by €110 million (-5%) mainly due to lower compensation expenses resulting from lower revenues and lower promotion and servicing expenses.

The **underlying cost income ratio** improved by 2.1 points to 72.9%.

Income tax expenses increased by €81 million (+59%) to €-220 million. On a constant exchange rate basis, income tax expenses increased by €79 million (+57%) due to higher pre-tax underlying earnings and an unfavorable tax one-off (€-66 million).

Underlying earnings and **adjusted earnings** decreased by €33 million (-15%) to €191 million. On a constant exchange rate basis, underlying and adjusted earnings decreased by €35 million (-16%).

AXA ownership of AB at December 31, 2016 was 63.7%, compared to 62.8% at December 31, 2015.

Net income decreased by €3 million (-2%) to €210 million. On a constant exchange rate basis, net income decreased by €6 million (-3%) driven by lower adjusted earnings, partly offset by an exceptional realized capital gain on the sale of a seed capital investment (€28 million).

AXA INVESTMENT MANAGERS ("AXA IM")

(in Euro million)	December 31, 2016	December 31, 2015
Gross revenues [(a)]	**1,545**	**1,604**
Net investment result	(17)	1
Total revenues	**1,527**	**1,606**
General expenses	(1,201)	(1,226)
Underlying earnings before tax	**327**	**380**
Income tax expenses/benefits	(96)	(135)
Minority interests	(5)	(10)
Underlying earnings Group share	**225**	**234**
Net capital gains or losses attributable to shareholders net of income tax	-	0
Adjusted earnings Group share	**225**	**234**
Profit or loss on financial assets (under Fair Value option) & derivatives	8	11
Exceptional operations (including discontinued operations)	36	27
Goodwill and other related intangibles impacts	-	0
Integration and restructuring costs	(4)	(2)
NET INCOME GROUP SHARE	**265**	**269**

(a) Before intercompany eliminations. Gross Revenues amounted to €1,180 million net of intercompany eliminations as of December 31, 2016.

Comparable basis in the comments below refers to constant foreign exchange rate restatement, excluding distribution fees.

Assets under Management ("AUM") increased by €48 billion from December 31, 2015 to €717 billion at the end of December 31, 2016, driven by net inflows of €56 billion, mostly from third party clients (€+57 billion) mainly from Asian joint ventures (€+39 billion) and other third party clients (€+18 billion), and €9 billion combined market and foreign exchange rate impact, partly offset by €-18 billion negative scope impacts mainly related to the partial withdrawal of Friends Life assets.

Gross revenues decreased by €60 million (-4%) to €1,545 million. On a comparable basis, net revenues were stable at €1,233 million (€+3 million), mainly driven by higher transaction fees (€+12 million or +37%), partly offset by lower management fees (€-6 million or -1%) as a result of lower average assets (-3%) mainly due to the withdrawal of Friends Life assets.

Net investment result decreased by €19 million to €-17 million. On a comparable basis, net investment result decreased by €17 million mainly due to the non-repeat of an exceptional realized capital gain of €16 million in 2015.

General expenses decreased by €26 million (-2%) to €-1,201 million. On a comparable basis, net general expenses increased by €30 million (+3%) to €881 million, mainly due to higher staff costs following business development initiatives launched in 2016.

The **underlying cost income ratio** increased by 3.1 points to 72.4%. On a comparable basis, the underlying cost income ratio remained stable.

Income tax expenses decreased by €39 million (-29%) to €-96 million. On a comparable basis, income tax expenses decreased by €37 million (-27%) driven by lower pre-tax underlying earnings, the non-repeat of unfavorable tax one-offs in 2015 as well as a lower effective tax rate driven by a more favorable country mix.

Underlying earnings and **adjusted earnings** decreased by €9 million (-4%) to €225 million. On a comparable basis, underlying earnings and adjusted earnings decreased by €2 million (-1%).

Net income decreased by €4 million (-2%) to €265 million. On a comparable basis, net income increased by €6 million (+2%) mainly driven by fair value adjustments to the deferred consideration linked to the disposal of AXA Private Equity in 2013.

Banking segment

BELGIUM

Net banking revenues decreased by €27 million (-7%) to €375 million.

Operating net banking revenues decreased by €22 million (-6%) mainly driven by (i) lower interest income on mortgage loans and lower commercial margins on current and savings accounts in the context of low interest rates environment and (ii) lower intermediation activities, partly offset by (iii) higher commercial results from strong new credit production.

Underlying earnings and **adjusted earnings** decreased by €16 million (-18%) to €74 million due to (i) lower operating net banking revenues (€-22 million), (ii) higher distribution commissions (€-5 million), (iii) higher bank levies (€-4 million), partly offset by (iv) improved cost of risk (€+13 million) and (v) lower operating expenses (€+2 million).

Net income decreased by €29 million (-29%) to €71 million due to (i) lower adjusted earnings, (ii) higher expenses in the context of the closure of the Hungarian branch, (iii) a less favorable change in the fair value of interest rate derivatives and (iv) higher restructuring costs.

FRANCE

Net banking revenues decreased by €11 million (-7%) to €141 million.

Operating net banking revenues increased by €2 million (+2%) to €139 million mainly driven by higher interest income on retail loans, primarily on mortgages, despite the low interest rates environment, as a consequence of in-force growth following the strong level of new credit production during the last years.

Underlying earnings and **adjusted earnings** decreased respectively by €4 million (-87%) to €1 million and by €5 million (-96%) to €0 million, as the increase in operating expenses to support business growth was partly offset by an increase in operating net banking revenues combined with an improved cost of risk.

Net income decreased by €13 million (-87%) to €2 million, as a result of a less favorable change in the fair value of debt and hedging instruments.

HUNGARY

Net income increased by €94 million to €27 million. On a constant exchange rate basis, net income increased by €94 million mainly due to (i) the non-repeat of the booking of a €77 million provision in 2015 in anticipation to the loss related to the sale of the Hungarian operations and (ii) the release of part of this provision (€+21 million) following positive credit experience on the underlying mortgage portfolio.

GERMANY

Net banking revenues decreased by €1 million (-2%) to €21 million.

Underlying earnings increased by €1 million (+34%) to €5 million.

Adjusted earnings increased by €2 million (+41%) to €5 million.

Net income decreased by €2 million (-48%) to €2 million.

Holdings and other companies

AXA SA [(1)]

Underlying earnings increased by €60 million to €-773 million mainly driven by lower financial charges mainly reflecting the interest rate management program implemented in the context of low interest rates, partly offset by the impact of the external debt issuance program.

Adjusted earnings increased by €53 million to €-780 million mainly driven by higher underlying earnings, partly offset by higher impairment on equities.

Net income decreased by €129 million to €-1,134 million as (i) higher adjusted earnings and (ii) a realized capital gain related to the disposal of AXA Portugal, were more than offset by (iii) an unfavorable change in the fair value of interest rate and foreign

(1) All the figures are after tax.

exchange economic derivatives not eligible for hedge accounting combined with (iv) a negative tax one-off reflecting the partial write-off of the net deferred tax asset position of the French Tax consolidation Group due to the decrease in the corporate tax rate from 34% to 28% enacted in 2016 to be effective as of January 1, 2020.

OTHER FRENCH HOLDING COMPANIES

AXA France Assurance

In the comments below, the comparable basis excludes the contribution of Genworth holdings, consolidated starting from December 31, 2015.

Underlying earnings increased by €5 million to €-10 million. On a comparable basis, underlying earnings increased by €5 million due to the decrease of the tax on dividends received from subsidiaries.

Adjusted earnings and **net income** increased by €2 million to €-13 million. On a comparable basis, adjusted earnings and net income increased by €6 million due to the increase in underlying earnings, partly offset by impairments on equity securities.

Other French Holdings

Underlying earnings increased by €15 million to €14 million mainly due to higher investment result.

Adjusted earnings increased by €14 million to €13 million driven by higher underlying earnings.

Net income decreased by €3 million to €-6 million as higher adjusted earnings were more than offset by costs linked to the restructuring of the participation in Bharti AXA General Insurance.

FOREIGN HOLDING COMPANIES

AXA Financial Inc.

Underlying earnings and **adjusted earnings** decreased by €59 million to €-77 million. On a constant exchange rate basis, underlying earnings and adjusted earnings decreased by €58 million mainly driven by lower rental income due to the sale of two real estate properties in New York, partly offset by lower share-based compensation expenses.

Net income increased by €909 million to €892 million. On a constant exchange rate basis, net income increased by €897 million reflecting the exceptional net capital gain on the sale of two real estate properties in New York.

AXA UK Holdings

Underlying earnings remained stable at €-1 million on both reported and constant exchange rate basis.

Adjusted earnings remained stable at €-2 million on both reported and constant exchange rate basis.

Net income decreased by €109 million to €-101 million. On a constant exchange rate basis, net income decreased by €121 million mainly reflecting the loss related to the disposal of Bluefin Insurance Group (€-82 million), an unfavorable change in the fair value of foreign exchange hedging derivatives not eligible for hedge accounting and restructuring costs.

German Holding Companies

Underlying earnings increased by €60 million to €53 million mainly due to lower pension costs and one-off interest profits on tax claims.

Adjusted earnings increased by €57 million to €63 million driven by higher underlying earnings, partly offset by lower net realized capital gains.

Net income increased by €57 million to €64 million mainly as the result of higher adjusted earnings and a favorable change in the fair value of hedging derivatives related to pensions not eligible for hedge accounting.

Belgian Holding Company

Underlying earnings increased by €3 million (+43%) to €-3 million as a result of higher net investment income and lower financing debt expenses.

Adjusted earnings increased by €2 million (+40%) to €-4 million mainly due to higher underlying earnings.

Net income increased by €5 million (+89%) to €-1 million driven by higher adjusted earnings and a favorable change in the fair value of foreign exchange derivatives not eligible for hedge accounting.

EMEA-LATAM Region Holdings

Underlying earnings increased by €6 million (+23%) to €-19 million. On a constant exchange rate basis, underlying earnings increased by €6 million.

Adjusted earnings decreased by €2 million (-7%) to €-26 million. On a constant exchange rate basis, adjusted earnings decreased by €2 million as higher underlying earnings were more than offset by lower net realized capital gains.

Net income decreased by €2 million (-5%) to €-48 million. On a constant exchange rate basis, net income decreased by €2 million driven by lower adjusted earnings.

2.4 LIQUIDITY AND CAPITAL RESOURCES

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Liquidity management is a core part of the Group's financial planning and includes debt profile scheduling and, more generally, the Group's capital allocation process. Liquidity resources result mainly from Life & Savings, Property & Casualty and Asset Management operations, as well as from capital raising activities and committed bank credit lines.

Over the past several years, the Group 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 (mainly 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 of the Group is responsible for managing its own liquidity position, in coordination with the Company. The Company, as the holding company of the AXA Group, coordinates funding and liquidity management and, in this role, participates in financing the operations of certain of its subsidiaries. Certain of AXA's subsidiaries, including AXA France Assurance, AXA Financial, AXA Konzern AG, AXA UK Plc. and AXA Mediterranean Holding SA, are also holding companies and consequently, depend 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 subsidiaries must therefore take into account these constraints. Cash positions also fluctuate as a result of cash-settled margin calls from counterparties related to collateral agreements on derivatives. The Company's statutory results may be significantly impacted by unrealized gains and losses on derivatives used to hedge, in particular, currency and interest rate risks.

The Company anticipates that cash dividends received from its 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 four 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/or equity instruments.

As a holding company, AXA is not subject to legal restrictions on dividend payments, provided that its accumulated profits are sufficient to cover distributions and that the Group solvency ratio does not decrease below 100% after dividend payment. However, many Group subsidiaries, particularly AXA's insurance subsidiaries, are subject to local regulatory restrictions on the amount of dividends they can pay to their shareholders. For more information on these restrictions, see Note 29.4 "Other items: restrictions on dividend payments to shareholders" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

Liquidity, sources and needs for Group operating subsidiaries

The principal sources of liquidity for the Group's insurance subsidiaries 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 and meet potential collateral exchange obligations in relation to derivatives. The liquidity of the Group's insurance operations is affected by, among other things, the overall quality of the Group's investments and the Group's ability to liquidate its investment assets in a timely manner and 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 14.10.1 "Payment and surrender projections" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

LIFE & SAVINGS

Liquidity needs of Life & Savings subsidiaries 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 our Variable Annuity business.

The investment strategy of AXA's Life & Savings subsidiaries is designed to match the investment returns and estimated maturities of their investments with expected cash flows 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. Group operating entities seek to adjust their investment portfolios to reflect such considerations and react in a targeted manner.

PROPERTY & CASUALTY

Liquidity needs of Property & Casualty subsidiaries can be affected by actual claims experience. Property & Casualty Insurance's net cash flows are generally positive. They can be negative in the case of exceptional loss events, such as natural catastrophe 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

The principal sources of liquidity for AXA's Asset Management and Banking subsidiaries are operating cash flows, repurchase agreements, borrowings from credit institutions, banking clients, drawings on credit facilities, proceeds from the issuance of ordinary shares (where applicable).

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 AB or to constitute seed money for new funds at both AB and AXA Investment Managers.

Liquidity position

In 2016, AXA continued to follow a prudent approach to manage its liquidity risk. At year-end 2016, AXA had:

- a large cash position across all business lines (information on cash flows from operations is provided in Note 12 "Cash and cash equivalents" in Part 5 – "Consolidated Financial Statements" of this Annual Report). As of December 31, 2016, AXA's consolidated statement of financial position included cash and cash equivalents of €25.7 billion, net of bank overdrafts of €0.6 billion;
- broad access to various markets *via* standardized debt programs: for example, at the end of 2016, this included a maximum capacity of €6.0 billion of French commercial paper, $2.0 billion of US commercial paper, €17.0 billion under a Euro Medium Term Note ("EMTN") program (of which €13.8bn issued) and €1.5bn of French *titres négociables à moyen terme* (formerly *bons à moyen terme négociables*);

- a debt profile characterized by (i) debt that is mostly subordinated, with a long maturity profile. Over the next two years, €2.8 billion of debt repayments [1] are expected out of total financing debt in an amount of €18.3 billion at year-end 2016; and (ii) improvement in the debt ratios (debt gearing [2]: 26.4% at year-end 2016, versus 25.9% at year-end 2015; interest coverage [3]: 15.7x at year-end 2016, versus 10.7x at year-end 2015).

AXA has put in place a robust liquidity risk management framework that it reviews on a regular basis through a quarterly monitoring of liquidity and solvency requirements in stressed environments both at local and Group level. For additional information, please refer to Section 4.2 "Internal control and risk management" [4] and Section 4.5 "Liquidity risk" [5] of this Annual Report.

At year-end 2016, Group entities held, in the aggregate, more than €236 billion government and related bonds of which €144 billion issued by eurozone countries, which enables them to address local liquidity needs through highly liquid assets. AXA SA also held €12.4 billion of committed undrawn credit lines at year-end 2016. AXA has its own liquidity requirements resulting mainly from solvency needs of Group entities under severe stress scenarios and collateralized derivatives held by AXA SA. The derivatives book is monitored and managed on a daily basis by the AXA Group Treasury Department.

In addition, as part of its risk control framework, AXA remains vigilant regarding contractual provisions, such as rating triggers or restrictive covenants in financing and other documentation that may give lenders, security holders or other counterparties, the right to accelerate repayment, demand collateral or seek other similar remedies under circumstances that could have a material adverse effect on the Group's consolidated financial position. At year-end 2016, AXA had no rating triggers and no financial covenants in its credit facilities.

SUBORDINATED DEBT

On a consolidated basis, dated and undated subordinated debt that qualifies as financing debt (excluding derivative instruments) was equal to €9,007 million as of December 31, 2016 (€7,818 million including derivatives) 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 1.13.2 "Undated subordinated debt" in Part 5 – "Consolidated Financial Statements" of this Annual Report), compared to €6,823 million as of December 31, 2015 (€7,465 million including derivatives), thus showing an increase of €2,184 million excluding the impact of derivatives.

As of December 31, 2016, AXA's only convertible debt outstanding was AXA's 2017 convertible bonds (6,612,510 convertible bonds were outstanding as of December 31, 2016, representing a carrying value of €1,783 million for its debt component, as described in Note 17 "Financing debt" in Part 5 – "Consolidated Financial Statements" of this Annual Report). To neutralize the dilutive impact of the 2017 convertible bonds in 2016, AXA had maintained arrangements with a banking counterparty for call options on the AXA ordinary share with an automatic exercise feature. Under such arrangements, one call option was automatically exercised upon each conversion of a convertible bond. Consequently, each issuance of a new ordinary share resulting from the conversion of a bond was offset by the delivery to AXA of an existing ordinary share under the call option (which ordinary share AXA cancelled in order to avoid any increase in the number of its outstanding shares and/or dilution).

At December 31, 2016, the number of ordinary shares issuable upon conversion of outstanding bonds was 29.2 million.

The Group's subordinated debt is described in Note 17 "Financing debt" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

FINANCING DEBT INSTRUMENTS ISSUED

On a consolidated basis, AXA's total outstanding financing debt excluding derivatives amounted to €1,139 million at December 31, 2016 (€1,109 million including derivatives), an increase of €476 million from €663 million at the end of 2015 (€624 million including derivatives).

Financing debt instruments issued are described in Note 17 "Financing debt" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

FINANCING DEBT OWED TO CREDIT INSTITUTIONS

At December 31, 2016, the Group did not owe any financing debt to credit institutions.

(1) Estimated taking into account the first date of step-up calls on subordinated debt.

(2) "Debt gearing" is defined in the Glossary set forth in Appendix VI of this Annual Report.

(3) Including interest charge on undated subordinated debt.

(4) Only information contained in Section 4.2 "Internal control and risk management" of this Annual Report and referred to in Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

(5) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2016, other debt instruments issued was equal to €1,191 million, down from €2,612 million at the end of 2015. The decrease of €1,421 million resulted mainly from the reimbursement of commercial papers by AXA SA.

Debt instruments (other than financing debt) issued by Group entities are described in Note 18 "Payables" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

Other debt owed to credit institutions (including bank overdrafts)

At December 31, 2016, other debt owed to credit institutions was equal to €890 million (including €580 million of bank overdrafts), decrease of €37 million compared to €927 million at the end of 2015 (including €645 million of bank overdrafts).

Debt (other than financing debt) owed to credit institutions is described in Note 18 "Payables" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

ISSUANCE OF ORDINARY SHARES

For several years, the AXA Group has offered to its employees, in and outside France, the opportunity to subscribe for shares issued through a capital increase reserved for employees. In 2016, employees invested a total of €430 million leading to the issue of approximately 24.5 million new shares. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of such shares to cancel them.

Newly issued shares arising from long term incentive plans (AXA Miles and stock options) amounted to 5.4 million shares in 2016. To eliminate the dilutive impact of the newly issued shares, AXA bought back the equivalent number of such shares to cancel them.

DIVIDENDS RECEIVED FROM GROUP SUBSIDIARIES

Dividends received by the Company from its subsidiaries amounted to €3,521 million in 2016 (€2,552 million in 2015), of which €1,302 million were denominated in currencies other than the Euro (€733 million in 2015).

Uses of funds

Interest paid by the Company in 2016 was equal to €1,078 million (€1,094 million in 2015), of which interest on undated subordinated debt of €444 million (€431 million in 2015).

Dividends paid to AXA SA's shareholders in 2016 in respect of the 2015 financial year were equal to €2,656 million, or €1.10 per share, versus €0.95 per share paid in 2015 in respect of the 2014 financial year (€2,317 million in total). Those dividends were paid in cash.

For additional information, please refer to Appendix IV "AXA parent company financial statements" of this Annual Report.

Impact of regulatory requirements

GLOBAL SYSTEMICALLY IMPORTANT INSURER "GSII"

In 2013, the AXA Group was designated a Global Systemically Important Insurer ("GSII"). The framework policy measures for GSIIs include a number of requirements on GSIIs amongst which the requirement to submit a Systemic Risk Management Plan, a Liquidity Risk Management Plan and a Recovery Plan to their Group supervisor.

For additional information, please refer to Section 6.3 – "General Information – Regulation and Supervision – Global Systemically Important Insurer (GSII) Designation" (1) of this Annual Report.

REGULATORY CAPITAL REQUIREMENTS

The operating insurance subsidiaries are subject to local regulatory capital requirements which are designed to protect policyholders and to monitor capital adequacy.

In the event that the Group or any of its insurance subsidiaries failed to meet minimum regulatory capital requirements, insurance regulators would have broad authority to require or take various regulatory actions. A failure by any of the Group's insurance subsidiaries to meet its minimum regulatory capital requirements or a deterioration of their solvency position that may negatively impact its competitive position may also cause the Company having to provide significant amounts of new capital to such subsidiary, which could adversely affect the Company's liquidity position.

The Group was in compliance with the applicable solvency requirements as of December 31, 2016 and monitors compliance with such requirements on a continuous basis.

CAPITAL MANAGEMENT OBJECTIVES

The AXA Group defined a clear framework for its capital management policy around a central regulatory solvency ratio target range:

- the central target range is between 170 and 230%. Within this central range, AXA intends to (i) maintain its dividend policy which targets a 45% to 55% payout ratio; (ii) neutralize dilution resulting from employee share offerings and stock options exercise; and (iii) maintain investments in business growth;
- above 230% and as solvency increases, flexibility may be added to the dividend payout ratio. Excess capital could also provide some additional flexibility to invest in business growth or increase its appetite for investment risk;
- below 170%, the AXA Group may become more conservative gradually, selectively de-risking the investment portfolio, increasing selectivity in growth initiatives, allowing for dilution resulting from employee shares offering and stock options exercise; and reviewing the dividend payout ratio;
- below 140%, the AXA Group may restrict its growth initiatives, further reduce its appetite for investment risk and reduce dividend payout.

The AXA Group has defined and implemented capital management standards aimed at ensuring that the Company and its subsidiaries are well positioned from a competitive point of view and maintain an adequate solvency ratio in accordance with local regulation requirements. The Management has developed various contingency plans. These plans may involve use of reinsurance, sales of investment portfolios 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.

TIERING ANALYSIS OF CAPITAL

Resources under Solvency II represent available financial resources ("AFR") to the Company before the impact of any tiering eligibility restrictions and after consideration of the potential non-availability of certain elements of capital.

Available financial resources are split into three different tiers, based on the quality of each component as defined under Solvency II regulations. The classification depends upon the extent to which the own fund item is immediately available to absorb losses including in case of a winding-up (permanent availability) and subordinated to all other obligations including towards policyholders and beneficiaries. Capital elements of the highest quality are classified in Tier 1. Eligibility limits apply to these components to cover the Solvency Capital Requirement ("SCR").

For compliance with the SCR, the following quantitative limits apply: (a) the eligible amount of Tier 1 items must be at least one half of the SCR; (b) the eligible amount of Tier 3 items must be less than 15% of the SCR; (c) the sum of the eligible amounts of Tier 2 and Tier 3 items must not exceed 50% of the SCR.

Hybrid debt instruments eligible for Tier 1 must not exceed 20% of the total amount of Tier 1 capital.

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

DATED AND UNDATED SUBORDINATED DEBT DESCRIPTION

Dated and undated subordinated notes issued by the Company qualify as available financial resources.

Subordinated notes issued since January 17, 2015 have been structured to be eligible as own funds regulatory capital under Solvency II regulations. Subordinated notes issued prior January 17, 2015 mostly benefit from the transitional provisions foreseen in the Directive 2014/51/EU (Omnibus II) as they were previously eligible under the Solvency I regime and were issued prior to the Solvency II Delegated Regulation.

The Company has issued dated subordinated notes ("TSR"), 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.

Certain TSR include clauses which permit or force the Company to defer interest payments. In addition, redemption at maturity is subject to (i) the prior approval by the ACPR, (ii) the absence of any event (a) making the own funds of the Company and/or the Group insufficient to cover its regulatory capital requirements or (b) pursuant to which the Company would have to take specified action in relation to payments under the notes due to its financial condition or (c) having an adverse effect on its insurance subsidiaries claim payments ability.

Pursuant to the terms and conditions of AXA's TSDI, the Company may, at its option, under certain circumstances and shall, in other circumstances, defer interest payment (*e.g.* no dividend declared or paid in the preceding Annual Shareholders' Meeting or receipt by the Company or by certain of its principal insurance subsidiaries of a regulatory demand to restore their solvency position). Payment of deferred interest may become due in certain specified cases (*e.g.* payment of a dividend, notification of the end of a regulatory demand to restore solvency, liquidation of the Company or redemption of the TSDI, etc.).

In particular, most of the Company's TSS include loss absorption mechanisms which provide that under certain circumstances where the Company does not meet its regulatory capital requirements, the principal amount of each of the relevant TSS will be written down. In such event, interest will become payable on the reduced principal amount only. The principal may be reinstated when the Company returns to financial health, as defined under the terms and conditions of the TSS.

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 choose to pay such deferred interest by way of alternative coupon settlement mechanisms within five years (such as, 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, subject to applicable limits), 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 of the Company, payment of a dividend or interest on any other TSS, any share buyback 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 Group share buy-back program or a repurchase or redemption of any TSS).

FUNGIBILITY OF CAPITAL

In assessing whether certain fungibility restrictions of capital held by AXA subsidiaries may apply to cover the Group SCR, the Group considers the following elements:

- whether the own funds are subject to legal or regulatory requirements that restrict the ability of that item to absorb all types of losses wherever they arise in the Group;
- whether there are legal or regulatory requirements that restrict the transferability of assets to another insurance or reinsurance undertaking; and
- whether making those own funds available for covering the Group SCR would not be possible within a maximum of 9 months.

Finally, ownfunds for which availability would not be proven are included in the Group own funds in so far as they are eligible for covering the SCR of the entity.

The ACPR currently considers that AXA SA is not subject to requirements relating to financial conglomerates.

For additional information on Regulation and Capital Requirements, please refer to Section 6.3 "General Information – Regulation and Supervision – Regulatory capital and solvency requirements" [(1)] of this Annual Report.

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Subsequent events after December 31, 2016 impacting AXA's liquidity

A dividend per share of €1.16 will be proposed to the Shareholders' Meeting to be held on April 26, 2017. Subject to the Shareholders' Meeting approval, the dividend will be payable on May 9, 2017, with an ex-dividend date of May 5, 2017.

The 2017 convertible bonds have been repaid at maturity by AXA on January 1, 2017. Bondholders holding in aggregate 348 bonds, representing €93,668, have elected, in accordance with the terms and conditions of the bond, to maintain their conversion option into shares until March 31, 2017, rather than being repaid on January 1, 2017. Among these, the bonds for which the conversion option will not have been exercised by March 31, 2017, will be redeemed on April 3, 2017.

For other subsequent events, please refer to Note 32 "Subsequent events" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

2.5 EVENTS SUBSEQUENT TO DECEMBER 31, 2016

AXA ANNOUNCED THE SUCCESSFUL PLACEMENT OF $1 BILLION DATED SUBORDINATED NOTES DUE 2047

On January 11, 2017, AXA announced the successful placement of $1 billion of Reg S subordinated notes due 2047 to institutional investors to refinance, in advance, part of its outstanding debt.

The initial coupon has been set at 5.125% *per annum*. It will be fixed until the first call date in January 2027 and floating thereafter with a margin including a 100 basis points step-up. The notes have been swapped into Euro over 10 years at a rate of 2.80%, corresponding to a 209 basis points spread over swap.

Settlement of the notes took place on January 17, 2017.

The notes will be treated as debt from an IFRS perspective and as capital from a regulatory and rating agencies' perspective within applicable limits. The transaction has been structured for the notes to be eligible as Tier 2 capital under Solvency II.

CHANGE IN THE BODILY INJURY DISCOUNT RATE IN THE UNITED KINGDOM

On February 27, 2017, the Lord Chancellor and Secretary of State for Justice in the United Kingdom announced her decision to decrease the discount rate used when calculating future financial losses in the form of a lump sum in bodily injury cases ("Ogden rate") from 2.5% to -0.75% starting from March 20, 2017. After having analyzed the impact of this change in discount rate on prior year results, AXA considers its existing reserves to be sufficient.

2.6 OUTLOOK

AXA's continued discipline has positioned the Company well to remain resilient and strong in an environment characterized by continued market volatility, low rates and political uncertainties.

AXA's Solvency II position and free cash flow generation should remain strong and resilient to external shocks. Under its new strategic plan, the Company will focus actively on four clearly identified growth drivers (efficiency, business growth, technical margin improvement and M&A), continue to allocate capital effectively and pursue the transformation of its business model.

This should enable AXA to continue creating lasting shareholder value and offer an attractive return.

This page was intentionnally left blank.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STRUCTURE – A BALANCED AND EFFICIENT GOVERNANCE 104

3.1.1 Board of Directors 105
3.1.2 The Board Committees 129
3.1.3 Executive Management 133
3.1.4 Other information 134

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP 136

Corporate officers' and executives' compensation 137
Stock options 146
Performance Shares and International Performance Shares 154
Share ownership policy for executives of the Group 161
Transactions involving Company securities completed in 2016 by the members of the Board of Directors 163
Commitments made to executive officers 163
Report of the Board of Directors on the compensation policy of the Company's Corporate Officers 167

3.3 RELATED-PARTY TRANSACTIONS 171

Special report of the Statutory Auditors on regulated agreements and commitments 172

3.1 CORPORATE GOVERNANCE STRUCTURE – A BALANCED AND EFFICIENT GOVERNANCE

PRINCIPLES OF GOVERNANCE

Implementing sound corporate governance principles has been a priority at AXA for many years. In this context, AXA chose to adopt, in 2008, the Corporate Governance Code for French listed corporations *(Code de gouvernement d'entreprises des sociétés cotées)* published by the Afep *(Association française des entreprises privées)* and the Medef *(Mouvement des entreprises de France)* (the "Afep-Medef Code"). The Board of Directors believes that AXA's corporate governance practices are in line with the recommendations of the Afep-Medef Code (revised in November 2016 and available on AXA's website – www.axa.com) and its accompanying guide and have followed the evolution of corporate governance practices in France and abroad, as well as the recommendations and standards of shareholders, regulators, the French High Committee for Corporate Governance *(Haut Comité de Gouvernement d'Entreprise),* proxy advisors, rating agencies and other stakeholders overtime.

PRESENTATION OF AXA'S GOVERNANCE

AXA's corporate governance framework

Since April 2010, AXA has operated with a unitary Board of Directors.

The Board is assisted by three Board Committees: (1) the Audit Committee, (2) the Finance Committee and (3) the Compensation & Governance Committee.

The Board has adopted internal terms of reference *(Règlement Intérieur)* (the "Board's Terms of Reference") which detail in particular the role and responsibilities of the Board and its Committees, as well as matters reserved for Board decisions. The Board's Terms of Reference include corporate governance requirements which, in certain instances, go beyond French regulatory requirements notably in relation to the role of the independent directors on the Board Committees.

The Board's Terms of Reference were updated in 2016, notably to comply with Solvency II regulations, as well as the changes in AXA's governance described below.

Separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

Since April 2010, the positions of Chairman of the Board of Directors and Chief Executive Officer have been combined with Mr. Henri de Castries acting as both Chairman and Chief Executive Officer.

Following Mr. Henri de Castries's decision to step down from his positions of Chairman and Chief Executive Officer announced on March 21, 2016, AXA's Board of Directors decided to separate the positions of Chairman and Chief Executive Officer, appointing Mr. Denis Duverne, the former Deputy Chief Executive Officer and member of the Board, as non-executive Chairman and Mr. Thomas Buberl as Chief Executive Officer [(1)] on September 1, 2016.

These decisions were taken following a comprehensive succession planning process carried out by the Compensation & Governance Committee (under the leadership of its Chairman, Mr. Jean-Martin Folz) and reflected the Board's conclusions that splitting the roles of Chairman and Chief Executive Officer was in the best interest of the Company at this time. The Board concluded that the separation of roles would ensure that the Group benefits from the mix and complementarity of the respective experiences and skills of Mr. Denis Duverne and Mr. Thomas Buberl and would lead to a smooth transition with the previous organization.

Following the decision to separate the positions of Chairman and Chief Executive Officer, the Board of Directors also decided to maintain the position of Senior Independent Director for a variety of reasons including that Mr. Denis Duverne is not considered as an independent Board member under Afep-Medef criteria due to his role as Deputy Chief Executive Officer of AXA until August 31, 2016.

AXA's new corporate governance framework is summarized in the following table.

(1) With effect from March 21, 2016, Mr. Thomas Buberl was appointed Vice-Deputy Chief Executive Officer (Directeur Général Adjoint).

3.1.1 Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

The members of the Board of Directors are appointed by the Shareholders' Meeting for four years.

Given the international profile of the Group, the Board and its Compensation & Governance Committee regularly review the membership of the Board and endeavor to ensure that directors come from diverse backgrounds with different experiences, technical skills, gender, age and nationality. The Board believes that this diversity fosters open debate within the Board and brings a broader perspective to Board discussions.

On December 31, 2016, the Board of Directors comprised sixteen members: seven women and nine men. Seven directors were citizens of countries other than France.

On December 31, 2016

Number of directors

16

Independent director ratio

75%

12 independent directors

Gender balance within the Board of Directors

44%

Men **56%** Women **44%**

Diversity

7

directors out of 16 are **non-French nationals –** 6 nationalities are represented on the Board.

Directors' average age

59
YEARS OLD

COMPOSITION OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2016

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	First appointment/term of office
Denis Duverne (63) Chairman of the Board of Directors 25, avenue Matignon – 75008 Paris – France French nationality	Chairman of the Board of Directors	April 2010/2018 Annual Shareholders' Meeting
Thomas Buberl (43) Director and Chief Executive Officer 25, avenue Matignon – 75008 Paris – France German nationality	Director and Chief Executive Officer	September 2016/2018 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (58) Chairman of the Executive Committee and director of Solvay (Belgium) Rue de Ransbeek 310 – 1120 Brussels – Belgium French nationality	Independent director Member of the Compensation & Governance Committee	October 2012/2019 Annual Shareholders' Meeting
Mrs. Irene Dorner (62) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France British nationality	Independent director Member of the Audit Committee	April 2016/2020 Annual Shareholders' Meeting
Jean-Martin Folz (69) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France French nationality	Senior Independent Director Chairman of the Compensation & Governance Committee	May 2007/2019 Annual Shareholders' Meeting
André François-Poncet (57) Partner of CIAM (Paris) 72 boulevard Haussmann – 75009 Paris – France French nationality	Independent director	December 2016/2018 Annual Shareholders' Meeting
Paul Hermelin (64) Chairman & Chief Executive Officer of Capgemini 11, rue de Tilsitt – 75017 Paris – France French nationality	Independent director	April 2013/2017 Annual Shareholders' Meeting
Mrs. Angelien Kemna (59) Chief Finance & Risk Officer of the APG Group N.V. (The Netherlands) Gustav Mahlerplein 3 – 1082 MS Amsterdam – The Netherlands Dutch nationality	Independent director Member of the Audit Committee	April 2016/2020 Annual Shareholders' Meeting

Name (age) and principal function Principal business address Nationality	Position within the Board of Directors	First appointment/term of office
Mrs. Isabelle Kocher (50) Chief Executive Officer of ENGIE 1, place Samuel de Champlain – 92930 Paris la Défense cedex – France French nationality	Independent director	April 2010/2018 Annual Shareholders' Meeting
Mrs. Suet Fern Lee (58) Managing Partner of Morgan Lewis Stamford LLC (Singapore) 10 Collyer Quay #27-00 Ocean Financial Centre – Singapore 049315 – Singapore Singaporean nationality	Independent director Member of the Finance Committee	April 2010/2018 Annual Shareholders' Meeting
Stefan Lippe (61) Co-founder and Chairman of the Board of Directors of Yes Europe AG (formerly Paperless Inc.) (Switzerland) and co-founder and Vice-Chairman of the Board of Directors of Acqupart Holding AG (Switzerland) Baarerstrasse 8 – CH 6300 Zug – Switzerland German and Swiss nationalities	Independent director Chairman of the Audit Committee Member of the Finance Committee	April 2012/2020 Annual Shareholders' Meeting
François Martineau (65) Attorney at Law at Lussan/Société d'avocats 282, boulevard Saint Germain – 75007 Paris – France French nationality	Director	April 2008/2020 Annual Shareholders' Meeting
Ramon de Oliveira (62) 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 2009/2017 Annual Shareholders' Meeting
Mrs. Deanna Oppenheimer (58) Founder of CameoWorks (United States) 2200 Alaskan Way #210 – Seattle – WA 98121 – United States American and British nationalities	Independent director Member of the Compensation & Governance Committee	April 2013/2017 Annual Shareholders' Meeting
Mrs. Doina Palici-Chehab (59) Chief Executive Officer of AXA Insurance Singapore Pte Ltd (Singapore) 8, Shenton Way – #27-01 AXA Tower – Singapore 068811 – Singapore German and French nationalities	Director, representing the employee shareholders Member of the Finance Committee	April 2012/2020 Annual Shareholders' Meeting
Mrs. Dominique Reiniche (61) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France French nationality	Independent director Member of the Compensation & Governance Committee	April 2005/2017 Annual Shareholders' Meeting

CHANGES TO THE BOARD AT THE 2017 SHAREHOLDERS' MEETING

The Shareholders' Meeting to be held on April 26, 2017 will be asked to vote on (i) the re-appointment of two members of the Board of Directors whose terms of office end at that meeting (Mrs. Deanna Oppenheimer and Mr. Ramon de Oliveira) and (ii) the ratification of the cooptation of two members to the Board (on September 1, 2016, the Board of Directors appointed Mr. Thomas Buberl as a Board member, replacing Mr. Henri de Castries until the 2018 Shareholders' Meeting, and on December 14, 2016, the Board of Directors appointed Mr. André François-Poncet as a Board member, replacing Mr. Norbert Dentressangle, until the 2018 Shareholders' Meeting). Mrs. Dominique Reiniche and Mr. Paul Hermelin whose terms of office end at the 2017 Shareholders' Meeting, both informed the Board that they did not wish to run for a new term and have decided to retire from the Board.

Subject to the approval of the Shareholders' Meeting of April 26, 2017, the Board of Directors will consequently comprise fourteen members including six women (43%) and ten members considered independent (71%) by the Board of Directors in accordance with the criteria of the Afep-Medef Code.

INFORMATION ON CURRENT MEMBERS OF THE BOARD OF DIRECTORS [1]

Denis DUVERNE

Chairman of the AXA Board of Directors

Born on October 31, 1953

French nationality

Directorship and number of AXA shares

Elected on April 23, 2014 – Term expires at the 2018 Shareholders' Meeting

First appointment on April 29, 2010

Number of AXA shares/ADS AXA held on December 31, 2016: 1,367,258

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 1979 at the Tax Department of the French Ministry of Finance, and, after 2 years as commercial counselor for the French Consulate General in New York, he became director of the Corporate Taxes Department and then responsible for tax policy within the French Ministry of Finance from 1986 to 1991. 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. He also 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. From April 2010 to August 31, 2016, Mr. Denis Duverne was director and Deputy Chief Executive Officer of AXA, in charge of Finance, Strategy and Operations. Mid-2014, Mr. Denis Duverne became a member of the Private Sector Advisory Group (PSAG), which brings together international leaders of the private sector whose shared goal is to help developing countries improve their corporate governance, co-founded in 1999 by the World Bank and the Organisation for Economic Co-operation and Development (OECD). Since September 1, 2016, Mr. Denis Duverne has been non-executive Chairman of the Board of Directors of AXA.

Directorships held within the AXA Group

*Chairman of the Board of Director*s: AXA*

Chairman: AXA Millésimes (SAS)

Director: AB Corporation (United States)

Directorships held outside the AXA Group

Not applicable

Directorships held during the last five years

Deputy Chief Executive Officer: AXA

Chairman and Chief Executive Officer: AXA America Holdings, Inc. (United States)

Chairman of the Board of Directors: AXA Holdings Belgium (Belgium), AXA Financial, Inc. (United States) [2]

Director or member of the Management Committee: AXA ASIA (SAS), AXA Assicurazioni S.p.A. (Italy), AXA Belgium (Belgium), AXA Equitable Life Insurance Company [2] (United States),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) [2]

*(1) The current directorships held by members of the Board of Directors within a listed company are indicated by the following symbol: *.*

*The current directorships held by members of the Board of Directors within companies belonging to the same group are indicated by the following symbol: **.*

(2) End of directorship on February 17, 2017.

Thomas BUBERL

Chief Executive Officer of AXA

Born on March 24, 1973

German nationality

Expertise and experience

Mr. Thomas Buberl holds a Master of Economics degree from WHU Koblenz (Germany), a MBA from Lancaster University (UK) and a PhD in Economics from the University of St.Gallen (Switzerland). In 2008 he was nominated as a Young Global Leader by the World Economic Forum. From 2000 to 2005, Mr. Thomas Buberl worked at the Boston Consulting Group as a consultant for the banking & insurance sector in Germany and abroad. From 2005 to 2008, he worked for the Winterthur Group as member of the Management Board of Winterthur in Switzerland, first as Chief Operating Officer and then as Chief Marketing and Distribution Officer. Then, he joined Zurich Financial Services where he had been Chief Executive Officer for Switzerland. From 2012 to April 2016, he was Chief Executive Officer of AXA Konzern AG (Germany). In 2012, he became member of the AXA Executive Committee. In March 2015, he became Chief Executive Officer of the Global Business Line for the Health Business and joined the AXA Management Committee. In January 2016, Mr. Thomas Buberl was also appointed Chief Executive Officer of the global business line Life & Savings. From March 21, 2016 to August 31, 2016, Mr. Thomas Buberl was Deputy Chief Executive Officer (*Directeur Général Adjoint*) of AXA. Since September 1, 2016, Mr. Thomas Buberl has been Chief Executive Officer and director of AXA.

Directorship and number of AXA shares

Elected on September 1, 2016 – Term expires at the 2018 Shareholders' Meeting

First appointment on September 1, 2016

Number of AXA shares held on December 31, 2016: 145,436

Directorships held within the AXA Group

Director and Chief Executive Officer: AXA*

*Chairman of the Board of Director*s: AXA Leben AG (Switzerland), AXA Versicherungen AG (Switzerland)

*Chairman of the Supervisory Boar*d: AXA Konzern AG (Germany)

Director or member of the Management Committee: AXA ASIA (SAS), AXA America Holdings (United States), AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), AXA Life Insurance Co. Ltd (Japan), MONY Life Insurance Company of America (United States)

Directorships held outside the AXA Group [1]

Deputy Chairman of the Supervisory Board: Roland Rechtsschutz-Versicherungs-AG (Germany)

Member of the Supervisory Board: Tertia GmbH (Germany)

Directorships held during the last five years

Chairman of the Management Board: AXA Konzern AG (Germany), AXA Krankenversicherung AG (Germany), AXA Lebensversicherung AG (Germany), AXA Versicherung AG (Germany), DBV Deutsche Beamtenversicherung AG (Germany)

Chairman of the Supervisory Board: AXA Krankenversicherung AG (Germany), AXA Lebensversicherung AG (Germany), AXA Versicherung AG (Germany), Deutsche Ärzteversicherung AG (Germany)

Managing Director and Chief Executive Officer: Vinci B.V. (The Netherlands)

Member of the Supervisory Board: AXA ART Versicherung AG (Germany)

(1) Mr. Thomas Buberl requested the Board of Directors' advice before accepting new directorships in companies outside the AXA Group.

Jean-Pierre CLAMADIEU

Member of the AXA Board of Directors

Chairman of the Executive Committee and member of the Board of Directors of Solvay (Belgium)

Born on August 15, 1958

French nationality

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. Clamadieu has been Chairman of the Executive Committee and member of the Board of Directors of Solvay.

Directorship and number of AXA shares

Elected on April 30, 2015 – Term expires at the 2019 Shareholders' Meeting

First appointment on October 10, 2012

Member of the AXA Compensation & Governance Committee

Number of AXA shares held on December 31, 2016: 9,000

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman: Cytec Industries Inc.** (United States)

Director: Faurecia*, Solvay* ** (Belgium)

Directorships held during the last five years

Chairman of the Board of Directors: Rhodia

Chairman and Chief Executive Officer: Rhodia

Director: SNCF

Irene DORNER

Member of the AXA Board of Directors

Companies' director

Born on December 5, 1954

British nationality

Expertise and experience

Mrs. Irene Dorner graduated with a Master of Arts in Jurisprudence from St. Anne's College, Oxford (United Kingdom) and qualified as a Barrister-at-Law (College of Law, London) and then became in-house counsel for Citibank N.A. In 1986, she joined Samuel Montagu as Head of the Legal Department and, following the HSBC acquisition of Midland Bank in 1992, became Head of Strategic Planning at Midland Bank. She then held various senior front line and support function roles in Midland Global Markets and HSBC Bank. In early 2007, she became Deputy Chairman and Chief Executive Officer of HSBC in Malaysia. From 2010 to 2014, she was Chief Executive Officer & President of HSBC USA. Whilst in this role, American Banker elected her the first most powerful woman in the banking sector. She was also Group Managing Director of HSBC Holdings (United Kingdom) and member of the HSBC Group Management Board. In 2014, Mrs. Irene Dorner retired from HSBC.

Directorship and number of AXA shares

Elected on April 27, 2016 – Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Number of AXA shares held on December 31, 2016: 2,000

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman: Control Risks Group Holding Ltd (United Kingdom)

Director: Rolls-Royce Holdings plc* ** (United Kingdom), Rolls-Royce plc** (United Kingdom)

Trustee: SEARRP (the South-East Asia Rainforest Research Partnership) (Malaysia)

Member of the Advisory Board: Outleadership (United States), University of Nottingham for Asia (United Kingdom)

Honorary fellow: St. Anne's College, Oxford (United Kingdom)

Directorships held during the last five years

Chief Executive Officer and President: HSBC USA (United States)

Chief Executive Officer and member of the Management Board: HSBC Holdings plc (United Kingdom)

Chairman: British American Business (United States)

Director: City of New York Partnership (United States), Committee Encouraging Corporate Philanthropy (United States), Financial Services Roundtable (United States), The Clearing House (United States)

Jean-Martin FOLZ

Member of the AXA Board of Directors

Companies' director

Born on January 11, 1947

French nationality

Expertise and experience

Mr. Jean-Martin Folz is a graduate of the *École Polytechnique and ingénieur du Corps 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, Mr. Jean-Martin Folz was Chairman of the Afep. From November 2011 to September 2013, Mr. Jean-Martin Folz was Chairman of the Board of Directors of Eutelsat Communications. The AXA Board of Directors on December 14, 2016, appointed Mr. Jean-Martin Folz as Senior Independent Director.

Directorship and number of AXA shares

Elected on April 30, 2015 – Term expires at the 2019 Shareholders' Meeting

First appointment on May 14, 2007

Senior Independent Director of AXA

Chairman of the AXA Compensation & Governance Committee

Number of AXA shares held on December 31, 2016: 11,084

Directorships held within the AXA Group

Director or member of the Management Committee: AXA*, AXA Millésimes (SAS)

Directorship held outside the AXA Group

Director: Compagnie de Saint-Gobain*

Directorship held during the last five years

Chairman of the Board of Directors: Eutelsat Communications

Director or member of the Supervisory Board: Alstom, ONF-Participations, Société Générale, Solvay (Belgium)

André FRANÇOIS-PONCET

Member of the AXA Board of Directors

Partner at CIAM (Paris)

Born on June 6, 1959

French nationality

Expertise and experience

Mr. André François-Poncet graduated from *École des Hautes Études Commerciales* (HEC) and holds a Master in Business Administration (MBA) from the Harvard Business School. He began his career, in 1984, at Morgan Stanley in New York and then in London and in Paris, where he was in charge of the opening of Morgan Stanley French office in 1987. After a sixteen year career at Morgan Stanley, he joined, in 2000, BC Partners (Paris and London) as Managing Partner until December 2014 and then as Senior Advisor until December 2015. Since September 2016, Mr. André François-Poncet has been a Partner at the French asset manager CIAM in Paris.

Directorship and number of AXA shares

Elected on December 14, 2016 – Term expires at the 2018 Shareholders' Meeting

First appointment on December 14, 2016

Number of AXA shares held on December 31, 2016: 0

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Partner: CIAM (Paris)

Vice-President and director: Harvard Business School Club de France

Member of the bureau: Club des Trente

Member of the European Advisory Board: Harvard Business School

Directorships held during the last five years

Chairman and Chief Executive Officer [(1)]*:* LMBO Europe SAS

Director: Medica

3

(1) Chief Executive Officer until January 4, 2017.

Paul HERMELIN

Member of the AXA Board of Directors

Chairman & Chief Executive Officer of Capgemini

Born on April 30, 1952

French nationality

Expertise and experience

Mr. Paul Hermelin is a graduate of the *École Polytechnique* and *École Nationale d'Administration* (ENA). Mr. Paul Hermelin spent the first fifteen years of his career in the French government, primarily in the Ministry of Finance. He held a number of positions in the Budget Office and on various ministry staffs, including that of Finance Minister Jacques Delors. He was chief of staff to the Minister of Industry and Foreign Trade, from 1991 to 1993. Mr. Paul Hermelin joined the Capgemini Group in May 1993, where he was first in charge of coordinating central functions. In May 1996, he was appointed member of the Management Board of Cap Gemini and Chief Executive Officer of Cap Gemini France. In May 2000, following the merger between Cap Gemini and Ernst & Young Consulting (which he initiated), he became Deputy Chief Executive Officer of the Group and member of the Board of Directors. As of January 1, 2002, he is Chief Executive Officer of the Capgemini Group. Since May 2012, Mr. Paul Hermelin has been Chairman & Chief Executive Officer of Capgemini.

Directorship and number of AXA shares

Elected on April 30, 2013 – Term expires at the 2017 Shareholders' Meeting

First appointment on April 30, 2013

Number of AXA shares held on December 31, 2016: 4,180

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman & Chief Executive Officer: Capgemini SA* **, Capgemini North America Inc.** (United States)

Chairman of the Board of Directors: Capgemini America, Inc.** (United States), Capgemini US LLC** (United States)

Chairman of the Supervisory Board: Capgemini N.V.** (The Netherlands)

Chairman: Capgemini Latin America SAS**, SOGETI France 2005 SAS**, Capgemini 2015 SAS**

Chief Executive Officer: Capgemini Service S.A.S.**

Director: Capgemini Financial Services International Inc.** (United States), CGS Holdings Ltd** (United Kingdom), IGATE Corporation** (United States)

Directorships held during the last five years

Chairman & Chief Executive Officer: Capgemini Holding Inc. (United States)

Chairman: Capgemini Energy GP LLC (United States), Capgemini 2010

Director: Capgemini Australia Pty Ltd (Australia), CPM BRAXIS S.A. (Brazil), SOGETI S.A. (Belgium)

Angelien KEMNA

Member of the AXA Board of Directors

Chief Finance & Risk Officer of the APG Group N.V. (the Netherlands)

Born on November 3, 1957

Dutch nationality

Expertise and experience

Dr. Angelien Kemna graduated with a Master of Arts in Econometrics and a Ph.D in Finance from Erasmus University Rotterdam (the Netherlands). She has a visiting scholar at the Sloan School, MIT (United States). Dr. Angelien Kemna began her career as Associate Professor in Finance at Erasmus University from 1988 to 1991. In 1992, she joined Robeco NV and held various positions, notably Investments and Account Management Director from 1998 to 2001. During this period, she was also part-time Professor of Financial Markets at the University of Maastricht (the Netherlands) (1993-1999). From 2001 to July 2007, she worked for ING Investment Management BV (the Netherlands), where she initially held the position of Global Chief Investment Officer and subsequently Chief Executive Officer for the European Region. In the period 2007-2011, Dr. Angelien Kemna was part-time Professor of Corporate Governance at the Erasmus University and also had various Non-Executive and advisory positions, most notably Vice-Chairman of the Supervisory Board of the Dutch regulatory institution (AFM). In 2009, Dr. Angelien Kemna joined APG Group N.V. as member of the Executive Board with the responsibility of Chief Investment Officer. Since September 1, 2014, Mrs. Angelien Kemna has been Chief Finance & Risk Officer of the APG Group.

Directorship and number of AXA shares

Elected on April 27, 2016 – Term expires at the 2020 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

Number of AXA shares held on December 31, 2016: 0

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Duisenburg School of Finance (The Netherlands), Railway Pension Investments Ltd ("RPMI") (United Kingdom)

Directorships held during the last five years

Chairman of the Supervisory Board: Yellow&Blue Investment Management B.V. (The Netherlands)

Director or member of the Supervisory Board: Stichting Child and Youth Finance International (The Netherlands), Universiteit Leiden (The Netherlands)

Isabelle KOCHER

Member of the AXA Board of Directors

Chief Executive Officer of ENGIE

Born on December 9, 1966

French nationality

Expertise and experience

Mrs. Isabelle Kocher is a graduate of the *École Normale Supérieure* (ENS-Ulm), *ingénieur du 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's Office. 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 2011, Mrs. Isabelle Kocher was Chief Executive Officer of Lyonnaise des Eaux, in charge of the development of activities in Europe. From October 2011 to November 2014, Mrs. Isabelle Kocher was Executive Vice-President, Chief Financial Officer of GDF SUEZ. From November 2014 to April 2016, Mrs. Isabelle Kocher was director, Deputy Chief Executive Officer and Chief Operating Officer of GDF SUEZ, which became ENGIE on April 2015. Since May 3, 2016, Mrs. Isabelle Kocher has been Chief Executive Officer of ENGIE.

Directorship and number of AXA shares

Elected on April 23, 2014 – Term expires at the 2018 Shareholders' Meeting

First appointment on April 29, 2010

Number of AXA shares held on December 31, 2016: 5,960

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chief Executive Officer: ENGIE* **

Chairman: Electrabel** (Belgium)

Director: ENGIE E.S.**, Suez** *(formerly Suez Environnement Company),* International Power Ltd** (United Kingdom)

Directorships held during the last five years

Chairman & Chief Executive Officer: Eau et Force

Chief Executive Officer: Lyonnaise des Eaux

Director and Deputy Chief Executive Officer: ENGIE

Executive Vice-President: ENGIE

Director: Arkema France, Sita France, R+i alliance, Safege, Degremont

Suet Fern LEE

Member of the AXA Board of Directors

Managing Partner of Morgan Lewis Stamford LLC (Singapore)

Born on May 16, 1958

Singaporean nationality

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. Since 2000, and until its combination in 2015 with the law firm Morgan Lewis in the United States, she has been founder and managing partner of Stamford Law Corporation, a major law firm in Singapore. She is a member of the Executive Committee of the Singapore Academy of Law, where she also chairs the group on Legal Education and Studies, a member of the Advisory Board to the Law School at Singapore Management University, where she also chairs the Expert Panel Centre of Cross-Border Commercial Law in Asia and a trustee for Nanyang Technological University as well as a Fellow of the Singapore Institute of Directors. She also sits on the Board of the World Justice Project, a global organization for the promotion of the rule of law.

Directorship and number of AXA shares

Elected on April 23, 2014 – Term expires at the 2018 Shareholders' Meeting

First appointment on April 29, 2010

Member of the AXA Finance Committee

Number of AXA shares held on December 31, 2016: 8,000

Directorships held within the AXA Group

Director or member of the Management Committee: AXA*, AXA ASIA (SAS)

Directorships held outside the AXA Group

Managing Partner: Morgan Lewis Stamford LLC** (Singapore)

Director: Sanofi*, Rickmers Trust Management Pte Ltd (Singapore), Stamford Corporate Services Pte Ltd** (Singapore), The World Justice Project (United States)

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)

Member of the Executive Committee: Singapore Academy of Law (Singapore)

Directorships held during the last five years

President: IPBA (Singapore)

Chairman: Asian Civilisations Museum (Singapore)

Director: Macquarie International Infrastructure Fund Ltd (Bermuda), National Heritage Board (Singapore), Sembcorp Industries Ltd (Singapore)

Stefan LIPPE

Member of the AXA Board of Directors

Co-founder and Chairman of the Board of Directors of Yes Europe AG *(formerly Paperless Inc.)* (Switzerland)
Co-founder and Vice-Chairman of the Board of Directors of Acqupart Holding AG (Switzerland)

Born on October 11, 1955

German and Swiss nationalities

Expertise and experience

Mr. Stefan Lippe is a graduate in mathematics and business administration from the University of Mannheim (Germany). He obtained his doctorate in 1982 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 2009, he was appointed Chief Executive Officer of Swiss Re and stayed in this function until January 2012. Mr. Stefan Lippe was named Reinsurance CEO of the year 2011 by the leading industry publication, Reaction, and he was recognised at the Worldwide Reinsurance Awards 2013 ceremony with the "Lifetime Achievement Award". After nearly 30 years with Swiss Re, he turned to other activities. In 2011, Mr. Stefan Lippe co-founded Acqupart Holding AG of which he serves as Vice-Chairman of the Board of Directors, and Acqufin AG. In May 2013, he co-founded Paperless Inc. renamed as Yes Europe AG in 2016 and serves currently as Chairman of the Board of Directors of this company. In October 2013, Mr. Stefan Lippe was elected as Chairman of the Board of Directors of CelsiusPro AG. Since May 2014, Mr. Stefan Lippe has been a member of the Supervisory Board of Commerzbank AG.

Directorship and number of AXA shares

Elected on April 27, 2016 – Term expires at the 2020 Shareholders' Meeting

First appointment on April 25, 2012

Chairman of the AXA Audit Committee

Member of the AXA Finance Committee

Number of AXA shares held on December 31, 2016: 12,000

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: CelsiusPro AG (Switzerland), Yes Europe AG *(formerly Paperless Inc.)* (Switzerland)
Chairman of the Advisory Board: German Insurance Association for Vocational Training (BWV) (Germany)

Vice-Chairman of the Board of Directors: Acqupart Holding AG (Switzerland)

Member of the Supervisory Board: Commerzbank AG* (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)

Vice-Chairman of the Board of Directors: Acqufin AG (Switzerland)

Director: Extremus Insurance Ltd. (Germany), Swiss Re Foundation (Switzerland), Swiss Re Germany AG (Germany), Swiss Re Life Capital Ltd. (Switzerland)

François MARTINEAU

Member of the AXA Board of Directors

Attorney at law

Born on June 11, 1951

French nationality

Directorship and number of AXA shares

Elected on April 27, 2016 – Term expires at the 2020 Shareholders' Meeting

First appointment on April 22, 2008

Number of AXA shares held on December 31, 2016: 6,732

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* of Paris. Mr. François Martineau has been an 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 taught 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 held within the AXA Group

Director: AXA*, AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle

Directorships held outside the AXA Group

Managing Partner: Lussan/Société d'avocats

Vice-Chairman and director: Bred Banque Populaire

Vice-Chairman and member of the Supervisory Board: Associations Mutuelles Le Conservateur**, Assurances Mutuelles Le Conservateur**

Director: Conservateur Finance**

Directorships held during the last five years

Not applicable

Ramon de OLIVEIRA

Member of the AXA Board of Directors

Managing Director of Investment Audit Practice, LLC (United States)

Born on September 9, 1954

French nationality

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.

Directorship and number of AXA shares

Elected on April 30, 2013 – Term expires at the 2017 Shareholders' Meeting

First appointment on April 30, 2009

Chairman of the AXA Finance Committee

Member of the AXA Audit Committee

Number of AXA shares/ADS AXA held on December 31, 2016: 11,300

Directorships held within the AXA Group

Director: AXA*, AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), MONY Life Insurance Company of America (United States)

Directorships held outside the AXA Group

Managing Director: Investment Audit Practice, LLC (United States)

Chairman of the Investissement Committee: Fonds de Dotation du Musée du Louvre

Vice-Chairman: JACCAR Holdings SA (Luxembourg)

Directorships held during the last five years

Chairman of the Board: Friends of Education (not-for-profit organization) (United States)

Trustee and Chairman of the Investment Committee: Fondation Kaufman (United States)

Director or member of the Supervisory Board: American Century Companies Inc. (United States), JP Morgan Switzerland (Switzerland), MONY Life Insurance Company (United States), Quilvest (Luxembourg), SunGard Data Systems (United States), Taittinger-Kobrand USA (United States), The Hartford Insurance Company (United States)

Member of the Investment Committee: La Croix Rouge (United States)

Deanna OPPENHEIMER

Member of the AXA Board of Directors

Founder of CameoWorks (United States)

Born on April 1, 1958

American and British nationalities

Expertise and experience

Mrs. Deanna Oppenheimer graduated from the University of Puget Sound (United States) with degrees in political science and urban affairs. She completed the Advanced Executive Programme at the J.L. Kellogg School of Management at Northwestern University. Mrs. Deanna Oppenheimer started her career in Banking at Washington Mutual (United States) in 1985, retiring in March 2005 as President, Consumer Banking. In October 2005, Mrs. Deanna Oppenheimer joined Barclays (UK) as UK Banking Chief Operating Officer. In December 2005 she became Chief Executive of UK Retail and Business Banking (UK RBB). In recognition of her importance to retail banking at Barclays, she was given the additional title of Vice Chair, Global Retail Banking in 2009 where she shared the UK RBB best practice throughout Europe and Africa. In September 2010, Mrs. Oppenheimer added the role of Chief Executive of Europe Retail and Business Banking. At the end of 2011, she left Barclays. In 2012, Mrs. Deanna Oppenheimer founded the advisory firm CameoWorks (United States).

Directorship and number of AXA shares

Elected on April 30, 2013 – Term expires at the 2017 Shareholders' Meeting

First appointment on April 30, 2013

Member of the AXA Compensation & Governance Committee

Number of AXA shares/ADS AXA shares held on December 31, 2016: 9,800

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Founder: CameoWorks (United States)

Director: Tesco PLC* (United Kingdom), Whitbreak* (United Kingdom), Worldpay* (United Kingdom)

Trustee: University of Puget Sound (United States)

Directorships held during the last five years

Director: Tesco Personal Finance Group Limited ("Tesco Bank") (United Kingdom), NCR Corporation (United States)

Doina PALICI-CHEHAB

Member of the AXA Board of Directors

Chief Executive Officer of AXA Insurance Pte Ltd (Singapore)

Born on November 4, 1957

German and French nationalities

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 based in Germany. In 2000, she became head of Group Reinsurance of AXA Global P&C in Paris (France). From 2010 to March 2013, she was Chief Executive Officer of AXA Business Services in Bangalore (India). From April 2013 to December 2016, she was Chief Executive Officer of AXA Insurance Singapore (Singapore) and from July 2016 to December 2016, Chief Executive Officer of AXA Life Insurance Singapore. Further to the merger of the two entities in Singapore in January 1, 2017, Mrs. Doina Palici-Chehab became Chief Executive Officer of the new entity AXA Insurance Pte Ltd (Singapore). Since April 2012, Mrs. Doina Palici-Chehab has been the employee shareholder representative to the AXA Board of Directors.

Directorship and number of AXA shares

Elected on April 27, 2016 – Term expires at the 2020 Shareholders' Meeting

First appointment on April 25, 2012

Member of the AXA Finance Committee

Number of AXA shares held on December 31, 2016: 27,041

Directorships held within the AXA Group

Chief Executive Officer: AXA Insurance Pte Ltd (Singapore)

Director, representing the employee shareholders: AXA*

Director: AXA Financial Services (Singapore) Pte Ltd (Singapore)

Directorships held outside the AXA Group

Chairman: Chambre de Commerce Française (Singapore)

Representative of the General Insurance Association of Singapore to the Board of Governors: Singapore College of Insurance (Singapore)

Member of the Adivsory Board: Singapore Management University Lee Kong Chian School of Business (Singapore)

Directorships held during the last five years

Chief Executive Officer: AXA Business Services Pvt. Ltd. (India), AXA Insurance Singapore (Singapore), AXA Life Insurance Singapore Pte Ltd (Singapore)

Director: AXA MATRIX Risk Consultants India Private Limited (India)

Dominique REINICHE

Member of the AXA Board of Directors

Companies' director

Born on July 13, 1955

French nationality

Expertise and experience

Mrs. Dominique Reiniche is a graduate of the ESSEC Business School. 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 Beverages 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. From May 2005 to March 2014, Mrs. Dominique Reiniche was Chairman Europe of The Coca-Cola Company.

Directorship and number of AXA shares

Elected on April 30, 2013 – Term expires at the 2017 Shareholders' Meeting

First appointment on April 20, 2005

Member of the AXA Compensation & Governance Committee

Number of AXA shares held on December 31, 2016: 7,000

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Chr. Hansen* (Denmark), MONDI plc* (United Kingdom), Severn Trent plc* (United Kingdom)

Directorships held during the last five years

Chairman: UNESDA (Union of European Beverages Associations) (Belgium)

Vice-Chairman: ECR Europe (Belgium), FDE (Food & Drink Europe) (Belgium)

Vice-Chairman and member of the Board: FoodDrinkEurope (Belgium)

Director: Peugeot S.A.

Directors' independence

Each year, the Board of Directors assesses the independence of each of its members on the basis of the independence criteria set out in the Afep-Medef Code.

The following table summarizes the position of each director of the Company with regard to the criteria of the Afep-Medef Code as of December 31, 2016.

Criterion *(the criterion is considered to be met when it is identified by ✓)*		Denis Duverne	Thomas Buberl	Jean-Pierre Clamadieu	Irene Dorner	Jean-Martin Folz	André François-Poncet
1	Not have been an employee or executive officer of the Company, or an employee, executive officer or director of a consolidated subsidiary during the last five years	0	0	✓	✓	0 *	✓
2	Not have cross-directorships	✓	✓	✓	✓	✓	✓
3	Not have significant business relationships	✓	✓	✓	✓	✓	✓
4	Not be related by close family ties to an executive officer	✓	✓	✓	✓	✓	✓
5	Not have been an auditor of the Company within the previous five years	✓	✓	✓	✓	✓	✓
6	Not have been a director of the Company for more than twelve years	✓	✓	✓	✓	✓	✓
7	Not represent an important shareholder of the Company (holding more than 10% of share capital or voting rights)	✓	✓	✓	✓	✓	✓
Independent director after assessing the Afep-Medef criteria		**0**	**0**	✓	✓	✓	✓

* *The Company considers the fact that certain members of the AXA Board of Directors hold non-executive directorships in one or more Group subsidiaries wholly owned, directly or indirectly, by AXA does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the Boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the Boards of Group subsidiaries, however, are required to abstain from participating in the decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent any conflict of interest or potential independence issues.*

** *Mr. Paul Hermelin is Chairman & Chief Executive Officer of Capgemini, a company which provides services to the AXA Group in the course of its ordinary business. Considering that (i) the revenues for Capgemini generated by these services do not exceed 0.5% of its consolidated total revenues, (ii) the conditions of these services are negotiated at arm's length, and (iii) Mr. Paul Hermelin does not directly take part in negotiating any of the contracts with AXA, AXA's Board of Directors considers that these business relationships are not significant either for AXA or for Capgemini and they do not create a situation of economic dependence. Therefore, these relationships are not likely to question Mr. Paul Hermelin's independence as a member of AXA's Board of Directors.*

Paul Hermelin	Angelien Kemna	Isabelle Kocher	Suet Fern Lee	Stefan Lippe	François Martineau	Ramon de Oliveira	Deanna Oppenheimer	Doina Palici-Chehab	Dominique Reiniche
✓	✓	✓	0 *	✓	✓	0 *	✓	0	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓ **	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓	✓	✓	✓	✓	**0** ***	✓	✓	**0**	✓

*** *As Mr. François Martineau is the Chairman of the Mutuelles AXA's Strategy Committee, the Board of Directors concluded that he was no longer independent.*

On February 22, 2017, the Board of Directors determined that, on December 31, 2016, twelve of the sixteen Board members were independent after assessing the criteria of the Afep-Medef Code: Mmes Irene Dorner, Angelien Kemna, Isabelle Kocher, Suet Fern Lee, Deanna Oppenheimer and Dominique Reiniche and Messrs. Jean-Pierre Clamadieu, Jean-Martin Folz, André François-Poncet, Paul Hermelin, Stefan Lippe and Ramon de Oliveira.

One member of the Board of Directors (currently Mrs. Doina Palici-Chehab) is the AXA employee shareholders' representative. This representative is appointed by shareholders every four years from a list of candidates selected by the Group's employee shareholders, following an internal selection process.

The Board of Directors does not have any non-voting members (censors).

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is collectively responsible for determining the strategic orientations of the Company, ensuring its implementation, and establishing the internal framework for oversight of Executive Management, subject to relevant laws and regulations and the Bylaws of the Company. In addition, the Board *inter alia:*

- chooses the appropriate governance framework;
- appoints and dismisses the Chairman, any Vice-Chairman/ Senior Independent Director, the Chief Executive Officer, any Deputy Chief Executive Officer, any "*dirigeants effectifs"* (executives considered to be competent to effectively manage the Company as required by Solvency II), and determines their respective compensation;
- convenes Shareholders' Meetings;
- recommends directors for appointment to the Shareholders' Meeting and/or co-opts directors to the Board;
- reviews and sets *(arrête)* the Company's and the Group's half-year and annual financial statements;
- approves the report of the Board of Directors' Chairman on the composition of the Board and the implementation of the principle of fair representation of women and men within the Board, the conditions of preparation and organization of the Board of Directors' work as well as the internal control and risk management procedures set up by the Company as required under French law;
- fulfills all the Board obligations set out in the Solvency II regulation;
- adopts and oversees the general principles of the Group's compensation policy;
- reviews the strategies and the policies on the taking, management and monitoring of risks as well as the conclusions of the internal assessment of risks and solvency (ORSA – Own Risk and Solvency Assessment – report);
- approves non-audit services and recommends the Group's Statutory Auditors for appointment to the Shareholders' Meeting.

As the Chief Executive Officer, who is also a Board member, is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties, the Board of Directors also reserves the approval of certain matters to itself in its Terms of Reference, including the approval of certain material transactions including sales or acquisitions (over €500 million), significant financing operations and other material transactions.

To ensure that the personal interests of the members of the Board of Directors and those of the Company are appropriately aligned, the Board's Terms of Reference provide that each member of the Board of Directors must hold, within two years following his/her first appointment, a number of AXA shares with a value at least equal to the director's gross fees earned in respect of the previous fiscal year [(1)].

The Board of Directors conducts an annual self-assessment to review its composition, Board work and performance.

CHAIRMAN OF THE BOARD OF DIRECTORS

In accordance with French law, the Chairman's role is to organize and oversee the work of the Board of Directors. In this context, he sets the agenda of the Board meetings, holds regular discussions with the Chief Executive Officer and the directors, requests any document or information necessary to help the Board of Directors for the preparation of its meetings, verifies the quality of the information provided and more generally, ensures that Board members are in a position to fulfill their role. Prior to each meeting, Board members receive documentation concerning matters to be reviewed, generally eight days in advance of Board meetings.

The Chairman convenes the members of the Board without directors who are members of the Executive Management being present, in particular to permit debate on the performance and compensation of Executive Management and succession planning.

Following its decision to separate the positions of Chairman and Chief Executive Officer and to appoint Mr. Denis Duverne as Chairman, the Board decided, in light of his experience and knowledge of the AXA Group, to extend the role of the Chairman as follows [(1)]:

- promote the Company's values and culture in particular, in relation to corporate responsibility and professional ethics;
- upon request by the Chief Executive Officer, represent the Company in its relations, nationally and internationally with public bodies, institutions, regulators, shareholders and the Company's main strategic partners and stakeholders;
- consult with the Chief Executive Officer on major topics and events relating to the Company (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, major community projects and the appointment of the most senior executives of the Group);

(1) For this purpose, AXA shares are valued using the closing price of the AXA share on December 31 of the preceding fiscal year.

- upon invitation of the Chief Executive Officer, take part in internal meetings with Group executives and teams to provide his opinion on strategic issues or projects;
- assist and advise the Chief Executive Officer.

While the Chairman acts in close collaboration with the Chief Executive Officer, his role is contributory in nature and does not confer any executive power. Under French law, it is the Chief Executive Officer who is solely responsible for the Company's operational leadership and management.

SENIOR INDEPENDENT DIRECTOR

Following the decision to separate the positions of Chairman and Chief Executive Officer, the Board of Directors decided to maintain the position of Senior Independent Director [(2)] which was established in 2010 when the Board decided to combine the roles of Chairman and Chief Executive Officer.

The Senior Independent Director replaces the Chairman of the Board of Directors in the event of temporary incapacity or death, chairs meetings of the Board in the absence of the Chairman, acts as spokesperson for the independent directors and informs the Chairman of any potential conflict of interest identified. The Senior Independent Director also reviews, with the Chairman of the Board of Directors, the agenda of Board meetings and the quality of information provided to the Board.

In addition, the Senior Independent Director may convene meetings of independent members of the Board, without the presence of the Chairman and Executive Management, in particular, to assess the performance of the Chairman, review his compensation and prepare his succession plan. He may also request the Chairman to convene the Board on a specific agenda.

The Senior Independent Director reports to the Shareholders' Meeting.

In 2016, Mr. Norbert Dentressangle, acting as Senior Independent Director, attended all eleven meetings of the Board of Directors as well as all Compensation & Governance Committee meetings, with whom he worked closely. The time spent by the Senior Independent Director on his activities for the AXA Group in 2016 represented 51 full days work.

In this context, he:

- maintained regular dialogue with the members of the Board of Directors, in particular the independent members, and with the Executive Management and the Chairman of the Board;
- was actively involved in the preparation of Board meetings, working closely with Executive Management, the Chairman and other Board members;
- worked closely with the Compensation & Governance Committee on the succession plans for Executive Management, the selection process for future members of the Board and Committees, the organization of the self-assessment of the Board and Committees, the review of all communications made to shareholders on corporate governance topics.

Mr. Norbert Dentressangle reported on his activities to the Shareholders' Meetings on April 27, 2016.

At the Board of Directors' meeting on December 14, 2016, Mr. Norbert Dentressangle informed the Board of his decision to step down from the Board. In accordance with its Terms of Reference, the Board of Directors decided to appoint Mr. Jean-Martin Folz, the Chairman of the Compensation & Governance Committee, as Senior Independent Director, effective immediately, for the duration of his term of office which will expire at the 2019 Shareholders' Meeting.

BOARD ACTIVITIES IN 2016

In 2016, the Board of Directors met eleven times and scheduled a session at each Board of Directors' meeting without the presence of Executive Management.

In 2016, the Board focused, in particular, on the following matters: succession planning for the Chairman & Chief Executive Officer, review of the Group's strategy including its new 2020 Strategic Plan, examination of the 2015 financial statements and the 2016 half-year financial statements, review of the Board Committees' reports, review of proposed significant acquisitions and disposals, approval of non-audit services, review of the ORSA report, AXA's Internal Model, and other written policies required under Solvency II, the Group's Recovery Plan, the Systemic Risk Management Plan and Liquidity Risk

(1) The role of the Chairman is set out in the Board's Terms of Reference which are available on AXA's website.

(2) The role of the Senior Independent Director is set out in the Board's Terms of Reference which are available on AXA's website.

Management Plan, the Group's dividend policy, internal control and risk management, the self-assessment of the Board of Directors and the appointment, renewal and independence of Board members.

The Board of Directors held its annual two-day off-site strategy session with presentations by members of the Group's management on a variety of key strategic topics in March 2016 prior to the announcement of the Group's 2020 Strategic Plan on June 21, 2016.

In 2016, diverse training sessions were organized by the Chairman of the Board of Directors and provided to new and existing members of the Board of Directors to familiarize them with the Group's principal activities and challenges. These sessions mainly focused on the Group's financial structure, strategy, governance, main activities, risk management, corporate responsibility and responsible investment as well as the evolution of the insurance sector, including regulatory developments.

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

The Board of Directors conducts an annual self-assessment to review its composition, operating procedures and overall functioning.

In 2013, the Board of Directors decided that the annual assessment should be carried out by an external consultant on a regular basis. Consequently, in 2016, the Board self-assessment was carried out by a consultant who collected each of the individual director's input, views and suggestions on the Board work, and its performance. Each director's view on other members' participation in, and contribution to, the Board work was also collected. The reports on each director's personal contribution to the Board (except for the Chairman) were shared with the Chairman who gave individual feedback to each Board member during a dedicated one-on-one meeting. The report on the Chairman's own personal contribution was shared with the Senior Independent Director who gave the Chairman individual feedback.

The Senior Independent Director was actively involved in this process.

The Compensation & Governance Committee reviewed in detail the conclusions of the Board evaluation, the principal areas identified for improvement and made recommendations to the Board of Directors which were examined and approved at the Board meeting on December 14, 2016.

At this meeting, the members of the Board also acknowledged that recommendations from prior reviews had been implemented or were in the process of being implemented. They further noted that the succession planning for Mr. Henri de Castries, the change in the governance structure and the transition process had all been conducted smoothly, efficiently and professionally and acknowledged the quality of the analysis and discussions which took place, as well as the transparency *vis-à-vis* the Board.

The main identified areas for improvements were: (1) more regular information between Board meetings from the Chief Executive Officers on insurance sector-related news or public announcements made by the Company to Board members, (2) organizing a Board trip to a strategic business location and (3) implementing a mentorship of each new member of the Board by an incumbent director.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2016

In 2016, the Board met eleven times and the average attendance rate was 97%. Board meetings had an average duration of three and a half hours.

	Board of Directors		Audit Committee		Finance Committee		Compensation & Governance Committee	
Directors	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate	Number of attendance/ Number of meetings	Attendance rate
Henri de Castries *(until September 1, 2016)*	8/8	100%	-	-	-	-	-	-
Denis Duverne	11/11	100%	-	-	-	-	-	-
Norbert Dentressangle	11/11	100%	-	-	-	-	-	-
Thomas Buberl *(as of September 1, 2016)*	3/3	100%	-	-	-	-	-	-
Jean-Pierre Clamadieu	11/11	100%	-	-	-	-	6/6	100%
Mrs. Irene Dorner *(as of April 27, 2016)*	6/7	85.7%	3/3	100%	-	-	-	-
Jean-Martin Folz	11/11	100%	3/3	100%	-	-	6/6	100%
Paul Hermelin	11/11	100%	-	-	-	-	-	-
Mrs. Angelien Kemna *(as of April 27, 2016)*	7/7	100%	3/3	100%	-	-	-	-
Mrs. Isabelle Kocher	9/11	81.8%	-	-	-	-	-	-
Mrs. Suet Fern Lee	11/11	100%	-	-	5/5	100%	-	-
Stefan Lippe	11/11	100%	6/6	100%	5/5	100%	-	-
François Martineau	10/11	90.9%	-	-	-	-	-	-
Ramon de Oliveira	11/11	100%	6/6	100%	5/5	100%	-	-
Mrs. Deanna Oppenheimer	11/11	100%	3/3	100%	-	-	5/6	83.3%
Mrs. Doina Palici-Chehab	11/11	100%	-	-	5/5	100%	-	-
Mrs. Dominique Reiniche	10/11	90.9%	-	-	-	-	5/6	83.3%
TOTAL ATTENDANCE RATE		**97%**		**100%**		**100%**		**91.7%**

3.1.2 The Board Committees

The Board of Directors has established three specialized Committees: the Audit Committee, the Finance Committee and the Compensation & Governance Committee.

To ensure a well-balanced governance, the Board's Terms of Reference go beyond the requirements of French law and specifically provide that independent directors have a major role in all Board Committees, as follows:

- each of the three Committees is chaired by an independent director;
- all members of the Audit Committee and the Compensation & Governance Committee are independent directors;
- none of AXA's corporate officers may be members of the Committees.

Each Committee issues opinions, proposals or recommendations to the Board of Directors on matters within the scope of its responsibilities with each Committee Chairman reporting to the Board at the following Board meeting. However, under French law, Board Committees do not have any formal decision making power and are advisory only.

The Committees may request external consulting expertise if necessary. They may also invite external participants to attend their meetings.

Each Committee is composed of members with expertise in the relevant areas which is reviewed regularly by the Board of Directors.

The role and responsibilities of each Committee are set out more fully in the Board's Terms of Reference and in the Audit Committee Terms of Reference available on AXA's website.

Board of Directors' Committees	Principal responsibilities	Principal activities in 2016
Audit Committee *Composition on December 31, 2016:* Stefan Lippe, Chairman Irene Dorner Angelien Kemna Ramon de Oliveira In accordance with the Afep-Medef recommendations, the Audit Committee members are competent in the areas of finance and/or accounting.	The scope of the Audit Committee's responsibilities is set out in its Terms of Reference which are reviewed and approved each year by the Board of Directors. The principal missions of the Committee are: ■ to monitor the financial reporting process and the integrity of the publicly reported results and disclosures made in the financial statements; ■ to monitor the adequacy and effectiveness of the internal control and risk management frameworks and compliance with risk appetite limits; ■ to form an opinion on the effectiveness, performance and independence of the Group's internal auditors; ■ to consider the appointment and oversee the process for selecting Statutory Auditors, monitor the Statutory Auditors' audits and review of the Group's consolidated financial statements, as well as the auditors' independence and the breakdown of their fees and review and make a recommendation to the Board as to the appointment of Statutory Auditors to provide non-audit services. The review of financial statements by the Audit Committee is accompanied by a report from the Statutory Auditors on the results of the statutory audit and the accounting methods chosen. The Committee examines and issues an opinion on documents required by the Solvency II regulation. The Committee regulatory meets (1) the Statutory Auditors and the Global Head of Internal Audit, (2) the Group Chief Financial Officer and (3) the Group Chief Risk Officer. The Committee also receives presentations from the Group Chief Risk Officer, the Group General Secretary, the Group General Counsel and the Group Chief Financial Officer describing the Company's principal risk exposures and where applicable the material off-balance-sheet commitments. The Group Chief Financial Officer, the Global Head of Internal Audit, the Group Chief Risk Officer, the Group Chief Accounting Officer, the Group General Secretary as well as the Statutory Auditors attend each Audit Committee meeting. The Chief Executive Officer also attends the Committee's meetings on a regular basis.	The Audit Committee met six times in 2016. The average attendance rate was 100%. The Committee focused, in particular, on the following issues: ■ the 2015 financial statements; ■ the 2015 Annual Report *(Document de Référence)*; ■ the 2016 half-year financial statements; ■ internal control and risk management (reports from Internal Audit, from the Compliance Department, on Litigation, on risk management, from Group IT security – cyber risk, on the Group's Internal Financial Control *(IFC)* function, and on the *Global Business Lines*…); ■ compliance with the Solvency II regulation and ORSA report; ■ Risk Management Framework, Risk Appetite and Reporting; ■ the results of internal and external audit work; ■ the review, for recommendation to the Board, of non-audit services provided by the Statutory Auditors; and ■ the internal and external audit plans and resources.

Board of Directors' Committees	Principal responsibilities	Principal activities in 2016
Finance Committee *Composition on December 31, 2016:* Ramon de Oliveira, Chairman Suet Fern Lee Stefan Lippe Doina Palici-Chehab	The principal missions of the Committee are: ■ to examine and issue an opinion on any sureties, guarantees, endorsements and warrantees in favor of third parties which exceed the delegations of power granted to the Chief Executive Officer by the Board of Directors; ■ to examine and issue an opinion on any of the following: – securities issuances giving a claim, whether directly or indirectly, to the Company's share capital, – share repurchase programs proposed to the Ordinary Shareholders' Meeting, – financing operations that might substantially change the Company's financial structure; ■ any plan to perform a financial operation of significant size for the AXA Group, except for M&A transactions discussed directly at the Board; ■ to examine any subject relating to the financial management of the AXA Group including: – the policy on financial risk management, – the liquidity and financing of the Group, – capital and solvency; ■ to examine the impact on capital and solvency at Group level of the main orientations and limits of the Asset Liability Management policy; and ■ to review the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures. The Group Chief Financial Officer and the Group Chief Risk Officer attend each Finance Committee meeting.	The Finance Committee met five times in 2016. The average attendance rate was 100%. The Committee focused, in particular, on the following issues: ■ financial risk management; ■ liquidity and financing; ■ capital and solvency; ■ risk appetite and asset allocation; ■ interest rates exposure; ■ Systemic Risk Management Plan; ■ Liquidity Risk Management Plan; ■ Recovery Plan; ■ Review of the financial authorizations (guarantees); and ■ Review of the proposed capital increase reserved for the employees of the AXA Group (SharePlan 2016).

Board of Directors' Committees	Principal responsibilities	Principal activities in 2016
Compensation & Governance Committee *Composition on December 31, 2016:* Jean-Martin Folz, Chairman Jean-Pierre Clamadieu Deanna Oppenheimer Dominique Reiniche The Chairman of the Board of Directors, as well as the Chief Executive Officer, although not members of the Committee, contribute to the work of the Committee and attend its meetings, except when their personal situation is discussed.	The principal missions of the Committee are: ■ to issue proposals to the Board of Directors on: – the recommendations to the Shareholders' Meeting for the appointment and the reappointment of the members of the Board of Directors, – the composition of the Board Committees, – the appointment of the Chairman, the Senior Independent Director, the members of the Executive Management and the persons who effectively run the Company *(dirigeants effectifs)* as defined under the Solvency II regulation; The Committee also prepares, with the Chairman of the Board of Directors and the Chief Executive Officer, the succession of the Executive Management, the members of the Committee are also kept informed of the appointments of the main executives of the Group, and in particular of the members of the Management Committee; ■ to issue proposals to the Board of Directors on: – the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers and the preparation of their annual assessment, – the amount of 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 to be granted to the Chief Executive Officer, the Deputy Chief Executive Officers and the other members of the Management Committee; ■ to formulate an opinion on the proposals of the Chief Executive Officer concerning: – the principles and conditions for the determination of the compensation of the main executives of the AXA Group, – the overall annual allocation of Company stock options or performance shares to employees of the AXA Group. The Chief Executive Officer also informs the Committee of the compensation of the main executives of the AXA Group. ■ in depth analysis of certain Group human resources topics, including reviewing each year the Company's policy with respect to professional equality and equal pay; ■ to examine the Group's strategy on corporate responsibility and other related issues; ■ to examine in depth certain governance matters relating to the operation and organization of the Board of Directors and the organization of the periodic self-assessment of the Board; and ■ to review the AXA Group Compliance and Ethics Guide. The Group General Secretary attends each Compensation & Governance Committee meeting.	The Compensation & Governance Committee met six times in 2016. The average attendance rate was 91.7%. The Committee focused, in particular, on the following issues: **Compensation issues:** ■ the compensations paid to the Chairman & Chief Executive Officer, the Deputy Chief Executive Officer and to the members of the Management Committee; ■ the compensations of the Chairman of Board of Directors and the Chief Executive Officer as of September 1, 2016; ■ the 2016 and 2017 equity allocations (stock options and performance shares) and their performance conditions; ■ the grant of performance shares dedicated to retirement to replace the defined benefits supplemental retirement plan for senior executives in France; ■ the "say-on-pay" for the Chairman & Chief Executive Officer and the Deputy Chief Executive Officer; and ■ the directors' fees amount and allocation. **Governance issues:** ■ the review of the governance structure of the Company and of the succession plan of the Executive Management; ■ the selection process of the future directors; ■ the composition of the Board and its Committees; ■ the independence of the members of the Board; ■ the self-assessment of the Board of Directors; ■ the share ownership requirements for the Chairman, the members of the Board of Directors, the Chief Executive Officer as well as for the members of the Management Committee and Partners group; ■ the review of the Board's Terms of Reference; ■ the Company's Corporate Responsibility; and ■ the Diversity & Inclusion strategy.

3.1.3 Executive Management

The Chief Executive Officer is assisted in the day-to-day operational management of the Group by a Management Committee and a Partners group.

THE CHIEF EXECUTIVE OFFICER

Under French law, the Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company and to represent the Company in its relationships with third parties. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly assigned by law to the Shareholders' Meetings and to the Board of Directors. In addition, the Board's Terms of Reference provide for specific limitations of the powers of the Chief Executive Officer and require prior Board approval for certain significant transactions as indicated in Section 3.1.1 above.

The Chief Executive Officer reports to the Board on a regular basis on the Company's financial condition and all key issues, and provides regular written updates to the Board between Board meetings.

THE MANAGEMENT COMMITTEE

The Management Committee was established by the Chief Executive Officer to assist him in the operational management of the Group.

Following his appointment, Mr. Thomas Buberl appointed a new Management Committee which meets weekly or fortnightly to discuss Group strategic, financial and operational matters. The Management Committee has no formal decision making authority and is advisory in nature.

COMPOSITION OF THE MANAGEMENT COMMITTEE ON JANUARY 31, 2017

Name	Principal function within AXA
Thomas Buberl	Chief Executive Officer of AXA
Benoît Claveranne	Group Chief Transformation Officer
Paul Evans	Group Chief Executive Officer of AXA Global Life, Savings & Health and Chief Executive Officer of AXA Global Asset Management
Gérald Harlin	Group Chief Financial Officer
Jean-Louis Laurent Josi	Chief Executive Officer of AXA Asia
Gaëlle Olivier	Chief Executive Officer of AXA Global P&C
Mark Pearson	President and Chief Executive Officer of AXA Financial, Inc. (United States)
Jacques de Peretti	Chief Executive Officer of AXA France
George Stansfield	Group General Secretary

THE PARTNERS GROUP

On September 1, 2016, Mr. Thomas Buberl announced the establishment of a new Partners group which replaced the former Executive Committee.

The Partners group is composed of the members of the Management Committee plus approximately thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee to develop and implement key strategic initiatives in the context of Ambition 2020 and to contribute to a permanent strategic dialogue throughout the Group. It has no formal decision making authority and is advisory in nature.

The Partners group meets quarterly.

The complete list of the members of the Partners group is available on the AXA Group website (www.axa.com).

3.1.4 Other information

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 currently an employee of AXA Insurance Pte Ltd, which is one of AXA's principal Singaporean subsidiaries.

FAMILY RELATIONSHIP

To the best of the Company's knowledge, 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

Absence of conflicts of interests

According to the Board's Terms of Reference and the recommendations of the Afep-Medef Code, each member of the Board of Directors is required to inform the Chairman of the Board of Directors and/or the Senior Independent Director of any situation concerning her/him which may create a conflict of interest with the Company or the companies of the AXA Group, and to abstain from voting on any related resolution.

The Chairman of the Board of Directors and the Chief Executive Officer do not currently carry out any professional activity or hold any directorship outside the AXA Group that the Board believes 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 executives of companies that may have agreements or enter into transactions from time to time with the AXA Group including furnishing services or goods, providing credit facilities, purchases of securities (for their own account or for third parties), underwriting of securities. These agreements or deals are systematically negotiated and performed at arm's length terms and conditions. Consequently, AXA does not believe that any of these agreements or transactions give rise to any conflicts of interests between (i) the director's duties towards AXA and (ii) their private interests and/other duties of these individuals.

To the best of the Company's knowledge, there are no agreements or arrangements 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 and based on the 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 body 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 body 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.

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, 2014	At December 31, 2015 restated [m]	At December 31, 2016
Insurance	**80,992**	**80,871**	**82,484**
■ France [a] [b]	14,375	13,970	14,296
■ United States	4,108	4,157	4,132
■ Japan	2,651	2,671	2,743
■ United Kingdom & Ireland	8,520	8,049	8,113
■ Germany [c]	8,381	8,152	8,014
■ Switzerland	3,797	3,768	3,765
■ Belgium (including AXA Bank Belgium)	4,254	4,129	4,042
■ Italy	1,577	1,570	1,543
■ Spain	2,343	2,361	2,287
■ EMEA-LATAM Region [d]	11,979	11,439	11,310
■ Direct [e]	6,242	5,980	6,602
■ AXA Corporate Solutions Assurance [f]	1,326	1,301	1,464
■ AXA Assistance [g]	7,626	8,557	9,132
■ Other countries and transversal entities	3,815	4,766	5,041
Of which Hong Kong [h]	*1,436*	*1,507*	*1,581*
Of which Singapore [h]	*579*	*668*	*750*
Of which Indonesia [h]	*372*	*398*	*384*
Of which Malaysia [h]	*700*	*799*	*840*
Of which Thailand [h]		*489*	*538*
Of which AXA Life Invest	*168*	*178*	*211*
Of which Family Protect	*83*	*69*	
Of which AXA Global Life	*57*	*72*	*105*
Of which AXA Global P&C	*172*	*180*	*195*
Asset Management	**5,786**	**5,951**	**5,870**
■ AB [i]	3,487	3,600	3,446
■ AXA Investment Managers	2,299	2,351	2,424
Banking (excluding AXA Bank Belgium) [j]	**1,034**	**1,054**	**786**
■ France	625	693	708
■ Germany	79	71	70
■ AXA Bank Central & Eastern Europe [k]	330	290	8
Group Management Services	**1,111**	**1,137**	**1,174**
AXA Technology Services, AXA Group Solutions, AXA Business Services [l]	**7,356**	**8,061**	**7,394**
TOTAL	**96,279**	**97,074**	**97,707**

Employees of non-consolidated companies or companies accounted for using the equity method are not included in the above table.

(a) A portion of the employees of AXA's French affiliates is included in GIEs.

In addition, the employees of insurance and financial services activities in France are included in the "cadre de convention" of four not consolidated "mutuelles".

(b) In 2016, the increase by 326 in France was driven by the integration of Genworth, partly offset by efficiency programs and early retirements.

(c) In 2016, the decrease by 138 in Germany reflected efficiency programs and early retirements.

(d) Includes Portugal, Turkey, Greece, Morocco, Mexico, Colombia, Brazil, Poland, Czech Republic, Slovak Republic and Luxembourg. In 2016, the decrease by 129 in the EMEA-LATAM Region was mainly attributable to the sale of the Portuguese operations, partly offset by business growth notably in Mexico and the Gulf Region, as well as the consolidation of Brazil since January 1, 2016.

(e) In 2016, the increase by 621 in Direct was mainly driven by the acquisition of operations in Poland and business growth across countries, partly offset by the sale of the Portuguese operations.

(f) In 2016, the increase by 163 in AXA Corporate Solutions Assurance was driven by the integration of the newly consolidated Brazilian entities.

(g) In 2016, the increase by 575 in AXA Assistance was mainly driven by the acquisition of two entities.

(h) In 2016, the increase by 232 in Asia was mainly driven by business growth across Singapore, Hong Kong, Thailand and Malaysia.

(i) In 2016, the decrease by 154 in AB was mainly driven by restructuring measures across the organization and attrition.

(j) Some employees of AXA Bank Belgium provide services in common for both the insurance activities and the banking activities. Consequently, the split is not available.

(k) In 2016, the decrease by 282 reflects the sale of the Hungarian banking operations completed in 2016.

(l) In 2016, the decrease by 668 was mainly reflected the sale of the Indian subsidiary of AXA Technology Services, partly offset by business growth in AXA Business Services.

(m) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements and reclassification of the International Insurance segment into the Life & Savings and the Property & Casualty segments.

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

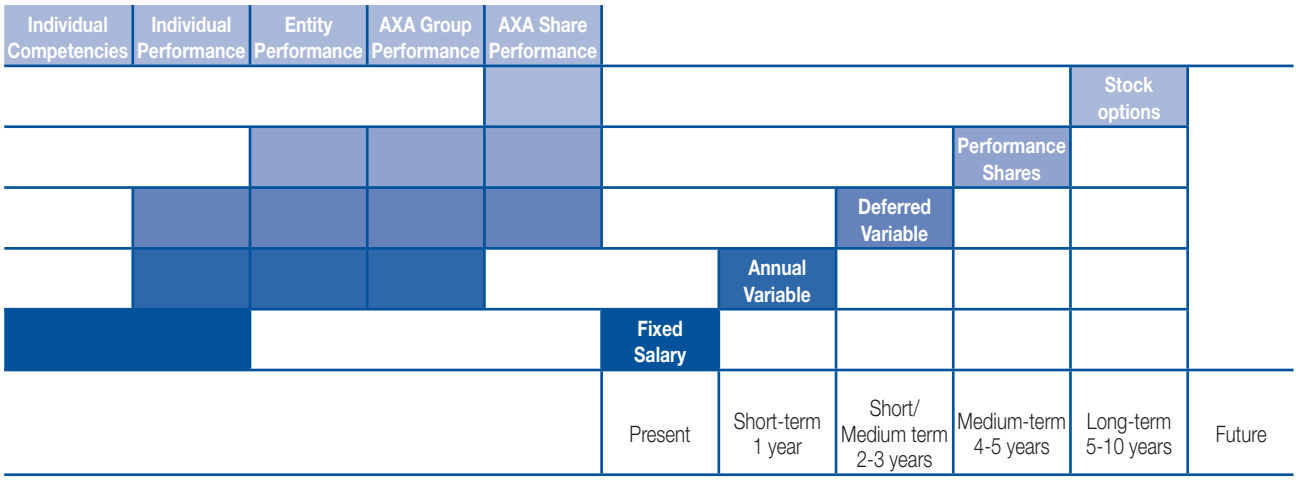
INTRODUCTION

AXA's global executive compensation policy is designed to align the interests of the Company's executives with those of its shareholders while establishing a clear and straightforward link between performance and compensation. In this context, its main objective is to encourage the achievement of ambitious objectives and the creation of long-term value by setting challenging performance criteria.

AXA's executive compensation structure is based on an in-depth analysis of market practices in France and abroad, within the financial services sector (insurance companies, banks, asset managers, etc.) and compared to the compensation practices of other international groups.

AXA's overall policy on executive compensation focuses on the variable part of the compensation package, which is the compensation at risk for beneficiaries. The structure of AXA's executive compensation is composed of a variable portion which represents a significant portion of the aggregate remuneration. This is designed to align executive compensation more directly with the operational strategy of the Group and the interests of the shareholders while encouraging performance:

- both on an individual and collective level; and
- over the short, medium and long term.



Corporate officers' and executives' compensation (1)

COMPENSATION OF THE CORPORATE OFFICERS AND MANAGEMENT COMMITTEE MEMBERS ON DECEMBER 31, 2016

Governance

The principal mission of the Compensation & Governance Committee of AXA's Board of Directors is to formulate propositions to the Board regarding, in particular, (1) the Company's compensation policy and principles, (2) the determination of the corporate officers' compensation and performance assessment, and (3) the allotment of AXA stock options or performance shares to the Chief Executive Officer and the other members of the Management Committee of the Group.

The Compensation & Governance Committee is exclusively composed of independent members. Their independence is assessed annually by the Board in accordance with the criteria set forth in the Afep-Medef Code. The Senior Independent Director (Mr. Jean-Martin Folz) is the Chairman of the Committee and presents the compensation policy of the Company each year at the Shareholders' Meeting.

The Committee meets frequently with the Group executives and the internal departments of the Company including Group Human Resources and Group Legal. The Committee is empowered to undertake or commission specific reviews and to use external consulting expertise to the extent deemed appropriate. Thus, during the last few years, the Committee worked several times with a compensation consulting firm in order to benefit from an external expertise and an independent overview in order to compare AXA's variable compensation practices with general market practices.

Solvency II Group Compensation policy

Solvency II regulations came into force on January 1, 2016 and include a number of specific remuneration and governance requirements applicable to European insurers and reinsurers. In this context, AXA has undertaken a comprehensive review of its existing compensation policies and practices against the requirements of Solvency II and has adopted a new Group Remuneration policy applicable to all AXA employees as of January 1, 2016. This compensation policy is designed to support the Group's long-term business strategy and to align the interests of its employees with those of the shareholders by (i) establishing a clear link between performance and remuneration over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation arrangements across the multiple markets in which it operates while avoiding potential conflicts of interest that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance with Solvency II regulations and any other applicable regulatory requirements.

The AXA Group compensation policy is designed to:

- attract, develop and motivate critical skills and best talents;
- drive superior performance;
- align compensation levels with business performance;
- ensure that employees are not incentivized to take inappropriate and/or excessive risks and that they operate within AXA's overall risk framework; and
- ensure compliance of our practices with all applicable regulatory requirements.

It follows three guiding principles:

- competitiveness and market consistency of the remuneration practices;
- internal equity, based on individual and collective performance, in order to ensure fair and balanced compensation reflecting employee's individual quantitative and qualitative achievements and impact; and
- achievement of the Group's overall financial and operational objectives over the short, medium and long term as well as execution against medium and long term strategic objectives as a prerequisite to fund any mid-to-long term award.

The requirements set out in our Group Compensation policy may be supplemented where necessary in order to comply with local regulatory requirements or identified best practices.

Compensation structure

AXA broadly applies a pay-for-performance approach which (i) recognises achievement of defined financial and operational targets aligned with AXA's business plan (ii) promotes long-term sustainable performance by incorporating risk adjustment measures in performance metrics and (iii) determines individual compensation amounts on the basis of both financial results and demonstrated individual leadership skills.

(1) *The information in this section is presented in accordance with recommendation No. 2009-16 of the AMF, as modified on April 13, 2015, and with the recommendations of the Afep-Medef Code.*

In this context, the overall compensation structure is based on the following components, which are designed to provide balance and avoid excessive risk taking for short term financial gain:

- a fixed component which comprises guaranteed elements, such as base salary and any other fixed allowances. It takes into account the position, responsibilities, experience, market practices, technical skills and leadership skills, and also sustained individual performance and criticality or scarcity of skills;
- a variable component which comprises an upfront cash element (Short Term Incentive) and a deferred element which is awarded through equity based instruments or equivalent such as stock options and/or performance shares (Long Term Incentive). This variable component depends on the AXA Group's global performance, on the beneficiary's local entity performance (company or business unit, depending on the case), and on the achievement of the executive's individual objectives including demonstrated abilities for leadership. The variable portion is designed to represent a substantial component of the executive's global compensation and, where an executive attains or exceeds the set objectives, to position the compensation levels of AXA executives between the median and the third quartile (or, in certain cases, beyond the third quartile) of the benchmark market reference.

The target level of the executives' compensation and the structure of the elements which compose such compensation are based on a detailed analysis of market practices as well as potentially applicable national and international regulations, and also take into consideration various other factors including the equity principles within the Group and the previous compensation level of the executive.

Each year, AXA, with the assistance of specialized firms, conducts compensation reviews in order to ensure the competitiveness and consistency of executives compensation and to measure the suitability of the global compensation policies. In this context, four markets are used as a reference:

- a first market composed of 13 companies in the French CAC 40 index (companies selected to form the panel, which may vary from year-to-year, are comparable to AXA in terms of stock capitalization, revenues, sector, number of employees and/or geographic coverage);
- a second market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance and banks) which are principally based in the main European markets (Belgium, France, Germany, Italy, the Netherlands, the United Kingdom, Spain and Switzerland);
- a third and fourth market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance and banks) which are principally based in Asia and Japan.

Annual cash compensation

TOTAL TARGET COMPENSATION

Total target compensation of the Chief Executive Officer as of September 1, 2016

The Board of Directors, upon recommendation of its Compensation & Governance Committee, appointed Mr. Thomas Buberl as Chief Executive Officer as of September 1, 2016 and decided to set his annual cash compensation target at €2,900,000.

This total target compensation is composed of a fixed annual compensation and a target annual variable compensation.

The fixed annual compensation of the Chief Executive Officer amounts to €1,450,000 and the variable component of his compensation is set at €1,450,000 *i.e.* 100% of his fixed annual compensation.

The total amount of compensation of the Chief Executive Officer and the balance between its different components (fixed and variable) are mainly based on a study by an external advisory firm (Willis Towers Watson) on compensation practices for similar positions within a sample of CAC 40 financial services companies as well as the principal European insurance companies, and follows the recommendations of the G20, the European Commission and the Financial Stability Board in terms of compensation.

Both the fixed and the variable compensation due to Mr. Thomas Buberl with respect to 2016 were calculated *prorata temporis* as he was appointed Chief Executive Officer as of September 1, 2016.

Total target compensation of the Chairman & Chief Executive Officer until August 31, 2016

The Board of Directors, upon recommendation of its Compensation & Governance Committee, maintained unchanged in 2016 the total cash compensation target of the Chairman & Chief Executive Officer, Mr. Henri de Castries, until August 31, 2016, at €3,300,000 (amount unchanged since 2008).

The fixed annual compensation of the Chairman & Chief Executive Officer was €950,000 and the variable component of his compensation was €2,350,000 in 2016 *i.e.* 247% of his fixed annual compensation.

Both the fixed and the variable cash compensation due to Mr. Henri de Castries with respect to 2016 were calculated *prorata temporis* as he retired from office as of August 31, 2016.

Total target compensation of the Deputy Chief Executive Officer until August 31, 2016

The Board of Directors, upon recommendation of its Compensation & Governance Committee, maintained unchanged in 2016 the total cash compensation target of the Deputy Chief Executive Officer, Mr. Denis Duverne, until August 31, 2016 at €2,200,000 (amount unchanged since 2010).

The fixed annual compensation of the Deputy Chief Executive Officer, was €750,000 and the variable component of his compensation was €1,450,000 in 2016, *i.e.* 193% of his fixed annual compensation.

Both the fixed and the variable cash compensation due to Mr. Denis Duverne as Deputy Chief Executive Officer with respect to 2016 were calculated *prorata temporis* as he resigned from office as of August 31, 2016.

Compensation of the Chairman of the Board of Directors as of September 1, 2016

The Board of Directors, upon proposal of its Compensation & Governance Committee appointed Mr. Denis Duverne as non-executive Chairman of the Board of Directors as of September 1, 2016.

The Board of Directors upon recommendation of its Compensation & Governance Committee and pursuant to the recommendations of the Afep-Medef Code considered that the compensation structure best suited for the Chairman of the Board of Directors was to limit his compensation to a sole fixed annual compensation.

In order to determine Mr. Denis Duverne's fixed compensation, the Board of Directions consulted an external advisory firm (Willis Towers Watson) regarding compensation practices for similar positions within a sample of CAC 40 financial services companies as well as the principal European insurance companies.

The Board of Directors also took into account the extensive duties that it entrusted to Mr. Denis Duverne with as Chairman of the Board of Directors as described in Section 3.1 of this Annual Report.

Furthermore, Mr. Denis Duverne, who claimed his rights to pension as of September 1, 2016, has decided to waive payment, for his entire term of office as Chairman of the Board of Directors, of the annuities which he would have received as from September 1, 2016 under the complementary pension scheme for Group executive officers in France, amounting to circa €750,000 per year. Mr. Denis Duverne has decided not to receive payment of these annuities until termination of his term of office as Chairman of the Board without any retroactive payment.

Consequently, the Board of Directors decided to set the fixed annual compensation of the Chairman of the Board, Mr. Denis Duverne, at €1,200,000.

No variable compensation shall be paid to him, nor will he receive directors' fees, be granted any stock options or performance shares or any other long-term incentive during his term of office.

The compensation due to Mr. Denis Duverne as Chairman of the Board of Directors with respect to 2016 was calculated *prorata temporis* as he was appointed Chairman of the Board of Directors as of September 1, 2016.

ANNUAL VARIABLE COMPENSATION AND PERFORMANCE CONDITIONS

Performance conditions

The variable annual compensation is entirely submitted to performance conditions and no minimum payment is guaranteed.

The determination of the variable compensation to be paid to executive officers (to Mr. Henri de Castries as Chairman & Chief Executive Officer and Mr. Denis Duverne as Deputy Chief Executive Officer until August 31, 2016 and to Mr. Thomas Buberl as Chief Executive Officer as of September 1, 2016) was based in 2016, on the following two metrics:

- Group performance for 50%. This metric is measured based on underlying earnings per share, return on equity (adjusted Return on Equity – ROE) and customer scope index. The relative weight of these three indicators is, respectively, 65%, 15% and 20%.

  The selected indicators to measure the Group performance reflect objectives widely disclosed internally and externally with respect to growth, profitability, capital management, operational efficiency and proximity with clients. Thus, these indicators, directly linked to the strategic orientations of the Group, are both financial and operating criteria and rely on the budget and on predefined performance indicators;

- Individual performance for 50%, which is evaluated based on objectives specifically related to strategic initiatives set and reviewed each year.

  The individual performance of the executive officers is assessed based on various indicators and qualitative and quantitative objectives set by the Board of Directors through a written target letter drawn up at the beginning of each calendar year, before the performance measurement period. It includes detailed objectives about the Group's progress in the elaboration of its strategic plan as well as other performance indicators and objectives designed to assess the level of achievement of global strategic initiatives and/or relating to certain geographic areas, and the evolution of certain investments contributing to the development of the Group's operations.

Each of these two metrics is evaluated separately so that overall variable payout reflects performance against two distinct components assessed independently.

The proportion allocated to individual performance reflects the Board of Directors' desire to place more weight on the executive officers' individual performance on the execution of major strategic initiatives that are critical to the Group's long-term success.

MR. THOMAS BUBERL AS CHIEF EXECUTIVE OFFICER AS OF SEPTEMBER 1, 2016

	As of September 1, 2016	
Thomas Buberl	**Weighting**	**Achievement rate**
Group performance based on:	**50%**	**98%**
- *Underlying earnings per share*	*(65%)*	*(97%)*
- *Return on equity*	*(15%)*	*(101%)*
- *Customer scope index*	*(20%)*	*(100%)*
Individual performance	**50%**	**100%**
Global performance		**99%**

In order to assess Mr. Thomas Buberl's individual performance in 2016, the Board of Directors assessed the achievement of the following objectives set in his target letter: (i) the implementation of the Group's new governance model (30%), (ii) the preparation and presentation of the Group's new strategic plan "Ambition 2020", articulated around the two strategic priorities: focus and transform (30%), (iii) the further development of the Group's mid-term strategic orientations (20%), and (iv) the further strengthening of the Group's internal controls and second line of defence (*e.g.* the implementation of the Group Audit Risk and Compliance Committee as described in Section 4.2.1 of this Annual Report) (20%).

The total effective variable compensation of the Chief Executive Officer may not exceed 150% of his variable target compensation, *i.e.* 150% of his fixed annual compensation.

MR. HENRI DE CASTRIES AS CHAIRMAN & CHIEF EXECUTIVE OFFICER UNTIL AUGUST 31, 2016

	Until August 31, 2016	
Henri de Castries	**Weighting**	**Achievement rate**
Group performance based on:	**50%**	**98%**
- *Underlying earnings per share*	*(65%)*	*(97%)*
- *Return on equity*	*(15%)*	*(101%)*
- *Customer scope index*	*(20%)*	*(100%)*
Individual performance	**50%**	**100%**
Global performance		**99%**

In order to assess Mr. Henri de Castries' individual performance in 2016, the Board of Directors assessed the achievement of the following objectives set in his target letter: (i) the active management of the Group's senior executive succession planning process (40%), (ii) the preparation of the Group's new strategic plan "Ambition 2020", articulated around the two strategic priorities: focus and transform, (25%) and (iii) the further inorganic development of the business through various strategic partnerships (*e.g.* the partnership with Alibaba and Ant Financial Services) (20%) and (iv) continued business transformation with a focus on digital transformation (*e.g.* the partnership with Facebook Messenger to improve its customer service) (15%).

The total effective variable compensation of Mr. Henri de Castries as Chairman & Chief Executive Officer could not exceed 150% of his variable target compensation, *i.e.* 371% of his fixed annual compensation.

MR. DENIS DUVERNE AS DEPUTY CHIEF EXECUTIVE OFFICER UNTIL AUGUST 31, 2016

	Until August 31, 2016	
Denis Duverne	**Weighting**	**Achievement rate**
Group performance based on:	**50%**	**98%**
- *Underlying earnings per share*	*(65%)*	*(97%)*
- *Return on equity*	*(15%)*	*(101%)*
- *Customer scope index*	*(20%)*	*(100%)*
Individual performance	**50%**	**100%**
Global performance		**99%**

In order to assess Mr. Denis Duverne's individual performance in 2016, the Board of Directors assessed the achievement of the following objectives set in his target letter: (i) the preparation of the Group's new strategic plan "Ambition 2020", articulated around the two strategic priorities: focus and transform (25%), (ii) the further reshaping of the Group's business portfolio (*e.g.* strategic reviews and business disposals mainly in the UK and Eastern European Region) (25%), (iii) the further strengthening of the Group's operational controls and second line of defence (20%) (iv) the further acceleration of the digital transformation of the Group as well as the successful industrialization of a big data project in the Company's largest entities (15%), and (v) the continued active promotion of diversity and inclusiveness as a key element of the Group's internal culture (*e.g.* the presence of 25% of women within the Group Senior Executives across AXA) (15%).

The total effective variable compensation of Mr. Denis Duverne as Deputy Chief Executive Officer could not exceed 150% of his variable target compensation, *i.e.* 290% of his fixed annual compensation.

Performance conditions applicable to the other members of the Management Committee

For the other members of the Management Committee, their variable compensation is also determined on the basis of an individual predefined target which was based as follows.

The variable compensation of the members of the Management Committee with Regional/Global Business Line responsibilities is determined according to the following metrics: Group performance (20%), Regional/Global Business Line performance which they are responsible for (30%) and Individual performance (50%).

The variable compensation of the members of the Management Committee with Group responsibilities is determined according

to the following metrics: Group performance (50%) and Individual performance (50%).

Group performance is measured by the underlying earnings per share, return on equity (adjusted Return on Equity – ROE), and customer satisfaction index. Individual performance is evaluated considering predetermined objectives specifically deriving from strategic initiatives.

The performance of Regions or Global Business Lines is determined on the basis of the following performance indicators:

- underlying earnings;
- customer scope index;
- gross revenue Protection & Health;
- Life & Savings New Business Value;
- economic expenses;
- Life & Savings Operating Free Cash Flow;
- Property & Casualty revenues;
- current year combined ratio.

Performance indicators that measure the Group and/or the Regions/Global Business Lines performance are defined at the beginning of the year with:

- a predefined target, aligned with the strategic plan *(budget)*, the attainment of which will result in 100% achievement;
- a floor (which may vary between 50% and 90% of achievement against the target depending on the indicator), which defines the threshold below which no variable compensation for that component will be paid;
- a cap (which may vary between 110% and 130% of achievement against the target depending on the indicator), which defines the threshold above which the variable compensation for that component is capped.

Individual performance is assessed both on (i) the achievement of results for each predetermined individual objective (the "what") and (ii) qualitative factors, including leadership skills demonstrated by the members of the Management Committee measured against AXA's Leadership Framework (the "how").

The assessment of the leadership skills is based on the dimensions of the AXA Leadership Framework which includes:

- strategic vision;
- customer focus;
- change leadership;
- results orientation;
- building capability;
- team leadership;
- sharing to succeed;
- living through AXA values.

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 2016: 1 USD = 0.9048 EUR; 1 SGD = 0.6544 EUR; 1 HKD = 0.1164 EUR and 1 GBP = 1.2206 EUR.

The variable compensations paid to the Management Committee members for 2014, 2015 and 2016 were:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

			Variable compensation for the year 2014			Variable compensation for the year 2015			Variable compensation for the year 2016		
(in Euro)		Country	Target	Actual [b]	% Target	Target	Actual [b]	% Target	Target	Actual [b]	% Target
Thomas Buberl	Chief Executive Officer as of September 1, 2016	France	-	-	-	-	-	-	483,333	478,500 [a] [c]	99%
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	France	2,350,000	2,538,000 [a]	108%	2,350,000	2,690,750 [a]	115%	1,566,667	1,551,000 [a]	99%
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016	France	1,450,000	1,577,600 [a]	109%	1,450,000	1,587,750 [a]	110%	966,667	957,000 [a]	99%
Total of the other Management Committee members			5,282,140	5,456,358	103%	7,049,642	7,542,417	107%	6,261,818	6,521,202	104%

(a) This amount includes the part of the variable compensation with respect to 2014, 2015 and 2016 which has been deferred in accordance with the mechanism described on page 142. The total amount paid will depend on performance conditions and may then vary.

(b) Amount before deduction of 70% of directors' fees.

(c) Please note that Mr. Thomas Buberl received a variable compensation of €592,850 in respect of his employee position within the AXA Group for the period from January 1 to August 31, 2016.

The Group component of the variable compensation of Messrs. Buberl, de Castries and Duverne, was computed according to the following elements: (i) an underlying earnings per share which is below the target and (ii) a return on equity (adjusted Return on Equity-ROE) which is slightly above target and (iii) a customer scope index which is in line with the target.

ANNUAL DEFERRED VARIABLE COMPENSATION

Since 2013, the Board of Directors has implemented for the executive officers a deferral mechanism with respect to 30% of their variable compensation over two years.

Under this mechanism, the executive officers' deferred amount of variable compensation for the 2016 fiscal year will be paid out in two tranches, in 2018 and 2019. The amount of the payout will vary depending on the AXA share price evolution over the deferral period and will be subject to a floor at 80% of the deferred amount and a cap at 120% of the deferred amount; provided, however that no variable compensation would be paid in the event (i) that the Group's underlying earnings are negative for the year ending immediately prior to the year of scheduled payout, or (ii) of resignation or dismissal, for gross or willful misconduct prior to the payout date (clawback provision).

The introduction of this variable compensation deferral component subject to a clawback mechanism to the deferred variable compensation, while not required by the applicable regulations, is designed to further align AXA with the evolving regulatory environment on executive compensation in the financial services' sector both in France and abroad.

At the end of February 2017, (i) the second tranche of Messrs. Henri de Castries' and Denis Duverne's deferred variable compensation for the 2014 fiscal year *i.e.* an amount of €445,419 for Mr. Henri de Castries and €276,869 for Mr. Denis Duverne and (ii) the first tranche of their deferred variable compensation for the 2015 fiscal year *i.e.* an amount of €363,251 for Mr. Henri de Castries and €214,346 for Mr. Denis Duverne, were paid. These amounts reflect the evolution of the AXA share price and were set at 117% of half of the deferred variable compensation granted in respect of the 2014 fiscal year and at 90% in respect of the 2015 fiscal year.

All the amounts presented in this Section 3.2 are gross amounts and before taxation.

Long Term Incentive (LTI) annual allotment

Each year, LTIs (stock options and performance shares) are granted to Group executives.

These LTIs represent an important part of their global variable compensation in order to associate the Group executives to the creation of long term value. In this context, the number of LTIs granted is set so that the executives are between the median and the 3rd quartile of market references considering the total amount of the variable part (comprised of one part in cash and one part in LTIs). The Compensation & Governance Committee and the Board of Directors however ensure that the stock options and the performance shares granted to the executives and valued in accordance with IFRS standards are not disproportionate compared to the aggregate compensation, options and shares granted to the said executives.

These LTIs are integrally subject to performance conditions (please refer to pages 147 as well as 154 and following) and therefore do not guarantee any grant or minimal gain for the beneficiaries.

In 2016, the Board of Directors, upon recommendation of its Compensation & Governance Committee, decided not to grant any LTIs to Mr. Henri de Castries and Mr. Denis Duverne as respectively Chairman & Chief Executive Officer and Deputy Chief Executive Officer until August 31, 2016.

Morever, Mr. Denis Duverne, as Chairman of the Board of Directors since September 1, 2016 shall not receive any stock options, performance shares or other long-term incentive during his term of office.

The performance shares and stock options granted to Mr. Thomas Buberl in 2016 were granted prior to his appointment as Chief Executive Officer and in respect of his previous employee duties within the AXA Group.

SUMMARY OF COMPENSATION, OPTIONS AND PERFORMANCE SHARES GRANTED TO MANAGEMENT COMMITTEE MEMBERS

Members of the Management Committee (in Euro)		Country	Year 2015 Compensation due in respect of the year	Year 2015 Value of options granted during the year	Year 2015 Value of performance shares granted during the year	Year 2015 Value of international performance shares granted during the year	Year 2015 Total	Year 2016 Compensation due in respect of the year	Year 2016 Value of options granted during the year	Year 2016 Value of performance shares granted during the year	Year 2016 Value of international performance shares granted during the year	Year 2016 Total
Thomas Buberl	Chief Executive Officer as of September 1, 2016	France	-	-	-	-	-	1,073,732 [a]	117,899 [b]	-	565,581 [b]	1,757,212 [c]
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	France	3,628,454 [a]	202,048	1,511,514	-	5,342,016	2,175,073 [a]	-	-	-	2,175,073
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016	France	2,340,138 [a]	202,080	1,185,353	-	3,727,571	1,468,509 [a]	-	-	-	1,468,509
Denis Duverne	Chairman of the Board of Directors as of September 1, 2016	France	-	-	-	-	-	402,104	-	-	-	402,104
Total of the other Management Committee members			13,781,352	691,904	1,360,997	2,720,746	18,554,999	11,613,176	553,510	572,647	2,082,671	14,822,004

(a) This amount includes the part of the variable compensation with respect to 2015 or 2016 as the case may be, which has been deferred in accordance with the mechanism described on page 142. The total amount paid will depend on performance conditions and may then vary.

(b) The options and performance shares were granted to Mr. Thomas Buberl prior his appointment as the AXA Chief Executive Officer.

(c) This amount does not include the compensation received by Mr. Thomas Buberl in respect of his employee position for the period from January 1 to August 31, 2016 (i.e. €554,999 fixed compensation and €592,850 variable compensation).

On 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 on the date of grant, calculated for accounting purposes as described in Note 26.3.1 "Share-based compensation instruments issued by the Group" in Part 5– "Consolidated Financial Statements" of the Annual Report. This value does not represent a current market value, a current valuation of these options and performance shares, nor the actual amounts that may be paid to beneficiaries if and when the options are exercised or the performance shares are acquired.

On June 19, 2015, the fair value of one option was €1.39 for options with performance conditions, and the fair value of one performance share was €14.35.

On June 6, 2016, the fair value of one option was €1.67 for options with performance conditions, and the fair value of one performance share was €14.02.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2016

Members of the Management Committee (in Euro)			Year 2016											
			Amounts paid in respect of the year						Amounts paid during the year					
			Fixed compensation	Variable compensation	Exceptional compensation	Board fees	Benefits in kind	Total [b]	Fixed compensation	Variable compensation [b]	Exceptional compensation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer as of September 1, 2016	France	483,333 [c]	334,950 [a] [c]	-	219,742	337	930,182 [c]	483,333	-	-	219,742	337	703,412
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	France	633,333	1,052,120 [a]	-	40,685	3,044	1,709,773	633,333	2,846,135	-	40,685	3,044	3,523,197
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016	France	500,000	647,514 [a]	-	47,169	4,207	1,181,409	500,000	1,719,611	-	47,169	4,207	2,270,987
Denis Duverne	Chairman of the Board of Directors as of September 1, 2016	France	400,000	-	-	-	2,104	402,104	400,000	-	-	-	2,104	402,104
Total of the other Management Committee members			4,999,053	6,516,662	-	16,343	85,166	11,608,637	4,999,053	5,206,065	-	16,343	85,166	10,306,627

(a) This amount does not include the part of the variable compensation with respect to 2016 as the case may be, which has been deferred in accordance with the mechanism described on page 142.

(b) Director's fees are deducted up to 70% from the variable compensation.

(c) This amount does not include the compensation paid to Mr. Thomas Buberl in respect of his employee position for the period from January 1 to August 31, 2016 (€554,999 fixed compensation and €592,850 variable compensation).

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2015

Members of the Management Committee (in Euro)		Country	Year 2015											
			Amounts paid in respect of the year						Amounts paid during the year					
			Fixed compensation	Variable compensation	Exceptional compensation	Board fees	Benefits in kind	Total [b]	Fixed compensation	Variable compensation [b]	Exceptional compensation	Board fees	Benefits in kind	Total
Henri de Castries	Chairman & Chief Executive Officer	France	950,000	1,837,155 [a]	-	68,381	4,508	2,821,229	950,000	2,612,093	-	68,381	4,508	3,634,982
Denis Duverne	Deputy Chief Executive Officer in charge of Finance, Strategy and Operations	France	750,000	1,080,511 [a]	-	42,000	6,311	1,863,813	750,000	1,632,274	-	42,000	6,311	2,430,585
Total of the other Management Committee members			5,565,885	7,542,417	-	794,833	290,961	13,781,352	5,565,885	6,739,926	-	794,833	290,961	13,391,605

(a) This amount does not include the part of variable compensation with respect to 2015 which has been deferred in accordance with the mechanism described on page 142.

(b) Director's fees deducted up to 70% from the variable compensation.

The corporate officers do not receive directors' fees from AXA SA.

Directors' fees indicated in the above table were paid for Board memberships held in AXA Group companies and are deducted up to 70% from the variable compensation of the same year in accordance with the Group policy applicable to all employees who benefit from directors' fees. This principle of deduction of up to 70% of the paid directors' fees is meant to compensate the absence of contribution (*e.g.* life insurance disability insurance, retirement) on behalf of the beneficiary, as a consequence of the decrease of the gross compensation.

The only "benefits in kind" for Messrs. Thomas Buberl, Henri de Castries and Denis Duverne are a company car.

DIRECTORS' FEES

Directors' fees

During the 2016 fiscal year, the members of the Board of Directors, except for the corporate officers, only received directors' fees *(jetons de présence)* as compensation from the Company. 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 2017 for 2016	Directors' fees paid in 2016 for 2015
Current members of the Board of Directors		
Denis Duverne – Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as from September 1, 2016	0	0
Thomas Buberl – Chief Executive Officer as from September 1, 2016	0	-
Jean-Pierre Clamadieu	102,263.30	99,652.77
Mrs. Irene Dorner (as from April 27, 2016)	74,143.62	-
Jean-Martin Folz	152,388.30	170,511.74
André François-Poncet (as from December 14, 2016)	-	-
Paul Hermelin	74,888.30	73,241.76
Mrs. Angelien Kemna (as from April 27, 2016)	78,292.55	-
Mrs. Isabelle Kocher	66,590.43	85,111.64
Mrs. Suet Fern Lee	101,138.30	107,456.60
Stefan Lippe	206,138.30	208,851.95
François Martineau	70,739.36	95,785.55
Ramon de Oliveira	179,888.30	177,059.59
Mrs. Deanna Oppenheimer	122,200.80	152,094.63
Mrs. Doina Palici-Chehab	101,138.30	107,456.60
Mrs. Dominique Reiniche	95,301.86	104,935.97
Former members of the Board of Directors		
Henri de Castries – Chairman & Chief Executive Officer until August 31, 2016	0	0
Norbert Dentressangle – Vice-Chairman – Lead Independent Director until December 14, 2016	224,888.30	217,841.21
TOTAL	**1,650,000.00**	**1,600,000.00**

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 30, 2015 at €1,650,000.

No directors' fees are paid by the Company to the corporate officers (*i.e.* Chairman of the Board of Directors and 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 Terms of Reference (in accordance with the recommendations of Afep-Medef Code, a minority part of the fees is distributed evenly among the members of the Board of Directors as a fixed fee):

- a fixed amount determined by the Board of Directors shall be paid annually to the Senior Independent Director (set to €80,000 as of January 1, 2017);
- 65% of the remaining amount shall be allocated to the Board as follows: 40% shall be divided equally among Board members and paid as a fixed fee and 60% shall be paid according to Board attendance;

- the remaining 35% shall be allocated by the Board of Directors to the Board Committees as follows: 25% to the Finance Committee, 25% to the Compensation & Governance Committee and 50% to the Audit Committee. Each Committee shall then allocate such amount to its members as follows: 40% shall be divided equally among members and paid as a fixed fee and 60% shall be paid according to Committee attendance, with the Chairman of the Committee receiving in each case a double fee.

Mrs. Doina Palici-Chehab, member of the Board of Directors representing the employee shareholders of the AXA Group, received in 2016 an annual gross cash compensation of SGD 661,355 in connection with her position as Chief Executive Officer of AXA Insurance Pte Ltd. This compensation consists of SGD 440,755 of fixed compensation and SGD 220,600 of variable compensation.

Mrs. Suet Fern Lee and Mr. Ramon de Oliveira received in 2016, as non-executive director of several companies of the Group, directors' fees for a gross amount of EUR 11,231 for Mrs. Suet Fern Lee, and USD 82,200 for Mr. Ramon de Oliveira.

Stock options

Since 1989, AXA has granted stock options to its corporate officers and its employees in France and abroad. The purpose of these grants is to associate them with AXA's share price performance and encourage their performance over the long term.

Stock options are valid for a maximum period of 10 years. They are granted at market value, with no discount, and become exercisable by tranches, generally in thirds between 3 and 5 years following the grant date.

Pursuant to the stock option plan rules, beneficiaries who resign from the Group lose the right to exercise their options.

GRANT PROCEDURE

Within the global limit authorized by the Shareholders' Meetings, the Board of Directors approves all stock option programs prior to their implementation. For the last few years, the choice was systematically made to grant purchase options.

Each year, the Board of Directors, upon recommendation of its Compensation & Governance 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's financial results during the previous year and with consideration of specific local needs (market competitiveness, adequacy with local practices, specific regulatory frameworks, and support to Group development).

Stock options are designed to align long term interest of Group Senior Executives with shareholders though the performance of the AXA share price.

Beneficiaries and individual grants are determined taking into account the (i) criticality of the position within the organization, (ii) criticality of the individual in the current position and potential for future, (iii) sustainability of the individual contribution and (iv) specificity of compensation arrangements due to regulatory frameworks. The recommendations for individual grants of options are made by the Chief Executive Officers of the local entities or business units and by the Group functional department heads. These recommendations are reviewed by the Executive Management to ensure a global coherence. Individual grants of options are then decided by the Board of Directors, provided that individual grants to the Chief Executive Officer and the other members of the Management Committee are preceded by a proposal of the Compensation & Governance Committee which especially takes into consideration the aggregate elements of compensation of the executive as well as the market studies carried out by the Group with an independent compensation consulting firm. Furthermore, the level of allotment of options to the executive officers also depends on the level of achievement of the strategic objectives defined by the Board of Directors.

Usually, annual grants are made during the first half of the year. In 2016 the option grant took place on June 6, 2016. The strike price, equal to the average of the closing AXA share price during the 20 trading days before the grant date, was set at €21.52.

The Board of Directors also decided that the total number of options granted to the executive officers of the Company each year may not exceed 10% of the aggregate number of options granted during the same year, to avoid an excessive concentration of options granted to the executive officers.

In 2016, 3,323,259 subscription or purchase options with a strike price of €21.52 were granted to 158 employees, representing 0.14% of the outstanding share capital as at December 31, 2016 (disregarding the dilution related to the potential future exercise of these options).

No options were granted in 2016 to Messrs. Henri de Castries and Denis Duverne.

On December 31, 2016, approximately 7,100 AXA employees held a total of 35,496,930 outstanding options, representing 1.46% of the Company's share capital on the same date.

PERFORMANCE CONDITIONS

Since 2010, performance conditions were applied to all options granted to all members of the Management Committee. This performance condition also applies to the last tranche of each option grant (*i.e.* the last third of the options granted), for all beneficiaries of options.

Pursuant to this performance condition, the options become fully exercisable only if the AXA share price performs at least as well as the stock reference index of the insurance sector [(1)] over a same period. No option submitted to such performance condition can be exercised as long as this criterion has not been reached.

This external performance condition subjects the acquisition of the right to exercise the options to the achievement of a fully objective and public performance and allows to measure the relative performance of AXA compared to its main European competitors over a period of at least three years.

If the performance condition has not been met at the expiry date of the options, these options are automatically cancelled.

The Board of Directors decided that as from the options granted in 2017, a new performance condition will be added pursuant to which beneficiaries would not be able to exercise their stock options in the event the Net Income of the Group is negative, and for as long as it remains.

STOCK OPTIONS PLAN SUMMARY

Date of the Shareholders' Meeting	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	20/04/2005
Grant date (Board of Directors or Management Board)	**31/03/2006**	**31/03/2006**	**31/03/2006**	**25/09/2006**	**25/09/2006**	**13/11/2006**	**10/05/2007**	**10/05/2007**	**10/05/2007**	**24/09/2007**
Total number of beneficiaries	**2,418**	**861**	**1,002**	**10**	**29**	**5**	**2,866**	**876**	**1,163**	**4**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by: Executive Directors:	**7,628,101**	**2,768,553**	**1,223,253**	**53,733**	**22,805**	**7,409**	**6,818,804**	**1,815,676**	**1,312,233**	**10,681**
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
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	284,022	-
Start date of exercise	31/03/2008	31/03/2008	31/03/2010	25/09/2008	25/09/2010	13/11/2010	10/05/2009	10/05/2009	10/05/2009	24/09/2009
Expiry date of options	31/03/2016	31/03/2016	31/03/2016	25/09/2016	25/09/2016	13/11/2016	10/05/2017	10/05/2017	10/05/2017	24/09/2017
Subscription or purchase price of options [(a)]	**27.75**	**27.93**	**27.93**	**28.03**	**28.03**	**29.59**	**32.95**	**33.78**	**33.78**	**29.72**
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	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	100% after 4 y	33% after 2 y 66% after 3 y 100% after 4 y
Number of options exercised at 31/12/2016	2,877	0	0	0	0	0	0	0	0	0
Options cancelled at 31/12/2016	7,625,224	2,768,553	1,223,253	53,733	22,805	7,409	1,618,825	494,921	392,230	10,681
Options outstanding at 31/12/2016	**0**	**0**	**0**	**0**	**0**	**0**	**5,199,979**	**1,320,755**	**920,003**	**0**

(a) The 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 executive directors at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

(1) SXIP index (StoxxInsurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. On December 31, 2016, this index included 36 companies of the sector.

Date of the Shareholders' Meeting	20/04/2005	20/04/2005	20/04/2005	20/04/2005	20/04/2005	22/04/2008	22/04/2008	22/04/2008	22/04/2008	22/04/2008
Grant date (Board of Directors or Management Board)	24/09/2007	19/11/2007	19/11/2007	01/04/2008	01/04/2008	19/05/2008	19/05/2008	22/09/2008	22/09/2008	24/11/2008
Total number of beneficiaries	16	2	6	4,339	1,027	2	10	3	40	7
Total number of shares to be subscribed [a] or purchased, from which to be subscribed or purchased by Executive Directors:	12,587	4,689	8,205	8,056,370	1,240,890	6,004	12,360	19,127	46,929	19,047
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Henri de Castries	-	-	-	399,526	-	-	-	-	-	-
Denis Duverne	-	-	-	319,621	-	-	-	-	-	-
Doina Palici-Chehab	-	-	-	4,149	-	-	-	-	-	-
The first 10 employees beneficiaries [b]	8,903	-	-	592,194	265,967	-	12,360	-	21,250	-
Start date of exercise	24/09/2011	19/11/2009	19/11/2011	01/04/2010	01/04/2010	19/05/2010	19/05/2012	22/09/2010	22/09/2012	24/11/2012
Expiry date of options	24/09/2017	19/11/2017	19/11/2017	01/04/2018	01/04/2018	19/05/2018	19/05/2018	22/09/2018	22/09/2018	24/11/2018
Subscription or purchase price of options [a]	29.72	28.53	28.53	21.00	21.00	23.42	23.42	21.19	21.19	13.89
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	100% after 4 y
Number of options exercised at 31/12/2016	0	0	0	1,510,180	171,984	0	0	0	1,274	16,117
Options cancelled at 31/12/2016	10,745	0	8,205	1,704,447	393,231	6,004	12,360	19,127	32,282	2,930
Options outstanding at 31/12/2016	1,842	4,689	0	4,841,743	675,675	0	0	0	13,373	0

(a) The 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 executive directors at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

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
Grant date (Board of Directors or Management Board)	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	19/03/2010
Total number of beneficiaries	4,627	759	28	29	17	16	2	13	5,062	476
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	4,870,844	407,692	114,324	22,291	2,137,462	53,237	3,134	20,890	7,671,540	278,986
Executive Directors:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
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)]	293,954	51,018	84,309	20,317	615,165	47,753	-	18,280	742,217	75,035
Start date of exercise	20/03/2011	20/03/2011	02/04/2011	10/06/2013	10/06/2011	21/09/2013	08/12/2011	08/12/2013	19/03/2012	19/03/2012
Expiry date of options	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	19/03/2020
Subscription or purchase price of options [(a)]	9.76	9.76	9.76	13.03	15.47	15.88	16.60	16.60	15.43	15.43
Exercise schedule of options	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	100% after 4 y
Number of options exercised at 31/12/2016	2,754,019	115,975	48,081	2,554	1,381,646	38,424	0	3,656	3,119,118	68,283
Options cancelled at 31/12/2016	844,139	129,396	49,766	16,813	253,569	12,619	3,134	16,190	1,329,317	39,032
Options outstanding at 31/12/2016	1,272,686	162,321	16,477	2,924	502,247	2,194	0	1,044	3,223,105	171,671

(a) The 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 executive directors at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

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	27/04/2011	27/04/2011
Grant date (Board of Directors or Management Board)	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	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:	22,846	10,619	4,274	27,772	12,758	8,598,469	154,705	375,988	4,508,380	76,089
Executive Directors:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
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)]	-	-	-	21,364	-	980,684	21,412	183,500	693,745	-
Start date of exercise	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	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)]	13.89	13.89	13.01	13.01	12.22	14.73	14.73	14.73	12.22	9.36
Exercise schedule of options	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 31/12/2016	14,000	6,458	0	7,121	5,582	3,400,634	36,651	216,890	2,114,314	76,089
Options cancelled at 31/12/2016	7,000	4,161	0	16,379	2,392	1,432,883	26,533	92,282	548,812	0
Options outstanding at 31/12/2016	1,846	0	4,274	4,272	4,784	3,764,952	91,521	66,816	1,845,254	0

(a) The 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 executive directors at grant date.

In the table above all dates that are indicated are in the format of day/month/year.

Date of the Shareholders' Meeting	27/04/2011	27/04/2011	23/04/2014	23/04/2014
Grant date (Board of Directors or Management Board)	**22/03/2013**	**24/03/2014**	**19/06/2015**	**06/06/2016**
Total number of beneficiaries	**162**	**158**	**148**	**158**
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	**3,480,637**	**3,100,000**	**3,014,469**	**3,323,259**
Executive Directors:				
Thomas Buberl	-	-	-	70,598 [(c)]
Henri de Castries	169,000	155,000	145,358	0
Denis Duverne	169,000	155,000	145,381	0
Doina Palici-Chehab	14,000	14,110	13,461	15,028
The first 10 employees beneficiaries [(b)]	789,382	661,900	683,100	813,477
Start date of exercise	22/03/2015	24/03/2017	19/06/2018	06/06/2019
Expiry date of options	22/03/2023	24/03/2024	19/06/2025	06/06/2026
Subscription or purchase price of options [(a)]	**13.81**	**18.68**	**22.90**	**21.52**
Exercise schedule of options	33% after 2 y 66% after 3 y 100% after 4 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y	33% after 3 y 66% after 4 y 100% after 5 y
Number of options exercised at 31/12/2016	778,845	15,800	0	0
Options cancelled at 31/12/2016	270,816	220,400	102,884	149,137
Options outstanding at 31/12/2016	**2,430,976**	**2,863,800**	**2,911,585**	**3,174,122**

(a) The 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 executive directors at grant date.
(c) In 2016, options were granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS DURING 2016

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
Thomas Buberl	Chief Executive Officer as of September 1, 2016	06/06/2016	subscription or purchase	117,899	70,598 [(a)]	0.003%	21.52	06/06/2019-06/06/2026	100% of options: SXIP Index
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	06/06/2016	subscription or purchase	0	0	0.000%	21.52	06/06/2019-06/06/2026	-
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	06/06/2016	subscription or purchase	0	0	0.000%	21.52	06/06/2019-06/06/2026	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	06/06/2016	subscription or purchase	27,602	15,028	0.001%	21.52	06/06/2019-06/06/2026	Last third of options: SXIP Index

(a) In 2016, options were granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.

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 "Share-based compensation instruments issued by the Group" in Part 5 – "Consolidated Financial Statements" of the Annual Report.

This value does not represent a current market value, a current valuation of these options, nor does the actual proceed if and when the options are exercised. On June 6, 2016, the fair value of one option was €1.92 for options without performance conditions, €1.67 for options with performance conditions.

Under the AXA Group Compliance and Ethics Guide, all employees (including the executive officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (stock options and performance shares) 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 or the lapse of restrictions on performance shares. In accordance with the recommendations of the Afep-Medef Code, the executive officers of the Company make a formal commitment to not resort to such hedging transactions.

STOCK OPTIONS HELD BY EXECUTIVE OFFICERS THAT BECAME EXERCISABLE DURING 2016

Executive Officers		Plan date	Nature of options	Number of options became exercisible during the year [(a)]	Exercise price (in Euro)	Expiry date of options	Performance conditions
Thomas Buberl	Chief Executive Officer as of September 1, 2016	22/03/2013	subscription or purchase	17,334	13.81	22/03/2023	100% of options: SXIP index
		13/06/2012	subscription or purchase	25,363	9.36	13/06/2022	100% of options: SXIP index
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	22/03/2013	subscription or purchase	56,334	13.81	22/03/2023	100% of options: SXIP index
		16/03/2012	subscription or purchase	73,332	12.22	16/03/2022	100% of options: SXIP index
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	22/03/2013	subscription or purchase	56,334	13.81	22/03/2023	100% of options: SXIP index
		16/03/2012	subscription or purchase	64,000	12.22	16/03/2022	100% of options: SXIP index
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	22/03/2013	subscription or purchase	4,667	13.81	22/03/2023	Last third of options: SXIP Index
		16/03/2012	subscription or purchase	2,500	12.22	16/03/2022	Last third of options: SXIP Index

(a) Options vested (according to the vesting calendar) for which the performance conditions have been met during the year, or no performance condition is applicable.

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS EXERCISED BY EXECUTIVE OFFICERS DURING 2016

		AXA options				ADS AXA options			
Executive Officers		**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**
Thomas Buberl	Chief Executive Officer as of September 1, 2016	22/03/2013	34,668	13.81	16/12/2016	-	-	-	-
		13/06/2012	50,726	9.36	16/12/2016	-	-	-	-
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016 [(a)]	-	-	-	-	-	-	-	-
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	16/03/2012	75,857	12.22	19/12/2016	-	-	-	-
		19/03/2010	264,000	15.43	12/12/2016	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	-	-	-	-	-	-	-	-

(a) No options were exercised by Mr. Henri de Castries from January 1, 2016 to August 31, 2016.

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 2016

	Number of options granted or exercised	**Weighted average price** (in Euro)
Stock options granted during the year by AXA or any eligible AXA Group 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)	813,477	21.52
Stock options of AXA or any eligible AXA Group subsidiaries, exercised during the year by the ten employees, outside management bodies' members of the Company or of eligible AXA Group subsidiaries, who exercised the highest number of stock options (aggregate information)	777,851	14.85

STOCK OPTIONS HELD BY EXECUTIVE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS OF DECEMBER 31, 2016)

		Balance of options at December 31, 2016	
Executive Officers		**AXA**	**ADS AXA**
Thomas Buberl	Chief Executive Officer as of September 1, 2016	187,002	-
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	1,390,629	-
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	1,372,842	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	90,068	-

Performance Shares and International Performance Shares

Performance Shares are designed to recognize and retain the Group's best talents and critical skills by aligning their interests with the performance of the AXA Group, of their operational entity/business unit as well as with the stock performance of the AXA share in the medium-term (3 to 5 years). Performance Shares generally result in less shareholder dilution than stock options, due to the smaller volume of the grant and the possibility to deliver existing shares, this choice being the one made up to this date.

Criteria for Performance Shares grants are similar to those used for stock options.

Performance Shares are usually granted to beneficiaries residing in France while International Performance Shares are generally granted to beneficiaries residing outside of France.

GRANT PROCEDURE

Within the global cap authorized by the shareholders, the Board of Directors approves all Performance Share programs prior to their implementation.

Each year, the Board of Directors, acting upon recommendation of its Compensation & Governance Committee, approves a global Performance Share pool to be granted. The annual grants of Performance Shares are generally made simultaneously with the grants of stock options.

The recommendations for individual grants of Performance Shares are made by the management of each operational entity or business unit and by the Group functional department heads. These recommendations are reviewed by the Executive Management to ensure a global coherence and respect of the Group's internal equity principles. Individual grants of Performance Shares are then decided by the Board of Directors, provided that individual grants to the Chief Executive Officer and other members of the Management Committee are preceded by a proposal of the Compensation & Governance Committee, which takes into consideration the aggregate compensation elements of the executive officer as well as the market studies carried out by the Group together with an independent compensation consulting firm. Furthermore, the grant to AXA executive officers shall depend on the level of achievement of the strategic objectives previously defined by the Board of Directors.

The Board of Directors also decided that the total number of Performance Shares granted to the executive officers each year may not exceed 10% of the aggregate number of Performance Shares granted during the same year.

RULES REGARDING PERFORMANCE SHARES AND PERFORMANCE CONDITIONS

Each beneficiary receives an initial, preliminary allocation of Performance Shares which is used as a reference to calculate the actual number of shares that will be definitely granted at the end of a 3-year performance period.

During the performance period, all Performance Shares initially granted are integrally subject to performance conditions regardless of the beneficiary's status. These criteria measure both the financial and operational performance of the AXA Group as well as the beneficiary's operational entity/business unit's performance, according to pre-determined targets.

The nature of these criteria as well as the associated targets are defined and reviewed on a regular basis by the Board of Directors, depending on the evolution of the Group's strategic objectives and after consideration of market practices as well

as changes in regulations. Thus, during the last few years, the performance criteria used for this purpose have been linked to (i) the underlying earnings and the net income or adjusted earnings to measure the operational entities' performance, and (ii) the net income per share or the adjusted earnings per share to measure the AXA Group performance.

The achievement rate of the performance indicators ("performance rate") is used to determine the number of Shares which will be definitively acquired by the beneficiaries at the end of the acquisition period, under the condition that the beneficiary is still employed by the AXA Group. The number of Performance Shares definitively granted shall therefore be equal to the number of Performance Shares initially granted multiplied by the performance rate which may vary between 0% and 130%.

For each of these indicators, the cumulated performance over the fiscal years of the acquisition period is compared to the cumulated performance of such indicator over a reference period of identical duration preceding the Performance Shares grant.

As from the 2016 grant, for beneficiaries in operational entities or business units, the performance of the operational entity and/or business unit is weighted at 40% of the total performance while the AXA Group performance is weighted at 50%. For beneficiaries in Group support functions (including AXA executive officers), the considered operational entity is the AXA Group.

Moreover as from 2016, two new relative performance criteria were introduced in the calculation of the global performance:

- one criterion linked to Corporate Social Responsibility – CSR (based on the Dow Jones Sustainability Index "DJSI") which is weighted at 10% of the global performance rate. Accordingly, the average of the scores achieved by AXA according to the DJSI during the acquisition period is compared to the average of the scores achieved by the other companies included in the DJSI over the same period. Consequently, under this indicator:
  - no share shall be granted if AXA's score is lower than the seventy-fifth percentile [1],
  - 80% of the shares shall be granted if AXA's score is equal to the seventy-fifth percentile,
  - 100% of the shares shall be granted if AXA's score is equal to the eighty-fifth percentile, and
  - a maximum of 130% of the shares shall be granted if AXA's score is equal or greater than the ninety-fifth percentile.

  Between these minimal and maximal performance levels, the number of shares definitely granted are calculated on a linear basis depending on the performance achieved.
- one financial criterion of relative performance is meant to compare the growth of the total return of the AXA share (Total Shareholder Return – "TSR") with the growth of the TSR of the stock reference index of the insurance sector (SXIP) in order to adjust upwards or downwards within the limit of 5 points the global performance rate. Thus, AXA's outperformance (150% or more) compared to the SXIP index shall trigger a maximum increase of the global performance rate of 5 points (subject however to the upper limit of 130% of the global performance rate) and AXA's under-performance (75% or less) compared to the SXIP index shall trigger a maximum decrease of 5 points of the global performance rate. Between these minimal and maximal performance levels, the number of shares definitely granted shall be calculated on a linear basis depending on the performance achieved.

The global performance rate is therefore calculated as follows: [10% CSR (DJSI) + 40% Group performance (Adjusted Earnings Per Share) + 50% entity or business unit performance [average (Adjusted Earnings + Underlying Earnings)]] +/- 5 points of relative performance (TSR) within the upper limit of 130%.

As from the 2016 grant, a performance achievement of 100% ("target") is achieved only in the event of a global performance corresponding to a 5% [2] weighted-compound annual growth rate of the diverse criteria of the Group performance and the entity performance. In this case, the number of shares definitively granted at the end of the acquisition period would be equal to the number of Performance Shares initially granted.

Should the performance be:

- lower than 65% (for the Group) and 60% (for the beneficiary's performance perimeter) of the performance required to reach the target (the "floor"), no share would be delivered to the beneficiary at the end of the acquisition period; consequently the beneficiaries are not guaranteed a minimal grant/gain;
- equal to 65% of the performance required to reach the target, the number of shares definitively granted would be equal to 65% of the number initially granted;
- equal to 100% of the performance required to reach the target, the number of shares definitively granted would be equal to 100% of the number initially granted;
- equal to or higher than 130% of the performance required to reach the target, the number of shares definitively granted would be equal to 130% of the number initially granted. Such a performance would correspond to a weighted-compound annual growth rate of the indicators equal to or higher than 15%.

Between these minimal and maximal performance levels, the number of shares definitively granted to beneficiaries is calculated on a linear basis depending on the performance of each indicator.

For the corporate officers the floor described above will be increased to 80%. Therefore, in the event of a performance below 80% of the performance required to reach the target, no performance shares would be definitively granted. In case of performance equal to 80% of the performance required to reach the target, 50% of the number of shares initially granted will be definitively granted. For example, should the achievement rate regarding the Group performance indicator (Adjusted Earnings Per Share) reach 80%, the Adjusted ROE would amount to 10.8%, *i.e.* a level above the cost of capital, which would justify

(1) The percentile represents the percentage of other companies included in the index which obtained a lower score.

(2) 5% for mature entities/Regions (including Group), 7% for composite entities/Regions and 10% for Regions with a high growth rate.

a delivery of 50% of the shares initially granted. This reinforced stringency also applies to two thirds of the shares subject to the Adjusted Earnings per Share of the Group performance condition (*i.e.* two thirds of 40% of the total grant) granted to the members of the Management Committee.

Furthermore, for all the members of the Management Committee, including the corporate officers, the definitive grant of one third of the shares subject to the Adjusted Earnings Per Share of the Group performance condition (*i.e.* one third of 40% of the total grant) is directly linked to the evolution of the weighted-compound annual growth rate of the Adjusted Earnings Per Share. Thus:

- a 5% weighted-compound annual growth rate of this indicator would allow the definitive grant of 100% of the shares initially granted;
- a 10% weighted-compound annual growth rate of this indicator would allow the definitive grant of 200% of the shares initially granted;
- in the absence of growth, no share would be granted under this performance condition. Thus, no potential underperformance will be rewarded.

Between the different levels of performance listed above, the number of shares definitively granted shall be calculated on a linear basis depending on the achieved performance.

The total shares definitively acquired with respect to the Group performance condition are capped at 130%.

Furthermore, should no dividend be paid by the Company during any fiscal year of the acquisition period, the number of Shares definitively granted would be automatically divided by 2.

The performance conditions are summarised in the chart below:

	Executive Officers & Management Committee			Other beneficiaries		
	For two-third of the shares			For 100% of the shares		
		Performance	% granted		Performance	% granted
Group Performance (40%) *Adjusted Earnings Per Share* **Capped at 130%**	Floor	80% of the performance required to reach the target	50%	Floor	65% of the performance required to reach the target	65%
	Target	Compound Annual Growth Rate (CAGR) of 5% over the period	100%	Target	CAGR of 5% over the period	100%
	Outperformance	130% of the performance required to reach the target	130%	Outperformance	130% of the performance required to reach the target	130%
	For one-third of the shares					
		Performance	% granted			
	Floor	CAGR < 0% over the period	0%			
	Target	CAGR de 5% over the period	100%			
	Outperformance	CAGR = or > 10% over the period	200%			

	Executive Officers			Management Committee (excluding the Executive Officers) & other beneficiaries		
	For 100% of the shares			For 100% of the shares		
		Performance	% granted		Performance	% granted
Entity or Business Unit Performance (50%) *Average (Adjusted Earnings + Underlying Earnings)* **Capped at 130%**	Floor	80% of the performance required to reach the target	50%	Floor	60% of the performance required to reach the target	60%
	Target	CAGR of 5% over the period	100%	Target	CAGR of 5% for mature entities/ regions CAGR of 7% for composite entities/regions CAGR of 10% for entities/regions with a high growth rate	100%
	Outperformance	130% of the performance required to reach the target	130%	Outperformance	130% of the performance required to reach the target	130%

	For all beneficiaries		
	For 100% of the shares		
		Performance	% granted
CSR criterion (10%) *AXA's score vs DJSI* **Capped at 130%**	Floor	AXA's score = 75th percentile	80%
	Target	AXA's score = 85th percentile	100%
	Outperformance	AXA's score ≥ 95th percentile	130%

Calculation of the global performance rate = [40% Group Performance + 50% Entity or Business Unit Performance + 10% CSR criterion] +/- 5 points according to AXA's score vs a relative performance criterion (TSR) [(a)]

Performance rate divided by 2 should no dividend be paid during any of the fiscal years of the acquisition period
In any event the total number of shares definitely acquired is capped at 130% of the initial grant

(a) AXA's TSR vs TSR of SXIP: - 5 points if AXA's score ≤ 75% of the index , +5 points if AXA's score ≥ 150% of the index, calculation on a linear basis between these levels.

As from the 2017 grants, the target will no longer be determined according to the weighted-compound annual growth rate but will be directly aligned with the financial targets of the strategic plan "Ambition 2020" and the level of performance to reach the floor will be increased for Management Committee members.

As far as Performance Shares are concerned:

- the Performance Share grants are conditioned on a minimal 3-year acquisition period allowing the measurement of the performance determining the definitive grant of the shares over a longer period, *i.e.* at least 3 years;
- shares acquired, under the condition that the beneficiary is still employed by the AXA Group, at the end of the acquisition period are restricted from sale during a 2-year period.

As far as International Performance Shares are concerned:

- the International Performance Shares are subject to a 3-year performance period followed by a 1-year deferred acquisition period. The payment is made in shares. Should this type of payment not be possible for legal, tax or any other reason, the payment could be made in cash;
- the amounts corresponding to International Performance Shares are expensed each year under the variable accounting method. They do not create any dilution for shareholders since no new shares are issued.

PERFORMANCE SHARES PLANS SUMMARY

International Performance Shares plans

Grant date (Board of Directors)	16/03/2012	13/06/2012	22/03/2013	24/03/2014	19/06/2015	06/06/2016
Total number of beneficiaries	5,039	1	5,162	5,101	5,093	4,968
Total number of International Performance Shares granted from which granted to:	6,769,606	71,017	6,958,447	5,795,117	5,737,538	6,324,271
Executive Directors:						
Thomas Buberl	-	71,017	31,200	29,200	28,727	40,341 [(a)]
Henri de Castries	-	-	-	-	-	-
Denis Duverne	-	-	-	-	-	-
Doina Palici-Chehab	-	-	8,400	8,400	7,692	8,589
Acquisition date of the International Performance Shares	16/03/2015	13/06/2013	22/03/2016	24/03/2017 [(d)]	19/06/2019	06/06/2020
Number of International Performance Shares acquired on 31/12/2016 [(g)]	6,197,399 [(b)]	71,790 [(c)]	6,653,501	7,732 [(e)]	6,006 [(f)]	0
Number of International Performance Shares cancelled	1,135,757	0	1,027,525	936,080	459,363	225,231
Balance on 31/12/2016	0	0	0	5,156,145	5,273,556	6,098,280

(a) In 2016, International Performance Shares were granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.
(b) The 6,197,399 units of the March 16, 2012 plan have been settled at €136.37 million.
(c) The 71,790 units of the June 13, 2012 plan have been settled at €1.19 million.
(d) 50% of shares to be acquired on March 24, 2017 and 50% on March 24, 2018.
(e) 7,732 units of the March 24, 2014 plan acquired by anticipation.
(f) 6,006 units of the June 19, 2015 plan acquired by anticipation.
(g) For plans before 2013, the payment at maturity has been made in cash.

In the table above all dates that are indicated are in the format of day/month/year.

Performance Shares Plans

Date of the Shareholders' Meeting	27/04/2011	27/04/2011	27/04/2011	23/04/2014	27/04/2016
Grant date (Board of Directors)	16/03/2012	22/03/2013	24/03/2014	19/06/2015	06/06/2016
Total number of beneficiaries	2,083	2,212	2,199	2,250	2,342
Total number of Performance Shares granted	2,787,659	2,944,910	2,662,849	2,459,256	2,358,236
from which granted to Executive Directors:					
Thomas Buberl	-	-	-	-	-
Henri de Castries	132,000	160,400	131,371	105,332	0
Denis Duverne	115,200	128,400	104,125	82,603	0
Doina Palici-Chehab	7,000	-	-	-	-
Acquisition date of the shares	16/03/2014	22/03/2015	24/03/2016 [a]	43,270 [b]	06/06/2019
End of restriction	16/03/2016	22/03/2017	24/03/2018	44,001 [b]	06/06/2021
Number of shares acquired on 31/12/2016	2,853,303	2,905,776	1,204,227 [a]	5,187 [c]	5,455
Number of Performance Shares cancelled	149,450	117,992	127,790	62,182	10,253
Balance on 31/12/2016	0	0	1,361,311	2,393,084	2,343,787

(a) 50% of shares to be acquired on March 24, 2016, 50% on March 24, 2017, except for the Chairman & CEO, and the Deputy CEO, 100% of shares to be acquired on March 24, 2017.

(b) One beneficiary has chosen the International Performance Shares vesting calendar (acquisition on June 19, 2019 with no restricted period), based on the plan rules as he has moved out of France during the acquisition period.

(c) Shares acquired by anticipation following a death event.

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES GRANTED TO EXECUTIVE OFFICERS DURING 2016

Executive Officers		Plan date	Nature of the plan	Number of shares granted	% of capital	Value (in Euro)	Acquisition date	End of restriction	Performance conditions
Thomas Buberl	Chief Executive Officer as of September 1, 2016	06/06/2016	International Performance Shares	40,341 [a]	0.002%	565,581	06/06/2020	06/06/2020	ajusted earnings per share ajusted earnings underlying earnings
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	06/06/2016	Performance Shares	0	-	-	-	-	-
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	06/06/2016	Performance Shares	0	-	-	-	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	06/06/2016	International Performance Shares	8,589	0.000%	120,418	06/06/2020	06/06/2020	ajusted earnings per share ajusted earnings underlying earnings

(a) International Performance Shares granted to Mr. Thomas Buberl prior to his appointment as the AXA Chief Executive Officer.

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 "Share based compensation instruments issued by the Group" in Part 5 – "Consolidated Financial Statements" of the 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 the executive officers of the Company) are prohibited from engaging in any transaction designed to hedge the value of equity-based compensation awards (stock options and performance shares) 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 or the lapse of restrictions on performance shares. In accordance with the recommendations of the Afep-Medef Code, the executive officers of the Company make a formal commitment to not resort to hedging transactions.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES ACQUIRED BY EXECUTIVE OFFICERS DURING 2016

Executive Officers		Plan date	Nature of the plan	Number of shares granted	Acquisition date	Shares acquired during the year	Performance rate over the acquisition period	End of the restriction period
Thomas Buberl	Chief Executive Officer as of September 1, 2016	22/03/2013	International Performance Shares	31,200 [(a)]	22/03/2016	32,562	104% [(c)]	22/03/2016
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	-	Performance Shares	-	-	- [(b)]	-	-
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	-	Performance Shares	-	-	- [(b)]	-	-
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	22/03/2013	International Performance Shares	8,400	22/03/2016	9,447	112% [(d)]	22/03/2016

(a) International Performance Shares acquired by Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.

(b) No acquisition of Performance Shares in 2016.

(c) The performance rate of 104% is composed of: 1/3 x 99% (Net income per share) + 2/3 x 107% (Underlying earnings and Net income, 50% of Norcee Region score 99% and 50% of Germany score 116%).

(d) The performance rate of 112% is composed of: 1/3 x 99% (Net income per share) + 2/3 x 119% (Underlying earnings and Net income).

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES BECOMING UNRESTRICTED DURING 2016 FOR EACH EXECUTIVE OFFICER

Executive Officers		Plan date	Number of shares becoming unrestricted during the year	Date of availability
Thomas Buberl	Chief Executive Officer as of September 1, 2016	-	- [(a)]	-
Henri de Castries	Chairman & Chief Executive Officer until August 31, 2016	16/03/2012	142,826	16/03/2016
Denis Duverne	Deputy Chief Executive Officer until August 31, 2016 and Chairman of the Board of Directors as of September 1, 2016	16/03/2012	124,648	16/03/2016
Doina Palici-Chehab	Representative of employee shareholders to the Board of Directors	16/03/2012	7,575	16/03/2016

(a) No International Performance Shares held by Mr. Thomas Buberl became unrestricted in 2016.

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

AXA implemented a shareholding policy applicable to all the main senior executives of the Group. This policy imposes each executive 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 fixed compensation received for his/her functions within the Group:

- the Chief Executive Officer is required to hold the equivalent of his annual fixed compensation multiplied by 3;
- Management Committee members are required to hold the equivalent of their annual fixed compensation multiplied by 2;
- Partners group are required to hold the equivalent of their annual fixed compensation multiplied by 1.

AXA shares, ADS AXA 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 concerned senior executive is required to meet this Minimum Shareholding Requirement within a period of 5 years as from the date of his/first appointment.

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 has not met his/her Minimum Shareholding Requirement, all stock options and Performance Shares granted to him/her will be subject to the following restrictions:

- upon each exercise of these stock options granted, the Chief Executive Officer 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 his entire term of office as Chief Executive Officer;
- for Performance Shares granted, the Chief Executive Officer must, at every performance share acquisition date, hold in registered form at least 25% of the Performance Shares acquired during his entire term of office as Chief Executive Officer.

These restrictions do not apply if an executive officer complies with his/her Minimum Shareholding Requirement.

CHIEF EXECUTIVE OFFICER

On December 31, 2016, based on the AXA share value on that date (€23.99), the Chief Executive Officer does not yet meet his Minimum Shareholding Requirement such as described in the above section "Share ownership policy for executives of the Group". Mr. Thomas Buberl shall comply with this requirement within 5 years as of his appointment as Chief Executive Officer *i.e.* on September 1, 2021 at the latest.

	Shareholding requirement				Shareholding on 31/12/2016					
	Fixed compensation	Number of years	Amount	Target date	Number of years	Amount	AXA shares	ADS AXA	AXA SharePlan units	AB shares
Thomas Buberl	€1,450,000	3	4,350,000	01/09/2021	2.5	3,666,297	145,436	0	7,240	0

Pursuant to the AXA Group Compliance and Ethics Guide, corporate officers and other employees of the Company 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.

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, 2016, the number of AXA shares or ADS AXA indicated in the table below.

	Number of shares* owned on December 31, 2016	
	AXA shares	ADS AXA
Denis Duverne – Chairman of the Board of Directors	1,348,524	18,734
Thomas Buberl – Chief Executive Officer	145,436	-
Jean-Pierre Clamadieu	9,000	-
Mrs. Irene Dorner	2,000	-
Jean-Martin Folz	11,084	-
André François-Poncet	0	-
Paul Hermelin	4,180	-
Mrs. Angelien Kemna	0	-
Mrs. Isabelle Kocher	5,960	-
Mrs. Suet Fern Lee	8,000	-
Stefan Lippe	12,000	-
François Martineau	6,732	-
Ramon de Oliveira	-	11,300
Mrs. Deanna Oppenheimer	-	9,800
Mrs. Doina Palici-Chehab	27,041	-
Mrs. Dominique Reiniche	7,000	-

* *AXA shares which could be indirectly held through mutual funds are not taken into account.*

Transactions involving Company securities completed in 2016 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 2016 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 General Regulation, are published on the Company's website (www.axa.com) and on the AMF website (www.amf-france.org).

Name	Sale of AXA Shares (Number)	Purchase of AXA ADS (Number)	Purchase of AXA Shares (Number)	Contribution of AXA shares to a family company (Number)	Automatic re-investment into the Company Savings Plan of dividends attached to shares held in the Company Savings Plan (Number of units)	Options		Subscription of stock options		Subscription and sale of stock options	Sale of units of AXA Group mutual funds invested in AXA shares (Number of units)	Transfer of units of AXA Group mutual funds invested in AXA shares to other AXA Group mutual funds (Number of units)	Equity issue reserved for employees (Shareplan)
						Sale of call options (Number)	Acquisition of put options (Number)	Subscription to AXA shares (Number)	Subscription to AXA ADS (Number)	AXA Shares (Number)			Subscription to units of AXA Group mutual funds invested in AXA shares (Number of units)
Thomas Buberl (as of September 1, 2016)								34,668 [b] 50,726 [b]			43,074.71		43,025.69
Henri de Castries (until August 31, 2016)	64,303 40,000 [a] 75,000 [a]												
Jean-Pierre Clamadieu			4,000										
Irene Dorner			2,000										
Denis Duverne	24,212 [a] 24,000 [a] 28,516 [a]			74,616	11,277.72			264,000 75,857 [a] [b]			42,357.75 [a]		33,587.77
Stefan Lippe			2,000										
Doina Palici-Chehab											474.33		443.13

(a) Transaction performed by an independent financial intermediary pursuant to a discretionary mandate.
(b) AXA shares locked in under the AXA employee-stock purchase plan (Plan d'Épargne d'Entreprise du Groupe).

Commitments made to executive officers

PENSION COMMITMENTS

The executive officers of the Company until August 31, 2016 (Messrs. Henri de Castries and Denis Duverne) participated, as all other executive employees *(directeurs)* of AXA Group entities in France, in a mandatory and collective supplementary pension scheme with defined benefits on the condition that they terminate their career in the AXA Group in accordance with the provisions of Article L.137-11 of the French Social Security Code. This scheme is outsourced to an insurer. 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) and by the Shareholders' Meeting of AXA on April 29, 2010.

Under this scheme, a supplementary pension is paid to senior executives who retire immediately upon leaving the AXA Group, and who have a minimum length of service of 10 years in the Group, of which at least 5 years as a senior executive. Senior executives whose employment is terminated by the Company (except in the case of gross or wilful misconduct) after the age of 55 may also benefit from the scheme provided that they do not resume any professional activity before retiring. In case of voluntary departure from the AXA Group before retirement, no supplementary pension is paid.

The amount of the supplementary pension is calculated at the time of retirement and comes in addition to the total amount of retirement pensions paid under mandatory schemes (social security, ARRCO, AGIRC…) and under any other retirement scheme financed by the employer to which the beneficiary may have participated during his/her career, both within and/or outside the AXA Group (including the mandatory and collective supplementary pension scheme with defined contributions mentioned at the end of this Section 3.2).

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 (including the amounts paid with respect to compulsory schemes) 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 ceiling [(1)].

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%. No supplementary pension is paid for an executive seniority of less than 5 years.

During the phase of activity, the employer's overall tax and social contributions amount to 24% of the premiums paid to the insurer under this regime.

Mr. Henri de Castries, who retired from his position as AXA's Chairman & Chief Executive Officer on August 31, 2016, had decided in 2010 on an individual and voluntary basis and in consultation with the Board of Directors, to limit the compensation to be taken into account in order to calculate his global pension. After 27 years in the Group, including 17 years as Chief Executive Officer, he decided to claim his pension rights and benefits as of September 1, 2016 according to the collective defined benefit pension scheme, the yearly amount of which is €1,084,573 per year, before taxes and social security charges.

Mr. Denis Duverne, who retired from his position as Deputy Chief Executive on August 31, 2016 and was appointed Chairman of the Board of Directors as of September 1, 2016, also claimed his pension rights according to the collective defined benefit pension scheme as of September 1, 2016. However, Mr. Denis Duverne decided to waive payment of the annuities amounting to circa €750,000 per year before taxes and social security charges, until termination of his term of office as Chairman of the Board without any retroactive payment.

This collective defined benefits pension scheme has been closed to any new beneficiary as of December 31, 2016. As a result, no executive employees *(directeurs)* or executive officer appointed after this date shall benefit from it.

Furthermore the executive officers of the Company until August 31, 2016 (Messrs. Henri de Castries and Denis Duverne) also participated, as well as all other employees of AXA Group entities in France, in a mandatory and collective supplementary pension scheme with defined contributions (collective insurance contract – *contrat d'assurance de groupe* as defined in Article L.141-1 of the French Insurance Code, which is outsourced to an insurer). This AXA Pension Fund was implemented in 2011 and benefits to the employees of AXA Group entities in France falling within the scope of the Collective Agreement of December 18, 2009. The individual employer contribution rate is set at 0.75% of the total gross compensation, which is not capped (the contribution base is the same as the one used for contributions related to the Social Security General Scheme). Contributions are subject to 8% social charges (7.5% for CSG and 0.5% for CRDS).

Mr. Thomas Buberl, AXA's Chief Executive Officer since September 1, 2016 does not benefit from the collective defined benefits pension scheme described above.

Retirement performance shares

As the definitive benefits pension scheme has been closed to any new beneficiary as of December 31, 2016, a retirement performance shares plan meant to benefit to all other executive employees *(directeurs)* of AXA Group entities in France including the Chief Executive Officer was implemented.

It provides beneficiaries with portable pension benefits until retirement in line with Directive 2014/50/UE/of the European Parliament and of the Council of April 16, 2014 on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights.

These performance shares are subject to (i) an acquisition period of three years; (ii) a holding period of at least two years following the acquisition period and (iii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell their shares for diversification purposes (following the three-year acquisition period and two-year holding period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

(1) For information, the annual social security ceiling for 2017 is equal to €39,228.

The definitive acquisition of these shares is subject to (i) the beneficiary's presence in the Group on December 31 of the year during which the grant is decided and (ii) the achievement of a performance condition related to the average AXA Group Solvency II ratio calculated during the acquisition period and subject to different performance levels: to benefit from the totality of performance shares initially granted, the average AXA Group Solvency II ratio calculated during the acquisition period must be greater than or equal to 170%. However, if the average ratio is 150%, only half of the shares initially granted will be acquired. Between these performance levels, the number of shares definitely acquired will be calculated, on a linear basis depending on the achieved performance.

No shares will be acquired if the average ratio is below 150%. No minimum number of shares is guaranteed.

No shares will be acquired if the Company does not pay dividends during any year of the acquisition period.

The Company's Board of Directors also decided that no more than 10% of the total number of shares granted during any fiscal year should be granted to AXA's executive officers.

At the Company's Board of Directors meeting on December 14, 2016, the Board of Directors approved the first grant of retirement performance shares. Accordingly, 509,345 retirement performance shares were granted to 418 officers, which represent 0.02% of the outstanding share capital on the date of the grant, of which 3,042 retirement performance shares were granted to AXA's Chief Executive Officer representing 0.60% of the total grant.

All retirement performance shares granted are subject to the performance conditions described above and calculated over a three-year period beginning on January 1, 2016 and ending on December 31, 2018.

TERMINATION PROVISIONS

	Employment contract		Supplementary pension scheme		Indemnities or advantages due or likely to be due upon termination of functions		Indemnities due for non-competition clause	
Executive Officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Thomas Buberl Chief Executive Officer Beginning of current mandate: September 1, 2016 Term of office: 2018	–	X	X [(a)]	–	X	–	–	X
Denis Duverne Chairman of the Board of Directors Beginning of current mandate: September 1, 2016 Term of office: 2018	–	X	X [(b)]	–	–	X	–	X

(a) Mr. Thomas Buberl is a beneficiary of the retirement performance shares plans.

(b) Mr. Denis Duverne decided to waive payment of the annuities he is entitled to under the collective defined benefit pension scheme, until termination of his term of office as Chairman of the Board without any retroactive payment. He does not benefit from any supplementary pension scheme as Chairman of the Board of Directors.

In accordance with the recommendations of the Afep-Medef Code, Mr. Thomas Buberl has decided to renounce his employment contract as of the date of his appointment as Chief Executive Officer.

In connection with this decision, the Board of Directors upon recommendation of its Compensation & Governance Committee 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, etc.) to which Mr. Thomas Buberl was entitled as an employee. In this context, the Board of Directors was concerned that the decision of Mr. Thomas Buberl to renounce his employment contract in accordance with the recommendations of the Afep-Medef Code would jeopardize the continuity of his accrued and future social benefits.

As a result, on August 2, 2016, the Board of Directors took the following decisions:

- the Board of Directors authorized that, following the termination of his employment contract, Mr. Thomas Buberl will continue to have social benefits (health insurance, life insurance, disability insurance, etc.) on terms equivalent to those of all other Group senior employees of the AXA Group in France;
- the Board of Directors authorized a contractual severance benefit for Mr. Thomas Buberl designed to replicate the benefits to which he would have been entitled as AXA employee under the 1993 collective agreement covering director-level employees of the insurance sector, but with the addition of performance conditions in accordance with the Afep-Medef recommendations. A severance benefit would be applicable, except in the case of gross or willful misconduct, solely in the event of dismissal or non-renewal further to the Board of Directors' decision. The payment of the severance benefit would be subject to the three following performance conditions as determined by the Board of Directors during its August 2, 2016 meeting: (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 60% of his variable compensation target, (2) evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) the average consolidated adjusted ROE over the 3 preceding years higher than or equal to 5%.

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: 100% of the severance benefit will be paid if at least two of the three performance conditions are met; 40% of the severance benefit will be paid if only one performance condition is met; and no severance benefit shall be paid if none of the performance conditions are met. Notwithstanding the foregoing, if only two of the three performance conditions are met, the amount of severance benefit will be reduced by 50% if performance condition (1) is not met or if AXA's consolidated net income for the preceding fiscal year is negative.

No severance benefit will be paid if the beneficiary is entitled to a pension scheme within the 6 months following his termination.

The initial amount of the severance benefit is equal to 12 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination. One month should then 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 authorized by the Board of Directors, will be submitted to the approval of the next Shareholders' Meeting on April 26, 2017.

Report of the Board of Directors on the compensation policy of the Company's Corporate Officers

(Ordinary and Extraordinary Shareholders' Meeting of April 26, 2017)

This report was prepared in accordance with Article L.225-37-2 of the French Commercial Code and presents the principles and criteria for determination, distribution and allocation of all elements of compensation of the corporate officers of the Company as approved by the Board of Directors during its meeting held on February 22, 2017, upon recommendation of its Compensation & Governance Committee.

The Compensation & Governance Committee, whose role and composition are presented in detail in Section 3.1 of this Registration Document, is responsible for, among others, formulating propositions to the Board of Directors regarding the Company's principles and policy on corporate officers' compensation.

The Compensation & Governance Committee is exclusively composed of independent members who exchange frequently with the Group's management and the internal departments of the Company including Group Human Resources and Group Legal. The Committee is also empowered to undertake or commission specific reviews by external experts when deemed appropriate. Such reviews allow the Committee to benefit from a technical expertise and independent insights in comparing AXA's compensation practices with general market practice.

Compensation policy for the Chief Executive Officer

GUIDING PRINCIPLES OF AXA'S COMPENSATION POLICY

AXA's compensation policy is designed to support the Group's long-term business strategy and to align the interests of its management with those of its shareholders and all other stakeholders by (i) establishing a close relation between performance and compensation over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation that is consistent with the various markets in which it operates while avoiding potential conflicts of interests that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance of the Company's practices with all applicable regulatory requirements.

AXA's compensation policy aims to, among others:

- attract, develop and motivate unique skills and best talents;
- incentivize superior performance;
- align compensation levels with the Company's results.

STRUCTURE AND CRITERIA FOR DETERMINATION OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION

In this context, the compensation policy for the Chief Executive Officer is based on a pay-for-performance approach which (i) requires the achievement of challenging financial and operational targets that are defined and aligned with the Group's strategy, (ii) promotes long-term sustainable performance while incorporating risk adjustment measures in performance metrics, and (iii) determines the effective amount of the actual individual compensation on the basis of both financial results and demonstrated individual leadership skills.

Thus, the "at-risk" portion of the Chief Executive Officer's total compensation (variable compensation and share-based compensation) represents a significant component of his compensation structure, with a view to aligning his compensation more directly with the operational strategy of the Group and the interests of the shareholders.

The different components of the Chief Executive Officer's total compensation are presented in detail hereafter:

Fixed annual compensation of the Chief Executive Officer

The determination of the amount of the Chief Executive Officer's fixed compensation is based on an in-depth analysis of market practices as well as applicable national and international regulations. It also takes into consideration various other factors such as experience, technical skills, as well as criticality and scarcity of such skills, and the Group's fairness principles or the individual's compensation history.

The Board of Directors, relying in particular on a study carried out by an external advisory firm (Willis Towers Watson) regarding compensation practices for similar functions in a sample of CAC 40 financial companies and in the main European insurance companies, and upon recommendation of its Compensation & Governance Committee, decided to maintain unchanged, for 2017, the amount of the Chief Executive Officer's fixed annual compensation, at €1.45 million.

Variable annual compensation of the Chief Executive Officer

The Chief Executive Officer's variable annual compensation is subject in its entirety to challenging performance conditions and closely aligned with the Group's strategy. No minimum payment is guaranteed to the Chief Executive Officer.

In order to determine the Chief Executive Officer's target annual variable compensation, the Board of Directors sought to establish a balanced structure between the fixed part and the variable part of his cash compensation.

Thus, the Board of Directors, upon recommendation of its Compensation & Governance Committee, and following a comparative review of national, European and industry practices, decided to maintain unchanged, for 2017, the Chief Executive Officer's target annual variable compensation, at €1.45 million, *i.e.* 100% of the amount of his annual fixed compensation.

The Chief Executive Officer's total effective variable compensation may not exceed 150% of his variable compensation target, *i.e.* 150% of his annual fixed compensation.

The evaluation of the Chief Executive Officer's individual performance with respect to the 2017 fiscal year will be based on the following two components:

- the Group's performance, as assessed based on underlying earnings per share, return on equity (adjusted Return on Equity – ROE), gross revenues in both Commercial Property & Casualty and in Protection & Health and Net Promoter Score (customer recommendation index). The relative weight of each indicator is, respectively, 55%, 15%, 15% and 15%. The indicators selected to measure the Group's performance reflect objectives in terms of growth, profitability, capital management, operational efficiency and proximity with clients that have been disclosed both internally and externally. Thus, indicators which are directly linked to the strategic orientations of the Group, include both financial and operating indicators and rely on achievement of a predefined budget or target figure;
- individual performance, assessed on the basis of various indicators and qualitative and quantitative objectives determined by the Board of Directors in a target letter drawn up at the beginning of each relevant year, as well as on the basis of demonstrated leadership abilities by the Chief Executive Officer. The target letter includes detailed objectives with regards to the Group's progress in the elaboration of its strategic plan as well as other performance indicators and objectives designed to assess the level of achievement of global strategic initiatives or relating to certain geographic areas, as well as progress on certain investments that are expected to contribute to the development of the Group's operations.

Each of these two metrics will be evaluated separately so that the Chief Executive Officer's overall variable pay-out reflects his performance against two distinct components assessed independently.

The determination of the actual amount of variable compensation to be paid to the Chief Executive Officer will be based on the following formula: Amount of the variable compensation to be paid = [Target variable compensation * (Group performance * Individual performance)].

In order to ensure that AXA remains aligned with current market practice and regulations, both in France and abroad, within the financial industry, the Board of Directors has decided to continue to use a deferral mechanism with respect to the Chief Executive Officer's annual variable compensation.

Under this mechanism, payment of 30% of his actual annual variable compensation will be deferred over the course of two years and will be subject to performance conditions. Thus, the actual deferred amount will vary depending on changes in the AXA share price over the deferral period, subject to a minimum of 80% of the deferred amount and a cap at 120% of the deferred amount. However, no variable compensation will be paid in the event that the Group's underlying earnings are negative for the year ending immediately prior to the year of the scheduled payout, or in case of resignation or dismissal for gross or willful misconduct, prior to the payout date.

Pursuant to the provisions of Article L.225-37-2 of the French Commercial Code, payment of the Chief Executive Officer's variable cash compensation for 2017 is subject to the approval by the Shareholders' Meeting to be held in 2018 of the compensation elements paid or granted to the Chief Executive Officer for the 2017 fiscal year.

Share-based compensation granted to the Chief Executive Officer

Each year, the Board of Directors, upon recommendation of its Compensation & Governance Committee, decides to grant Long Term Incentives (LTI) to the Chief Executive Officer in the form of stock options and performance shares.

In order to give the Chief Executive Officer a stake in long-term value creation, these LTIs represent an important part of his compensation. Therefore, the value of the allocated LTIs is determined in order to position the Chief Executive Officer's overall compensation (in cash and in shares) between the median and the 3rd quartile of market references.

However, the value of the stock options and performance shares granted to the Chief Executive Officer as determined in accordance with the IFRS standards may not in any event exceed half of the total compensation granted to him.

The Board of Directors has also decided that the number of LTIs allocated to the Company's corporate officers in the form of stock options and performance shares may not exceed 10% of the total number of LTIs granted to all beneficiaries within the Group.

The LTIs granted to the Chief Executive Officer are entirely subject to demanding internal and external performance conditions (the details of which are presented in Section 3.2 of this Registration Document), which are assessed over a minimum period of three years, and do not guarantee any minimum grant or gain. Moreover, the LTI plan rules provide that in the event the Chief Executive Officer leaves his position (1) at any time before the end of the performance period, any instruments initially granted are irremediably lost, unless otherwise approved by the Board of Directors in a motivated decision disclosed at the time of the officer's departure.

(1) Except in the event of death, invalidity or retirement.

Given the principles presented above and following an analysis of practices observed on the market for similar functions in CAC 40 financial companies of similar size and scope, the Board of Directors, on the proposal from its Compensation & Governance Committee, has decided that the total value of the LTIs to be granted to the Chief Executive Officer during 2017, shall not exceed 150% of the amount of his annual variable compensation target.

Exceptional Compensation of the Chief Executive Officer

The Board of Directors does not contemplate granting any exceptional compensation to the Chief Executive Officer.

Chief Executive Officer's directors' fees

The Chief Executive Officer, who also is a member of the Board of Directors of the Company, is not entitled to payment of any directors' fees from the Company. In addition, directors' fees paid to the Chief Executive Officer with regards to directorships held in other companies of the Group are deducted up to 70% from his annual variable compensation, in accordance with the Group policy applicable to all employees who benefit from directors' fees.

Benefits in kind granted to the Chief Executive Officer

The only benefit in kind granted to the Chief Executive Officer is the use of a company car.

Elements of compensation relating to the Chief Executive Officer's retirement

The Chief Executive Officer does not participate in any pension scheme with defined benefits.

As all other executives of AXA Group entities in France, he participates in the retirement performance share plan, under which grants are made on an annual basis.

The performance shares granted under such plan are subject to (i) a vesting period of three years, (ii) a holding period of two years following the end of the acquisition period, and (iii) an undertaking not to transfer the performance shares before the date on which the beneficiary retires, subject to the option offered to the beneficiaries, for diversification purposes, to transfer their shares (after the end of the acquisition period of three years and the holding period of two years) as long as the proceeds of such transfer are invested in a long-term savings plan until the beneficiary retires.

Acquisition of the granted performance shares is subject to the satisfaction of a performance condition (the details of which are set out in Section 3.2. of this Registration Document), linked to the average of the AXA Group's Solvency II ratio calculated over the vesting period. Therefore, no minimum grant or gain is guaranteed to the Chief Executive Officer under the scheme.

The Board of Directors, upon recommendation of its Compensation & Governance Committee, has decided that the total value of the retirement performance shares to be granted to the Chief Executive Officer during 2017 shall not exceed 15% of his cash fixed and variable annual compensation.

Regulated commitments made to the Chief Executive Officer

Pursuant to the resolutions 11 and 12 submitted to approval of the Shareholders' Meeting to be held on April 26, 2017, it is proposed that the shareholders of the Company approve the commitments made to the benefit of the Chief Executive Officer regarding social benefits and unemployment benefits.

Commitments are presented in more detail in the special report of the Statutory Auditors on regulated agreements and commitments and in this Registration Document.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER AFTER THE SHAREHOLDER'S MEETING TO BE HELD ON APRIL 26, 2017

For purposes of this report only, and in accordance with applicable regulations, the Board of Directors has also considered the hypothetical appointment of a new Chief Executive Officer following the Shareholders' Meeting to be held on April 26, 2017.

Under such circumstances, the compensation structure applicable to a new Chief Executive Officer would comply with this policy and the Board of Directors would perform a comprehensive review of the situation of the relevant executive, provided that:

- the amount and criteria of his compensation would be determined in accordance with existing practices within the Company by reference to compensation practices for similar functions in a sample of CAC 40 financial companies and in the main European insurance companies; and
- the experience, skills and individual compensation history of the executive would also be taken into account.

Finally, in the event that the Chief Executive Officer is recruited externally, the Board of Directors retains the right to grant to the newly appointed executive a lump sum (in cash and/or in shares) whose amount, in accordance with the recommendations set forth in the Afep-Medef Code, may not under any circumstances exceed the amount of the benefits the executive would have had to forgo by resigning from his previous position.

For further information on the Chief Executive Officer's compensation, please see Section 3.2 of this Registration Document.

Compensation policy for the Chairman of the Board of Directors

STRUCTURE AND CRITERIA FOR DETERMINATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS' COMPENSATION

The Board of Directors, upon recommendation of its Compensation & Governance Committee, and in accordance with the recommendations set forth in the Afep-Medef Code, has considered that the most appropriate compensation structure for the Chairman of the Board of Directors would be the payment of a sole fixed compensation.

In determining the fixed annual compensation of its Chairman, the Board of Directors has consulted an external advisory firm (Willis Towers Watson) in order to identify compensation practices for similar functions in a sample of CAC 40 financial companies and in the main European insurance companies.

The Board of Directors has also taken into account the extensive role it decided to entrust Mr. Denis Duverne with as Chairman of the Board of Directors. This role is presented in detail in the Board's Terms of Reference as well as in Section 3.1 of this Registration Document and goes beyond the statutory duties of a Chairman under French law.

In addition, the Board of Directors has taken into account the fact that Mr. Denis Duverne, who claimed his pension rights on September 1, 2016, has decided to waive, for the duration of his term of office as Chairman of the Board of Directors, payment of his benefits (approximately €750,000 per year) under the supplementary pension scheme for executives within the AXA Group in France, to which he was entitled as from September 1, 2016 on. Mr. Denis Duverne has decided that he would claim such benefits only after the end of his term of office, without application of any retroactive payment.

Accordingly, the Board of Directors has decided, upon recommendation of its Compensation & Governance Committee, to maintain the amount of the fixed annual compensation of the Chairman of the Board of Directors unchanged, for 2017, *i.e.* at €1.2 million.

Having considered that the most appropriate compensation structure for the Chairman of the Board of Directors would be fixed compensation only, the Board of Directors has resolved, as a consequence, that the Chairman of the Board of Directors will not benefit from any variable compensation, any directors, fees payments or any grants of options or performance shares, or of any other long-term compensation elements.

In addition, the Board of Directors does not contemplate granting any exceptional compensation to the Chairman of the Board of Directors.

Finally, there is no employment contract between the Company and the Chairman of the Board of Directors and the Chairman of the Board of Directors is not entitled to any severance benefits or any allowance relating to any non-compete clause in the event that he ceases to be Chairman of the Board of Directors.

The only benefit in kind granted to the Chairman of the Board of Directors is the use of a company car.

APPOINTMENT OF A NEW CHAIRMAN OF THE BOARD OF DIRECTORS AFTER THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 26, 2017

For purposes of this report only, and in accordance with applicable regulations, the Board of Directors has also considered the hypothetical appointment of a new Chairman of the Board of Directors following the Shareholders' Meeting to be held on April 26, 2017.

Under such circumstances, the compensation structure applicable to a new Chairman of the Board of Directors would comply with this policy and the Board of Directors would perform a comprehensive review of the situation of the relevant executive, provided that:

- the amount and criteria of his compensation would be determined in accordance with existing practices within the Company by reference to compensation practices for similar functions in a sample of CAC 40 financial companies and in the main European insurance companies; and
- the experience and skills of the executive as well as the scope of his assignments as defined by the Board of Directors in connection with his appointment would also be taken into account.

For further information on the compensation of the Chairman of the Board of Directors, please see Section 3.2 of this Registration Document.

3.3 RELATED-PARTY TRANSACTIONS

For information concerning related-party transactions, please see Note 28 “Related-party transactions” included in Part 5 – “Consolidated Financial Statements” of this Annual Report.

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, 2016)

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 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, France

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA 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 given to us, to inform you, the shareholders, of the main features of those agreements and commitments of which we have been informed and the reasons for the Company's interest in those. 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 *(Code de commerce),* you are being asked to form an opinion on the relevance of such agreements and commitments 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.

Agreements and commitments to be approved by the Shareholders' Meeting

AUTHORIZED AGREEMENTS AND COMMITMENTS CONCLUDED DURING THE PAST FISCAL YEAR

In accordance with Article R.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments previously authorized by the Board of Directors.

With Mr. Thomas Buberl (Chief Executive Officer as of September 1, 2016)

Nature, purpose and modalities

On August 2, 2016, the Board of Directors acknowledged the effective renunciation by Mr. Thomas Buberl, in accordance with the Afep-Medef recommendations, of his employment contract from September 1, 2016, the date on which he became Chief Executive Officer.

Consequently, the Board of Directors proceeded to a full review of the future social status of Mr. Thomas Buberl, once the renunciation of his employment contract will be effective in accordance with the Afep-Medef. In this context, the Board of Directors, in view of the seniority of Mr. Thomas Buberl in his employee status and from the significance Recommendations of his services provided to the Company, confirmed his wish to maintain social benefits, as an Executive Director, in the same conditions than the ones applicable to AXA Group director-level employees in France, took the following decisions:

- the Board of Directors confirmed that Mr. Thomas Buberl will continue to have social benefits (health insurance, life insurance, disability insurance, etc.) on terms equivalent to those of all other Group senior employees of the AXA Group in France;

- the Board of Directors authorized a contractual severance benefit for Mr. Thomas Buberl designed to replicate the benefits to which he would have been entitled as AXA employee under the 1993 collective agreement covering director-level employees of the insurance sector, but subject to performance conditions in accordance with the Afep-Medef recommendations.

  A severance benefit would be applicable, except in the case of gross or willful misconduct, solely in the event of dismissal or non-renewal further to the Board of Directors' decision. The payment of the severance benefit would be subject to the three following performance conditions as determined by the Board of Directors: (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 60% of his variable compensation target, (2) evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) the average consolidated adjusted Return On Equity (adjusted ROE) over the 3 preceding years higher than or equal to 5%.

  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:

  - 100% of the severance benefit will be paid if at least two of the three performance conditions are met;
  - 40% of the severance benefit will be paid if only one performance condition is met;
  - No severance benefit shall be paid if none of the performance conditions are met.

Notwithstanding the foregoing, if only two of the three performance conditions are met, the amount of severance benefit will be reduced by 50% if performance condition (1) is not met or if AXA's consolidated net income for the preceding fiscal year is negative.

No severance benefit will be paid if the beneficiary is entitled to a pension scheme within the 6 months following his termination.

The initial amount of the severance benefit is equal to 12 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination. One month should then 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.

The reasoned opinion of the Board of Directors relies on the position of the Compensation & Governance Committee which highlighted it should be inequitable that the renunciation by Mr. Thomas Buberl of his employment contract prevent him, either immediately or in the future, from having social benefits he has or could profit as an employee.

Agreements and commitments already approved by the Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED DURING PRIOR FISCAL YEARS THAT REMAINED IN FORCE DURING THE PAST FISCAL YEAR

In accordance with Article R.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 during the past fiscal year.

With Mr. Henri de Castries (Chairman & Chief Executive Officer until August 31, 2016)

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. 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 would continue to have social benefits (health insurance, life insurance, disability insurance, retirement…) identical or on terms equivalent to those applicable to AXA Group 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. de Castries 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, 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.

The severance benefit would be applicable, except in the case of gross or willful 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 should be also subject to performance conditions. During its meeting held on February 20, 2014, upon proposal of the Compensation & Governance Committee, the Board of Directors authorized the execution of a new agreement between the Company and Mr. Henri de Castries in order for the payment of the severance benefits to be subject, from

now on, 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 75% of his variable compensation target, (2) Evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) Average adjusted Return On Equity (adjusted ROE) over the three preceding consolidated fiscal years higher than or equal to 5%.

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: 100% of the severance benefit shall be paid if at least 2 of the 3 performance conditions are met; 40% of the severance benefit shall be paid if only 1 performance condition is met; and 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 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. 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 entered into force upon the effective renunciation by Mr. Henri de Castries of his employment contract.

These commitments have expired on August 31, 2016 due to the termination of Mr. Henri de Castries' mandate as Chairman of the Board and Chief Executive Officer and did not apply in 2016.

With Mr. Denis Duverne (Deputy Chief Executive Officer until August 31, 2016)

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. 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 would continue to have social benefits (health insurance, life insurance, disability insurance, retirement…) identical or on terms equivalent to those applicable to AXA Group 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, 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 severance benefit would be applicable, except in the case of gross or willful 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 should be also subject to performance conditions. During its meeting held on February 20, 2014, upon proposal of the Compensation & Governance Committee, the Board of Directors authorized the execution of a new agreement between the Company and Mr. Denis Duverne in order for the payment of the severance benefits to be subject, from now on, 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 75% of his variable compensation target, (2) Evolution of the AXA share price at least equal to the stock reference index of the insurance sector (SXIP) (in percentage) over a 3-year period preceding the termination of the term of office, and (3) Average adjusted Return On Equity (adjusted ROE) over the three preceding consolidated fiscal years higher than or equal to 5%.

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: 100% of the severance benefit shall be paid if at least 2 of the 3 performance conditions are met; 40% of the severance benefit shall be paid if only 1 performance condition is met; and 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 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 12 months of the average compensation (fixed and variable) paid during the 24-month period preceding termination for Mr. Denis Duverne. 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 entered into force upon the effective renunciation by Mr. Denis Duverne of his employment contract.

These commitments have expired on August 31, 2016 due to the termination of Mr. Denis Duverne's mandate as Deputy Chief Executive Officer and did not apply in 2016.

With the following Executive Officers: Messrs. Henri de Castries (Chairman & Chief Executive Officer until August 31, 2016) and Denis Duverne (Deputy Chief Executive Officer until August 31, 2016)

Nature, purpose, terms and conditions

On October 7, 2009, the Supervisory Board confirmed that Messrs. Henri de Castries and Denis Duverne, then members of the Management Board, were entitled to the supplementary pension scheme for Group directors in the same conditions that apply to director-level employees of the AXA Group in France.

This scheme, which has existed since January 1, 1992, has been modified twice with effect from January 1, 2005 and July 1, 2009.

Under this scheme, a supplementary pension is paid to executives who retire immediately upon leaving the AXA Group and 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 contract 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 comes 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 allows, for a minimum executive seniority of 20 years, the grant of a global pension equivalent to 40% of the average gross compensation over the past 5 years preceding the retirement date, if this average is superior to 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 2016, these commitments applied to Messrs. Henri de Castries and Denis Duverne (respectively Chairman & Chief Executive Officer until August 31, 2016 and Deputy Chief Executive Officer until August 31, 2016).

Mr. Henri de Castries, who retired from his position as AXA's Chairman & Chief Executive Officer on August 31, 2016, had decided in 2010 on an individual and voluntary basis and in consultation with the Board of Directors, to limit the compensation to be taken into account in order to calculate his global pension. After 27 years in the Group, and close to 17 years as Chief Executive Officer, he decided to claim his pension rights and benefits as of September 1, 2016 according to the collective defined benefit pension scheme, the yearly amount of which is €1,084,573 per year, before taxes and social security charges.

In addition, the Board of Directors has taken into account the fact that Mr. Denis Duverne, who claimed his pension rights on September 1, 2016, has decided to waive, for the duration of his term of office as Chairman of the Board of Directors, payment of his benefits under the supplementary pension scheme for executives within the AXA Group in France, to which he was entitled as from September 1, 2016 on, and whose annual amount is approximately €750,000. Mr. Denis Duverne has decided that he would claim such benefits only after the end of his term of office, without application of any retroactive payment. He does not benefit as Chairman, from any supplementary pension plan.

Neuilly-sur-Seine and Courbevoie, March 20, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit — Xavier Crépon

Mazars — Jean-Claude Pauly — Maxime Simoen

3 CORPORATE GOVERNANCE

This page was intentionnally left blank.

4

RISK FACTORS AND RISK MANAGEMENT

4.1 RISK FACTORS **178**

Financial risks 178
Risks related to the Company and its business 182
Risks related to the ownership of the Company's shares 189

4.2 INTERNAL CONTROL AND RISK MANAGEMENT **190**

4.2.1 Governance and Risk Management organization 191
4.2.2 Own Risk and Solvency Assessment ("ORSA") 198
4.2.3 Internal Model 199
4.2.4 Governance of investment strategy and asset & liability management (ALM) 202

4.3 MARKET RISKS **204**

Market risks: definition and exposure 204
Risk control and risk mitigation 205
Focus on main market risks and sensitivity analyses 206

4.4 CREDIT RISK **211**

Credit risk: definition and exposure 211
Risk control and risk mitigation 211

4.5 LIQUIDITY RISK **214**

4.6 INSURANCE RISKS **215**

Insurance risks: definition and exposure 215
Risk control and risk mitigation 215

4.7 OPERATIONAL RISK **219**

4.8 OTHER MATERIAL RISKS **220**

Strategic risk 220
Reputation risk 220
Emerging risks 220
Regulatory risks 221

4.1 RISK FACTORS

You should carefully consider the following risk factors together with other information contained in this Annual Report. Any of these risks could materially affect our business, financial condition or results of operations, cause the trading price of our ordinary shares to decline materially or 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. The Company's risk management processes, procedures and controls are described in Section 4.2 "Internal control and risk management" of this Annual Report, which should be read in conjunction with this Section 4.1. While the Management devotes very substantial resources to risk management on an ongoing basis, 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 Part 4 or the losses that may be incurred in connection with these risks. Where the risks described in this Section 4.1 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 Consolidated Financial Statements. You should also refer to Section 4.3 *et seq.* of this Annual Report for quantitative information on the material risks to which AXA is exposed.

Financial risks

MARKET-RELATED RISKS

Negative developments in economic and financial market conditions, whether on a national, regional or global basis, may materially and adversely affect our business and profitability

Our businesses, financial position and results of operations are inherently subject to global financial market fluctuations and economic conditions generally. While financial markets generally recovered in 2016, a wide variety of factors continue to negatively impact economic growth prospects and contribute to high levels of volatility in financial markets (including in currency exchange and interest rates). These factors include, among others, continuing concerns over sovereign debt issuers, particularly in Europe; concerns over levels of economic growth and consumer confidence generally; the strengthening or weakening of foreign currencies against the Euro; structural reforms or other changes made to the Euro, the Eurozone or the European Union; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies; inflation or deflation in certain markets; central bank intervention in the financial markets through quantitative easing or similar programs; volatile energy costs; uncertainty regarding membership in the European Union or the Eurozone; adverse geopolitical events (including acts of terrorism or military conflicts); political uncertainty arising from recent elections in the Netherlands and upcoming elections in France and Germany, which may adversely affect the membership of these countries in the European Union or the Eurozone, or relations between these countries and the European Union or the Eurozone and other recent developments such as the negative outcome of the "Brexit" referendum in June 2016 and the Italian referendum on constitutional reform in December 2016 and uncertainty regarding the U.S. and worldwide political, regulatory and economic environment following the inauguration of a new U.S. administration in January 2017, including with respect to potential changes in U.S. laws, regulations and policies governing financial regulation, foreign trade and foreign investment. Furthermore, certain initiatives from governments and support of central banks in order to stabilize financial markets could be suspended or interrupted which could, in an uncertain economic context, have an adverse effect on the global financial industry. In addition, geopolitical risks in various Regions, including Russia, Ukraine, Syria, Iraq or North Korea, have contributed to increased economic and market uncertainty generally.

These factors 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 part of our profitability, and our sales of insurance and Asset Management products (as well as the level of product surrenders and lapses) are dependent upon financial market performance, customer behavior and confidence as well as other related factors. Our ability to make a profit on insurance and investment products, for example, depends in part on the returns on investments supporting our obligations under those products, and the value of specific investments may fluctuate substantially depending on the foregoing conditions. In addition, 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 help mitigate our exposure under certain of these guarantees, not all risks can be effectively hedged against and volatility in the financial markets, combined with unanticipated policyholder behavior, may increase our cost of risk and/or negatively affect our ability to hedge against certain of these risks, which may in turn adversely affect our profitability.

More generally, in an economic environment 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, in such circumstances, 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 accordingly have a material adverse effect on our business, results of operations and financial condition.

Adverse business and market conditions as well as accounting rules may impact the amortization of our Deferred Acquisition Costs ("DAC"), Value of Business In-force ("VBI") and other intangibles and/or to reduce deferred tax assets and deferred policyholders participation assets, which could materially affect our results of operations and financial statements

Business and market conditions as well as accounting rules may impact the amount of goodwill we carry in our consolidated balance sheet, our pattern of DAC, 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.

Adverse experience relative to the methodologies, estimations and assumptions used by Management in valuing investments and determining allowances and impairments may materially adversely affect our results of operations

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 that we recognize with respect to the investment assets we hold varies 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 1.8.2 "Financial instruments classification" in Part 5 – "Consolidated Financial Statements" of this Annual Report, 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 and timing of any additional impairments and/or allowances may have a material adverse effect on our consolidated results of operations and financial position.

Changes in interest rates and credit spreads may adversely affect our business, results of operations and financial condition

Our exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in interest rates may negatively affect the value of our assets (including fixed-income investments) and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In particular, negative interest rates and the low level of interest rates generally may negatively impact our net interest income and the profitability of our Life & Savings business, which may have an adverse impact on Group profitability.

In-force life insurance and annuity products may become comparatively more attractive to customers in a declining interest rate environment, resulting in an increase in our liabilities (in particular in relation to flexible-premium products), asset-liability duration mismatches (as more policies and contracts remain in-force from year-to-year) and an increase in provisions for guarantees included in life insurance and annuity products.

Accordingly, during periods of declining interest rates or a prolonged period of low interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to insurance policyholders and annuity contract owners and the rates we are able to earn on our fixed-income investment portfolio. In addition, certain regulatory capital and reserve requirements are based on formulas and models that consider interest rates, and an extended period of low interest rates may increase the regulatory capital we are required to hold and the amount of assets we must maintain to support our reserves.

Conversely, in periods of increasing interest rates, the estimated fair value of certain of our fixed-income investments may decrease, which could negatively impact our solvency ratio and net income; surrenders of life insurance policies and fixed annuity contracts may accelerate, as policyholders seek higher returns, which may cause us to accelerate amortization of deferred policy acquisition costs or to liquidate fixed maturity investments in order to obtain liquidity to satisfy such obligations, which may result in realized investment losses; our fee income may decrease due to a decline in the value of variable annuity account balances invested in fixed income funds; and we may be required, as an issuer of securities, to pay higher interest rates on debt securities, debt and bank facilities, which may increase our interest expenses.

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.

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. Accordingly, ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors, 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 significantly affect our results of operations, financial position, liquidity and solvency

Due to the geographical diversity of our business, we are subject to the risk of exchange rate fluctuations since a significant portion of our participations and investments, revenues and expenses are denominated in currencies other than euro (primarily in US Dollar, Hong Kong Dollar, pound sterling, Japanese yen, Swiss franc), while our Consolidated Financial Statements are published in euro. Likewise, the part of our debt and other obligations denominated in currencies other than euro is subject to foreign currency exchange rate fluctuations.

While we seek to manage our exposure to foreign currency fluctuations through hedging, fluctuations in exchange rates may have a significant impact on our euro-denominated results of operations, cash flows, gearing ratio, shareholders' equity and solvency. In addition, the currency hedges we use to manage foreign exchange rate risk may significantly impact our cash and liquidity position.

Inflation or deflation in our principal markets would have multiple impacts on AXA and may negatively affect our business, solvency position and results of operations

We are subject to inflation risk in certain of our principal markets through our holdings of fixed interest and other instruments, and as a result of the potential for claim payments (particularly in relation to "long-tail" risks underwritten by our Property & Casualty businesses) and expenses to rise faster than anticipated in our reserving and pricing assumptions.

We are also subject to deflation risk, which has materialized in the Eurozone in recent years. Deflation may erode collateral values and diminish the quality of certain investment assets, and may negatively impact customer behavior or otherwise negatively affect our business and results of operations.

CREDIT AND LIQUIDITY-RELATED RISKS

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and increase cost of capital

In recent years, the capital and credit markets have experienced high levels of volatility and disruption which, during certain periods, have significantly limited 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 and to refinance certain maturing debts and other liabilities. In addition, we need liquidity in connection with derivatives transactions to which we are party which require us to post cash collateral and/or subject us to margin calls in certain circumstances. The availability of additional financing to supplement internal liquidity resources will depend on a variety of factors such as market conditions, 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 decreases due to a market downturn. 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, liquidity constraints over a prolonged period may have a material adverse effect on our business, results of operations and consolidated financial position.

Downgrades in our insurer financial strength and credit ratings could adversely impact our competitive position and damage our relationships with creditors or trading counterparties

Insurer financial strength and credit ratings are important factors used by the market and customers in establishing the competitive position of insurance companies and in assessing our claims-paying ability. Rating agencies review their ratings and rating criteria and methodologies on a recurring basis, and may change their ratings at any time. Consequently, our current ratings may not be maintained in the future. A downgrade or the potential for a downgrade in our ratings could have an adverse effect 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 reinsurance cost, (v) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vi) harming our relationships with creditors or trading counterparties and/or (vii) 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.

The financial condition and conduct of our counterparties could negatively impact us

We have significant exposure to a risk of insolvency should any of the third parties that owe us money, securities or other assets fail to perform their obligations. Such third 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 our insurance risks, customers, trading counterparties, counterparties under swap and other derivative contracts, and other counterparties including brokers and dealers, commercial and investment banks, hedge funds, other investment funds, clearing agents, and market exchanges.

Under our reinsurance arrangements, other insurers or reinsurers assume a portion of the losses and related expenses under policies we issue, although we remain liable as the direct insurer on all risks reinsured. 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 obligations to us become due. In addition, 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.

In addition, we carry out certain of our operations through joint ventures, and part of our product distribution is carried out through distribution arrangements with third parties that we do not control. As a result, we face operational, financial and reputational risk in the event that any of our joint venture partners fails to meet its obligations under our joint venture agreements, or fails to comply with applicable laws and regulations, or in the event of any disruption to our distribution arrangements.

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 risks in the event of a default by our counterparty service providers.

There can be no assurance that defaults by the foregoing or other counterparties would not materially and adversely affect our business and results of operations.

Risks related to the Company and its business

PRICING AND UNDERWRITING-RELATED RISKS

Adverse experience relative to the assumptions and judgment used in setting reserves, developing and pricing products and calculating industry measures of value may significantly affect our results of operations or performance indicators, which may have an adverse impact on the price of our securities

The profitability of our businesses largely depends on a variety of factors including social, economic demographic trends (including, in the life insurance business, mortality and morbidity trends), policyholder behavior (including surrender and persistency rates), court decisions, changes in laws and regulations, inflation, investment returns and underwriting expenses. We make assumptions about these factors in determining the pricing of our products, establishing insurance and employee benefits reserves and reporting capital levels and business results (using such industry measures of value as Life & Savings New Business Value (NBV) or European Embedded Value (EEV)). Adverse experience relative to such assumptions or inherent product defects may result in an increase in the pricing of our insurance products or the need for us to strengthen our product reserves which may in turn have an adverse effect on our results of operations and financial position.

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. In certain cases, product features such as minimum guarantees or options to swap between underlying funds in certain savings products may with time result in higher realized losses than anticipated in initial assumptions. In particular, assessing the impact of minimum guarantees (the "Accumulator guarantees") which are contained within certain of our Variable Annuity products, such as Guaranteed Minimum Death Benefits (GMDB), Guaranteed Minimum Accumulation Benefits (GMAB), Guaranteed Minimum Income Benefits (GMIB) and Withdrawal for Life Benefits (GMWB), and the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, Value of Business In-Force and deferred participation assets) involves a significant degree of management judgment. While we use both our own experience and industry data to develop products and to estimate future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities, there can be no assurance that actual experience will match these estimates and that emerging risks would not result in loss experience inconsistent with our pricing and reserve assumptions.

In addition, in accordance with industry practices and accounting and regulatory requirements, we establish reserves for claims and claims expenses related to our Property & Casualty business. Reserves do not represent an exact calculation of liability, but instead represent 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 and frequency, actuarial experience on past events, legal liability and other factors. While we continually review the adequacy of our claims reserves, 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.

Further, while our NBV and EEV calculations are done on a market consistent basis, 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 relative to our assumptions may have a significant impact on our NBV and a corresponding impact on the trading price of our securities.

The Property & Casualty insurance business is cyclical, which may impact our results

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 loss events, levels of underwriting capacity by Region or product line, general economic conditions and other factors. Changes in customer expectations for appropriate premium levels, the frequency or severity of claims or other loss events, or other factors affecting the Property & Casualty insurance business may have an adverse effect on our results of operations and financial condition.

The occurrence of natural or man-made disasters, including those resulting from changing weather patterns and climatic conditions, could adversely affect our financial condition, profitability, and cash flows

Catastrophic events are inherently unpredictable. Our exposure to natural and man-made disasters depends on various factors and is often more pronounced in certain geographic areas, including major urban centers, with a high concentration of customers, employees and/or insured property and assets.

Catastrophic events such as hurricanes, windstorms, hailstorms, earthquakes, freezes, floods, explosions, fires, pandemic diseases, terrorist attacks, cyber-crimes, military actions, and power grid and other core infrastructure failures could adversely affect our operations, results or financial condition, including as a result of claims occurring at higher levels or materially earlier than anticipated; losses resulting from disruptions in our operations or failures of our counterparties to perform; or declines in value of our investment portfolio. We monitor 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. There can be no assurance, however, that we will be able to adequately anticipate such evolution, and we have experienced in the past and could experience in the future material losses from these types of risks.

Over the past several years, changing weather patterns and climatic conditions, including as a result of global warming, have added to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. In particular, the consequences of climate change are expected to significantly impact the insurance industry, including with respect to risk perception, pricing and modelling assumptions, and need for new insurance products, all of which may create unforeseen risks not currently known to us.

In addition, legislative initiatives regarding climate change may affect our operations and those of our counterparties, and potentially limit our investments or affect their value, as certain companies struggle to adapt to these regulations. These may include (i) new investment requirements and/or (ii) new disclosure requirements, similar to the ones imposed by the recent French law on "energy transition for green growth" *(transition énergétique pour la croissance verte)* or future legislation resulting from the adoption of initiatives from the Financial Stability Board's Taskforce on Climate-Related Financial Disclosures. Article 173 of the law on "energy transition for green growth", which is applicable from the 2016 financial year, includes requirements for institutional investors such as AXA to include in their Annual Report a description of how their investment policies take into consideration social, environmental and governance objectives, and contribute to the transition to a low-carbon economy. These and similar regulatory requirements, as well as any further regulations regarding energy transition or our energy-related investments, could increase our compliance costs and adversely affect our business or the value of our investments.

OPERATIONAL AND BUSINESS-RELATED RISKS

We conduct businesses in highly competitive environments with evolving trends that 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 from us and offer alternative products or more competitive pricing than we do.

The insurance industry faces disruptive competitive challenges from the emergence of new actors, such as financial technology companies, or fintech, and insurance technology companies, or insurtech, which generally benefit from less extensive regulatory

requirements (including less strict capital requirements) as well as from data synergies or technological innovation. 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. Continued consolidation of the insurance sector may also result in increased competition.

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.

Our risk management programs may be inadequate to protect us against the full extent of the exposure or losses we seek to mitigate and may leave us exposed to unidentified, unanticipated or incorrectly quantified risks that could result in significant losses

We employ a range of risk mitigation strategies in order to avoid or limit losses or liabilities. We use derivatives (including 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, including 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.

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 markets 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. Hedging counterparties may fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralized. Furthermore, 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 actual experience will not differ materially from our assumptions, which could adversely impact our results of operations and financial condition.

The profitability of AXA's Variable Annuity products with guarantees 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.

Certain risks under the Accumulator guarantees and under other contracts and policies issued by AXA US are reinsured by AXA RE Arizona Company ("AXA RE Arizona"), an indirect wholly owned captive reinsurer subsidiary of the Company, which hedges these risks using the techniques described above. In the event AXA RE Arizona were not able to post required collateral or cash to settle such hedges when due, AXA RE Arizona 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 US's ability to receive full statutory reserve credit for the reinsurance arrangements.

In addition, the National Association of Insurance Commissioners ("NAIC") and various state regulators continue to consider additional regulations relating to the use by insurance companies of captive reinsurers, like AXA RE Arizona, as part of their capital management strategy. If state insurance regulators were to restrict the use of such captive reinsurers or impose additional capital requirements or if AXA US otherwise is unable to continue to use a captive reinsurer, the capital management benefits received under this reinsurance arrangement could be adversely affected which could cause AXA US to, among other things, recapture the business reinsured by AXA RE Arizona.

The failure to respond effectively to various emerging technological changes may affect our business and profitability

An ongoing challenge we face is the effective adaptation to a constantly changing technological landscape. If we are not effective in anticipating the impact on our business of changing technologies, such as driverless cars, connected devices, artificial intelligence or roboadvisors our ability to successfully operate our business may be impaired. Technologies that facilitate ride or home sharing could disrupt the demand for our products from current customers, create coverage issues or impact the frequency or severity of losses. These changes could also affect our ability to accurately price our products and

might significantly affect our margins in certain lines of business. For example, the advent of driverless cars, connected devices and usage-based insurance could materially alter the way that automobile, health or other Personal lines insurance is marketed, priced, and underwritten. In addition, the market for coverage for so-called "cyber risks" or similar emerging threats is a rapidly evolving one, and any failure by us to provide innovative products relative to our competitors or new entrants in the market may result in a competitive disadvantage.

In addition, the rapid increase in the nature, volume and availability of data in recent years, whether resulting from connected customers, so-called "big data", cloud computing, personalization of genetic data, artificial intelligence or otherwise, may have unanticipated and adverse impacts on our business, for example by changing the nature of insurance underwriting and pricing; by allowing customers and competitors to tailor coverage in ways that we do not currently offer; and by potentially exposing us to increased "moral hazard" in business lines where we are unable for regulatory or other reasons to adjust pricing or coverage to reflect individual risk profiles. While data-driven changes in the industry are at an early stage and difficult to predict, they could adversely impact our business going forward, including through the expense and effort that we will need to incur in order to ensure that our employees, systems and processes are able to efficiently adapt to and manage such changes as they arise.

Furthermore, if we are unable to effectively use and update or replace our key technology systems as they become obsolete or as emerging technology renders them competitively inefficient, or if we fail to develop the talent and skills of our human resources to meet the new technological challenges, and to attract and assimilate new talents into our Group consistent with our business goals, our business, prospects, competitive position and financial condition could be adversely affected.

Inadequate or failed processes or systems, human factors or external events including hacking or other cyber-security risks may adversely affect our profitability, reputation or operational effectiveness

Our business is highly dependent on the effective operation of our telecommunications, electronic data, information technology and other operational systems. We rely on these systems to perform necessary business functions, including providing insurance quotes, processing applications and claims, providing information and support to customers and distributors, administering complex products, conducting actuarial analyses and keeping financial records. We also use computer systems to store, retrieve, evaluate and utilize customer, employee and company data and information, including proprietary and confidential information. Some of these systems, in turn, rely, on third-party systems.

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), systems malfunctions or failures, computer viruses, hacking incidents and/or other unauthorized access to our websites and/or systems, misappropriation of sensitive information, corruption of data or operational disruption, regulatory breaches, human errors, defective products, employee misconduct, external fraud, natural or man-made disasters and terrorist attacks. 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.

The increasing frequency and sophistication of hacking incidents directed at major financial institutions and other corporations recently has made clear the significance of these cyber-risks and the damage, both financial and reputational, they can potentially inflict. Systems failures or outages could compromise our ability to perform necessary business functions in a timely manner, which could harm our ability to conduct business and hurt our relationships with our customers and business partners. In the event of a disruption, our systems may be inaccessible for an extended period of time, and our employees may be unable to perform their duties for an extended period of time.

Despite the Group's implementation of a variety of security measures, the Group's systems may in the future be subject to unauthorized intrusions, such as physical or electronic break-ins, unauthorized tampering or other security breaches. Like other global financial institutions and companies, the Group has, from time to time, experienced threats to its data and systems, including malware attacks, unauthorized access, systems failures and disruptions. Management has put in place internal controls and procedures designed to protect client data as well as the Group's proprietary information from hacking or other types of unauthorized intrusions into the Group's information technology systems. There is no guarantee, however, that these measures will be effective and prevent all attempted intrusions into the Group's information systems and any such intrusion could result in operational disruption, loss of sensitive client data and/or proprietary information.

Interruptions or disruptions of our telecommunications and electronic data systems, or those of our third-party providers (including third-party providers deemed critical to our principal activities) telecommunications and electronic data systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could also potentially

result in financial loss, impairment to our liquidity, a disruption of our businesses, legal claims, regulatory sanctions or damage to our reputation. Notwithstanding the measures we take to manage such risk, 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.

The Group or its insurance subsidiaries' failure to meet their solvency capital requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position

We and our subsidiaries are subject to evolving solvency and capital adequacy requirements, including the Solvency II framework. It is difficult to predict the ultimate outcome of discussions regarding changes to these requirements and how they could affect our results of operations, financial condition and liquidity and the insurance industry more generally. The AXA Group's solvency ratio is also sensitive to capital market conditions (including the level of interest rates, the level of equity markets and foreign exchange impacts) as well as other economic factors generally. In addition, regulators may become more conservative in the interpretation, application and enforcement of these rules, as a result of which they may, for example, impose 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 take other similar measures which may significantly increase regulatory capital requirements. In particular, the French insurance regulator, the *Autorité de contrôle prudentiel et de resolution* (ACPR), may impose changes to the internal model we use to calculate our solvency capital which may adversely affect our solvency ratio. In the event of a failure by our 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 or other shareholder distributions, and/or putting a company into rehabilitation or insolvency proceedings. A failure of the Group and/or any of its insurance subsidiaries to meet their regulatory capital requirements and/or a deterioration of their solvency position negatively impacting their competitive position, may also result in our deciding to inject significant amounts of new capital into such insurance subsidiaries which could adversely affect our liquidity position, results of operations and financial position. Regulatory restrictions that inhibit our ability to freely move excess capital among our subsidiaries or which otherwise restrict fungibility of the AXA Group's capital resources may, depending on the nature and extent of the restrictions, adversely affect the capital position of our operating insurance subsidiaries which may have a consequent negative impact on us and the perception of our financial strength. Additional regulatory developments regarding solvency requirements, including changes to the Solvency II framework, may adversely affect our prudential regime as well as associated costs. There can be no assurance that contingency plans developed by Management will be effective to achieve their objectives and any failure by us and/or our 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.

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, our designation as a Global Systemically Important Insurer ("GSII") could impose similar or other restrictions on the transfer of funds, including intra-group financing arrangements, which could negatively impact the fungibility of our capital. These factors may adversely impact our liquidity position and capacity to pay dividends.

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.

REGULATORY-RELATED RISKS

Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate

The AXA Group operates in 64 countries around the world and our operations are subject to a wide variety of insurance and other laws and regulations. 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 in which we do business, resulting in significant compliance challenges. While Management cannot predict whether or when 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 new laws and regulations will increase our legal and compliance costs.

The designation of the AXA Group as a GSII by the Financial Stability Board, in consultation with the International Association of Insurance Supervisors (IAIS) and national authorities, and the policy measures for GSII contemplated by IAIS, could have far reaching regulatory implications for the AXA Group, may adversely impact our capital requirements, profitability, the fungibility of our capital, our ability to grow through acquisition and our overall competitive position as compared to insurance groups that are not designated as GSIIs. In addition, the multiplicity of different regulatory regimes, capital standards and reporting requirements resulting from our GSII designation and/or works on new capital standards led by the IAIS such as the Insurance Capital Standard (ICS) could increase operational complexity and costs.

In recent years there also has been an increase in legislative or regulatory initiatives and enforcement actions in the areas of financial crime compliance, anti-money laundering, international trade sanctions and anti-bribery laws and regulations (including the U.S. Foreign Corrupt Practices Act, and the U.K. Bribery Act of 2010) and consumer protection (including the Insurance Mediation Directive (2002/92/EC), the revised Markets in Financial Instruments Directive (2014/65/EU) and the Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products). Implementation of these and any future regulations may increase the costs of compliance, limit or restrict our ability to do business or subject us to the possibility of civil or criminal actions or proceedings, all of which carry significant financial and reputational risk.

In addition, there are continuing discussions at the International Accounting Standards Board (IASB) regarding possible modifications to the IFRS, which could significantly impact insurers and other financial institutions, including AXA, that prepare their consolidated accounts in accordance with such standards. In particular, IFRS 17, which will replace IFRS 4, may significantly affect the accounting of policyholders' liabilities at the date of first application which is expected on January 1, 2021. As the IASB's work is ongoing, Management cannot predict with any certainty at this time the potential impact of these proposed changes, notably in terms of implementation costs (or of other potential future modifications to IFRS). Any significant modifications to IFRS may adversely impact the Company's results of operations.

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 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 of the potential effects of any 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 us to remain in compliance with regulations applicable to us could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact our earnings and reputation.

For a description of the regulations and supervision framework applicable to the Group, please refer to Section 6.3 "General information – Regulation and Supervision" of this Annual Report.

As a global business, we are exposed to various local political, regulatory, business and financial risks and challenges

The global nature of our business exposes us to a wide variety of local political and regulatory, business, and financial risks and challenges which may affect the demand for our products and services, the value of our investment portfolios, the levels of capital and surplus that we are required to hold, and the credit quality of our counterparties. These risks include, for example, political, social or economic instability in the countries in which we operate, including the risk of nationalization, expropriation, price controls, capital controls, restrictions on foreign trade and investment (such as changes to authorized levels of foreign ownership, which may affect our ability to conduct business in certain countries through joint ventures), fluctuations in foreign

currency exchange rates, credit risks of our local borrowers and counterparties, lack of local business experience in certain markets, risks associated with exposure to insurance industry insolvencies through policyholder guarantee funds or similar mechanisms and, in certain cases, risks associated with the potential incompatibility with foreign partners, especially in countries in which we are conducting business through joint ventures or other entities that we do not control.

We have been and may become in the future subject to regulatory investigations which may affect our image, brand, relations with regulators and/or results of operations

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. The introduction of a class action system in France in 2014 and similar developments in certain other European jurisdictions are likely to increase litigation risks and costs. Due to the nature of certain of these lawsuits and investigations, we cannot estimate the potential losses or predict with any certainty the potential impact of these suits or investigations on our business, financial condition, results of operations or reputation.

The quickly evolving regulatory environment surrounding data transfer and protection in the European Union could increase our costs and adversely impact our business

Data collection, transfer and protection are critical to the operation of our business. Regulations in this area are quickly evolving in the European Union, which could adversely affect our business if we fail to timely adapt our rules and strategy to the emerging regulatory environment.

Regarding transfer of data to the United States of America, following invalidation by the European Union Court of Justice of the European Commission's Safe Harbour Decision, which allowed for the transfer of personal information for commercial purposes from companies in the EU to companies in the United States which have signed up to the Department of Commerce of the United States "Safe Harbour Privacy Principles," a new safe harbour, referred to as the "EU-US Privacy Shield", was announced on February 2, 2016. While we currently anticipate that we can continue using alternate mechanisms to transfer data into the United States until the EU-US Privacy Shield is finalized, there is no guarantee that such mechanisms will not be subject to challenge, stricter scrutiny by the competent authorities or that further changes in the regulation will not potentially increase our legal and compliance costs, or result in regulatory sanctions or damage to image, brand and/or reputation.

In particular, it remains unclear whether the EU-US Privacy Shield adopted in July 2016 will hinder the ability of EU-based banks and insurance companies, including the Group, to transfer personal data in the United States of America.

In addition, while we have adopted a global Data Privacy Organization/Governance policy designed to manage risks related to data protection, there is no assurance that our existing or planned data protection rules and governance organization will not need to be updated or replaced to comply with new laws and regulations applicable in the European Union (including the General Data Protection Regulation, which will be directly applicable in all Member States from May 2018) or other jurisdictions where we operate or may operate in the future. Further, there can be no assurance that we will not unintentionally violate such laws or that such laws will not be modified, or that new laws will not be enacted in the future, which would cause us to be in violation of such laws. Any failure to comply with such laws could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact our earnings and reputation.

Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences

As a global company operating in several jurisdictions, we are subject to various tax regimes and regulations. Changes in tax laws, including the U.S. Foreign Account Tax Compliance Act (FATCA) withholding requirements and the introduction of the Common Reporting Standard (CRS) across a multitude of jurisdictions in which the Group does business, could result in higher tax expenses and payments and are expected to result in higher compliance costs. Uncertainties in the interpretation or future developments of tax regimes may also affect our tax liability, return on investments and business operations.

We have been and may increasingly become exposed to the risk of tax audits and investigations in the various jurisdictions in which we operate. The international tax environment continues to change as a result of actions taken by the Organisation for Economic Co-operation and Development (OECD), the European Union and national governments intended to address concerns over perceived international tax avoidance techniques. We take tax positions that we believe are correct and reasonable in the course of our business with respect to various tax matters. However, there is no guarantee that our tax positions will be upheld by the relevant tax authorities. Our business operations, results, financial position, liquidity, outlook or reputation could be materially affected if one or more of the aforementioned risks materialized.

Risks related to the ownership of the Company's shares

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 dilute the positions of existing shareholders.

The Mutuelles AXA, which comprise two French mutual insurance companies, together held 14.13% of the Company's outstanding shares and 23.93% of its voting rights as of December 31, 2016. 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. The Mutuelles AXA may decide to increase their ownership interest in AXA or to sell all or a portion of the ordinary shares they own at some future date.

4.2 INTERNAL CONTROL AND RISK MANAGEMENT

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The AXA Group is engaged in Insurance and Asset Management business on a global scale. As such, it is exposed to a wide variety of risks, including market risks, credit risk, insurance risks, operational risk and other material risks, as further described in this Part 4 "Risk Factors and risk management"[(1)] and in Note 31 "Litigation" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

In order to manage these risks, the Group has put in place a comprehensive system of internal control and risk management designed to ensure that executives are informed of significant risks on a timely and continuing basis and have the necessary information and tools to appropriately analyze and manage these risks, and that the Consolidated Financial Statements and other market disclosures are timely and accurate.

In addition, the Solvency II regime requires the Group to have in place an effective system of governance which provides for sound and prudent risk management. This governance system must be based on a clear separation of responsibilities and must be proportionate to the nature, extent and complexity of the Group's operations.

In this context, AXA has (i) put in place a control framework with three lines of defense with boundaries between each of them clearly defined and (ii) established four key functions.

The three lines of defense are:

	Responsibilities	Owners		
1st line of defense	responsible for day-to-day risk and control management and decision-making	Management and staff		
2nd line of defense (independent from the Group's business operations)	responsible for developing, facilitating and monitoring an effective risk and control framework	Risk Management	Compliance	Internal Financial Control
3rd line of defense	responsible for providing independent assurance on the effectiveness of the internal control system	Internal Audit		

The four key functions are:

- **the risk-management function,** which is, in particular, responsible for coordinating the second line of defense, ensuring that the risk appetite is implemented with respect to all risks, and in charge of the design, implementation and validation of AXA Group economic capital model which is the basis for the Group Solvency II internal model ("Internal Model"), the documentation of the Internal Model and any subsequent changes made to it as well as the analysis of the performance of this model and the production of summary reports thereof. The risk-management function holder at Group level is the Group Chief Risk Officer;
- **the compliance function** (the "Compliance function"), which is, in particular, responsible for advising on compliance with the laws, regulations and administrative provisions regarding insurance and reinsurance activities as well as ensuring that compliance is effective. The compliance function holder at Group Level is the Group Chief Compliance Officer;
- **the internal audit function,** which is, in particular, responsible for performing an evaluation of the adequacy and effectiveness of the Group's internal control system and other elements of the system of governance. The internal audit function must be objective and independent from the operational functions. The internal audit function holder at Group level is the Global Head of Internal Audit; and
- **the actuarial function,** which is, in particular, responsible for overseeing the calculation of technical provisions (including ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions), assessing the

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

sufficiency and quality of the data used in this calculation and comparing best estimates against experience, expressing an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements. The actuarial function holder at Group level is the Group Actuarial Function Holder. For further information on the actuarial function, please refer to Section 4.6 "Insurance risks" of this Annual Report [1].

The holders of key functions have direct access to the Board of Directors.

The Group's Chief Executive Officer, the Group's Chief Financial Officer and the Group General Secretary, who, under Solvency II, are deemed to be "persons who effectively run" the Group, and the key functions holders must fulfil the requirements for a fit and proper assessment, as set in the Group's internal procedure, adopted in compliance with the requirements of Solvency II regulation. Following this procedure, the Group has implemented regular assessments to ensure that the persons who effectively run the Group and key function holders meet the following requirements both at appointment and on an ongoing basis:

- appropriate competence and capability, taking into account professional qualifications, training, knowledge and relevant experience (such as prior Board or Board committee membership) including understanding of regulatory requirements to enable sound and prudent management (fit); and
- propriety, taking into account reputation, financial soundness and personal characteristics such as integrity and transparency (proper).

Furthermore, appointment of each person who effectively runs the Group and each key function holder at Group level is required to be notified to the French *Autorité de contrôle prudentiel et de résolution* ("ACPR"), through a formal process, including submission of a detailed questionnaire addressing the fitness and propriety of such person, as well as detailed background information. Solvency II also requires the implementation of procedures whereby the key function holders at Group level must have direct access to the Board of Directors.

4.2.1 Governance and Risk Management organization

GOVERNANCE

(1) *Only information contained in Section 4.6 "Insurance risks" of this Annual Report and referred to in Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

Board of Directors

The Board of Directors is responsible for ensuring that an appropriate and effective system of internal control and Risk Management is in place across the Group. In this context, it can undertake all controls and verifications as it deems appropriate.

The Board of Directors has established three Committees to assist it in fulfilling its responsibilities: an Audit Committee, a Finance Committee and a Compensation & Governance Committee. All the Board Committees constitute an important part of the Group's overall internal control environment, and play a major role in reviewing internal control and risk management related issues.

For more information about the composition and assignments of the Board of Directors and its Committees, please refer to Section 3.1 "Corporate governance structure – A balanced and efficient governance" (1) of this Annual Report.

Audit Committee

The Audit Committee (i) considers the Group's internal control systems and procedures for risk management with a view to obtaining reasonable assurances as to their effectiveness and consistent application and (ii) monitors the Group's major risk exposures (insurance and operational), the results of the risk assessments performed, and the steps management has taken to monitor that such exposures remain within the risk appetite set by the Group.

The scope of the Audit Committee's responsibilities is set forth in the Audit Committee Terms of Reference, approved by the Board of Directors and available on www.axa.com.

Finance Committee

The Finance Committee examines any subject relating to the financial management of the Group and in particular the policy on financial risk management (including management of foreign exchange and interest rates exposure), the issues relating to the liquidity and financing of the Group, the capital and solvency.

The Finance Committee examines the impact on capital and solvency at Group level of the main orientations and limits of the Asset-Liability Management ("ALM") policy; and reviews the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

Executive Management

Executive Management oversees the implementation of the internal control system and the existence and appropriateness of internal control, as well as risk management monitoring systems within the Group.

For more information about the Executive Management, please see Section 3.1 "Corporate governance structure – A balanced and efficient governance" of this Annual Report. (1)

Audit Risk and Compliance Committee (ARCC)

The Audit Risk and Compliance Committee ("ARCC") has been created in 2016 by the Chief Executive Officer with the view to strengthen the Group's risk governance and is chaired by the Group General Secretary with the purpose of reviewing all material audit, risk and compliance issues faced by the Group.

The scope of the ARCC covers all of the Group's operations and include among others:

- the Group's overall risk appetite, material breaches of risk limits and proposed remedial actions, the Group's risk framework as well as action plans proposed to reduce or otherwise modify the Group's material risk positions when they are beyond defined limits;
- the Group's standards and limits to ensure they are consistent with the Group's defined risk appetite;
- the Own Risk and Solvency Assessment ("ORSA") and of the other Solvency II reports (Group Solvency and Financial Condition report, Group Regular Supervisory report, Actuarial Function Holders reports);
- the systemic documentation (Systemic Risk Management Plan, Liquidity Risk Management Plan, Recovery Plan);
- the major findings identified by internal audit; and
- the Group's Compliance standards.

The ARCC reports back to the Management Committee on a regular basis. The ARCC also reviews and discusses the proposed agenda items for the Audit Committee and Finance Committee with a view to ensuring that these agendas include the appropriate items.

Reporting to the ARCC, the following Group Risk Committees cover the main risk categories:

- **for financial risks:** the Asset-Liability Management Supervisory Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk Officer. This Committee determines the Group ALM policies and ensures that the Group exposures are within the Group risks limits;
- **for insurance risks:** the Life, Savings & Health Audit, Risk & Compliance Committee and the P&C Audit, Risk & Compliance Committee are both chaired by the Chief Executive Officer of their respective Business lines. These Committees oversee risks in their respective businesses;
- **for operational and other material risks (strategic, reputation, emerging):** the Operational Audit Risk & Compliance Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Transformation Officer (2).

The Solvency II Committee, co-chaired by the Group Chief Risk Officer and the Group Chief Financial Officer, is in charge of (i) steering the overall AXA Group Solvency II framework,

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

(2) *As of end of Q1 2017, the Operational Audit Risk & Compliance Committee is co-chaired by the Group Chief Risk Officer and the Group Chief Transformation Officer.*

(ii) implementing the governance and validation of the Internal Model, and (iii) reviewing the Solvency II developments. The Solvency II Committee has a specialized Committee (Systemic Risk Steering Committee) responsible for monitoring the current development in systemic risk and reviewing the documentation required from the Group in light of its global systemically important insurer (GSII) status.

Group Risk Committees are supported by local Risk Committees to ensure consistency in the implementation of the Enterprise Risk Management ("ERM") framework.

RISK MANAGEMENT ORGANIZATION

The control framework with three lines of defense has been designed to ensure that it operates to systematically identify, measure, manage and control the risks that the AXA Group may face.

First line of defense: Management and staff

Management and staff have primary responsibility for (i) establishing and maintaining an effective control environment, (ii) identifying and managing the risks inherent in the products, services and activities in their scope and (iii) designing, implementing, maintaining, monitoring, evaluating and reporting on the Group's internal control system in accordance with the risk strategy and policies on internal control as approved by the Board of Directors.

Second line of defense: Group Risk Management function, Group Compliance function and Internal Financial Control function

Group Risk Management ("GRM") function

GRM is headed by the Group Chief Risk Officer, who reports to the Chief Executive Officer.

The role of GRM is to identify, quantify and manage the main risks to which the Group is exposed. To this end, GRM develops and deploys a number of risk measurements, monitoring instruments and methods, including a standardized methodology and framework for stochastic modelling (through the Internal Model) including the ORSA required under Solvency II.

When appropriate, this role leads to the implementation of decisions that affect the Group's risk profile, helping to monitor the solvency position and manage the volatility of the Group's earnings through improved understanding of the risks taken and optimization of capital allocation.

As an integrated part of all the Group's business processes, GRM is also responsible for the definition and implementation of the ERM framework within the AXA Group.

The ERM framework is based on the following five 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 Department (third line of defense). The Risk Management Department, together with the Compliance and Internal Financial Control constitute the second line of defense, whose objective is to develop, coordinate and monitor a consistent risk framework across the Group.
2. **Common risk appetite framework:** Chief Risk Officers are responsible for ensuring that senior management reviews and approves the risks to which the relevant entity or business unit is exposed, understands the consequences of an adverse development in such risks, and have action plans that can be implemented in case of unfavorable developments.
3. **Systematic second opinion on key processes:** Chief Risk Officers provide a systematic and independent second opinion on investments, ALM and reserves, product approval process and reinsurance and challenge on operational risks and strategic plan.

4. **Extensive use of Internal Model based on a robust economic capital metric:** the Internal Model is intended to offer a concrete and powerful tool to control and measure exposure to most risks, in line with the Solvency II framework. The Internal Model is designed as a consistent and comprehensive risk management tool, which also forms an important element in the capital management and planning process.
5. **Proactive Risk Management:** Chief Risk Officers are responsible for early detection of risks. This is ensured through challenge of and constant dialogue with the relevant business, and supported by the AXA Group's emerging risks management framework.

GRM oversees the operating entities' adherence to the ERM, supported by the local risk management teams. It coordinates risk management for the Group, steers the local risk management departments and strives to develop a risk culture throughout the Group.

The Risk Management function at Group level is also reinforced by AXA Global P&C and AXA Global Life, which as global business lines, advise and support local entities in their reinsurance strategy (Property & Casualty, Health and Life & Savings), and centralize the Group's purchasing of reinsurance. For additional information on the reinsurance strategy, please see Section 4.6 "Insurance risks" of this Annual Report [(1)].

Group Compliance function

The Group Compliance function is responsible for advising Executive Management and the Board of Directors on compliance with applicable laws, regulations and administrative provisions adopted in accordance with the Solvency II regulation and other laws and regulations, and on the impact of major changes in the legal and regulatory environment applicable to AXA Group's operations. The Group Compliance function provides expertise, advice and support to the various entities of the Company to assess situations and significant compliance matters, analyze the major compliance risks and contribute to design solutions to mitigate those risks to which the Group is exposed. The Group Compliance function manages a wide range of compliance related matters including (i) regular reporting on significant compliance and regulatory matters to Executive Management and to regulators, (ii) financial crime matters (which include anti-corruption, anti-bribery, anti-money laundering programs as well as international sanctions/embargo compliance), (iii) data privacy, (iv) the Compliance and Ethics Guide, and (v) the monitoring of other major compliance and regulatory risks.

The Group Compliance Chief Officer reports to the Group General Secretary.

The compliance activities within the Group are set out in a number of Standards and Policies which set the minimum requirements expected to be covered by the entities and their compliance functions.

The Compliance section of the Group Standards Handbook ("GSH") and the Compliance Professional Family Policy Manual ("PFPM") contain standards and policies on significant risks affecting compliance activities as well as the high-level control and monitoring principles to which the entities must adhere. These are validated annually by the Group Management Committee. Both standards and policies contained in the GSH and PFPM (*e.g.* Anti-Money Laundering, Sanctions, Anti-Bribery…) are mandatory.

In 2016, AXA Group Compliance has reviewed and submitted to the Audit Committee and the Board of Directors a new AXA Compliance Governance Policy. The policy is in force since January 1, 2017 and defines the responsibilities, scope, competencies and reporting duties of the compliance function as required by the Solvency II regime. It also describes the responsibilities of the Group Compliance function in terms of risk identification, advice and monitoring activities.

The Group Compliance function undertakes an annual Compliance Risk Assessment exercise *via* which entities are required to identify the most significant compliance risks to which they are exposed. Based on this assessment, an Annual Compliance Plan is developed at the end of each year for the following year.

The Group Compliance function has implemented a number of monitoring processes. For example, the Compliance Support and Development Program (CSDP) which is an ongoing program of structured on-site Compliance reviews conducted by the Group Compliance Department to AXA Group Companies worldwide. The main purpose of these reviews is to measure adherence to the Group Standards and Policies, to define improvement action plans, to provide experienced advice and to rate the entity's maturity level against other Group companies. This program was introduced in 2009 using a risk-based approach.

On a regular basis, the Group Compliance function reports to the Group ARCC, the Audit Committee, and to the Board of Directors (as required) on significant compliance matters. These include major regulatory changes that have compliance implications, results of the Compliance Risk Assessment, and any other significant issues that require escalation.

Internal Financial Control (IFC) function

The AXA Group has implemented an Internal Financial Control ("IFC") program, managed by PBRC (Planning, Budgets, Results Central) and under the supervision of the Group Chief Financial Officer, to provide reasonable assurance regarding:

- the reliability of Internal Control Over Financial Reporting ("ICOFR");
- the efficiency of internal control framework over Solvency II to contribute to the Internal Model validation process.

(1) Only information contained in Section 4.6 "Insurance risks" of this Annual Report and referred to in Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

In order to assess the effectiveness of internal financial control, the Group IFC team has put in place a top-down and risk-based approach, based on the 5 following steps:

- assessing the risks to determine the scope of processes and controls;
- documenting the in-scope processes and controls;
- testing the design and operating effectiveness of controls;
- remediating the identified control deficiencies; and
- ending with a certification process.

This approach is defined and formalized in the "AXA Group IFC Manual".

For more information on ICOFR and on Solvency II, please refer to paragraphs "Financial reporting, disclosure, controls and procedures" and "Internal Model validation" below.

Third line of defense: Group Internal Audit function

The Group's Internal Audit function provides the Group Audit Committee and the Group's Management Committee with independent and objective assurance on the effectiveness of internal control and Risk Management across the Group.

The Global Head of Internal Audit reports to the Chairman of the AXA Group Audit Committee with an administrative reporting line to the Group Chief Executive Officer.

All internal audit teams across the Group report to the Global Head of Internal 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.

The Group's Internal Audit function exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations. It helps the organization meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of Risk Management, control and governance processes.

The Global Head of Internal Audit has a direct reporting line directly to the Group Audit Committee Chairman.

Group Internal Audit sets an annual plan of work, based on an assessment of both the inherent risk and the adequacy of controls as well as consideration of the audit cycle. The plan is formally approved and its performance formally monitored by the Group Audit Committee.

Over a five year period, all applicable "Common Audit Universe" categories for each entity are expected to be audited. Any exceptions identified are notified to the Audit Committee for ratification.

A report is issued at the conclusion of each audit assignment to the relevant senior management. The results of the audits and resolution status of internal audit issues are presented to the relevant Audit Committee and Executive Management Committee on a regular basis.

Risk management at local level

Governance: The Group Governance Standards require, among other things, the Boards of AXA's main subsidiaries to establish an Audit Committee. The Audit Committees have a critical role in reviewing financial results and other financial information prepared by the management of these subsidiaries, financial reporting and control processes, critical accounting policies, specific accounting issues, key risks and systems of internal control, fraud and similar issues.

The Group Governance Standards are part of the larger set of GSH. These Group Standards are designed to ensure that all the companies of the Group have effective Risk Management processes and appropriate governance structures, and meet the Group's minimum control requirements. Chief Executive Officers of AXA Group companies are therefore required to certify annually that the companies under their responsibility are in compliance with the Group Standards.

Risk management: Risk Management is a local responsibility, in accordance with GRM standards and guidelines. The roles and responsibilities of local risk management teams are validated jointly by the executive committees of local entities and the Group's Chief Risk Officer to ensure a better alignment of central and local interests.

The minimum missions required for local risk management teams are:

- coordinating the second line of defense locally (which covers among others Compliance, Security) through a specific system of governance framework;
- ensuring that the risk appetite is implemented with respect to all risks consistently with the Group's risk appetite, with enhanced reporting, risk limits and decision processes;
- providing a second opinion on key processes, such as the definition of characteristics for new products before launch, reserves, ALM studies & asset allocation and reinsurance strategies;
- with respect to the Internal Model, local risk management teams are responsible for checking the adequacy of the local risk profile, and for implementing, testing and validating the Internal Model.

Local Chief Risk Officers head the local risk management teams within each operational entity, and report both to their local Chief Executive Officer and to the Group Chief Risk Officer. They are independent from operations and Internal Audit Departments.

Local Chief Risk Officers regularly report to the local Board of Directors (or to a sub-committee) on Risk Management matters.

Their teams are responsible for controlling and managing risks within Group policies and limits, and for validating investment or underwriting decisions through local Risk Committees. The Group Chief Risk Officers chairs the Chief Risk Officers' meeting composed of the Chief Risk Officers of AXA's main subsidiaries, that meets on a quarterly basis and have monthly calls.

Compliance: The local Compliance functions are expected to undertake an annual Compliance Risk Assessment to identify the major compliance risks to which the business is exposed. Based on the Compliance Risk Assessment, an Annual Compliance Plan must be developed at the end of each year for the following year. The local Compliance function must directly report on a regular basis to local senior management and the local Audit Committee (or equivalent body), on significant compliance matters, including key compliance risks, major regulatory changes that have compliance implications, the Annual Compliance Plan, outstanding Compliance Support and Development Program action points and any other significant issues that require escalation.

FINANCIAL REPORTING, DISCLOSURE, CONTROLS AND PROCEDURES

Scope of responsibilities

The PBRC Department within the Group Finance Department is responsible for consolidation, management reporting, the internal financial control program, as well as actuarial indicators and the economic balance sheet. These missions are performed for regular closings, forecasts and strategic plan exercises. PBRC works with local PBR units within the Finance Departments of Group subsidiaries.

The local PBR units are responsible for producing their respective contribution to the Group consolidated financial statements.

PBRC's role encompasses the following principal activities:

- development of both accounting and reporting standards;
- managing instructions to process with the subsidiaries for the various exercises;
- managing the Group's financial consolidation and reporting systems;
- 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;
- managing and consolidating the European Embedded Value and Available Financial Resources processes, related actuarial indicators and the economic balance sheet;
- coordinating the production of the Group's Annual Reports filed with the AMF;
- coordinating the production of reports filed with the ACPR related to Solvency II;
- liaising with the Statutory Auditors and contributing to Audit Committee meetings as required; and
- fostering convergence of accounting and financial reporting processes, systems and organizations for insurance activities in Europe.

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 is 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's 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 and the economic balance sheet. The process through which this management reporting information and the economic balance sheet are produced and validated is the same as the one used to prepare consolidated financial information.

Operating control mechanisms

At entity level, AXA's subsidiaries are responsible for recording 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 their respective contribution to the consolidated figures reported through "Magnitude" and their compliance with both the AXA Group Accounting Manual and instructions in all frameworks produced (IFRS, Embedded Value, actuarial indicators and economic balance sheet) within the internal financial control program.

At PBRC level, accounting, financial and economic information reported by entities are analyzed by teams that liaise with subsidiaries on a full-time basis. In particular, these teams analyze the compliance with the AXA Group Accounting Manual and Group actuarial standards.

Internal control over financial reporting (ICOFR)

The AXA Group's ICOFR is a process designed under the supervision of the Group Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements.

The Group's ICOFR includes policies and procedures that provide reasonable assurance that:

- the maintenance of records accurately and fairly reflects the transactions and dispositions of Group assets;
- the transactions are recorded as necessary to permit the preparation of financial statements in accordance with applicable generally accepted accounting principles;
- the receipts and expenditures are being made only in accordance with an authorization of executives of the Group; and
- any 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.

The Group has implemented a comprehensive program, managed by PBRC, entitled Internal Financial Control, designed to ensure that the Group Chief Executive Officer has a reasonable basis to conclude that AXA Group's ICOFR is effective as of the end of each financial year.

The IFC program is based on the Group's IFC Standard, which is an internal control and governance standard based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is designed to define the IFC scope and governance, ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program.

In accordance with the Group's IFC Standard, the in-scope entities (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 and (ii) test the design and operational effectiveness of key controls based on the test plans.

These tests form part of a continuous improvement process in internal control over financial reporting. Areas for improvement are identified by specific test plans designed by management with insight into the risks covered. These processes then help remediate the identified potential control deficiencies and maintain high standards of internal control within the Group.

At each year-end, the in-scope entities are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the entity's process owners and culminates with a formal management report from the entity's Chief Financial Officer or another senior executive stating their conclusion as to the effectiveness of the entity's ICOFR.

Disclosure controls and procedures

The Group has implemented a formal internal review and sign-off process pursuant to which all Management Committee members, Chief Financial Officers and certain other senior executives are required to certify various matters covered in AXA's registration document.

This process is based on the following four pillars:

1. Chief Financial Officer Signs-Off Certificates, which are required to be submitted by all local Chief Financial Officers to PBRC, together with the required subsidiary financial reporting and consolidation information;
2. IFC Management reports are required to be submitted by the Chief Financial Officer or another senior executive of every in-scope entity, as part of the IFC program dedicated to ICOFR;
3. Disclosure Controls & Procedures Certificates, which are required to be submitted by AXA's Management Committee members, regional Chief Financial Officers and certain other senior executives pursuant to which each of these executives is required to review the Group's registration document 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 cross-sectional disclosures in the registration document relating to risk and other matters;
4. Chief Financial Officer Signs-Off Certificates on notes to the Consolidated Financial Statements: PBRC provided regional Chief Financial Officers with the contribution of the entities under their responsibility to the Consolidated Financial Statements in order to facilitate their certification on the accuracy and completeness of the information in the registration document of the Group.

For further information, please refer to Appendix II "Management's annual evaluation of the internal control over financial reporting" of this Annual Report.

CONCLUSION

The Group believes that it has established a comprehensive system of internal control procedures and mechanisms that Management believes appropriate and 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 cannot provide absolute certainty or guarantee against the materialization of risks and control failures. Even systems determined to be effective by the management may not prevent or detect all human errors, all system malfunctions, all fraud or all misstatements and can provide only reasonable assurance.

4.2.2 Own Risk and Solvency Assessment ("ORSA") (1)

POLICY AND GOVERNANCE

Under Solvency II, the Group and certain of its subsidiaries (*i.e.* all insurance entities in the European Economic Area and insurance entities outside the European Economic Area that are within the scope of the Internal Model) are each required to produce an ORSA report which is filed with the applicable national regulator. At Group level, the Group Chief Risk Officer is responsible for developing the ORSA policy, implementing the ORSA process and coordinating the ORSA reporting.

The ORSA policy defines minimum standards for assessing and reporting own risks and solvency to be applied across the Group. Adherence to this policy is expected to be promoted and monitored by all regional and entity heads of risk management department (Chief Risk Officers).

The Group ORSA report is reviewed annually by the Solvency II Committee and then presented, first, to the ARCC and the Audit Committee of the Board of Directors, and finally to the Board of Directors, which approves the conclusions of the Group ORSA report and authorizes its filing with the ACPR.

This review encompasses solvency ratio results at year-end targets, risk and solvency management internal best practices and conclusions on management actions for material risks assessed out of the economic capital requirement.

Beyond the annual ORSA report, a quarterly assessment is performed to update the Group's risk profile and adapt management actions accordingly. This information is reported to the ARCC which regularly reviews all material audit, risk and compliance issues faced by the Group.

PURPOSE AND CONTENT

ORSA encompasses processes to identify, assess, monitor, manage and report the short to medium term risks to which the Group is exposed and to ensure the adequacy of the level of own funds within the Group solvency targets, taking into account the Group's risk profile, approved risk tolerance limits and business strategy. An important component of the risk management system, it is intended to give a comprehensive and complete vision of the risks embedded in the businesses of the Group.

ORSA mainly encompasses risk management and financial activities, which are organized around the following processes:

- Solvency Capital Requirement & Available Financial Resources (AFR) quarterly calculation;
- liquidity risk reporting;
- strategic planning and financial projections;
- risk appetite process;
- stress and scenario testing analysis and monitoring; and
- reputation and strategic risk assessment and review.

The ORSA report provides an assessment on:

- the overall solvency needs through the measurement of quantifiable risks considering risk mitigation actions implemented in current economic context and approved business strategy detailed in the 2017-2020 strategic plan and within approved risk appetite limits. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. This is supported by the ERM, including the identification and monitoring of non-quantifiable risks;
- the compliance, on a continuous basis, with regulatory capital requirements, through the assessment of the ability to meet capital requirements using the approved Internal Model, in compliance with the Solvency II regulatory standard. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. Also, the extensive use of the Internal Model outputs for key decision making processes provides a feedback loop for improving the modelling according to the evolution of the risk profile;
- the extent to which the risk profile of the AXA Group deviates from the assumptions underlying the Solvency Capital Requirement calculated on the basis of the Internal Model. Extensive validation tests are performed to assess the relevance of the Internal Model and the model error. Limitations of the Internal Model and evolution plan resulting from the validation activities are presented.

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

4.2.3 Internal Model [1]

For more information on regulatory and capital requirements applicable to the Group, including the Solvency II regime, please refer to Section 6.3 "General Information – Regulation and Supervision" of this Annual Report.

The Group has developed a robust economic capital model since 2007. This model has been used since 2009 in its Risk Management system and decision-making processes. On November 17, 2015, the Group received approval from the ACPR to use its Internal Model to calculate its Solvency Capital Requirement under Solvency II. The Internal Model encompasses the use of AXA Group economic capital model on all material entities, except AXA US which is considered in equivalence. The Group continues to review regularly the scope, underlying methodologies and assumptions of its Internal Model and will adjust its Solvency Capital Requirement accordingly. Any significant changes to the model will have to be approved by the ACPR who may require further adjustments to the level of Solvency Capital Requirement. In addition, the Group monitors the work programme of the European Insurance and Occupational Pensions Authority (EIOPA) which, through its objectives, is also expected to carry out a review of the consistency of European insurer's models and any such review may lead to regulatory changes to increase convergence and to strengthen oversight of cross-border groups.

The Group's main goal in using its Internal Model as opposed to the standard formula is to better reflect the Group's risk profile in its Solvency Capital Requirement. This is reflected through several objectives:

- taking into account local specificities – The Group is a global company, and caters to a wide range of insurance markets with a variety of products offered targeting certain demographics and with differing risk exposures. It is therefore appropriate, to the extent possible, to calibrate stresses specific for these risk profiles and to allow for the benefits of diversification of risks which arise as a result of being spread over these markets;
- addressing shortcomings inherent to the standard formula – Based on its expertise, the Group can improve on the approach of the standard formula, which is naturally constrained by its general scope, and have models more appropriate to the scope of the Group; and
- allowing for better evolution of the model over time – As the Group's experience increases, business expands to new markets and product innovations create different risks to consider, the flexibility of an internal model allows the specificities of these developments to be reflected.

The Internal Model is based on a common definition of risks used consistently throughout the Group. It aims to ensure that the Company risk mapping is comprehensive and is followed in a consistent way across the Company and that efficient procedures and reporting are in place so that roles and responsibilities are allocated to identify, measure, monitor, manage and report key risks.

The Group risk grid [2] aims to identify all material risks applicable to the Company's insurance businesses. The Internal Model is intended to capture all material risks to which the Group is exposed from the risk assessment performed at sub-risk level to the overall aggregation of risk categories.

The underlying methodologies and assumptions used in the economic capital model are regularly reviewed to ensure that they accurately reflect the AXA Group's risk profile and new methods are developed and integrated regularly (in accordance with the Internal Model change policy).

The Solvency Capital Requirement, calculated on the basis of the Internal Model, represents the value at risk of Group Available Financial Resources at the 99.5th percentile over a one-year horizon. In other words, the Solvency Capital requirement is the capital needed to sustain a 1-in-200-year shock. It strives to include all measurable risks (market, credit, insurance and operational) and reflects the Group's diversified profile.

In addition to the risks that result in a Solvency Capital Requirement through the Internal Model calculation, the Group also considers liquidity risk, reputation risk, strategic risk and regulatory risks as well as emerging threats.

(1) This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

(2) The Group risk grid is designed to identify all risks applicable to AXA businesses. Risk categories are further split into sub-risks. The risk assessment is performed at the sub-risk level. The risk grid is regularly reviewed and validated at Group Level.

AXA Group Solvency ratio

In addition to the Solvency Capital Requirement assessment, which intends to cover all quantifiable risks to which the Group is exposed (insurance, financial, and operational risks), AXA Group performs sensitivity analyses of its solvency ratio to material risks and events.

These analyses quantify, for instance, the potential impact on the AXA Group solvency ratio of (i) financial shocks on corporate bond spreads, on interest rates, and on equity; (ii) a wide range of shocks reflecting historical stress events (such as the 2008-2009 financial crisis, the 2011 financial crisis, the 1918 Spanish flu and the 1999 Lothar & Martin storms).

These sensitivity analyses do not take into account preemptive management actions that might be taken to mitigate the effects of the defined shocks, nor indicate a probability of occurrence, but, are designed:

- to demonstrate that the AXA Group solvency ratio is resilient to a wide range of shocks;
- to ensure through the risk appetite framework that the management reviews and acknowledges the risks that arise in their company, understands the consequences of an adverse development of these risks, and have action plans that can be implemented in case of unfavorable developments; and
- to verify the robustness of the Internal Model.

The Solvency II ratio as of December 31, 2016, published on February 23, 2017 was estimated at 197% [(1)] which remains within AXA's target range set at 170-230%.

Internal governance model

At Group level, the governance bodies involved in the Internal Model governance are as follows:

- the Board of Directors reviews the Internal Model, and authorizes the application for ACPR's approval of major changes to the Internal Model;
- the Audit, Risk and Compliance Committee; and
- the Solvency II Committee.

At Group level, the Internal Model is reviewed, tested and approved on an ongoing basis by the Solvency II Committee.

The Solvency II Committee is supported by risk technical working groups reviewing changes proposed to the Internal Model and presenting conclusions of these diligences to the Solvency II Committee. The Solvency II Committee also reviews the Internal Model validation and model change processes, and liaises with local governance. It also reviews the conclusions of the regular validation activities.

The Group's results are presented quarterly to the Audit, Risk and Compliance Committee.

(1) The Solvency II ratio is estimated based on the Internal Model calibrated based on adverse 1/200 year shock and assuming US equivalence. The Solvency II ratio will be finalized prior to the publication of AXA's Solvency and Financial Condition Report (SFCR) expected by July 1, 2017.

Internal Model validation

The Group has implemented and documented a validation process of its Internal Model to monitor its performance and continued adequacy. This process and associated governance are documented in the Group validation policy, endorsed by the ARCC.

The Group validation policy is supplemented by local validation policies specifying the local validation activities and responsibilities.

Validation does not only apply to the quantitative aspects of the model (input data, theory & methodology, parameters & assumptions, data, results) but also encompasses the qualitative aspects of the model: expert judgment, documentation, model governance, use test, systems/IT.

Risk management performs regular integrated validation activities, described in the Internal Model validation policy, mostly organized around:

- validation of the model structure, modelling choices, parameters and assumptions; and
- validation of the Solvency Capital Requirement calculation and results.

These tasks are performed mostly within the risk management departments in charge of the model, through controls and validation activities using validation tools such as sensitivity tests, back testing, scenario testing, and stability analysis and any other relevant activity.

These validation procedures are complemented by independent challenge and validation of assumptions, key parameters and results through Committees (including assumptions Committees, calibration Committees and clearance Committees) intended to provide an adequate level of expertise and seniority.

In particular, regional risk management departments and/or Group Risk Management teams provide independent testing of the local model choices, local parameters, assumptions or calibration as well as local results.

Apart from this line-integrated validation, sanctioned by Chief Risk Officer's review and sign-off, a comprehensive independent review process has been defined and implemented to provide adequate comfort to AXA Group Management and Board of Directors that the model and its outputs meet a "fit for purpose" standard.

The independent reviews are performed by the following two internal teams:

- IFC teams, at local and Group level, responsible for assessing the effectiveness of internal control framework over Solvency II, on the basis of the testing of processes and controls over the AFR and STEC, at least annually; and
- Internal Model Review ("IMR") team, a Group team responsible for the in-depth actuarial review of the model under local teams' responsibility, the conception and methodology when locally developed, and the local implementation of the Group principles when relevant. IMR controls are performed on a 3-year rolling basis, independently from closing agenda.

Both IMR and IFC are fully independent from the development, the governance and the processing of the Internal Model.

At the end of the annual validation process, the Board of Directors is provided with a report summarizing the conclusions of the internal review by Risk Management and the conclusion of the independent review by IMR and IFC as well as a review by an independent third party.

4.2.4 Governance of investment strategy and asset & liability management (ALM)

The AXA Group, as an insurance group, follows an investment strategy mainly driven by Asset Liability Management ("ALM"). The overall objectives of all investment decisions made within the Group are to ensure that its obligations and commitments to policyholders are met at all times, to protect the solvency of the Group's entities, and to generate superior return over time.

GROUP AND LOCAL GUIDANCE ON INVESTMENTS

The Group Chief Investment Officer (Group CIO) heads the Group-wide community of local insurance companies CIOs, the central Investment & ALM Department and reports to the Group Chief Financial Officer. His role includes aligning AXA's investment strategy with the broader strategy of the Group, fostering closer cooperation amongst local entities, enhancing methodology, and steering investment decisions.

Local investment & ALM activities are steered by local CIOs. Local CIOs manage local portfolios, aiming at an optimized risk-return ratio, maintain reporting lines to the Group, and manage close relationships with asset managers and local stakeholders. Moreover, they are responsible for the investment performance and for implementing and executing a sound asset liability management.

GROUP AND LOCAL GOVERNANCE BODIES

In order to efficiently coordinate local and global investment processes, decisions within the Group's investment community are taken by two main governance bodies:

- the Group Investment Committee, which is chaired by the Group Chief Financial Officer. This Committee defines investment strategies, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance; and
- the Asset Liability Management Supervisory Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk Officer. The Group Chief Investment Officer is also member of this Committee (please refer to the paragraph "Audit Risk and Compliance Committee" above).

At the entity level, each insurance company has a local Investment and ALM Committee whose terms of reference are approved by the local Executive Committees.

These Committees are responsible for, inter alia, defining the entity's Strategic Asset Allocation, approving and monitoring investments, meeting local compliance obligations and reviewing the participation in investment proposals syndicated by the Group, as well as local investment proposals.

ALM STUDIES AND STRATEGIC ASSET ALLOCATION

ALM aims to match assets with the liabilities generated by the sale of insurance policies. The objective is to define the optimal asset allocation so that all liabilities can be met with the highest degree of confidence while maximizing the expected investment return.

ALM studies are performed by the Investment & ALM Department with the support of internal asset managers when appropriate and a second opinion is provided by the risk management department. They use methodologies and modelling tools that develop deterministic and stochastic scenarios, embedding policyholders' behavior considerations for the liabilities, financial market evolution for the assets and taking into account existing interaction between the two. This process aims at maximizing expected returns given a defined level of risk. Furthermore, a series of additional constraints are taken into account, such as Solvency II economic capital model considerations, earnings stability, protection of the solvency margin, preservation of liquidity, as well as local and consolidated capital adequacy and requirement.

ALM constraints are also taken into account when new insurance products are being designed as part of the product approval process (see Section 4.6 "Insurance risks – Product approval" of this Annual Report).

At the entity level, the strategic asset allocation issued from the ALM study must be reviewed by local Risk Management, and verified against predefined risk appetite limits, before being approved by the local Investment and ALM Committee.

INVESTMENT APPROVAL PROCESS

Investment opportunities, like non-standard investments, new strategies or new structures, are subject to an Investment Approval Process ("IAP") in line with the third pillar of the Group risk management principles which provides for a systematic second opinion on key processes. The IAP ensures key characteristics of the investment are analyzed, 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 completed at Group level for any significant investment, notably if several local entities are participating in the same investment. In that case, the successful completion of an IAP is done after the production of a second independent opinion by Group Risk Management. The IAP is used and completed at local level to cover local regulatory characteristics (including tax and statutory accounting).

Local IAP is also run for investments in new asset classes for local entities under the same principles.

GOVERNANCE FRAMEWORK FOR DERIVATIVES

Products involving hedging programs based on derivative instruments are designed with the support of dedicated teams at AXA Bank Europe, AXA Investment Managers, AB, AXA US and AXA SA. In a similar way, this set-up ensures that all entities benefit from technical expertise, legal protection and good execution of such transactions within the following governance framework for derivatives.

Derivative strategies are systematically reviewed and validated by local Investment and ALM Committees. In addition, there is a 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 risks arising from derivatives are regularly monitored taking into account the Group's various constraints (such as risk appetite and Internal Model).

Such monitoring is designed to ensure market risks, arising from cash or derivative instruments, are properly controlled and remain within approved limits.

Legal risk is addressed by defining a standardized master agreement. The Group's business units may trade derivatives only if they are covered by legal documentation which complies with the requirements set out in the Group standard. Any change to certain mandatory provisions defined in the Group standards must be approved by GRM.

Additionally, there is a centralized counterparty risk policy. GRM has established rules on authorized counterparties, minimum requirements regarding collateral and counterparty exposure limits.

The operational risk related to derivatives is measured and managed in the context of the Group's global operational risk framework. Furthermore, execution and management of derivatives are centralized within dedicated teams, reducing the AXA Group's operational risk.

Valuation Risk is addressed through the use of expert teams. They independently counter-valuate the derivatives positions so as to achieve appropriate accounting, payment and collateral management. They also challenge the prices proposed by counterparties in the event that the applicable AXA entity wishes to initiate, 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

For a large proportion of its assets, the Group utilizes the services of asset managers to invest in the market:

- local AXA companies assign the day-to-day management of their asset portfolios primarily to AXA's Asset Management subsidiaries, *i.e.* AXA Investment Managers and AB. Local CIOs continuously monitor, analyze, and challenge asset managers' performances; and
- in order to benefit from a more asset-specific and/or geographical expertise, the Group may also decide to invest through external asset managers. In such event, thorough due diligence analyses are performed by the Investment and the risk management communities and a continuous monitoring is implemented at both Group and Local levels.

4.3 MARKET RISKS

Market risks: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Market related risks" in Section 4.1 "Risk Factors" of this Annual Report.

AXA Group is exposed to financial market risks through its core business of financial protection (*i.e.* insurance) and through the financing of its activities as part of its equity and debt management.

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 market returns may cause us to accelerate amortization of deferred acquisition costs, value of business in-force and other intangibles;
- 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 on General Account products or fees on Unit-Linked contracts;
- a rise in yields on fixed-income investments (linked to changes in interest rates or in credit spreads) reduces the market value of fixed-income investments and could impact adversely the Group's solvency position, and increase policyholder's surrenders due to competitive pressures;
- a decline in asset market value (relating, for example, to equity, real estate, or alternatives, etc.) could adversely impact the Group's solvency position, as well as available surplus;
- a rise in financial market volatility may increase the cost of hedging the guarantees associated with certain products such as Unit-Linked and 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 implemented to manage these risks are tailored to each product type and the risks relating to it.

The main market risks to which the AXA Group is exposed are the following:

- interest-rate risk, spread risk and equity risk related to the operating activities of Group subsidiaries;
- exchange-rate risk related to the operating activities of Group subsidiaries; and
- risks relating to the management of holding companies' exposure to foreign currency exchange rate fluctuations and debt.

AXA Group's exposure to market risks is covered by AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph "Internal Model" in Section 4.2 "Internal control and risk management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity Risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and risk management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset Liability Management, aims to ensure that the Group's obligations and commitments to policyholders are met at all time, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and risk management" of this Annual Report).

Local operating units have the primary responsibility for managing their market-related risks, while abiding by the risk framework defined at Group-level, in terms of limits/thresholds and standards. This approach aims to allow reacting swiftly in an accurate and targeted manner to changes in financial markets, political and economic environments in which the Group operates.

A wide variety of Risk Management techniques are used to control and mitigate the market risks to which the Group is exposed. These techniques, used primarily in all operating subsidiaries, include:

- local risk appetite governance and processes, including functional limits on market risks defined locally and approved by the local Board or Executive Committee;
- Asset Liability Management (ALM), *i.e.* defining an optimal strategic asset allocation with respect to the liabilities' structure in order to reduce the risk to a desired level;
- a disciplined investment process, requiring for any sophisticated investment a formal thorough analysis by the Investment Department, and a second opinion by Risk Management;
- 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 for operating units as well as AXA Bank Europe and AXA US for the hedging program of Variable Annuities' guarantees;
- a regular monitoring of the financial risks on the Group solvency ratio; and
- reinsurance which also offers solutions to mitigate certain financial risks.

As regards the market risks relating to the management of holding companies' foreign exchange and interest rates exposure, the following risk management measures have been defined and implemented.

For the purpose of optimizing the financial management and control of financial risks linked to holding companies, the Group Corporate Finance and Treasury Department has defined and implemented formal management standards, as well as guidelines for monitoring and assessing financial risks. These standards are designed to permit a consistent measurement of the positions of AXA SA and sub-holdings.

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 ratio at Group level. 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 Corporate Finance and Treasury 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 five times a year.

Focus on main market risks and sensitivity analyses

INTEREST RATES & EQUITY RISKS RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

AXA Group performs sensitivity analyses to estimate its 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 sensitivities to movements in interest rates and equity markets looking at two different measures:

- sensitivities of the Group Available Financial Resources (AFR), as described below;
- sensitivities of Group solvency ratio (please refer to Section 4.2 "Internal control and risk management" of this annual report) (1).

Available Financial Resources represent the amount of economic capital available to absorb losses under stress events. The AFR are the surplus of assets over liabilities derived from the Solvency II balance sheet.

AXA Group Risk Management is monitoring AFR sensitivities and the AFR is derived from IFRS equity. The following table presents the reconciliation between IFRS Shareholders' equity to Group AFR.

Reconciliation ifrs shareholders' equity to Group AFR (in Euro billion)	2016
IFRS shareholders' equity (a)	**70.6**
Net URCG (c) not included in Shareholders' Equity	4.2
Elimination TSS/TSDI	(8.1)
Elimination Intangibles	(33.0)
Goodwill	*(15.4)*
DAC	*(13.7)*
VBI	*(1.8)*
Others	*(2.2)*
IFRS tangible net asset value (a)	**33.7**
Dividends to be paid	(2.8)
Addition TSS/TSDI and subordinated debt	17.1
Technical provision adjustments	6.5
Other adjustments	3.5
Group available financial resources (b)	**57.9**

(a) Group share.
(b) Including minority interests.
(c) Net Unrealized Capital Gains.

The main elements of the reconciliation from the €70.6 billion of IFRS shareholders' equity to the €33.7 billion of IFRS TNAV are as follows:

- addition of €4.2 billion of net unrealized gains and losses on assets not reflected in IFRS shareholders' equity;
- deduction of €-8.1 billion of undated deeply subordinated notes (TSS) and of undated subordinated notes (TSDI) included in IFRS shareholders' equity;
- elimination of €-33 billion of intangible assets net of unearned revenues and fee reserves, taxes and policyholder bonuses.

The main elements of the reconciliation from the IFRS TNAV to Group AFR are as follows:

- deduction of €-2.8 billion of foreseeable dividends to be paid to shareholders in 2017;
- inclusion of €8.1 billion of undated deeply subordinated notes (TSS) and undated subordinated notes (TSDI), as well as €9.0 billion of dated subordinated debts;
- addition of €6.5 billion reflecting the Solvency II technical provision adjustments corresponding to the adjustment from IFRS reserves to best estimate liabilities (€+16.4 billion) and the market value margin (€-9.9 billion) and;
- other adjustments between IFRS TNAV and Group AFR valuation (€3.5 billion), mainly reflecting the inclusion of minority interests and the treatment of US insurance subsidiaries under the equivalence regime.

Information on the Group AFR is disclosed in the *"Embedded Value & AFR report 2016"* which is available on AXA Group website www.axa.com.

(1) Only information contained in Section 4.2 "Internal control and risk management" of this Annual Report and referred to in Note 4 "Financial and insurance risks management" in Part 5 – "Consolidated Financial Statements" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The sensitivities of the AFR to changes in major economic assumptions were calculated as follows for the 2016 values:

- **upward shift of 50 basis points in reference 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) discount rates. The change is applied to the reference interest rates, including the volatility adjuster where applied in the base case. Inflation rates, the volatility on interest rates and the Ultimate Forward Rates are not changed;
- **downward shift of 50 basis points in reference rates** is the same as above but with a shift downward. Where the shift of 50 basis points would drop rates below 0%, they are floored at zero;
- **10% higher value of equity markets** simulates a shock to the initial conditions for equities only. Listed equities and private equity values including the impact of equity hedges are shocked. This means changes to current market values of all these equities excluding hedge funds, with related possible changes to projected capital gains/losses and/or fee revenues;
- **10% lower value of equity markets:** same methodology as mentioned above assuming a decrease.

L&S AFR sensitivities	2016 AFR (in Euro million)	2016 AFR (in percentage)
Closing amount	**45,103**	**100%**
Interest rates +50bps	224	0%
Interest rates -50bps	(911)	(2%)
Equity markets +10%	865	2%
Equity markets -10%	(1,303)	(3%)

P&C AFR sensitivities	2016 AFR (in Euro million)	2016 AFR (in percentage)
Closing amount	**23,899**	**100%**
Interest rates +50bps	(133)	-1%
Interest rates -50bps	144	1%
Equity markets +10%	335	1%
Equity markets -10%	(331)	-1%

All sensitivities are presented net of tax and minority interests, and where applicable, net of policyholders' participation.

2016 interest rate sensitivities for Life & Savings business (% of L&S AFR) of 0% to upward 50 bps and -2% to downward 50 bps show an asymmetry mainly driven by guaranteed interest rates having higher value when interest rates decrease, while higher reinvestment returns 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 AFR 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.

2016 interest rate sensitivities for Property & Casualty business (% of P&C AFR) of -1% to upward 50 bps and 1% to downward 50 bps reflect mainly the impacts on fixed-income assets, partly offset by discount on liabilities.

2016 equity market sensitivities for Life & Savings business (% of L&S AFR) of 2% to 10% higher value and -3% to 10% lower value show limited asymmetries mainly driven by 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 from General Account exposures or from changing asset balances impacting future fee revenue on separate account business.

2016 equity market sensitivities for Property & Casualty business (% of P&C AFR) of 1% to 10% higher value and -1% to 10% lower value 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 90% of Group assets at December 31, 2016 (90% in 2015), assets and liabilities with foreign currency exposure are generally naturally matched or hedged.

- **Life & Savings business:** 79% of Group assets at the end of 2016 (79% in 2015):

In France, AXA was exposed to exchange-rate risk for a global amount of €15,689 million at the end of 2016 (€15,041 million in 2015) held both directly and indirectly through investment funds partly invested in foreign currencies (particularly US Dollar: €12,284 million *versus* €10,916 million in 2015, Pound Sterling: €2,352 million *versus* €2,526 million in 2015 and Japanese Yen: €233 million versus €216 million in 2015). This exposure allows AXA France to diversify its investments and enable policyholders to benefit from the performance of international financial markets. AXA France offsets its exposure to exchange-rate risk by using foreign exchange forwards and other derivatives (notional of €13,941 million *versus* €12,104 million in 2015).

In Japan, AXA entities may invest when relevant outside the Japanese market in order to diversify and optimize investments and enhance returns. At the end of 2016, the total assets denominated in foreign currencies held both directly and indirectly through investment funds (mainly US Dollar) represented an amount of €12,058 million (€12,988 million in 2015). Excluding assets backing unit-linked contracts, the corresponding exchange-rate risk was fully hedged through the use of derivatives.

In Germany, AXA entities held €8,304 million investments denominated in foreign currencies at the end of 2016 (€8,299 million in 2015) both directly and indirectly through investment funds, with the aim of diversifying its investments and taking advantage of foreign markets' performance. These investments were mainly denominated in US Dollar (€7,019 million *versus* €7,249 million in 2015) including the US Short Duration High Yield Fund (€1,329 million *versus* €1,395 million in 2015) and in Pound Sterling (€850 million *versus* €735 million in 2015). Exchange-rate risk exposure is hedged using foreign exchange forwards for a notional amount of €6,381 million (notional amount of €5,472 million in 2015), currency swaps for a notional amount of €615 million (notional amount of €383 million in 2015) and foreign exchange collars notional €842 million (notional €987 million in 2015).

In Switzerland, AXA entities are exposed to exchange-rate risk through their investments in foreign currencies (mainly Euro and US Dollar) due to limited investment possibilities in the Swiss market. A major portion of the exposure is hedged back into Swiss Francs with foreign exchange swaps, options and forwards. At the end of 2016, Switzerland foreign exchange exposure amounted to €33,074 million (€30,706 million in 2015) which represented circa 41% of total assets (circa 39% of total assets in 2015), of which €30,873 million were hedged (€28,702 million in 2015).

AXA Hong Kong holds investments denominated in foreign currencies for an amount of €12,254 million (€10,057 million in 2015), both directly and indirectly through investment funds. These investments are mainly in US Dollar €11,710 million (€9,592 million in 2015), in order to take advantage of the US bond market which is more developed than the HK bond one notably in terms of liquidity and available maturities. Exchange-rate risk exposure is hedged using foreign exchange forwards and cross currency swap for a notional amount of €5,098 million.

In EMEA-LATAM Region, AXA entities held investments denominated in foreign currencies for €1,318 million in 2016 (€1,329 million in 2015) both directly and indirectly through investment funds and mainly denominated in US Dollar €1,030 million (€1,047 million in 2015). Exchange-rate risk exposure is being mainly under congruent coverage (matching assets and liabilities denominated in the same currency) in particular for Mexico.

AXA in Italy held investments in foreign currency for €1,111 million in 2016 (€637 million in 2015) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €996 million (€576 million in 2015). The overall exchange-rate risk exposure is hedged for a notional amount of €979 million, using foreign exchange-rate forwards (€748 million) and currency swaps (€231 million).

In Spain, AXA entities held investments in foreign currency for €567 million in 2016 (€394 million in 2015) directly and indirectly through physical assets. These investments are mainly in US Dollar €561 million (€381 million in 2015). Exchange-rate risk exposure is hedged for a notional amount of €503 million using mainly foreign exchange forwards and currency swaps.

In Belgium and the United States, the Group's Life & Savings companies do not have any significant exposure to exchange-rate risk.

At the end of 2016, these countries accounted for 99% of the Group's Life & Savings companies' assets (95% at the end of 2015).

- **Property & Casualty business:** 11% of Group assets at the end of 2016 (11% in 2015):

In France, AXA was exposed to exchange-rate risk for a global amount of €3,860 million at the end of 2016 (€3,263 million in 2015) held both directly and indirectly through investment funds partly invested in foreign currencies in order to diversify its investments (mainly US Dollar: €3,092 million *versus* €2,171 million in 2015 and Pound Sterling: €636 million *versus* €627 million in 2015). AXA France offsets its exposure to exchange-rate risk by using foreign exchange forwards in these currencies (notional of €3,458 million *versus* €2,655 million in 2015).

In Germany, AXA held €2,133 million investments denominated in foreign currencies at the end of 2016 (€2,437 million in 2015) both directly and indirectly through investment funds with the aim of diversifying its investments and taking advantage of foreign markets' performance. These investments were mainly denominated in US Dollar (€1,845 million *versus* €2,109 million in 2015) including the US Short Duration High Yield Fund (€402 million *versus* €455 million in 2015). Remaining exchange-rate risk exposure, mainly concerning the Pound Sterling for €185 million (€193 million in 2015), is incurred for the purpose of diversifying investments. AXA Germany controls and limits its exchange-rate risk by using foreign exchange forwards for a notional amount of €1,638 million (notional €1,865 million in 2015), currency swaps for a notional amount of €117 million (notional €145 million in 2015), foreign exchange collars for a notional amount of €274 million (notional €183 million in 2015) and congruent coverage (matching assets and liabilities denominated in the same currency) for €37 million (€18 million in 2015).

In the United Kingdom, AXA is exposed to exchange-rate risk through its AXA Insurance and AXA PPP Healthcare subsidiaries, which operate in Pound Sterling, and through AXA Ireland which operates in Euro. It has diversified its investment portfolios in line with Asset Liability Management objectives. AXA UK held investments denominated in foreign currencies for €3,434 million (€3,141 million in 2015) mainly in US Dollar (€2,410 million), with further UK exposure to the Euro (€645 million) and exposure to Pound Sterling (€328 million) in Ireland. This exposure is held both directly and indirectly through investment funds (CLO funds, Alternative Credit funds, Assets Backed Securities, commercial real estate loans and other investment funds). Of this exposure, €3,046 million is hedged through foreign exchange forwards or cross currency swaps, with a further €330 million of exposure hedging liabilities held within the business.

In Switzerland, foreign exchange exposure amounted to €7,021 million (circa 48% of total assets) at the end of 2016 *versus* €6,661 million (circa 46% of total assets) in 2015, of which €4,934 million were hedged with foreign exchange derivatives (€4,564 million in 2015).

In the course of its business, AXA Corporate Solutions Assurance carries some insurance liabilities denominated in foreign currencies, particularly in US Dollar (€1,288 million at the end of 2016 *versus* €933 million in 2015) and, to a lesser extent, Pound Sterling (€397 million at the end of 2016 *versus* €503 million in 2015). AXA Corporate Solutions Assurance 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.

In EMEA-LATAM Region, AXA entities held investments denominated in foreign currencies for €463 million in 2016 (€512 million in 2015) both directly and indirectly through investment funds and mainly denominated in US Dollar for €379 million (€506 million in 2015). Exchange-rate risk exposure is hedged for a notional amount of €60 million using mainly foreign exchange forwards. The remaining portion corresponds notably to investments in countries having their currency pegged to US Dollar.

AXA in Italy held investments in foreign currency for €433 million in 2016 (€384 million in 2015) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €399 million (€278 million in 2015). The overall exchange-rate risk exposure is hedged for a notional amount of €289 million, using foreign exchange-rate forwards (€220 million) and currency swaps (€69 million).

In Spain, AXA entities held investments in foreign currency for €408 million in 2016 (€389 million in 2015), directly and indirectly through physical assets. These investments are mainly in US Dollar €349 million (€272 million in 2015). Exchange-rate risk exposure is hedged for a notional amount of €284 million using mainly foreign exchange forwards and currency swaps.

In Belgium, the Group's Property & Casualty companies do not have any significant exposure to exchange-rate risk.

These countries accounted for 88% at the end of 2016 (87% in 2015) of the Group's Property & Casualty companies' assets.

- **Holding companies:** (5% of Group assets at the end of 2016 *versus* 5% in 2015):

  Since 2001, AXA SA has 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, 2016, the main hedging positions of AXA SA were as follows:

	Amount in currency (in billion)		Amount in Euro (in billion)		
Foreign currency hedging	**2016**	**2015**	**2016**	**2015**	**Comments**
US Dollar	1.8	0.3	1.7	0.3	In respect of the US activities, in the form of debt and derivatives
HK Dollar	6.9	7.0	0.9	0.8	In respect of the Hong Kong activities, in the form of derivatives
Japanese Yen	55.0	133.8	0.5	1.0	In respect of Japan activities, mainly in the form of derivatives
Pound Sterling	2.0	1.2	2.4	1.7	In respect of the UK activities, in the form of debt and derivatives
Swiss Franc	2.6	2.7	2.4	2.5	In respect of Switzerland activities, in the form of derivatives

AXA SA's assets accounted for the biggest part of the Group holding companies assets at the end of 2016.

In addition to the foreign exchange rate management performed locally (hedged through Foreign Exchange forward and currency swaps), the Group Corporate Finance and Treasury Department steers the global exposure to foreign exchange risk and reports the position five times a year to the Finance Committee of the Board of Directors.

4.4 CREDIT RISK

Credit risk: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Credit and liquidity-related risks" in the Section 4.1 "Risk factors" of this Annual Report.

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 Group 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; and
- receivables from reinsurers resulting from reinsurance ceded by the AXA Group.

AXA Group's exposure to credit risk is covered by AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph " Internal Model" in the Section 4.2 "Internal control and risk management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and risk management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset Liability Management, aims to ensure that the Group's obligations and commitments to policyholders are met at all time, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and risk management" of this Annual Report).

INVESTED ASSETS: A CENTRAL MONITORING OF COUNTERPARTY EXPOSURE

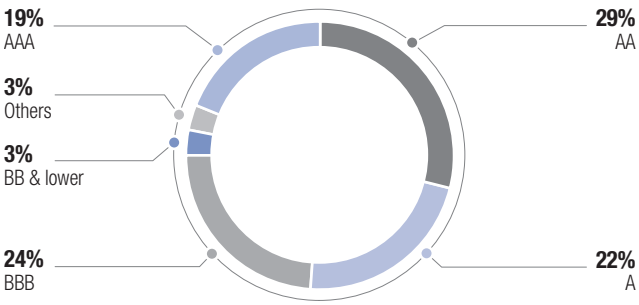
AXA Group concentration risk is monitored by different analyses performed at Group level by issuer and ultimate shareholder, in addition to local procedures and by a set of Group and local issuer limits.

These limits aim at managing the default risk of a given issuer, depending on its rating and on the maturity and seniority of all bonds issued by the issuer and held by the AXA Group (corporate, Government agency and sub sovereign). The limits also take into account all AXA Group exposures on a given ultimate shareholder these issuers through debt securities, equity, derivatives and reinsurance counterparty risk.

On sovereign exposures, specific limits have also been defined on government bonds and government-guaranteed bonds.

Compliance with the limits is ensured by the Group through defined governance. The Group Credit Risk Committee handles, on a monthly basis, the issuer exposure breaches to the Group's limits and determines coordinated actions for excessive credit concentrations. A Group Credit Team reporting to the Group Chief Investment Officer (Group CIO) provides credit analysis independently from Group asset managers, in addition to local CIO teams. The Group ALM Supervisory Committee is regularly kept informed of the work performed.

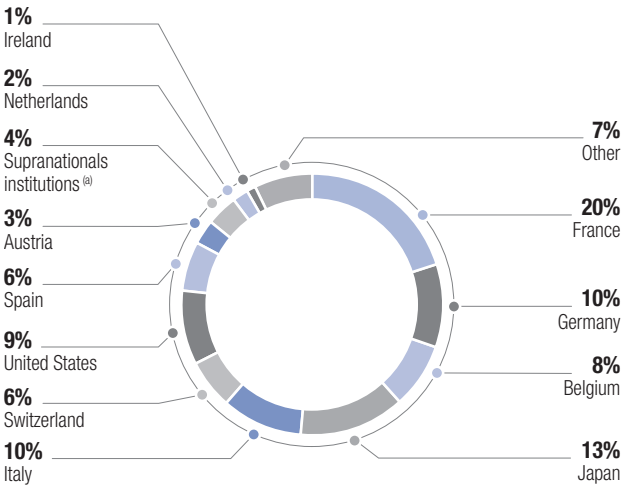
At December 31, 2016, the breakdown of the debt security portfolio (€450 billion) by credit rating category was as follows:



At December 31, 2015, the breakdown of the debt security portfolio (€428 billion) by credit rating was: 19% in AAA, 30% in AA, 22% in A, 23% in BBB, 3% in BB and lower, and 3% 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, 2016, the breakdown of Government and Government related bonds fair values (€236 billion) by country was as follows:



(a) Includes mainly European institution issuers (European Investment Bank, European Union, European Financial Stability Facility, Eurofima).

CREDIT DERIVATIVES

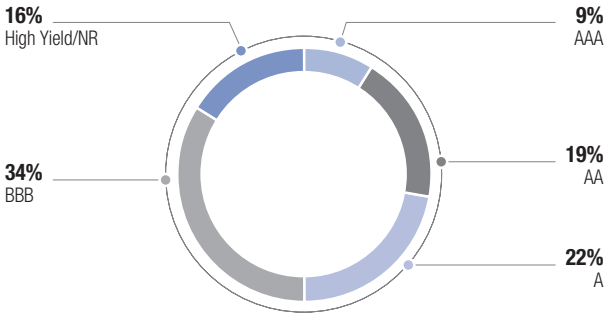
The AXA Group, as part of its investment and credit risk management activities, uses strategies that involve credit derivatives (mostly Credit Default Swaps or CDS), which are mainly used as an alternative to debt security portfolios, when coupled with government debt securities, but also as a protection on single corporate names or specific portfolios.

At December 31, 2016, the nominal amount of positions taken through credit derivatives was €24.5 billion (1) of CDS (cumulated notional amounts of €10.6 billion protections bought and of €14.0 billion protections sold), which can be broken down as follows:

- €9.3 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;
- €1.3 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 (€1.0 billion), Hong Kong (€0.2 billion)and Switzerland (€0.1 billion);
- €14.0 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 the credit derivative positions.

At December 31, 2016, the breakdown of these CDS's underlying debt securities gross exposure by rating was 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 Group actively manages counterparty risk generated by OTC derivatives through a specific Group-wide policy. This policy includes:

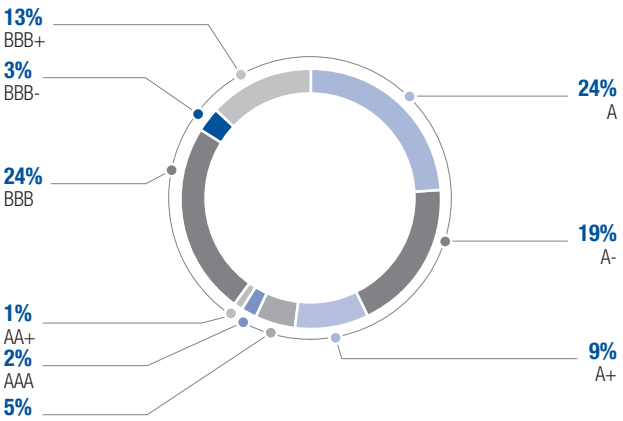
- Rules on derivative contracts (ISDA, CSA);
- Mandatory collateralization;
- a list of authorized counterparties;
- a limit framework and an exposure monitoring process.

Limits are set specifically for each authorized counterparty, based on an internal scoring system. This policy also includes daily collateralization for the majority of the Group's exposure.

(1) *This figure represents an accounting view i.e.100% of assets held directly and in consolidated investment funds "Core Investment Portfolios", and excluding credit derivatives in non consolidated investment funds, in line with Note 20 to the Consolidated Financial Statements. The Group holds €28.3 billion (notional amount) of credit derivatives as total exposure including consolidated investment funds "Satellite Investment Portfolios" (€0.8 billion).*

The Group Credit Risk Committee approves changes to the above policy and reviews the exposures every month.

At December 31, 2016, the breakdown of counterparty exposure coming from OTC derivatives by rating was as follows (positive fair value net of collateral received):



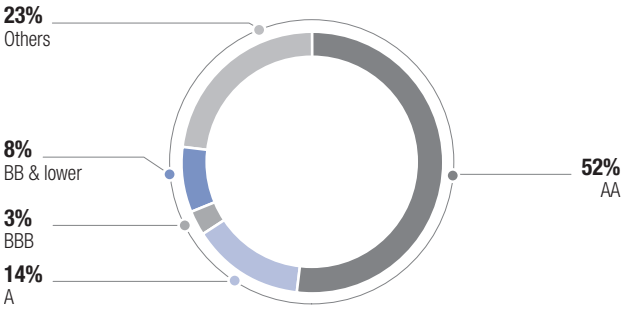
RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

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 GRM and AXA Global P&C. This risk is monitored to avoid any excessive exposure to any specific reinsurer. The Group Security Committee meets monthly – and more frequently during renewal periods – and decides on any action to be taken with the aim of limiting AXA Group's exposure to the risk of default by any of its reinsurers.

In addition, the Group 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 77% of reinsurers' share of insurance and investment contract liabilities in 2016 (*versus* 86% in 2015).

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2016 (€15.0 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, 2015, the breakdown of reserves ceded to reinsurers (€19.7 billion) by reinsurer rating was: 69% in AA, 12% in A, 0% in BBB, 6% in BB and lower and 14% in others.

BANK CREDIT ACTIVITIES

At year-end 2016, total invested assets of the Banking segment amounted to €32.1 billion (€33.7 billion in 2015).

AXA banking operations, based in Belgium, France and Germany, 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; and
- tightly managed market, asset & liability, foreign exchange and interest rate risks including a strict collateral policy.

Credit risk in the banks encompasses:

- 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, liquidity requirements and stress testing results.

The banks aim to meet all regulatory capital obligations.

4.5 LIQUIDITY RISK

Information in this section should be read in conjunction with Section 2.4 “Liquidity and capital resources” of this Annual Report.

The liquidity risk is the uncertainty, emanating from business operations, investments or financing activities, over whether AXA SA and/or an AXA entity will have the ability to meet payment obligations in a full and timely manner, in current or stressed environments. Liquidity risk concerns assets and liabilities as well as their interplay.

Liquidity is a key dimension of the Risk Appetite Framework allowing the AXA Group to ensure that both AXA SA and the local entities have at all times sufficient liquidity buffer to withstand a severe shock. The objective is achieved through the monitoring of the liquidity adequacy across the AXA Group on the basis of a metric called “Excess Liquidity”, *i.e.* the difference between liquidity resources and liquidity needs calculated under severe stress conditions and over different time horizons: 1 week, 1 month, 3 months and 12 months.

For each time horizon, the post-stress liquidity resources available and the post-stress liquidity needs (*i.e.* net outflows) to be paid are projected to measure the excess liquidity. The stressed conditions are calibrated so as to reflect extreme circumstances (*e.g.* distressed financial markets, confidence crisis towards the Group, natural catastrophes). In addition some conservatism is added by considering that all events occur simultaneously.

4.6 INSURANCE RISKS

Insurance risks: definition and exposure

Information in this section should be read in conjunction with Note 4 "Financial and insurance risk management" in Part 5 – "Consolidated Financial Statements" of this Annual Report. Only information referred to in Note 4 is covered by the report Statutory Auditors on the Consolidated Financial Statements.

Information in this section should be read in conjunction with the paragraph "Pricing and underwriting-related risks" in Section 4.1 "Risk factors" of this Annual Report.

The Group's insurance subsidiaries are primarily responsible for managing their insurance risks linked to underwriting, pricing and reserving. They are also responsible for taking appropriate actions in response to changes in insurance cycles and to the political and economic environments in which they operate.

In the context of its Property & Casualty (P&C) and Protection & Health business operations as described in Section 1.3 "Business activities" of this Annual Report, the AXA Group is exposed to the following main insurance risks, which include:

- premium risk resulting from fluctuations in the timing, frequency and severity of insured events, and relating to:
  - unexpired risks on existing contracts (insufficient premium reserves),
  - mispricing of policies to be written (including renewals) during the period, and
  - expense payments;
- reserve risk resulting from fluctuations in the timing and amount of claim settlements and relating to the insufficiency of claims reserves, which includes:
  - misestimating claims reserves (average payments), and
  - fluctuation of payments around their statistical average;
- catastrophe risks embedding both natural disasters such as climatic events (including windstorms, hurricanes, flood or earthquakes), and man-made ones, such as terrorist attacks.

Life risks also include risks related to mortality, longevity, lapses, disability and pandemics among others. The main risks to which the life business is exposed are longevity risk and lapse risk, which are both sensitive to changes in interest rates, and could be defined as follows:

- longevity risk is the risk related to the overestimation of mortality rates for business contingent on longevity;
- lapse risk is the risk of experiencing lapses lower (or higher) than expected on a permanent basis for businesses adversely sensitive to a decrease (or an increase) in lapses.

AXA Group's exposure to insurance risks is covered by the AXA Group's Solvency Capital Requirement metric, as detailed in the paragraph "Internal Model" in Section 4.2 "Internal control and risk management" of this Annual Report and is taken into account in AXA's liquidity Risk Management framework (please refer to Section 4.5 "Liquidity risk" of this Annual Report).

Risk control and risk mitigation

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and risk management" of this Annual Report.

In addition, AXA Group's investment strategy, which is mainly driven by Asset Liability Management, aims to ensure that the Group's obligations and commitments to policyholders are met at all time, and to protect the solvency of the Group and of its entities (please refer to paragraph "Governance of investment strategy and Asset & Liability Management (ALM)" in Section 4.2 "Internal control and risk management" of this Annual Report).

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:

- implementing a product approval process, which entails risk controls on new products that complement underwriting rules and product profitability analyses;

- optimizing of reinsurance strategies in order to limit the Group's peak exposures thereby protecting its solvency by reducing volatility and to mitigate risk within the Group to benefit from diversification;
- reviewing technical reserves including a roll forward analysis; and;
- monitoring emerging risks to share expertise within the underwriting and risk communities.

PRODUCT APPROVAL

Group Risk Management (GRM) has defined a set of procedures to approve new products launches. These procedures are adapted and implemented locally, and aim to foster product innovation across the Group while maintaining risks under control. The validation framework relies among others on the results of the Solvency Capital Requirement's assessments, based on the AXA Group's Internal Model, to ensure that new products undergo a thorough approval process before they are brought to market

In Life & Savings, the Product Approval Process is managed at local level for all traditional products, which allows maintaining time-to-market product launches. For sophisticated products, local entities require Group's approval before launch to ensure all long-term commitments are monitored at Group level and benefit from the Group expertise on enhanced or specific guarantees.

In Property & Casualty, methods are adapted to the underwriting of risks, while maintaining the principle of local decision-making based on a documented approval procedure and using the output of the internal model. The aim is twofold:

- for pre-launch business, the aim is to ensure that new risks underwritten by the Group have been scrutinized before proposing them to customers;
- for post-launch business, appropriate profitability and risk control are performed to verify that the business remains in line with the Group's risk framework.

This framework is part of the Group underwriting policy and ensures that no risks are taken outside the Group tolerances and that value is created by adequate risk pricing.

EXPOSURE ANALYSIS

AXA Group reviews regularly its exposure to ensure that the risks underwritten are diversified geographically and by lines of business in order to manage risk concentration, and to verify adequacy of reinsurance.

For both Property & Casualty and Life & Savings activities, GRM has developed and deployed common models and metrics to consistently measure risks throughout the Group (in particular *via* its economic capital framework as detailed in Section 4.2 of the Annual Report. This enables the Group to verify that its exposure complies with consolidated risk appetite limits along the dimensions of earnings, Available Financial Resources (AFR), solvency and liquidity. These tools also contribute substantially to monitoring the major risks (claims frequency deviation, claims severity, reinsurance, pricing consistency and natural catastrophes).

This framework is included in the governance set out previously for product development control.

In the Life & Savings business, these tools allow for mortality/longevity risks to be analyzed on a multi-country basis. The AXA Group regularly monitors its exposure to these risks (including mortality, longevity and morbidity) and uses the results of this work to optimize its product design and its reinsurance coverage. These exposure analyses are supported by expert risk models in Life & Savings.

Regarding the Property & Casualty exposures, *ad hoc* concentration risk studies are developed to ensure no single-peril event, natural (such as windstorm, earthquake, hurricane or typhoon) or man-made (such as cyber risk), is likely to affect the Group above the set tolerance levels.

REINSURANCE

Risk assessment

For the Property & Casualty and Life & Savings operations, reinsurance programs are set up as follows:

- Group's operating entities reinsurance capacity are set in alignment with Group Standards and with their local risk appetite limits;
- their risks are modeled through in-depth actuarial analyses conducted on each portfolio; specifically for Property & Casualty natural catastrophe modelling, *via* the Group economic capital model, GRM uses several external models for assessing the risk associated with the main natural perils (storms, floods, earthquake…). Major Natural Catastrophes perils are modeled to a very large extent within the AXA Group's Internal Model: up to 96% of the Group's exposure to earthquakes, windstorms and floods are covered by the Internal Model.

Climate-related risks may be classified as follows:

- physical risks: direct impacts caused by weather-related events, such as floods and storms. These risks are described above;
- energy transition risks: sometimes referred to as "carbon asset risks", these are financial risks which could arise for investors from the transition to a lower-carbon economy (*e.g.* potential re-pricing of carbon-intensive financial assets). These risks are explored by the Group and further described in Part 7 – "Corporate responsibility" of this Annual Report[1] ;
- liability risks: risks that could potentially arise from claims by parties who have allegedly suffered losses from climate change, and who seek to recover these losses from third parties who they believe may have been responsible (or are

(1) *This information is not required under IFRS and as such is not part of the Consolidated Financial Statements. Therefore, it is not covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

otherwise liable) for these losses. This is considered as an emerging risk at this stage given the paucity of relevant judicial precedent and the many open questions surrounding potential liability including the applicable duty of care, standards of proof and causality.

Reinsurance strategy

Centralization and harmonization of reinsurance purchase is based on the same procedures for both the Life & Savings business as for the Property & Casualty activities.

In Life & Savings, reinsurance is used to support local innovation policy for new risks or to cover mass risks (pandemic, earthquake or terrorism).

In order to build adjusted and optimized protection, the Group's operating entities are reinsured by AXA Global P&C for Property & Casualty risks and AXA Global Life for Life and Health risks. AXA Global P&C and AXA Global Life can place a variable part of the local treaties on the domestic reinsurance market, for regulatory reason for example. A portion of the risk exposure is retained and mitigated within AXA Global P&C and AXA Global Life through the pools and the remaining part is ceded to external reinsurers.

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 P&C internal pools where the risk is retained within AXA Global P&C, in 2016 90% of the Property Pool year-end financial result net of external reinsurance protections 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 4.4 "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 are also booked the local entities.

The additional reserves' calculations are initially carried out locally through a two-opinion process, one given by the Technical Department, the other one by local Risk Management.

Actuaries in charge of assessing reserves use various statistical and actuarial methods. Their assumptions are made following discussions with claims managers, pricing actuaries, underwriters and other specialized departments.

They notably ensure that:

- a sufficient number of elements have been scrutinized (including contracts, premiums and claims patterns, claims' handling, and reinsurance effects);
- the technical assumptions and actuarial methodologies are in line with professional practices and sensitivity analyses are performed at least for most significant ones;
- a roll-forward analysis of reserves including merit-rating (bonimali) back-tests has been performed, the regulatory and economic context references are taken into account and material deviations are explained;
- the operational losses relating to the reserving process have been adequately quantified; and
- the Best Estimate Liabilities have been calculated in accordance with Articles 75 to 86 of the Solvency II Directive and Group guidelines.

In addition, the Solvency II regime requires insurance and reinsurance companies to provide for an effective actuarial function to:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the management and the Board of the reliability and adequacy of the calculation of technical provisions;
- oversee the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Group Actuarial Function Holder has been set with a specific role to define and coordinate the tasks undertaken by the Group actuarial function stakeholders (notably GRM, PBRC, Global Lines) as well as the local/regional actuarial functions established in insurance entities across the Group.

The Group Actuarial Function Holder reports to the Group Chief Financial Officer.

The nomination of the local Actuarial Function Holder must be agreed in advance by the Group Actuarial Function Holder.

The AXA Group Actuarial Function Holder prepares the actuarial function report to inform the management and the Board on their conclusions about the reliability and adequacy of the calculation of technical provisions. This report also provides an overview of the activities undertaken by the actuarial function in each of its areas of responsibility during the reporting period.

The breakdown of the Group's Property & Casualty technical reserves by Line of Business was as follows:

- 36% at the end of 2016 (35% at the end of 2015) of the Group's Property & Casualty reserves cover Motor insurance business;
- 13% at the end of 2016 (13% at the end of 2015) of the Group's Property & Casualty reserves cover Property insurance business;
- 18% at the end of 2016 (18% at the end of 2015) of the Group's Property & Casualty reserves cover Liability insurance business;
- 33% at the end of 2016 (34% at the end of 2015) cover the other lines of business.

The breakdown of the Group's Life & Savings technical insurance reserves by product type was as follows:

- 19% at the end of 2016 (23% at the end of 2015) of the Group's Life & Savings technical reserves 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;
- 12% at the end of 2016 (12% at the end of 2015) 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 2016 (14% at the end of 2015) cover savings products without guaranteed cash values upon surrender;
- 21% at the end of 2016 (20% at the end of 2015) 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;
- 32% at the end of 2016 (31% at the end of 2015) cover other products like Protection & Health. 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.

4.7 OPERATIONAL RISK

Information in this section should be read in conjunction with the paragraph "Operational and business-related risks" in Section 4.1 "Risk factors" of this Annual Report.

AXA Group has defined a single framework for identifying, quantifying and monitoring the main operational risks that may arise from a failure in its organization, systems and resources or from external events.

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems or from external events. Operational risk includes legal risks and excludes risks arising from strategic decisions, as well as reputation risks.

AXA Group's Operational risk framework provides for 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. Its implementation is not limited to insurance activities. It encompasses all AXA entities, including insurance companies, banking activities, AXA asset managers and internal service providers consistent with AXA standard on operational Risk Management.

Both quantitative and qualitative requirements are defined:

- across the Group, the most critical operational risks of each entity and a set stress scenarios are identified and assessed following a forward-looking and expert-opinion approach. These risk scenarios are then used to estimate the capital requirement needed to cover operational risks based on advanced models based on Solvency II principles. The operational Risk Management process is embedded into local governance through senior management validation to ensure that the risk assessment is adequate, appropriate and comprehensive but also to ensure that adequate corrective and pre-emptive actions are defined and implemented in respect of the main risks;
- in addition, a loss data collection process is in place within most companies of the Group in order to track and appropriately mitigate actual operational risk losses. This process is also used as a valuable source of information to back-test the assumptions taken in risk assessments.

A key objective of the AXA Group's operational risk economic capital model is to understand and reduce losses resulting from operational failures and to define an appropriate risk response strategy for major Operational risk scenarios. Entities and Group Operational Risk profiles are presented to local/Group Risk Committees for decisions and actions to be taken.

In 2016, the Group Operational Risk Profile is reasonably well spread out with all seven operational risk categories covered and the main risks being the following:

- by nature, transaction capture, execution and maintenance risk is a major one and relates to process error, failure, and/or misperformance. This category is stable compared to 2015 and for the most important risks, controls are in place;
- external Fraud & System Security Risk continues to be a top priority. AXA Group's exposure to cyber risk is still high with more and more new technology into AXA Group's products and services. Information on cyber risks should be read in conjunction with the paragraph "Operational and business-related Risks" in Section 4.1 "Risk factors" of this Annual Report;
- compliance Risk due to changes in legislation and regulation remains a top concern;
- business disruption mainly related to IT events: increased digitalization and technological innovation is increasing the dependency to IT.

AXA Group's exposure to operational risk is captured in the AXA Group's Solvency Capital Requirement as detailed in the paragraph "Internal Model" in Section 4.2 "Internal control and risk management" of this Annual Report.

Specific actions are identified at Group and local levels to mitigate these risks. Also, as regards Information and IT risks, AXA Group has decided to strengthen the management of information and technology risks within the second line of defense with the creation of an Information and Technology Risk team reporting to the Group Chief Risk Officer.

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 4.2 "Internal control and risk management" of this Annual Report.

4.8 OTHER MATERIAL RISKS

Strategic risk

A strategic risk is the risk that a negative impact (current or prospective) on earnings or capital, material at the Group level, arises from a lack of responsiveness to industry changes or adverse business decisions regarding:

significant changes in footprint, including through mergers and acquisitions;

- product offering and client segmentation;
- distribution model (channel mix including alliances/ partnerships, multi-access and digital distribution).

Given the nature of strategic risks, there is no capital charge assessment but a strong strategic Risk Management framework to anticipate and mitigate these risks.

Reputation risk

Reputation risk is the risk that an event, internal or external, will negatively influence the stakeholders' perception and trust of the Company or where there is a gap between stakeholders' expectation and the Company's behaviors, attitudes, values, actions, or inactions.

AXA Group has defined a global framework with a two-fold approach to reactively protect and proactively identify, monitor, manage and mitigate reputational issues in order to not only minimize value destruction, but also to build and maintain brand equity and trust among stakeholders.

AXA Group has a Global Reputation Network whose purpose is to implement locally a reputation Risk Management framework. The objectives of the reputation Risk Management approach are in line with AXA's overall enterprise Risk Management approach aiming to develop a reputation risk culture and risk intelligence.

Three main objectives drive the reputation Risk Management approach:

- proactively manage reputation risks, avoid or minimize negative issues impacting the reputation of AXA and build trust among all of AXA stakeholders;
- define accountability for reputation risks across the organization (Marketing, HR, Finance/Investors Relations, etc.), at Group and local levels;
- implement a common reputation Risk Management framework throughout the organization.

The implementation of the Reputation Risk Framework encompasses all AXA Group activities including insurance, Asset Management and banking, as well as internal service providers.

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.

AXA Group has established processes to qualify and quantify emerging risks which could develop over-time and become significant. The emerging risk framework encompasses a network of circa 50 people within AXA Group (based in insurance, bank, Asset Management and supporting entities such as AXA Technology Services) which allows expertise to be shared within the business (including 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 six sub-groups (regulatory & legal, environmental, socio & political, economic & financial, medical 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, socio-economic and life risks, the AXA Research Fund (see Part 7 "Corporate

Responsibility") is a key contributor to AXA Group's commitment to better understand the evolution of these risks.

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 Group intends to promote a better understanding and better forecasting of the emerging risks and to support sustainable development.

Regulatory risks

For further information on the regulatory environment in which AXA Group operates including regulatory risks, please refer to the paragraph "Regulatory-related risks" in Section 4.1 "Risk factors" of this Annual Report.

4 RISK FACTORS AND RISK MANAGEMENT

This page was intentionnally left blank.

5 CONSOLIDATED FINANCIAL STATEMENTS

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION 224

5.2 CONSOLIDATED STATEMENT OF INCOME 226

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 227

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 228

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS 232

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 234

NOTE 1 Accounting principles 234
NOTE 2 Scope of consolidation 252
NOTE 3 Consolidated statement of income by segment 258
NOTE 4 Financial and insurance Risk Management 263
NOTE 5 Goodwill 264
NOTE 6 Value of purchased life business in-force 269
NOTE 7 Deferred acquisition costs and equivalent 270
NOTE 8 Other intangible assets 272
NOTE 9 Investments 274
NOTE 10 Investments accounted for using the equity method 289
NOTE 11 Receivables 292
NOTE 12 Cash and cash equivalents 293
NOTE 13 Shareholders' equity and minority interests 294
NOTE 14 Liabilities arising from insurance and investment contracts 301
NOTE 15 Liabilities arising from banking activities 313
NOTE 16 Provisions for risks and charges 315
NOTE 17 Financing debt 316
NOTE 18 Payables 318
NOTE 19 Tax 321
NOTE 20 Derivative instruments 325
NOTE 21 Information by segment 333
NOTE 22 Net investment result excluding financing expenses 337
NOTE 23 Net result of reinsurance ceded 339
NOTE 24 Financing debt expenses 340
NOTE 25 Expenses by type 340
NOTE 26 Employees 342
NOTE 27 Net income per ordinary share 358
NOTE 28 Related-party transactions 359
NOTE 29 Contingent assets and liabilities and unrecognized contractual commitments 361
NOTE 30 Fees paid to Statutory Auditors 364
NOTE 31 Litigation 366
NOTE 32 Subsequent events 369

5.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS 370

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) Notes		December 31, 2016	December 31, 2015
5	Goodwill	16,684	17,062
6	Value of purchased business in force [(a)]	2,209	2,364
7	Deferred acquisition costs and equivalent	24,132	24,028
8	Other intangible assets	3,266	3,277
	Intangible assets	**46,292**	**46,731**
	Investments in real estate properties	21,379	20,369
	Financial investments	530,730	500,311
	Assets backing contracts where the financial risk is borne by policyholders [(b)]	175,292	194,601
9	**Investments from insurance activities**	**727,402**	**715,282**
9	**Investments from banking and other activities**	**35,459**	**37,579**
10	**Investments accounted for using the equity method**	**2,245**	**2,306**
14	**Reinsurers' share in insurance and investment contracts liabilities**	**14,988**	**19,734**
	Tangible assets	1,513	1,432
14	Deferred policyholders' participation assets	146	88
19	Deferred tax assets	1,417	2,083
	Other assets	**3,077**	**3,603**
	Receivables arising from direct insurance and inward reinsurance operations	16,418	16,566
	Receivables arising from outward reinsurance operations	1,000	878
	Receivables - current tax	1,071	866
	Other receivables	17,416	14,263
11	**Receivables**	**35,906**	**32,573**
5	**Assets held for sale [(c)]**	**1,100**	**2,988**
12	**Cash and cash equivalents**	**26,314**	**26,275**
	TOTAL ASSETS	**892,783**	**887,070**

Note: All invested assets are shown net of related derivative instruments impact.

(a) Amounts are gross of tax.

(b) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(c) As of December 31, 2016, amounts include assets of discontinued AXA Life Europe UK & Ireland operations for which the disposal process was not finalized at year-end. As of December 31, 2015, amounts include assets of Portuguese operations, AXA Bank Hungary and two real estate properties in the United States for which the disposal process was not finalized at year-end.

(in Euro million) Notes		December 31, 2016	December 31, 2015
	Share capital and capital in excess of nominal value	25,885	26,094
	Reserves and translation reserve	38,883	36,765
	Net consolidated income - Group share	5,829	5,617
	Shareholders' equity – Group share	**70,597**	**68,475**
	Minority interests	**5,283**	**4,166**
13	**TOTAL SHAREHOLDERS' EQUITY**	**75,880**	**72,641**
	Subordinated debt	7,818	7,465
	Financing debt instruments issued	1,109	624
	Financing debt owed to credit institutions	0	0
17	**Financing debt** [(a)]	**8,927**	**8,089**
	Liabilities arising from insurance contracts	414,569	398,776
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(b)]	160,222	152,079
	Total liabilities arising from insurance contracts	**574,791**	**550,856**
	Liabilities arising from investment contracts with discretionary participating features	32,466	33,142
	Liabilities arising from investment contracts with no discretionary participating features	2,382	538
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	3,593	3,362
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	11,917	39,564
	Total liabilities arising from investment contracts	**50,358**	**76,606**
	Unearned revenue and unearned fee reserves	2,565	3,084
	Liabilities arising from policyholders' participation and other obligations	49,488	46,222
	Derivative instruments relating to insurance and investment contracts	(1,903)	(1,641)
14	**Liabilities arising from insurance and investment contracts**	**675,299**	**675,127**
15	**Liabilities arising from banking activities** [(a)]	**31,743**	**32,639**
16	**Provisions for risks and charges**	**13,735**	**12,659**
19	**Deferred tax liabilities**	**6,187**	**5,156**
	Minority interests of consolidated investment funds and puttable instruments held by minority interest holders	11,503	10,525
	Other debt instruments issued, notes and bank overdrafts [(a)]	3,194	3,692
	Payables arising from direct insurance and inward reinsurance operations	10,356	9,760
	Payables arising from outward reinsurance operations	6,628	12,917
	Payables – current tax	1,057	1,662
	Collateral debts relating to investments under a lending agreement or equivalent	30,402	25,635
	Other payables	16,962	14,509
18	**Payables**	**80,101**	**78,700**
5	**Liabilities held for sale** [(c)]	**910**	**2,059**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**892,783**	**887,070**

(a) Amounts are shown net of related derivative instruments impact.

(b) Includes liabilities arising from contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(c) As of December 31, 2016, amounts include the liabilities of discontinued AXA Life Europe UK & Ireland operations for which the disposal process was not finalized at year-end. As of December 31, 2015, amounts include the liabilities of Portuguese operations and AXA Bank Hungary for which the disposal process was not finalized at year-end.

5.2 CONSOLIDATED STATEMENT OF INCOME

Notes	*(in Euro million, except EPS in Euro)*	December 31, 2016	December 31, 2015 Restated [a]
	Gross written premiums	94,220	91,730
	Fees and charges relating to investment contracts with no participating features	219	236
	Revenues from insurance activities	**94,439**	**91,966**
	Net revenues from banking activities	590	616
	Revenues from other activities	5,164	5,554
21	**Revenues [b]**	**100,193**	**98,136**
	Change in unearned premiums net of unearned revenues and fees	**(346)**	**(268)**
	Net investment income [c]	14,941	16,238
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity [d]	4,410	2,518
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss [e]	8,629	(442)
	of which change in fair value of assets with financial risk borne by policyholders [f]	*9,124*	*784*
	Change in investments impairment [g]	(796)	(724)
22	**Net investment result excluding financing expenses**	**27,184**	**17,590**
	Technical charges relating to insurance activities [f]	(95,350)	(85,567)
23	Net result from outward reinsurance	(589)	(881)
	Bank operating expenses	(47)	(46)
25	Acquisition costs	(11,435)	(10,154)
	Amortization of the value of purchased business in force	(170)	(156)
25	Administrative expenses	(10,299)	(10,042)
	Change in goodwill impairment and other intangible assets impairment and amortization	(114)	(115)
	Other income and expenses	124	(504)
	Other operating income and expenses	**(117,881)**	**(107,467)**
	Income from operating activities before tax	**9,149**	**7,992**
10	Income (net of impairment) from investment accounted for using the equity method	218	214
24	Financing debts expenses [h]	(296)	(488)
	Net income from operating activities before tax	**9,071**	**7,718**
19	Income tax	(2,438)	(1,795)
	Net operating income	**6,632**	**5,923**
	Result from discontinued operations net of tax [i]	(439)	64
	Net consolidated income after tax	**6,193**	**5,987**
	Split between:		
	Net consolidated income - Group share	5,829	5,617
	Net consolidated income - Minority interests	364	370
27	**Earnings per share [j]**	**2.30**	**2.19**
	Fully diluted earnings per share [j]	**2.30**	**2.18**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the income statement in order to present a comparable basis.
(b) Gross of reinsurance.
(c) Net of investment management costs and including gains/losses from derivatives hedging variable annuities.
(d) Includes impairment releases on investments sold.
(e) Includes realized and unrealized forex gains and losses relating to investments at cost and at fair value through shareholders' equity.
(f) 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.
(g) Excludes impairment releases on investments sold.
(h) Includes net balance of income and expenses related to derivatives on financing debt (however excludes change in fair value of these derivatives).
(i) Relates to the discontinued United Kingdom Life & Savings operations.
(j) Refer to Note 27 for the split of earning per share between continuing and discontinued operations.

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro million)	December 31, 2016	December 31, 2015
Reserves relating to changes in fair value through shareholders' equity	1,827	(2,610)
Translation reserves	(73)	3,557
Items that may be reclassified subsequently to Profit or Loss	**1,754**	**947**
Employee benefits actuarial gains and losses	(581)	(62)
Items that will not be reclassified subsequently to Profit or Loss	**(581)**	**(62)**
Net gains and losses recognized directly through shareholders' equity	**1,173**	**885**
Net consolidated income	**6,193**	**5,987**
Split between:		
Net consolidated income - Group share	5,829	5,617
Net consolidated income - Minority interests	364	370
TOTAL COMPREHENSIVE INCOME (CI)	**7,366**	**6,872**
Split between:		
Total comprehensive income - Group share	6,798	6,357
Total comprehensive income - Minority interests	568	515

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.

5.4 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, 2016	**2,426,458**	**2.29**	**5,557**	**21,094**	**(209)**
Capital	(1,309)	2.29	(3)	-	-
Capital in excess of nominal value	-	-	-	(148)	-
Equity - share based compensation	-	-	-	37	-
Treasury shares	-	-	-	-	(88)
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) [(b)]	-	-	-	-	-
Dividends paid	-	-	-	-	-
Impact of transactions with shareholders	**(1,309)**	**2.29**	**(3)**	**(111)**	**(88)**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2016	**2,425,149**	**2.29**	**5,554**	**20,983**	**(297)**

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).
(b) Including changes in ownership interest in consolidated subsidiaries without losing control.

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
12,774	**368**	**6,550**	**29**	**22,311**	**68,475**	**4,166**
-	-	-	-	-	(3)	-
-	-	-	-	-	(148)	-
-	-	-	-	-	37	-
-	-	-	-	-	(88)	-
-	-	(7)	-	-	(7)	-
-	-	-	-	-	-	-
-	-	(1,260)	-	-	(1,260)	-
-	-	(267)	-	-	(267)	-
(0)	-	15	-	(299)	(284)	549
-	-	-	-	(2,656)	(2,656)	-
(0)	**-**	**(1,519)**	**-**	**(2,955)**	**(4,676)**	**549**
1,869	(171)	-	-	-	1,698	129
-	-	(181)	32	-	(150)	77
-	-	-	-	(580)	(580)	(1)
-	-	-	-	5,829	5,829	364
1,869	**(171)**	**(181)**	**32**	**5,250**	**6,798**	**568**
14,643	**197**	**4,849**	**61**	**24,606**	**70,597**	**5,283**

	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, 2015 [(b)]	**2,442,277**	**2.29**	**5,593**	**21,515**	**(164)**
Capital	(15,818)	2.29	(36)	-	-
Capital in excess of nominal value	-	-	-	(450)	-
Equity - share based compensation	-	-	-	30	-
Treasury shares	-	-	-	-	(45)
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	**(15,818)**	**2.29**	**(36)**	**(420)**	**(45)**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-
Translation reserves	-	-	-	-	-
Employee benefits actuarial gains and losses	-	-	-	-	-
Net consolidated income	-	-	-	-	-
Total comprehensive income (CI)	**-**	**-**	**-**	**-**	**-**
Shareholders' equity closing December 31, 2015	**2,426,458**	**2.29**	**5,557**	**21,094**	**(209)**

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).

(b) Reso Garantia is accounted for using the equity method in 2014 in the Group consolidated financial statements on the basis of a closing at September 30. In 2014, given significant movements in the Russian ruble exchange rate between September 30, 2014 and December 31,2014, the balance sheet used as a basis of the equity method has been translated using December 31 exchange rate.

(c) Including changes in ownership interest in consolidated subsidiaries without losing control.

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
15,327	**400**	**6,472**	**(2,960)**	**19,038**	**65,219**	**2,815**
-	-	-	-	-	(36)	-
-	-	-	-	-	(450)	-
-	-	-	-	-	30	-
-	-	-	-	-	(45)	-
-	-	(15)	-	-	(15)	-
-	-	-	-	-	-	-
-	-	(0)	-	-	(0)	(0)
-	-	(305)	-	-	(305)	-
0	-	-	-	37	37	836
-	-	-	-	(2,317)	(2,317)	-
0	**-**	**(320)**	**-**	**(2,280)**	**(3,101)**	**836**
(2,552)	(31)	-	-	-	(2,584)	(26)
-	-	398	2,989	-	3,387	169
-	-	-	-	(63)	(63)	1
-	-	-	-	5,617	5,617	370
(2,552)	**(31)**	**398**	**2,989**	**5,554**	**6,357**	**515**
12,774	**368**	**6,550**	**29**	**22,311**	**68,475**	**4,166**

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2016	December 31, 2015
Operating income including discontinued operations before tax	**8,636**	**7,735**
Net amortization expense [a]	672	799
Change in goodwill impairment and other intangible assets impairment [b]	457	(0)
Net change in deferred acquisition costs and equivalent	(737)	(1,325)
Net increase / (write back) in impairment on investments, tangible and other intangible assets	780	725
Change in fair value of investments at fair value through profit or loss	(12,135)	(881)
Net change in liabilities arising from insurance and investment contracts [c]	18,956	10,560
Net increase / (write back) in other provisions [d]	196	(248)
Income (net of impairment) from investment accounted for using the equity method	(218)	(214)
Adjustment of non cash balances included in the operating income before tax	**7,971**	**9,415**
Net realized investment gains and losses	(3,603)	(1,932)
Financing debt expenses	296	488
Adjustment for reclassification to investing or financing activities	**(3,306)**	**(1,444)**
Dividends recorded in profit or loss during the period	(3,076)	(3,205)
Investment income & expense recorded in profit or loss during the period [e]	(13,254)	(14,318)
Adjustment of transactions from accrued to cash basis	**(16,330)**	**(17,523)**
Net cash impact of deposit accounting	1,257	4,926
Dividends and interim dividends collected	3,470	3,838
Investment income [e]	20,381	20,491
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(5,073)	(5,699)
Net operating cash from banking activities	(84)	(4,125)
Change in operating receivables and payables	481	1,310
Net cash provided by other assets and liabilities [f]	(533)	611
Tax expenses paid	(1,709)	(679)
Other operating cash impact and non cash adjustment	(2,037)	(630)
Net cash impact of transactions with cash impact not included in the operating income before tax	**16,153**	**20,043**
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	**13,124**	**18,226**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(116)	(223)
Disposal of subsidiaries and affiliated companies, net of cash ceded	204	295
Net cash related to changes in scope of consolidation	**88**	**72**
Sales of debt instruments [f]	69,272	75,420
Sales of equity instruments and non consolidated investment funds [f] [g]	32,903	27,654
Sales of investment properties held directly or not [f]	4,421	654
Sales and/or repayment of loans and other assets [f] [h]	12,418	32,882

(in Euro million)	December 31, 2016	December 31, 2015
Net cash related to sales and repayments of investments [f] [g] [h]	**119,013**	**136,610**
Purchases of debt instruments [f]	(81,913)	(72,772)
Purchases of equity instruments and non consolidated investment funds [f] [g]	(34,276)	(30,625)
Purchases of investment properties held direct or not [f]	(3,269)	(1,837)
Purchases and/or issues of loans and other assets [g] [h]	(13,534)	(43,490)
Net cash related to purchases and issuance of investments [f] [g] [h]	**(132,993)**	**(148,725)**
Sales of tangible and intangible assets	44	40
Purchases of tangible and intangible assets	(472)	(462)
Net cash related to sales and purchases of tangible and intangible assets	**(428)**	**(422)**
Increase in collateral payable / Decrease in collateral receivable	131,913	139,605
Decrease in collateral payable / Increase in collateral receivable	(127,863)	(136,669)
Net cash impact of assets lending / borrowing collateral receivables and payables	**4,050**	**2,936**
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	**(10,269)**	**(9,528)**
Issuance of equity instruments	489	666
Repayments of equity instruments	(924)	(1,192)
Transactions on treasury shares	(6)	(46)
Dividends payout	(2,923)	(2,637)
Interests on undated subordinated debts paid	(444)	(432)
Acquisition / sale of interests in subsidiaries without change in control	(214)	(132)
Net cash related to transactions with shareholders	**(4,022)**	**(3,774)**
Cash provided by financial debts issuance	2,781	3
Cash used for financial debts repayments	(1,302)	(1,529)
Interests on financing debt paid [i]	(339)	(508)
Net interest margin of hedging derivatives on financing debt	4	-
Net cash related to Group financing	**1,144**	**(2,034)**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES	**(2,878)**	**(5,808)**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**415**	**(0)**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 [j]	**25,630**	**21,631**
Net cash provided by operating activities	13,124	18,226
Net cash provided by investing activities	(10,269)	(9,528)
Net cash provided by financing activities	(2,878)	(5,808)
Net cash provided by discontinued operations	415	(0)
Impact of change in consolidation method and of reclassifications as held for sale [k]	(12)	(72)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	(275)	1,180
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 [j]	**25,734**	**25,630**

(a) Includes premiums/discounts capitalization and relating amortization, amortization of investment and owner occupied properties (held directly).
(b) Includes impairment and amortization of intangible assets booked in the context of business combinations and discontinued operations.
(c) Includes impact of reinsurance and change in liabilities arising from contracts where the financial risk is borne by policyholders.
(d) Mainly includes change in provisions for risks & charges, for bad debts/doubtful receivables and change in impairment of assets held for sale.
(e) Includes gains/losses from derivatives hedging variable annuities.
(f) Includes related derivatives.
(g) Includes equity instruments held directly or by consolidated investment funds as well as non consolidated investment funds.
(h) Includes sales/purchases of assets backing insurance & investment contracts where the financial risk is borne by policyholders.
(i) Includes net cash impact of interest margin relating to hedging derivatives on financing debt.
(j) Net of bank overdrafts.
(k) In 2016, amounts include the assets and liabilities related to discontinued United Kingdom Life & Savings operations for which the disposal process was not finalized at year-end.
In 2015, amounts include the assets and liabilities of Portuguese operations and AXA Bank Hungary for which the disposal process was not finalized at year-end.

Cash and cash equivalents are presented in Note 12.

5.6 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, the Americas, Asia and Africa. The list of the main entities included in the scope of 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 set by the Board of Directors on March 16, 2017.

1.2. GENERAL ACCOUNTING PRINCIPLES

AXA's consolidated financial statements are prepared as of December 31.

The consolidated financial statements are prepared in compliance with IFRS and interpretations of the IFRS Interpretations Committee that are endorsed by the European Union before the balance sheet date with a compulsory date of January 1, 2016. The Group does not use the "carve out" option allowing not to apply all hedge accounting principles required by IAS 39.

AMENDMENTS PUBLISHED AND ADOPTED ON JANUARY 1, 2016

The application of the amendments below as of January 1, 2016 had no material impact on the Group's consolidated financial statements.

Amendments	Publication date	Topic
IFRS 11 – Joint Arrangements	May 6, 2014	Guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
IAS 16 – Property, Plant, and Equipment and IAS 38 – Intangible Assets	May 12, 2014	Clarification of the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset.
Annual Improvements to IFRS 2012 – 2014 Cycle	September 25, 2014	Collection of amendments to IFRS in response to issues that are not part of a major project.
IAS 1 – Presentation of Financial Statements	December 18, 2014	Improvement of presentation and disclosure in financial reports. The amendments are designed to encourage entities to apply professional judgment in determining what information to disclose in their financial statements. For example, materiality should apply to the whole financial statements knowing that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.
IFRS 10, IFRS 12, and IAS 28	December 18, 2014	Clarification of the requirements when accounting for investment entities.

STANDARDS AND AMENDMENTS PUBLISHED BUT NOT YET EFFECTIVE

IFRS 9 – Financial Instruments, published on July 24, 2014, has replaced IAS 39. The new standard addresses the following items related to financial instruments:

- classification and measurement: IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. 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 ("SPPI"). 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 for sale and b) the contractual terms of cash flows are SPPI, the financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale. Assets not meeting either of these

categories are measured at fair value through profit or loss. Additionally, 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;

- impairment: The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition;
- hedge accounting: IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

The method of implementation of IFRS 9 and its potential impact on the Group's consolidated financial statements are currently being examined within the Group

The published effective date of IFRS 9 is January 1, 2018.

However amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contracts standard (also referred to as IFRS 17, Insurance Contracts) becomes effective. The amendments introduce two alternative options:

(1) apply a temporary exemption from implementing IFRS 9 until the earlier of (i) the effective date of a new insurance contracts standard; or (ii) Annual Reporting periods beginning on or after January 1, 2021. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or

(2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is implemented. During the interim period, additional disclosures are required.

The Group has determined that it is eligible for the temporary exemption option (1). The eligibility conclusion is based on an analysis of the percentage of the total consolidated carrying amount of liabilities connected with insurance activities relative to the total consolidated carrying amount of all liabilities, which indicates AXA's activities are predominately connected with insurance. Consequently, the Group has decided to defer the implementation of IFRS 9 until the effective date of a new insurance contracts standard, however, no later than January 1, 2021. The amendments permitting the temporary exemption are effective for annual periods beginning on or after January 1, 2018. The amendments have not been endorsed by the European Union.

IFRS 15 – Revenue from Contracts with Customers, published on May 28, 2014, amended on September 11, 2015 and on April 12, 2016, provides a principles-based approach for revenue recognition. The new model applies to all revenue arising from contracts with customers except those that are within the scope of other IFRS such as: insurance contracts, lease contracts, and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The amendments to the standard issued on April 12, 2016 have not yet been endorsed by the European Union. The potential impact of the new standard and its amendments on the Group's consolidated financial statements is currently being assessed.

IFRS 16 – Leases, published on January 13, 2016 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Under the IFRS 16 model a lessee is required to recognize (i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (ii) depreciation of lease assets separately from interest on lease liabilities in the income statement. Lessors will continue to classify and account for their leases as (i) operating leases with recognition of the underlying assets; or (ii) finance leases by derecognizing the underlying asset and recognition of a net investment, similar to the current IAS 17 requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The standard has not yet been endorsed by the European Union. The potential impact of the new standard on the Group's consolidated financial statements is currently being assessed.

The following amendments and interpretation are not expected to have a material impact on the Group's consolidated financial statements:

Amendments and interpretation	Publication date	Effective for annual periods beginning on or after	Topic
IAS 12 – Income Taxes	January 19, 2016	January 1, 2017*	Guidance on how to account for deferred tax assets related to debt instruments measured at fair value in particular for the assessment of future taxable profit.
IAS 7 – Statement of Cash Flows	January 29, 2016	January 1, 2017*	These amendments require entities to provide information about changes in their financing liabilities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).
IFRS 2 Share-based Payment	June 20, 2016	January 1, 2018*	Guidance on how: ■ to take into account the vesting and non-vesting conditions on the measurement of a cash-settled share-based payment transaction; ■ to classify a share-based payment transaction with net settlement features for withholding tax obligations; ■ to account for a modification to the terms and conditions of a share-based payment transaction that changes its classification from cash-settled to equity-settled.
IAS 40 Investment Property	December 8, 2016	January 1, 2018*	Clarification on transfer to, or from, investment properties: the transfer to, or from, investment properties must result from a change in use of the asset.
Annual Improvements to IFRS 2014-2016 Cycle	December 8, 2016	January 1, 2017* or January 1, 2018* depending on the improvement	Collection of amendments to IFRS in response to issues that are not part of a major project.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	December 8, 2016	January 1, 2018 *	Clarification on the exchange rate to be used for the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

* *With earlier application being permitted (subject to conditions in some cases).*

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 1.7.1), 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.

1.3. CONSOLIDATION

1.3.1. Scope and basis of consolidation

Companies in which AXA exercises control are known as subsidiaries. They are fully consolidated from the date on which control is transferred to AXA. Under IFRS 10, AXA controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Only substantive rights (i.e. the holder must have the practicability to exercise them) and rights that are not protective shall be considered. AXA can have power with less than a majority of the voting rights of an investee, in particular through:

- the proportion of ownership with regards to the other investors;
- potential voting rights;
- a contractual arrangement between the investor and other vote holders;
- rights arising from other contractual arrangements; or
- a combination of these indicators.

Under IFRS 11, companies over which AXA exercises a joint controlling influence alongside one or more third parties are joint ventures and are accounted for under the equity method.

Companies in which AXA exercises significant influence are accounted for under the equity method. Under IAS 28, significant influence is presumed when AXA directly or indirectly holds 20% or more of the voting rights. Significant influence can also be exercised through an agreement with other shareholders.

Under the equity method, AXA's share of equity investments' 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 accounted for under the equity method, depending on which conditions of IFRS 10/IFRS 11/IAS 28 listed above they satisfy. Fees received by asset managers are also taken into account in the assessment of the exposure to variability of returns. 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".

Some companies in which AXA exercises control, a joint controlling influence or a significant influence are excluded from the scope of consolidation as they are not material with respect to the Group's consolidated financial statements. These are mainly investment funds.

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.

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 them 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 previous minority interest held by the Group is measured at fair value and the resulting adjustment is recognized through 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.

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, 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.

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 exchange 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 1.10.

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 hedged 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, like for non-monetary items such as equity securities.

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. FAIR VALUE MEASUREMENT

The Group applies the IFRS 13 fair value hierarchy as described below for all assets and liabilities where another IFRS requires or permits fair value measurement or disclosures about fair value measurement in the Notes. Principles below address mostly assets given the nature of the activities of the Group.

a) Active market: quoted price

Fair values of assets and liabilities traded on active markets are determined using quoted market prices when available. An 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 financial instruments 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 fair value amounts of assets and liabilities for which fair value is determined in whole directly by reference to an active market are disclosed as level 1 in the Notes to the financial statements.

b) Active versus inactive markets – financial instruments

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 and liabilities not quoted in an active market

The fair values of assets and liabilities that are not traded in an active market are estimated:

- using external and independent pricing services; or
- using valuation techniques.

Fair values of assets and liabilities that are not traded in active market mainly based on observable market data are disclosed as level 2 in the Notes to the financial statements.

Fair values mainly not based on observable market data are disclosed as level 3 in the Notes.

- 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 fair value. 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 to deliver meaningful quotes.

- No active market: use of valuation techniques.

The objective of valuation techniques 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. Valuation technique models include:

- market approach: The consideration of recent prices and other relevant information generated by market transactions involving substantially similar assets or liabilities;
- income approach: Use of discounted cash flow analysis, option pricing models, and other present value techniques to convert future amounts to a single current (i.e. discounted) amount;
- cost approach: The consideration of amounts that would currently be required to construct or replace the service capacity of an asset.

Valuation techniques are subjective in nature and significant judgment is involved in establishing fair values. 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 cannot be used or need significant adjustments. Internal mark to model valuations are therefore normal market practices for certain assets and liabilities 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 may be 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).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.

1.6. SEGMENT REPORTING

The segmental analysis provided in AXA's Annual Report and Financial Statements reflects operating business segments; it is based on four business lines: Life & Savings, Property & Casualty, Asset Management and Banking. An additional Holding companies segment includes all non-operational activities. The International Insurance segment is no longer reported separately.

The following changes have been implemented in the financial reporting in order to reflect the evolutions in the governance of the Group mentioned in the Activity Report. As a consequence, the information has been retroactively restated in the Notes to the Financial Statements:

- Spain and Italy, which were formerly reported within the Mediterranean & Latin American Region, are now reported on a standalone basis;
- the former Mediterranean & Latin American Region has been renamed the Europe, Middle East, Africa & Latin America Region. It regroups all entities from the former Mediterranean & Latin American Region (except Spain and Italy) as well as all entities formerly included in Central and Eastern Europe, Luxembourg and Russia;
- the International Insurance segment will no longer be reported separately. Entities which were part of this segment have been reallocated as follows:
  - AXA Corporate Solutions Assurance, AXA Assistance, AXA Liabilities Managers and AXA Global P&C are now part of the Property & Casualty segment,
  - AXA Global Life and AXA Corporate Solutions Life Reinsurance Company are now part of the Life & Savings segment.

1.7. INTANGIBLE ASSETS

1.7.1. 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-criteria 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 the IFRS 13 fair value as described in paragraph 1.5 using various valuation multiples.

1.7.2. 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 1.14.2), VBI is subject to annual recoverability testing based on actual experience and expected changes in the main assumptions.

1.7.3. 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 incremental 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 1.14.2).

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 incremental 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.

1.7.4. 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.

1.7.5. 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.

1.8. INVESTMENTS FROM INSURANCE, BANKING AND OTHER ACTIVITIES

Investments include investment in real estate properties and financial instruments including equity instruments, debt instruments and loans.

1.8.1. 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.

1.8.2. 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 (primarily Collateralized Debt Obligations) funds controlled and consolidated by the Group;
- 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 with change in fair value through shareholders' equity 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 IFRS 13 fair value hierarchy.

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.

1.8.3. Repurchase agreements and securities 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.

Additionally, the Group is party to total return swaps under which financial assets are sold to a counterparty with a corresponding agreement. Cash flows equal to those of the underlying assets will be remitted to the Group in exchange for specified payments taking into account any increase or decline in the fair value of the assets. This results in substantially all of the risks and rewards of the financial assets remaining with the Group. As such, the Group does not derecognize the financial assets.

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.

1.9. 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.

1.10. 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. Given IAS 39 constraints, only a few hedges are eligible to hedge accounting provisions described above. However, most of the derivatives used by the Group are purchased with a view to hedge or for example to use such instruments as an alternative to gain exposure to certain asset classes through "synthetic positions". See Note 20.

The Group holds financial investments that also 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, derivatives are presented alongside 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.

1.11. 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.

1.12. 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.

1.13. SHARE CAPITAL AND SHAREHOLDERS' EQUITY

1.13.1. 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.

1.13.2. 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).

1.13.3. Compound financial instruments

Any financial instrument issued by the Group with an equity component (for example certain options 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.

1.13.4. 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.

1.14. LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS

1.14.1. 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.

1.14.2. Insurance contracts and investment contracts with discretionary participating features

Except where IAS 39 applies, 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) and the extension of shadow accounting.

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 14.10).

PRE-CLAIMS RESERVES

Unearned premiums reserves represent the prorata 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's 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 with reserves similar to the retrospective approach, (i.e. "account balance" methodology).

The discount rates used by AXA are less than 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 built 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 contract portfolios covered by the Risk Management program at that date. Any additional contract 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 the option in IFRS 4, shadow accounting is applied to insurance and investment contracts with discretionary participating features. Shadow accounting includes adjustments to technical liabilities, policyholders participation, other obligations, deferred 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.

For example, for contracts with discretionary participating features, 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 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 for through the income statement with a corresponding shadow entry adjustment also 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 a 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 recognized for contracts on which the premiums are expected to be insufficient to cover expected future claims and claims expenses.

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 14.11.

1.14.3. 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 1.7.3).

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.

1.15. REINSURANCE

The Group assumes and cedes reinsurance in the normal course of business. Assumed reinsurance refers to the Group's acceptance of certain insurance risks that other companies have underwritten. Ceded reinsurance refers to the transfer of insurance risk, along with the related premiums, to other reinsurers who will share in the risks. When these contracts meet the insurance contracts classification requirements, transactions relating to reinsurance are accounted for in the balance sheet and income statement in a similar way to direct business transactions in agreement with contractual clauses.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognizes that impairment loss in the income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

If the Group determines that reinsurance contracts do not meet the insurance contracts classification contract and/or principally transfers financial risk, the agreement is recorded using the deposit method of accounting. Deposits received are included in payables and deposits made are included within receivables. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted as appropriate.

1.16. 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.

1.17. OTHER LIABILITIES

1.17.1. 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 taking into account the existence of tax groups and any legal or regulatory requirements on the limits (in terms of amounts or timing) relating to the carry forwards of unused tax credits. 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 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.

1.17.2. 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 frameworks 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 defined benefit plans is the difference between the present value of the Defined Benefit Obligation and the market value at the balance sheet date of the corresponding invested plan assets after adjustment for any minimum funding requirement or any asset ceiling effect. If the net result is positive, a provision is recorded under the provision for risks and charges heading. If the net result is negative, a prepaid pension asset is recorded in the balance sheet but not more than its recoverable amount (asset ceiling). Actuarial gains and losses (now termed remeasurments under IAS 19 revised) arising from experience adjustments and changes in actuarial assumptions are recognized in shareholders' equity (in Other Comprehensive Income) in full in the period in which they occur. Similarly, the actual return on assets and any change in asset ceiling, excluding the net interest income on assets, is recognized in shareholders' equity. The regular impact in the income statement mainly relates to the current service cost (annually accruing employee benefit) and the net interest on the amount recorded in the opening balance sheet (unwinding of discount applied to the net liability/asset at start of the annual period, taking into account contributions and benefits payments during the period). Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment to a defined benefits plan. It is recognized totally and immediately in the income statement when incurred. Gains and losses on the settlement of a defined benefit plan also have an impact in the income statement when the settlement occurs.

It should be noted that, all cumulative past actuarial gains and losses on all employee benefit plans were recognized in retained earnings as of January 1, 2004, AXA Group's transition date.

1.17.3. Share-based compensation plans

The Group's share-based compensation plans are predominantly settled in equities.

All equity-settled share-based compensation plans 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.

1.18. PROVISIONS FOR RISKS, CHARGES AND CONTINGENT LIABILITIES

1.18.1. 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.

1.18.2. 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.

1.19. REVENUE RECOGNITION

1.19.1. 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.

1.19.2. 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 1.14.3).

1.19.3. 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.

1.19.4. 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 the recognition of 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, rights and obligations related to contracts are recognized in all situations.

1.19.5. 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 1.14.2) 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 1.14.2) and investment contracts with no discretionary participating features (see paragraph 1.14.3 "Unearned fees reserves").

1.19.6. Net revenues from banking activities

Net revenues from banking activities include all revenues and expenses from banking operations, including interest expenses not related to financing, banking fees, capital gains and losses on sales of financial assets, changes in the fair value of assets under the 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 "Bank operating expenses".

1.19.7. 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 the sales or distribution of financial products; and
- rental income received by real estate management companies.

1.19.8. Net investment result excluding financing expenses

The net investment result includes:

- investment income from investments other than from banking activities, net of depreciation expense on real estate investments (depreciation expense relating to owner occupied properties is included in "administrative expenses"); 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; and
- 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" (see paragraph 1.19.6).

1.20. 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, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 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
Genworth Financial European Group Holdings		100.00	100.00	100.00	100.00
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
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
Belgium					
AXA Holdings Belgium		100.00	100.00	100.00	100.00
The Netherlands					
Vinci BV		100.00	100.00	100.00	100.00
EMEA-LATAM Region					
AXA Mediterranean Holding SA		100.00	100.00	100.00	100.00
AXA Luxembourg SA		100.00	100.00	100.00	100.00
AXA Holding Maroc S.A.		100.00	100.00	100.00	100.00
AXA Holding W.L.L		100.00	100.00	100.00	100.00

Life & Savings and Property & Casualty	Change in scope	December 31, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 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	Minority interest buyout	98.52	98.51	98.51	98.51
Financial Assurance Company Limited (Genworth)		100.00	100.00	100.00	100.00
Financial Insurance Company Limited (Genworth)		100.00	100.00	100.00	100.00
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
Colisée RE		100.00	100.00	100.00	100.00
United States					
AXA Equitable Life Insurance Company		100.00	100.00	100.00	100.00
AXA Re Arizona Company		100.00	100.00	100.00	100.00
AXA Corporate Solutions Life Reinsurance 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
AXA Isle of Man Limited	Disposal	-	-	100.00	99.98
AXA Wealth Limited	Disposal	-	-	100.00	99.98
Architas Multi-Manager Limited		100.00	99.98	100.00	99.98
AXA Portfolio Services Limited	Disposal	-	-	100.00	99.98
Portman Insurance Ltd.		100.00	100.00	100.00	100.00
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 Life Invest Reinsurance		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 [(a)]	Acquisition of shares	45.41	45.41	43.63	43.63
AXA Insurance Public Company Limited (Thailand)		99.31	99.31	99.31	99.31
Japan					
AXA Life Insurance		98.69	98.69	98.69	98.69
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

		December 31, 2016		December 31, 2015	
Life & Savings and Property & Casualty	**Change in scope**	**Voting rights percentage**	**Group share of interests**	**Voting rights percentage**	**Group share of interests**
Deutsche Ärzteversicherung		100.00	100.00	100.00	100.00
AXA Krankenversicherung AG		100.00	100.00	100.00	100.00
DBV Deutsche Beamten-Versicherung AG	Merged with AXA Versicherung AG	-	-	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
Les Assurés Réunis	Deconsolidated	-	-	100.00	100.00
Spain					
AXA Vida, S. A. de Seguros	Minority interest buyout	99.85	99.85	99.84	99.84
AXA Aurora Vida, S.A. de Seguros	Minority interest buyout	99.97	99.82	99.97	99.81
AXA Seguros Generales, S. A.		99.90	99.90	99.90	99.90
Italy					
AXA Interlife		100.00	100.00	100.00	100.00
AXA Assicurazioni e Investimenti		100.00	100.00	100.00	100.00
AXA MPS Vita		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Danni		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
AXA MPS Financial		50.00 + 1 voting right	50.00	50.00 + 1 voting right	50.00
EMEA-LATAM					
AXA Colpatria Capitalizadora (Colombia)		51.00	51.00	51.00	51.00
AXA Colpatria Seguros de vida (Colombia)		51.00	51.00	51.00	51.00
AXA Colpatria Seguros (Colombia)		51.00	51.00	51.00	51.00
AXA Colpatria Medicina Prepagada (Colombia)		51.00	51.00	51.00	51.00
AXA Portugal Companhia de Seguros SA	Disposal	-	-	99.73	99.49
AXA Portugal Companhia de Seguros de Vida SA	Disposal	-	-	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)		92.61	92.61	92.61	92.61
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	99.98	99.98
AXA Seguros S.A. de C.V. (Mexico)		100.00	100.00	100.00	100.00
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 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 Assurances Luxembourg		100.00	100.00	100.00	100.00
AXA Assurances Vie Luxembourg		100.00	100.00	100.00	100.00
Switzerland					
AXA 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

Life & Savings and Property & Casualty	Change in scope	December 31, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 Group share of interests
Direct [b]					
Avanssur (France and Poland)		100.00	100.00	100.00	100.00
Kyobo AXA General Insurance Co. Ltd. (South Korea)	Relution	99.71	99.71	99.66	99.66
AXA Non Life Insurance Co. Ltd. (Japan)		100.00	98.69	100.00	98.69
Touring Assurances SA (Belgium)		100.00	100.00	100.00	100.00
AXA Global Direct Seguros y Reaseguros SAU (Spain)		100.00	100.00	100.00	100.00
AXA Global Direct Seguros y Reaseguros SAU branch (Italy)		100.00	100.00	100.00	100.00
AXA Global Direct Seguros y Reaseguros SAU branch (Portugal)	Disposal	-	-	100.00	100.00
AXA Ubezpieczenia TUIR S.A (Poland)		100.00	100.00	100.00	100.00

(a) AXA Group exercises control in accordance with shareholders' agreements.
(b) UK Direct activities is part of AXA Insurance UK Plc.

Asset Management (entities having worldwide activities)	Change in scope	December 31, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 Group share of interests
AXA Investment Managers (sub-group)	Minority interest buyout	97.04	96.97	96.29	96.23
AB (sub-group)	Relution	63.74	63.74	62.83	62.83

Banking	Change in scope	December 31, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 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, 2016 Voting rights percentage	December 31, 2016 Group share of interests	December 31, 2015 Voting rights percentage	December 31, 2015 Group share of interests
France					
CFP Management		100.00	100.00	100.00	100.00

Main changes in scope of consolidation are detailed in Note 5.

CONSOLIDATED INVESTMENT FUNDS AND REAL ESTATE COMPANIES

As of December 31, 2016, investment funds represented a total of €110,280 million invested assets (€106,740 million at the end of 2015), corresponding to 284 investment funds mainly in France, Japan, Germany and Belgium and mainly relating to the Life & Savings segment.

In most investment funds (particularly open-ended investment funds), minority interests are presented as liabilities under "Minority interests of consolidated investment funds". As of December 31, 2016, minority interests in consolidated investment funds amounted to €11,503 million (€10,525 million as of December 31, 2015). Minority interests related to consolidated investment funds and real estate companies that are classified in shareholder's equity amounted to €2,136 million as of December 31, 2016 (€1,194 million as of December 31, 2015).

As of December 31, 2016, 23 consolidated real estate companies corresponded to a total of €9,413 million invested assets (€7,980 million at the end of 2015), mainly in France, Germany and Japan.

MAIN SUBSIDIARIES WITH MINORITY INTERESTS

As regards main subsidiaries with minority interests (other than investment funds and real estate companies):

- the financial information of AB is available in Part II – Item 8. Financial Statements and Supplementary Data of its Annual Report for the year ended December 31, 2016, which is filed with the SEC;
- summarized financial information for AXA MPS is as follows (including AXA and external share but excluding goodwill related to AXA's holdings and before intercompany eliminations with other companies of the Group):

(in Euro million)	December 31, 2016	December 31, 2015
Net consolidated income - Minority Interests	74	115
Minority interests	1,107	972
Dividends paid to minority interests	(50)	(112)
Cash and cash equivalents	391	390
Total investments	25,259	25,581
Other assets	1,707	1,735
Total assets	**27,357**	**27,705**
Liabilities arising from insurance & investment contracts	24,085	24,942
Other Liabilities	1,059	819
Total liabilities (excluding shareholders' equity)	**25,144**	**25,761**
Total Revenues	3,056	3,566
Net income	**149**	**230**
Other Comprehensive Income	216	(15)
Total Comprehensive Income	**365**	**215**

Excluding minority interests related to consolidated investment funds and real estate companies that are classified in shareholder's equity, these minority interests represent 80% of minority interests of the Group as of December 31, 2016 (80% as of December 31, 2015). AB is part of the Asset Management segment and AXA MPS is part of both Life & Savings and Property & Casualty segments.

2.1.2. 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:

		December 31, 2016		December 31, 2015	
Life & Savings and Property & Casualty	**Change in scope**	**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
Natio Assurances		50.00	49.96	50.00	49.96
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		27.50	27.50	27.50	27.50
PT AXA Mandiri Financial Services		49.00	49.00	49.00	49.00
Bharti AXA Life		49.00	49.00	49.00	49.00
Bharti AXA General Insurance Company Limited (India)		49.00	49.00	49.00	49.00
AXA Tian Ping		50.00	50.00	50.00	50.00
Russia					
Reso Garantia (RGI Holdings B.V.)		39.34	39.34	39.34	39.34
EMEA-LATAM Region					
AXA Middle East SAL (Lebanon)		51.00	51.00	51.00	51.00
AXA Mansard Insurance plc (Nigeria)	Relution	77.79	77.79	77.51	77.51
Asset Management (entities having worldwide activities)					
AXA Investment Managers Asia Holdings Private Limited	Relution	49.00	47.52	49.00	47.15
Kyobo AXA Investment Managers Company Limited	Relution	50.00	48.49	50.00	48.12

Main changes in scope of consolidation are detailed in Note 10.

INVESTMENT FUNDS AND REAL ESTATE ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2016, real estate companies accounted for using the equity method amounted to €167 million invested assets (€169 million at the end of 2015) and investment funds accounted for using the equity method amounted to €4,777 million invested assets (€7,164 million at the end of 2015), mainly in the United States, United Kingdom, Ireland, France, Belgium and Germany.

2.2. UNCONSOLIDATED STRUCTURED ENTITIES

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when relevant activities are directed by means of contractual arrangements. Structured entities often have a narrow and well-defined objective or restricted activities.

The Group does not hold significant interests in unconsolidated insurance / reinsurance structured entities.

Furthermore, given its insurance business, the Group holds direct investments in corporates of various sectors, such as debt instruments, equity securities and loans. These investments are not designed to be done in structured entities and the whole Group's exposure is reflected on the consolidated balance sheet.

In addition, the Group holds interests in investment funds including real estate companies. Some of these funds are fully consolidated or accounted for using the equity method (see Note 2.1.). Other funds are not consolidated because they are not controlled or under significant influence. By nature, and notably because of the power of decision usually given to the asset managers (internal or external to AXA), most of these funds are structured entities.

As investor, AXA interests in unconsolidated funds are limited to the investments held. These ones are fully recognised in the consolidated balance sheet. Depending on the nature of its investment, AXA receives interests or dividends and can realize capital gains or losses in case of sale. These investments are subject to impairment testing as usual financial assets.

The Group's asset manager companies also receive fees for the services they provide when they manage investment funds. Some unconsolidated funds managed by the Group are partially or fully held by external investors.

Information on these unconsolidated investment funds are provided in different sections of this Annual Report:

- Section 1.1. Keys figures:
  - Business overview: AXA's total assets under management including assets managed on behalf of third parties;
  - Asset Management segment: assets under management (including assets managed on behalf of third parties) and revenues.
- Section 2.3. Activity report – Asset Management segment.
- Section 5.6. Notes to the consolidated financial statements:
  - Note 9 - Investments with the breakdown of investments and detail on non-consolidated investment funds in Note 9.8;
  - Note 22 - Net investment result excluding financing expenses.

Note 3 Consolidated statement of income by segment

AXA's Chief Executive Officer is a member of the Board of Directors. He is assisted by a Management Committee in the operational management of the Group and by a group of senior executives, the so-called Partners' Group, in developing and implementing any strategic initiatives. The financial information related to AXA's business segments and Holding Companies reported to the Board of Directors twice a year is consistent with the presentation provided in the consolidated financial statements.

Given the new governance structure of AXA, it was decided that the International Insurance segment would no longer be reported separately. Please refer to the Note 1.6 "Segment reporting" for more detailed information.

The operating results are presented on the basis of four operating business segments: Life & Savings, Property & Casualty, Asset Management and Banking. An additional Holding companies segment includes all non-operational activities.

Life & Savings: 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 Life & Savings segment consists of twelve geographic operating entities: France, the United States, the United Kingdom until the sale, Japan, Germany, Switzerland, Belgium, EMEA-LATAM Region, Italy, Spain, Asia (excluding Japan) and others.

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 consists of ten geographical operating entities (France, Germany, the United Kingdom and Ireland, Switzerland, Belgium, EMEA-LATAM Region, Italy, Spain, Asia and other entities) and three entities being present in multiple countries (AXA Global Direct, AXA Assistance and AXA Corporate Solutions Assurance).

The **Asset Management segment** includes diversified Asset Management (including investment fund management) and related services offered by AXA Investment Managers and AB, which are provided to a number 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 and Germany.

The **Holding companies segment** includes all non-operational activities.

The intersegment 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 two insurance segments: Life & Savings and Property & Casualty.

3.1. CONSOLIDATED STATEMENT OF INCOME BY SEGMENT

(in Euro million)	December 31, 2016						
	Life & Savings	Property & Casualty	Asset Management	Banking	Holding Companies	Intersegment eliminations	Total
Gross written premiums	58,814	35,900	-	-	-	(494)	94,220
Fees and charges relating to investment contracts with no participating features	219	-	-	-	-	-	219
Revenues from insurance activities	**59,033**	**35,900**	**-**	**-**	**-**	**(494)**	**94,439**
Net revenues from banking activities	-	-	-	550	-	40	590
Revenues from other activities	1,427	70	4,187	6	-	(525)	5,164
Revenues	**60,459**	**35,970**	**4,187**	**556**	**-**	**(979)**	**100,193**
Change in unearned premiums net of unearned revenues and fees	**84**	**(415)**	**-**	**-**	**-**	**(15)**	**(346)**
Net investment income [(a)]	12,792	2,300	23	(0)	151	(325)	14,941
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	2,265	460	1	(50)	1,623	112	4,410
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(b)]	8,950	19	73	-	(396)	(16)	8,629
of which change in fair value of assets with financial risk borne by policyholders	*9,125*	-	-	-	-	*(1)*	*9,124*
Change in investments impairment	(549)	(211)	-	76	(113)	-	(796)
Net investment result excluding financing expenses	**23,458**	**2,567**	**96**	**26**	**1,265**	**(229)**	**27,184**
Technical charges relating to insurance activities	(71,680)	(23,866)	-	-	-	196	(95,350)
Net result from outward reinsurance	80	(918)	-	-	-	249	(589)
Bank operating expenses	-	-	-	(47)	-	-	(47)
Acquisition costs	(5,001)	(6,464)	-	-	-	30	(11,435)
Amortization of the value of purchased business in force	(170)	-	-	-	-	-	(170)
Administrative expenses	(3,065)	(3,398)	(2,922)	(419)	(981)	486	(10,299)
Change in goodwill impairment and other intangible assets impairment	(21)	(88)	(5)	-	-	-	(114)
Other income and expenses	266	(92)	(283)	13	423	(203)	124
Other operating income and expenses	**(79,593)**	**(34,826)**	**(3,210)**	**(453)**	**(557)**	**758**	**(117,881)**
Income from operating activities before tax	**4,407**	**3,296**	**1,073**	**129**	**708**	**(465)**	**9,149**
Income (net of impairment) from investment accounted for using the equity method	153	52	11	-	2	-	218

(a) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings segment.
(b) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(c) Relates to the discontinued United Kingdom Life & Savings operations.

	December 31, 2016						
(in Euro million)	Life & Savings	Property & Casualty	Asset Management	Banking	Holding Companies	Intersegment eliminations	Total
Financing debt expenses	(41)	(18)	(42)	(9)	(651)	465	(296)
Net income from operating activities before tax	**4,520**	**3,330**	**1,043**	**120**	**58**	**0**	**9,071**
Income tax	(808)	(857)	(340)	(18)	(415)	-	(2,438)
Net operating income	**3,711**	**2,473**	**702**	**102**	**(357)**	**0**	**6,632**
Result from discontinued operations net of tax [(c)]	(439)	-	-	-	-	(0)	(439)
Net consolidated income after tax	**3,272**	**2,473**	**702**	**102**	**(357)**	**-**	**6,193**
Split between:							
Net consolidated income - Group share	3,196	2,415	474	100	(357)	0	5,829
Net consolidated income - Minority interests	76	58	228	2	(0)	(0)	364

(a) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings segment.
(b) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(c) Relates to the discontinued United Kingdom Life & Savings operations.

	December 31, 2015 Restated [a]						
(in Euro million)	**Life & Savings**	**Property & Casualty**	**Asset Management**	**Banking**	**Holding Companies**	**Intersegment eliminations**	**Total**
Gross written premiums	57,343	34,881	-	-	-	(494)	91,730
Fees and charges relating to investment contracts with no participating features	236	-	-	-	-	-	236
Revenues from insurance activities	**57,579**	**34,881**	**-**	**-**	**-**	**(494)**	**91,966**
Net revenues from banking activities	-	-	-	581	-	35	616
Revenues from other activities	1,460	360	4,295	5	-	(566)	5,554
Revenues	**59,038**	**35,241**	**4,295**	**586**	**-**	**(1,024)**	**98,136**
Change in unearned premiums net of unearned revenues and fees	**38**	**(287)**	**-**	**-**	**-**	**(20)**	**(268)**
Net investment income [b]	13,897	2,282	43	(0)	307	(290)	16,238
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	2,099	409	0	-	8	1	2,518
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [c]	(187)	(81)	(33)	-	(151)	11	(442)
of which change in fair value of assets with financial risk borne by policyholders	*784*	-	-	-	-	*(1)*	*784*
Change in investments impairment	(411)	(180)	0	(77)	(55)	-	(724)
Net investment result excluding financing expenses	**15,397**	**2,429**	**9**	**(77)**	**109**	**(278)**	**17,590**
Technical charges relating to insurance activities	(62,313)	(23,386)	-	-	-	132	(85,567)
Net result from outward reinsurance	(262)	(975)	-	-	-	356	(881)
Bank operating expenses	**-**	**-**	**-**	(46)	-	-	(46)
Acquisition costs	(4,252)	(5,922)	-	-	-	20	(10,154)
Amortization of the value of purchased business in force	(156)	-	-	-	-	-	(156)
Administrative expenses	(2,828)	(3,108)	(3,025)	(504)	(1,051)	473	(10,042)
Change in goodwill impairment and other intangible assets impairment	(20)	(90)	(4)	-	-	-	(115)
Other income and expenses	(63)	(440)	(286)	133	291	(139)	(504)
Other operating income and expenses	**(69,895)**	**(33,922)**	**(3,315)**	**(417)**	**(760)**	**842**	**(107,467)**
Income from operating activities before tax	**4,579**	**3,462**	**990**	**92**	**(651)**	**(480)**	**7,992**
Income from investment accounted for using the equity method	164	45	1	-	3	-	214
Financing debts expenses	(59)	(18)	(16)	(11)	(868)	484	(488)

(a) The contribution of the discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the statement of income and the International Insurance segment is reclassified in the Life & Savings and Property & Casualty segments in order to present a comparable basis.

(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings segment.

(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, 2015 Restated [a]						
(in Euro million)	**Life & Savings**	**Property & Casualty**	**Asset Management**	**Banking**	**Holding Companies**	**Intersegment eliminations**	**Total**
Net income from operating activities before tax	**4,684**	**3,489**	**975**	**82**	**(1,515)**	**3**	**7,718**
Income tax	(891)	(1,026)	(281)	(31)	434	0	(1,795)
Net operating income	**3,793**	**2,464**	**693**	**51**	**(1,081)**	**3**	**5,923**
Result from discontinued operations net of tax	68	-	-	-	-	(3)	64
Net consolidated income after tax	**3,861**	**2,464**	**693**	**51**	**(1,081)**	**-**	**5,987**
Split between:							
Net consolidated income - Group share	3,753	2,414	482	49	(1,081)	-	5,617
Net consolidated income - Minority interests	107	50	211	2	0	-	370

(a) The contribution of the discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the statement of income and the International Insurance segment is reclassified in the Life & Savings and Property & Casualty segments in order to present a comparable basis.

(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings segment.

(c) 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 4, "Risk Factors and Risk Management" and Section 2.4, "Liquidity and Capital Resources" of this Annual Report:

4.1. RISK MANAGEMENT ORGANIZATION

Please refer to pages 193 to 197 of Section 4.2, "Internal control and risk management" subsections "Risk management organization", "Financial reporting, disclosure, controls and procedures" and "Conclusions".

4.2. MARKET RISKS (INCLUDING SENSITIVITY ANALYSIS)

Please refer to pages 206 to 210 of Section 4.3, "Market risks", subsections "Interest rates & equity risk related to the operating activities of Group subsidiaries" and "Exchange-rate risk related to the operating activities of Group subsidiaries".

4.3. CREDIT RISK

Please refer to pages 211 to 213 of Section 4.4, "Credit risk" subsections "Invested assets: A central monitoring of counterparty exposure", "Credit derivatives", "Counterparty risk arising from over-the-counter (OTC) derivatives", "Receivables from reinsurers rating processes and factors" and "Bank credit activities".

4.4. INSURANCE RISK

Please refer to pages 216 to 218 of section 4.6, "Insurance risk", subsections "Product approval", "Exposure Analysis", "Reinsurance" and "Technical reserves".

4.5. LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 94 to 99 of Section 2.4, "Liquidity and capital resources" subsections "Liquidity, sources and needs for Group operating subsidiaries", "Liquidity position", "Uses of funds", "Impact of regulatory requirements" and "Subsequent events after December 31, 2016 impacting AXA's liquidity".

Note 5 Goodwill

5.1. GOODWILL

An analysis of goodwill by cash generating unit is presented in the table below:

	December 31, 2016			December 31, 2015 Restated [a]		
(in Euro million)	Gross value	Accumulated impairment	Net value	Gross value	Accumulated impairment	Net value
Life & Savings	**7,526**	**(1,318)**	**6,207**	**8,010**	**(1,278)**	**6,732**
France	57	-	57	57	-	57
United States	3,237	(1,240)	1,997	3,143	(1,204)	1,939
United Kingdom	-	-	-	661	-	661
Japan	1,941	(78)	1,863	1,827	(73)	1,754
Germany	147	-	147	147	-	147
Belgium	296	-	296	296	-	296
Switzerland	170	-	170	168	-	168
Spain (MedLA in 2015)	393	-	393	393	-	393
Italy (MedLA in 2015)	424	-	424	424	-	424
EMEA-LATAM Region (MedLA and CEE in 2015)	230	-	230	278	-	278
Asia (excluding Japan)	611	-	611	593	-	593
Other countries	18	-	18	21	-	21
Property & Casualty	**4,923**	**(0)**	**4,923**	**4,949**	**(0)**	**4,949**
France	138	-	138	138	-	138
United Kingdom & Ireland	615	-	615	660	-	660
Germany	918	-	918	918	-	918
Switzerland	228	-	228	225	-	225
Belgium	563	-	563	563	-	563
Italy (MedLA in 2015)	356	-	356	356	-	356
Spain (MedLA in 2015)	613	-	613	613	-	613
EMEA-LATAM Region (MedLA and CEE in 2015)	451	-	451	478	-	478
All Direct business	701	-	701	744	-	744
Asia	248	-	248	242	-	242
AXA Corporate Solutions Assurance	40	-	40	-	-	-
AXA Assistance	52	(0)	52	13	(0)	13
Other countries	-	-	-	-	-	-
Asset Management	**5,486**	**-**	**5,486**	**5,313**	**-**	**5,313**
AXA Investment Managers	398	-	398	392	-	392
AB	5,088	-	5,088	4,920	-	4,920
Banking	**68**	**-**	**68**	**68**	**-**	**68**
TOTAL	**18,002**	**(1,318)**	**16,684**	**18,340**	**(1,278)**	**17,062**

Note: Goodwill related to entities accounted for using the equity method is not presented in this table (see Note 10).

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments. The allocation of goodwill to Italy, Spain and EMEA-LATAM Region as of December 31, 2015, results from the restatement of the goodwill of the MedLA Region following the change in operating segments in 2016.

The total goodwill Group share amounted to €15,402 million as of December 31, 2016 and €15,795 million as of December 31, 2015.

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, 2016 [a]	Acquisitions during the period [b]	Disposals during the period [c]	Currency translation adjustment	Other changes	Gross value December 31, 2016
Life & Savings	8,010	-	(603)	134	(15)	7,526
Property & Casualty	4,949	112	-	(148)	10	4,923
Asset Management	5,313	36	-	137	-	5,486
Banking	68	-	-	-	-	68
TOTAL	**18,340**	**148**	**(603)**	**123**	**(5)**	**18,002**

(a) Reclassification of the International Insurance activity to Life & Savings and Property & Casualty.
(b) Property & Casualty: acquisition of GIM and Asian entities by AXA Assistance (€+39 million), AXA CS Seguros (€+32 million), Liberty by Direct (€+32 million) and Aid call in the UK (€+9 million).
Asset Management: acquisition of Ramius Alternative Solutions by AB (€+20 million) and Eureka Funds Management by AXA IM (€+16 million).
(c) Mainly disposal of the United Kingdom Life & Savings business.

(in Euro million)	Gross value January 1, 2015 Restated [a]	Acquisitions during the period [b]	Disposals during the period	Currency translation adjustment	Other changes [c]	Gross value December 31, 2015 Restated [a]
Life & Savings	7,398	-	-	590	21	8,010
Property & Casualty	4,938	16	-	28	(32)	4,949
Asset Management	4,812	-	-	522	(21)	5,313
Banking	127	-	-	-	(59)	68
TOTAL	**17,275**	**16**	**-**	**1,141**	**(91)**	**18,340**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty.
(b) Property & Casualty: includes the acquisitions of Simplyhealth (€+7 million) in the United Kingdom and BREU Insurance in Poland (€+9 million).
(c) Property & Casualty: includes the deconsolidation of AXA Ukraine (€-15 million) and the classification as held for sale of AXA Global Direct Portugal (€-13 million) and AXA Portugal (€-4 million).
Banking: includes the classification as held for sale of the Hungarian banking operations.

5.2.2. Goodwill - change in impairment

(in Euro million)	Cumulative impairment January 1, 2016 [a]	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, 2016
Life & Savings	1,278	-	-	41	-	1,318
Property & Casualty	0	-	-	-	-	0
Asset Management	-	-	-	-	-	-
Banking	-	-	-	-	-	-
TOTAL	**1,278**	**-**	**-**	**41**	**-**	**1,318**

(a) Reclassification of the International Insurance activity to Life & Savings and Property & Casualty.

(in Euro million)	Cumulative impairment January 1, 2015 Restated [a]	Increase in Impairment during the period	Write back of impairment of goodwill sold during the period	Currency translation adjustment	Other Changes [b]	Cumulative impairment December 31, 2015 Restated [a]
Life & Savings	1,147	-	-	130	-	1,278
Property & Casualty	16	0	-	-	(15)	0
Asset Management	-	-	-	-	-	-
Banking	59	-	-	-	(59)	-
TOTAL	**1,222**	**0**	**-**	**130**	**(74)**	**1,278**

(a) Reclassification of International Insurance activity in Life & Savings and Property & Casualty segments.
(b) Property & Casualty: includes the deconsolidation of AXA Ukraine.
Banking: includes the classification as held for sale of the AXA Bank Hungary.

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 up to a five years 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 5.9% to 12.8% in 2016 compared to a range from 6.9% to 10.9% in 2015, and growth rates beyond the strategic plan horizon, where applicable, from 2.1% to 5.6% compared to 2% to 4% in 2015.

ALL CASH-GENERATING UNITS (CGU)

The results of cash flow projections exceed the carrying amount of each related cash-generating unit or group of units.

For all cash-generating units, to the extent that securities valuations and interest rates levels remain low for prolonged periods of time, volatility and other market conditions stagnate or worsen, new business volumes and profitability together with the in force portfolio value would likely be negatively affected. In addition, the future cash flow expectations from both the in force 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% in the discount rate would not lead to an impairment loss for any of the CGUs as

the recoverable amount for each CGU would still exceed its carrying value.

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 OF SUBSIDIARIES

5.3.1. Sale of United Kingdom Life & Savings Operations

AXA COMPLETED THE SALE OF ITS UK OFFSHORE INVESTMENT BONDS BUSINESS BASED IN THE ISLE OF MAN TO LIFE COMPANY CONSOLIDATION GROUP

On October 21, 2016, AXA announced that it had completed the sale of its UK offshore investment bonds business based in the Isle of Man ("AXA Isle of Man") to Life Company Consolidation Group (LCCG).

AXA also announced that it had signed an agreement with LCCG for the disposal of AXA Life Europe Limited's offshore investment bonds business (€2.2 million revenues in 2015), which was distributed and administrated by AXA Isle of Man. Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to occur in 2017.

AXA COMPLETED THE SALE OF ITS UK LIFE & SAVINGS BUSINESSES TO PHOENIX GROUP HOLDINGS & STANDARD LIFE

On November 1, 2016, AXA announced that it had completed the sale of its UK wrap platform business "Elevate" to Standard Life plc, and of its UK (non-platform) investment, pensions and direct protection ("Sunlife") businesses to Phoenix Group Holdings. AXA UK Property & Casualty, Health and Asset Management ("Architas") operations were not part of these transactions.

The final overall consideration for the sale of the UK Life & Savings businesses amounted to GBP 0.6 billion (or €0.7 billion [1]). AXA recorded an exceptional negative P&L impact of €0.5 billion, accounted for in net income in 2016.

The operations affected by these transactions are treated as discontinued operations in AXA's consolidated financial statements as of December 31, 2016.

As of December 31, 2016, the major classes of assets and liabilities of the discontinued United Kingdom Life & Savings for which the disposal process was not finalized as of December 31, 2016, included the following (amounts are presented net of intercompany balances with other AXA entities):

(in Euro million)	December 31, 2016
Goodwill	-
Other intangible assets	2
Investments	893
Other assets	1
Cash and cash equivalents	12
Total assets held for sale	**908**

(in Euro million)	December 31, 2016
Liabilities arising from insurance and investment contracts	907
Other liabilities	3
Total liabilities held for sale	**910**

(1) *EUR 1 = GBP 0.83105 as of June 30, 2016.*

The statement of income of the United Kingdom Life & Savings business operations classified as 'Discontinued operations' (including both operations for which the disposal process was not finalized as of December 31, 2016 and operations for which the sale was completed in 2016) is as follows:

(in Euro million)	December 31, 2016	December 31, 2015
Revenues	293	395
Change in unearned premiums net of unearned revenues and fees	22	34
Net investment result excluding financing expenses	2,620	625
Other operating income and expenses	(2,913)	(1,035)
Income from operating activities before tax	**22**	**18**
Income arising from investments in associates - Equity method	-	-
Financing debts expenses	-	-
Impairment loss on goodwill on disposal	(457)	
Net income from operating activities before tax	**(434)**	**18**
Income tax	(5)	46
Net consolidated income after tax	**(439)**	**64**
Split between:		
Net consolidated income - Group share	(439)	64
Net consolidated income - Minority interests	-	-

The statement of Cash Flows of the discontinued United Kingdom Life & Savings business operations is as follows as of December 31, 2016:

(in Euro million)	December 31, 2016
Net cash provided/(used) by operating activities	(374)
Net cash provided/(used) by investing activities	411
Net impact of foreign exchange fluctuations	-
Net cash provided/(used) by discontinuing operations	**37**

As of December 31, 2016, impact of the disposal of United Kingdom Life & Savings operations in the consolidated statement of cash flows amounted of € 415 million and is presented on the row "net cash from discontinued operations".

5.3.2. Hungarian banking operations disposal

On November 2, 2016, AXA announced that it had completed the sale of its Hungarian banking operations to OTP bank plc. This transaction is the final step in the repositioning of AXA Bank Europe as a fully focused Belgian retail bank, serving almost one million clients and operating jointly with AXA Insurance in Belgium.

5.3.3. AXA Portugal disposal

On April 1, 2016, AXA announced that it had completed the sale of its Portuguese operations to Ageas, including in particular its entire stake in AXA Portugal Companhia de Seguros SA (Property & Casualty Business), AXA Portugal Companhia de Seguros de Vida SA (Life & Savings Business) as well as AXA Global Direct Seguros y Reaseguros, the Portuguese branch of its direct operations (Direct Business) [1]. The total cash consideration amounted to €189 million. AXA recorded an exceptional positive impact of €41 million, accounted for in net income in 2016.

(1) AXA owned 99.7% of the P&C Business, 95.1% of the Life Business and 100.0% of the Direct Business.

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)	2016	2015
Gross carrying value as of January 1	6,392	5,984
Accumulated amortization and impairment	(3,873)	(3,509)
Shadow accounting on VBI	(155)	(178)
Net carrying value as of January 1	**2,364**	**2,297**
VBI capitalization	-	-
Capitalized interests	93	98
Amortization and impairment for the period	(263)	(253)
Changes in VBI amortization, capitalization and impairment	**(170)**	**(156)**
Change in shadow accounting on VBI	(25)	39
Currency translation and other changes	41	185
Acquisitions and disposals of subsidiaries and portfolios	-	(1)
Net carrying value as of December 31	**2,209**	**2,364**
Gross carrying value as of December 31	6,569	6,392
Accumulated amortization and impairment	(4,174)	(3,873)
Shadow accounting on VBI	(185)	(155)

Note 7 Deferred acquisition costs and equivalent

7.1. BREAKDOWN OF DEFERRED ACQUISITION COSTS (DAC) AND EQUIVALENT

(in Euro million)	December 31, 2016	December 31, 2015
Deferred acquisition costs relating to Life & Savings [a]	22,850	22,417
Deferred Origination Costs [b]	777	1,223
Shadow accounting on DAC	(1,476)	(1,546)
Deferred acquisition costs and equivalent relating to Life & Savings	**22,151**	**22,093**
Deferred acquisition costs and equivalent relating to Property & Casualty	**1,981**	**1,934**
Deferred acquisition costs and equivalent	**24,132**	**24,028**

(a) Applicable to Life & Savings insurance contracts and investment contracts with discretionary participation features according to IFRS 4. Amounts are net of accumulated amortization.
(b) 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, 2016		December 31, 2015 Restated [a]	
(in Euro million)	Life & Savings Deferred Acquisition Costs [b]	Life & Savings Deferred Origination Costs [c]	Life & Savings Deferred Acquisition Costs [b]	Life & Savings Deferred Origination Costs [c]
Life & Savings deferred acquisition costs and equivalent net carrying value as of January 1	**20,870**	**1,223**	**18,174**	**1,125**
Amortization and impairment for the period	(2,544)	(104)	(1,813)	(90)
Capitalized interests for the period	914	30	921	31
DAC and similar costs capitalization for the period	2,251	38	2,080	116
Changes in amortization, capitalization and impairment	**620**	**(36)**	**1,187**	**58**
Change in shadow accounting on DAC	84	-	252	-
Currency translation and other changes	448	(61)	1,218	70
Disposals of subsidiaries and portfolios	(648)	(350)	40	(30)
Life & Savings deferred acquisition costs and equivalent net carrying value as of December 31	**21,374**	**777**	**20,870**	**1,223**
TOTAL	**22,151**		**22,093**	

(a) The contribution of discontinued United Kingdom Life & Savings operation is reclassified on a separate line of Statement of Income in order to present a comparable basis.
(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:

(in Euro million)	December 31, 2016		December 31, 2015	
	Life & Savings Deferred Acquisition Costs [(a)]	Life & Savings Deferred Origination Costs [(b)]	Life & Savings Deferred Acquisition Costs [(a)]	Life & Savings Deferred Origination Costs [(b)]
DAC and equivalent	**21,374**	**777**	**20,870**	**1,223**
of which shadow DAC	(1,476)	-	(1,546)	-
Unearned revenues and unearned fees reserves	**2,256**	**309**	**2,339**	**727**
of which shadow unearned revenues reserves	(494)	-	(474)	-
DAC net of unearned revenues and unearned fees reserves	**19,118**	**468**	**18,531**	**497**
TOTAL	**19,586**		**19,028**	

(a) Relating to contracts subject to IFRS 4, i.e. insurance contracts and investment contracts with discretionary participating features.
(b) 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 €3,266 million net value as of December 31, 2016, and mainly included:

(in Euro million)	Gross value	Accumulated amortization	Accumulated impairment	Net Value December 31, 2016	Net Value December 31, 2015
Software capitalized	3,069	(2,199)	(17)	853	756
Intangible assets recognized in business combinations and other business operations	3,395	(1,054)	(24)	2,316	2,427
Other intangible assets	550	(452)	(1)	97	94
Total other intangible assets	**7,014**	**(3,706)**	**(42)**	**3,266**	**3,277**

8.2. BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

		December 31, 2016				December 31, 2015			
(in Euro million)	Transaction Year	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value
BREU Uberzpiecznia	2015	68	(12)	-	56	70	(6)	-	65
Asia Property and Casualty	2012	181	(75)	-	105	176	(56)	-	120
Greece Life & Savings	2007	43	(5)	(24)	14	43	(4)	(24)	15
Greece Property and Casualty	2007	77	(37)	-	39	78	(32)	-	46
AXA MPS (Italy) Life & Savings	2007 & 2008	592	-	-	592	592	-	-	592
AXA MPS (Italy) Property and Casualty	2007 & 2008	347	-	-	347	347	-	-	347
Switzerland Life & Savings	2006	190	(95)	-	95	188	(84)	-	103
Switzerland Property and Casualty	2006	634	(388)	-	246	625	(352)	-	273
Germany Property and Casualty	2006	92	(37)	-	54	92	(31)	-	61
Belgium Property and Casualty	2006	67	(28)	-	39	67	(25)	-	42
Spain Property and Casualty	2006	247	(222)	-	26	247	(214)	-	33
AXA Investment Managers	2005	187	(6)	-	182	214	(7)	-	207
Others		670	(149)	-	521	657	(132)	-	525
TOTAL		**3,395**	**(1,054)**	**(24)**	**2,316**	**3,394**	**(942)**	**(24)**	**2,427**

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,422 million (net carrying value) 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.

8.3. CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	2016	2015
Net value as of January 1	**2,427**	**2,299**
Acquisition during the period [(a)]	44	184
Amortization allowance	(113)	(116)
Impairment allowance	-	-
Disposal during the period	(1)	(0)
Purchase decreases following adjustments	-	-
Currency impact	(31)	65
Other changes	(10)	(4)
Closing net value as of December 31	**2,316**	**2,427**

(a) In 2016, includes €13 million in AB from acquisition of Raimus Alternative Solutions LLC, €13 million in UK from acquisition of Aid Call, €6 million in US from AIG agreement, €5 million in AXA IM from acquisition of Eureka Funds Management, €2 million in Mexico from Promotorias agreement and €2 million in Turkey.
In 2015, includes €95 million from the 10 years distribution agreement signed with mBank in Poland, €64 million signed by Singapore with SingPost and €24 million from the acquisition of Simplyhealth in the UK.

Note 9 Investments

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 also provided in Note 20.3.

	Insurance		
(in Euro million)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost [a]	28,968	20,123	2.77%
Investment in real estate properties designated as at fair value through profit or loss [b]	1,256	1,256	0.17%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**30,224**	**21,379**	**2.94%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	390,821	390,821	53.73%
Debt instruments designated as at fair value through profit or loss [c]	42,340	42,340	5.82%
Debt instruments held for trading	998	998	0.14%
Debt instruments (at cost) that are not quoted in an active market [d]	5,955	5,736	0.79%
Debt instruments	**440,115**	**439,897**	**60.48%**
Equity instruments available for sale	16,499	16,499	2.27%
Equity instruments designated as at fair value through profit or loss [b]	8,975	8,975	1.23%
Equity instruments held for trading	60	60	0.01%
Equity instruments	**25,534**	**25,534**	**3.51%**
Non consolidated investment funds available for sale	9,030	9,030	1.24%
Non consolidated investment funds designated as at fair value through profit or loss [b]	4,545	4,545	0.62%
Non consolidated investment funds held for trading	314	314	0.04%
Non consolidated investment funds	**13,890**	**13,890**	**1.91%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**14,067**	**14,067**	**1.93%**
Macro-hedge and other derivatives	**349**	**349**	**0.05%**
Sub total Financial instruments (excluding Loans)	**493,954**	**493,735**	**67.88%**
Loans held to maturity	-	-	-
Loans available for sale	-	-	-
Loans designated as at fair value through profit or loss [b]	-	-	-
Loans held for trading	-	-	-
Loans at cost [e]	38,164	36,995	5.09%
Macro-hedge and other derivatives	-	-	-
Loans	**38,164**	**36,995**	**5.09%**
Total Financial instruments	**532,117**	**530,730**	**72.96%**
Assets backing contracts where the financial risk is borne by policyholders	**175,292**	**175,292**	**24.10%**
INVESTMENTS	**737,633**	**727,402**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**562,341**	**552,110**	**75.90%**
Life & Savings	483,117	474,125	65.18%
Property & Casualty	79,224	77,984	10.72%

(a) Includes infrastructure investments.
(b) Assets measured at fair value under the fair value option.
(c) Includes assets measured at fair value notably under the fair value option.
(d) Eligible to the IAS 39 Loans and Receivables measurement category.
(e) Mainly relates to mortgage loans and policy loans.

December 31, 2016					
Investments as per Consolidated Statement of Financial Position					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
187	125	0.35%	29,155	20,249	2.65%
-	-	-	1,256	1,256	0.16%
-	-	-	-	-	-
187	**125**	**0.35%**	**30,411**	**21,504**	**2.82%**
-	-	-	-	-	-
5,413	5,413	15.27%	396,234	396,234	51.94%
386	386	1.09%	42,727	42,727	5.60%
29	29	0.08%	1,027	1,027	0.13%
1,136	1,136	3.20%	7,091	6,872	0.90%
6,964	**6,964**	**19.64%**	**447,079**	**446,861**	**58.58%**
1,117	1,117	3.15%	17,616	17,616	2.31%
427	427	1.20%	9,401	9,401	1.23%
-	-	-	60	60	0.01%
1,544	**1,544**	**4.35%**	**27,077**	**27,077**	**3.55%**
91	91	0.26%	9,122	9,122	1.20%
252	252	0.71%	4,797	4,797	0.63%
301	301	0.85%	615	615	0.08%
644	**644**	**1.82%**	**14,534**	**14,534**	**1.91%**
63	**63**	**0.18%**	**14,130**	**14,130**	**1.85%**
(203)	**(203)**	**-0.57%**	**146**	**146**	**0.02%**
9,013	**9,013**	**25.42%**	**502,967**	**502,748**	**65.90%**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,179	26,321	74.23%	66,343	63,317	8.30%
(0)	(0)	0.00%	(0)	(0)	0.00%
28,179	**26,321**	**74.23%**	**66,343**	**63,317**	**8.30%**
37,192	**35,334**	**99.65%**	**569,309**	**566,065**	**74.20%**
-	**-**	**-**	**175,292**	**175,292**	**22.98%**
37,379	**35,459**	**100.00%**	**775,012**	**762,861**	**100.00%**

	Insurance		
(in Euro million)	**Fair value**	**Carrying value**	**% (value balance sheet)**
Investment in real estate properties at amortized cost	27,103	19,262	2.69%
Investment in real estate properties designated as at fair value through profit or loss [(a)]	1,107	1,107	0.15%
Macro-hedge and other derivatives	-	-	-
Investment in real estate properties	**28,210**	**20,369**	**2.85%**
Debt instruments held to maturity	-	-	-
Debt instruments available for sale	369,011	369,011	51.59%
Debt instruments designated as at fair value through profit or loss [(b)]	39,861	39,861	5.57%
Debt instruments held for trading	868	868	0.12%
Debt instruments (at cost) that are not quoted in an active market [(c)]	6,044	5,829	0.81%
Debt instruments	**415,784**	**415,569**	**58.10%**
Equity instruments available for sale	16,681	16,681	2.33%
Equity instruments designated as at fair value through profit or loss [(a)]	9,180	9,180	1.28%
Equity instruments held for trading	76	76	0.01%
Equity instruments	**25,937**	**25,937**	**3.63%**
Non consolidated investment funds available for sale	7,424	7,424	1.04%
Non consolidated investment funds designated as at fair value through profit or loss [(a)]	5,720	5,720	0.80%
Non consolidated investment funds held for trading	250	250	0.04%
Non consolidated investment funds	**13,394**	**13,394**	**1.87%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**11,394**	**11,394**	**1.59%**
Macro-hedge and other derivatives	**914**	**914**	**0.13%**
Sub total Financial investments (excluding Loans)	**467,424**	**467,209**	**65.32%**
Loans held to maturity	-	(0)	0.00%
Loans available for sale	0	0	0.00%
Loans designated as at fair value through profit or loss	-	-	-
Loans held for trading	-	-	-
Loans at cost [(d)]	34,563	33,103	4.63%
Macro-hedge and other derivatives	-	-	-
Loans	**34,563**	**33,103**	**4.63%**
Total Financial investments	**501,987**	**500,311**	**69.95%**
Assets backing contracts where the financial risk is borne by policyholders	**194,601**	**194,601**	**27.21%**
INVESTMENTS	**724,798**	**715,282**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**530,197**	**520,681**	**72.79%**
Life & Savings [(e)]	461,259	452,909	63.32%
Property & Casualty [(e)]	68,937	67,772	9.47%

(a) Assets measured at fair value under the fair value option.
(b) Includes assets measured at fair value notably 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.
(e) Reclassification from International Insurance segment to Life & Savings and Property & Casualty segments.

December 31, 2015					
Investments as per Consolidated Statement of Financial Position					
Other activities			Total		
Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
192	126	0.33%	27,295	19,388	2.58%
-	-	-	1,107	1,107	0.15%
-	-	-	-	-	-
192	**126**	**0.33%**	**28,402**	**20,495**	**2.72%**
-	-	-	-	-	-
8,835	8,835	23.51%	377,846	377,846	50.19%
587	587	1.56%	40,448	40,448	5.37%
24	24	0.06%	892	892	0.12%
1,192	1,192	3.17%	7,235	7,020	0.93%
10,638	**10,638**	**28.31%**	**426,422**	**426,207**	**56.61%**
1,486	1,486	3.95%	18,167	18,167	2.41%
407	407	1.08%	9,587	9,587	1.27%
-	-	-	76	76	0.01%
1,893	**1,893**	**5.04%**	**27,830**	**27,830**	**3.70%**
125	125	0.33%	7,549	7,549	1.00%
187	187	0.50%	5,906	5,906	0.78%
474	474	1.26%	724	724	0.10%
785	**785**	**2.09%**	**14,179**	**14,179**	**1.88%**
156	**156**	**0.42%**	**11,550**	**11,550**	**1.53%**
(409)	**(409)**	**-1.09%**	**505**	**505**	**0.07%**
13,063	**13,063**	**34.76%**	**480,487**	**480,272**	**63.79%**
-	-	-	-	(0)	0.00%
-	-	-	0	0	0.00%
0	0	0.00%	0	0	0.00%
-	-	-	-	-	-
26,093	24,342	64.78%	60,656	57,444	7.63%
48	48	0.13%	48	48	0.01%
26,142	**24,390**	**64.90%**	**60,704**	**57,493**	**7.64%**
39,205	**37,453**	**99.67%**	**541,191**	**537,764**	**71.43%**
-	**-**	**-**	**194,601**	**194,601**	**25.85%**
39,396	**37,579**	**100.00%**	**764,194**	**752,860**	**100.00%**

9.2. INVESTMENT IN REAL ESTATE PROPERTIES

Investment in real estate properties includes buildings owned directly and through consolidated real estate entities.

Breakdown of the carrying value and fair value of investment in real estate properties at amortized cost, including the impact of all derivatives, except derivatives related to macro-hedges which are shown separately:

	December 31, 2016					December 31, 2015				
(in Euro million)	Gross value	Amortization	Impairment	Carrying value	Fair value	Gross value	Amortization	impairment	Carrying value	Fair value
Investment in real estate properties at amortized cost										
Insurance [a]	22,925	(2,202)	(704)	20,019	28,864	22,053	(2,196)	(611)	19,246	27,087
Other activities	125	-	(0)	125	187	126	(0)	(0)	126	192
All activities excluding derivatives	**23,050**	**(2,202)**	**(704)**	**20,144**	**29,050**	**22,179**	**(2,196)**	**(611)**	**19,371**	**27,278**
Impact of Derivatives				104	104				17	17
TOTAL FOR ALL ACTIVITIES INCLUDING DERIVATIVES				**20,249**	**29,155**				**19,388**	**27,295**

(a) Includes Infrastructure Investments.

Change in impairment and amortization of investment in real estate properties at amortized cost (all activities):

	Impairment - Investment in real estate properties		Amortization - Investment in real estate properties	
(in Euro million)	2016	2015	2016	2015
Value as of January 1	**611**	**620**	**2,196**	**2,258**
Increase for the period	153	93	227	247
Write back following sale or repayment	(21)	(15)	(120)	(58)
Write back following recovery in value	(37)	(26)	-	-
Others [a]	(2)	(61)	(102)	(250)
Value as of December 31	**704**	**611**	**2,202**	**2,196**

(a) Includes change in scope and the effect of changes in exchange rates.

9.3. UNREALIZED GAINS AND LOSSES ON FINANCIAL INVESTMENTS

Including 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, 2016					December 31, 2015 Restated [a]				
(in Euro million)	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses
Debt instruments available for sale	343,689	390,821	390,821	54,800	7,668	325,098	369,011	369,011	50,183	6,270
Debt instruments (at cost) that are not quoted in an active market	5,756	5,955	5,736	274	75	5,827	6,044	5,829	228	12
Equity instruments available for sale	12,901	16,499	16,499	3,799	202	13,473	16,681	16,681	3,435	227
Non consolidated investment funds available for sale	8,094	9,030	9,030	1,028	91	6,534	7,424	7,424	964	74

(a) Restatement to include impact of derivatives.
(b) Net of impairment - including premiums/discounts and related accumulated amortization.
(c) Net of impairment.

Other activities

	December 31, 2016					December 31, 2015 Restated [a]				
(in Euro million)	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses
Debt instruments available for sale	5,399	5,413	5,413	211	197	8,828	8,835	8,835	298	290
Debt instruments (at cost) that are not quoted in an active market	1,136	1,136	1,136	-	(0)	1,192	1,192	1,192	0	-
Equity instruments available for sale	903	1,117	1,117	243	28	1,144	1,486	1,486	343	0
Non consolidated investment funds available for sale	76	91	91	16	-	118	125	125	9	2

(a) Restatement to include impact of derivatives.
(b) Net of impairment - including premiums/discounts and related accumulated amortization.
(c) Net of impairment.

Total

(in Euro million)	December 31, 2016					December 31, 2015 Restated [a]				
	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses	Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses
Debt instruments available for sale	349,087	396,234	396,234	55,011	7,864	333,926	377,846	377,846	50,481	6,560
Debt instruments (at cost) that are not quoted in an active market	6,892	7,091	6,872	274	75	7,019	7,235	7,020	228	12
Equity instruments available for sale	13,804	17,616	17,616	4,042	230	14,617	18,167	18,167	3,777	228
Non consolidated investment funds available for sale	8,170	9,122	9,122	1,043	91	6,652	7,549	7,549	973	76

(a) Restatement to include impact of derivatives.
(b) Net of impairment - including premiums/discounts and related accumulated amortization.
(c) Net of impairment.

See also Note 9.9.1 “Breakdown of financial investments 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 but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges). Details of the effect of derivatives are also provided in Note 20.3.

(in Euro million)	December 31, 2016 Carrying value	December 31, 2015 Carrying value
Government and government like debt instruments	236,132	226,367
Other debt instruments issued by government related	10,187	8,270
Corporate debt instruments [a]	203,529	193,414
Other debt instruments [b]	263	263
Hedging derivatives and other derivatives	(3,250)	(2,107)
TOTAL DEBT INSTRUMENTS	**446,861**	**426,207**

(a) Includes debt instruments issued by companies in which a State holds interests.
(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 loans from activities other than insurance

(in Euro million)	December 31, 2016		December 31, 2015	
	Fair value	Carrying value	Fair value	Carrying value
Mortgage loans	23,181	21,557	21,200	19,682
Other loans	4,907	4,672	4,681	4,449
Total Banking loans	**28,088**	**26,230**	**25,882**	**24,131**
Loans from activities other than insurance and banks	91	92	212	211
Total excluding the impact of derivatives	**28,179**	**26,321**	**26,093**	**24,342**
Derivatives impact	(0)	(0)	48	48
TOTAL	**28,179**	**26,321**	**26,142**	**24,390**

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 and loans and debt instruments backing contracts where the financial risk is borne by policyholders are excluded from the table below. The effect of derivatives (detailed in Note 20.3) 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 instruments (i.e. exposed to fair value interest rate risk).

	December 31, 2016 Net carrying amount by maturity						December 31, 2015 Net carrying amount by maturity					
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value excluding derivatives	Impact of Derivatives	Total Carrying value including derivatives	12 months or less	More than 1 year up to 5 years	More than 5 years	Carrying value excluding derivatives	Impact of Derivatives	Total Carrying value including derivatives
Total - Financial investments exposed to fair value interest rate risk	**37,308**	**117,902**	**317,386**	**472,596**			**32,374**	**121,787**	**293,405**	**447,566**		
Debt instruments	32,087	111,802	299,330	443,218	(3,230)	439,988	26,645	115,873	278,780	421,297	(2,110)	419,187
Loans [(a)]	8,218	21,071	39,637	68,926	(565)	68,361	7,873	18,124	35,305	61,303	(678)	60,625
Total Financial investments exposed to interest rate risk	**40,305**	**132,873**	**338,967**	**512,145**	**(3,795)**	**508,350**	**34,518**	**133,997**	**314,085**	**482,600**	**(2,788)**	**479,812**

(a) Including Summary Consolidated Investment funds – Loans.

9.6. EXPOSURE TO PRICE RISK

Including the effect of derivatives (also 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	Communications	Industrial	Basic Materials	Technology	Other	Total value excluding derivatives	Effect of Derivatives	Total value including derivatives
Equity instruments as of December 31, 2016	8,579	7,809	685	1,365	3,300	1,017	1,517	2,810	27,082	(5)	27,077
Equity instruments as of December 31, 2015	8,832	8,412	569	1,619	3,157	981	1,314	2,942	27,827	4	27,830

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.

Additionally, the Group is party to total return swaps under which financial assets are sold to a counterparty with a corresponding agreement. Cash flows equal to those of the underlying assets will be remitted to the Group in exchange for specified payments taking into account any increase or decline in the fair value of the assets. This results in substantially all of the risks and rewards of the financial assets remaining with the Group. As such, the Group does not derecognize the financial assets.

The breakdown of transferred financial assets / liabilities not qualifying for derecognition was as follows:

	December 31, 2016			December 31, 2015		
(in Euro million)	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt instruments - Loans & Receivables	Debt instruments designated at fair value through profit or loss	Debt instruments available for sale	Debt instruments - Loans & Receivables
Carrying value of assets	**1,405**	**32,770**	**252**	**1,351**	**29,140**	**506**
Carrying value of associated liabilities [(a)]	**1,514**	**29,147**	**169**	**1,358**	**28,186**	**181**

(a) Amount does not include securities received as collateral to securities lending transactions if such collateral is not recognized under the terms of the agreement because the risks and rewards have not been transferred to the Group (detailed in Note 29).

9.8. NON CONSOLIDATED INVESTMENT FUNDS

The detail of non-consolidated investment funds breakdown was as follows:

	December 31, 2016			December 31, 2015		
	Fair value [(a)]			Fair value [(a)]		
(in Euro million)	Insurance	Other activities	Total	Insurance	Other activities	Total
Non consolidated investment funds mainly holding equity securities	2,212	408	2,619	2,406	418	2,825
Non consolidated investment funds mainly holding debt instruments	4,269	127	4,397	5,145	225	5,370
Other non consolidated investment funds	7,485	110	7,595	5,926	142	6,068
Non consolidated investment at cost	-	-	-	-	-	-
Derivatives related to non consolidated investment funds	(77)	-	(77)	(83)	-	(83)
TOTAL	**13,890**	**644**	**14,534**	**13,394**	**785**	**14,179**

(a) Amounts are 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.

The amortized cost of non consolidated investment funds available for sale was as below:

- Funds mainly holding equity securities: €1,306 million in 2016 compared to €939 million in 2015;
- Funds mainly holding debt instruments: €2,701 million in 2016 compared to €2,363 million in 2015;
- Other funds: €4,162 million in 2016 compared to €3,350 million in 2015.

9.9. FINANCIAL INVESTMENTS SUBJECT TO IMPAIRMENT

9.9.1. Breakdown of financial investments subject to impairment

Each investment item is presented net of the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

	December 31, 2016					December 31, 2015				
(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 [c]	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 [c]	Carrying value
Debt instruments available for sale	349,616	(529)	349,087	47,147	396,234	334,558	(632)	333,926	43,921	377,846
Debt instruments (at cost) that are not quoted in an active market [c]	6,893	(0)	6,892	(20)	6,872	7,019	(0)	7,019	1	7,020
Debt instruments	**356,509**	**(529)**	**355,980**	**47,127**	**403,107**	**341,577**	**(632)**	**340,945**	**43,922**	**384,867**
Equity instruments available for sale	**16,470**	**(2,666)**	**13,804**	**3,812**	**17,616**	**16,761**	**(2,144)**	**14,617**	**3,550**	**18,167**
Non consolidated investment funds available for sale	**9,296**	**(1,126)**	**8,170**	**952**	**9,122**	**7,705**	**(1,054)**	**6,652**	**897**	**7,549**
Loans held to maturity	(0)	-	(0)	-	(0)	(0)	-	(0)	-	(0)
Loans available for sale	-	-	-	-	-	0	(0)	0	-	0
Loans at cost [d]	64,103	(236)	63,867	(550)	63,317	58,320	(239)	58,082	(637)	57,444
Loans	**64,103**	**(236)**	**63,867**	**(550)**	**63,317**	**58,321**	**(239)**	**58,082**	**(637)**	**57,444**
TOTAL	**446,377**	**(4,557)**	**441,820**	**51,341**	**493,161**	**424,364**	**(4,069)**	**420,295**	**47,732**	**468,026**

(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) Revaluation to fair value for instruments at cost related to the application of hedge accounting.
(d) Including policy loans.

9.9.2. Change in impairment on financial investments

(in Euro million)	January 1, 2016	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [(a)]	December 31, 2016
Impairment - Debt instruments	632	70	(147)	(28)	2	529
Impairment - Equity instruments	2,144	543	18	-	(38)	2,666
Impairment - Non consolidated investment funds	1,054	132	(69)	-	10	1,126
Impairment - Loans	239	50	(2)	(60)	8	236
TOTAL	**4,069**	**795**	**(200)**	**(88)**	**(19)**	**4,557**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

(in Euro million)	January 1, 2015	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [(a)]	December 31, 2015
Impairment - Debt instruments	788	126	(317)	(16)	51	632
Impairment - Equity instruments	2,123	392	(339)	-	(31)	2,144
Impairment - Non consolidated investment funds	950	74	(33)	-	63	1,054
Impairment - Loans	648	67	(30)	(77)	(367)	239
TOTAL	**4,508**	**659**	**(720)**	**(93)**	**(285)**	**4,069**

(a) Mainly relates to changes in the scope of consolidation and impact of changes in exchange rates.

9.10. INVESTMENTS / FAIR VALUE

9.10.1. Investments recognized at fair value

The breakdown by valuation method of investments recognized at fair value including derivatives (also detailed in Note 20.3 and Note 20.5), but excluding the assets backing contracts where the financial risk is borne by policyholders is as follows:

	December 31, 2016					December 31, 2015				
	Assets quoted in an active market excluding derivatives	Assets not quoted in an active market or no active market excluding derivatives				Assets quoted in an active market excluding derivatives	Assets not quoted in an active market or no active market excluding derivatives			
(in Euro million)	Fair value determined directly by reference to active market excluding derivatives (level 1)	Fair value mainly based on observable market data excluding derivatives (level 2)	Fair value mainly not based on observable market data excluding derivatives (level 3)	Total excluding derivatives	Total including derivatives	Fair value determined directly by reference to active market excluding derivatives (level 1)	Fair value mainly based on observable market data excluding derivatives (level 2)	Fair value mainly not based on observable market data excluding derivatives (level 3)	Total excluding derivatives	Total including derivatives
Debt instruments	279,887	118,640	748	399,275	396,234	263,441	116,187	260	379,888	377,846
Equity instruments	13,985	1,527	2,109	17,620	17,616	14,411	1,147	2,604	18,162	18,167
Non consolidated investment funds	837	7,125	1,192	9,153	9,122	1,063	5,512	997	7,572	7,549
Loans	-	-	-	-	-	-	-	0	0	0
Financial investments and loans available for sale	**294,708**	**127,292**	**4,049**	**426,048**	**422,972**	**278,915**	**122,846**	**3,861**	**405,622**	**403,562**
Investments in real estate properties	-	1,256	-	1,256	1,256	-	1,107	-	1,107	1,107
Debt instruments	25,242	16,594	921	42,757	42,727	23,435	16,206	843	40,484	40,448
Equity instruments	3,405	879	5,118	9,401	9,401	3,957	795	4,837	9,589	9,587
Non consolidated investment funds	377	3,200	1,266	4,842	4,797	270	4,610	1,086	5,967	5,906
Other assets held by consolidated investment funds designated as at fair value through profit or loss	3,749	6,107	4,327	14,184	14,130	2,006	6,266	3,289	11,561	11,550
Loans	-	-	-	-	-	0	-	-	0	-
Financial investments and loans designated as at fair value through profit or loss	**32,773**	**28,035**	**11,632**	**72,440**	**72,310**	**29,667**	**28,984**	**10,056**	**68,707**	**68,599**
Debt instruments	342	844	1	1,187	1,027	264	659	1	925	892
Equity instruments	61	(0)	0	61	60	76	-	0	77	76
Non consolidated investment funds	300	315	0	615	615	451	273	0	724	724
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held for trading	**702**	**1,160**	**2**	**1,863**	**1,703**	**792**	**932**	**2**	**1,726**	**1,693**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**328,183**	**156,486**	**15,682**	**500,351**	**496,985**	**309,374**	**152,762**	**13,918**	**476,054**	**473,854**

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 investments measured at fair value in the financial statements are described in Note 1.5. The Group applies the IFRS 13 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 IFRS 13 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:
  - are readily available including last transaction prices but relate to assets for which the market is not always active or;
  - 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 using mainly observable inputs are classified in level 2. Assets not quoted in an active market for which fair value determination is not mainly based on observable inputs are classified as level 3. 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 (market observable inputs):

- 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 experienced on European government bonds with yields and bid ask spreads widening significantly leading to transfers from level 1 to level 2 and then also subsequent sustained improved market liquidity for certain government issuers resulting in transfers back to level 1 from level 2. As of December 31, 2016, Irish, Portuguese and Spanish sovereign bonds continue to be classified in level 2. For these sovereign bonds classified in level 2, trends observed in previous years were confirmed in 2016. These market indicators will continue to be monitored to assess the sustainability of those improvements. Therefore, the classification as of December 31, 2016 was maintained compared to December 31, 2015.

As of December 31, 2016, the net transfers between Level 1 and Level 2 was €8,739 million. This amount was comprised of €13,337 million transferred investments from Level 2 to Level 1 and €4,598 million transferred from Level 1 to Level 2, primarily in corporate bonds.

(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 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 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 newly 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 investments 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.

TRANSFER IN AND OUT OF THE LEVEL 3 CATEGORY AND OTHER MOVEMENTS

From January 1, 2016 to December 31, 2016, the amount of Level 3 assets increased to €15.7 billion, representing 3.1% of the total assets at fair value (2.9% in 2015 i.e. €13.9 billion).

Main movements related to Level 3 assets to be noted were the following:

- €+2.6 billion of new investments;
- €+0.4 billion of change in unrealized gains and losses;
- €+0.2 billion of net asset transfers in and out of Level 3 and foreign exchange fluctuation impact;
- €-1.4 billion of asset sales, redemptions and settlements mainly of debt instruments, equity securities and non-conso investment funds accounted as available for sale and of equity securities, non-conso investment funds, other assets held by controlled investment funds and debt instruments accounted as fair value through P&L.

A majority of assets classified in Level 3 corresponds to Private Investments and in particular private equity assets.

9.10.2. Investments recognized at amortized cost

	December 31, 2016					December 31, 2015				
	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 active market (level 1)	Fair value mainly based on observable market data (level 2)	Fair value mainly not based on observable market data (level 3)	Total excluding derivatives	Total including derivatives	Fair value determined directly by reference to active market (level 1)	Fair value mainly based on observable market data (level 2)	Fair value mainly not based on observable market data (level 3)	Total excluding derivatives	Total including derivatives
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held to maturity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments in real estate properties at amortized cost	-	29,050	0	29,050	29,155	0	27,278	0	27,278	27,295
Debt instruments at cost (loans & receivables)	345	4,916	1,851	7,111	7,091	407	4,950	1,875	7,232	7,235
Loans at amortized cost	49	27,461	39,398	66,908	66,343	43	23,779	37,511	61,334	60,656
Non consolidated investment at cost	-	-	-	-	-	-	-	-	-	-
Financial investments and loans at amortized cost	**393**	**61,427**	**41,248**	**103,069**	**102,589**	**451**	**56,006**	**39,387**	**95,844**	**95,186**
TOTAL FAIR VALUE OF INVESTED ASSETS AT AMORTIZED COST	**393**	**61,427**	**41,248**	**103,069**	**102,589**	**451**	**56,006**	**39,387**	**95,844**	**95,186**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. Specifics to the valuation of investments are further described in Note 9.10.1 and the same principles apply to the fair value of investments at amortized cost.

Generally fair values of investments in real estate properties cannot be determined via reference to quotes of an active market from an exchange market or service provider and no property is therefore categorized in level 1. However, AXA's investments in real estate properties are mostly physically located within liquid markets with identical or comparable asset sales. Given the regulatory environment, some real estate properties located in markets like France are valued by experts using very similar approaches leading to very limited dispersion in prices, with a majority of market inputs themselves homogeneous in terms of sources and values. Hence, the Group, consistently with the policy described in Note 1.5 which notably considers, for assets not quoted in an active market, the weight of observable inputs in the valuation, concludes that the fair value calculations, which are based on valuations performed by qualified property appraisers mainly based on market observable inputs, are considered as level 2 fair values. However, as noted in Note 1.5 and Note 9.10.1, the assessment of the significance of an input against the fair value measurement in its entirety involves judgment and a different weighting could produce a different categorization.

The fair values of debt instruments and loans at cost are determined with consideration of market inputs to the extent possible. For level 2 instruments, the fair value is mainly derived using valuation techniques based upon observable market interest rate curves. For level 3 instruments, the fair values of debt instruments and loans at cost are determined by valuation techniques using limited observable market data.

9.11. INVESTMENTS BACKING CONTRACTS WHERE THE FINANCIAL RISK IS BORNE BY POLICYHOLDERS

	Fair Value [a]	
(in Euro million)	**December 31, 2016**	**December 31, 2015**
Investment in real estate properties	2,271	1,416
Equity instruments & non consolidated investment funds [b]	159,664	178,334
Debt instruments	12,620	12,361
Others	737	2,490
Total Insurance activities	**175,292**	**194,601**

(a) Fair value equals carrying value.
(b) Decrease mainly due to the disposal of United Kingdom Life & Savings business (€27,387 million as of December 31, 2015).

These assets (including investment in real estate properties) are measured at fair value through profit or loss. Financial assets included in these investments are valued 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 accounted for using the equity method

10.1. BREAKDOWN OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2016					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [a]	December 31
Neuflize Vie	158	-	9	-	(3)	164
Philippine AXA Life Insurance Corporation	56	-	18	(1)	(0)	72
Krungthai AXA Life Insurance Company Ltd	158	-	60	6	(48)	176
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd)	401	-	19	(15)	(59)	346
PT AXA Mandiri Financial Services	54	-	39	3	(40)	56
Bharti AXA Life	84	-	4	1	9	98
Bharti AXA General Insurance Company Limited	34	-	(16)	0	16	34
Reso Garantia	355	-	43	14	(4)	408
Kyobo AXA Investment Managers Company Limited	33	-	3	(0)	(2)	33
Natio Assurance	46	-	9	-	(9)	46
AXA Tian Ping	605	-	2	(23)	(2)	582
AXA Mansard Insurance plc (P&C including Assur African Holding)	176	0	9	(43)	(56)	85
AXA Mansard Insurance plc (L&S)	61	-	1	(17)	(14)	31
Other	88	(0)	17	(0)	9	113
TOTAL	**2,306**	**(0)**	**218**	**(76)**	**(203)**	**2,245**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.

	2015					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [a]	December 31
Neuflize Vie	169	-	9	-	(21)	158
Philippine AXA Life Insurance Corporation	38	-	15	2	(0)	56
Krungthai AXA Life Insurance Company Ltd	147	-	63	3	(55)	158
ICBC-AXA Assurance Co Ltd (previously AXA Minmetals Assurance Co Ltd)	307	-	27	19	48	401
PT AXA Mandiri Financial Services	52	-	41	0	(39)	54
Bharti AXA Life	34	34	3	4	8	84
Bharti AXA General Insurance Company Limited	20	22	(19)	2	9	34
Reso Garantia	313	-	36	(8)	13	355
Kyobo AXA Investment Managers Company Limited	31	-	2	1	(2)	33
Natio Assurance	49	-	9	-	(12)	46
AXA Tian Ping	556	-	9	36	5	605
AXA Mansard Insurance plc (P&C including Assur African Holding) [b]	-	158	7	4	7	176
AXA Mansard Insurance plc (L&S) [b]	-	55	3	1	2	61
Other [c]	126	-	8	2	(48)	88
TOTAL	**1,842**	**268**	**214**	**67**	**(86)**	**2,306**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity.
(b) AXA Mansard Insurance plc acquisition amounts include minority interest for €18 million.
(c) Thaigi AXA insurance Public Company Limited (Thailand) has been accounted for using the full consolidation method since January 1, 2015.

10.2. MAIN JOINT VENTURES

Financial information for main joint ventures is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

	December 31, 2016		December 31, 2015	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping
Cash and cash equivalents	79	214	54	163
Total assets (including cash and cash equivalents)	**5,416**	**1,722**	**4,411**	**1,732**
Financing debts	0	-	-	-
Total liabilities (including financing debts but excluding shareholders' equity)	**5,064**	**1,228**	**4,095**	**1,217**
Net assets	**352**	**494**	**315**	**515**
Revenues	1,431	1,095	1,433	1,024
Change in unearned premiums net of unearned revenues and fees	(11)	(61)	(5)	(32)
Net investment result excluding financing expenses	183	57	227	73
Other operating income and expenses	(1,453)	(1,093)	(1,494)	(1,033)
Financing debt expenses	-	-	-	-
Income tax expense or income	(29)	5	(33)	(14)
Net income	**121**	**4**	**126**	**17**
Other Comprehensive Income	12	(25)	5	35
Total Comprehensive Income	**133**	**(21)**	**132**	**53**
Dividends received by AXA from the joint venture	**48**	**-**	**55**	**-**

As of December 31, 2016, the Group share of interest in Krungthai AXA Life Insurance Company Ltd. and AXA Tian Ping were of 50.0%.

A reconciliation of the summarized financial information to the carrying amount of the joint ventures is as follows:

	December 31, 2016		December 31, 2015	
(in Euro million)	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping	Krungthai AXA Life Insurance Company Ltd.	AXA Tian Ping
Net assets as presented above	352	494	315	515
Group share in net assets	176	247	158	258
Goodwill	-	335	-	348
Carrying value	176	582	158	605

10.3. MAIN ASSOCIATES

Financial information for main associates is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

	December 31, 2016		December 31, 2015	
(in Euro million)	RESO Garantia	ICBC-AXA Assurance Co Ltd	RESO Garantia	ICBC-AXA Assurance Co Ltd
Total assets	**2,020**	**14,345**	**1,649**	**9,453**
Total liabilities (excluding shareholders' equity)	**1,456**	**13,087**	**1,205**	**7,994**
Net assets	**564**	**1,259**	**444**	**1,459**
Revenues	1,160	4,684	1,143	3,356
Net income	**111**	**69**	**92**	**99**
Other Comprehensive Income	7	(269)	19	245
Total Comprehensive Income	**118**	**(200)**	**110**	**344**
Dividends received by AXA from the associate	**-**	**-**	**-**	**-**

A reconciliation of the summarized financial information to the carrying amount of the associates is as follows:

	December 31, 2016		December 31, 2015	
(in Euro million)	RESO Garantia	ICBC-AXA Assurance Co Ltd	RESO Garantia	ICBC-AXA Assurance Co Ltd
Net assets as presented above	564	1,259	444	1,459
Group share of net assets	222	346	175	401
Goodwill	186	-	342	-
Impairment of associate	-	-	(162)	-
Carrying value	408	346	355	401

This note excludes investment funds and real estate companies accounted for using the equity method, which are presented as financial investments (Note 9).

Note 11 Receivables

(in Euro million)	December 31, 2016 Gross value	Impairment	Carrying value	Fair value	December 31, 2015 Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	1,823	(2)	1,821	1,821	1,742	(2)	1,740	1,740
Current accounts receivables from other Companies	1,777	(2)	1,775	1,775	1,658	(1)	1,656	1,656
Receivables from policyholders, brokers and general agents	8,676	(365)	8,311	8,311	9,520	(352)	9,168	9,168
Premiums earned not yet written	4,511	-	4,511	4,511	4,002	-	4,002	4,002
Receivables arising from direct insurance and inward reinsurance operations	**16,787**	**(369)**	**16,418**	**16,418**	**16,921**	**(355)**	**16,566**	**16,566**
Deposits and Guarantees	127	-	127	127	74	-	74	74
Receivables from reinsurers	931	(63)	868	868	862	(67)	795	795
Receivables from brokers and general agents	11	(7)	5	5	16	(8)	8	8
Receivables arising from outward reinsurance operations	**1,070**	**(70)**	**1,000**	**1,000**	**953**	**(75)**	**878**	**878**
Current tax receivables	**1,071**	**-**	**1,071**	**1,071**	**866**	**-**	**866**	**866**
Employee benefits & related	1,359	(0)	1,359	1,359	1,364	-	1,364	1,364
Other deposits	2,259	-	2,259	2,259	2,361	-	2,361	2,361
Others	14,651	(853)	13,798	13,798	11,310	(771)	10,538	10,538
Other receivables	**18,269**	**(853)**	**17,416**	**17,416**	**15,035**	**(771)**	**14,263**	**14,263**
TOTAL RECEIVABLES	**37,197**	**(1,292)**	**35,906**	**35,906**	**33,775**	**(1,202)**	**32,573**	**32,573**

Note 12 Cash and cash equivalents

(in Euro million)	December 31, 2016 Carrying value [a]	December 31, 2015 Carrying value [a]
Arising from insurance activities	18,412	19,982
Arising from banking activities	1,065	680
Arising from other activities	6,837	5,613
Cash and cash equivalents [b]	**26,314**	**26,275**

(a) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(b) including €836 million deposits in the central banks in 2016 and €424 million in 2015.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(in Euro million)	December 31, 2016	December 31, 2015
Cash and cash equivalent	26,314	26,275
Bank overdrafts [a]	(580)	(645)
Cash and cash equivalent as of December 31 [b]	**25,734**	**25,630**

(a) Included in "Other debt instruments issued and bank overdrafts".
(b) The "Cash and cash equivalents" item excludes cash backing contracts where the financial risk is borne by policyholders (unit-linked contracts).

The tables above exclude cash held by consolidated investment funds in the "Satellite Investment Portfolio", as defined in Note 1.8.2.

As of December 31, 2016, total consolidated net cash and cash equivalents amounted to €25,734 million, net of €580 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 €104 million compared to 2015 mainly due to:

- US Life (€-1068 million) mainly due to purchases of financial invested assets, repayment of debt and dividend paid;
- US Holding (€+469 million) mainly due to proceeds from the sale of two real estate properties and AXA Arizona's repayment of affiliated loans, partly offset by the repayment of loans to AXA;
- UK Holding (€+ 653 million) mainly due to net receipts following the restructuring of Group Loans and Debt in the period together with proceeds from the disposal of the Wealth business;
- AXA SA (€+ 326 million) mainly due to the dividends received from subsidiaries net of the dividend paid to shareholders, the issuances of senior and subordinated debt for €2,756 million partly offset by the repayment of external debt (€-1,260 million) and commercial paper (€-1,285 million).

Regarding the consolidated statement of cash flows presented together with the primary financial statements, net cash provided by operating activities totaled €13,124 million in 2016, compared to €18,226 million in 2015.

Net cash used in investing activities was €-10,269 million in 2016, mainly reflecting:

- €-13,980 million of net cash used in purchases and sales of financial invested assets;
- €+4,050 million of net cash impact of assets lending / borrowing collateral receivables and payables.

Net cash used in investing activities was €-9,528 million in 2015, mainly reflecting:

- €-12,115 million of net cash used in purchases and sales of financial invested assets;
- €+2,936 million of net cash impact of assets lending / borrowing collateral receivables and payables.

Net cash relating to financing activities totalled €-2,878 million in 2016 mainly driven by:

- Financing debt and subordinated debt issued €+2,306 million and €+500 million respectively and repayment of undated subordinated debt €1,260 million in 2016;
- Dividends payments of €-2,923 million.

Net cash relating to financing activities totalled €-5,808 million in 2015 mainly driven by:

- Financing debt with a repayment of €1,165 million subordinated debt in 2015 (€1,000 million by AXA SA and €165 million by AXA Financial);
- Dividends payments of €-2,637 million.

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.

13.1.1. Change in shareholders' equity Group share in 2016

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2016, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €492 million including the employee share offering (December 2016) of 24.5 million shares for €430 million net of related charges; shares distributed of 1.3 million under AXA Miles for €3 million (reclassified from other reserves);
- a capital decrease of €637 million for 31 million shares in order to eliminate the dilutive effect of share-based compensation schemes (AXA SA's stocks options, performance shares plans and share plan);
- share-based payments for €37 million.

TREASURY SHARES

As of December 31, 2016, the Company and its subsidiaries owned 5.9 million AXA shares, representing 0.24% of the share capital, an increase of 3.9 million shares compared to December 31, 2015.

As of December 31, 2016, the carrying value of treasury shares and related derivatives was €297 million. There was no AXA shares held by consolidated Mutual funds not backing contracts where financial risk borne by policyholders.

As of December 31, 2016, 1.9 million treasury shares backing contracts where financial risk is borne by policyholders held in consolidated investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €31 million and their market value €45 million at the end of December 2016.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

As described in Note 1.13.2. of the accounting principles, undated subordinated debt issued by the Group does 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 eliminated through the translation reserve.

In 2016, the change in other reserves was driven by:

- €-1,260 million from repayment of undated subordinated debt;
- €-267 million from interest expense related to the undated subordinated debt (net of tax);
- €-181 million from foreign exchange rate fluctuations.

As of December 31, 2016 and December 31, 2015, undated subordinated debt recognized in shareholders' equity broke down as follows:

	December 31, 2016		December 31, 2015	
(in Euro million)	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 - 1,000 M€ 5.8% [(a)]	-	-	431	426
July 6, 2006 - 500 M£ 6.7% [(a)]	-	-	257	345
July 6, 2006 - 350 M£ 6.7%	350	409	350	477
October 26, 2006 - 600 MA$ (of which 300 MA$ 7.5%)	-	-	600	400
November 7, 2006 - 150 MA$ 7.5%	-	-	150	100
December 14, 2006 - 750 MUS$ 6.5%	750	709	750	686
December 14, 2006 - 750 MUS$ 6.4%	750	709	750	686
October 5, 2007 - 750 M€ 6.2% [(a)]	335	331	335	331
October 16, 2007 - 700 M£ 6.8% [(a)]	219	253	219	296
November 7, 2014 - 984 M€ 3.941% [(a)]	984	981	984	981
November 7, 2014 - 724 M£ 5.453% [(a)]	724	843	724	983
May 20, 2014 - 1,000 M€ - 3.9%	1,000	997	1,000	997
January 22, 2013 - 850 MUS$, 5.5%	850	801	850	775
Undated notes -625 M€, variables rates	625	625	625	625
Undated notes - 27,000 MJPY, 3.3%	27,000	219	27,000	206
Undated notes - 375 MUS$, variables rates	375	356	375	344
Sub-Total Undated Subordinated Debt		**8,106**		**9,533**
Equity component of convertible debt (2017)	95	95	95	95
TOTAL		**8,201**		**9,628**

(a) These undated Deeply Subordinated notes were part of the liability management exercise launched on October 29, 2014.

In addition to the nominal amounts shown above, shareholders' equity included net accumulated financial expenses of:

- €-3,288 million as of December 31, 2016;
- €-3,021 million as of December 31, 2015.

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.

DIVIDENDS PAID

At April 30, 2016 Shareholders' Meeting, shareholders approved a dividend distribution of €1.10 per share corresponding to €2,656 million with respect to the 2015 financial year.

13.1.2. Change in shareholders' equity Group share in 2015

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2015, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €668 million including the employee share offering (December 2015) of 19 million shares for €375 million net of related charges;
- a capital decrease of 51 million shares for €1,149 million in order to eliminate the dilutive effect of share-based compensation schemes (AXA SA's stocks options and performance shares plans);
- share-based payments for €30 million.

TREASURY SHARES

As of December 31, 2015, the Company and its subsidiaries owned approximately 2.0 million AXA shares, representing 0.08% of the share capital, an increase of 1.4 million shares compared to December 31, 2014.

As of December 31, 2015, the carrying value of treasury shares and related derivatives was €209 million. There was no AXA shares held by consolidated Mutual funds not backing contracts where financial risk borne by policyholders.

As of December 31, 2015, 2 million treasury shares backing contracts where financial risk is borne by policyholders held in consolidated investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €34 million and their market value €48 million at the end of December 2015.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

In 2015, the change in other reserves was driven by:

- €-305 million from interest expense related to the undated subordinated debt (net of tax);
- €+398 million from foreign exchange rate fluctuations.

DIVIDENDS PAID

At April 30, 2015 Shareholders' Meeting, shareholders approved a dividend distribution of €0.95 per share corresponding to €2,317 million with respect to the 2014 financial year.

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 2016

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 totalled €4,390 million, of which €3,900 million increase in unrealized capital gains on debt securities which was mainly driven by interest rates decrease and corporate spreads tightening.

The following table shows the 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, 2016	December 31, 2015
Gross unrealized gains and losses [a]	**53,849**	**49,459**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholders' participation and other obligations	(30,959)	(29,459)
Shadow accounting on Deferred Acquisition Costs [b]	(983)	(1,072)
Shadow accounting on Value of purchased Business In force	(185)	(155)
Unallocated unrealized gains and losses before tax	**21,722**	**18,773**
Deferred tax	(6,405)	(5,630)
Unrealized gains and losses (net of tax) - Assets available for sale	**15,317**	**13,142**
Unrealized gains and losses (net of tax) - Equity accounted companies [c]	58	210
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**15,376**	**13,352**
Minority interests' share in unrealized gains and losses [d]	(267)	**(133)**
Translation reserves [e]	(465)	(445)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [c]	**14,643**	**12,774**

(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 and held for sale activities.
(c) Including unrealized gains and losses on assets held for sale operations.
(d) Including foreign exchange impact attributable to minority interests.
(e) Group share.

At December 31, 2016, most of the unrealized gains on assets available for sale related to the Life & Savings segment, leading to significant movements in shadow policyholders' participation and other obligations.

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, 2016:

	December 31, 2016			
(in Euro million)	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings	Belgium Life & Savings
Gross unrealized gains and losses [a]	**18,966**	**9,236**	**3,861**	**6,133**
Less unrealized gains and losses attributable to:				
Shadow accounting on policyholders' participation and other obligations	(14,290)	(7,879)	(2,572)	(3,406)
Shadow accounting on Deferred Acquisition Costs [b]	(327)	-	(73)	(85)
Shadow accounting on Value of purchased Business In force	-	-	(103)	(11)
Unallocated unrealized gains and losses before tax	**4,348**	**1,357**	**1,113**	**2,631**
Deferred tax	(1,435)	(415)	(234)	(825)
Unrealized gains and losses (net of tax) - Assets available for sale	**2,914**	**942**	**879**	**1,806**
Unrealized gains and losses (net of tax) - Equity accounted companies	37	-	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) – 100% - TOTAL	**2,951**	**942**	**879**	**1,806**
Minority interests' share in unrealized gains and losses [c]	**(7)**	**0**	**-**	**(1)**
Translation reserves [d]	(0)	-	(239)	(0)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE)	**2,943**	**942**	**640**	**1,806**

(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 as of December 31, 2016 and December 31, 2015 broke down as follows:

(in Euro million)	December 31, 2016	December 31, 2015
Unrealized gains and losses (net of tax) 100%, opening	**13,352**	**15,469**
Transfer in the income statement on the period [a]	(771)	(809)
Investments bought in the current accounting period and changes in fair value	2,936	(1,928)
Foreign exchange impact	66	497
Change in scope and other changes	(207)	123
Unrealized gains and losses (net of tax) 100%, closing	**15,376**	**13,352**
Minority interests' share in unrealized gains and losses [b]	**(267)**	**(133)**
Translation reserves [c]	**(465)**	**(445)**
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [d]	**14,643**	**12,774**

(a) Transfer induced by disposal of financial assets, impairment write-back following revaluation, or transfer of expenses following impairment charge during the period, and debt instruments discount premium impacts.
(b) Including foreign exchange impact attributable to minority interests.
(c) Group share
(d) Including unrealized gains and losses on assets held for sale operations.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movement was €-73 million (of which €-150 million from Group share and €+77 million from minority interest) as of December 31, 2016.

The Group share translation reserves movement (€-150 million) was mainly driven by the United Kingdom (€-717 million), EMEA-LATAM Region (€-159 million), France (€-51 million) and change in fair value of derivatives and debt hedging net investments in foreign operations (€-85 million), partly offset by the United States (€+459 million) and Japan (€+392 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-581 million (of which Group share was €-580 million and minority interests was €-1 million) as of December 31, 2016.

The negative impact in equity of actuarial losses arising from employee defined benefits obligation was mainly explained by:

- the effect of the decrease in the discount rates by 60 bps on an average;
- the increase in pension indexation rate (mainly in the UK);

partially offset by:

- the outperformance of assets covering employee' Defined Benefit Pension plans (mainly in the UK) compared to the discount rate;
- net experience gains and other parameters affecting the Defined Benefit Obligation.

Additional information on pension benefits is provided in Note 26.2.

13.2.2. Comprehensive income for 2015

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 totalled €-8,028 million, of which €-7,814 million decrease in unrealized capital gains on debt securities which was mainly driven by interest rates and corporate spreads increase.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movement was €+3,557 million (of which €+3,387 million from Group share and €+169 million from minority interest) as of December 31, 2015.

The Group share translation reserves movement (€+3,387 million) was mainly driven by the United States (€+1,351 million), Switzerland (€+1,047 million), Japan (€+495 million), Hong Kong (€+313 million), the United Kingdom (€+310 million) and AXA IM (€+193 million), partly offset by change in fair value of derivatives and debt hedging net investments in foreign operations (€-288 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-62 million (of which Group share was €-63 million and minority interests was €+1 million) as of December 31, 2015.

The negative impact in equity of actuarial losses arising from employee defined benefits obligation was mainly explained by:

- the effect of the decrease in the discount rates in Switzerland;
- the underperformance of assets covering employee's Defined Benefit Pension plans (mainly in the UK) compared to the discount rate;
- the increase in the inflation rate and pension growth rates (in the UK);

almost offset by:

- the effect of the increase in discount rates in Eurozone countries, in the US and in the UK;
- net experience gains and other parameters affecting the Defined Benefit Obligation.

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.

13.3.1. Change in minority interests for 2016

The €1,117 million increase in minority interests to €5,283 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 €+364 million,
  - reserves relating to changes in fair value through shareholders' equity for €+129 million,
  - foreign exchange movements for €+77 million;
- transactions with minority interests' holders, mainly included:
  - Dividend payout to minority interests' holders for €-270 million;
  - Minority interest qualified as equity resulting from the consolidation of two new investment funds and capital additon to an existing consolidated investment fund for €+914 million.

13.3.2. Change in minority interests for 2015

The €1,351 million increase in minority interests to €4,166 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 €+370 million,
  - reserves relating to changes in fair value through shareholders' equity for €-26 million,
  - foreign exchange movements for €+169 million;
- transactions with minority interests' holders, mainly included:
  - dividend payout to minority interests' holders for €-355 million,
  - minority interest qualified as equity resulting from the consolidation of a new consolidated investment fund for €+1,129 million.

Note 14 Liabilities arising from insurance and investment contracts

14.1. BREAKDOWN OF LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

	December 31, 2016			December 31, 2015 Restated [a]		
(In Euro million)	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total
Liabilities arising from insurance contracts	347,874	66,694	414,569	333,481	65,296	398,776
Liabilities arising from insurance contracts where risk is borne by policyholders	160,222	-	160,222	152,079	-	152,079
Total insurance liabilities (A)	**508,096**	**66,694**	**574,791**	**485,560**	**65,296**	**550,856**
Liabilities arising from investment contracts with discretionary participating features	*32,466*	-	*32,466*	*33,142*	-	*33,142*
Liabilities arising from investment contracts with no discretionary participating features	2,382	-	2,382	538	-	538
Liabilities arising from investment contracts where the financial risk is borne by policyholders	15,511	-	15,511	42,926	-	42,926
Total investment liabilities (B)	**50,358**	**-**	**50,358**	**76,606**	**-**	**76,606**
Unearned revenue and unearned fee reserves	*2,565*	-	*2,565*	*3,066*	*18*	*3,084*
Liabilities arising from participation	49,214	274	49,488	45,939	284	46,222
Derivatives instruments	(1,914)	11	(1,903)	(1,657)	17	(1,641)
Other Liabilities (C)	**49,865**	**285**	**50,151**	**47,347**	**319**	**47,665**
Total insurance and investment liabilities (D = A+B+C)	**608,320**	**66,980**	**675,299**	**609,513**	**65,614**	**675,127**
Reinsurers' share in insurance contracts liabilities	9,483	5,274	14,756	14,812	4,665	19,477
Reinsurer's share in insurance contract liabilities relating to policy holders' participation	136	2	138	154	1	155
Reinsurer's share in liabilities arising from investment contracts	93	-	93	101	-	101
Total Reinsurers' share in insurance and investment contracts liabilities (E)	**9,712**	**5,276**	**14,988**	**15,067**	**4,666**	**19,734**
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D-E)	**598,607**	**61,704**	**660,312**	**594,445**	**60,948**	**655,393**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

14.2. LIABILITIES ARISING FROM INSURANCE CONTRACTS (GROSS AND REINSURERS' SHARE)

Liabilities arising from insurance contracts, including those where the financial risk is borne by policyholders, as disclosed in the sub total (A) of Note 14.1, were split by segment as follows:

	December 31, 2016			December 31, 2015 Restated [a]		
(In Euro million)	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total
Future policy benefit reserves	329,154	92	329,246	315,624	88	315,712
Unearned premiums reserves	676	10,962	11,638	646	10,868	11,515
Claim reserves [b]	12,979	50,024	63,004	12,276	48,804	61,080
of which IBNR [c]	*4,065*	*12,348*	*16,413*	*3,737*	*12,281*	*16,018*
Liability adequacy test reserves	-	-	-	-	-	-
Other reserves [d]	5,064	5,617	10,681	4,935	5,535	10,470
Liabilities arising from insurance contracts (A)	**347,874**	**66,694**	**414,569**	**333,481**	**65,296**	**398,776**
of which measured at current assumptions [e]	*15,355*	-	*15,355*	*14,923*	-	*14,923*
Future policy benefit reserves	159,940	-	159,940	151,863	-	151,863
Claim reserves [b]	131	-	131	67	-	67
of which IBNR [c]	*2*	-	*2*	*1*	-	*1*
Other reserves	151	-	151	149	-	149
Liabilities arising from insurance contracts where the financial risk is borne by policyholders (B)	**160,222**	**-**	**160,222**	**152,079**	**-**	**152,079**
Sub-total Liabilities arising from insurance contract (C = A+B)	**508,096**	**66,694**	**574,791**	**485,560**	**65,296**	**550,856**
Reinsurers' share in future policy benefit reserves	7,440	-	7,440	12,890	26	12,916
Reinsurers' share in unearned premiums reserves	43	817	859	46	753	799
Reinsurers' share in claim reserves [b]	1,602	4,475	6,077	1,496	3,889	5,385
of which IBNR [c]	*50*	*452*	*502*	*26*	*2,717*	*2,743*
Reinsurers' share in other reserves	398	(18)	380	379	(3)	377
Reinsurers' share in liabilities arising from insurance contracts (D)	**9,483**	**5,274**	**14,756**	**14,812**	**4,665**	**19,477**
Reinsurers share in liabilities arising from insurance contracts where the financial risk is borne by policyholders (E)	**0**	**-**	**0**	**0**	**-**	**0**
Sub-total Reinsurer's share in liabilities (F = D+E)	**9,483**	**5,274**	**14,757**	**14,812**	**4,665**	**19,478**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURANCE CEDED (G = C-F)	**498,613**	**61,421**	**560,034**	**470,747**	**60,630**	**531,378**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3.), policyholders participation (see Note 14.9.) and derivative instruments (see Note 20.4.) are excluded from the table above.

Reinsurer's share in insurance contracts liabilities relating to policyholders' participation (€138 million in 2016 and €154 million in 2015), as well as derivatives instruments (none in 2016 and 2015) are excluded from the table above.

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments

(b) Includes reserves for claim handling expenses.

(c) For the detail of Property & Casualty IBNR, see Note 21.3.3.

(d) Notably includes non-life annuities mathematical reserves.

(e) See Note 1.14.2 – Reserves measured according to the option offered by IFRS 4.24 for selective re-measurement of reserves at current market assumptions.

14.3. 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, as disclosed in the sub total (B) of Note 14.1:

(in Euro million)	December 31, 2016	December 31, 2015
Future policy benefit reserves	32,196	32,808
Unearned premiums reserves	0	0
Claim reserves [a]	259	322
Liability adequacy test reserves	-	-
Other reserves	11	12
Liabilities arising from investment contracts with discretionary participating features (A)	**32,466**	**33,142**
of which measured at current assumptions [b]	-	-
Future policy benefit reserves	2,308	533
Claim reserves [a]	73	4
Other reserves	-	0
Liabilities arising from investment contracts with no discretionary participating features (B)	**2,382**	**538**
Future policy benefit reserves	15,501	42,919
Claim reserves [a]	10	8
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders (C)	**15,511**	**42,926**
Sub-total Liabilities arising from insurance contract (D = A+B+C)	**50,358**	**76,606**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features (E)	**89**	**97**
Reinsurers' share in liabilities arising from investment contracts with no discretionary participating features (F)	**-**	**-**
Reinsurers' share in liabilities arising from investment contracts where the financial risk is borne by policyholders (G)	**4**	**5**
Sub-total Reinsurers' share (H = E+F+G)	**93**	**101**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS - NET OF REINSURANCE CEDED (I = D-H)	**50,265**	**76,505**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), policyholders' participation (see Note 14.9.) 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 2016 and 2015), as well as derivatives instruments (none in 2016 and 2015) are excluded from the table above.

(a) Includes reserves for claim handling expenses.

(b) See Note 1.14.2. – Reserves measured according to the option opened by IFRS 4.24 for selective re-measurement of reserves at current market assumptions.

14.4. CHANGE IN CLAIM RESERVES FOR PROPERTY & CASUALTY (INSURANCE CONTRACTS)

14.4.1. Change in gross of reinsurance claim reserves

The table below gives detailed information on claim reserves in Property & Casualty segment presented in Note 14.2:

	2016	2015 Restated [a]
(in Euro million)	Property & Casualty	Property & Casualty
Claim reserves as of January 1	47,351	45,547
Claim handling cost reserves as of January 1	1,453	1,383
Gross claims reserve as of January 1 [b]	**48,804**	**46,930**
Current year charge	22,200	22,422
Loss reserves development (prior years)	(271)	(814)
Total claim expenses [c]	**21,930**	**21,608**
Claim payments (current year)	(10,706)	(10,829)
Claim payments (prior years)	(9,835)	(9,772)
Claim payments [c]	**(20,541)**	**(20,601)**
Change in scope of consolidation and change in accounting method	**441**	**(194)**
Impact of foreign currency fluctuation	**(610)**	**1,059**
Claim reserves as of December 31	48,586	47,351
Claim handling cost reserves as of December 31	1,438	1,453
Gross claim reserves as of December 31 [b]	**50,024**	**48,804**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.
(b) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €5.5 billion in 2016 and €5.4 billion in 2015.
(c) Excluding claim handling expense reserves.

14.4.2. Change in reinsurers' share in claim reserves

The table below gives detailed information on reinsurers' share in claim reserves in Property & Casualty segment presented in Note 14.2:

	2016	2015 Restated [a]
(in Euro million)	Property & Casualty	Property & Casualty
Reinsurers' share in claim reserves as of January 1	**3,889**	**3,539**
Reinsurers' share in total claim expenses	1,751	1,699
Reinsurers' share in claim payments	(1,471)	(1,493)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	282	64
Impact of foreign currency fluctuation	26	78
Reinsurers' share in claim reserves as of December 31	**4,475**	**3,889**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

14.5. CHANGE IN LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS - LIFE & SAVINGS

14.5.1. Change in liabilities arising from insurance and investment contracts – gross of reinsurance

The table below gives detailed information on change in liabilities arising from insurance and investment contracts in Life & Savings segment presented in Note 14.2 (C) and Note 14.3 (D):

	2016			2015 Restated [a]		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Technical reserves as of January 1 [b]	**485,560**	**76,606**	**562,166**	**450,979**	**73,449**	**524,428**
Collected premiums net of loadings on premiums (+)	49,611	5,542	55,153	48,644	7,019	55,664
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(49,286)	(6,781)	(56,068)	(48,027)	(5,665)	(53,692)
Unit-Linked technical reserves value adjustment (+/-)	8,860	423	9,283	1,372	168	1,540
Change in reserves relating to technical and actuarial items (+/-) [c]	5,248	2,794	8,042	5,436	645	6,081
Transfers following technical reserves/ contract reclassification	(20)	20	(0)	681	(681)	-
Change in scope of consolidation, portfolio transfers and change in accounting principles	(390)	(24,324)	(24,715)	(228)	(33)	(262)
Impact of foreign currency fluctuation	8,403	(3,922)	4,482	26,702	1,704	28,406
Technical reserves as of December 31 [b]	**508,096**	**50,358**	**558,454**	**485,560**	**76,606**	**562,166**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of Statement of Income and reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments in order to present a comparable basis.

(b) 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.

(c) 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 2016, the change in scope of consolidation totalled €24,715 million, mainly due to the disposal of UK L&S business for €-23,804 million and the classification as held for sale of AXA Life Europe UK and Ireland business for €-941 million.

14.5.2. Change in reinsurers' share in liabilities arising from insurance and investment contracts

The table below gives detailed information on change reinsurer's share in liabilities arising from insurance and investment contracts in Life & Savings segment presented in Note 14.2 (F) and 14.3 (H):

	2016			2015 Restated [a]		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Reinsurers' share in technical reserves as of January 1 [b]	**14,812**	**101**	**14,914**	**14,312**	**94**	**14,406**
Reinsurers' share in collected premiums net of loadings on premiums (+)	2,105	7	2,111	1,541	15	1,555
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(7,464)	(20)	(7,484)	(1,200)	(15)	(1,214)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) [c]	(138)	5	(133)	(430)	7	(423)
Change in scope of consolidation and change in accounting principles	(1)	-	(1)	2	-	2
Impact of foreign currency fluctuation	168	0	169	588	1	589
Reinsurers' share technical reserves as of December 31 [b]	**9,483**	**93**	**9,576**	**14,812**	**101**	**14,914**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of Statement of Income and reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments in order to present a comparable basis.
(b) Includes future policy benefits reserves (including shadow accounting reserves), unearned premiums reserves, unexpired risk reserves, claims reserves, claims expense reserves and other policy benefits reserves. Excludes unearned revenues and unearned fees reserves and liabilities from policyholders participation.
(c) 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.

14.6. LIABILITIES ARISING FROM INVESTMENT CONTRACTS BY ACCOUNTING METHOD

The table below gives detailed information on liabilities arising from investment contracts presented in Note 14.3 (D):

	Carrying value	
(in Euro million)	December 31, 2016	December 31, 2015
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features (DPF) measured according to existing accounting policies [a] [d]	32,466	33,142
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	2,382	538
(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]	3,593	3,362
Investment contracts with no Discretionary Participation Features (DPF) measured at current unit value [d] [e]	11,917	39,564
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**50,358**	**76,606**

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 1.14.2. – 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 1.7.3 and Note 7.*

(e) Decrease mainly due to the disposal of United Kingdom Life & Savings business (€27,403 million as of December 31, 2015).

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 the context of the current IFRS 4, 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 issued guidance to measure fair value but with no principles addressing policyholder participation features and interpreting them before the issuance of IFRS 17 (that is expected to replace IFRS 4 in 2021) would be premature.

Therefore, too many uncertainties remain outstanding to define how to determine the fair value of participating contracts. As a result, fair value or value ranges for investment contracts with a discretionary participating features cannot be reliably disclosed.

14.7. LOSS RESERVE DEVELOPMENT TABLE

The loss reserves development table shows movements in loss reserves between 2006 and 2016, based on previously applied accounting standards. All contracts concerned are insurance contracts as defined by IFRS.

The first line labelled “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 €41,301 million appearing in the first line of the table in the 2006 column represents all loss reserves developed in all years of occurrence prior to and including 2006, recognized on the Group’s balance sheet as of December 31, 2006.

The second line entitled “Gross reserves for unpaid claims and claim expenses developed in 2016 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 2016 adjusted for changes in exchange rates and scope of consolidation) and the amount shown in the final diagonal under “Reserve re-estimated”.

Loss reserves development table: property and casualty (excluding Colisée RE - ex AXA RE)

The table below gives reconciliation between developed reserves and total recognized claim reserves for the Claim reserves and other reserves arising from insurance contract as disclosed in Note 14.3.

The data prior to 2015 does not present the impact of the new segmentation.

(in Euro million)	2006 [a]	2007	2008 [b]	2009	2010	2011 [c]	2012	2013 [d]	2014	2015 [e]	2016
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	**41,301**	**44,020**	**44,046**	**44,470**	**46,367**	**45,946**	**46,440**	**47,031**	**49,868**	**51,965**	**53,286**
Gross reserves for unpaid claims and claims expenses developed in 2016 adjusted for changes in exchange rates and scope of consolidation	**45,770**	**44,250**	**44,703**	**44,961**	**45,127**	**45,436**	**46,229**	**47,182**	**48,715**	**51,435**	**53,286**
Cumulative payments at:											
One year later	7,652	8,312	9,145	9,483	8,953	9,183	9,361	9,422	10,111	9,621	
Two years later	11,243	12,395	13,358	13,360	13,016	12,841	13,315	13,727	13,388		
Three years later	14,036	15,418	15,549	16,078	15,330	15,911	16,284	15,299			
Four years later	16,451	17,143	17,525	17,684	18,012	18,331	17,000				
Five years later	17,782	18,553	18,679	19,741	19,775	18,328					
Six years later	18,655	19,429	20,317	20,845	19,305						
Seven years later	19,337	20,790	21,408	20,815							
Eight years later	20,563	21,803	20,990								
Nine years later	21,509	21,329									
Ten years later	23,557										
Reserve re-estimated at:											
One year later	40,966	41,371	42,610	44,814	44,518	44,971	45,394	47,707	49,716	51,097	
Two years later	38,406	39,471	42,501	41,973	42,904	43,412	44,479	46,051	46,359		
Three years later	37,019	39,818	39,889	41,301	41,782	42,449	43,953	44,106			
Four years later	37,590	38,094	39,302	40,250	40,769	42,013	41,813				
Five years later	35,992	37,509	38,372	39,653	40,674	40,122					
Six years later	35,402	36,737	37,931	39,684	38,907						
Seven years later	34,371	36,302	38,067	38,079							
Eight years later	34,139	36,244	36,330								
Nine years later	34,225	34,925									
Ten years later	36,524										
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves [f]:											
Amount	9,246	9,325	8,373	6,882	6,220	5,314	4,416	3,076	2,355	338	
Percentages	20.2%	21.1%	18.7%	15.3%	13.8%	11.7%	9.6%	6.5%	4.8%	0.7%	

(a) 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).

(b) 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.

(c) Following the disposal of Canadian operations, amounts in its respect were not reported for the current year while previously disclosed amounts were unchanged.

(d) The comparative information related to previous periods was restated for the implementation of IFRS 10 and 11.

(e) Amounts prior to 2015 contains the Life & Savings entities historically reported in the International Insurance segment.

(f) 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 or 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 €119 million for 2013.

Reconciliation between developed reserves and total recognized claim reserves

The table below gives reconciliation between developed reserves and total recognized claim reserves for the Claim reserves and other reserves arising from insurance contracts as disclosed in Note 14.2.

(in Euro million)	December 31, 2016 Carrying value	December 31, 2015 Restated [a] Carrying value
Gross claims and other reserves developed		
Property & Casualty (excluding Colisée RE (ex AXA RE)) [b]	53,286	51,965
■ *of which future policy benefit annuity reserves*	*4,866*	*4,761*
■ *of which construction reserves (PSNEM)*	*1,951*	*2,011*
Total gross claims and other reserves developed	**53,286**	**51,965**
Other reserves non developed [c]	**2,355**	**2,374**
TOTAL GROSS CLAIM RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY	**55,641**	**54,339**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

(b) 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 reserves.

(c) Includes reserves inward reinsurance (€1,101 million in 2016, €1,210 million in 2015).

14.8. 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. This causes 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 claims 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 2016, key data relating to asbestos claims were as follows:

	2016		2015	
(in Euro million)	Gross	Net	Gross	Net
Evolutions of reserves				
Claims reserves at end of year	998	944	1,136	1,077
of which Reported claims	*144*	*130*	*165*	*153*
of which IBNR claims	*854*	*814*	*971*	*924*
Reserves adequacy ratios				
3-Year survival ratio excluding commutations [(a)]	31 years	34 years	29 years	31 years
IBNR / Case Reserves	595%	625%	589%	604%
Cumulative Payments to date / Projected Ultimate Cost	49%	47%	46%	45%

(a) Reserves at the end of the year / Average yearly payments over the last 3 years (excluding commutations).

AXA held total reserves for asbestos exposure (net of reinsurance) of €944 million at year-end 2016. This decrease was mainly driven by movement in exchange rates between 2015 and 2016.

This year, the 3-Year survival ratio increased mainly due to a decrease of claims paid for UK asbestos.

14.9. LIABILITIES AND ASSETS ARISING FROM POLICYHOLDERS' PARTICIPATION AND OTHER OBLIGATIONS

The following table shows liabilities and assets arising from policyholders' participation and other obligations as of December 31, 2016:

(in Euro million)	December 31, 2016	December 31, 2015
Policyholders' participation reserves	10,765	10,350
Policyholders' deferred participation liabilities and other obligations	38,723	35,872
Total Liabilities arising from policyholders' participation and other obligations	**49,488**	**46,222**
Total Assets arising from policyholders' participation	**146**	**88**

The deferred policyholders' participation and other obligations liabilities and deferred policyholders' participation assets include the impact of shadow accounting (see definition in Note 1.14.2.) 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. The increase in deferred policyholders' participation liabilities mainly relates to an increase in unrealized gains on assets available for sale in Germany and France. The increase in deferred policyholders' participation assets relates to unrealized losses on assets available for sale in Hong Kong Life & Savings.

14.10. PAYMENT, SURRENDER PROJECTIONS, INSURANCE AND INVESTMENT CONTRACT LIABILITIES DISCOUNT RATES

In the tables presented in Note 14.10.1 and 14.10.2, 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.

14.10.1. 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 and Property & Casualty. 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 the impact of discounting. 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.

	2016				2015			
(in Euro million)	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	25,583	73,295	520,269	619,147	27,333	68,969	514,259	610,561
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*13,380*	*54,926*	*380,431*	*448,737*	*13,095*	*49,892*	*367,310*	*430,297*

14.10.2. 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, 2016: 88% of Life & Savings reserves (excluding unit-linked contracts) were discounted, and 14% were subject to a revision of the discount rate and 74% 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 business, most reserves (91% as of December 31, 2016) 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 the 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 policyholders contracts are set out in Note 4.

(in Euro million)	December 31, 2016 Carrying value	December 31, 2016 Average discount rate%	December 31, 2015 Restated [a] Carrying value	December 31, 2015 Restated [a] Average discount rate%
Life & Savings – locked-in discount rate [b]	282,712	2.11%	277,573	2.17%
Life & Savings – unlocked discount rate	53,587	2.81%	42,811	3.19%
Life & Savings – undiscounted reserves	46,423	-	46,776	-
Sub-total Life & Savings	**382,721**	**-**	**367,160**	**-**
Non Life – locked-in discount rate [b]	4,235	3.59%	4,237	3.48%
Non Life – unlocked discount rate	1,513	2.66%	1,568	2.55%
Non Life – undiscounted reserves	60,946	-	59,491	-
Sub-total – Non Life	**66,694**	**-**	**65,296**	**-**
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**449,416**	**-**	**432,456**	**-**

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) Reclassification of International Insurance activity in Life & Savings and Property & Casualty segments.
(b) Subject to liability adequacy tests.

(in Euro million)	December 31, 2016	December 31, 2015
Liabilities arising from insurance contracts (as per Note 14.2)	414,569	398,776
Liabilities arising from insurance contracts with discretionary participating features (as per Note 14.3)	32,466	33,142
Liabilities arising from insurance contracts with no discretionary participating features (as per Note 14.3)	2,382	538
TOTAL	**449,416**	**432,456**

In accordance with IFRS 7, the Group discloses, in Note 4 of its consolidated financial statements, quantitative sensitivities of the Group AFR (as defined in the Section 4.3 "Market risks") to interest risk and equity price risk.

The estimated impact of the unlocking of discount rates relating to Life & Savings reserves was €231 million reserve decrease for 2016 (compared to €525 million reserve decrease for 2015) gross of policyholders' participation, tax impacts and other shadow accounting impacts and was included in the income statement of the period.

14.10.3. 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.

14.11. 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 would themselves 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 (GMDB) or Guaranteed Minimum Income Benefits (GMIB) 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 are related to the unhedged portion of the benefits and to the policyholder behaviour becoming materially different from the expected behavior. 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, policyholder 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 LIABILITIES ARISING FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2016		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Banking liabilities issued at fair value - Retail customers	2,810	2,810	2,829	2,829
Retail customers	20,935	20,950	19,521	19,523
Corporate customers	2,911	2,951	4,433	4,596
Interbanking refinancing	1,700	1,701	2,990	2,992
Refinancing with central banks	993	993	644	644
Other liabilities arising from banking activities	2,765	2,825	2,485	2,569
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(370)	(370)	(264)	(263)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**31,743**	**31,860**	**32,639**	**32,890**

The fair value option is used to measure the fair value through profit or loss of certain banking liabilities issued at fair value (€2,810 million as of December 31, 2016 and €2,829 million as of December 31, 2015), including the Euro Medium Term Notes.

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. The valuation method of liabilities arising from banking activities excluding derivatives (detailed in Note 20.5.) are as follows:

- banking liabilities issued at fair value – Retail customers (€2,810 million as of December 31, 2016):
  - €1,326 million as of December 31, 2016 (€1,196 million as of December 31, 2015) based upon market prices that are available in active markets and are considered as Level 1 fair values,
  - €1,022 million as of December 31, 2016 (€1,258 million as of December 31, 2015) mainly based on observable market data inputs and are considered as Level 2 fair values, and
  - €462 million fair values as of December 31, 2016 (€375 million as of December 31, 2015) mainly based on non-observable market data inputs and are considered to be Level 3 fair values.
- retail customers (€20,950 million as of December 31, 2016), Corporate customers (€2,951 million as of December 31, 2016), and Interbanking refinancing (€1,701 million as of December 31, 2016), are not traded in active markets and quoted prices are not available. Given the short maturities of main liabilities arising from banking activities (see Note 15.2), the carrying amounts may be considered as reasonable proxies for fair values. Thus, the fair value of amounts displayed above for these instruments are considered to be Level 3 fair values;
- other liabilities arising from banking activities relate to bonds issued with fair values mainly based on observable market data inputs. As such, the fair values of these liabilities are considered as Level 2 instruments.

As of December 31, 2016, debt relating to investments under lending agreements and equivalent in banking activities amounted to €1,031 million (€4,083 million as of December 31, 2015).

15.2. BREAKDOWN BY MATURITY

	December 31, 2016				December 31, 2015			
	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 Net Carrying amount
Banking liabilities issued at fair value - Retail customers	222	598	1,989	2,810	258	729	1,842	2,829
Retail customers	19,082	1,701	152	20,935	17,868	1,500	153	19,521
Corporate customers	1,357	1,534	20	2,911	4,400	18	15	4,433
Interbanking refinancing	1,629	60	11	1,700	2,803	169	17	2,990
Refinancing with central banks	51	942	-	993	180	464	-	644
Other liabilities arising from banking activities	917	1,104	743	2,765	442	2,043	0	2,485
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	(129)	(194)	(48)	(370)	(87)	(151)	(26)	(264)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**23,130**	**5,747**	**2,867**	**31,743**	**25,864**	**4,773**	**2,002**	**32,639**

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, 2016	December 31, 2015
Employee benefits	10,738	10,374
Share-based compensation	66	61
Sub-total employee benetifs and share-based compensation	**10,805**	**10,435**
Restructuring provisions	399	261
Lawsuits contingency provisions	319	312
Other provisions for risks and charges	2,212	1,651
Sub-total others	**2,930**	**2,224**
TOTAL PROVISIONS FOR RISKS AND CHARGES	**13,735**	**12,659**

Provisions relating to employee benefits and share-based compensations are commented in Note 26 "Employees".

As of December 31, 2016, the "Other provisions for risks and charges" mainly included provisions for tax liability (€1,093 million) principally in the United States (€767 million) and Germany (€155 million). Other provisions for risks and charges other than provisions for tax liability amounted to €1,119 million mainly in the Holdings (€505 million), Belgium (€228 million) and UK (€123 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)	2016	2015
Carrying value as of January 1	**2,224**	**2,386**
Financial cost related to unwind	0	1
Impact of change in scope of consolidation and other changes	202	8
Increase in provisions	926	381
Write back after use	(137)	(349)
Write back after final cost review	(281)	(335)
Impact of foreign exchange fluctuations	(4)	132
Carrying value as of December 31	**2,930**	**2,224**

Note 17 Financing debt

17.1. FINANCING DEBT BY ISSUANCE

(in Euro million)	Carrying value	
	December 31, 2016	December 31, 2015
AXA	**7,641**	**7,256**
Debt component of subordinated convertible notes, 3.75% due 2017 (€)	1,783	1,701
Subordinated notes, 5.25% due 2040 (€)	1,300	1,300
Subordinated notes, 5.125% due 2043 (€)	1,000	1,000
U.S. registered redeemable subordinated debt, 8.60% 2030 (US$)	1,186	1,148
U.S. registered redeemable subordinated debt, 7.125% 2020 (£)	380	443
Subordinated debt, 5.625% due 2054 (£)	876	1,022
Derivatives relating to subordinated debts [(a)]	(1,189)	642
Subordinated debt, 3.375%, due 2047 (€)	1,500	-
Undated Subordinated notes, US$ 850 M, 4.5%	806	-
AXA Bank Europe	**87**	**116**
Subordinated debt maturity below 10 years fixed rate	35	46
Undated Subordinated debt fixed rate	52	70
AXA-MPS Vita and Danni	**70**	**71**
Subordinated notes, EURIBOR 6 months + 81bp	70	71
Other subordinated debt (under €100 million)	**19**	**22**
Subordinated debt	**7,818**	**7,465**
AXA	**500**	**-**
Euro Medium Term Note, due through 2028	500	-
AXA Financial	**331**	**321**
Senior notes, 7%, due 2028	331	321
AXA UK Holdings	**177**	**206**
GRE: Loan Notes, 6.625%, due 2023	177	206
Other financing debt instruments issued (under €100 million)	**100**	**97**
Other financing debt instruments issued (under €100 million)	131	136
Derivatives relating to other financing debt instruments issued [(a)]	(30)	(39)
Financing debt instruments issued	**1,109**	**624**
TOTAL FINANCING DEBT [(b)]	**8,927**	**8,089**

(a) Hedging instruments in accordance with IAS 39 and economic hedge derivatives not eligible for hedge accounting.
(b) Excluding accrued interest on derivatives.

Derivative instruments hedging financing debt (included in the table above) are commented in Note 20.

For the sensitivity to movements in interests rates, please refer to page 206 of the “Interest rates & Equity risk related to the operating activities of Group subsidiaries” Section 4.3 Market risks.

17.2. FAIR VALUE MEASUREMENT OF FINANCING DEBT

	December 31, 2016		December 31, 2015	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Subordinated debt at cost	9,007	9,836	6,823	7,801
Derivatives on subordinated debt [(a)]	(1,189)	(1,189)	642	642
Subordinated debt	**7,818**	**8,646**	**7,465**	**8,443**
Financing debt instruments issued at cost	1,139	1,283	663	821
Derivatives on financing debt instruments issued [(a)]	(30)	(30)	(39)	(39)
Financing debt instruments issued	**1,109**	**1,253**	**624**	**782**
FINANCING DEBT	**8,927**	**9,899**	**8,089**	**9,225**

(a) Hedging instruments in accordance with 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, 2016, excluding accrued interests, was €9,899 million, including related hedging derivative instruments. The fair value increased by €674 million compared to December 31, 2015 mainly due to the issuance of new financial debts instrument which is partial offset by the repayment of some financial debts instrument issued.

The Group applies the IFRS 13 fair value hierarchy as described in Note 1.5. The fair value amounts are mainly based on observable market data inputs and are therefore considered as level 2 fair value amounts.

17.3. EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the contractual maturities of financing debt (including the impact of derivatives detailed in Note 20.1). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	Carrying value of financing debt by contractual maturity as of December 31				
(in Euro million)	12 months or less	More than 1 year up to 5 years	More than 5 years	Impact of Derivatives	Total carrying value including derivatives
2016	1,847	513	7,786	(1,219)	8,927
2015	31	2,256	5,199	603	8,089

Note 18 Payables

18.1. BREAKDOWN OF PAYABLES

(in Euro million)	Carrying value December 31, 2016	Carrying value December 31, 2015
Minority interests of consolidated investment funds	**11,503**	**10,525**
Other debt instrument issued, notes and bank overdraft	**3,194**	**3,692**
Debts relating to investments under total return swap agreement ("TRS")	1,112	153
Other debt instrument issued, notes and bank overdraft excluding TRS [(a)]	2,081	3,539
Payables arising from direct insurance and inward reinsurance operations	**10,356**	**9,760**
Deposits and guarantees	419	252
Current accounts payables to other insurance companies	844	683
Payables to policyholders, brokers and general agents	9,093	8,825
Payables arising from direct outward reinsurance operations	**6,628**	**12,917**
Deposits and guarantees	1,357	8,055
Current accounts payable to other companies	5,248	4,853
Other payables arising from direct outward reinsurance operations	23	10
Payable - current tax position	**1,057**	**1,662**
Debt relating to investments under lending agreements and equivalent [(b)]	**30,402**	**25,635**
Other payables	**16,962**	**14,509**
TOTAL PAYABLES	**80,101**	**78,700**

(a) Other activities than banking operations.
(b) Excludes debt relating to investments under lending agreements and equivalent in Bank segment (see Note 15).

The "Minority interests in consolidated investment funds" caption is the counterparty of assets recognized on the different lines of the consolidated balance sheet for the share not held by the Group in consolidated investment funds. Movements in this caption both depend on the changes in the Group's ownership and the changes in fair values of these funds.

Minority interests in funds under this caption totaled €11,503 million as of December 31, 2016, an increase of €978 million compared with December 31, 2015, mainly coming from Belgium Life & Savings and Property & Casualty businesses, Japan Life & Savings, AXA Life Europe; partially offset by France Life & Savings.

"Debt relating to investments under lending agreements and equivalent" totaled €30,402 million as of December 31, 2016, an increase of €4,767 million compared with December 31, 2015, or €4,187 million at constant exchange rate, mainly due to France Life & Savings and Property & Casualty businesses, Switzerland Life & Savings, AXA Corporate Solutions Assurances, Hong Kong Life & Savings and US Life & Savings.

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, 2016	December 31, 2015
AXA Financial	**705**	**785**
Commercial paper	705	785
AB	**486**	**538**
Short term commercial paper, 4.3%	486	538
AXA SA	**-**	**1,285**
Commercial paper	-	1,285
Other	**-**	**4**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**1,191**	**2,612**
AXA Life Insurance Japan	**153**	**144**
Collateralized debt – JPY Libor 3M +4 bps annual interest – maturity March 27, 2021	153	144
Real estate investment funds	**63**	**138**
Other	**94**	**1**
OTHER DEBT (OTHER THAN FINANCING DEBT) - OWED TO CREDIT INSTITUTIONS	**310**	**282**
Bank overdrafts	**580**	**645**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS EXCLUDING TRS	**2,081**	**3,539**

As of December 31, 2016, other debt instruments issued and bank overdrafts excluding TRS totaled €2,081 million, a decrease of €1,458 million compared to December 31, 2015, mainly due to decrease in other debt instruments issued.

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 excluding TRS was €2,081 million as of December 31, 2016. Among the elements included in the preceding table, fair value is only calculated for other debt instruments issued.

Such fair values are mainly based on observable market data input (see Note 1.5. 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, 2016, payables arising from direct insurance and inward reinsurance operations as disclosed in the Note 18.1, totaled €10,356 million, an increase of €596 million compared to December 31, 2015, mainly due to increase in payables to policyholders, brokers and general agents and reinsurance operations in Switzerand Life & Savings, Hong Kong Life & Savings and EMEA-LATAM Property & Casualty partially offset by AXA Corporate Solutions Property & Casualty.

As of December 31, 2016, payables arising from direct outward reinsurance operations totaled €6,628 million, a decrease of €6,289 million compared to December 31, 2015, mainly coming from France Life & Savings.

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 (excluding the impact of derivatives which is detailed in Note 20.1). Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2016			
	Carrying value of other debt instrument 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
Debts relating to investments under total return swap ("TRS")	-	163	949	1,112
Other debts instruments issued, notes and bank overdrafts excluding TRS - Carrying value	1,928	153	-	2,081
Collateral debts relating to investments under a lending agreement or equivalent	29,030	1,372	-	30,402

	December 31, 2015			
	Carrying value of other debt instrument 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
Debts relating to investments under total return swap ("TRS")	-	153	-	153
Other debts instruments issued, notes and bank overdrafts excluding TRS - Carrying value	3,256	64	219	3,539
Collateral debts relating to investments under a lending agreement or equivalent	25,635	-	-	25,635

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, 2016	December 31, 2015 Restated [(a)]
Income tax - France	**423**	**375**
Current	200	413
Deferred	223	(38)
Income tax - Foreign countries	**2,016**	**1,420**
Current	1,113	1,473
Deferred	903	(53)
TOTAL INCOME TAX FROM CONTINUED OPERATIONS	**2,438**	**1,795**
Income tax from discontinued operations (current)	0	(21)
Income tax from discontinued operations (deferred)	5	(25)
INCOME TAX FROM DISCONTINUED OPERATIONS	**5**	**(46)**
TOTAL INCOME TAX	**2,443**	**1,748**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the income statement in ordrer to present a comparable basis.

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, 2016	December 31, 2015 Restated [a]
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	8,853	7,504
Notional tax rate	34.43%	38.00%
Notional tax charge	**3,048**	**2,851**
Impact of rates difference on notional tax charges	(406)	(682)
Impact of change in tax rates	65	12
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	179	57
Impact of differences in tax rates and tax bases	**(161)**	**(612)**
Tax losses of prior years used in the current year without DTA recognized previously	(11)	(5)
Deferred tax assets recognized on tax losses of prior years	(28)	(17)
Deferred tax assets not recognized on tax losses of the year	18	17
Derocognition of deferred tax assets on tax losses of prior years [b]	5	1
Tax losses impact	**(16)**	**(5)**
Impact of permanent differences	**(349)**	**(373)**
Adjustments of tax relating to prior years	(68)	(94)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses) [b]	(21)	(3)
Other	6	29
Impact of adjustments, decrease in value and other items	**(83)**	**(68)**
EFFECTIVE TAX CHARGE	**2,438**	**1,795**
EFFECTIVE TAX RATE (%)	**27.54%**	**23.92%**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the income statement in ordrer to present a comparable basis.
(b) 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 34.43% (38% in 2015) 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 in 2015, a temporary exceptional contribution (3.6%). The blended standard rate was 30% in 2016 and 29% in 2015.

The impact of the change in tax rate included in 2016, includes the decrease from 34.43% to 28%, from 2020, enacted by the 2017 French tax reform.

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

In the table below, 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. Net deferred tax balances broke down as follows:

	December 31, 2016			December 31, 2015
(in Euro million)	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Net deferred tax position
VBI	-	449	(449)	(447)
DAC	13	4,382	(4,368)	(4,335)
Other intangible assets (includ. GW)	35	940	(905)	(923)
Real estate	553	293	260	47
Financial assets	2,246	18,472	(16,226)	(14,914)
Technical reserves	15,264	3,504	11,760	12,901
Provision for risks and charges	554	276	278	103
Pensions and other employees benefits	2,539	148	2,391	2,076
Tax losses carried forward	1,558	1	1,556	1,466
Other	1,002	69	933	953
TOTAL DEFERRED TAX BY NATURE	**23,764**	**28,534**	**(4,770)**	**(3,073)**
of which				
Deferred tax through P&L	12,381	12,286	95	1,214
Deferred tax through OCI	9,637	16,042	(6,405)	(5,630)
Deferred tax through other equity reserves	1,746	206	1,540	1,344

(in Euro million)	December 31, 2016	December 31, 2015
Deferred tax assets	1,417	2,083
Deferred tax liabilities	6,187	5,156
Net deferred tax position	**(4,770)**	**(3,073)**

The change from net liability position €-3,073 million in 2015 to €-4,770 million in 2016 mainly came from a significant increase in unrealized capital gains on fixed income assets.

(in Euro million)	2016 Net deferred tax	2015 Restated [a] Net deferred tax
January 1	**(3,073)**	**(4,335)**
Movements through profit or loss	(1,125)	92
Movements through shareholders' equity [b]	(473)	1,289
Forex impact	(127)	(153)
Change in scope and other variations	28	34
December 31	**(4,770)**	**(3,073)**

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of the income statement in ordrer to present a comparable basis.

(b) 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.

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 €23,764 million DTA included €1,558 million of DTA on tax losses carried forward as of December 31, 2016.

	2016									
(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	**298**	**221**	**245**	**251**	**163**	**93**	**248**	**40**	**-**	**1,558**
Corresponding carry forward losses	987	742	806	791	478	271	715	195	1	4,986
	Latest date of possible use									
DTA recognised on tax losses carried forward	**10**	**8**	**4**	**1**	**9**	**-**	**99**	**306**	**1,120**	**1,558**
Corresponding carry forward losses	54	26	17	5	48	-	296	916	3,623	4,986

In 2015, the €-3,073 million net DTL position included €23,437 million DTA of which €1,466 million DTA on tax losses carried forward.

	2015									
(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	**207**	**197**	**280**	**260**	**294**	**85**	**111**	**32**	**-**	**1,466**
Corresponding carry forward losses	751	722	940	836	907	249	352	145	-	4,902
	Latest date of possible use									
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

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 €272 million (€582 million in 2015) of which:

- €199 million concerned unrecognized DTA on €1,041 million tax losses carried forward (€497 million DTA on €2,512 million tax losses carried forward in 2015). The major part of these losses has no maturity date (€818 million in 2016 and €2,257 million in 2015); the significant decrease of non-recognised DTA mainly came from the disposal of the remaining UK life portfolio and changes in the assumption of Genworth group integrated on December 1, 2015 for the first time;
- €73 million related to other unrecognized deferred tax assets (€85 million in 2015).

Note 20 Derivative instruments

This Note includes all types of derivatives excluding derivative instruments that meet the definition of shareholders' equity instruments (see Note 13 for details) or derivative instruments held by consolidated investment funds in the "Satellite Investment Portfolio" (see Note 1.8.2) which are recognized at fair value in accordance with the IFRS hierarchy as described in Note 1.5.

20.1. DERIVATIVE INSTRUMENTS: MATURITIES, NOTIONAL VALUES AND FAIR VALUES

	Maturity of notional amount as of December 31, 2016 [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, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Interest rates derivatives	50,926	63,861	93,321	208,109	236,498	9,568	10,897	6,758	9,771	2,810	1,126
Equity derivatives	17,393	7,155	2,356	26,904	28,341	2,363	1,176	1,212	665	1,151	511
Currencies derivatives	113,835	14,747	6,823	135,405	126,911	1,660	1,997	4,303	3,907	(2,643)	(1,909)
Credit derivatives	6,138	16,955	1,442	24,535	23,919	185	253	145	359	40	(106)
Other derivatives	25,551	2,663	7,140	35,354	29,267	384	551	1,881	800	(1,497)	(249)
TOTAL	**213,843**	**105,381**	**111,082**	**430,307**	**444,936**	**14,159**	**14,875**	**14,299**	**15,502**	**(139)**	**(628)**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.
(a) By convention, notional amounts are displayed in absolute value, and exclude potential netting out.

Main reasons for the evolution in the use of derivatives (mostly interest rates, currency derivatives and credit derivatives) are detailed in Note 20.2.

20.2. DERIVATIVE INSTRUMENTS BY IAS 39 TYPE OF HEDGE

Derivative instruments are broken down as follows:

	December 31, 2016									
	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	47,253	(1,367)	6,228	1,091	-	-	154,628	3,086	208,109	2,810
Equity derivatives	1,468	104	-	-	-	-	25,436	1,047	26,904	1,151
Currencies derivatives	3,732	1	3,776	(65)	5,826	(209)	122,071	(2,371)	135,405	(2,643)
Credit derivatives	1,310	(27)	-	-	-	-	23,224	67	24,535	40
Other derivatives	287	(18)	3,698	(89)	-	-	31,369	(1,390)	35,354	(1,497)
TOTAL	**54,051**	**(1,307)**	**13,701**	**937**	**5,826**	**(209)**	**356,729**	**439**	**430,307**	**(139)**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.

As of December 31, 2016, the net fair value (€-139 million) of derivatives instruments is comprised of the fair value of derivatives on investment assets (€-3,471 million – see Note 20.3.) and of the fair value of derivatives on liabilities (€-3,332 million – see Note 20.4.).

	December 31, 2015									
	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	48,160	(1,462)	5,675	1,344	-	-	182,662	1,244	236,498	1,126
Equity derivatives	238	(10)	-	-	-	-	28,102	521	28,341	511
Currencies derivatives	3,293	(22)	2,379	144	5,116	(279)	116,123	(1,752)	126,911	(1,909)
Credit derivatives	2,530	(41)	-	-	-	-	21,390	(65)	23,919	(106)
Other derivatives	287	(5)	4,500	20	-	-	24,480	(264)	29,267	(249)
TOTAL	**54,509**	**(1,539)**	**12,555**	**1,508**	**5,116**	**(279)**	**372,756**	**(317)**	**444,936**	**(628)**

Note: This table includes all derivatives (assets and liabilities) as described in Note 1.10, i.e. hedge, macro-hedge and other asset or liability positions.

As of December 31, 2016, the notional amount of all derivative instruments totalled €430.3 billion (€444.9 billion at the end of 2015). Their net fair value as of December 31, 2016 totalled €-139 million (€-628 million at the end of 2015).

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 €416.4 billion as of December 31, 2016 (€432.8 billion at the end of 2015) and includes:

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;

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. The total net collateral given communicated for all derivative instruments including those related to derivatives held within investment funds of the "Satellite Investment Portfolio" (see Note 1.8.2) was €2.1 billion as of December 31, 2016 (€0.5 billion at the end of 2015). This net total includes amounts recognized in the Consolidated Statement of Financial Position and unrecognized commitments received or given disclosed in Note 29.

The market turmoil that started in 2008 highlighted increasing importance of Risk Management and led to additional hedging activity over the 2008-2012 period. Since then AXA has continued the use of derivatives to hedge risks, increasing or decreasing derivative positions in accordance with AXA's governance framework for derivatives.

In particular, hedging activities are one of the most important instruments to decrease the risk of the options and guarantees that are embedded in most Life & Savings products and in some Property & Casualty products; they also lead to a reduction of the capital requirements for those business activities under Solvency II. The various policies that AXA applies with reference to the use of derivatives and hedging instruments, include a close monitoring of its hedging strategy and associated risks as

part of a Systemic Risk Management Plan (SRMP), approved by the Management Committee and the Board of Directors, in the context of the policy measures that apply to Global Systemically Important Insurers (GSII).

For further detail on Asset Liability Management governance, please refer to page 190 of Section 4.2. “Internal control and Risk Management”.

In 2016, the use of derivatives within the Group decreased overall by €-14.6 billion in terms of notional amount for the main reasons listed below (see also details in Note 20.2.1.):

- notional amount of currency derivatives increased by €+8.5 billion compared to 2015 mainly due to an increased fair value of foreign currency portfolios driven by market conditions notably denominated in the United States dollar and the Great Britain sterling pound;
- notional amount of interest rates derivatives decreased by €-28.4 billion, mainly due to (i) the decrease of interest rate hedging assets mainly in the Company hedging debts, (ii) the expiry of interest rate swaptions associated with guaranteed minimum benefits on Variable Annuity products in the United States, (iii) the maturity of interest rate swaps in UK Life & Savings and (iv) the unwind of interest rate swaps in Italy Life & Savings;
- notional amount of credit derivatives increased by €+0.6 billion in order to increase exposure to the corporate spread risk.

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.

As of December 31, 2016 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 €73.6 billion versus €72.2 billion in 2015. The net fair value recorded was €-578 million as of December 31, 2016, versus €-310 million in 2015.

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, 2016, the notional amount of interest rate derivative instruments totalled €208.1 billion (€236.5 billion at the end of 2015). Their net fair value as of December 31, 2016 totalled €2,810 million (€1,126 million at the end of 2015). AXA mainly uses (i) interest rate swaps (61% of total notional amount of interest rate derivative instruments), (ii) interest rate options (22%), and (iii) futures and forwards (17%).

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, with notional amount of €53.5 billion at the end of 2016 (€62.0 billion at the end of 2015) mainly in the United States Life & Savings (notional amount of €22.4 billion in 2016 versus €31.8 billion in 2015), Germany Life & Savings (notional amount of €12.8 billion in 2015 versus €13.6 billion in 2015), and in Japan Life & Savings (notional amount of €10.2 billion in 2016 versus €8.8 billion in 2015);

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 France Life & Saving for €53.1 billion (versus €52.8 billion in 2015) and in Japan Life & Saving for €19.5 billion in 2016 (versus €22.5 billion in 2015);

iii. minimize the cost of Group debt and limit volatility of financial charges, mainly in the Company, with notional amount of €30.9 billion in 2016 versus €41.8 billion in 2015, mainly due to the management of its interest rate derivatives in a context of low but volatile interest rate environment and by the restructuring of derivatives to minimize potential impacts on capital needs linked to the systemic regulation;

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 €13.0 billion in 2016 versus €14.9 billion in 2015).

20.2.2. Equity derivative instruments

As of December 31, 2016, the notional amount of equity derivative instruments totalled €26.9 billion (€28.3 billion at the end of 2015). Their net fair value as of December 31, 2016 totalled €1,151 million (€511 million at the end of 2015). AXA mainly uses (i) equity option contracts (60% of total notional amount of equity derivative instruments) and (ii) equity futures and forwards (32%).

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, which totalled €8.8 billion at the end of 2016 (€11.7 billion at the end of 2015) mainly in the United States Life & Savings (notional amount of €7.7 billion in 2016 compared with €11.1 billion in 2015);

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 €11.7 billion in 2016 compared with €6.9 billion in 2015).

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.

As of December 31, 2016, the notional amount of currency derivative amounted to €135.4 billion versus €126.9 billion in 2015. Their market value was €-2,643 million versus €-1,909 million in 2015. AXA mainly uses (i) currency future and forward contracts (68% of total notional amount of currency derivative instruments), (ii) currency swaps (24%) and (iii) currency option contracts (8%).

One of the main objectives 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 shareholders' equity against currency fluctuations, but also of others key indicators such as liquidity, gearing and solvency ratios. Notional amount of derivatives used by the Company to hedge the foreign currency exposure increased from €24.2 billion in 2015 to €25.0 billion in 2016, mainly due to the continuous review of its Net Investment Hedge policy.

Currency derivative instruments are also used to hedge foreign exchange mismatch between assets and liabilities in insurance subsidiaries of the Group. 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) Switzerland using such contracts to hedge exchange rate risk arising from their investments in equities and debt instruments denominated in non CHF currencies (mainly Euro and US Dollar) with a total notional amount of €53.0 billion in 2016 versus €50.4 billion in 2015, and (ii) 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 €15.4 billion in 2016 versus €13.9 billion in 2015.

A description of exchange-rate risk related to the operating activities of Group subsidiaries and the Company is included in Section 4.3 "Market Risks" with amounts of exposures to exchange-rate risk and corresponding hedges.

In accordance with IAS 21 and IAS 39, the translation difference relating to these debt instruments used in operational entities 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.

As of December 31, 2016, the notional amount of credit derivatives held by the Group was €24.5 billion compared to €23.9 billion in 2015 (excluding the instruments held within investment funds of the "Satellite Investment Portfolio" (€0.8 billion); see Note 1.8.2.).

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 including from a certain level of losses through tranches instruments (notional amount of €9.4 billion in 2016 versus €9.2 billion in 2015);

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 use by AXA in this context amounted to €1.3 billion in 2016 versus €2.5 billion in 2015;

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 €13.9 billion in 2016 versus €12.2 billion in 2015).

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, 2016								
	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	**21,275**	**104**	**21,379**	**125**	**-**	**125**	**21,400**	**104**	**21,504**
Debt instruments	442,950	(3,053)	439,897	7,161	(197)	6,964	450,111	(3,250)	446,861
Equity securities	25,538	(5)	25,534	1,544	-	1,544	27,082	(5)	27,077
Non consolidated investment funds	13,967	(77)	13,890	644	-	644	14,611	(77)	14,534
Other investments [d]	14,093	(27)	14,067	63	-	63	14,157	(27)	14,130
Macro-hedge and other derivatives	(199)	548	349	(3)	(200)	(203)	(202)	348	146
TOTAL FINANCIAL INVESTMENTS	**496,349**	**(2,614)**	**493,735**	**9,409**	**(397)**	**9,013**	**505,758**	**(3,011)**	**502,748**
Loans	**37,003**	**(7)**	**36,995**	**26,879**	**(558)**	**26,321**	**63,882**	**(565)**	**63,317**
Assets backing contracts where the financial risk is borne by policyholders	**175,292**	**(0)**	**175,292**	**-**	**-**	**-**	**175,292**	**(0)**	**175,292**
TOTAL INVESTMENTS	**729,919**	**(2,517)**	**727,402**	**36,413**	**(954)**	**35,459**	**766,332**	**(3,471)**	**762,861**

(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)), 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.

	December 31, 2015								
	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	**20,353**	**17**	**20,369**	**126**	**-**	**126**	**20,478**	**17**	**20,495**
Debt instruments	417,366	(1,797)	415,569	10,948	(310)	10,638	428,314	(2,107)	426,207
Equity securities	25,934	4	25,937	1,893	-	1,893	27,827	4	27,830
Non consolidated investment funds	13,477	(83)	13,394	785	-	785	14,263	(83)	14,179
Other investments [d]	11,386	8	11,394	156	-	156	11,542	8	11,550
Macro-hedge and other derivatives	(507)	1,422	914	(3)	(406)	(409)	(511)	1,015	505
TOTAL FINANCIAL INVESTMENTS	**467,656**	**(447)**	**467,209**	**13,779**	**(716)**	**13,063**	**481,435**	**(1,164)**	**480,272**
Loans	**33,164**	**(61)**	**33,103**	**24,959**	**(569)**	**24,390**	**58,122**	**(629)**	**57,493**
Assets backing contracts where the financial risk is borne by policyholders	**194,601**	**(0)**	**194,601**	**-**	**-**	**-**	**194,601**	**(0)**	**194,601**
TOTAL INVESTMENTS	**715,774**	**(492)**	**715,282**	**38,864**	**(1,285)**	**37,579**	**754,637**	**(1,777)**	**752,860**

(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.

	December 31, 2016			December 31, 2015		
(in Euro million)	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of deriva-tives	Carrying value excluding effect of hedging value	Impact of derivative instruments	Carrying value including effects of deriva-tives
Liabilities arising from insurance contracts	414,569	(1,489)	413,080	398,776	(654)	398,123
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	160,222	0	160,222	152,079	0	152,079
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACT	**574,791**	**(1,489)**	**573,302**	**550,856**	**(653)**	**550,202**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**50,358**	**(95)**	**50,263**	**76,606**	**(114)**	**76,492**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**(318)**	**(318)**	**-**	**(873)**	**(873)**
Subordinated debt	9,007	(1,189)	7,818	6,823	642	7,465
Financing debt instruments issued	1,139	(30)	1,109	663	(39)	624
Financing debt owed to credit institutions	0	-	0	0	-	0
FINANCING DEBT [(a)]	**10,146**	**(1,219)**	**8,927**	**7,486**	**603**	**8,089**
Liabilities arising from banking activities	**32,113**	**(370)**	**31,743**	**32,902**	**(264)**	**32,639**
PAYABLES	**79,940**	**160**	**80,101**	**78,548**	**152**	**78,700**
TOTAL DERIVATIVES		**(3,332)**			**(1,149)**	

(a) Financing debts 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.

As of December 31, 2016, 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.

20.5. BREAKDOWN OF DERIVATIVE INSTRUMENTS BY VALUATION METHOD

	December 31, 2016				December 31, 2015			
	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 mainly based on observable market data (Level 2)	Fair value mainly not based on observable market data (Level 3)	Total	Fair value determined directly by reference to an active market (Level 1)	Fair value mainly based on observable market data (Level 2)	Fair value mainly not based on observable market data (Level 3)	Total
Net value of derivative instruments - assets (A)	**(1,177)**	**(2,294)**	**-**	**(3,471)**	**(412)**	**(1,365)**	**-**	**(1,777)**
Derivative instruments relating to insurance and investment contracts	15	(1,917)	-	(1,903)	(9)	(1,632)	-	(1,641)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	(1,219)	-	(1,219)	-	603	-	603
Derivatives on Liabilities arising from banking activities and Payables	4	(197)	(17)	(210)	23	(122)	(12)	(111)
Net value of derivative instruments - liabilities (B)	**19**	**(3,334)**	**(17)**	**(3,332)**	**14**	**(1,151)**	**(12)**	**(1,149)**
Net fair value (C= A-B)				**(139)**				**(628)**

Principles applied by the Group in order to proceed with the classification of financial instruments into the IFRS 13 fair value hierarchy categories and the fair value hierarchy applicable to such instruments are described in Note 1.5. Same principles apply as far as derivatives instruments are concerned.

The Group mitigates counterparty credit risk of derivative instruments by contractually requiring collateral for the majority of derivative contracts. As of December 31, 2016, the adjustment to the fair value of derivatives for non-performance risk was not material.

Note 21 Information by segment

For more information about the Group's segments identification, please refer to pages 258 to 262 of Note 3 Consolidated statement of income by segment.

21.1. TOTAL REVENUES

Total revenues [a] (in Euro million)	December 31, 2016	December 31, 2015 Restated [b]
LIFE & SAVINGS	**60,282**	**58,862**
of which direct premiums	*55,179*	*53,892*
of which reinsurance assumed	*3,507*	*3,324*
of which fees and charges on investment contracts with no participation features	*219*	*236*
of which revenues from other activities	*1,378*	*1,410*
France	17,010	15,922
United States	14,303	13,628
United Kingdom	-	-
Japan	5,161	4,194
Germany	6,662	6,650
Switzerland	7,044	7,170
Belgium	1,210	1,715
Italy	3,411	4,086
Spain	794	757
EMEA-LATAM Region	1,092	1,285
Asia (excl. Japan)	3,343	3,029
Other countries	253	426
PROPERTY & CASUALTY	**35,604**	**34,831**
of which direct premiums	*33,655*	*32,956*
of which reinsurance assumed	*1,879*	*1,558*
of which revenues from other activities	*70*	*317*
France	6,742	6,020
Germany	4,016	3,909
United Kingdom and Ireland	4,658	4,792
Switzerland	3,088	3,100
Belgium	2,081	2,010
Italy	1,557	1,558
Spain	1,567	1,536
EMEA-LATAM Region	4,232	4,507
Direct	2,864	2,732
Asia	1,103	1,099
AXA Corporate Solutions Assurance	2,318	2,255
AXA Assistance	1,276	1,226
Other countries	103	86
ASSET MANAGEMENT	**3,710**	**3,822**
AB	2,530	2,580
AXA Investment Managers	1,180	1,242
BANKING	**596**	**621**
AXA Banque	200	163
AXA Bank Belgium	339	400
German bank	37	33
Other Banks	20	26
Holdings	**-**	**-**
TOTAL	**100,193**	**98,136**

(a) Net of intercompany eliminations.

(b) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of statement of Income and the International Insurance activity is reclassified in Life & Savings and Property & Casualty segments.

Geographical information regarding revenues and assets of 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 this segment.

Given the Group's scale and diversity, none of its client's accounts for more than 10% of its business.

21.2. TOTAL ASSETS

Total Assets [a] [b] *(in Euro million)*	**December 31, 2016**	**December 31, 2015 Restated** [c]
LIFE & SAVINGS	**707,939**	**703,495**
France	186,509	185,586
United States	190,724	174,446
United Kingdom	908	30,062
Japan	55,470	50,021
Germany	83,774	80,137
Switzerland	83,944	80,288
Belgium	40,935	40,474
Italy	31,337	31,450
Spain	8,250	7,814
EMEA-LATAM Region	5,610	6,743
Asia (excl. Japan)	18,851	15,368
Other countries	1,627	1,107
PROPERTY & CASUALTY	**96,070**	**93,235**
France	23,267	21,966
Germany	10,922	10,325
United Kingdom and Ireland	8,508	8,613
Switzerland	8,407	8,623
Belgium	10,283	9,631
Italy	3,841	3,614
Spain	2,996	2,771
EMEA-LATAM Region	6,022	6,662
Direct	5,497	5,251
Asia	2,160	2,007
AXA Corporate Solutions Assurance	10,632	10,281
AXA Assistance	1,032	946
Other countries	2,504	2,545
ASSET MANAGEMENT	**9,180**	**8,506**
AB	6,325	5,685
AXA Investment Managers	2,855	2,822
BANKS	**32,632**	**33,858**
AXA Banque	7,339	6,529
AXA Bank Europe	24,575	26,639
German bank	764	606
Other Banks	(46)	84
Holdings	**46,961**	**47,975**
TOTAL	**892,783**	**887,070**

(a) Net of intercompany eliminations and after deduction of the value related to the shares eliminated in consolidation.
(b) Including assets held for sale.
(c) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

21.3. OTHER INFORMATION BY SEGMENT

21.3.1. Life & Savings

(in Euro million)	December 31, 2016 Gross written premiums	December 31, 2016 Liabilities arising from insurance contracts [b]	December 31, 2016 Liabilities arising from investment contracts [b]	December 31, 2015 Restated [a] Gross written premiums	December 31, 2015 Restated [a] Liabilities arising from insurance contracts [b]	December 31, 2015 Restated [a] Liabilities arising from investment contracts [b]
Retirement/annuity/investment contracts (individual)	23,374	257,992	28,446	21,699	240,093	29,143
Retirement/annuity/investment contracts (group)	2,894	28,687	6,511	2,336	29,063	6,508
Life contracts (including endowment contracts)	21,433	178,806	970	22,558	177,983	851
Health contracts	8,286	28,064	130	8,073	25,531	-
Other	2,699	14,548	2	2,550	12,890	2
Sub-total	**58,686**	**508,096**	**36,059**	**57,216**	**485,560**	**36,504**
Fees and charges relating to investment contracts with no participating features [c]	219	-	14,299	236	-	40,102
Fees, commissions and other revenues	1,378	-	-	1,410	-	-
TOTAL	**60,282**	**508,096**	**50,358**	**58,862**	**485,560**	**76,606**
Contracts with financial risk borne by policyholders (unit-linked)	15,789	160,222	15,511	17,383	152,079	42,926

(a) The contribution of discontinued United Kingdom Life & Savings operations is reclassified on a separate line of statement of Income and the International Insurance activity is reclassified in Life & Savings and Property & Casualty segments.

(b) Excludes liabilities relating to unearned revenues and fees, and policyholder bonuses, along with derivatives relating to insurance and investment contracts.

(c) 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 December 31, 2016	Gross written premiums December 31, 2015 Restated [a]	Liabilities arising from insurance contracts December 31, 2016	Liabilities arising from insurance contracts December 31, 2015 Restated [a]
Personal lines	**18,636**	**17,858**	**27,005**	**26,366**
Motor	10,528	10,405	18,441	17,760
Property damage	4,034	4,034	3,465	3,552
Health	2,143	1,806	1,544	1,604
Other	1,930	1,613	3,555	3,449
Commercial lines	**16,170**	**15,935**	**38,204**	**37,161**
Motor	3,234	3,005	5,254	5,008
Property damage	4,135	4,030	5,491	4,917
Liability	2,314	2,266	11,875	11,690
Health	3,030	3,182	6,871	7,023
Other	3,457	3,453	8,712	8,524
Other	**729**	**720**	**1,485**	**1,769**
Sub-total	**35,534**	**34,514**	**66,694**	**65,296**
Fees, commissions and other revenues	70	317	-	-
TOTAL	**35,604**	**34,831**	**66,694**	**65,296**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

21.3.3. Liabilities arising from insurance contracts in the Property & Casualty

	December 31, 2016						
(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	10,972	2,697	383	25	14,077	4,364	18,441
Property damage	1,440	480	65	2	1,987	1,479	3,465
Other	1,672	585	69	8	2,334	2,765	5,099
Sub-total Personal lines	**14,084**	**3,762**	**516**	**35**	**18,398**	**8,607**	**27,005**
Commercial lines							
Motor	3,009	827	110	8	3,954	1,300	5,254
Property damage	3,089	977	81	6	4,152	1,339	5,491
Liability	7,409	3,519	275	54	11,258	617	11,875
Other	8,153	2,553	298	23	11,027	4,556	15,583
Sub-total Commercial lines	**21,661**	**7,876**	**764**	**90**	**30,391**	**7,812**	**38,204**
Other	619	584	32	0	1,235	251	1,485
TOTAL - PROPERTY & CASUALTY	**36,364**	**12,222**	**1,312**	**126**	**50,024**	**16,670**	**66,694**

	December 31, 2015 Restated [(a)]						
(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	10,308	2,789	372	31	13,499	4,261	17,760
Property damage	1,400	418	67	2	1,887	1,665	3,552
Other	1,600	716	89	8	2,413	2,640	5,053
Sub-total Personal lines	**13,308**	**3,923**	**528**	**40**	**17,800**	**8,566**	**26,366**
Commercial lines							
Motor	2,929	745	103	11	3,788	1,220	5,008
Property damage	2,805	815	79	7	3,705	1,212	4,917
Liability	7,123	3,574	268	60	11,024	666	11,690
Other	7,973	2,269	290	21	10,553	4,628	15,181
Sub-total Commercial lines	**20,989**	**7,601**	**747**	**99**	**29,436**	**7,725**	**37,161**
Other	913	618	38	0	1,569	200	1,769
TOTAL - PROPERTY & CASUALTY	**35,209**	**12,142**	**1,314**	**139**	**48,804**	**16,492**	**65,296**

(a) Reclassification of the International Insurance activity in Life & Savings and Property & Casualty segments.

21.4. NET REVENUES FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2016	December 31, 2015
Net interests revenues	509	547
Net commissions	82	69
Others	6	5
Net revenues from banking activities	**596**	**621**

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:

	December 31, 2016				
(in Euro million)	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	775	2,003	-	(126)	2,652
Investment in real estate properties as at fair value through profit or loss	41	-	6	-	47
Investment in real estate properties	**817**	**2,003**	**6**	**(126)**	**2,699**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	11,583	1,537	13	(49)	13,084
Debt instruments designated as at fair value through profit or loss [b]	1,036	-	(315)	-	722
Debt instruments held for trading	52	-	17	-	69
Non quoted debt instruments (amortized cost)	117	1	-	-	119
Debt instruments	**12,788**	**1,538**	**(285)**	**(49)**	**13,993**
Equity instruments available for sale	553	712	4	(555)	714
Equity instruments designated as at fair value through profit or loss [c]	321	-	325	-	645
Equity instruments held for trading	8	-	5	-	13
Equity instruments	**881**	**712**	**334**	**(555)**	**1,373**
Non consolidated investment funds available for sale	270	141	21	(134)	298
Non consolidated investment funds designated as at fair value through profit or loss	242	-	(48)	-	194
Non consolidated investment funds held for trading	3	-	3	-	6
Non consolidated investment funds	**515**	**141**	**(23)**	**(134)**	**499**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**89**	**-**	**9**	**-**	**99**
Loans held to maturity	-	-	-	-	-
Loans available for sale	5	-	-	2	8
Loans designated as at fair value through profit or loss	-	-	0	-	0
Loans held for trading	-	-	-	-	-
Loans at cost	1,234	(1)	-	(11)	1,222
Loans	**1,240**	**(1)**	**0**	**(9)**	**1,230**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**9,124**	**-**	**9,124**
Derivative instruments	**(971)**	**-**	**(1,880)**	**-**	**(2,851)**
Investment management expenses	**(698)**	**-**	**-**	**-**	**(698)**
Other	**279**	**17**	**1,344**	**76**	**1,716**
NET INVESTMENT RESULT	**14,941**	**4,410**	**8,629**	**(796)**	**27,184**

(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, 2015 Restated [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	817	166	-	(68)	916
Investment in real estate properties as at fair value through profit or loss	36	-	63	-	99
Investment in real estate properties	**853**	**166**	**63**	**(68)**	**1,015**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	11,920	767	(105)	(110)	12,472
Debt instruments designated as at fair value through profit or loss [c]	1,010	-	(523)	-	486
Debt instruments held for trading	28	-	(29)	-	(1)
Non quoted debt instruments (amortized cost)	132	2	-	-	134
Debt instruments	**13,090**	**769**	**(657)**	**(110)**	**13,091**
Equity instruments available for sale	540	1,175	(119)	(392)	1,204
Equity instruments designated as at fair value through profit or loss [d]	227	-	247	-	474
Equity instruments held for trading	4	-	(2)	-	2
Equity instruments	**772**	**1,175**	**125**	**(392)**	**1,680**
Non consolidated investment funds available for sale	345	175	(85)	(74)	361
Non consolidated investment funds designated as at fair value through profit or loss	332	-	(124)	-	208
Non consolidated investment funds held for trading	2	-	(26)	-	(24)
Non consolidated investment funds	**679**	**175**	**(234)**	**(74)**	**545**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**153**	**-**	**(211)**	**-**	**(57)**
Loans held to maturity	-	-	-	-	-
Loans available for sale	4	-	-	-	4
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	1,185	0	-	(6)	1,180
Loans	**1,189**	**0**	**-**	**(6)**	**1,184**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**784**	**-**	**784**
Derivative instruments	**(82)**	**-**	**(580)**	**-**	**(661)**
Investment management expenses	**(670)**	**-**	**-**	**-**	**(670)**
Other	**255**	**232**	**269**	**(74)**	**681**
NET INVESTMENT RESULT	**16,238**	**2,518**	**(442)**	**(724)**	**17,590**

(a) Restatement of discontinued United Kingdom Life & Savings operations on a separate line of statement of Income.
(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 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 1.8.2;
- 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, 2016			
(in Euro million)	Life & Savings	Property & Casualty	Intersegment eliminations	Total
Premiums ceded and unearned premiums ceded	(2,978)	(3,346)	431	(5,893)
Claims ceded (including change in claims reserves)	2,919	1,890	(163)	4,646
Commissions received from / paid to reinsurers	138	538	(19)	657
NET RESULT OF REINSURANCE CEDED	**80**	**(918)**	**249**	**(589)**

	December 31, 2015 Restated [a]			
(in Euro million)	Life & Savings	Property & Casualty	Intersegment eliminations	Total
Premiums ceded and unearned premiums ceded	(2,283)	(3,250)	499	(5,035)
Claims ceded (including change in claims reserves)	1,994	1,795	(112)	3,677
Commissions received from / paid to reinsurers	26	480	(30)	476
NET RESULT OF REINSURANCE CEDED	**(262)**	**(975)**	**356**	**(881)**

(a) The International Insurance segment is reclassified in Life & Savings and Property & Casualty segments.

Note 24 Financing debt expenses

In 2016, financing debt expenses, which includes income and expenses relating to hedging derivative instruments on financing debt, amounted to €296 million (€488 million in 2015) mainly in the Company: €209 million (€435 million in 2015).

Note 25 Expenses by type

25.1. ACQUISITION EXPENSES

	December 31, 2016								December 31, 2015 Restated [a]
(in Euro million)	Life & Savings	Property & Casualty	Total Insurance	Asset Management	Banking	Holdings	Intersegment eliminations	Total	Total
Acquisition expenses – gross [b]	5,586	6,575	12,160	-	-	-	(30)	12,130	11,433
Change in deferred acquisition expenses and equivalents [c]	(584)	(111)	(695)	-	-	-	(0)	(695)	(1,279)
NET ACQUISITION EXPENSES	**5,001**	**6,464**	**11,465**	**-**	**-**	**-**	**(30)**	**11,435**	**10,154**

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.
(b) Includes all acquisition expenses relating to insurance and investment contracts before capitalization/amortization of deferred acquisition expenses and equivalents.
(c) 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

(in Euro million)	December 31, 2016								December 31, 2015 Restated [a]
	Life & Savings	Property & Casualty	Total Insurance	Asset Management	Banking	Holdings	Intersegment eliminations	Total	Total
Acquisition expenses – gross	5,586	6,575	12,160	-	-	-	(30)	12,130	11,433
Claims handling expenses	515	1,766	2,281	-	-	-	(2)	2,279	2,068
Investment management expenses	224	34	259	0	0	127	(41)	345	253
Administrative expenses	3,065	3,398	6,464	2,922	419	981	(486)	10,299	10,042
Banking expenses	-	-	-	-	65	-	-	65	63
Increase/(write back) of tangible assets amortization	1	0	1	-	-	-	-	1	1
Other income/expenses	(276)	74	(202)	272	(13)	(410)	208	(144)	339
TOTAL EXPENSES BY DESTINATION	**9,115**	**11,848**	**20,963**	**3,195**	**471**	**698**	**(351)**	**24,976**	**24,200**
Breakdown of expenses by type									
Staff expenses	2,645	3,687	6,331	1,650	167	232	3	8,384	8,047
Outsourcing and professional services	301	422	724	130	69	49	(53)	918	825
IT expenses	593	705	1,298	170	69	3	66	1,606	1,636
Charges relating to owner occupied properties	249	317	566	210	12	29	(4)	814	782
Commissions paid	4,328	5,769	10,097	712	32	-	(276)	10,565	9,985
Other expenses	999	947	1,947	322	122	385	(87)	2,689	2,925

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.

Expenses increased by €776 million compared to December 31, 2015. On a constant exchange rate basis, expenses increased by €1,057 million, driven by:

- higher expenses in Mature markets (€+1,097 million) mainly in France as a consequence of the integration of Genworth, as well as in Germany mainly due to higher restructuring costs;
- higher expenses in Direct business (€+41 million) mainly in Poland following the acquisition of Liberty and business growth, as well as in the United Kingdom reflecting investments in IT systems;
- higher expenses in Emerging markets (€+22 million) mainly driven by higher commissions in Mexico P&C and Turkey P&C both reflecting volume increases, partly offset by Hong Kong due to higher other income following portfolio growth of coinsured business;

partly offset by:

- lower expenses in Asset Management (€-124 million) mainly in AB due to lower compensation expenses in line with lower revenues as well as lower promotion and servicing expenses.

Note 26 Employees

26.1. BREAKDOWN OF STAFF EXPENSES

(in Euro million)	December 31, 2016	December 31, 2015 Restated [a]
Wages and benefits	6,053	6,020
Social contributions	831	899
Employee benefits expenses	505	547
Share based compensation	261	277
Other staff expenses and employees' profit sharing [b]	733	303
TOTAL STAFF EXPENSES	**8,384**	**8,047**

(a) Restated: Restatement of the UK Life & Savings contribution as discontinued operations following the disposal announcements.
(b) Including redundancies and early retirement expenses (triggering event = set up of the plan), and profit sharing with employees 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 €166 million as of December 31, 2016 (€173 million in 2015 restated).

26.2.2. Defined benefit plans

The Group operates various defined post-employment benefit plans mainly in the United Kingdom, the United States, Germany, Switzerland, France and Belgium.

The defined benefit plans within AXA are mostly final salary pension plans or are based on a cash balance formula, which provide with members, benefits in the form of a guaranteed level of lump-sum payable at retirement age or pension payable for life. The level of benefits is generally based on members' length of service and their salary in the final years leading up to retirement.

In Switzerland, the benefit plan is a Swiss contribution-based plan classified as a defined benefit plan under IAS 19 because of guarantees, risks related to mortality and disability coverage.

In the United Kingdom, United States and Germany, pensions in payment are generally updated in line with the retail price index or inflation, as opposed to in other countries where pensions do not necessarily receive inflationary increases once in payment.

Most of the defined pension benefit plans are funded through long-term employee benefit funds or covered by insurance policies or Mutual funds. In Switzerland and Belgium, the main defined benefit plans are contributory pension plans whereas in the United States, France and Germany, the main plans are non-contributory defined benefit plans.

Benefit payments in the United Kingdom, the United States and Switzerland are from trustee-administered funds and plan assets held in trusts are governed by local regulations and practices. The Board of Trustees, generally composed of representatives of the company and plan participants in accordance with the plan's regulations is responsible for governance of the plans including investment decisions and contribution schedules in order to meet the existing minimum funding requirement or funding regime objective, jointly with AXA at local level.

In France and Belgium, benefit payments are managed by insurance companies or Mutual funds.

In the United Kingdom the main defined benefit plan was closed to new members on August 31, 2013 and members who were part of defined benefit sections had the option to participate in the defined contributions sections.

In the United States, AXA US discontinued benefit accruals under its defined benefit pension plans after December 31, 2013 and provides a company defined contributions benefit plan for services after January 1, 2014.

In Ireland, the defined benefit pension plan was amended (with effect from July 31, 2015) so that the scheme was closed to future accrual and a new defined contribution pension plan was established from this date.

26.2.3. Significant actuarial assumptions

The assumptions for each of the liabilities are consistent with the economic features of the corresponding countries' plans. The weighted-average financial assumptions used by AXA for pension plans in the principal regions in which AXA operates were as follows:

DECEMBER 2016 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions as of December 31, 2016				
Discount rate	1.7%	3.8%	0.6%	7.0%
Salary increase for future years	2.1%	6.4%	1.7%	5.0%
Inflation rate	1.4%	2.5%	0.0%	4.0%

DECEMBER 2015 ASSUMPTIONS

	Europe	North America	Japan	Other
Pension benefit obligation - assumptions as of December 31, 2015				
Discount rate	2.4%	4.0%	0.9%	6.0%
Salary increase for future years	2.1%	6.4%	2.2%	5.0%
Inflation rate	1.3%	2.5%	0.0%	4.0%

For any given plan, the discount rate is determined at the closing date by using market yields for the corresponding currency on high quality corporate bonds with consideration of AA and depending on the plan's duration and the maturity profile of the defined benefit obligation.

Significant demographic assumptions used by AXA are mortality tables in the measurement of the Group's obligations under its defined benefit schemes. These assumptions are often set based on actuarial advice in accordance with published statistics and experience in each country. Translated into averages remaining life expectancy at retirement age (between 60 and 65 in average), the mortality assumptions would give:

- 22.89 years for male and 25.43 years for female retiring at end of December 2016;
- 25.38 years for male and 27.95 years for female retiring at end of December 2026 (i.e. 10 years after the reporting date).

26.2.4. Statement of financial position/balance sheet information

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 and the balance sheet position.

	Pension benefits		Other benefits		Total	
(in Euro million)	2016	2015	2016	2015	2016	2015
Change in benefit obligation						
Defined Benefit Obligation at the beginning of the year	21,093	20,310	623	665	21,716	20,974
Current service cost	249	268	3	7	252	275
Interest cost	405	529	19	21	424	550
Employee contributions	64	60	-	-	64	60
Plan amendments and curtailments [a]	(100)	(79)	3	-	(97)	(79)
Experience (gains) and losses	26	(239)	5	(34)	31	(273)
Actuarial (gains) and losses arising from changes in demographic assumptions	(74)	64	7	(14)	(67)	49
Actuarial (gains) and losses arising from changes in financial assumptions	2,293	(130)	11	(33)	2,304	(163)
Benefits paid by plan assets and by separate assets	(722)	(687)	(1)	-	(723)	(687)
Benefits directly paid by the employer	(312)	(334)	(39)	(36)	(352)	(370)
Settlements	(65)	0	-	-	(65)	0
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [b]	(26)	93	1	-	(25)	93
Other	7	31	-	(15)	7	17
Foreign exchange impact	(706)	1,208	14	62	(692)	1,269
Defined Benefit Obligation at the end of the year (A)	**22,132**	**21,093**	**645**	**623**	**22,777**	**21,716**
Change in plan assets						
Fair value of plan assets at the beginning of year	11,697	11,187	5	5	11,702	11,191
Interest income on plan assets	264	347	0	0	264	347
Actual return on plan assets, excluding interest income	1,399	(411)	0	(1)	1,399	(412)
Employer contributions [c]	312	273	1	1	312	273
Employee contributions	53	51	-	-	53	51
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [b]	(21)	-	-	-	(21)	-
Benefits paid by plan assets	(553)	(571)	-	-	(553)	(571)
Amount paid in respect of settlements	(52)	(0)	-	-	(52)	(0)
Other	(10)	(8)	-	-	(10)	(8)
Foreign exchange impact	(652)	829	-	-	(652)	829
Fair value of plan assets at the end of the year (B)	**12,436**	**11,697**	**6**	**5**	**12,442**	**11,702**
Change in separate assets						
Fair value of separate assets at the beginning of year	1,276	1,116	-	-	1,276	1,116
Interest income on separate assets	19	18	-	-	19	18
Actual return on separate assets, excluding interest income	(7)	68	-	-	(7)	68
Employer contributions	74	89	1	-	75	89
Employee contributions	11	8	-	-	11	8
Net transfer In/(Out) (including acquisitions, disposals and reclassifications) [b]	-	93	-	-	-	93
Benefits paid by separate assets	(169)	(116)	(1)	-	(170)	(116)
Other	-	0	-	-	-	0
Fair value of separate assets at the end of the year	**1,204**	**1,276**	**-**	**-**	**1,204**	**1,276**
Change in the cumulative effect of asset ceiling						
Cumulative effect of asset ceiling at the beginning of the year	19	17	-	-	19	17
Interest cost on asset ceiling	1	1	-	-	1	1
Changes in the asset ceiling, excluding the interest cost	1	0	-	-	1	0
Foreign exchange impact	(3)	1	-	-	(3)	1
Cumulative effect of asset ceiling at the end of the year	**18**	**19**	**-**	**-**	**18**	**19**
Funded status						
Funded status (B) - (A)	(9,695)	(9,396)	(639)	(618)	(10,334)	(10,014)
Cumulative impact of asset ceiling	(18)	(19)	-	-	(18)	(19)
Liability and asset recognized in the statement of financial position (excluding separate assets)						
Net position (excluding separate assets)	(9,713)	(9,415)	(639)	(618)	(10,352)	(10,033)
Fair value of separate assets at the end of the year	1,204	1,276	-	-	1,204	1,276
Net balance sheet position (including separate assets)	**(8,509)**	**(8,139)**	**(639)**	**(618)**	**(9,148)**	**(8,757)**

(a) In 2016, this amount mainly included plan amendments or curtailments effect in France and Germany. In 2015, this amount mainly included plan amendments or curtailments effect in Ireland and France.

(b) In 2016, this amount mainly included AXA Portugal disposal effect. In 2015, the amount mainly included the variation in the scope of plans reported under IAS 19 (contribution-based plan with a promised return in Belgium and Genworth acquisition in 2015).

(c) In 2016 and 2015, this amount included additional contributions paid to plan assets in the United Kingdom and in the United States to reduce the deficit.

"Other benefits" include post-retirement benefits other than pensions, principally health care benefits, and post-employment benefits after employment but before retirement.

A surplus (including any minimum funding requirement effect) 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, including the ability to use the surplus to generate future benefits.

26.2.5. Pension and other benefits expense

The annual expense for employee pension and other benefits recorded in the income statement (included in Note 26.1.), for the years ended December 31, 2016 and 2015 is presented below:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Pension and other benefits expense						
Current service cost	249	268	3	7	252	275
Plan amendments and curtailments	(100)	(79)	3	-	(97)	(79)
Settlement gains or losses	(13)	0	-	-	(13)	0
Other	29	40	1	(14)	30	26
Total Service Cost	**165**	**229**	**7**	**(7)**	**172**	**222**
Interest cost on the defined benefit obligation	405	529	19	21	424	550
Interest income on plan assets	(264)	(347)	(0)	(0)	(264)	(347)
Interest income on separate assets	(19)	(18)	-	-	(19)	(18)
Interest cost on asset ceiling	1	1	-	-	1	1
Net Interest Cost/Income	**123**	**164**	**19**	**21**	**142**	**185**
Defined pension and other benefits expense (Service Cost + Net Interest Cost/Income)	**288**	**393**	**26**	**14**	**313**	**407**

The calculation of the periodic pension cost is based on a "spot rate approach" or "full yield approach" that involves the use of separate discount rates of the yield curve (retained for the valuation of the Defined Benefit Obligation), to determine the related service cost, interest cost and interest income on assets associated to each discounted cashflow or segregated subsets of plan's obligation.

26.2.6. Change in the liability (net of plan assets but excluding Separate Assets and assets within the insurance General Accounts backing employee benefits) recognized in the statement of financial position

Consistently with IAS 19 requirements, this Note only considers liabilities net of Plan Assets and therefore excludes Separate Assets and assets within the insurance General Accounts that are backing employee benefits.

DESCRIPTION OF THE RELATIONSHIP BETWEEN SEPARATE ASSETS (OR REIMBURSEMENT RIGHT) AND RELATED OBLIGATIONS

Separate Assets amounted to €1,204 million as of December 31, 2016 (€1,276 million as of December 31, 2015) mainly in France and Belgium. This represents the fair value of assets backing Defined Benefit Obligations covered by both i) insurance policies written within the Group that provide direct rights to the employees and ii) insurance policies with related parties that are outside the scope of consolidation. Under these circumstances, these assets are not considered Plan Assets that would be deducted from pensions' DBO (Defined Benefit Obligation), but represent reimbursement rights accounted for as Separate Assets under IAS 19. Insurance assets or liabilities (within the Group) and pension obligations remain on the balance sheet.

Similarly in some other countries (mainly in Switzerland), although non-transferable insurance policies related to Defined Benefits Obligation between entities within the Group are effectively backed by General Account assets (available to general creditors

in case of bankruptcy), they are not taken into consideration in the pension assets disclosures.

IAS 19 considers liabilities net of Plan Assets on the one hand and Separate Assets and a part of Swiss assets on the other hand separately while economically, Separate Assets and a part of Swiss assets should be considered as backing Defined Benefit Obligation like any other Plan Assets (which are presented in Note 26.2.8.) and deducted from the Defined Benefit Obligation. The presentation required by IAS 19 seems to imply that such DBOs are not covered by corresponding assets.

Consistently with IAS 19 requirements, the roll-forward of the statement of financial position liability from January 1, 2016 to December 31, 2016 shown below only captures the evolution of the liability recorded in the Group's statement of financial position net of Plan Assets and does not include Separate Assets and Swiss assets included in the Insurance General Account liabilities (which are presented in Note 26.2.8.). 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		Total	
(in Euro million)	2016	2015	2016	2015	2016	2015
Change in the liability recognized in the statement of financial position						
Statement of financial position liability at the beginning of the year	(9,415)	(9,140)	(618)	(660)	(10,033)	(9,800)
Pension and other benefits expense	(288)	(393)	(26)	(14)	(313)	(407)
Adjustment due to separate assets	(24)	(94)	-	-	(24)	(94)
Employer contributions	312	273	1	1	312	273
Benefits directly paid by the employer	312	334	39	36	352	370
Benefits paid by separate assets	169	116	1	-	170	116
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	5	(93)	(1)	-	4	(93)
Actuarial gains and losses recognized in OCI	(840)	(38)	(23)	80	(863)	43
Other	-	(0)	-	-	-	(0)
Foreign exchange impact	56	(380)	(14)	(62)	42	(441)
Statement of financial position liability at the end of the year	**(9,713)**	**(9,415)**	**(639)**	**(618)**	**(10,352)**	**(10,033)**
Fair value of separate assets at the end of the year	1,204	1,276	-	-	1,204	1,276
Net balance sheet position at the end of the year	**(8,509)**	**(8,139)**	**(639)**	**(618)**	**(9,148)**	**(8,757)**

26.2.7. Sensitivity analysis of the Defined Benefit Obligation (DBO): Gross of all assets

A description of the risk that pension schemes are exposed to is presented in Note 26.2.10. The sensitivity analysis for significant actuarial assumptions showing how the Defined Benefit Obligation (totaling €22,777 million as of December 31, 2016 and €21,716 million as of December 31, 2015) would have been affected by changes in the relevant actuarial assumption that is reasonably possible for year ended as of December 31, 2016 and 2015 is presented below:

	2016		2015	
	effect of 0.50% Increase	effect of 0.50% decrease	effect of 0.50% Increase	effect of 0.50% decrease
Discount rate	-6.9%	7.7%	-6.7%	7.3%
Salary growth rate	0.8%	-0.7%	0.7%	-0.7%
Inflation rate	2.7%	-3.1%	4.5%	-2.7%

One year increase in the life expectancy (derived from adjusted mortality rates) would result in an increase of 3.9% of the Defined Benefit Obligation.

The sensitivity analysis are performed plan by plan using the projected unit credit method (same than the method applied when calculating the defined benefit liability recognized in the statement of financial position) and are based on a change in an assumption while holding all other assumptions constant.

26.2.8. Near-term cash flows (benefits paid and employer contributions)

FUNDING POLICY AND FUNDING ARRANGEMENTS THAT AFFECT FUTURE CONTRIBUTIONS

In the United Kingdom, the Pensions Act 1995 legislation governs pension funds and the Pensions Act 2004 introduced regulations on the funding of defined benefit pension arrangements and several other measures. Central to the funding regime are the Statutory Funding Objective (SFO) which is a requirement that the Scheme has appropriate and adequate assets to meet its technical provisions and the Statement of Funding Principles (SFP) which is a document prepared by the Trustees which sets out their policy for ensuring that the SFO is met. As part of the actuarial valuation, the appropriate level of future contributions to be paid to the pension plan is determined and a schedule of contributions is prepared by the Trustees of the pensions scheme following discussions with the entity. This includes a 10 year recovery plan to ensure that the Statutory Funding Objective (SFO) is met. The contributions for the recovery plan are based on the actuarial valuation performed every three years. However the schedule of contributions may change more frequently if significant events occur in the year.

In the United States, the funding policy of the plans is to make an annual aggregate contribution to satisfy its funding obligations each year in an amount not less than the minimum required by ERISA (Employee Retirement Income Security Act of 1974), and not greater than the maximum it can deduct for Federal income tax purposes. Valuations are performed annually on a January 1 measurement date and any contribution in excess of the minimum is determined at the discretion of the plan sponsor.

In Switzerland and Belgium, entities should fund the cost of the entitlements expected to be earned on at least a yearly basis where contributions are determined as a percentage of pensionable salaries depending on the age-class of the beneficiaries.

In Switzerland, the presentation of the pension liability reflects the fact that the assets covering a large part of the retirees do not qualify as pension assets defined under IAS 19 (not taken into consideration in the pension assets disclosures as described in Note 26.2.6.) because managed internally by the insurance company and not handled by a third party. However, legally, the sole purpose of these assets is the coverage of the liabilities of the pension fund. This means that under statutory (and legal) requirements, the pension fund of AXA Switzerland is not underfunded and therefore there is no requirement of additional contributions from AXA.

In France, voluntary regular employer annual contributions are made to Separate Assets, with an objective of the coverage ratio remaining within a targeted range of the total Defined Benefit Obligation after consideration of the yearly predetermined service cost.

In Germany, there is no requirement to fund employee benefit obligation.

In summary, considering both the Swiss case (and other entities in a similar case) and Separate Assets, the net economic situation of the funding for Defined Benefit plans is the following:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Statement of financial position liability [(a)]	(9,713)	(9,415)	(639)	(618)	(10,352)	(10,033)
Assets other than plan assets [(b)]	2,901	3,042	-	-	2,901	3,042
Net economic position	**(6,812)**	**(6,373)**	**(639)**	**(618)**	**(7,452)**	**(6,991)**

(a) This amount represents the Defined Benefit Obligation less plan assets adjusted for any assets not recoverable.

(b) This amount includes: Separate Assets or right to reimbursements and other assets managed within the Group but not taken into consideration in the pension disclosures as described in Note 26.2.6.

ESTIMATED EMPLOYER CONTRIBUTIONS TO THE PLAN FOR THE NEXT ANNUAL REPORTING PERIOD

The estimated amount of 2017 employer contributions for pension benefits is €281 million (€384 million estimated in 2015 for 2016).

ESTIMATED FUTURE BENEFITS TO BE PAID BY THE ASSETS OR THE EMPLOYER

(in Euro million)	Pension benefits	Other benefits
2017	1,035	48
2018	957	46
2019	964	44
2020	1,016	43
2021	1,040	42
Five years thereafter	5,315	195
From year N+11 until the last benefit payments is paid	25,390	632

These estimated future contributions and benefits expected to be paid are subject to uncertainty as they will be notably driven by economics of future years.

26.2.9. Asset mix of plan assets

As pension liabilities have a long-term nature, a mix of equity instruments, debt instruments and real estate investments is used in Plan Assets.

The following tables disclose the fair values of Plan Assets and their level within the fair value hierarchy for the Defined Benefit plans of AXA Group as at December 31, 2016 and 2015, respectively (fair value hierarchy principles as described by the Group are described in Note 1.5.):

	Total Group			Europe			North America			Other		
December 31, 2016 Asset mix for plan assets	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total
Equity instruments	12.6%	1.2%	13.8%	7.9%	0.7%	8.5%	31.0%	3.1%	34.1%	0.5%	0.0%	0.5%
Debt instruments	43.0%	0.5%	43.5%	42.0%	0.6%	42.6%	46.5%	0.2%	46.6%	91.5%	7.7%	99.2%
Other[a]	21.4%	21.4%	42.7%	25.5%	23.4%	48.9%	5.7%	13.6%	19.3%	0.0%	0.3%	0.3%
TOTAL	**77.0%**	**23.0%**	**100.0%**	**75.4%**	**24.6%**	**100.0%**	**83.1%**	**16.9%**	**100.0%**	**92.0%**	**8.0%**	**100.0%**
TOTAL *(in Euro million)*	**9,577**	**2,865**	**12,442**	**7,448**	**2,434**	**9,882**	**2,111**	**430**	**2,541**	**17**	**1**	**19**

(a) The other category of plan assets mainly includes Investment funds.

	Total Group			Europe			North America			Other		
December 31, 2015 Asset mix for plan assets	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total	Quoted in an active market	Not quoted in an active market	Total
Equity instruments	13.6%	1.3%	14.9%	8.2%	1.0%	9.2%	33.6%	2.4%	36.0%	0.4%	0.0%	0.5%
Debt instruments	46.7%	0.6%	47.3%	46.4%	0.7%	47.1%	47.0%	0.3%	47.3%	95.5%	3.6%	99.1%
Other[a]	18.1%	19.7%	37.8%	21.5%	22.2%	43.7%	5.8%	10.9%	16.7%	0.0%	0.4%	0.4%
TOTAL	**78.4%**	**21.6%**	**100.0%**	**76.2%**	**23.8%**	**100.0%**	**86.4%**	**13.6%**	**100.0%**	**96.0%**	**4.1%**	**100.0%**
TOTAL *(in Euro million)*	**9,173**	**2,529**	**11,702**	**6,984**	**2,187**	**9,170**	**2,165**	**341**	**2,506**	**24**	**1**	**25**

(a) The other category of plan assets mainly includes Investment funds.

26.2.10. Management of risks specific to the Group arising from defined benefit plans

Local operating entities and trustees have the primary responsibility for managing the risks that plans are exposed to through a defined benefit plan, in accordance with local legislation if any and the risk framework defined at local level.

Defined benefit plans expose AXA mainly to market investment risk, interest rate risk, inflationary risk and longevity risk:

- a decline in asset market value (equity, real estate, alternatives etc.) will immediately increase the balance sheet liability and the near-term cash flows for countries where there is a minimum funding requirements;
- a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the value of the plans' bonds;
- and an increase in inflation rate or an increase in life expectancy will result in higher plan liabilities.

INVESTMENT POLICIES AND STRATEGIES USED BY ENTITIES/TRUSTEES TO MANAGE RISKS

In most countries, Trustees or Investment Committees set the general investment policies and guidelines regarding the allocation of plan assets in accordance with the long term horizon of the benefit plans. The investment strategy is reviewed regularly, following actuarial valuations of the funded benefit plans.

The investment positions are managed within an Asset Liability Management (ALM) framework defining an optimal strategic allocation with respect to the liabilities structure. The management of the assets notably includes liquidity management, diversification of each asset type so that the failure of any specific investment does not present a material risk to the plans, and implementation of hedging programs.

In 2015, the UK pension scheme entered into a longevity swap transaction with the aim of economically hedging longevity risk inherent within the pensioner population of the Scheme.

Moreover, caps on inflationary increases are in place to protect the plan against extreme inflation in the United Kingdom and in the United States.

26.2.11. Statement of financial position/balance sheet reconciliation

(in Euro million)	December 31, 2016	December 31, 2015
Statement of financial position reconciliation		
■ Net position (excluding separate assets) [(a)]	(10,352)	(10,033)
- (assets)/liabilities held for sale [(b)]	-	11
Other liabilities	(386)	(352)
TOTAL [(c)]	**(10,738)**	**(10,374)**

(a) Net position (excluding separate assets) for pension benefits and other benefits as reported in Note 26.2.6.
(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 €10,738 million as of December 31, 2016 (€10,374 million as of December 31, 2015) 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 are gross of tax (in Euro million)	2016	2015
Cost by plan		
AXA SA stock options	**3.4**	**3.7**
■ 2011 grants	-	0.2
■ 2012 grants	0.1	0.6
■ 2013 grants	0.3	0.9
■ 2014 grants	1.2	1.5
■ 2015 grants	1.0	0.6
■ 2016 grants	0.7	-
AXA stock options for US holding Company	**1.0**	**0.9**
■ 2011 AXA SA grants	-	0.1
■ 2012 AXA SA grants	-	0.1
■ 2013 AXA SA grants	0.0	0.1
■ 2014 AXA SA grants	0.2	0.2
■ 2015 AXA SA grants	0.1	0.4
■ 2016 AXA SA grants	0.6	-
AXA Group SharePlan	**9.1**	**7.8**
■ Classic Plan	0.5	0.1
■ Leverage Plan	8.5	7.7
AXA Miles	**1.7**	**4.1**
■ Plan 2012 (2+2)	-	-
■ Plan 2012 (4+0)	1.7	4.1
AXA Performance Shares (in France)	**32.4**	**25.7**
■ 2013 grants	-	4.3
■ 2014 grants	9.5	15.0
■ 2015 grants	14.8	6.4
■ 2016 grants	8.1	-
AXA International Performance Shares plans and Performance Units	**80.1**	**102.3**
■ 2012 grants	-	12.2
■ 2013 grants	2.5	36.3
■ 2014 grants	23.4	25.8
■ 2015 grants	22.6	28.0
■ 2016 grants	31.6	-
AXA Retirement Performance Shares	**10.7**	**-**
AXA Financial share-based compensation instruments	**1.6**	**1.9**
■ AXA Financial TSARs/SARs	0.6	1.6
■ AXA Financial Restricted Shares and PARS	1.0	0.3
AXA Investment Managers Performance Shares	**9.9**	**7.8**
AB share-based compensation instruments	**118.9**	**137.0**
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**268.8**	**291.1**

The cost includes the expenses from share-based compensation instruments issued by the Group as well as by AXA subsidiaries.

The above presentation of the cost related to Performance Units does not include a gain of €19.4 million in 2015 before tax on the hedging program through equity swaps in place at Group level. Including this hedging gain, the cost related to Performance Units and International Performance Shares amounted to €82.9 million in 2015.

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 the associated cost is presented in Note 26.3.1 and in Note 26.3.2.

26.3.1. Share-based compensation instruments issued by the Group

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 options granted since 2014, the vesting remains in instalments of 33.33% per year but on each of the third, fourth and fifth anniversaries of the grant date.

From 2007 to 2012, for the employees who were 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 STOXX Insurance Index ("SXIP"). Since 2013, for all beneficiaries, the vesting of the final instalment has been subject to the fulfilment of the market performance condition regardless of the number of options granted.

All options granted to the members of the Management Board since 2009, Management Committee since 2011, and Executive Committee since 2014, have been subject to the fulfilment of this market-based performance condition.

The following table shows AXA SA stock options granted under all plans:

	Options (in million)		**Weighted exercise price** (in Euro)	
	2016	**2015**	**2016**	**2015**
Options AXA				
Outstanding on January 1	**47.5**	**63.3**	**21.64**	**20.52**
Granted	3.3	3.0	21.52	22.90
Exercised	(4.1)	(16.5)	14.34	17.72
Cancelled and expired	(11.2)	(2.3)	26.73	20.75
Outstanding as of December 31	**35.5**	**47.5**	**20.86**	**21.64**

The number of outstanding options and the number of exercisable options among the outstanding options are shown below by maturity date:

	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
Expiry year of options *(in million)*	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
2016	-	9.4	-	8.5
2017	7.4	7.9	6.0	6.3
2018	5.5	6.2	4.2	4.8
2019	2.0	2.7	1.3	1.4
2020	3.4	4.5	2.2	2.8
2021	3.9	5.0	2.6	3.4
2022	1.8	2.9	1.0	1.1
2023	2.4	3.0	1.4	0.8
2024	2.9	3.0	-	-
2025	2.9	3.0	-	-
2026	3.2	-	-	-
TOTAL AXA	**35.5**	**47.5**	**18.6**	**29.0**

	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
Options AXA	**Number** (in million)	**Exercise price** (in Euro)	**Number** (in million)	**Exercise price** (in Euro)
Price range				
€6.48 – €12.96	3.3	11.14	2.3	10.80
€12.97 – €19.44	13.1	15.63	6.2	14.76
€19.45 – €25.92	11.6	21.62	4.2	21.00
€25.93 – €32.40	0.0	28.87	0.0	28.87
€32.41 – €38.88	7.4	33.20	6.0	33.21
€6.48 – €38.88	**35.5**	**20.86**	**18.6**	**21.58**

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 at grant date for plans issued in 2016, 2015, 2014, and 2013 are as follows:

	2016	2015	2014	2013
Assumptions [a]				
Dividend yield	6.60%	6.39%	6.51%	7.66%
Volatility	26.60%	23.68%	29.24%	31.27%
Risk-free interest rate	0.36%	0.99%	1.64%	1.39%
Expected life (in years)	8.5	8.8	8.8	7.9
Weighted average fair value per option at grant date in Euro [b] [c]	1.80	1.42	1.88	1.36

(a) Assumptions at grant date, in average weighted by grants of the year.

(b) The options with market performance criteria were valued at €1.67 per option granted in 2016 and €1.39 per option granted in 2015, based on a Monte-Carlo model. The options without performance criteria were valued at €1.92 per option granted in 2016 and €1.47 per option granted in 2015, based on the Black & Scholes model.

(c) Based on an estimated pre-vesting annual lapse rate per year for options without performance criteria of 0% for options granted in 2016 and 5% for options granted before 2016.

The total cost is amortized over the vesting period and an estimated pre-vesting lapse rate of 0% is applied over the remaining vesting period. On that basis, the expense recognized in profit or loss for the year ended December 31, 2016 was €4.3 million (€4.6 million for the year ended December 31, 2015).

AXA ADR STOCK OPTIONS

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 United States and be exchangeable into AXA ordinary shares on a one-to-one basis while AXA ordinary shares continue to trade on the compartment A of 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 United States 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 United States holding Company's AXA ADR stock option plans:

	Options (in million)		Weighted price (in US$)	
	2016	2015	2016	2015
Options				
Outstanding on January 1	**0.04**	**1.10**	**27.28**	**25.53**
Granted	-	-	-	-
Exercised	-	(0.51)	-	25.33
Cancelled and expired	-	(0.55)	-	25.59
Outstanding as of December 31	**0.04**	**0.04**	**27.28**	**27.28**

The fair value of AXA ADR stock options was calculated using the Black & Scholes option pricing model.

The effect of expected early exercise was taken into account through the use of an expected life assumption based on historical data. AXA ADR volatility was based on AXA SA ordinary shares volatility, adjusted for the US$/€ exchange rate volatility. The expected dividend yield on AXA SA shares was based on the market consensus. The risk-free interest rate was based on the U.S. Treasury bond curve for the appropriate maturity.

AXA GROUP SHAREPLAN

AXA offers its employees the opportunity to become shareholders through a special employee share offering. 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, depending on the country) with a discount of 20%. The shares are held within the Group Company Savings Plans 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 years holding period, the employees can, depending on their residence country, do any one of the following: (1) receive the cash value of their investment; (2) receive the value of their investment in the form of AXA shares; or (3) transfer their assets invested in the leveraged plan into the traditional plan.

The leveraged plan allows employees to purchase, on the basis of 10 times their personal investment, AXA shares (either through mutual funds (FCPE) or through direct share ownership, depending on the country) with a discount. The shares are held within the Group Company Savings Plans 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, calculated on the basis of the non-discounted reference price.

The cost of this plan is valued taking into account the five-year lock-up period, as recommended by the ANC (*Autorité des Normes Comptables*). 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.

In 2016, the AXA Group offered its employees to subscribe to a share offering, at a price of €15.53 per share for the traditional plan (discount of 20% to the reference price of €19.40 representing the average over the twenty trading days ending on the date preceding the Chief Executive Officer's decision setting the definitive terms of the operation) and at a price of €17.73 per share for the leverage plan (discount of 8.63% to the reference price). A total of 24.5 million new shares were issued, increasing the share capital by €430.4 million. This offering represented a total cost of €9.1 million taking into account the five-year lock-up period.

In 2016, the cost of the lock-up period was measured at 18.72% for the traditional plan and 8.57% 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 1.91%.

The table below shows the main features of the plan, the amounts subscribed, valuation assumptions, and the cost of the plan for 2015 and 2016:

	2016		2015	
	Traditional	Leveraged	Traditional	Leveraged
Plan maturity (in years)	5	5	5	5
[A] Discount to face value	20.00%	8.63%	20.00%	8.57%
Reference price (in Euro)	19.40		22.17	
Subscription price (in Euro)	15.53	17.73	17.74	20.27
Amount subscribed by employee (in Euro million)	34.2	39.6	30.1	34.5
Total amount subscribed (in Euro million)	34.2	396.1	30.1	345.4
Total number of shares subscribed (in million shares)	2.2	22.3	1.7	17.0
Interest rate on employee loan	6.85%	7.26%	7.24%	7.60%
5-year risk-free rate (euro zone)	-0.07%		0.36%	
Dividend yield	7.18%		6.59%	
Early exit rate	2.63%		1.20%	
Interest rate for borrowing securities (repo)	-0.39%		-0.09%	
Retail / institutional volatility spread	N/A	2.77%	N/A	2.39%
[B] Cost of the lock-up for the employee	18.72%	8.57%	19.68%	8.54%
[C] Opportunity gain	N/A	1.91%	N/A	1.99%
Total cost for AXA = [A] – [B] + [C] (as a percentage of the reference price)	**1.28%**	**1.97%**	**0.32%**	**2.03%**
TOTAL COST FOR AXA (IN EURO MILLION)	**0.55**	**8.53**	**0.10**	**7.70**

AXA MILES

On March, 16, 2012, AXA 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 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.

The free shares are valued using the ANC ("*Autorité des Normes Comptables*") 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 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 grand date. On that basis, the expense recognized in the profit or loss for the year ended December 31, 2016 was €1.7 million (€4.1 million as of December 31, 2015).

OTHER SHARE-BASED COMPENSATION

AXA Performance Shares

Performance Shares are granted to executive officers and other key employees in France. These Performance Shares plans are equity-settled award plans subjected to a non-market performance criteria and have a specified vesting period (between two and three years) followed by a two-year post-vesting restriction to transfer period..

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 2016, the valuation was based on a market price of €21.82 per share at grant date and an estimate 5% pre-vesting lapse rate per year. The grant date average fair value of Performance Shares granted in 2016 was €14.02 (€14.35 for 2015 grants).

The total cost of Performance Shares recognized was €32.4 million as December 31, 2016 (€25.7 million as of December 31, 2015).

AXA Performance Units and International Performance shares

AXA issues Performance Units and International Performance Shares to executive officers and other key employees outside France.

The Performance Units plans, granted until 2012, were mainly cash-settled award plans subjected to a non-market performance criteria.

For 2011 and 2012 grants, the number of Performance Units definitely acquired is known after two years and is paid one

year later in cash by the employing entity, provided that the beneficiary is still 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*).

Since 2013, AXA has established common terms and conditions for the attribution of "International Performance Shares" to eligible employees. Under the International Performance Shares (PSi) plan, beneficiaries of Performance Shares have the right to receive at the settlement date, a certain number of AXA shares based on the achievement of performance criteria defined by AXA and vesting period. The performance's period and measurement is between two and three years. The vesting period (service condition) is between three and four years. However, as opposed to Performance Units granted in 2011 and 2012, under the International Performance Shares plan, the settlement will be made in shares rather than in cash (except where the settlement in shares is impossible for legal or other reasons).

The total cost of the International Performance Shares and Performance Units recorded as of December 31, 2016, was €80.1 million in earnings (€102.3 million as of December 31, 2015).

AXA Retirement Performance Shares

As voted by the Shareholders' Meeting of April 27, 2016, AXA's Board of Directors is authorized to grant retirement performance shares to designated senior executives in France. Under this plan, beneficiaries of Performance Shares have the right to receive at the settlement date, a certain number of AXA shares based on the achievement of a performance condition related to the average AXA Group Solvency II ratio calculated during the performance period of three years.

For 2016 grants, after the three years performance period, the performance shares definitively acquired are subject to (i) an additional restriction on transfer period of at least two years following the performance period and (ii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell their shares for diversification purposes (following the three-year performance period and two-year restriction on transfer period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

The total cost of the Performance Shares Retirement recorded as of December 31, 2016, was €10.7 million in earnings, gross of tax.

26.3.2. Share-based compensation instruments issued by AXA subsidiaries

Main share-based compensation plans issued by AXA subsidiaries are described below:

AXA INVESTMENT MANAGERS SHARE-BASED COMPENSATION PLANS

AXA Investment Managers grants Performance Shares to certain key employees as part of its overall LTI policy that also includes DIP (Deferred Incentive Plan). The Investment Managers Performance Shares incentive plan is a long term award plan in which participants are allocated AXA Investment Managers shares or, more specifically rights to acquire shares upon completion of a specified vesting period depending on applicable local regulations, and subject to fulfilment of certain performance conditions. The performance condition is based on the achievement of Actual AXA Investment Managers Underlying Earnings Group share versus budgeted and/or investment performance conditions.

The total cost of Investment Managers Performance Shares recorded as of December 31, 2016 amounted to €9.9 million in earnings (€7.8 million as of December 31, 2015), gross of tax.

AB SHARE-BASED COMPENSATION PLANS

AB grants Restricted AB Holding Units and options to acquire AB Holding Units, which are valued and booked according to IFRS principles.

The deferred awards under AB Incentive Compensation Award Plan are in the form of restricted AB Holding Units or cash which are granted to certain key employees.

During the fourth quarter of 2011, AB amended all outstanding year-end long-term 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.

Most of the awards granted in 2015 and in 2016 contained the same conditions as awards amended in 2011, resulting in the immediate recognition of the cost of these awards instead of an amortization over a maximum of four years.

Under the Incentive Compensation Program, AB made awards in December 2016 aggregating €142.8 million (€159.7 million in December 2015) of which €127.6 million in the form of Restricted AB Holding Units (€144.1 million in 2015), elected in December 2016 and representing 6.1 million restricted AB Holding Units (6.6 million in 2015).

AB also awarded restricted Holding Units in connection with certain employee and separation agreements.

Moreover, options to acquire AB Holding Units were granted as follows: 54,546 options were granted during 2016, 29,056 options were granted during 2015, and 25,106 options were granted during 2014.

The 2016 total cost amounted to €118.9 million (€137.0 million in 2015), gross of tax.

26.4. COMPENSATION OF MANAGEMENT AND OFFICERS

Compensation costs/expenses:

- short-term benefits: compensation paid to members of the Management Committee in 2016 totaled €19.5 million (€20.6 million in 2015), including fixed salary, bonuses, directors' fees, benefits in kind and other short-term benefits;
- share-based compensation: the expense recognized in 2016 in respect of share-based compensation granted by AXA SA to Management Committee members was €13.2 million (€7.3 million in 2015);
- post-retirement benefits: the estimated cost to the Group of providing defined benefit pensions and other post-retirement benefits to members of the Management Committee for the current year of service measured in accordance with IAS 19 amounted to €5.8 million in 2016 (6.2 million in 2015).

26.5. SALARIED WORKFORCE

At December 31, 2016, the Group employed 97,707 salaried people on a full-time equivalent basis (97,074 at the end of December 2015).

The increase of salaried employees by 633 in 2016 was mainly driven by:

- Direct (+621) mainly driven by the acquisition of operations in Poland and business growth across countries, partly offset by the sale of the Portuguese operations;
- AXA Assistance (+575) mainly driven by the acquisition of two entities;
- France (+326) driven by the integration of Genworth, partly offset by efficiency programs and early retirements;
- Asia (+232) mainly driven by business growth across Singapore, Hong Kong, Thailand and Malaysia;

partly offset by:

- AXA Technology Services (-920) reflecting mainly the sale of the Indian subsidiary;
- AXA Bank Hungary (-282) reflecting the sale of the Hungarian banking operations completed in 2016.

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, 2016	December 31, 2015
Net income Group share		**5,829**	**5,617**
Undated subordinated debt financial charge		(267)	(305)
Net income including impact of undated subordinated debt	**A**	**5,562**	**5,312**
Weighted average number of ordinary shares (net of treasury shares) - opening		2,424	2,442
Increase in capital (excluding stock options exercised) [b]		3	2
Stock options exercised [b]		1	10
Treasury shares [b]		(4)	(2)
Capital increase/Decrease		(9)	(22)
Weighted average number of ordinary shares	**B**	**2,416**	**2,429**
BASIC NET INCOME PER ORDINARY SHARE	**C = A / B**	**2.30**	**2.19**
Potentially dilutive instruments:			
■ Stock options		5	8
■ Other		3	4
Fully diluted - weighted average number of shares [c]	**D**	**2,423**	**2,441**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**E = A / D**	**2.30**	**2.18**

(a) Except for number of shares (million of units) and earnings per share (Euro).
(b) Weighted average.
(c) Taking into account the impact of potentially dilutive instruments.

In 2016, net income per ordinary share stood at €2.30 on a basic calculation, of which €2.48 attributable to continuing operations and €-0.18 from discontinued operations, and €2.30 on a fully diluted basis, of which €2.48 attributable to continuing operations and €-0.18 from discontinued operations.

In 2015, net income per ordinary share stood at €2.19 on a basic calculation, of which €2.16 attributable to continuing operations and €0.03 from discontinued operations, and €2.18 on a fully diluted basis, of which €2.15 attributable to continuing operations and €0.03 from discontinued operations.

Note 28 Related-party transactions

In 2016, 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.

28.1. RELATIONSHIPS WITH THE MUTUELLES AXA

The Mutuelles AXA (AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle, hereafter the "Mutuelles AXA") are two mutual insurance companies engaged in the Property & Casualty insurance business and Life & Savings insurance business in France. On December 31, 2016, the Mutuelles AXA collectively owned 14.13% of the Company's outstanding ordinary shares representing 23.93% 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 an agreement pursuant to which they provide a full range of management services to manage the insurance operations and portfolios of the Mutuelles AXA. The agreement includes provisions designed to ensure the legal independence and protection of the respective client portfolios of the Mutuelles AXA and these Subsidiaries. Certain costs and charges (excluding commissions) are allocated between the Subsidiaries and the Mutuelles AXA through an economic interest grouping (*groupement d'intérêt économique*) or "GIE".

The Property & Casualty insurance business generated in France by insurance brokers is mainly 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%. Aggregate written premiums recorded in this coinsurance agreement amounted to €1,902 million in 2016 (of which €1,696 million was attributed to AXA France IARD).

28.2. *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 2016 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 by the GIE AXA to its members in 2016 and 2015 amounted to respectively €230 million and €228 million.

28.3. 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.

Commitments granted by the Company to its subsidiaries are disclosed in Appendix IV 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. The Company may also 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.

28.4. KEY MANAGEMENT AND DIRECTORS

To the best of the Company's knowledge, based on information reported to it:

- on December 31, 2016, there were no loans outstanding from the Group to the Company's two executive officers or to any member of the Company's Board of Directors;
- 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 of 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 Contingent 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. of 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, 2016	December 31, 2015
Financing commitments	**14,309**	**14,439**
Customers	-	-
Credit institutions	14,309	14,439
Guarantee commitments	**23,241**	**21,329**
Credit institutions	4,525	3,288
Customers	18,716	18,041
Other	**44,990**	**39,994**
Pledged securities and collaterized commitments	36,324	32,437
Letters of credit	4,192	3,677
Other commitments	4,475	3,880
TOTAL	**82,540**	**75,762**

Commitments received by AXA totalled €82,540 million at the end of 2016, and increased by €6,778 million compared to the end of 2015, mainly due to an increase in pledged assets and collaterals (€3,887 million), guarantee commitments (€1,912 million), other commitments received (€594 million) and letter of credits (€514 million), partly offset by the decrease in financing commitments (€130 million). These commitments broke down as follows:

Financing commitments received totalled €14,309 million at the end of 2016, and mainly consisted of:

- Credit facilities received from banks for €12,732 million mainly in AXA SA (€12,385 million) for stand-by credit lines;
- €1,375 million at AB including €1,138 million commitment lines with various banks and other lenders and €237 million stand-by credit lines;
- €439 million commitment lines granted to Japan Life & Savings as part of its operations;
- €80 million stand-by credit lines at AXA Banque France.

Guarantee commitments received totalled €23,241 million at the end of 2016, and mainly consisted of (i) guarantees from customers related to mortgage loans (€17,115 million) received mainly by Switzerland Life & Savings (€9,750 million), AXA Bank Europe (€3,313 million), Switzerland Property & Casualty (€1,511 million), Belgium Life & Savings (€1,346 million), AXA Banque France (€979 million) and Belgium Property & Casualty (€211 million), (ii) €1,601 million other guarantees received from customers mainly at AXA Banque France (€1,599 million) and (iii) €4,525 million guarantees received from credit institutions mainly by AXA Banque France (€3,807 million) and Spain Life & Savings (€397 million).

Pledged securities and collateralized commitments received totalled €36,324 million at the end of 2016, and mainly consisted of:

- Mortgage security collateral taken for loans totaled €22,660 million, mainly from AXA Bank Europe (€22,565 million);
- Collaterals for reinsurance operations €6,119 million mainly from the United States Life & Savings (€3,003 million), France Life & Savings (€2,027 million), AXA Corporate Solutions P&C (€457 million) and AXA Global P&C (€351 million);
- Collateral for derivatives €3,610 million mainly from AXA Bank Europe (€1,198 million), Germany Life & Savings (€965 million), France Life & Savings (€483 million), Spain Life & Savings (€300 million) and Belgium Life & Savings (€342 million) from an increase in collaterals deposit according to the variations of the derivatives to cover the risk of the counterparty;

- Security reverse repurchase agreements and similar operations totaled €3,829 million mainly in Germany Life & Savings (€1,982 million), Japan Life & Savings (€1,192 million), Germany Property & Casualty (€284 million) and France Life & Savings (€145 million).

Letters of credit received totaled €4,192 million at the end of 2016 and were mainly from the United States (€3,904 million) due to LOC related to reinsurance transactions.

Other commitments received totaled €4,475 million at the end of 2016, and mainly consisted of:

- €2,744 million mainly received by France Life & Savings (€707 million), Germany Life & Savings (€597 million), Japan Life & Savings (€403 million), France Property & Casualty (€391 million), and Belgium Life & Savings (€337 million) related to mortgages as guarantees to debt instruments;
- €852 million mainly received by AB (€846 million) related to lease commitments;
- €689 million mainly received by Switzerland Life & Savings (€411 million) and Switzerland Property & Casualty (€279 million) mainly due to covered bonds collaterals.

29.2. BREAKDOWN OF COMMITMENTS GIVEN

	December 31, 2016					December 31, 2015
	Expiring date					
(in Euro million)	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	**1,973**	**958**	**124**	**1,513**	**4,568**	**3,185**
Customers	1,971	958	124	139	3,191	3,183
Credit institutions	2	-	-	1,375	1,377	2
Guarantee commitments	**1,841**	**3,533**	**944**	**2,227**	**8,545**	**7,886**
Credit institutions	1,821	3,527	944	2,172	8,465	7,760
Customers	20	6	-	55	80	126
Other	**39,567**	**4,380**	**2,101**	**14,761**	**60,809**	**56,959**
Pledged securities and collaterized commitments	35,134	575	496	5,005	41,211	39,093
Letters of credit	31	10	-	117	158	120
Other commitments [(a)]	4,403	3,795	1,604	9,639	19,440	17,746
TOTAL	**43,382**	**8,871**	**3,168**	**18,501**	**73,922**	**68,030**

(a) Includes future minimum payments for operating leases. December 31, 2015 amount was restated on the same basis.

Commitments given totaled €73,922 million at the end of 2016, increasing by €5,892 million compared to the end of 2015, mainly due to increase of €1,582 million in pledged securities and collateralized commitments for repurchase and similar transactions, €1,176 million in pledged securities and collateralized commitments mainly in relation with reinsurance operations, €1,386 million in other pledged securities and collateralized commitments, €1,383 million increase in financing commitments majorly owed to credit institutions and €1,694 million increase in other commitments, partly offset by decrease in pledged securities and collateralized commitments in relation with loans €1,666 million and €360 million pledged securities and collateralized commitments in relation to derivatives (see below).

Financing commitments given totaled €4,568 million at the end of 2016, and mainly consisted of financing commitments to customers (€3,191 million) notably comprising loan commitments granted at AXA Bank Europe (€1,430 million), AXA Banque France (€912 million), Germany Life & Savings (€420 million) and German Banks (€208 million) to their customers and financing commitments given to credit institutions (€1,377 million) notably comprising at AB with commitment lines (€1,138 million) and unused credit lines (€237 million) with various banks and lenders.

Guarantee commitments given totaled €8,545 million at the end of 2016, and mainly consisted of guarantee commitments given to credit institutions related to loans (€4,497 million) notably from AXA SA (€4,449 million), guarantees related to financial obligations (€2,411 million) notably from AXA Bank Europe (€1,518 million) and AB (€752 million) and guarantees in case of insolvency and defaults (€1,448 million) notably from AXA Bank Europe (€1,441 million)

Pledged securities and collateralized commitments given totalled €41,211 million at the end of 2016, and mainly consisted of:

- security repurchase agreements and similar operations totaled €30,466 million mainly in France Life & Savings (€10,810 million), Japan Life & Savings (€8,548 million), United States Life & Savings (€3,406 million), Belgium Life & Savings (€2,851 million), France Property & Casualty (€2,235 million), AXA Bank Europe (€1,033 million) and AXA Corporate Solutions Assurance (€748 million);
- pledged assets and collaterals for derivatives instruments totaled €4,762 million mainly in Japan Life & Savings (€1,845 million), AXA Bank Europe (€1,172 million) and France Life & Savings (€910 million);
- pledged assets and collaterals for reinsurance operations totaled €1,258 million mainly in France Life & Savings (€1,126 million);
- other pledged assets / collaterals totaled €4,725 million mainly in AXA Banque France (€2,051 million), Switzerland Life & Savings (€1,628 million), AXA Bank Europe (€404 million) and Hong Kong Life & Savings (€340 million).

Letters of credit given totalled €158 million at the end of 2016 and were mainly from Colisée RE (€66 million) and from Turkey Property & Casualty (€44 million).

Other commitments given totaled €19,440 million at the end of 2016 and mainly consisted of:

- €6,496 million commitment to Private Equity funds mainly from France Life & Savings (€2,034 million), Switzerland Life & Savings (€999 million), Japan Life & Savings (€837 million), Germany Life & Savings (€773 million), United States Life & Savings (€649 million), Switzerland Property & Casualty (€433 million), France Property & Casualty (€334 million) and Germany Property & Casualty (€149 million);
- €3,162 million commitments to invested assets other than Real Estate funds and/or Private Equity funds mainly from Belgium Life & Savings (€1,265 million), Belgium Property & Casualty (€765 million), France Life & Savings (€465 million) and Germany Life & Savings (€350 million);
- €2,795 million as lease commitment given mainly by AB (€846 million), United States Life & Savings (€474 million), Germany Holdings (€377 million), AXA IM (€235 million), France Life & Savings (€177 million) and France Property & Casualty (€176 million);
- €2,448 million guarantees given by the Company as part of Group employee insurance contracts;
- €2,423 million as commitments to Real Estate funds mainly from the France Life & Savings (€965 million), United States Life & Savings (€837 million) and Belgium Life & Savings (€218 million);
- €859 million as commitments for constructions contracts given mainly by Switzerland (€794 million).

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, in 2010, 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.

Employee and Director Indemnification Obligations

In addition to other employment-related obligations, various AXA subsidiaries are required to indemnify their employees and directors against certain liabilities and costs that they may incur from time to time in performing activities within the scope of their 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.

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 structured entities during the period.

29.4. OTHER ITEMS: RESTRICTION ON DIVIDEND PAYMENTS TO SHAREHOLDERS

Certain AXA subsidiaries and joint ventures, 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 and joint ventures 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 eligible elements. AXA's insurance operations in countries outside the European Union are also subject to local capital adequacy and solvency margin regulations.

AXA SA is exposed to foreign currency fluctuations notably stemming from its Non-Euro participations. The aim of the hedging programs of AXA SA is to protect the shareholder value while managing the associated costs.

Note 30 Fees paid to Statutory Auditors

30.1. STATUTORY AUDITORS

Incumbent Auditors

PRICEWATERHOUSECOOPERS AUDIT

63, rue de Villiers – 92208 Neuilly-sur-Seine Cedex, represented by Mr. Xavier Crépon, 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, represented by Messrs. Jean-Claude Pauly and Maxime Simoen, 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 2021.

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. Emmanuel Charnavel: 61, rue Henri Regnault – 92400 Courbevoie Cedex, first appointed on April 27, 2016. 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 2021.

30.2. FEES PAID TO STATUTORY AUDITORS

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 and for other services.

	PwC				Mazars			
	Amount (before VAT)		%	%	Amount (before VAT)		%	%
(in Euro thousand)	2016	2015	2016	2015	2016	2015	2016	2015
Statutory audit and certification of local and consolidated financial statements	25,795	28,025	66%	67%	9,958	10,067	75%	76%
Other	13,340	13,814	34%	33%	3,270	3,113	25%	24%
TOTAL	**39,135**	**41,839**	**100%**	**100%**	**13,228**	**13,180**	**100%**	**100%**

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 out transactions in July 2007, certain former AKAG and KVAG shareholders brought proceedings in Germany alleging that the cash compensation offered by AXA SA was not adequate. In the first half of 2016, an initial expert valuation report was delivered to the court based on recent precedents in other German minority buy-out transactions and recommending a significant increase in the cash compensation to be paid to minority shareholders. In addition, interest will be payable on any additional amount finally decided. AXA SA has appointed an independent expert to challenge this report and submitted its statement in February 2017. A final decision is not expected before 2018. Consequently, the financial impact of this matter cannot be estimated with any certainty at this time.

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, 2016 and subsequent reports on Form 10-Q, respectively, of AXA Equitable Life Insurance Company (Security and Exchange Commission ("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 Consolidated Financial Statements to consult the Subsidiary SEC Reports for a full description of all the various litigations and related matters in which these subsidiaries are involved.

A number of lawsuits have been filed against insurers and other financial institutions in the United States and elsewhere involving insurers' sales practices, alleged agent misconduct or misrepresentation, alleged failure to properly supervise agents, compensation of intermediaries, product features, fees or performance 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 broad discretion in awarding punitive damages. AXA's United States subsidiaries are involved in these types of litigations as well as regulatory inquiries, investigations or actions with respect to these and a wide variety of other matters related to the ownership 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. Copies of the Subsidiary SEC Reports can be obtained through the SEC's website (www.sec.gov).

AXA US

In July 2011, a derivative action was filed in the United States District Court of the District of New Jersey entitled *Mary Ann Sivolella v. AXA Equitable Life Insurance Company and AXA Equitable Funds Management Group, LLC* ("FMG LLC") ("Sivolella Litigation") and a substantially similar action was filed in January 2013 entitled *Sanford et al. v. FMG LLC* ("Sanford Litigation"). These lawsuits were filed on behalf of a total of twelve mutual funds and, among other things, seek recovery under (i) 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 and administrative services and (ii) a variety of other theories including unjust enrichment. The plaintiffs seek recovery of the alleged overpayments, rescission of the contracts, restitution of all fees paid, interest, costs, attorney fees, and expert witness fees. The Sivolella

Litigation and the Sanford Litigation have been consolidated and went to trial on January 6, 2016. In August 2016, the court decided in favor of AXA Equitable. In December 2016, plaintiffs filed a notice to appeal. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

Beginning in April 2014, a series of related lawsuits (Yale/Ross and Yarbrough) were filed against AXA Equitable Life Insurance Company in US Federal District Court for the Southern District of New York on behalf of a purported class of persons who renewed or paid premiums on life insurance and/or annuity contracts issued by AXA Equitable from 2011 to March 2014. These actions alleged that AXA Equitable did not disclose in its New York statutory annual statement or elsewhere that certain reinsurance transactions with affiliated reinsurance companies were collateralized using "contractual parental guarantees", and thereby AXA Equitable allegedly misrepresented its "financial condition" and "legal reserve system". These lawsuits seek recovery under Section 4226 of the New York Insurance Law of the equivalent of all premiums paid by the class for life insurance policies and annuity contracts during the relevant period. In the second half of 2015, the court granted AXA Equitable's motion to dismiss the Yale/Ross lawsuit for lack of subject matter jurisdiction and the court, on its own, dismissed the Yarbrough litigation on similar grounds as the Yale/Ross litigation. Plaintiffs have appealed. In November 2015, plaintiffs filed a motion to consolidate the appeals which was denied by the court; however the court ordered that the appeals be heard together before a single panel of judges. In February 2017, the court found in favor of AXA Equitable.

Beginning in June 2014, a series of related lawsuits (Zweiman, Shuster and O'Donnell) were filed against AXA Equitable Life Insurance Company in New York, New Jersey and Connecticut State Courts. These actions were brought on behalf of classes of persons who purchased Variable Annuities or variable life insurance policies from AXA Equitable that were subject to the AXA Tactical Manager (ATM) strategy which is a managed volatility strategy in certain variable investment options offered to purchasers of certain AXA Equitable Variable Annuity and variable life insurance contracts. These suits assert claims for breach of contract and allege that AXA Equitable breached express provisions of the contracts/policies when it implemented this strategy. Damages sought are not quantified. During 2015, the Zweiman case was removed from New York State Court to the United States District Court for the Southern District of New York and dismissed on grounds that the claims are precluded by federal law (the Securities Litigation Uniform Standards Act). The plaintiffs initially appealed but, in February 2016, voluntarily dismissed that appeal. In February 2016, the Shuster case was dismissed on similar grounds. In March 2016, plaintiff filed a notice of appeal in that case and the briefing of that appeal was completed in late 2016. The O'Donnell case was transferred to the United States District Court for the Southern District of New York in November 2015, and AXA Equitable's motion to dismiss is pending. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

In February and March 2016, two new class actions (Brach Family Foundation and Cartolano) were filed against AXA Equitable in New York Federal Court and Florida State Court with virtually identical allegations. Both these lawsuits challenge AXA Equitable's decision to increase the cost of insurance for a specific block of life insurance policies (AUL II) with issue ages over 70 and face amounts in excess of $1 million ("COI"). This decision was based on the actuarial experience on this block of policies and was done in accordance with the terms of the policies and after review by relevant state insurance regulators and an outside actuarial consultant. These lawsuits allege breach of contract and, in New York, seek recovery under Section 4226 of New York Insurance law, and seek various remedies (including refund of premiums paid or cancellation of the increase in the cost of insurance, interest and costs). Many of these policies are owned or financed, directly or indirectly, by hedge funds or other institutional investors. The Florida action has now been voluntarily dismissed but may be refiled. Additionally, a separate putative class action and five individual actions challenging the COI increase have been filed against AXA Equitable. AXA Equitable believes that it has strong defenses to these claims and will defend them vigorously.

31.2.2. Other litigations

AXA FRANCE

A class action was brought against AXA France and AGIPI (a French insurance association) on October 28, 2014 by a French consumer association, CLCV. This action alleges that AXA France and AGIPI breached their contractual obligation to maintain a 4.5% interest rate on certain life insurance contracts (CLER) subscribed by policyholders prior to June 1995. The class action complaint cites seven individual cases and is brought on behalf of all similarly situated policyholders. AXA France believes that it has strong defenses to these claims and will defend this matter vigorously.

AXA SPAIN

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. On June 11, 2015, the court of first instance of Madrid ruled in favor of KLEC and awarded damages of €18 million to KLEC which have been reserved in AXA's consolidated accounts. Both parties have appealed. AXA Spain believes that it has strong defenses to support its appeal and will defend this matter vigorously.

AXA CORPORATE SOLUTIONS ASSURANCE

Enedis (formerly ERDF, a subsidiary of Électricité de France, the primary electric utility in France) has notified claims for coverage under a professional liability policy underwritten by AXA Corporate Solutions Assurance ("AXA CS"). The underlying liabilities in question arise out of a series of lawsuits (more than 500 individual suits) brought against Enedis by local electricity producers in France engaged in production of solar/green energy. These local producers allege financial losses due to Enedis's delay in processing their applications to be connected to the public grid within the statutory period, resulting in their inability to profit from attractive buyback rates under certain French government Decrees promulgated in 2006 and 2010 (the "Decrees"). In February 2014, the Court of Appeal of Versailles ruled against Enedis in one of these law suits and, as part of this decision, ruled that AXA CS was liable to Enedis under the terms of the insurance policy for compensation of these losses in this specific case. AXA CS has appealed this decision to the French Cour de cassation but the appeal was dismissed in June 2015 (damages are currently being assessed). In the context of another similar case, however, the Court of Appeal of Versailles referred to the question as to the legality of the Decrees to the European Court of Justice ("ECJ") following which a significant number of courts stayed proceedings in similar cases. On March 15, 2017, the ECJ rendered its decision in favor of the arguments raised by AXA CS regarding the illegality of the Decrees and each court will now be asked to make a final decision on this basis. AXA CS believes that this decision of the ECJ substantially limits any claims for damages by the plaintiffs and in addition that certain policy exclusions and defenses would apply.

RBS has notified claims for coverage to AXA CS under general liability policies covering the years 2001-2004. AXA CS insured the primary layer (up to £5 million per claim or series of related claims) under these policies. RBS seeks coverage for potential liabilities arising out of three class actions brought against NatWest (an RBS subsidiary) between 2005-2007 in New York Federal Court under the US Anti-Terrorism Act for aiding and abetting terrorism due to certain accounts it maintained. NatWest succeeded in having this case dismissed in March 2013 on a summary judgment motion but, during 2014, this was overturned and the case was remanded to the court of first instance. AXA CS is not a party to this litigation. The exposure of AXA CS in this matter, if any, cannot be reasonably estimated at this time and will depend on a variety of factors including (i) the ultimate outcome of the litigation for NatWest and, in the event of an adverse outcome, (ii) the number of deemed separate incidents that would trigger coverage, and (iii) whether certain policy exclusions apply.

In addition to the various matters noted above, AXA and certain of its subsidiaries are also involved in numerous 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.

AXA and certain of its subsidiaries are also involved in tax assessment negotiations and/or active litigation with tax authorities over contested assessments or other matters in a number of jurisdictions including in France. These actions or assessments arise in a variety of circumstances including matters in connection with M&A, restructuring or financing transactions as well as in the ordinary course of business.

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 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.

Beyond 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 4.1 "Risk factors" and Section 6.3 "General Information" of this Annual Report and Note 29 "Contingent assets and unrecognized contractual commitments" in Part 5 – "Consolidated Financial Statements" 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.

Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, Management believes that the ultimate resolutions of the matters described above are not likely to have a material adverse effect on the consolidated financial position of the Group, taken as a whole. However, due to the nature of such lawsuits and investigations and the frequency of large damage awards and regulatory sanctions in certain jurisdictions (particularly the United States) that bear little or no relation to actual economic damages incurred by plaintiffs or the underlying regulatory violations, Management cannot make an estimate of loss, if any, or predict whether or not these matters, individually or in the aggregate, will have a material adverse effect on the Group's consolidated results of operations in any particular period.

Note 32 Subsequent events

AXA announced the successful placement of $1 billion dated subordinated notes due 2047

On January 11, 2017, AXA announced the successful placement of $1 billion of Reg S subordinated notes due 2047 to institutional investors to refinance, in advance, part of its outstanding debt.

The initial coupon has been set at 5.125% *per annum*. It will be fixed until the first call date in January 2027 and floating thereafter with a margin including a 100 basis points step-up. The notes have been swapped into Euro over 10 years at a rate of 2.80%, corresponding to a 209 basis points spread over swap. Settlement of the notes took place on January 17, 2017.

The notes will be treated as debt from an IFRS perspective and as capital from a regulatory and rating agencies' perspective within applicable limits. The transaction has been structured for the notes to be eligible as Tier 2 capital under Solvency II.

Change in the bodily injury discount rate in the United Kingdom

On February 27, 2017, the Lord Chancellor and Secretary of State for Justice in the United Kingdom announced her decision to decrease the discount rate used when calculating future financial losses in the form of a lump sum in bodily injury cases ("Ogden rate") from 2.5% to -0.75% starting from March 20, 2017. After having analyzed the impact of this change in discount rate on prior year results, AXA considers its existing reserves to be sufficient.

5.7 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2016)

AXA SA

25, avenue Matignon

75008 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of AXA;
- 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, using sampling techniques or other methods of 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, 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 at December 31, 2016 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.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters.

- Your Company describes in Notes 1.8.2 and 9 to the consolidated financial statements the valuation methods it applies to financial assets.

  We have assessed the appropriateness of the financial asset valuation process, as well as the information disclosed in the above mentioned notes;

- Certain consolidated statement of financial position items that are specific to the insurance and reinsurance business are estimated on the basis of statistical and actuarial data, such as technical reserves, policyholders' deferred participation, 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 1.14, 1.7.3 and 1.7.2 to the consolidated financial statements.

  We 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;

- The carrying value of goodwill is tested for impairment at each closing date using the methods described in Notes 1.7.1 and 5.2.2 to the consolidated financial statements.

  We ensured that the valuation approaches used were based on assumptions that are consistent with the forecasts resulting from the strategic plans established by the Group. We also examined the information gathered by the Group to justify the other assumptions used as well as the sensitivity tests performed.

- Deferred tax assets and liabilities are recorded and measured using the methods described in Note 1.17.1 to the consolidated financial statements.

  We verified that the valuation methods used take into account the nature of tax differences, forecasts established by the Group and, when accounting policies permit, its intentions.

- Derivatives and hedging transactions are recognized in accordance with the methods and procedures described in Note 1.10 to the consolidated financial statements. We assessed whether transactions that qualify for hedge accounting have been duly documented in accordance with hedge accounting rules.

These assessments were made as part 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 in accordance with professional standards applicable in France the information presented in the Group's management report.

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 22, 2017

The Statutory Auditors

*French original signed by**

PricewaterhouseCoopers Audit	Mazars
Xavier Crépon	Jean-Claude Pauly – Maxime Simoen

* *This document is the English translation of the original legal statutory audit report which is, by law, prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information therein, the original language version takes precedence over this translation. This English version should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.*

This page was intentionnally left blank.

6 SHARES, SHARE CAPITAL AND GENERAL INFORMATION

6.1 AXA SHARES **374**

Trading on Euronext Paris 374

6.2 SHARE CAPITAL **375**

Capital ownership 375
Transactions involving AXA's share capital 377
Fully diluted capital on December 31, 2016 378
AXA subordinated convertible bonds 378
Financial authorizations 379

6.3 GENERAL INFORMATION **381**

Regulation and Supervision 381
AXA Group Tax Policy 386
Bylaws 388

6.1 AXA SHARES

The principal trading market for AXA ordinary shares is Euronext Paris (Compartment A). Since the delisting of AXA ADRs (American Depositary Receipts representing American Depositary Shares ("ADS"), each representing one AXA ordinary share) from the New York Stock Exchange on March 26, 2010, AXA ADRs have traded on the US over-the-counter ("OTC") market and are listed on the OTC QX platform under the symbol AXAHY.

Trading on Euronext Paris

In France, AXA ordinary shares are included in the principal index published by Euronext Paris, the CAC 40 Index, which comprises the 40 most capitalized and actively traded shares on Euronext Paris. AXA ordinary shares are also included in Euronext 100, the index representing Euronext's blue chip companies based on market capitalization and liquidity and in EURO STOXX 50, the blue chip index comprised of the 50 most highly capitalized and most actively traded equities of the main industry sectors of the eurozone. In addition, AXA ordinary shares are also included in STOXX® Europe 600 Insurance, the insurance sector index for European companies 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 AXA ordinary shares on Euronext Paris:

Calendar Period	Intraday High (in Euro)	Intraday Low (in Euro)
2015		
Third quarter	25.2	20.2
Fourth quarter	26.0	21.2
2016		
First quarter	24.8	18.8
Second quarter	23.1	16.1
Third quarter	20.0	16.2
Fourth quarter	24.7	18.6
Annual	24.8	16.1
2016 and 2017		
August 2016	19.1	16.9
September 2016	20.0	18.0
October 2016	21.0	18.6
November 2016	23.0	19.0
December 2016	24.7	21.8
January 2017	25.1	22.5
February 2017	23.4	21.8

6.2 SHARE CAPITAL

Capital ownership

On December 31, 2016, AXA's fully paid up and issued share capital amounted to €5,553,591,507.70 divided into 2,425,149,130 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1, 2016.

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, 2016:

	Number of shares	% of capital ownership	% of voting rights [(a)]
Mutuelles AXA [(b)]	342,767,775	14.13%	23.93%
Treasury shares held directly by the Company	5,463,201	0.23%	[0.19%] [(c)]
Treasury shares held by Company subsidiaries [(d)]	450,272	0.02%	[0.02%] [(c)]
Employees and agents	138,280,839	5.70%	7.40%
General public	1,938,187,043	79.92%	68.47%
TOTAL	**2,425,149,130 [(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 are deprived of voting rights under French law).

(b) AXA Assurances IARD Mutuelle (11.26% of capital ownership and 19.06% of voting rights) and AXA Assurances Vie Mutuelle (2.88% of capital ownership and 4.87% 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 "Shareholders' equity and minority interests" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(e) Source: Euronext Notice of January 5, 2017.

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 (currently, Mr. François Martineau) 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, only one shareholder, BlackRock Inc., acting on behalf of its clients and funds that it manages, held more than 5% of the Company's share capital or voting rights on December 31, 2016.

Certain of the Company's shares are entitled to double voting rights as described in Section 6.3 "General information – Voting rights" of this Annual Report. Of the Company's 2,425,149,130 outstanding ordinary shares on December 31, 2016, 439,734,569 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, 2014 and December 31, 2016 are set forth in the table below:

	On December 31, 2016 [a]				On December 31, 2015 [a]				On December 31, 2014 [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	14.13%	685,535,550	23.93%	342,767,775	14.13%	685,535,550	23.82%	342,767,775	14.03%	685,535,550	23.61%
Treasury shares held directly by the Company	5,463,201	0.23%	[5,463,201] [c]	[0.19%] [c]	1,491,713	0.06%	[1,491,713] [c]	[0.05%] [c]	49,719	0.00%	[49,719] [c]	[0.00]% [c]
Treasury shares held by Company subsidiaries [d]	450,272	0.02%	[457,420] [c]	[0.02%] [c]	493,206	0.02%	[500,354] [c]	[0.02%] [c]	533,576	0.02%	[540,724] [c]	[0.02%] [c]
Employees and agents	138,280,839	5.70%	211,925,732	7.40%	149,192,517	6.15%	233,403,662	8.11%	162,596,043	6.66%	257,283,670	8.86%
General public	1,938,187,043	79.92%	1,961,501,796	68.47%	1,932,513,031	79.64%	1,956,943,500	68%	1,936,329,564	79.29%	1,960,390,548	67.51%
TOTAL	**2,425,149,130 [e]**	**100%**	**2,864,883,699**	**100%**	**2,426,458,242**	**100%**	**2,877,874,779**	**100%**	**2,442,276,677**	**100%**	**2,903,800,211**	**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 "Shareholders' equity and minority interests" in Part 5 – "Consolidated Financial Statements" of this Annual Report.

(e) Source: Euronext Notice of January 5, 2017.

On December 31, 2016, to the best of the Company's knowledge based on the information available to it, the Company had 10,963 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2016 BY AXA INVOLVING ITS OWN SHARES

In connection with the share repurchase programs approved by AXA's shareholders during their Shareholders' Meetings held on April 30, 2015 (resolution 10) and April 27, 2016 (resolution 16) and pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*), (i) 43,926,297 AXA shares were repurchased (for the purposes of (a) hedging free grants of shares to employees of the Group, (b) delivering the shares upon exercise of the rights attached to securities corresponding to debt instruments or (c) cancelling them in order to neutralize the dilutive impact of shares issued in connection with equity compensation arrangements and employee share plan offerings) for an average weighted gross unit price per share of €21.02, and (ii) no AXA shares were sold between January 1 and December 31, 2016.

As a result, on December 31, 2016, following the delivery of AXA treasury shares to Group employees during 2016 in the context of performance share plans, and the cancellation of AXA treasury shares, the total number of AXA treasury shares, all allocated for hedging or cancellation purposes, was 5,463,201 (or 0.23% of AXA's share capital at that date). These shares were acquired for an aggregate purchase price of €125,259,667 (with a par value of €2.29 per share).

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 share capital increase reserved exclusively to them ("Shareplan").

By virtue of the authorization granted by the Shareholders' Meeting of April 27, 2016, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the Shareplan 2016 program. The Shareholders waived their preferential subscription rights so that this offering could be made exclusively to Group employees (Shareplan 2016).

In countries that met the legal, regulatory and tax requirements to participate in Shareplan, two investment options were offered to the Group employees in 2016:

- the traditional plan, offered in 34 countries;
- the leveraged plan, offered in 32 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 Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable law). 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 investment; (2) receive the value of their investment in the form of AXA shares; or (3) transfer their assets invested in the leveraged plan into the traditional plan.

The leveraged plan in 2016 allowed employees to subscribe, on the basis of 10 times their personal investment, in AXA shares (either through mutual funds (FCPE) or through direct share ownership, depending on their countries of residence) with an 8.63% discount. These shares are held within the Group Company Savings Plans and are restricted from sale during a period of approximately 5 years (except specific early exit cases allowed by applicable law). Employees' personal investment is guaranteed by a bank, and employees also benefit from a portion of the share appreciation, calculated on the basis of 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 2016 program was carried out through a capital increase that took place in December 2016. Over 28,000 employees took part in the Shareplan 2016 program, representing over 24% of eligible employees:

- the total amount invested was over €430 million, as follows:
  - €34.2 million in the traditional plan, and
  - €396.1 million in the leveraged plan;
- a total of over 24 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1, 2016.

On December 31, 2016, AXA employees and agents held 5.70% of the share capital and 7.40% of the voting rights. These shares are owned through Mutual funds (FCPE) or directly either in the form of ordinary shares or ADS.

Transactions involving AXA's share capital

On December 31, 2016, AXA's share capital was comprised of 2,425,149,130 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 1, 2016. The following table sets forth changes in the number of shares from January 1, 2014 to December 31, 2016:

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)
2014	New equity issue related to the AXA Miles Program (2 + 2 plan)	1,521,950	-	2,419,387,421	5,540,397,194
	Exercise of stock options	2,332,987	30,549,924	2,421,720,408	5,545,739,734
	New equity issue reserved for employees of AXA (Shareplan 2014)	19,253,990	263,799,925	2,440,974,398	5,589,831,371
	Exercise of stock options	1,302,279	14,592,483	2,442,276,677	5,592,813,590
2015	Exercise of stock options	9,980,538	168,615,907	2,452,257,215	5,615,669,022
	Share capital reduction by cancellation of shares	(10,763,717)	(219,244,525)	2,441,493,498	5,591,020,110
	Exercise of stock options	2,658,146	34,055,711	2,444,151,644	5,597,107,264
	New equity issue reserved for employees of AXA (Shareplan 2015)	18,736,297	327,179,193	2,462,887,941	5,640,013,385
	Share capital reduction by cancellation of shares	(40,313,450)	(812,967,057)	2,422,574,491	5,547,695,584
	Exercise of stock options	3,883,751	52,198,740	2,426,458,242	5,556,589,374
2016	New equity issue related to the 2012 AXA Miles Program (4 + 0 plan)	1,280,050	-	2,427,738,292	5,559,520,689
	Share capital reduction by cancellation of shares	(4,928,904)	(11,287,190)	2,422,809,388	5,548,233,499
	Exercise of stock options	1,409,808	16,122,698	2,424,219,196	5,551,461,959
	New equity issue reserved for employees of AXA (Shareplan 2016)	24,546,959	368,403,757	2,448,766,155	5,607,674,495
	Share capital reduction by cancellation of shares	(26,331,484)	(60,299,098)	2,422,434,671	5,547,375,397
31/12/2016	Exercise of stock options and bond conversions	2,714,459	33,657,414	2,425,149,130	5,553,591,508

Fully diluted capital on December 31, 2016

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.

	Fully diluted capital
Ordinary shares issued on December 31, 2016 [(a)]	2,425,149,130
Stock options	35,496,930
Maximum total number of shares	2,460,646,060

(a) Source: Euronext Notice of January 5, 2017.

AXA subordinated convertible bonds

On December 31, 2016, the number of outstanding AXA subordinated convertible bonds issued on February 17, 2000 (the "Convertible Bonds") was 6,612,510. The maturity date of the Convertible Bonds was January 1, 2017. Pursuant to the terms of the Convertible Bonds, bondholders had to notify AXA of their election to maintain their conversion option prior to that date. Consequently, on January 1, 2017, the Company redeemed, at a price of Euro 269.16 per Convertible Bond, 6,612,162 Convertible Bonds in respect of which the bondholders did not elect to maintain their conversion option. Bondholders who have elected to maintain their conversion option must exercise their conversion option prior to the end of a 3 month-period beginning on January 1, 2017, *i.e.* until March 31, 2017 included. Convertible Bonds for which the conversion option has not been exercised during such period will be redeemed on April 3, 2017 at a price of Euro 269.16 per Convertible Bond.

Financial authorizations

FINANCIAL AUTHORIZATIONS VALID AS OF DECEMBER 31, 2016

AXA's authorizations to issue shares or other types of securities that were valid as of December 31, 2016 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 30, 2017
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 [d]	2 billion [e]	26 months	June 30, 2017

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 date
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 [c]	6 billion [d]	550 million	26 months	June 30, 2017
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [f]	18 months	October 27, 2017
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [f]	18 months	October 27, 2017
Performance shares (actions de performance) [g]	–	1% [h]	38 months	June 27, 2019
Performance shares (actions de performance) [g] [j]	–	0.40% [h]	38 months	June 27, 2019
Shares issued in connection with the exercise of stock options	–	1% [i]	38 months	June 23, 2017

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) 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 issued by subsidiaries of AXA.
(d) 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.
(e) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.
(f) Common and independent ceiling.
(g) Existing shares and/or newly issued shares.
(h) At the date on which performance shares are granted by the Board of Directors.
(i) At the date on which stock options are granted by the Board of Directors.
(j) Dedicated to retirement.

NEW FINANCIAL AUTHORIZATIONS

The following authorizations to issue shares or securities giving a claim to ordinary shares of the Company and will be submitted to the Shareholders' Meeting on April 26, 2017:

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 26, 2019
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 [d]	2 billion [e]	26 months	June 26, 2019

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 date
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 [c]	6 billion [d]	550 million	26 months	June 26, 2019
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [f]	18 months	October 26, 2018
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [f]	18 months	October 26, 2018
Shares issued in connection with the exercise of stock options	–	1% [g]	38 months	June 26, 2020

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) 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 issued by subsidiaries of AXA.
(d) 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.
(e) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.
(f) Common and independent ceiling.
(g) At the date on which stock options are granted by the Board of Directors.

USE OF THE FINANCIAL AUTHORIZATIONS PERTAINING TO CAPITAL INCREASES IN 2016

Equity issue reserved for employees

Please see paragraph "Employee shareholders" of the present Section 6.2 of this Annual Report.

Stock options/Performance shares

STOCK OPTIONS

In 2016, by virtue of the authorization granted by the shareholders at the Shareholders' Meeting of April 23, 2014 (resolution 18) 3,323,259 stock options have been granted, each of which gives the holder a right to acquire an AXA share (either newly issued or existing) at a specified strike price.

PERFORMANCE SHARES

In 2016, by virtue of the authorizations granted by the shareholders at the Shareholders' Meeting of April 27, 2016 (resolutions 19 and 20) respectively 2,358,236 performance shares and 509,345 performance shares dedicated to retirement were granted by the AXA Board of Directors.

6.3 GENERAL INFORMATION

AXA is a *société anonyme* (a public limited company) organized under the laws of France, which is the publicly traded parent company of the AXA Group. 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 is registered with the Paris Trade and Companies Register (*Registre du commerce et des sociétés*) under number 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 registration document with the AMF: (i) the Bylaws of the Company, (ii) the reports or other documents prepared by any expert at the Company's request which are (in whole or in part) included or referred to in this Annual Report, and (iii) AXA SA's financial statements and Consolidated Financial Statements for each of the two financial years preceding the publication of this Annual Report.

Regulation and Supervision

AXA is engaged in regulated business activities on a global scale through numerous operating subsidiaries. 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 Euronext Paris and its direct and indirect shareholding 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 regulations and on the French regulatory system. AXA's principal regulators in France are the AMF, which is the financial markets regulator, and the *Autorité de contrôle prudentiel et de résolution* ("ACPR"), which is the insurance regulator. Since 2013, AXA has been identified by the Financial Stability Board ("FSB") as a Global Systemically Important Insurer ("GSII") and is consequently subject to specific measures in this respect.

INSURANCE OPERATIONS

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 distribution practices, standards of solvency, levels of capital and 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, fees and certain other marketing expenses that may be incurred by the insurer and impose product suitability and disclosure requirements. 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 request additional 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, reporting concerning the corporation that controls the licensed insurer and other affiliated companies, including prior approval (or notice) of transactions between the insurer and other affiliates such as intra-group 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 the definition of admitted assets and methods of calculation) vary between jurisdictions, an insurer's required regulatory 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 financial

markets. Regulatory capital requirements may increase, possibly significantly, during periods of declining financial markets and/or lower interest rates.

In recent years, the European Union has developed a new regulatory regime for European insurers which became effective on January 1, 2016, following the adoption of the 2009 Solvency II Directive on the taking-up and pursuit of the business of insurance and reinsurance, as amended in 2014 and implemented into French law in April 2015. The Solvency II regime is designed to implement solvency requirements that better reflect the risks that insurance companies face and build a supervisory system that is consistent across all European member States. The Solvency II framework is based on three pillars: (1) Pillar 1 consists of the quantitative requirements around own funds, valuation rules for assets and liabilities and solvency capital requirements, (2) Pillar 2 sets out qualitative 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 introduces an enhanced reporting and disclosure regime, pursuant to which subject insurance undertakings headquartered in the European Union are required to prepare the Regular Supervisory Report ("RSR"), which is to be submitted by the undertaking to the competent national regulator on a regular basis as determined by the regulation, and the Solvency and Financial Condition Report ("SFCR"), which is to be made publicly available on an annual basis. The Solvency II framework covers, 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 assessment of the Group's risks and capital requirements is aligned more closely with economic capital methodologies and allows the use of either a standard model or an insurer's own internal economic capital model (to permit a better understanding of the actual risks and risk management of the insurer) to calculate the Solvency Capital Requirements ("SCR"), subject in the latter case to the approval of the insurer's lead regulator.

The Solvency II regime provides for two separate levels of solvency capital requirements: (i) the Minimum Capital Requirement (MCR), which is the amount of own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk should the insurance and reinsurance companies be allowed to continue its operations, and (ii) the SCR, which corresponds to a level of eligible own funds that enables insurance and reinsurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

On November 17, 2015, AXA received approval from the ACPR to use its internal model (the "Internal Model") to calculate its regulatory capital under Solvency II. The Solvency II ratio of the Group as of December 31, 2016, published on February 23, 2017, was estimated at 197% [(1)] which remains within AXA's target range set at 170-230%.

AXA continues to review regularly the scope, underlying methodologies and assumptions of the Internal Model and will adjust its SCR accordingly. Any significant changes to the Internal Model will have to be approved by the ACPR who may require adjustments to the level of SCR.

The European Insurance and Occupational Pensions Authority ("EIOPA") continues to issue regulations and guidelines under Solvency II. In addition it will review the consistency of European insurer's internal models and any such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups. For more information on the Internal Model, please refer to Section 4.2 "Internal control and risk management – Internal Model" of this Annual Report.

For further information on the risks related to regulatory capital requirements, please see the paragraph "The failure of the Group or the insurance subsidiaries to meet their solvency capital requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial position" in Section 4.1 "Risk factors" of this Annual Report.

GLOBAL SYSTEMICALLY IMPORTANT INSURER ("GSII") DESIGNATION

On July 18, 2013, the International Association of Insurance Supervisors ("IAIS") published an initial assessment methodology for designating GSIIs, as part of the global initiative launched by the G20 with the assistance of the FSB 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. On the same date, the FSB published its initial list of nine GSIIs, which included the AXA Group. The GSII list is updated annually following consultation with the IAIS and relevant national supervisory authorities. The AXA Group remained on the GSII list as updated in November 2014, 2015 and 2016.

(1) The Solvency II ratio is estimated based on the Internal Model calibrated based on adverse 1/200 year shock and assuming US equivalence. The Solvency II ratio will be finalised prior to the publication of the SFCR expected by July 1, 2017.

The policy measures for GSIIs, published by the IAIS in July 2013, include (1) the introduction of new capital requirements; a "basic" capital requirement ("BCR") applicable to all GSII activities which serves as a basis for an additional level of capital, called "Higher Loss Absorbency" ("HLA") required from GSIIs in relation to their systemic activities, (2) greater regulatory oversight over holding companies, (3) various measures to promote the structural and financial "self-sufficiency" of Group companies and reduce Group interdependencies including restrictions on intra-group financing and other arrangements, and (4) in general, a greater level of regulatory scrutiny for GSIIs, including a requirement to establish a Systemic Risk Management Plan ("SRMP"), a Liquidity Risk Management Plan ("LRMP") and a Recovery and Resolution Plan ("RRP") which have entailed significant new processes, reporting and compliance burdens and costs.

The contemplated policy measures include the constitution of a Crisis Management Group (CMG) by the ACPR, the preparation of the above-mentioned documents (SRMP, LRMP and RRP) and the development and implementation of the BCR in 2014, while other measures are to be phased in more gradually, such as the HLA (the first version of which was endorsed by the FSB in October 2015 but which is expected to be revised before its implementation in 2022).

On June 16, 2016, the IAIS published an updated assessment methodology, applicable to the 2016 designation process, which is yet to be endorsed by the FSB. To support some adjustments proposed by the revised assessment methodology, the IAIS also published a paper on the same date, describing the "Systemic Features Framework" that the IAIS intends to employ in assessing whether certain contractual features and other factors are likely to expose an insurer to a greater degree of systemic risk, focusing specifically on two sets of risks: macroeconomic exposure and substantial liquidity risk. Also, the IAIS stated that the 2016 assessment methodology, along with the Systemic Features Framework, "will lead to a change in HLA design and calibration."

As part of its efforts to create a common framework for the supervision of internationally active insurance groups ("IAIGs"), the IAIS has also been developing a comprehensive, group-wide international insurance capital standard (the "ICS") to be applied to both GSIIs and IAIGs, although it is not expected to be finalized until at least 2019. Although the BCR and HLA are more developed than the ICS at present, the IAIS has stated that it intends to revisit both standards following development and refinement of the ICS, and that the BCR will eventually be replaced by the ICS.

For additional information, see "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" and "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" in Section 4.1 "Risk factors" of this Annual Report.

Management expects the regulatory landscape with respect to insurance and financial markets will continue to evolve in 2017 and beyond with further legislative and regulatory initiatives.

ASSET MANAGEMENT

AB 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 ensure adequacy of disclosures 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/or fines.

The European Union (European Market Infrastructure Regulation – "EMIR") and the US regulations (principally the Dodd-Frank Act) set several prescriptive guidelines for derivatives which impact operations, liquidity and credit risk management for derivatives. AXA's asset managers and banks, which manage derivatives on behalf of various AXA Group affiliates (including on behalf of AXA), are currently operating in conformity with these new rules (or preparing for their implementation) and the Group's financial risk framework, including credit and liquidity risk procedures, has been adjusted to reflect these requirements. In addition, the Directive 2014/65/EU on markets in financial instruments ("MiFID II") and the Regulation (EU) No 600/2014 on markets in financial instruments, both adopted in May 2014, are expected to apply from January 3, 2018. The MiFID II package, which is designed to better integrate the European Union's financial markets and increase cross-border investments, market transparency and investor protection, imposes a wide variety of new requirements including with respect to trading/clearing of certain derivatives on organized platforms, regular reporting with respect to derivatives positions and certain other types of financial instruments, restrictions and/or prohibitions on certain types of compensation arrangements or other monetary inducements to firms providing independent investment advice and greater regulation of structured products and other complex financial instruments.

While the full impact of such requirements can only be evaluated in the context of implementing regulations and national transposition laws, such new legislation could have a substantial impact on AXA's regulated asset management business.

OTHER SIGNIFICANT LEGISLATIVE OR REGULATORY DEVELOPMENTS

EU Data Protection Reform

In January 2012, the European Commission put forward its EU Data Protection Reform to update the principles of processing of personal data in the European Union contained in the 1995 Data Protection Directive (1995/46/EC). The main principles of the Data Protection Reform include (i) the strengthening of citizens' fundamental rights, giving them more control over their personal data and making it easier for them to access it, (ii) an increased harmonization of the applicable law across the EU and a "one-stop-shop" that will streamline cooperation between the data protection authorities on issues with implications for all the EU, and (iii) a stronger enforcement regime, under which data protection authorities will be able to fine companies which do not comply with EU rules up to 4% of their global annual turnover. Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data was adopted in April 2016 and will apply from May 25, 2018.

Personal Data transfers to the United States of America

Following negotiations between the EU Member States and EU institutions on one side and the US authorities on the other, a safe harbor scheme concerning the transfer of personal information for commercial purposes from companies in the EU to companies in the United States was adopted in July 2016. The safe harbor, referred to as the "EU-US Privacy Shield" framework, sets forth a broad range of conditions for and restrictions on the ability of US companies (including US subsidiaries of EU-based companies) to handle personal data concerning EU individuals. Because banks and insurance companies are generally not currently eligible to register on the EU-US Privacy Shield list, the safe harbor provisions of the EU-US Privacy Shield would not apply to transfers of personal data from the Company or its EU-based affiliates to its banking and insurance affiliates based in the US. Accordingly, at the present time it remains unclear whether and to what extent these developments could hinder our ability to transfer customer or other personal data into the United States.

Executive compensation

The Solvency II regulation set out the remuneration policy principles and governance requirements to be implemented by European Insurers. These regulations specify that the companies subject to Solvency II must adopt a written remuneration policy compliant with a number of principles set out in the Commission Delegated Regulation of October 2014 which promotes sound and effective risk management and does not encourage risk-taking that exceeds the risk tolerance limits of the Company. In this context, AXA has reviewed and formalized its existing Group remuneration policy, identified the individuals responsible for managing and having an impact on the Group's overall risk profile and defined a consistent approach to manage remuneration of individuals in charge of control functions. AXA's Compensation & Governance Committee is in charge of overseeing the design of the remuneration policy and remuneration practices, their implementation and operation.

Furthermore, since 2008, there have been a variety of proposals with respect to executive compensation practices at financial institutions including from the 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 Principles of Sound Compensation Practices, together with implementation standards. 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 few 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 largely 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 application of these principles and standards may vary among the different actors in the financial sector (such as banks, insurers, asset managers, private equity funds, hedge funds) and across the various jurisdictions where the Group does business, which may give rise to certain competitive issues for the Group, including by affecting the Group's ability to attract and retain top-rate talents.

US Department of Labor Fiduciary Duty Rule

On April 6, 2016, the US Department of Labor (the "DOL") issued a final rule that significantly expands the range of activities that would be considered to be fiduciary investment advice under the Employee Retirement Income Security Act of 1974 ("ERISA"). Pursuant to the new regulation, advisors and employees, including those affiliated with AXA US, who provide investment-related information and support to retirement plan sponsors, participants, and Individual Retirement Account ("IRA") holders would be subject to enhanced fiduciary duty obligations and requirements. Implementation of the rule is currently scheduled to be phased in, starting in April 2017, with a transition period for certain requirements through January 2018. In February 2017, however, the DOL was directed by executive order and memorandum (the "President's Order and Memorandum") to review the fiduciary rule and determine whether the rule should be rescinded or revised, in light of the new administration's policies and orientations. On March 2, 2017, the DOL submitted a proposal to delay for sixty days the applicability date of the fiduciary rule and invited comments on both the proposed extension and the examination described in the President's Order and Memorandum. Comments on the proposed extension were due by March 17, 2017, and comments on the President's Order and Memorandum are due by April 17, 2017. While the outcome of the foregoing cannot be anticipated at this time, it is likely to result in implementation of the fiduciary rule being delayed.

While implementation of the rule remains uncertain, and is currently subject to judicial challenge, Management continues to evaluate its potential impact on AXA US. If implemented as planned, the new fiduciary rule may affect the range of services provided by AXA US and its affiliated advisors and firms, as well as the nature and amount of compensation and fees such entities receive which may have a significant adverse effect on AXA US's business and operations.

Evolution of accounting standards

Policyholders' liabilities 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. On June 20, 2013, the IASB issued an Exposure Draft defining new principles to be applied including a new standard (IFRS 17) which will replace IFRS 4. These new principles may, *inter alia*, significantly affect the accounting of policyholders' liabilities when implemented, which is expected to be on January 1, 2021. Management cannot predict with any certainty at this time the potential impact of these proposed changes. In parallel, the Group will apply the IFRS 9 standard on financial instruments issued on July 24, 2014. The published effective date of IFRS 9 was January 1, 2018. However, given the interaction between financial assets and technical insurance liabilities, the IASB issued Amendments to IFRS 4 on September 12, 2016, which in particular allow entities issuing insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until the effective date of IFRS 17, but no later than January 1, 2021. The Group is eligible to this temporary exemption and will apply it.

Evolution of the regulatory and compliance environment

The Group's insurance and asset management operations are subject to an increasing number of legislative and regulatory initiatives designed to increase consumer protection in the sector of financial services. In the European Union, initiatives related to the financial sector include in particular the Insurance Distribution Directive ("IDD"), MiFID II and the regulation on Key Information Documents ("KIDs") for Packaged Retail and Insurance-based Investment Products ("PRIIPs"). Similar initiatives are under review (or in the course of implementation) in other jurisdictions where the Group operates and are likely to increase operational compliance costs to ensure point-of-sale compliance.

The IDD, which entered into force on February 23, 2016, supersedes the Insurance Mediation Directive and is designed to improve consumer protection by ensuring that all distributors of insurance products operate on a level playing field. The main provisions of the IDD relate to enhanced professional requirements (*e.g.* continuing training and development for distributors), conduct of business rules, conflicts of interest (relating to fees, commissions and bonuses), increased disclosure and transparency and extensive product governance requirements. It also includes additional requirements for the sale of insurance products with investment elements in order to ensure that policyholders receive a similar level of protection as buyers of retail investment products regulated under MiFID II (*e.g.* when providing advice distributors have to assess whether the insurance-based investment product is suitable for the customer). Member States must transpose the IDD into national legislation by February 23, 2018.

The litigation environment in which the Group operates also continues to evolve. In continental Europe, the introduction of class actions including in France through a law dated March 17, 2014 is likely to increase litigation risks and costs for insurers, asset managers and other financial institutions.

Finally, financial crime compliance programs of financial institutions (anti-money laundering, anti-corruption and international sanctions compliance) continue to be a major focus of regulatory and law enforcement authorities with increasingly significant sanctions imposed for compliance failures. In particular, French Law No 2016-1691 of December 9, 2016 on transparency, fight against corruption and modernization of the economy, known as "Sapin II" introduces new requirements for all large French companies, including the Group, including the establishment of internal procedures to prevent and detect acts

of corruption and influence peddling committed in France and abroad. These provisions will enter into force on June 1, 2017.

In light of this and other initiatives in respect of compliance requirements, Management believes that the complexity and risks for international financial institutions like AXA in this area will likely continue to increase and that compliance costs will also increase accordingly.

For additional information, please see "Our businesses are subject to extensive regulation and regulatory supervision in the various jurisdictions in which we operate" in Section 4.1 "Risk factors" and Section 4.8 "Other material risks" of this Annual Report.

AXA Group Tax Policy

Both as a multinational company and as a provider of investments and savings products, the AXA Group follows a responsible and transparent approach on tax issues.

The taxes AXA pays is an important part of its wider economic and social impact and plays a key role in the development of countries where it operates [1]. AXA regards it as a critical element of its commitment to grow in a sustainable, responsible and socially inclusive way.

AXA also squares its responsibilities as a co-operative, compliant taxpayer in each and every country in which it operates, with the need to support competitive business growth - serving all its stakeholders including investors, suppliers and employees.

TAX ASPECTS IN RELATION TO AXA AS A MULTINATIONAL COMPANY

The AXA Group's approach to tax issues

In the countries where it operates, AXA is both a taxpayer and a tax collector, given that many specific taxes are levied on insurance policies and collected from our customers as part of the insurance and asset management revenues while others are remitted to the various state and federal administrations around the world.

The tax function is organized within the Group to ensure full compliance with all tax legislations in the countries where AXA operates. In addition to the Group Tax Department based in France, all key operational entities/countries/regions have a tax team in charge of ensuring that tax regulations are well understood and satisfied by the entities and in the appropriate geographic zones. In this respect, a bi-annual tax review process of each key entity or business line is formalized within the internal "Finance Professional Family Policies Manual" and performed by the Group Tax Department in connection with each local team.

As an international group operating in several countries, the AXA Group is subject to various tax regimes and regulations and takes into account any changes in tax law. AXA is specifically vigilant about the changes that could result in higher tax expenses and payments, higher compliance costs or that may affect the AXA Group's tax liability, return on investments and business operations.

The Group's policies and procedures with respect to business in or with countries that are "tax havens", subject to international sanctions or embargoes, or are otherwise identified as high corruption or high political risk are formalized in an internal policy drafted by the Group Compliance Department (entitled "AXA Sanctions Policy" dated March 2015).

AXA has no licensed insurance or operating business activities in the countries specifically identified as non-cooperative jurisdictions under French domestic tax rules. In Panama which has been recently identified as such, AXA has been acting locally through two operating companies providing assistance services to local customers or travellers insured by AXA for several years.

Disclosure on tax matters and information on taxes connected with the Group's activities in each country

The consolidated financial statements are prepared in compliance with IFRS standards (as disclosed in Note 1 "Accounting principles" in Part 5 – "Consolidated Financial Statements" of this Annual Report). Accounting for income taxes recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of the entity's assets and liabilities, as required by IAS 12 (see Note 1.17.1 "Income taxes" in Part 5 – "Consolidated Financial Statements" of this Annual Report).

(1) The list of the Group's main subsidiaries and participating interests are available in Appendix IV "AXA parent company financial statements" of this Annual Report. The legal organizational chart of the Group is also published on the Company's website (www.axa.com).

The Consolidated Financial Statements present the reconciliation between the theoretical tax charge and the effective tax charge under IFRS. All differences are fully explained (see Note 19 "Tax" in Part 5 – "Consolidated Financial Statements" of this Annual Report). It should be noted that in many jurisdictions where AXA operates, the income and capital gains on savings-products benefit from a favorable tax treatment, also when such products are included in life insurance products. This leads to a lower effective tax rate for life insurance companies. Over the last several years, and notably following the financial crisis, this difference has trended down.

In addition to the details reported around the Group effective tax rate, AXA reports substantial information on the impacts of any change in local tax regulations on its business, as well as details of the tax burden per line of business and per country. AXA's income tax expenses/benefits are extensively disclosed in the Annual Report and are broken down by business segment and country. For each, a dedicated paragraph provides a comment about the line related to Tax Income (see Section 2.3 "Activity Report – Underlying earnings, adjusted earnings and net income Group share" of this Annual Report).

TAX ASPECTS OF ACTIVITIES AND PRODUCTS OFFERED BY THE GROUP

Activities of the Group

The Group's activities are subject to strict regulations and rigorous control in each territory in which AXA operates. In addition to these regulations, AXA has developed a set of detailed internal standards that applies to all Group entities that are managed or controlled by AXA, regardless of the activities undertaken by the entity or its ownership structure.

According to these internal standards, local senior management must appreciate the tax implications of the activities in their entity. The main considerations are:

- compliance with the taxation of employees in the territory in which they are employed;
- compliance with the taxation of business undertaken in the territory (including levies and sales taxes); and
- cross-border tax issues.

A specific focus on transfer pricing items is done in application of these standards. In particular, Chief Financial Officers must ensure that (re)insurance policies entered into represent a true transfer of risk and that their status as (re)insurance contracts could not be subject to challenge. Business between Group companies must be transacted at market prices where a market price exists, or in the absence of market prices, must be supported by formally documented justification for the charge made.

Products offered by the Group

AXA products are not designed to allow or encourage tax evasion. The Group has set up a validation framework to ensure that new products undergo a thorough approval process before they go to market.

The local decision to launch a new product must result from a documented approval process that complies with the AXA Group's standards in terms of product features, pricing, asset-liability management and aspects related to legal, compliance, regulatory, accounting and reputation.

Moreover, AXA has established strict policies regarding its cross-border activities and knowledge of its customers, in order to ensure that our products and services are not misused for money laundering or tax evasion purposes. Cross-border tax issues are addressed with a specific "Cross Border Business Group Guidance dated 15 March 2012", according to which any new cross-border offer must be presented to the Group Tax Department for its validation.

While all Group entities must in any case comply with local regulation, the Group Tax Department can veto a product if this product is not compliant with internal rules.

Bylaws

Certain material provisions of applicable French law, in force at the filing date of this Annual Report, and of the Company's Bylaws are summarized below. You may obtain copies of the Company's Bylaws in French from the Paris Trade and Companies Register (*Registre du commerce et des sociétés*).

CORPORATE PURPOSE

Under Article 3 of its Bylaws, AXA's corporate purpose is generally to:

- acquire all types of ownership interests in any French or foreign company or business, including insurance companies;
- acquire, manage and sell all listed or unlisted shares and securities, as well as personal or real estate properties, rights, shares or securities, whether listed or unlisted, that are related to such properties; and
- perform all industrial, commercial, financial, personal or real estate 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 Bylaws and the Board's Terms of Reference 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) receive compensation in the amount and on conditions set by the Board of Directors, upon proposal of the Compensation & Governance 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's Terms of Reference provide that no directors' fee shall be paid to the Company's management (Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officers).

For further information, please see Part 3 – "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 70.

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 65. The same rule applies for the Deputy Chief Executive Officer(s).

An individual aged 70 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 70 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 70 or older voluntarily resigns within three months.

When the permanent representative of a legal entity member of the Board of Directors reaches 70 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 and regardless of any statutory obligation of holding shares, 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, which value on the basis of the closing price of the AXA share on December 31 of the preceding fiscal year shall correspond 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 will be held in registered form.

For additional information regarding the powers of the Board of Directors, please see Part 3 – "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 up 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.

The rights of the holders of double voting rights may only be modified or cancelled upon the decision of an Extraordinary Shareholders' Meeting and 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 Bylaws require AXA to distribute dividends between its shareholders in proportion to their share in the capital.

Under the provisions of AXA's Bylaws, the actual dividend payment date is decided by the Board of Directors.

AXA's Bylaws provide that, the Shareholders' Meeting 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 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 AXA's Bylaws. 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 Bylaws.

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 a 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 a book entry showing the number of shares in the name of the shareholder (or the intermediary for the account), on the second 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 in particular those resulting from the law dated March 29, 2014 *(visant à reconquérir l'économie réelle)* or from 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 by a parent company of its subsidiary when owning at least 90% of its voting rights.

DISCLOSURE REQUIREMENTS WHEN HOLDINGS EXCEED SPECIFIED THRESHOLDS

Pursuant to Article 7 of AXA's Bylaws, 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 Bylaws or the Board's Terms of Reference shall not prevail over changes in the law governing the Company's share capital.

7 CORPORATE RESPONSIBILITY

7.1 GENERAL INFORMATION 392

AXA's Corporate Responsibility strategy 392
Reporting certification, evaluation and ratings 392
Institutional commitments 392

7.2 SOCIAL INFORMATION 393

Workforce size 393
Employee relations and collective bargaining 394
Headcount adjustments, mobility and related measures 395
Working time and agile working environment 397
Reward, benefits and compensation cost 398
Diversity and Inclusion 400
Health and safety, absenteeism and employee wellbeing 400
Training, learning and development 401
Talent attraction and retention 402

7.3 ENVIRONMENTAL INFORMATION 403

Environmental management perimeter definition 403
Performance targets 403
Environmental reporting network and process 404
Reducing the AXA Group's impact on the environment 404
Business-related environmental initiatives 405
AXA's position regarding climate change 406
Legal measures and environmental expenditures 407

7.4 SOCIETAL INFORMATION 409

Impact on regional development, subcontracting 409
Business-related societal initiatives 409
Stakeholder dialogue 410
Community involvement: social & cultural activities, philanthropy, education, employee volunteering 411
Compliance with International Labour Organization recommendations and Business Ethics 412

7.5 RESPONSIBLE INVESTMENT, "ARTICLE 173"/CLIMATE-RELATED FINANCIAL DISCLOSURES 413

Responsible Investment and environmental, social and governance integration 413
Integrating Climate-related risks 414
Portfolio alignment with decarbonisation objectives 415
Engagement 416
FSB Taskforce on Climate-related Financial Disclosures (TCFD) correspondence table 417
Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information presented in the management report 418

7.1 GENERAL INFORMATION

AXA's Corporate Responsibility strategy

AXA believes Corporate Responsibility (CR) is an integral part of our business strategy. As a company whose business is to protect people over the long term, we have a responsibility to help build a stronger and safer society. It is an essential driver of employee engagement, customers trust and brand image. CR is also a risk/opportunity management concern: it enables AXA to reduce certain costs and business and operational risks, while improving market opportunities in emerging or future commercial segments.

Additional information about the AXA Group's corporate responsibility-related policies and practices is available in the "Integrated Report", in the "Social Data Report" and on the AXA Group's website (www.axa.com), in particular in the "Corporate Responsibility" section.

The following pages describe both our broader CR strategy and, in accordance with the provisions of the Articles L.225-102-1 and R.225-104 of the French Commercial Code, they also describe the manner in which the Company takes into account the social, societal and environmental impacts of its business.

Reporting certification, evaluation and ratings

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third party, presents in their assurance report attached at the end of this chapter, 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, 2016 pursuant to Article L.225-102-1 of the French Commercial Code as well as reasoned opinion on the fairness of the Information.

The Group's environment social and governance (ESG) performance is also evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also included in the main international sustainability indices.

These ratings are available on www.axa.com.

Institutional commitments

AXA is a member of many sustainability initiatives. On a broader level, AXA Group is a member of the UN Global Compact (promoting corporate adoption of 10 universal principles on human rights, labor, the environment and the fight against corruption. AXA also joined two major business-related initiatives in the area of corporate responsibility: the UN Principles for Sustainable Insurance (UN PSI), a voluntary framework to integrate environmental, social and governance (ESG) criteria into the insurance business; and (2) the UN Principles for Responsible Investment (UN PRI), a voluntary framework to integrate ESG criteria into the investment value chain.

The Group also signed up to or supports various initiatives, including the "Kyoto Statement" (Geneva Association), "Caring for Climate" (WBCSD/UNEP FI/UN Global Compact), the CDP (Carbon Disclosure Project), the "Sustainable Development Charter" *(Fédération française de l'Assurance),* the International Investor Group on Climate Change (IIGCC), the "Montreal Carbon Pledge", "2° Investing Initiative", the "Carbon Pricing Leadership Coalition", *Observatoire de la responsibilité sociétale des entreprises* (ORSE), *Entreprises pour l'environnement* (EpE), *Institut du Mécénat Social* (IMS), etc.

AXA is a vice-chair of the FSB Task Force on Climate-related Financial Disclosures, and presides the EU High-Level Expert Group on Sustainable Finance

Our engagements are detailed online: (www.axa.com)..

7.2 SOCIAL INFORMATION (1)

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 opportunities for all, promote employee participation, encourage professional development and support employee wellbeing. For additional and more comprehensive information, refer to the 2016 "Social Data Report".

Workforce size

AXA's overall salaried workforce on December 31, 2016, was 118,366 employees (open-ended and fixed-term contracts), which represents a decrease of 1.8% compared to 2015. This decrease is due to several business disposals in different countries.

As a result, the footprint of AXA's salaried workforce in 2016 was: 59.9% in Europe (vs. 61.2% in 2015), 21.4% in Asia-Pacific-Middle East (vs. 20.5% in 2015), 14.3% in the Americas (vs. 14.2% in 2015) and 4.4% in Africa (vs. 4.1% in 2015). AXA continued to recruit in 2016 and hired more than 17,000 employees on open-ended contracts (excluding entries due to mergers and acquisitions), of which, almost 3,600 were sales employees.

WORKFORCE (a)

Headcount (number of persons) as of December 31	2016		Evolution	2015	
Total headcount of salaried workforce (open-ended and fixed-term contract)	***118,366***	***emp.***	***-1.8%***	***120,486***	***emp.***
Headcount of salaried workforce	***113,564***	***emp.***	***-1.5%***	***115,254***	***emp.***
■ Proportion of men	47.0	%		47.3	%
■ Proportion of women	53.0	%		52.7	%
Headcount of salaried non-sales force	***97,105***	***emp.***	***-2.0%***	***99,080***	***emp.***
Executives	3,459	emp.		3,468	emp.
■ Proportion of men	71.6	%		72.3	%
■ Proportion of women	28.4	%	+0.7 pt	27.7	%
Managers	16,622	emp.		17,008	emp.
■ Proportion of men	56.3	%		58.2	%
■ Proportion of women	43.7	%	+1.9 pt	41.8	%
■ Experts and staff	77,024	emp.		78,604	emp.
■ Proportion of men	42.8	%		42.8	%
■ Proportion of women	57.2	%		57.2	%
Headcount of salaried sales force	***16,459***	***emp.***	***+1.8%***	***16,174***	***emp.***
■ Proportion of men	52.3	%		52.0	%
■ Proportion of women	47.7	%	-0.3 pt	48.0	%
Headcount of salaried workforce with fixed-term contract	***4,802***	***emp.***		***5,232***	***emp.***
■ Non-sales force	4,179	emp.		4,447	emp.
■ Sales force	623	emp.		785	emp.

(1) Methodology note: The social data communicated here are collected through a reporting process defined by procedures associated with a list of indicators shared with all the entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. These indicators represent the data of 312 entities of the AXA Group (few entities may pre-consolidate data on a local level). The perimeter is updated annually following potential acquisitions/mergers or business disposals. These indicators are reported for the period between 01/01/2016 and 31/12/2016, unless mentioned otherwise. Evolutions are measured with ratios between 2015 and 2016 end-of-year data. The data are provided by local correspondents into an IT tool dedicated to the social data reporting process and accessible to all the entities since 2009. Consistency checks and quality controls are carried out before and during the data collect process. There are no estimations nor extrapolations made on the data provided. Regarding data published in ratios and percentages: numerator and denominator are realigned for each calculation to exclude entities with empty data points.

Full-Time Equivalents (headcount converted into full-time equivalents)	2016		Evolution	2015	
Average FTE of salaried workforce	***108,296.3***	***fte***	***-0.3%***	***108,632.2***	***fte***
Average FTE of salaried non-sales force	92,268.1	fte		92,960.0	fte
■ Executives	3,395.1	fte		3,419.7	fte
■ Managers	16,221.1	fte		16,531.6	fte
■ Experts and staff	72,651.9	fte		73,008.7	fte
Average FTE of salaried sales force	16,028.2	fte		15,672.2	fte
Average FTE of temporary non-salaried staff	***7,522.8***	***fte***		***7,670.8***	***fte***
■ Non salaried temporary staff and contingent workers	4,859.2	fte		4,845.2	fte
■ Trainees/Apprentices	2,663.6	fte		2,825.6	fte

Profile of employees	2016		Evolution	2015	
Average age of salaried workforce	***40.6***	***yrs***		***40.6***	***yrs***
■ Non-sales force	40.5	yrs		40.5	yrs
■ Sales force	41.6	yrs		41.6	yrs
Average length of service of salaried workforce	***10.8***	***yrs***		***10.8***	***yrs***
■ Non-sales force	11.2	yrs		11.4	yrs
■ Sales force	8.4	yrs		7.7	yrs
Disability (open-ended and fixed-term contract)					
Number of employees with disabilities – concerns entities operating in France only	750	emp.		752	emp.

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

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 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 guarantee a high level of social dialogue. AXA holds two EWC plenary meetings a year, as well as monthly sessions, held by 12 members of the EWC, to stay abreast of labor and economic developments in each country.

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, color, ethnic origin, genetic form of difference, disability, sexual orientation, language, religion, personal conviction, union membership or political opinion.

In addition, AXA, 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.

MOBILITY AND RECRUITMENT

AXA established Group-wide mobility policies and processes and enabled Group-wide posting of internally and externally available jobs. This makes business needs immediately visible and facilitates transfers to align resources with AXA's business priorities.

In 2014, AXA joined the "Alliance for Youth", a private sector initiative designed to address youth unemployment in Europe. The Company committed to provide at least 20,000 young people (aged 30 and under) with professional experience over five years in Europe in the form of 10,000 paid apprenticeships and/or internship positions and 10,000 employment opportunities (open-ended or fixed-term contracts). Furthermore, AXA pledges to help increase employability of young people through coaching and training on essential skills and exposure to the work environment. By the end of 2016 (three years after starting the initiative) AXA provided more than 20,400 professional opportunities for the youth in Europe (and more than 40,200 opportunities in AXA globally).

International mobility reached a total of 918 international assignments in 2016, which represents an increase of 6% compared to 2015. A strong trend in change of types and geographies of assignments has been observed. The number of long-term assignments against the total structure of international moves has dropped by almost 10%, while short-term assignments, local transfer and commuters keep growing. The number of assignments related to high growth markets is also increasing. In 2016, they reached 54% of new moves (vs. 45% in 2015, and 34% in 2014).

With the aim of establishing a globally consistent and cost controlled international mobility framework, the CEMI (AXA's Centre of Expertise for International Mobility) was implemented in 2012 to deliver services to French-based entities. Over the last two years, the extension of CEMI services across the globe has been running and was completed in 2016. CEMI 2016 priorities were about the enhancement of the quality of service provided to both assignees and Business/HR services, as well as the efficiency of the international assignments.

WORKFORCE DYNAMICS

Movements	2016		Evolution	2015	
Movements of salaried workforce					
Net headcount evolution (entries *versus* departures)	-1,354	emp.		3,608	emp.
■ Entries	18,784	emp.	-7.4%	20,279	emp.
■ Departures	20,138	emp.	+20.8%	16,671	emp.
Movements of salaried non-sales force					
Net headcount evolution (entries *versus* departures)	-1,017	emp.		3,623	emp.
Entries	14,871	emp.	-8.7%	16,293	emp.
■ Number of external recruitments (including re-hires)	11,871	emp.		13,044	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,547	emp.		1,819	emp.
■ Number of entries following mergers and acquisitions	1,453	emp.		1,430	emp.
Departures	15,888	emp.	+25.4%	12,670	emp.
■ Number of resignations	8,245	emp.		7,876	emp.
■ Number of economic/collective layoffs	1,363	emp.		1,215	emp.
■ Number of individual layoffs	1,804	emp.		1,570	emp.
■ Number of retirements/pre-retirements	1,413	emp.		1,709	emp.
■ Number of departures due to external transfers [(a)]	2,875	emp.		150	emp.
■ Number of other departures	188	emp.		150	emp.
Movements of salaried sales force					
Net headcount evolution (entries *versus* departures)	-337	emp.		-15	emp.
Entries	3,913	emp.	-1.8%	3,986	emp.
■ Number of external recruitments (including re-hires)	3,492	emp.		3,743	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	98	emp.		87	emp.
■ Number of entries following mergers and acquisitions	323	emp.		156	emp.
Departures	4,250	emp.	+6.2%	4,001	emp.
■ Number of resignations	3,066	emp.		3,105	emp.
■ Number of economic/collective layoffs	110	emp.		178	emp.
■ Number of individual layoffs	542	emp.		462	emp.
■ Number of retirements/pre-retirements	217	emp.		218	emp.
■ Number of departures due to external transfers [(a)]	284	emp.		4	emp.
■ Number of other departures	31	emp.		34	emp.
Movements of salaried workforce with fixed-term contract					
Net headcount evolution of salaried non-sales force (entries *versus* departures)	1,468	emp.		2,265	emp.
■ Number of external recruitments	4,963	emp.		5,704	emp.
■ Number of fixed-term contracts ended	3,495	emp.		3,439	emp.
Net headcount evolution of salaried sales force (entries *versus* departures)	74	emp.		210	emp.
■ Number of external recruitments	271	emp.		562	emp.
■ Number of fixed-term contracts ended	197	emp.		352	emp.

(a) 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.

Mobility	2016		Evolution	2015	
Internal mobility rate of salaried workforce	***8.6***	***%***	***-0.3 pt***	***8.9***	%
■ Non-sales force	9.4	%		9.5	%
■ Sales force	4.3	%		5.4	%

Employee turnover	2016		Evolution	2015	
Turnover rate of salaried workforce	***14.9***	***%***	***+0.3 pt***	***14.6***	***%***
■ Involuntary (layoffs/dismissals)	3.4	%		3.0	%
■ Voluntary (resignations)	10.0	%		9.7	%
■ Other reasons (pre/retirements and miscellaneous)	1.6	%		1.9	%
Turnover rate of salaried non-sales force	***13.2***	***%***	***+0.3 pt***	***12.9***	***%***
■ Involuntary (layoffs/dismissals)	3.3	%		2.9	%
■ Voluntary (resignations)	8.3	%		8.1	%
■ Other reasons (pre/retirements and miscellaneous)	1.6	%		1.9	%
Turnover rate of salaried sales force	***24.4***	***%***	***-0.4 pt***	***24.8***	***%***
■ Involuntary (layoffs/dismissals)	4.0	%		4.0	%
■ Voluntary (resignations)	18.9	%		19.2	%
■ Other reasons (pre/retirements and miscellaneous)	1.5	%		1.6	%

STRATEGIC WORKFORCE PLANNING

AXA's business continues to go through profound digitization and transformation. More than 20 entities, representing near 75% of AXA's global workforce, have now gone through Strategic Workforce Planning.

Entities have identified their workforce challenges and needs in terms of headcount evolution, emerging jobs and skills becoming increasingly important for AXA's future success. Globally, the Group expects that 50% of AXA jobs will face high changes in the required skill set. Therefore, AXA has decided to increase its learning budget by almost 25%, and to invest more than €140 million to upskill its employees (over 2016-2020), to build today the skills of tomorrow.

Strategic Workforce Planning is now a sustainable strategic annual process, fully synchronized with the business and financial strategic planning cycles.

Working time and agile working environment

One of the Group's priorities over the recent years was to create the foundations for an agile working culture. In 2015, AXA developed and formalized an agility charter and an agility toolkit at Group level, describing the principles of agile working. By the end of 2016, 30% of AXA's employees were working in an agile working environment [(1)].

Various entities have launched or are about to launch "agile working programs" (recently AXA Germany, AXA Hong Kong), introducing an activity-based desk-sharing principle combined with remote working. These initiatives contribute to increasing employee trust, engagement, empowerment, work-life balance and productivity. Moreover it also takes part in the attraction and retention of diverse talent and yielded a reduced environmental footprint.

(1) Source: 2016 Employee Scope Survey with 82% response rate.

LABOUR RELATIONS

Working time	2016		Evolution	2015	
Average number of working days	***227.4***	***days***	***+0.3%***	***226.8***	***days***
Average number of working hours per week	***36.8***	***hrs***	***+0.3%***	***36.7***	***hrs***
■ Full-time employees	38.0	hrs		38.0	hrs
■ Part-time employees	26.4	hrs		26.0	hrs
Part-time salaried workforce					
■ Proportion of part-time salaried non-sales force	11.6	%		11.4	%
■ Proportion of part-time salaried sales force	3.5	%		3.0	%

Absenteeism	2016		Evolution	2015	
Absenteeism rate of salaried workforce	***4.5***	***%***	***-0.2 pt***	***4.7***	***%***
■ Proportion of absences due to sickness	70.5	%		66.2	%
■ Proportion of absences due to work related accidents	2.1	%		2.0	%
■ Proportion of absences linked to maternity/paternity leave	27.4	%		31.8	%
Absenteeism rate of salaried non-sales force	***4.6***	***%***		***4.9***	***%***
■ Proportion of absences due to sickness	70.3	%		67.0	%
■ Proportion of absences due to work related accidents	2.0	%		1.9	%
■ Proportion of absences linked to maternity/paternity leave	27.7	%		31.1	%
Absenteeism rate of salaried sales force	***3.5***	***%***		***3.8***	***%***
■ Proportion of absences due to sickness	72.0	%		59.9	%
■ Proportion of absences due to work related accidents	3.6	%		2.4	%
■ Proportion of absences linked to maternity/paternity leave	24.4	%		37.7	%

Reward, benefits and compensation cost

COMPENSATION POLICY

AXA broadly applies a "pay-for-performance" approach which (i) recognizes achievement of defined financial and operational targets aligned with AXA's business plan, (ii) promotes long-term sustainable performance by incorporating risk adjustment measures in performance metrics (such as cash Return-On-Equity which takes into account the capital required to deliver performance) and (iii) determines individual compensation amounts on the basis of both financial results and demonstrated individual leadership and behaviours.

Solvency II regulations came into force on January 1, 2016 and include a number of specific remuneration and governance requirements applicable to European insurers and reinsurers.

In this context, AXA has undertaken a comprehensive review of its existing remuneration policies and practices against the requirements of Solvency II and has adopted a new Group Remuneration policy applicable to all AXA employees as of January 1, 2016.

This compensation policy is designed to support the Group's long-term business strategy and to align the interests of its employees with those of other stakeholders by (i) establishing a clear link between performance and remuneration over the short, medium and long term, (ii) ensuring that the Group can offer competitive compensation arrangements across the multiple markets in which it operates while avoiding potential conflicts of interest that may lead to undue risk taking for short-term gain, and (iii) ensuring compliance with Solvency II regulations and any other applicable regulatory requirement.

Detailed information concerning AXA's compensation policy is provided in Part 3 Section 2 of this Annual Report.

In 2016, total compensation cost was €8.6 billion, which corresponds to an increase of 0.3% compared to 2015. On a constant foreign exchange basis, total compensation cost increased by 1.1%.

LONG-TERM INCENTIVES

Since 2016, one of the performance metrics used to calculate AXA's Long Term Incentives (Performance Shares) incorporates Corporate Responsibility considerations. The criterion used is based on AXA's Dow Jones Sustainability Index percentile ranking (with research conducted by RobecoSAM).The DJSI is a robust and recognized independent assessment of long term performance drivers, including corporate governance, compliance, customer relations, environmental management, human capital development, etc.

BENEFITS

Benefits form a significant part of AXA's broader total rewards offer. AXA's policy is to target benefits coverage at a minimum level of the median of the relevant market. Benefits should include pension, healthcare and protection covers (the nature and type of which may vary by entity depending on local competitive and cost considerations). In all cases, local minimum requirements must be respected.

SHAREPLAN PROGRAM

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 2016, over 28,000 employees in 36 countries, representing over 24% of the eligible employees, subscribed to Shareplan. The aggregate proceeds from the offering amount to over €430 million, for a total of over 24 million newly-issued shares.

Following Shareplan 2016, AXA's employees and agents hold 5.70% of the share capital and 7.40% of the voting rights as of December 31, 2016.

COMPENSATION

Compensation cost	2016		Evolution	2015	
Compensation cost of salaried workforce [(a)]	***8,638***	***M€***	***+0.3%*** [(a)]	***8,610***	***M€***
■ Proportion of fixed pay (related to wages)	77.0	%		76.8	%
■ Proportion of variable pay (related to wages)	23.0	%		23.2	%
Annual gross payroll of salaried non-sales force					
■ Proportion of fixed pay (related to wages)	84.1	%		83.4	%
■ Proportion of variable pay (related to wages)	15.9	%		16.6	%
Annual gross payroll of salaried sales force					
■ Proportion of fixed pay (related to wages)	45.4	%		45.6	%
■ Proportion of variable pay (related to wages)	54.6	%		54.4	%

(a) 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). On a comparable Foreign Exchange basis, total compensation cost increased by 1.1%.

Diversity and Inclusion

AXA promotes diversity & inclusion (D&I) by creating a working environment where all employees are treated with dignity and respect and where individual differences are valued. In all aspects of employment, AXA offers equal opportunities to all employees. AXA opposes all forms of unfair or unlawful discrimination and does not tolerate discrimination based on age, nationality, ethnic origin, gender, sexual orientation, gender identity, religion, marital status or disability. By making the workplace attractive and accessible to diverse people, we create conditions more favorable to innovation.

Acceleration towards gender equality remained a top priority for AXA in 2016. The "Sponsorship Tandems" program, leveraging senior executives to act as advocates and using their influence to help strengthen the development of female talent, has formed 17 new Sponsorship pairings with the Group top management members. Furthermore, local roll-outs are in operation across 16 AXA entities. The fourth AXA Women's Conference was held in September 2016, aiming to foster networking among senior executive women and men. 2016's focus was on the topics "Resilience" and "Women as Customers".

In September 2016, AXA was awarded the Economic Dividends for Gender Equality (EDGE) certification, for its global headquarters (GIE AXA Paris), its principal business in France (AXA France) and within the 16 countries of a key worldwide center of excellence ("AXA Technology Services"), and representing near 16,400 employees. This certification recognizes AXA's global commitments and actions in achieving and sustaining gender diversity and equality in the workplace.

As AXA strives to be the most inclusive company in the financial services industry, Global Employee Resource Groups (ERGs) continued to be leveraged in 2016 as a way to engage AXA's employees across the globe on various inclusion topics. "Allies@AXA_Pride", a group on sexual orientation, and "WoMen@AXA", a group on gender equality, have grown in membership since their launch in 2014 (with over 2,300 members in total).

Working parents were made another key topic in 2016: the AXA Global Parent Policy was announced on December 2016 to be implemented from January 1, 2017 across the 64 countries where AXA operates. With this global employee benefit, offering 16 weeks of maternity paid leave and 4 weeks of paternity paid leave, AXA is supporting all working parents in balancing work and their parental duty.

AXA also continued to further encourage and support the integration of employees with disabilities. After signing the ILO (International Labor Organization) Disability Charter in 2015, AXA hosted in June 2016 the Disability Matters Europe Conference gathering 100 representatives from corporations and associations to discuss about disability inclusion. AXA also continues to be actively involved in the ILO Mental Health working group to support healthy working environments. In France, the number of employees with disabilities was 750 in 2016.

Health and safety, absenteeism and employee wellbeing

AXA developed and formalized health and safety guidelines at Group level, describing a set of rules which every local entity is expected to adhere to and to implement in order to ensure a consistent management of the Group, its risks and ethics. In 2017, AXA will implement additional health and safety monitoring processes, to warrant the compliance of all AXA entities with the guidelines at Group level. In Europe, health and safety commitments are covered by the European Works Council agreement, which was signed with the labor organizations in June 2009 and is available at www.axa.com.

The sick absence rate in 2016 remained stable at 3.2%. As AXA operates in an environment that generates business through management of capital and financial services (total absenteeism rate due to work-related accidents is 0.1%), the Group does not monitor gravity, severity nor frequency of work-related accidents on a global level. Systems, procedures and processes are in place and in compliance with local health, safety and welfare legislation, wherever necessary.

AXA's entities have undertaken initiatives to implement local policies and best practices, which they have tailor-made to their specific sectors and local environments. In accordance with AXA's business environment, entities provide services and information campaigns on lifestyle risks such as certain types of cancer and cardiovascular problems, obesity, smoking, road safety or stress prevention.

Training, learning and development

The results of AXA's development of employee skills remained high with 85.4% of its employees receiving a training course at least once during 2016. At the same time, the average number of training days per employee was at 3.0 days.

AXA focuses on delivering global learning solutions to enable more learning agility for all, across all geographies and all businesses, leveraging on the latest approaches and technologies in the following domains: leadership and management, technical and digital skills.

In 2016, the "Digital Academy" delivered new programs ("User Experience Bootcamp", "Social Media for Distributors", "Lead Management"). The Big Data Learning Journey has been reinforced with two major programs:

- the launch of the Data Science "Corporate Open Online Course" (COOC) with more than 1,400 people invited and with a completion rate of 39% for the whole COOC as of December 31, 2016;
- the Data Science for Analytics, a 3-day bootcamp in Python coding, has involved 160 people with multiple profiles (Actuaries, Marketing, IT and Risk Managers) from 25 different entities.

Furthermore, the "Gamified COOC" "Do you speak Digital?" is now open to almost 86,000 people with nearly 14,000 active learners. The success of the platform and its innovative approach were recognized in 2016 during the ACSEL event (French hub for the digital transformation), winning the 2016 "Social Transformation" Award.

Efforts have also been implemented in developing technical skills, such as the build of Property & Casualty and Life & Savings development curricula: "Life and Savings Protection Academy", "Underwriting fundamentals" among others.

Following AXA's vision to create a virtual global learning offer to provide employees with the ability to access knowledge anywhere, at any time, and on any device, the majority of learning programs are distributed in the "Global Learning Management System" (GLMS), with some delivered exclusively on "Massive Online Open Course" format (MOOC). As of today, 44 business units implemented and deployed the GLMS. As of December 31, 2016, more than 92,000 employees had access to the GLMS and its content.

Another innovative experience designed especially for AXA's (Senior) Executives was the "Digital Reverse Mentoring", connecting digital savvy employees with their leaders and acting as their mentors on new technology, social media usage and trends. As of 2016, 525 employees mentored 718 mentees worldwide, delivering more than 4,000 cumulated hours of mentoring.

TRAINING

Training days	2016		Evolution	2015	
Number of training days of salaried workforce	***323,967.1***	***days***	***-1.2%***	***327,939.3***	***days***
■ Non-sales force	222,702.2	days		227,968.8	days
■ Sales force	101,264.9	days		99,970.5	days

Training attendees	2016		Evolution	2015	
Percentage of salaried workforce having received at least one training course	***85.4***	***%***	***+4.1 pts***	***81.3***	***%***
■ Non-sales force	84.8	%		79.3	%
■ Sales force	89.3	%		93.5	%
Average number of training days per salaried workforce	***3.0***	***days***		***3.0***	***days***
■ Non-sales force	2.4	days		2.4	days
■ Sales force	6.7	days		6.3	days

Talent attraction and retention

PERFORMANCE AND TALENT MANAGEMENT

AXA conducts "Organization and Talent Review" processes (OTR), which are systematic reviews of its organizational structure, challenges and key positions. The process is designed to 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.

In 2016, the OTR was specifically leveraged to accompany the changes within the organization, that have resulted from the implementation of a new governance model for the Group.

In 2016, a performance management standard has been established to ensure that the Group's performance-based pay policy, formalized skill mapping and the evaluation of training needs run efficiently. During the year, two entities have started to use this new performance management standard and platform as pilots for the Group. The Group also provides with a multidimensional feedback platform, "AXA 360°", enabling all AXA employees to get qualitative feedback from their professional network and to build a more comprehensive and tailored development plan.

EMPLOYER BRAND AND GRADUATES

Throughout 2016, AXA continued deploying its employer brand through global campaigns on LinkedIn and other social media, with the aim to support the recruitment efforts of AXA's local entities. The objective is to develop the "pride of belonging" to AXA among its current employees and attract the best diverse and international profiles.

To enhance its employer brand attractiveness among early careers, as well as digital and data science targets, AXA has continued to develop its Facebook page and Twitter handle "Discover AXA" (over 170,800 fans and followers at the end of December 2016).

Further in 2016, a global campaign on LinkedIn targeted at digital IT and data science was launched to engage and attract key talent ready to contribute to AXA's transformation.

To better engage with students and graduates in particular, AXA re-launched the "Great Global Adventure" to attract new talent to consider AXA as a potential employer. This was enhanced throughout the year by stories shared around the 2015 and 2016 winners' journeys on Instagram.

In 2016, AXA hired 179 individuals across 16 countries on its AXA Global Graduate Program. With the purpose of accelerating leadership development, AXA believes it can prepare the next generation of leaders by giving them challenging experiences that are tied to its strategy for the future.

Graduates are given both local and global experiences. Globally in 2016, 32 graduates were selected to rotate into another AXA entity. Since 2012, the Graduate Programs at AXA has put purpose, vision, and strategy at the center, and allows graduates to play a significant role in impacting the business.

7.3 ENVIRONMENTAL INFORMATION

AXA is conscious of the role it can play in raising awareness about environmental protection amongst its stakeholders, contributing to improve the understanding of global and local environmental risks, and committing to address climate change. AXA's environmental strategy includes both business drivers (further described below) and operational drivers, such as reducing our internal environmental footprint. Notably, AXA is committed to actively managing its energy, paper and water consumption, as well as carbon emissions and waste.

Environmental management perimeter definition

With regards to Grenelle 2 legislation, AXA Group emphasizes that its direct operations, focusing on financial services, do not generate major impacts on the environment. AXA has some sites classified for environmental protection but they do not produce any significant emissions into air, water and soil, CO_2 emissions being AXA's main environmental concern. Activities and facilities are not likely to generate noise and odor emissions. No complaints, to AXA's knowledge, related to this type of pollution were filed against the Group. AXA's operations and land use do not significantly threaten biodiversity, nor water resource, as water consumption is mainly limited to building usage. Land use is limited to the space where AXA built its buildings (representing approximately 28% of the total area occupied). In 2016, 545,116 m^2 of green space used by AXA contribute to our scale to the preservation of biodiversity.

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 has implemented an environmental reporting process since 2002. Managing our environmental footprint, in line with Grenelle 2 standards has become one of the pillars of our Corporate Responsibility strategy. This effort is undertaken by AXA Group's Corporate Responsibility and operational teams (*e.g.* procurement, IT, marketing, HR). AXA has a target to reduce its carbon emissions covering all greenhouse gas emissions "Scopes [(1)]":

- Scope 1: emissions from fuel consumed on AXA sites as well as by AXA-owned car fleet;
- Scope 2: emissions from purchased energy (essentially electricity consumed by AXA buildings);
- Scope 3: emissions from business travel and paper consumption;
- Note: investment-related "indirect" Scope 3 emissions are analyzed in the Responsible Investment section below.

AXA's Global Key Performance Indicator (KPI) target for the 2012-2020 period is to reduce its carbon emissions per Full-Time Employee (FTE) by 25%. This target is broken-down into the following targets:

- -35% power consumption (kwh/FTE) – Scopes 1&2;
- -15% business travel: vehicle fleet (km/FTE) – Scope 1;
- -5% business travel: air and train (km/FTE) – Scope 3;
- -45% office paper (kg/FTE) – Scope 3;
- -50% marketing and distribution paper consumption (kg/client) – Scope 3.

In addition, the Group has also set two environmental targets that are unrelated to carbon emissions:

- 95% of paper must originate from recycled or sustainable sources;
- -15% water consumption.

(1) As defined by the Greenhouse Gas Protocol www.ghgprotocol.org.

Environmental reporting network and process

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. At Group level, AXA organizes a yearly event on Corporate Responsibility, the "CR Week" which is rolled out by all local entities. Environmental awareness is one of the key topics addressed during this event.

In addition, an annual transport survey available in 41 countries and in 22 languages 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

Fossil-based energy consumption is a key source of CO_2 worldwide. In order to reduce our CO_2 emissions from power consumption ("Scopes 1 & 2"), AXA relies on energy efficiency measures, raising environmental awareness amongst employees, and, where possible, procuring electricity from renewable energy sources.

AXA's power consumption per FTE decreased by 4% in 2016 compared to 2015. AXA entities made significant steps forward to reduce their energy footprint, for example:

- AXA Technology Services has pursued its Green IT program based on server refreshes, data center consolidation and virtualization, PC refreshes and power management. For example, total consumption for AXA Technology Services reduced by almost 7% when compared with 2015 which represents a net reduction of nearly 4 GWh. Power consumption in data centers decreased by 2% to reach around 43 GWh in 2016 which represents a net reduction of 1 GWh;
- some entities have improved their energy efficiency by upgrading their installations. For instance, AXA General Insurance Japan changed lighting to LEDs in one of its call centers and renovated their air-conditioning reducing their electricity consumption;
- some entities have selected more energy efficient buildings in cases of location transfers (*e.g.* AXA Morocco).

AXA's premises use electricity (74% of floor space), gas (16% of floor space), fuel/steam (7% of floor space) and chilled water (3% of floor space). The proportion of renewable energy consumed by AXA's premises in 2016 is almost 53%. Major improvements have been accomplished by the end of 2016, as all French entities (AXA France, AXA Corporate Solutions France) have switched their electricity mix to 100% renewable.

CO_2 EMISSIONS: TRANSPORTATION, PAPER AND ENERGY

CO_2 emissions are a key contributor to climate change; businesses have a role to play in reducing these emissions. In addition to the targets and initiatives described above, AXA has also committed to adopt "Science Based Targets" (sciencebasedtargets.org) to reduce its GHG emissions. Targets adopted are considered "science-based" if they are in line with the level of "de-carbonization" required to keep global temperature increase below 2 degrees Celsius, as mentioned by the Intergovernmental Panel on Climate Change.

AXA's CO_2 emissions per FTE related to energy, paper and business travel (air, rail and car fleet) decreased by 2% between 2016 and 2015. 50% of Group CO_2 emissions are related to energy consumption, 29% from business travel (air and train), 14% from AXA's vehicle fleet and 7% from paper.

The Group implemented environmental travel guidelines since 2011 in order to reduce travel-related GHG emissions. Some entities have adapted these guidelines to meet their local specificities. For instance, AXA Germany, was among the first company in Germany to have implemented a "flexible driving" program offering an innovative and environment-friendly way of mobility. Employees are free to use the car-sharing vehicles for their business and private rides, which helps reduce the entity's car-fleet size. To promote switch to electric mobility, AXA Switzerland has launched "e-Mobility" program and started to install charging stations for employees. To encourage employees to reduce travel, the Group has also installed 50 video-conferencing rooms. However, employee commuting-related CO_2 emissions per FTE increased by almost 3% compared to 2015 with 0.72 T eq. CO_2 per FTE.

WATER CONSUMPTION

Water scarcity is a growing global concern, driven by rapid population growth, urbanization and increasing demand for natural resources. Prudent water management can therefore play a significant role in sustainable use of this resource. Continuing our efforts from previous years, AXA's water consumption per FTE has decreased by almost 6% in 2016. Since 2008, AXA entities have achieved a better level of management maturity and reporting quality regarding their water consumption patterns. Related recent initiatives include the installation of water sensors in bathroom facilities for AXA France and water-saving initiatives at various entities (*e.g.* AXA Switzerland).

PAPER CONSUMPTION

Forests act as a natural carbon sink, as well as a key biodiversity habitat. Certain unsustainable paper production processes threaten many natural forests. AXA signed the pledge on the "We Mean Business" (www.wemeanbusinesscoalition.org) in 2015 platform to remove commodity-driven deforestation from its supply chains by 2020. In line with this commitment, AXA implemented a policy to procure 95% of its paper from sustainable and recycled sources.

AXA strives to increase the volume of paper originating from recycled sources or sustainably managed forests. In 2016, AXA used 61% of office paper and 69% of marketing and distribution paper from recycled sources. To promote this type of paper, since 2011 the Group requires environmentally-friendly office paper as a minimum standard for the main Group entities. It should be noted that AXA Technology Services has published a paper purchasing policy, which requires that all paper purchased be from recycled or sustainable sources by 2020.

AXA's office paper consumption per FTE decreased by 13% between 2015 and 2016. A significant number of entities have implemented a printing policy to help decrease office paper consumption, which includes reducing the number of printers, and installing an employee badging system to collect all printed documents (*e.g.* AXA UK). In 2016, AXA's marketing and distribution paper consumption per customer decreased also by 4% compared to 2015, partly owing to a more accurate measurement process in some entities. For example, in Asia Region, the highest contributor to this decrease is AXA Malaysia GI (61%) on account of "Transformation project" to increase awareness on green environment and AXA Malaysia Life (42%) on account of increase usage of social and digital media and email distribution.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Driven by principles of circular economy and "closing the loop" of product lifecycles, recycling and re-use are followed to better manage our waste wherever possible. AXA's unsorted waste volume has decreased by 21% and for paper sorted for recycling by 8% compared to 2015 as a result of renovations and relocations. For example, entities such as AXA Belgium and AXA Switzerland have put in place waste sorting process, thus increasing volumes. Concerning the recycling of ink cartridges and toners, AXA has also decreased from 68% to 62% in 2016. AXA's IT business unit, AXA Technology Services, for which electronic waste is of particular relevance, is a key contributor to this effort, as it strives to ensure compliance with the Waste Electronic and Electrical Equipment (WEEE) Directive.

Food waste is sorted in 75 canteens in the Group. Since 2014, 4 sites in Paris Region (Terrasses 1 and 5 at Nanterre, Val-de-Fontenay and Marly) recycle organic waste from their restaurants. At the AXA headquarters, the waste food is separately collected in organic bins in order to recycle them. Since 2016, this canteen is also certified as a "Green Restaurant".

AXA is also aware of the role it can play as an insurer with regards to circular economy imperatives. BlaBlaCar, a French car-sharing service, and AXA launched a first-of-its-kind ridesharing insurance product. BlaBlaCar's members benefit from free additional insurance covers provided by AXA. BlaBlaCar and AXA have worked together to tailor the insurance product written by AXA especially to long-distance ridesharing in Europe.

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.

Numerous offers with environmental added-value have been developed by various AXA entities in the Property & Casualty business segment:

- initiatives include Motor and car fleet insurance policies encouraging low CO_2 emission vehicles (*e.g.* promoting electric, hybrid and low emissions vehicles), home insurance policies encouraging energy efficiency (*e.g.* environmental appliances upgrades), renewable energy installations (*e.g.* wind and solar power), and environmentally friendly claims strategies (*e.g.* repair rather than replace automotive spare parts). In addition to specific products, AXA France developed *Assurance Citoyenne,* a screening methodology and label encouraging environmental considerations (see Business-related societal initiatives section);

- in the corporate business segment, AXA Corporate Solutions launched an Energy Line of Business reinforcing AXA's expertise and capacity for insuring clients in the energy industry. This includes insurance products supporting renewable energy production facilities, for which AXA aims to double its footprint by 2020, as well as fossil fuel energy. AXA also designed coal mining and thermal coal plants underwriting guidelines addressing sustainable "energy transition" concerns. AXA offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding).

In addition to P&C products, further information regarding AXA's integration of environmental factors in its investment strategy is described under Section 7.5 "Responsible Investment, "Article 173"/Climate-related financial disclosures".

More examples of business-related environmental initiatives are disclosed on:
https://www.axa.com/en/about-us/environment-climate-change

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 disseminate knowledge about such new risks, including previously 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 the specific companies they invest in. 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.

The Group is aware of the key role of the insurance sector in the climate debate. AXA's work focuses on three main areas:

- enhancing knowledge on climate risk;
- reinforcing climate risk prevention services to help people better anticipate and adapt to the changing climate;
- developing insurance products and investment policies that promote mitigation and adaptation.

AXA was an active supporter of the 2015 COP21 and 2016 COP22 UN climate talks, notably stressing the importance of both climate resilience, meaningful price on carbon, and the need for financial rules and regulations that encourage and support quality, long-term investment. Indeed AXA believes it can also inform public policies on the importance of tackling and adapting to climate change. Recent examples of the approach include our co-Chairmanship of the FSB Task Force on Climate-Related Financial Disclosures, and our Chairmanship of the EU High Level Export Group on Sustainable Finance (developed in the «Responsible Investment» section below).

In 2016, AXA entered into a two-year partnership with UN Habitat, focusing on disaster risk reduction. The partnership aims to strengthen building codes and their implementation in countries vulnerable to natural disasters, to encourage countries to "build back better", and to reduce fatalities and limit economic losses as a result of disasters. The partnership also supports AXA's work on resilience and on the overall objectives of the Sendai Framework.

The AXA Research Fund has funded a new chair in African Climate Risk within the African Climate and Development Initiative at the University of Cape Town. It aims to make a significant change in the research field of climate related risk in the continent. The objectives of the long-term research programme include improving our understanding of past, present and future climate risks, both in terms of climate phenomena and exposure and vulnerability. It will also help identify and assess possible ways to reduce this exposure and vulnerability, and define mechanisms that will enable the implementation of risk reduction and adaptation measures.

AXA signed the UNISDR Private Sector Commitment for Disaster Risk Reduction and is represented in their Advisory Board Group. These principles cover 5 key areas around the role that the private sector can take to further encourage Disaster Prevention, Resilience and Risk Reduction (*e.g.* increase public private partnership, share Risk Management expertise, etc.). AXA is also part of the African Risk Capacity, a regional pooling mechanism providing coverage to African governments in the event of natural disasters or extreme weather events.

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 2016, the Group reported 32 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 2016, 50 sites were reported to have some form of environmental certification.

AXA Group environmental indicators [a]	Unit	2015	2016
Number of employees on site, Full-Time Equivalent (FTEs)	FTE	116,303	115,819
Net internal area (sites)	m^2	1,910,211	1,834,057
POWER (sites)			
Power consumption [b]	Mwh	423,027	404,466
KPI: Power consumption per person	**Kwh/FTE**	**3,637**	**3,492**
Evolution compared to 2015			***-4%***
TRANSPORTATION			
Business travel: airplane and train [c]	Thousands of km	332,400	349,099
Business travel: AXA vehicle fleet	Thousands of km	268,938	253,986
Home/workplace commute (round trip) [d]	Thousands of km	957,561	934,783
CO_2 EMISSIONS [e]			
CO_2 emissions: onsite power consumption	T. eq CO_2	121,514	114,231
CO_2 emissions: business travel: airplane and train	T. eq CO_2	61,372	65,023
CO_2 emissions: business travel : AXA vehicle fleet [f]	T. eq CO_2	33,441	31,304
CO_2 emissions: paper	T. eq CO_2	16,992	16,291
KPI: CO_2 emissions resulting from onsite power consumption, paper and business travel (airplane, train, AXA vehicle fleet) per person	**T. eq CO_2/FTE**	**2.01**	**1.96**
Evolution compared to 2015			***-2%***
CO_2 emissions: home/workplace commute [g]	T. eq CO_2	80,963	82,984
WATER			
Water consumption [h]	m^3	1,075,030	1,008,154
KPI: Water consumption per person	**m^3/FTE**	**9.23**	**8.69**
Evolution compared to 2015			***-6%***
PAPER [i]			
Office paper consumption	T	2,410	2,090
KPI: Office paper consumption per person	**kg/FTE**	**21**	**18**
Evolution compared to 2015			***-13%***
Paper recycled and/or garanteeing sustainable management: office	%	62	61
Marketing and distribution paper consumption	T	15,382	14,970
KPI: Marketing and distribution paper consumption per customer [j]	**kg/customer**	**0.15**	**0.14**
Evolution compared to 2015			***-4%***
Paper recycled and/or garanteeing sustainable management: marketing & distribution	%	65	69
WASTE			
Unsorted waste [k]	T	5,963	4,707
Sorted paper for recycling	T	4,636	4,253
Cartridge and/or toners for recycling	%	68	62

Stable reporting perimeter compared to 2015, representing the 41 most significant countries where the AXA Group is present. Key Performance Indicators (KPIs) highlighted in bold.

(a) In 2016, environmental indicators were collected for sites representing 92,553 FTEs working on AXA sites (unless otherwise indicated in these footnotes) and were then extrapolated, continent by continent, to cover all 115,819 salaried FTEs (all types of contracts) working at the AXA Group in average in 2016.

(b) Includes electricity, natural gas, heating oil, steam, chilled water and covers 92,553 FTEs.

(c) This data has been collected from 92,469 FTEs.

(d) Home/workplace commute estimations are based on an annual online transportation survey, issued to every AXA salaried employee. This data has been collected from 17,259 FTEs and then extrapolated. Sites whose response rate was below 5% have been excluded from the data consolidation process.

(e) The emissions factors specific to each country used for energy, train and air were revised in 2013. Source: the International Energy Agency (IEA) and Ademe.

(f) The AXA vehicle fleet covers 92,243 FTEs.

(g) Does not include company cars, to avoid double counting with the AXA vehicle fleet data.

(h) This data has been collected from 89,450 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).

(i) Paper indicators covers 91,485 FTEs.

(j) The Group had 107 millions customers in 2016.

(k) Unsorted wasted covers 86,829 FTEs, which is low as many entities are currently unable to monitor this waste flow.

7.4 SOCIETAL INFORMATION

Impact on regional development, subcontracting

Given that its operations are largely decentralized and its staff spread across a number of different locations, AXA's activities generally have no significant direct impact on local employment or development in any specific Region, nor does AXA engage in significant levels of subcontracting.

However, AXA's most significant impact on society occurs through its insurance, savings and investment services, which contribute to economic growth, stabilization, and improved risk sharing across firms and households, and between generations. This societal role affects virtually all individuals and businesses.

Most importantly, AXA provides support to over 100 million customers around the world, including individuals, local communities and businesses. Our products and services help our customers protect their lives, their property and belongings, their health, and their savings, providing long-term peace of mind which allows them to build and invest in the future.

In addition to this broad macroeconomic role, AXA supports various stakeholders by identifying and underwriting risk, managing claims, and acting as a significant long-term investor.

Business-related societal initiatives

As described under the environmental information section, AXA develops various products and services with added environmental value. 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 behaviour, as well as help reduce social exclusion. Recent examples of business developments addressing societal needs include the following:

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

AXA France co-created the "Assurance Citoyenne" label with civil society representatives. It is a set of criteria that define minimum requirements to qualify as "sustainable insurance" products. These criteria are based on "Trust" considerations (*e.g.* clear communications to customers and dedicated claims handlers), "Prevention" (e.g. pricing incentives that help customers identify and prevent or reduce risks), "Environment" (*e.g.* paperless contract, products offering incentives or pricing benefits when covering buildings using material that respect the environment), and "Fairness" (*e.g.:* product accessibility for populations usually excluded from insurance mechanisms). Based on an internal rating, AXA France launched a customer facing label, *Assurance Citoyenne*. The label highlights to the customers that the AXA France products offer, above traditional coverage, extra features and services supporting the sustainability and business ethics dimensions. In 2016 the label was granted to 43 products representing almost half of AXA France's P&C turnover.

EMERGING CUSTOMERS

17% of global insurance premiums come from emerging markets, although their contribution to global GDP is 40%. This discrepancy is driven, in great part, by the underinsurance of lower-income populations. The causes of this global protection gap ranges from a lack of understanding of risk and absence of accessible and affordable solutions, due to both technical challenges and fragmented regulatory frameworks. In 2016, the AXA Group announced a business initiative to contribute to financial inclusion and better serve the middle class of tomorrow by accelerating the development of its Emerging Customer insurance offer across high-growth markets. Current initiatives include:

- **ASIA –** India: Bharti AXA General Insurance (BAGI) is partnering since November 2016 with Airtel Payment Bank (APB) to insure all APB account openers with personal accident insurance, covering 100,000 lives by end of 2016 (over 2 millions lives covered by February 2017; Indonesia: To address the lower middle class customers asking for a loan, Mandiri-AXA General Insurance leverages its partnership with Mandiri Bank to propose Credit-linked products to all Mandiri's microbusiness clients; Thailand: AXA GI launched a partnership with a leading mobile network operator in Thailand, to distribute General Insurance products to over 600,000 people. Alongside the Thai government, AXA GI is also insuring 2.6 million farmers; Malaysia: In partnership with the Malaysian Post Office, AXA Malaysia is providing P&C insurance to over 120,000 customers; Philippines: AXA Philippines is working with a leading MFI, as well as several digital players to distribute insurance to emerging customers.

- **EMEA LATAM –** Morocco: AXA partners since 2012 with a large Microfinance institution, to provide 140,000 micro-entrepreneurs with credit-linked products; Nigeria: AXA Mansard ventured into micro-insurance in October 2013 with the introduction of an insurance offering to the customer base of a leading mobile network operator. In addition, AXA Mansard distributes micro-insurance products through partnerships with Microfinance institutions (MFIs); Egypt: AXA Egypt is partnering with 2 microfinance institutions to distribute Life products; Lebanon: AXA is partnering with a value added services provider to distribute mobile micro-insurance products; Brazil: In 2016 AXA Brazil signed an agreement with a leading retailer, to offer several micro-insurance products through this channel.

MICRO-INSURANCE IN FRANCE

In addition to the above products addressing emerging markets, AXA also offers micro-insurance products in France since 2007. AXA France and Macif (French Insurance Company) have offered a microinsurance product, in partnership with the French organization to aid microenterprise development, ADIE. Three policies are available: two Comprehensive Business Insurance packages for entrepreneurs starting up either at home or on dedicated business premises, a Motor Policy and a Business Liability offer. The average premiums are less than €1 per day.

INTEGRATION OF ENVIRONMENTAL, SOCIAL AND ETHICAL ISSUES IN RISK MANAGEMENT AND PRODUCT DEVELOPMENT

When appropriate, the Group's underwriters and portfolio managers integrate 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) applying certain sector-specific exclusions (currently related to "controversial weapons", coal, tobacco and palm oil), (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 formalizes 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.

Stakeholder dialogue

AXA defines its stakeholders as any individual or group affected, or likely to be affected, by its business operations, or who, in turn, may affect the Group's performance or the environment in which it operates. AXA's stakeholders include the Group's shareholders and investors, its employees, its business partners and suppliers, as well as governments, international organizations and community groups.

STAKEHOLDER ADVISORY PANEL

Engagement may take place through regular discussions, meetings, conferences, surveys or more formal structures, such as the Company's European Works Council. AXA may also work directly with stakeholders through strategic partnerships (please see below). AXA also has a Stakeholder Advisory Panel, which meets twice a year and provides high-level input to the Group's strategy and its approach to corporate responsibility, and in December 2016 launched a global stakeholder survey to encourage greater engagement with local civil society and community groups.

STAKEHOLDER ENGAGEMENT PRINCIPLES

AXA has a set of Stakeholder Engagement Principles, published on its corporate website. These principles apply to all AXA's businesses worldwide, and set out the Group's overall approach to stakeholder engagement. As well as these principles, AXA is also guided in its stakeholder engagement by the Group's own internal rules and procedures, as well as by its external commitments – to the UN Global Compact, for example, and the UN Principles for Sustainable Insurance. Engaging with stakeholders, AXA believes, improves the Group's understanding of key social, environmental, and governance issues. It is also used to strengthen the Group's decision-making, helping identify risks and opportunities for the business and improve the products and services AXA offers. By engaging, AXA can also help strengthen society – by making the Group's knowledge, expertise and resources more widely available. Stakeholder engagement is a key part of AXA's Corporate Responsibility strategy.

STAKEHOLDER PARTNERSHIPS

As part of this strategy, AXA will be working closely with a number of civil society partners. These partnerships address key social and/or environmental issues; they include AXA's long-standing partnership with CARE. This partnership was renewed at the end of 2016 for a further three years. Together, AXA and CARE will be working in three main areas: disaster risk reduction, climate change and financial inclusion. In addition, AXA recently agreed two other stakeholder partnerships: the Group will be working with UNICEF to help tackle childhood obesity in Mexico and with UN Habitat on strengthening building codes to build resilience in countries vulnerable to natural disaster.

Community involvement: social & cultural activities, philanthropy, education, employee volunteering

RISK RESEARCH & EDUCATION

Protecting customers from risk and unexpected events is at the core of AXA's mission. This is why AXA is committed to using its skills, resources and expertise to build a better understanding of the risks faced by both individuals and society as a whole.

To support this, AXA's Community Investment program promotes risk research and risk education. This approach is included in the Company's Community Investment Guidelines, introduced in 2011 and updated on a regular basis requiring AXA entities to devote at least 50% of their community investment budget to risk research and education each year. This objective has been almost achieved in 2016 as 49% of €18.8 million [(1)] donated by AXA entities to community projects, were dedicated to risk education and research. In addition, AXA provided support for other good causes, including healthcare, youth employment and humanitarian aid. Specific guidelines on Humanitarian Aid have also been drawn up in 2015.

AXA's approach to community investment also covers a number of other activities and initiatives, including:

- employee volunteering, through local volunteering programs and the AXA Hearts In Action initiative;
- the AXA Research Fund (see section below);
- strategic partnerships, including long-standing partnership with CARE (since 2011, AXA has donated €5.4 million), and partnerships signed in 2016 with UNICEF and UN Habitat (see section above);
- support for arts and heritage, including AXA's support to the Louvre (until the end of 2016) and to the Château de Versailles and the Archives Nationales in Paris;
- response to refugee crisis: AXA has set aside an amount of €1 million to support relief efforts during the current refugee crisis, equally divided between "emergency relief" and "longer-term support" for refugee communities.

VOLUNTEERING

AXA's employees worldwide support disadvantaged people through "AXA Hearts In Action", the Group's employee volunteering program. In 2016, thousands of AXA Hearts In Action volunteers around the world made their skills and time available to help underprivileged people. AXA donated around 110,000 working hours [(1)] to allow employees to volunteer, which is up 24% compared with 2015. This increase is due to new skill-based programs involving AXA employees launched in several AXA entities in 2016.

(1) In 2016, this data is drawn from almost 76% of the Group's total number of FTEs.

THE AXA RESEARCH FUND

The AXA Research Fund, AXA's scientific philanthropy initiative, supports global fundamental research to understand and better prevent environmental, life, socio-economic risks and data/technology-related risks. Since 2007, the Fund committed €166 million to support research in 34 countries. The awarding of grants is based on strict academic criteria, following a transparent and rigorous selection process, which is overseen by a Scientific Board mainly composed of recognized senior academics. Five funding schemes are used to support excellent researchers in the most relevant way to:

- support academic innovation: Chairs (up to €3 million), Awards (up to €250 thousand), Post-Doctoral Fellowships (up to €130 thousand);
- promote discussions between the academic world and society: Joint Research Initiatives (up to €225 thousand), "Outlooks" and *ad-hoc* grants for Public outreach by AXARF research fellows (up to €40 thousand).

More information is available on the ARF institutional website: https://axa-research.org/en/.

Compliance with International Labour Organization recommendations and Business Ethics

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.

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 clients. AXA buyers are required to sign a specific procurement code of ethics in addition to the Group Compliance and 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 through the Ecovadis tool, a specialist assessment platform. Ecovadis helps AXA to monitor environmental, ethical, and social practices of its suppliers and business partners. These criteria enable the Group to improve service quality and reduce some supply chain risks. Finally, ethics policies and training are available to all employees and specifically address procurement relationships. The Chief Procurement Officer monitors the Procurement staff's compliance with these principles.

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, participate in the fight against corruption 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).

AXA is an active member of the non-profit Transparency International France. As such, AXA supports TI's vision, values and founding principles. This includes a commitment to promote "responsible" lobbying practices when AXA engages with public authorities. Our public commitment is detailed in our "Public Affairs Charter":
https://transparency-france.org/wp-content/uploads/2016/04/2015_Charte-de-lobbying_AXA-1.pdf

7.5 RESPONSIBLE INVESTMENT, "ARTICLE 173"/CLIMATE-RELATED FINANCIAL DISCLOSURES

This section describes our Responsible Investment (RI) initiatives in the context of the French "Article 173 VI" decree related to the Law n° 2015-992 of August 17 2015 on Energy Transition for Green Growth, following the structure of the decree: overview of environmental, social, and corporate governance (ESG) integration processes, analysis of climate-related risks and testing portfolio alignment with low-carbon scenarios.

The structure of "Article 173" differs from the FSB TCFD [(1)] "Supplemental Guidance" for Insurance companies and Asset owners, as developed in the final draft recommendations published in December 2016 (which may evolve in the final recommendations to be published in 2017). As a result, a correspondence table has been added at the end of this section in order to cross-reference content.

Responsible Investment and environmental, social and governance integration

AXA defines RI as the integration of ESG considerations into investment processes and ownership practices. Our conviction is that ESG integration may impact long-term investment performance by offering an enhanced understanding of risk drivers. This conviction is derived from academic and market research. It is also a way to strive for alignment between our investments and broader Corporate Responsibility commitments. More recently, as described below, "carbon"-related metrics have complemented our ESG framework.

ESG AND CLIMATE-RELATED GOVERNANCE

AXA created a Group-level Responsible Investment Committee (RIC) in 2010, chaired by the Group's Chief Investment Officer, and including representatives from AXA Asset Management entities, Corporate Responsibility, Risk Management and Communications. The RIC reports to the Group Investment Committee, which meets in the presence of AXA's senior management, including the Group Chief Financial Officer. In addition, AXA's climate change strategy, integrated into our broader Corporate Responsibility strategy framework, is formally reviewed twice a year by the Group Management Committee and annually by the Board of Directors. The Compensation & Governance Committee's mandate formally requires the Committee to examines the Group's Corporate Responsibility strategy and other related issues, notably Climate Change.

RESPONSIBLE STRATEGY

The RIC developed a comprehensive RI strategy covering the Group's General Account assets, complementing RI research and products launched by AXA Investment Managers since 2000. The process of ESG integration, centrally coordinated by the RIC, encourages our asset managers to include ESG metrics in their investment analysis across asset classes and Regions.

Our RI strategy is currently based on four main pillars: 1) integrating ESG and "carbon" performance scores and factors into investment processes and decision-making; 2) excluding sectors or companies that face acute social, human rights, ethical or environmental challenges; 3) developing "impact investments" delivering positive environmental or social as well as financial returns which are actively tracked; and 4) active stewardship through voting and engagement on a range of ESG or sustainability issues. The content below focuses on the first of these pillars.

Our Global RI Policy and sector guidelines can be found on www.axa.com. The AXA Group as well as its two Asset Management affiliates (AXA IM and AB Global) are signatories of the UN-backed Principles for Responsible Investment (UN PRI). The Group's 2016 UN PRI score reached A+, confirming the maturity of our RI strategy.

(1) *Financial Stability Board Taskforce on Climate-related Financial Disclosures.*

OUR ESG CRITERIA, METHODOLOGY, TOOLS AND PRODUCTS

Specific measurement tools ensure that ESG performance is tracked accurately. This process leverages AXA IM's "RI Search tool", which aggregates external research into composite ESG scores and qualitative analyses, further refined by internal RI teams with input from portfolio managers. This tool covers more than 5,000 companies, 100% of the MSCI World index and 150 countries with ESG research. RI Search provides ESG and carbon metrics for each security and assesses these scores against peers, thus enabling the portfolio managers to take ESG risks into account, identify areas of improvement, set targets or guide shareholder engagement. The RI team also conducts thematic research investigating transversal material ESG issues.

This analysis process covers 76% of AXA's General Account assets (€597 billion). In addition to its deployment on the Group's proprietary General Account assets, this tool and research are also used to develop dedicated Responsible Investment funds. Our fund range includes innovative products such as the AXA World Fund "Human Capital" or Planet Bonds funds, addressing respectively talent management and environmental Fixed Income issues. More information about our ESG methodology, criteria, outcomes and actions implemented can be found here: https://www.axa-im.com.

Integrating Climate-related risks

In addition to tracking and managing ESG metrics, AXA factors climate-related risks into its RI process since 2015, as these are not well captured by ESG analysis. Our analysis of the consequences of climate change on our investments focuses on "transition risks" as well as "physical" risks, as described below.

ENERGY TRANSITION RISKS

The 2015 COP21 "Paris Agreement" stressed the need for businesses and investors to transition away from carbon-intensive models of development, towards a more sustainable, low-carbon economy. This energy transition will, in due course, trigger significant shifts in industrial, financial and consumption patterns. Some businesses will benefit from this shift, while others may fail to adapt or grasp new opportunities. This will impact their ability to generate profits, which becomes a "transition risk" for investors. To date, the Group's main energy transition-related initiatives include:

- coal divestment – Carbon emissions will require significant curbing in order to reduce the risk climate change, which may place business constraints on carbon-intensive industries, leaving some assets "stranded", which in turn may lead to reduced valuations. Current valuation models may not account for such risks adequately. In May 2015, following a careful analysis of this "stranded assets" hypothesis, AXA decided to divest from companies most exposed to coal-related activities. This first-mover event helped place coal divestment on the agenda of many other mainstream investors, ahead of COP21. The divestment concerns electric utilities and mining sectors deriving over 50% of their turnover from coal combustion/coal mining. The €500 million divestment covered both equity and corporate Fixed Income and was finalized by year-end 2015 (fixed income assets divested long before maturity). The divestment reduced portfolio risk but also sent a positive signal to markets and regulators, it is consistent with our ESG integration process, it supports the energy transition, and it is also consistent with our broader Corporate Responsibility strategy to promote a "stronger and safer" society;
- green investments – In May 2015, the Group committed to tripling its green investments, aiming to reach over €3 billion by 2020 for its General Accounts, in the belief that these assets may benefit from a transition to a low-carbon economy, but it also represented a commitment to promote this transition. These investments will principally be in renewable energy infrastructure debt and equity, as well as green bonds. The Group currently has approximately €1.8 billion of "green" investments across different asset classes, including infrastructure debt and equity, green bonds and private equity. This figure includes capital invested in the Group Impact Investment Fund, in infrastructure debt and equity, and in Green bonds – including the pioneering sovereign Green bond issued by the French Government in January 2017;
- carbon footprinting: AXA signed the "Montreal Carbon Pledge" in 2015, committing to assess and disclose the carbon intensity of its investments. The 2016 analysis (www.axa.com), which covers 63% of AXA's General Accounts assets (equities, corporate Fixed Income and Sovereign Debt), shows a decreasing average carbon intensity (247T CO_2/$m of revenue vs 284T CO_2/$m of revenue). This footprinting highlights our portfolio's largest carbon emitters, which may be an interesting "carbon asset risk" proxy. It also reveals that broad asset-class data do not provide useful insights, but that sub-sectors breakdowns may for example inform shareholder engagement efforts. However, some limitations remain regarding benchmarks, data coverage, and the fact that this data is a snapshot of current emissions, but is not forward-looking. It highlights today's carbon emitters, but not tomorrow's low carbon solutions providers. A more sophisticated work is required to understand "energy transition" risks, as described in the following section;

- internal "ESG Impact reports": AXA IM develops *ad hoc* reports with ESG and carbon data, across a large variety of funds. The reports cover the average ESG score vs benchmarks, main holdings, carbon footprint, water, diversity, etc. AXA IM strives to add data such as "Green Share", energy mix (exposure to renewables) or engagement statistics related to environmental issues.

PHYSICAL RISKS: MEASURING THE IMPACT OF CLIMATE EVENTS ON OUR INVESTMENTS

In addition to the above "transition" risks, climate change is likely to increase the frequency and severity of extreme weather events, which may impact our most exposed investments, notably Real Estate holdings. This hypothesis is worth exploring considering the size of AXA's Real Estate assets under management. In 2016, AXA decided to analyse such "physical risks" for some of its real assets and infrastructure assets, focusing on a total of €15 billion across a Property portfolio and an Infrastructure debt portfolio, with assets essentially based in Europe.

Our physical risk assessment methodology uses the approach of our Risk Management team to analyse the extent to which natural catastrophes ("NatCat" models – generally used to assess claims-related exposure) would impact our assets. We have performed the assessments using the most common catastrophic events in Europe, cross-checked with an individual geolocalisation of each RE asset. Specific "destruction rates", which factor location, building type and construction materials are used to determine potential damage rates.

Our results show that if a severe 100-year storm were to happen this year, the cumulated loss experienced by the two portfolios would be roughly €15 million. With an average annual loss approach, the combined portfolios have an average annual destruction loss of €0.8 million. If we consider that these investments last around 30 years, we can conclude that the cumulative annual losses experienced over these 30 years may be €24 million. This novel analysis requires further refinement, such as an extension to more portfolios or more catastrophic event types. This work is described in more detail here: https://www.axa.com.

Portfolio alignment with decarbonisation objectives

TESTING ENERGY TRANSITION SCENARIOS

Converting international climate objectives (such as those derived from the COP21 Paris Agreement, French or EU energy mix targets) into quantitative investment targets is a new and complex risk modelling exercise which AXA initiated in 2016. AXA's approach is two-fold: 1) testing the alignment of our investments with the International Energy Agency's "2°C" scenario, and 2) testing the contribution of our investments to the energy and ecological transition measured by the percent of companies' revenues derived from "eco-activities", or so-called "green share."

To meet subsequent potential climate goals, we used three methodologies for improving investment decisions:

- assessing transition risk in high-carbon sectors;
- back-testing portfolios to identify a plan for stock reallocation to meet the 2°C benchmark;
- maximizing energy and ecology transition impact by increasing "green share".

This analysis was tested on representative (diversified and large) portfolios: one AXA France Corporate Bonds and one equity portfolio. AXA focused on three sectors for which "energy transition" as well as "stranded assets" scenarios can be applied with reasonable relevance and data availability: Oil & Gas, Automotive and Electric Utilities, and also taking into account national/regional scenarios and constraints.

This approach matches securities with their current and planned physical underlying assets and production levels by technology. For example, each electric utility is matched with both the current owned and formally planned generation assets by generation type, then compared to the energy mix outlined under the IEA 2°C scenario for utilities. Oil & gas companies are matched with their current and forecasted production levels, based on a ratio of their current production to future proven reserves (in order to estimate their future production), then compared to required production curves under the IEA 2°C scenario. Automotive players are matched with their current and planned fleet production ratio by powertrain technology (electric, hybrid, diesel, etc.) and compared to the technology shift outlined under the IEA 2°C Scenario.

By assessing the type and nature of the business activities of the companies in which we invest, and back-testing portfolios against energy transition scenarios, we believe we can better identify "transition risks" as well as encourage this energy transition. However, many shortcomings remain in the various methodologies we have tested, and these will need to be addressed through further research.

The results of this extensive analysis are described in far more detail (by sector and by asset class) in our public submission to the French Government's 2016 award on "Best Investor Climate-Related Disclosures": https://www.axa.com. AXA won the first prize in this contest designed to foster innovative "Article 173" reports. The international jury particularly praised AXA's work on risk analysis as well as the overall consistency of our approach.

Engagement

SHAREHOLDER ENGAGEMENT

The results of these tests may also be used to inform engagement on sector-specific issues. However, AXA's shareholder engagement activities pre-date the above analysis. Indeed AXA uses its influence as a large asset owner to encourage ESG best practice in its portfolio companies. Our recent engagement initiatives include the following:

- in 2016, AXA decided to strengthen its shareholder engagement at Group-level, complementing existing efforts at AXA Investment Managers and AB level. This included for example joining a collective engagement initiative on the issue of Arctic Oil drilling;
- the "ESG Footprint Committee", a RIC sub-committee, reviews risks posed by companies presenting both a low ESG performance and serious and persistent controversies. This committee's decisions range from "No concerns" (the company remains eligible for investments), "Concerns" (the Credit team initiates further reviews, potentially leading to shareholder engagement), to "Overriding concerns" (divestment). Several companies have already been engaged via this Committee;
- AXA Investment Managers has a dedicated shareholder engagement team, with over ten years of stewardship experience. AXA Investment Managers tracks its engagements and progress against established objectives which are publicly disclosed online. In 2016, AXA Investment Managers conducted 230 direct engagements and supported 6 collaborative initiatives. Environmental issues represent 30% of this engagement. AXA Investment Managers also discloses its "dissenting" voting statistics. See AXA Investment Managers Stewarship Report: https://www.axa-im.com;
- AXA Investment Managers joined "Aiming for A" in 2015, a major collective shareholder engagement initiative urging certain companies to improve their reporting on transition risks;
- following the 2015 Volkswagen emissions scandal, AXA also joined the ShareAction initiative, seeking answers to specific questions regarding carbon and SOX/NOX emissions standards from the automotive sector.

OUTREACH ON SUSTAINABLE FINANCE

AXA communicates on Climate Change on an on-going basis towards the general public as well as its clients *via* various publications, videos, conferences, etc. and online (https://www.axa.com). AXA also conducts active outreach on climate risks towards public authorities, regulators, experts and market actors. AXA believes it has a responsibility to inform public policy on the importance of tackling and adapting to climate change. Recent examples of this approach include:

- AXA was named Vice-Chair of the G20/FSB Task Force on Climate-related Financial Disclosures (TCFD) in 2015. Its mandate is to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The final report, which was submitted to the Financial Stability Board (FSB) and the G20 in early 2017, considers the physical, liability and transition risks associated with climate change, and suggest effective financial disclosures across industries. The Task Force's recommendations also apply to financial-sector organizations, including banks, insurance companies, asset managers, and asset owners. AXA and the TCFD hope that ultimately the recommendations will help institutionalize how climate-related risks and opportunities are assessed within companies, and will promote an informed understanding of climate-related risks and opportunities by investors;
- since January 2017, AXA chairs the Expert Group on Sustainable Finance, launched by the European Commission. Its objective is to help develop an overarching and comprehensive EU strategy on sustainable finance and to integrate sustainability in EU financial policy and regulation, in the context of the Capital Markets Union. It will identify for example the current bottlenecks hampering sustainable finance, the regulatory instruments to be leveraged for effective implementation, as well as the main risks for the EU financial system. The Group will submit a final report to the Commission by end of 2017;
- AXA also co-chairs the Global Steering Committee of the Finance Initiative of the United Nations Environment (UNEP FI) and is an Advisory Board member of the OECD's Centre on Green Finance and Investment.

FSB Taskforce on Climate-related Financial Disclosures (TCFD) correspondence table

The following table cross-references the above content (based on the structure of the "Article 173" decree as well as Grenelle 2) with the FSB TCFD final draft recommendations published in December 2016. While these recommendations are not yet finalized, AXA nonetheless strives to proactively address many of the items recommended for disclosure in the "Supplemental Guidance" (both Insurance companies and Asset owners), owing to our active role within the TCFD throughout 2016. The overlap amongst referenced sections reflects both a broad cross-referencing approach and the differences in reporting frameworks.

Dimension	Recommended TCFD disclosure	AXA Reference Document: main relevant sections
Governance	Board oversight	■ Chapter 7.5 Responsible Investment > ESG and climate-related governance
	Management oversight	■ Chapter 7.5 Responsible Investment > ESG and climate-related governance
Strategy	Identification and business impact of climate-related risks and opportunities, including products	■ Chapter 4.1 Risk factors ■ Chapter 7.2 Environmental information > Business-related environmental initiatives (products) ■ Chapter 7.5 > Responsible investment
	Factoring into investment strategy	■ Chapter 7.5 Responsible Investments > Energy transition risks > Coal divestment, Green investments
	Portfolio positioning against 2°C scenarios	■ Chapter 7.5 Responsible Investment > Portfolio alignment with decarbonization objectives
Risk Management	Risk identification	■ Chapter 4.1 Risk factors ■ Chapter 7.5 Responsible Investment> Integrating Climate-related risks
	Physical and transition risks	■ Chapter 4.1 Risk factors ■ Chapter 7.5 Responsible Investment > Integrating Climate-related risks > Energy transition risks, Physical Risks
	Risk Management tools and models	■ Chapter 4.2 Internal Control and Risk Management ■ Chapter 7.5 Responsible Investment > Integrating Climate-related risks
	Shareholder engagement	■ Chapter 7.5 Responsible Investment > Shareholder engagement
Metrics and targets	Aggregated P&C business risk exposure	■ Chapter 4.6 Insurance Risks
	Metrics used to assess climate risks	■ Chapter 4.1 Risk factors ■ Chapter 7.5 Responsible Investment> Integrating Climate-related risks > Energy transition risks > Carbon footprinting ■ Chapter 7.5 Responsible Investment > Portfolio alignment with decarbonization objectives
	Direct carbon emissions and targets against GHG Protocol Scopes 1, 2 and 3	■ Chapter 7.2 Environmental information > Performance targets ■ Chapter 7.2 Environmental information > Environmental data reporting table
	Carbon intensity of investments	■ Chapter 7.5 Responsible Investment > Integrating Climate-related risks > Energy transition risks > Carbon footprinting

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated human resources, environmental and social information presented in the management report

FOR THE YEAR ENDED AT 31ST OF DECEMBER, 2016

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 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,

In our capacity as Statutory Auditor of AXA SA, appointed as independent third party and certified by COFRAC under number 3-1060 (1), we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended at the 31st of December 2016, included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the Social Data Report referential, the Environmental Reporting Protocol and the Community Investment Survey Guide used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of Ethics *(Code de déontologie)* of our profession and the requirements of Article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved 8 persons and was conducted between end of October 2016 and February 2017 during a 14 week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000 (2) concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation regarding the completeness of CSR Information

NATURE AND SCOPE OF OUR WORK

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.,* the Company, its subsidiaries as defined by Article L.233-1 and the controlled entities as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the methodological information described at the bottom of the data tables "Workforce" and "AXA Group environmental indicators", as well as the footnote of the paragraph "Volunteering" of the chapter 7 of the management report.

CONCLUSION

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

NATURE AND SCOPE OF OUR WORK

We conducted a dozen interviews with 6 persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and Risk Management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and Risk Management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (see appendix):

- at parent entity entities level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities, composed of AXA Colpatria, AXA Assistance Colombia, AXA US, AXA Life Insurance Japan, AXA Ubezpieczenia TU:R S.A., AXA Polska S.A, AXA Affin General Insurance Bh, AXA Insurance SG, AXA Ireland, AXA Insurance Morocco, AXA Sigorta, AXA France, AXA Banque et AXA Corporate Solutions, selected by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 29% of headcount considered as material data of human resources issues, between 19% and 31% of quantitative environmental data considered as material data of environmental issues and between 22% and 24% of quantitative societal data considered as material data of social issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

CONCLUSION

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-seine, March 22, 2017
One of the Statutory Auditors

PricewaterhouseCoopers Audit

Xavier Crepon
Partner

Sylvain Lambert
Partner of the Sustainable Development Department

Appendix: List of the information that we consider as the most important

HUMAN RESOURCES INFORMATION:

- total workforce, including indicators headcount of salaried workforce as at the end of the year and average FTE of salaried workforce;
- distribution of employees by sex, by age and by geographic zone, including indicators headcount of salaried non-sales and sales force men and women by professional category, average age and average seniority of salaried non-sales force;
- recruitments and departures, including indicators external recruitments, resignations, dismissals and involuntary turnover of salaried non-sales force;
- compensations and evolutions, including total gross payroll of salaried non-sales force and gross fixed payroll of salaried sales force;
- absenteeism, including indicator absenteeism rate and proportions by type of absence of salaried non-sales and sales force;
- organization of labour relations;
- work accidents, in particular frequency and gravity as well as work disease;
- training policy;
- total number of training hours, including indicators average number of days;
- measures taken in favour of the equality between men and women;
- measures taken in favour of the employment and the insertion of handicapped people;
- respect of the freedom of association and of the right of collective bargaining;
- elimination of segregation in terms of employment and professions.

ENVIRONMENTAL INFORMATION:

- company organization to take into account environmental issues;
- measures to prevent, recycle and eliminate waste, including indicators unsorted waste, sorted paper for recycling and percentage of cartridges and/or toners for recycling;
- water consumption and supply according to local constraints, including indicator water consumption per person;
- raw materials consumption and measures taken to improve the efficiency of their use, including indicators office paper, marketing and distribution consumption and percentage of paper recycled and/or guaranteeing sustainable management;
- energy consumption and measures taken to improve energetic efficiency and the use of renewable energy, including indicators consumption of electricity, gas, fuel, steam and chilled water and energy consumption per person;
- Main sources of greenhouse effect gases emissions generated by company activities, including indicator CO_2 emissions resulting from onsite power consumption, paper and business travel per person;
- usable occupied area and usable vacant area, including indicator net internal area.

SOCIAL INFORMATION:

- territorial, economic and social impact in terms of employment and regional development;
- partnership and patronage actions, including volunteering hours during paid hours and cash donations to community projects;
- inclusion of social and environment issues in the purchase policy;
- actions carried out to prevent corruption;
- other actions carried out to promote human rights.

7 CORPORATE RESPONSIBILITY

This page was intentionnaly left blank.

APPENDICES

APPENDIX I	CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT	424
APPENDIX II	MANAGEMENT'S ANNUAL EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING	429
APPENDIX III	STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	432
APPENDIX IV	AXA PARENT COMPANY FINANCIAL STATEMENTS	433
APPENDIX V	GROUP EMBEDDED VALUE & AFR	457
APPENDIX VI	GLOSSARY	458
APPENDIX VII	BOARD OF DIRECTORS' REPORT – CROSS-REFERENCE TABLE	462
APPENDIX VIII	EUROPEAN COMMISSION REGULATION (EC) N° 809/2004 OF APRIL 29, 2004 – CROSS-REFERENCE TABLE	463
APPENDIX IX	ANNUAL FINANCIAL REPORT – CROSS-REFERENCE TABLE	466

APPENDIX I CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT

This report presents, pursuant to the provisions of Article L.225-37 of the French Commercial Code (*Code de commerce*), the composition of the Board of Directors and the implementation of fair representation of women and men within 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 set up by the Company (Part 2). The report also includes provisions on AXA's financial risks related to climate change and the measures taken by the Company to reduce its exposure by implementing a low-carbon strategy in all aspects of its businesses (Part 3). It also presents the principles and the rules adopted by the Board of Directors in order to determine the compensation and other benefits granted to the Company's executive officers (Part 4). 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 5).

In preparing his report, the Chairman of the Board of Directors has consulted, as he deemed appropriate, AXA's executives 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 16, 2017.

In this report, the term "Group" refers to AXA SA (the "Company") together with its direct and indirect consolidated subsidiaries.

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 implementation of fair representation of women and men within the Board, as well as the conditions of preparation and organization of the Board of Directors' work, please see Part 3 – "Corporate governance", "Board of Directors" and "The Board Committees" Sections of this Annual Report. For information on specific limitations of the powers of the Chief Executive Officer decided by the Board of Directors please see Part 3 – "Corporate governance", "The Chief Executive Officer" Section of this Annual Report.

Part 2 Internal control and risk management procedures

For information on the internal control and risk management procedures set up by the Company, please refer to pages 190 to 197 of Section 4.2 "Internal control and risk management" in Part 4 – "Risk factors and risk management" of this Annual Report.

Part 3 Financial risks related to climate change

For information on financial risks related to climate change and the measures taken by the Company to reduce its exposure by implementing a low-carbon strategy in all aspects of its businesses, please see paragraph "The occurrence of natural or man-made disasters, including those resulting from changing weather patterns and climatic conditions, could adversely affect our financial condition, profitability, and cash flows" in Section 4.1 "Risk factors" and Section 7.5 "Responsible investment, "Article 173"/ Climate-related financial disclosures" of this Annual Report.

Part 4 Compensation

For information on the principles and rules adopted by the Board of Directors in order to determine the compensation and other benefits granted to corporate officers of the Company in Part 3 – "Corporate governance" Section 3.2 "Executive compensation and share ownership" of this Annual Report.

Part 5 Corporate Governance Code of Reference

In December 2008, AXA adopted all of the Afep-Medef recommendations, including the recommendations on the compensation of corporate officers of October 2008, as its 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 and revised in November 2016 (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. Details are presented in Sections 3.1 "Corporate governance structure – a balanced and efficient governance" and 3.2 "Executive compensation and share ownership" of this Annual Report describing corporate governance mechanisms and containing information about executives' compensation.

The Company implements all the recommendations of the Afep-Medef Code. However, in order to take into account certain specificities of its business and governance practices, AXA has decided to adapt in certain cases set out below the provisions of the Afep-Medef Code while remaining in line with the principles of the Afep-Medef Code:

- Section 8.5 of the Afep-Medef Code relating to the independence of parent company directors holding a directorship in a Group subsidiary: although certain members of the AXA Board of Directors hold a non-executive directorship in one or more Group subsidiaries wholly owned, directly or indirectly, by AXA, the Company considers that this does not automatically (i) place them in a situation of conflict of interest, or (ii) impair their independence in any way. The Board believes that permitting its members to sit on the Boards of certain Group subsidiaries is beneficial to the Board's overall knowledge and appreciation of the Group's operations, strategy and risk profile. Directors who also serve on the Boards of Group subsidiaries, however, are required to abstain from participating in the decisions of the AXA Board which could affect the interests of the entity in which they hold a directorship to prevent potential independence issues;
- Section 24.3.3 of the Afep-Medef Code relating to the 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"). AXA Group's Compliance and Ethics Guide defines sensitives periods as periods beginning 30 days prior to the disclosure of the annual or half-year earnings releases and 15 days prior to its quarterly financial information releases. During sensitive periods, the AXA Group's Compliance and Ethics Guide (i) permits the exercise of AXA stock options but (ii) prohibits the sale of shares acquired upon exercise of stock options ("subscription and sale" transactions). Consequently, beneficiaries of options may exercise options at their pre-determined strike price at

any time but may not sell AXA shares obtained upon exercise (or otherwise engage in transactions involving AXA securities) during sensitive periods (or during other periods outside of sensitive periods when they may be in possession of material non-public information). It should be noted that the French High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*) in its Annual Report dated October 2014 considers this position to be acceptable.

Pursuant to the provisions of Article L.225-37 of the French Commercial Code, the conditions for the participation to Shareholders' Meetings are detailed in Article 23 of AXA's Bylaws, 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 Bylaws are 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 AXA's Board of Directors' report which is included in this Annual Report.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
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, 2016)

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**

AXA SA
25, avenue Matignon
75008 Paris

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA, and in accordance with Article L.225-135 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, 2016.

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 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 22, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Xavier Crépon	Jean-Claude Pauly - Maxime Simoen

APPENDIX II MANAGEMENT'S ANNUAL EVALUATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The AXA Group's Internal Control Over Financial Reporting (ICOFR) is a process designed under the supervision of the Group Chief Financial Officer (CFO) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements.

Since its delisting from the New York Stock Exchange (NYSE) in March 2010 and its deregistration with the United States Securities and Exchange Commission (SEC) in June 2010, the Group has maintained an annual Internal Financial Control (IFC) program designed to evaluate the effectiveness of AXA Group's ICOFR. AXA's Statutory Auditors provide a reasonable assurance report on AXA Group's ICOFR each year.

The IFC program is based on the Group's IFC Standard, which is an internal control and governance standard.

(a) Group's IFC Standard

Group's IFC Standard is based on the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is designed to define the IFC scope and governance, ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program.

(a.1) IFC SCOPE

The IFC program includes primarily the entities which are individually significant to 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 the Group Chief Executive Officer (CEO), is responsible for establishing and maintaining adequate ICOFR.

The IFC program is steered by the Group IFC Committee chaired by the Group CFO and involves the Planning Budgets Results Central (PBRC) Department, other relevant AXA departments, and representatives from each in-scope entity. The IFC program and the conclusion of management as to the effectiveness of AXA Group's ICOFR are also reviewed by AXA's Audit Committee.

(a.3) IFC PRINCIPLES

AXA Group's ICOFR includes policies and procedures that provide reasonable assurance that:

- the maintenance of records accurately and fairly reflect the transactions and dispositions of Group assets;
- the transactions are recorded as necessary to permit the preparation of financial statements in accordance with the applicable generally accepted accounting principles;
- the receipts and expenditures are being made only in accordance with the authorization of executives of the Group; and
- 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 Group level with a focus on identifying those risks that may result in a material misstatement of Consolidated Financial Statements not being prevented or detected in a timely manner. This top-down and risk-based approach enables to identify in-scope entities and processes.

In line with the COSO framework, AXA Group's ICOFR is organized around the following key process categories: Entity-Level Controls (ELC), IT ELC, Financial Statement Closing Process, Business Processes, and IT General Controls.

For every key process category, the in-scope entities (i) document the significant processes and/or 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 with insight into risks, and (iii) remediate identified control deficiencies.

Outstanding control deficiencies are consolidated at Group level to evaluate their impact on 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 time.

(a.4) IFC CERTIFICATION

At each year-end, the in-scope entities are required to perform an evaluation of their ICOFR as part of an internal certification process. This process involves formal sign-off by the entity's process owners and culminates with a formal management report from the entity's CFO or another senior executive officer

stating their conclusion as to the effectiveness of the entity's ICOFR.

This internal certification process across all in-scope entities is designed to assist AXA's management in its evaluation of AXA Group's ICOFR and to support its conclusion as to the effectiveness of AXA Group's ICOFR.

(b) Management's annual evaluation on ICOFR based on Group's IFC Standard

Management conducted an evaluation of the effectiveness of AXA Group's ICOFR in accordance with the Group's IFC Standard as described above. Based on this evaluation, management concluded that AXA Group's ICOFR was effective as of December 31, 2016.

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 the policies or procedures deteriorates.

(c) Report of the Statutory Auditors on ICOFR

PricewaterhouseCoopers Audit 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 Group's ICOFR based on the Group's IFC Standard is fairly stated.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
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, 2016, in order to be able to obtain reasonable assurance as to whether AXA's management's assertion that internal control over financial reporting is effective, as included in 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, 2016. 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 over financial reporting is based on criteria established in the Internal Financial Control Standard of AXA ("AXA's IFC Standard"), which is an internal control and governance standard, as described in management's annual evaluation of internal control over financial reporting on page 429 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 if 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, 2016 is effective, in all material respects, is fairly stated based on the criteria established in AXA's IFC Standard.

Neuilly-sur-Seine and Courbevoie, March 22, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Xavier Crépon

Mazars
Jean-Claude Pauly - Maxime Simoen

APPENDIX III STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I, the undersigned, having taken all reasonable care to ensure that such is the case, hereby certify that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no material omission likely to render it misleading or inaccurate.

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 for the periods presented, and that the Board of Directors' report, the various sections of which are mentioned on page 462 of this Registration Document, 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 Registration Document and have reviewed the entire document.

Paris, March 23, 2017

Thomas Buberl

Chief Executive Officer of AXA

APPENDIX IV AXA PARENT COMPANY FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

NET INCOME

Net income after taxes for the fiscal year ended December 31, 2016 resulted in a profit of €432 million compared to a profit of €1,747 million for the year ended December 31, 2015. This decrease is mainly explained by the unwinding of interest rate derivative positions resulting in a loss of €1,849 million.

As a systemic entity and in line with our policy aiming to reduce the volume of derivative transactions, we have continued to settle outstanding derivatives. This also facilitates transition to the clearing of derivatives which decrease counterparty risks, liquidity needs and operating costs. While in consolidated accounts these derivatives are accounted for at fair value, statutory accounts value them at historical costs leading to a loss in statutory accounts of €1,849 million following the restructuring.

Dividends received from subsidiaries amounted to €3,521 million, versus €2,552 million in 2015, representing an increase of €969 million, mainly due to:

- €1,360 million in dividends from AXA France Assurance versus €893 million in 2015, an increase of €467 million due to a partial capital decrease of AXA France Vie linked to Solvency II implementation;
- €1,267 million in dividends from AXA Versicherungen AG (Switzerland) compared to €688 million in 2015, an increase of €579 million taking into account 2016 anticipated dividends;
- the dividend paid by AXA Asia for €203 million;
- €140 million in dividends paid by AXA Mediterranean Holding versus €237 million in 2015, down €97 million, mainly due to repayment of internal financing;
- €7 million in dividends paid by AXA Holdings Belgium compared to €123 million in 2015, a decrease of €116 million following the restructuring of AXA's businesses in Belgium.

Net financial expenses, which include interest expenses net of interest income from loans and investments, stood at €2,852 million versus €948 million in 2015, up €1,904 million of which €1,849 million from the unwinding of interest rate derivative positions mentioned above.

Operating expenses stood at €420 million, compared to €513 million in 2015, a drop of €93 million mainly due to cost savings.

Capital operations resulted in a loss of €501 million in 2016, versus a loss of €106 million in 2015, and breaks down as follows:

- a €69 million foreign exchange loss, versus a €189 million gain in 2015, mainly related to rolling over hedge positions of debt in pounds sterling;
- a €249 million net allowance for impairment on investments in subsidiaries, versus €270 million in 2015, including €146 million in AXA Life Invest Reinsurance due to its liquidation and €100 million in AXA Global Life following an ongoing strategic review;
- €127 million in allowances to provisions for risks and charges, versus €99 million in 2015, which mainly include the annual allowance of €57 million to provisions for 2017 convertible bond redemption premium;
- €17 million of realized losses on the sale of the Life & Savings and Property & Casualty operations in Portugal.

The corporate income tax benefit amounted to €692 million, compared to €784 million in 2015. It mainly included €781 million of tax receivables from members of the tax consolidation group in France, partly offset by the €80 million payment related to the French tax of 3% on dividends paid to shareholders.

BALANCE SHEET

At December 31, 2016, total assets amounted to €74,181 million, versus €74,827 million at December 31, 2015.

Assets

Intangible assets totaled €340 million. They mainly included the AXA brand contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €32 million related to the capitalization of software expenses.

Investments in subsidiaries net of valuation allowances totalled €62,548 million versus €63,269 million at year-end 2015, representing a decrease of €721 million, reflecting:

- €191 million, €182 million and €80 million in capital reductions of AXA Life Insurance Co., Ltd (Japan), AXA Life Invest Reinsurance and AXA Life Europe, respectively, given their surplus capital;
- €249 million in net allowances to provisions for investments in subsidiaries referred to above.

Receivables from subsidiaries stood at €3,527 million versus €4,034 million at year-end 2015 representing a decrease of €507 million which is mainly due to repayments of loans granted to US entities in the amount of $1,500 million (€1,339 million) and to AXA UK plc for £405 million (€511 million), partly offset by a loan granted to AXA Mediterranean Holding for €1,400 million to refinance matured internal loans.

Other financial assets amounted to €134 million versus €1,118 million in 2015, a €984 million decrease, of which €970 million was attributable to margin calls paid during the prior fiscal year and refunded in 2016 to bank counterparties under collateral agreements.

Miscellaneous receivables totalled €965 million, mainly reflecting €613 million of dividend receivables and €311 million of financial income receivables.

Cash and cash equivalents stood at €2,949 million versus €2,623 million at year-end 2015. This €326 million increase is mainly explained by the dividends received from subsidiaries net of the dividend paid to shareholders, the issuances of senior and subordinated debt partly offset by the repayment of external debt and commercial papers.

Cash instruments totalled €31 million of which US dollar options for €18 million and €10 million related to Mexican pesos.

Unrealized foreign exchange losses amounted to €3,411 million, of which €2,539 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The increase of €413 million compared with 2015 is mainly due to the maturity of foreign exchange positions in the Swiss franc and the Japanese yen.

Liabilities

Shareholders' equity, before net income for the period and after payment of the dividends relating to the prior fiscal year, stood at €39,849 million, a decrease of €148 million, including €637 million related to the cancellation of shares bought back, partly offset by a €430 million capital increase reserved for employees and €59 million following the exercise of stock options.

Other shareholders' equity includes the undated deeply subordinated securities (TSS) which totalled €5,206 million versus €6,734 million in 2015, taking into account the repayment of €1,254 million of TSS and a positive currency translation adjustment of €237 million.

Provisions for risks and charges amounted to €1,534 million and mainly consisted in €689 million for the redemption premium related to the subordinated convertible note maturing in January 2017, €443 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group and a €128 million provision for exchange-rate risks.

Subordinated debt stood at €11,399 million versus €9,187 million in 2015, an increase of €2,212 million taking account of the issuance of debt in March 2016 for €1,500 million and in September 2016 for $850 million (€756 million) partly offset by a positive currency translation adjustment of €71 million.

Financial debt totalled €14,343 million versus €13,557 million at December 31, 2015, up €786 million, which primarily takes into account an increase of €1,101 million in margin calls received from bank counterparties under collateral agreements, the issuance of €500 million in senior debt and a €421 million increase in loans granted by Group entities, partly offset by a €1,285 million reimbursement of outstanding commercial paper.

Unrealized foreign exchange gains amounted to €856 million at year end, versus €604 million at December 31, 2015. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. Its increase compared to 2015 is mainly due to the positive impact of the fall of pound sterling 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 3, Section 3.2. "Executive compensation and share ownership".

Supplier invoices to be paid at December 31, 2016 came to €9 million, €8 million of which are due within three months (application of Article D. 441-4 of the French Commercial Code). At December 31, 2015, they amounted to €11 million, €10 million of which was due within three months.

ACQUISITION OF EQUITY INTERESTS

In 2016, The Company did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Commercial Code.

This page was intentionnaly left blank.

BALANCE SHEET

Assets

(in Euro million)		December 31, 2016 Gross carrying value	Amortizations and provisions	Net carrying value	Net carrying value as at December 31, 2015
Fixed assets					
Intangible assets		376	36	340	343
Tangible assets					
Land		-	-	-	-
Buildings and other fixed assets		1	-	1	1
Financial assets					
Investments in subsidiaries		64,399	1,851	62,548	63,269
Receivables from subsidiaries		3,528	1	3,527	4,034
Other financial assets		231	97	134	1,118
Loans		75	-	75	40
	I	**68,610**	**1,985**	**66,626**	**68,806**
Current assets					
Operating receivables					
Tax receivables		22	-	22	112
Receivables and subsidiaries' current accounts		965	-	965	193
Marketable securities		125	-	125	37
Cash instruments		31	-	31	15
Cash and cash equivalents		2,949	-	2,949	2,623
Prepaid expenses		2	-	2	14
	II	**4,094**	**-**	**4,094**	**2,994**
Prepayments and accrued income					
Deferred charges		301	270	31	27
Bond redemption premiums		19	-	19	2
Unrealized foreign exchange losses		3,411	-	3,411	2,998
TOTAL ASSETS		**76,435**	**2,255**	**74,181**	**74,827**

Liabilities

(in Euro million)		December 31, 2016	December 31, 2015
Shareholders' equity			
Capital			
Ordinary shares		5,554	5,557
Capital in excess of nominal value			
Issue premiums		19,162	19,309
Merger and contribution premiums		1,060	1,060
Reserves			
Legal reserve		561	564
Specific reserves for long term capital gains		2,316	2,316
Other reserves		1,488	1,491
Retained earnings		9,664	10,564
Tax driven provision		45	44
Net income for the financial year		432	1,747
	I	**40,281**	**42,653**
Other shareholders' equity			
Undated subordinated notes		5,206	6,734
	II	**5,206**	**6,734**
Provisions for risks and charges	**III**	**1,534**	**1,460**
Liabilities			
Subordinated debt		**11,399**	**9,187**
Financial debt		**14,343**	**13,557**
Operating payables			
Tax payables		2	1
Social payables		0	0
Other payables			
Debt on fixed assets		366	366
Other		187	258
Cash instruments		2	-
Deferred income		4	5
	IV	**26,304**	**23,376**
Prepayments and accrued expense			
Unrealized foreign exchange gains		856	604
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**74,181**	**74,827**

INCOME STATEMENT

(in Euro million)		2016	2015
I. Result on ordinary activities			
Financial & operating revenues			
Dividends received from subsidiaries		3,521	2,552
Revenues on short-term investments		87	157
Other revenues		14	7
	I	**3,622**	**2,716**
Operating expenses			
External expenses and other expenses		(404)	(505)
Tax expenses		(1)	-
Payroll and compensation		(19)	(5)
Interest expense		(2,939)	(1,105)
Allowances for depreciation of buildings and deferred charges		(10)	(10)
	II	**(3,373)**	**(1,625)**
Operating profit	**(III = I + II)**	**250**	**1,091**
Contribution on common operations	**IV**	**-**	**-**
Financial operations on securities			
Reversals to provisions for marketable securities		1	-
Net income on sale of short-term securities		(10)	(22)
Allowances to provisions for marketable securities		-	-
Investment result on securities	**V**	**(9)**	**(22)**
Profit on ordinary activities before tax	**(VI = III + IV + V)**	**241**	**1,069**
II. Result on capital operations			
Proceeds from the sale of fixed assets		67	169
Releases of provisions for risks and charges		-	112
Releases of equity securities provisions		82	41
Foreign exchange result		(69)	189
Net book value on the sale of fixed assets		(108)	(202)
Allowances to provisions for risks and charges		(127)	(99)
Allowances to equity shares provisions		(318)	(320)
Exceptional result		(28)	4
	VII	**(501)**	**(106)**
Income tax benefit/(expense)	**VIII**	**692**	**784**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII +VIII**	**432**	**1,747**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
1 – Closing balance sheet summary					
a) Capital – Ordinary shares (in Euro million)	5,470	5,537	5,593	5,557	5,554
b) Ordinary shares (numbers in million)	2,389	2,418	2,442	2,426	2,425
c) Bonds convertible into ordinary shares (numbers in million) [(a)]	7	7	7	7	7
2 – Income statement summary (in Euro million)					
a) Gross revenues before sales tax	3,438	3,289	3,394	2,709	3,608
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	1,850	1,776	1,785	1,079	252
c) Income tax expense/benefit	375	558	646	784	692
d) Net after-tax income after depreciation, amortization and releases	3,261	1,727	2,392	1,747	432
e) Net dividend distribution	1,720	1,960	2,317	2,656	2,813
3 – Per share data (in Euro)					
a) After tax income, before depreciation, amortization and releases	0.65	0.81	1.00	0.71	0.38
b) After tax income, after depreciation, amortization and releases	1.37	0.71	0.98	0.72	0.18
c) Net dividend per share [(b)]	0.72	0.81	0.95	1.10	1.16

(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 proposed at year end 2016 is submited to the Shareholders' Meeting of April 26, 2017 and based on 2,425,149,130 outstanding ordinary shares.

STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2016	December 31, 2015
Cash inflows		
Profit on ordinary activities before tax	241	1,069
Result on capital operations before tax	(501)	(106)
Income tax expense/benefit	692	784
Changes in reserves and amortization	331	(18)
Cash flow for the year	**763**	**1,729**
Increases in shareholders' equity	489	668
New borrowings	3,556	3,054
Sale or decrease in fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	4,826	1,817
TOTAL CASH INFLOWS	**9,633**	**7,268**
Cash outflows		
Dividends paid out during the year	2,656	2,317
Reduction in shareholders' equity	637	
Repayment of financial debt	2,876	1,000
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	1,891	3,032
Expenses amortized over several years	28	-
TOTAL CASH OUTFLOWS	**8,088**	**7,498**
Change in working capital	**1,545**	**(230)**
Short-term equivalents		
Change in:		
■ operating receivables	670	(218)
■ operating payables	72	(34)
■ cash and cash equivalent	803	22
TOTAL	**1,545**	**(230)**

This page was intentionally left blank.

SUBSIDIARIES AND PARTICIPATING INTERESTS

(in Euro million)	Share capital	Other shareholders' equity	Percentage of capital held	Gross Book Value of securities held
	1	2	3	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 21, avenue Matignon – 75008 PARIS	8,401	358	100.00%	8,413
AXA AFRICA HOLDING 23, avenue Matignon – 75008 PARIS	60	1	100.00%	60
AXA PARTNERS HOLDINGS SA (ex-AXA ASSISTANCE) 6, rue André Gide – 92320 CHATILLON	90	9	100.00%	96
AXA BANK EUROPE SA 25, Boulevard du Souverain – 1170 BRUXELLES – Belgium	681	260	100.00%	960
AXA CHINA 23, avenue matignon – 75008 PARIS	462	(16)	51.00%	235
AXA EQUITY AND LAW PLC 5 Old Broad Street – LONDON EC2N 1AD – England	1	2,458	99.96%	1,133
AXA FRANCE ASSURANCE 26, rue Drouot – 75009 PARIS	452	3,862	100.00%	4,315
AXA GENERAL INSURANCE 395-70, Shindaebang-dong, Dongjak-gu – SEOUL – South Korea	197	(15)	99.71%	294
AXA GLOBAL LIFE 40, rue du Colisée – 75008 PARIS	673	(35)	100.00%	747
AXA GLOBAL P&C 9, avenue de Messine – 75009 PARIS	176	89	95.04%	217
AXA GROUP SOLUTIONS 23, avenue Matignon – 75008 PARIS	-	104	100.00%	158
AXA HOLDINGS BELGIUM 25, Boulevard du Souverain – 1170 BRUXELLES – Belgium	453	1,177	100.00%	4,493
AXA HOLDING MAROC 120-122, avenue Hassan II – 21000 CASABLANCA – Morocco	222	200	100.00%	229
AXA INVESTMENT MANAGERS Cœur Défense – Tour B – La Défense 4 – 100 Esplanade du Général de Gaulle – 92932 PARIS LA DÉFENSE	53	676	78.96%	1,551
AXA LIFE INSURANCE COMPANY CO Ltd NBF Platinium Tower 1-17-3 Shirokane – Minato-ku 108 – 8020 TOKYO – Japan	652	1,779	77.92%	2,381
AXA LIFE EUROPE Wolfe Tone House, Wolf Tone Street – DUBLIN 1 – Ireland	100	1,198	100.00%	1,259
AXA LIFE INVEST SERVICES Wolfe Tone House, Wolf Tone Street – DUBLIN 1 – Ireland	120	(117)	100.00%	120
AXA MEDITERRANEAN HOLDING Calle monseñor Palmer numéro 1 – PALMA DE MALLORCA – Balearic Islands	147	3,516	100.00%	4,076
AXA LIFE INVEST REINSURANCE C/O KPMG, 1 Stokes Place, St. Stephens Green – DUBLIN 1 – Ireland	72	2	100.00%	250
AXA TECHNOLOGY SERVICES Les collines de l'Arche – 76 route de la Demi Lune 92057 PARIS LA DÉFENSE	25	9	99.78%	73
AXA UK PLC (b) 5 Old Broad Street – LONDON EC2N 1AD – England	1,790	4,267	53.12%	4,556

(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
8,413	-	0	110	21	203	December 31, 2016
60	5	0	-	1	0	December 31, 2016
96	131	0	61	(34)	0	December 31, 2016
960	-	0	295	13	0	December 31, 2016
235	-	0	0	3	-	December 31, 2016
1,133	-	0	-	-	-	December 31, 2016
4,315	-	0	1,487	1,458	1,360	December 31, 2016
294	-	0	572	5	0	December 31, 2016
557	-	0	125	(33)	-	December 31, 2016
217	-	0	2,148	43	-	December 31, 2016
105	6	0	262	4	-	December 31, 2016
4,493	-	0	13	13	7	December 31, 2016
229	-	0	18	16	16	December 31, 2016
1,551	52	135	84	265	164	December 31, 2016
2,381	-	0	5,157	574	-	December 31, 2016
1,259	-	3,437	41	(7)	0	December 31, 2016
2	6	0	25	-	-	December 31, 2016
4,076	1,475	331	130	104	140	December 31, 2016
74	-	0	-	-	0	December 31, 2016
55	-	-	295	21	-	December 31, 2016
4,556	409	1,168	-	(172)	-	December 31, 2016

A

(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				
AXA VERSICHERUNGEN AG General Guisan-str, 40 – CH-8401 WINTERTHUR – Switzerland	155	1,746	100.00%	5,171
CFP MANAGEMENT 21, avenue Matignon – 75008 PARIS	1	2	100.00%	140
COLISEE RE 40, rue du Colisée – 75008 PARIS	95	135	100.00%	620
FAMILY PROTECT 21, avenue Matignon – 75008 PARIS	214	(196)	100.00%	214
AXA PARTNERS HOLDINGS LTD Buldiing 11 Chiswick – 566 Chiswick High Road – LONDON W4 5XR – England	636	50	100.00%	445
HOLDING VENDÔME 3 21, avenue Matignon – 75008 PARIS	-	-	100.00%	159
OUDINOT PARTICIPATIONS 21, avenue Matignon – 75008 PARIS	9,151	3,656	100.00%	12,299
SOCIÉTÉ BEAUJON 21, avenue Matignon – 75008 PARIS	47	1,005	99.99%	1,266
VINCI B.V. Graadt van Roggenweg 500 – Postbus 30800 3503 AP UTRECHT – Netherlands	1,439	841	100.00%	4,285
2) Participating interests (10 to 50%-owned)				
AXA HOLDING AS Meclisi Mebusan cadn° 15 – Salipazari 80040 ISTANBUL – Turkey	338	7	16.76%	112
AXA KONZERN AG Colonia Allee, 10-20 – 51067 KOLN – Germany	80	1,825	34,63%	2,120
LOR MATIGNON 100 , Esplanade du Général De Gaulle – Cœur Défense Tour B 92400 COURBEVOIE	9	139	27.78%	57
RESO GARANTIA (RGI Holdings B.V.) Ul, Svetlanskaya, 250/1, Vladivostok,Primorsky Territory Far Eastern federal district, 690000 Russian Federation	143	312	39.34%	805
Sub-total A				**63,309**
B. General information about other units and participating interests				
1) Subsidiaries not shown in Section A				
a) French subsidiaries (total)				104
b) Foreign subsidiaries (total)				171
2) Participating interests not shown in Section A				
a) in French companies (total)				42
b) in foreign companies (total)				133
TOTAL (A+B)				**63,759**

(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
5,171	-	0	3,015	706	1,267	December 31, 2016
4	-	0	-	-	1	December 31, 2016
322	-	0	6	39	68	December 31, 2016
11	-	0	-	(6)	-	December 31, 2016
445	-	0	6	2	-	December 31, 2016
-	-	0	-	-	0	December 31, 2016
12,299	-	0	-	1	0	December 31, 2016
1,218	122	122	50	16	0	December 31, 2016
4,285	-	0	164	216	164	December 31, 2016
112	-	0	-	4	-	December 31, 2016
2,120	-	0	370	445	96	December 31, 2016
57	-	0	14	(9)	-	December 31, 2015
468	-	0	1,160	134	0	December 31, 2016
61,573	**2,206**	**5,192**	**15,608**	**3,843**	**3,486**	
78	9	5,048	-	-	-	
125	3	-	-	-	15	
42	-	-	-	-	9	
89	1	-	-	-	11	
61,907	**2,219**	**5,197**	**15,608**	**3,843**	**3,521**	

Notes to the financial statements as at December 31, 2016

Net income

Net income for the fiscal year ending December 31, 2016 was €432 million against €1,747 million at December 31, 2015.

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, 2016 are prepared and presented in accordance with the provisions of the 2014 Chart of Accounts (regulation ANC n° 2014-03 dated June 5, 2014).

Since January 1, 2011, AXA has applied the hedge accounting rules to hedge foreign exchange risk applicable to investments in subsidiaries and affiliates (regulation ANC n° 2015-05).

Since January 1, 2005, AXA has applied regulations CRC 2002-10 related to depreciation and amortization of assets (amended by regulations CRC 2003-07 and CRC 2005-09), and CRC 2004-06 related to the definition, recognition and measurement of assets, repealed and replaced by regulation ANC n° 2014-03 chapter "*titre II, chapitre I Actifs non financiers*»; application of these regulations has had no impact on the Company's financial statements.

In accordance to regulation CRC 2008-15, repealed and replaced by regulation ANC n° 2014-03 chapter "*titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salaries*" (especially Articles 624-15 and 624-16) and chapters "*titre IX, chapitre IV, section 5 "Comptes financiers*" (especially Article 945-50) treasury shares are recorded in "Marketable securities". At December 31, 2016 5,463,201 shares were allocated to hedging purposes, representing €125 million.

The application of regulations 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 (regulation ANC n° 2014-03 chapter "*titre VI, chapitre II, section 4 Plans d'options d'achat ou de souscription d'actions et plans d'attribution d'actions gratuites aux salariés*").

Find below a summary of options and performances or units shares granted in 2016 and 2015 to members of the Management Committee paid by the Company:

	Year 2016		Year 2015	
(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
TOTAL	**485,915**	**2,672,040**	**487,122**	**3,186,475**

Stocks options, performance shares and performance units plans are described in Part 3 – Section 3.2 "Executive compensation and share ownership" of this Annual Report.

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 the Company 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 totaled €340 million. They mainly included the AXA brand contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €32 million relating to the capitalization of software expenses.

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 to 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 (i) their share price, or (ii) their shareholders' equity (including unrealized gains) or (iii) 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 to 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

On December 31, 2016 the number of outstanding AXA subordinated convertible bonds issued on February 17, 2000 (the "Convertible Bonds") was 6,612,510 with a par value of €165.50.

The maturity date of the Convertible Bonds was January 1, 2017. Pursuant to the terms of the Convertible Bonds, bondholders had to notify AXA of their election to maintain their conversion option prior to that date. Consequently, on January 1, 2017, the Company redeemed, at a price of €269.16 per Convertible Bond, 6,612,162 Convertible Bonds in respect of which the bondholders did not elect to maintain their conversion option. Bondholders who have elected to maintain their conversion option must exercise their conversion option prior to the end of a 3 month-period beginning on January 1, 2017, *i.e.* until 31 March 2017 included. Convertible Bonds for which the conversion option has not been exercised during such period will be redeemed on 3 April 2017 at a price of €269.16 per Convertible Bond.

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 premium have been amortized since 2002 and will be until maturity of the issue, using the compound interest method. The yield to maturity used (3.29%) is the rate which enables future payment of the redemption premium, assuming the bond was issued on January 1, 2002.

2.10. Employee benefits

Employee benefit liability was reviewed and a valuation was carried out, in accordance with the Recommendation ANC n° 2013-02, so as to measure any additional adjustment necessary to ensure the coverage of defined post-retirement benefit obligations and for accounting purpose. The method 1, as defined by this Recommendation has been applied: past service costs are recognized in profit and loss over the vesting period and the expected return on asset is used in developing the net periodic pension cost. Pursuant to this review and following a €10 million payment to an external organism to fund the related obligations, the employee benefit liability recognised was nil as at December 31, 2016 and 2015. Additional information on employees' defined benefit obligations is provided in Note 26.2 of consolidated financial statements.

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 includes the undated deeply subordinated securities (TSS) which totalled €5,206 million versus €6,734 million in 2015, taking into account the repayment of €1,254 million of TSS and a positive currency translation adjustment of €237 million.

2.14. Provisions for risks and charges

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 contributed by FINAXA as part of the 2005 merger and valued at €307 million at the time based on brand royalties billed to Group subsidiaries and to the Mutuelles AXA, and €32 million relating to the capitalization of software expenses.

3.2. Movements in financial assets (before provisions)

(in Euro million)	Gross value at December 31, 2015	Acquisitions	Disposals/ Translation variance and accrued interests	Gross value at December 31, 2016
Investments in subsidiaries [a]	64,897	82	580	64,399
Receivables from subsidiaries [b]	4,035	4,015	4,522	3,528
Other financial assets [c]	1,201	-	970	231
Loans	40	106	71	75
TOTAL	**70,173**	**4,203**	**6,143**	**68,233**

(a) The net decrease of €498 million was explained by €191 million, €182 million and €80 million in capital reductions of AXA Life Insurance Co., Ltd (Japan), AXA Life Invest Reinsurance and AXA Life Europe, respectively, given their surplus capital.

(b) The net decrease of €507 million is mainly due to repayments of loans granted to US entities in the amount of $1,500 million (€1,339 million) and to AXA UK plc for £405 million (€511 million), partly offset by a loan granted to AXA Mediterranean Holding for €1,400 million to refinance matured internal loans.

(c) The decrease of €970 million was attributable to margin calls paid during the prior fiscal year and refunded in 2016 to bank counterparties under collateral agreements.

3.3. Movement in provisions for impairment of financial assets

(in Euro million)	Provisions at December 31, 2015	Allowances	Releases	Provisions at December 31, 2016
Investments in subsidiaries [a]	1,628	305	82	1,851
Receivables from subsidiaries	1	-	-	1
Other financial assets	83	14	-	97
TOTAL	**1,712**	**319**	**82**	**1,949**

(a) €223 million net allowance for impairment on investments in subsidiaries, versus €270 million in 2015, including €146 million in AXA Life Invest Reinsurance due to its liquidation and €100 million in AXA Global Life following an ongoing strategic review.

3.4. Statement of receivables by maturity

(in Euro million)	Gross value at December 31, 2016	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	3,528	493	451	2,584
Tax receivables	22	22	-	-
Loans	75	66	3	6
Miscellaneous receivables and currents accounts with subsidiaries	965	965	-	-
TOTAL	**4,590**	**1,546**	**454**	**2,590**

3.5. Miscellaneous receivables and subsidiaries' current accounts

(in Euro million)	
Income receivable	625
Miscellaneous debtors	29
Accrued interest on *swaps*	310
Subsidiaries' current accounts	1
TOTAL	**965**

3.6. Expenses payable over more than one period

(in Euro million)	Gross value at December 31, 2016	Amount amortised at December 31, 2015	Charge and increase for the period	Net value at December 31, 2016
Bond issue expenses	126	107	3	16
Other debt issue expenses	104	85	4	15
Investment acquisition expenses	71	71	-	-
TOTAL	**301**	**263**	**7**	**31**

3.7. Unrealized foreign exchange losses

Unrealized foreign exchange losses amounted to €3,411 million, of which €2,539 million related to the deferred recognition of foreign exchange losses in line with hedge accounting principles, offset by unrealized gains on investments in subsidiaries. This item also reflects unrealized losses on assets and liabilities denominated in foreign currencies attributable to the effects of their revaluation at the closing exchange rate. The increase of €413 million compared with 2015 is mainly due to the maturity of foreign exchange positions in the Swiss franc and the Japanese yen.

3.8. Share capital

The Company's share capital is represented by 2,425,149,130 shares with a par value of €2.29, giving a total value of €5,553,591,507.70 at December 31, 2016. These shares were all entirely subscribed and paid with rights from January 1, 2016.

3.9. Movement in shareholders' equity

(in Euro million)	Year ending December 31, 2015	Year ending December 31, 2016
Net income	1,747	432
Per share	0.72	0.18
Movement in shareholders' equity compared to opening balance	(1,050)	(2,371)
Per share	(0.43)	(0.98)
Proposed dividend [(a)]	2,656	2,813
Per share	1.10	1.16

(a) Proposed dividend at year end 2016 is submited to Shareholders' Meeting of April 26, 2017.

(in Euro million)	
Equity at December 31, 2015	**42,652**
Capital increase for employees	430
Exercise of equity instruments	59
Shares buyback/cancellation	(637)
Dividends paid out	(2,656)
Net income for the period	432
Tax driven provision and others	1
Equity at December 31, 2016	**40,281**

3.10. Other shareholders' equity

Other shareholders' equity includes the undated deeply subordinated securities (TSS) which totalled €5,206 million versus €6,734 million in 2015, taking into account the repayment of €1,254 million of TSS and a positive currency translation adjustment of €237 million.

(in Euro million)	Value at December 31, 2015	Repayement	Translation variance/accrued interests	Value at December 31, 2016
Undated deeply Subordinated Notes (nominal)	6,618	(1,254)	(237)	5,127
Accrued interests	116	-	(37)	79
TOTAL	**6,734**	**-**	**(1,528)**	**5,206**

3.11. Provisions for risks and charges

(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 [(a)]	397	77	14	-	460
Provision for foreign exchange losses	235	-	107	-	128
Other provisions for risks	196	87	26	-	257
Amortization of convertible bond redemption premiums	632	57	-	-	689
TOTAL	**1,460**	**221**	**147**	**-**	**1,534**

(a) The €460 million provision for deferred taxes at end of the period includes €443 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group.

3.12. Subordinated debt

(in Euro million)	Value at December 31, 2016	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	219	-	-	219
Undated subordinated Euro Medium Term Notes	2,787	-	-	2,787
Convertible Subordinated bonds 3,75% 2017	1,094	1,094	-	-
Subordinated bonds 3,375% 2057	1,500	-	-	1,500
Subordinated bonds 5,25% 2040	1,300	-	-	1,300
Subordinated bonds 5,125% 2043	1,000	-	-	1,000
Subordinated bonds 5,625% 2054 (£)	876	-	-	876
Subordinated bonds 4,5% 2046 ($)	806	-	-	806
Redeemable subordinated bonds 8,60% 2030 ($)	1,186	-	-	1,186
Redeemable subordinated bonds 7,125% 2020 (£)	380	-	380	-
Subordinated EMTN	10	-	-	10
Accrued interests	241	241	-	-
TOTAL	**11,399**	**1,335**	**380**	**9,684**

Subordinated debt stood at €11,399 million versus €9,187 million in 2015, an increase of €2,212 million taking account of the issuance of debt in March 2016 for €1,500 million and in September 2016 for $850 million (€756 million) partly offset by a positive currency translation adjustment of €71 million.

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, 2016	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	850	-	350	500
Bonds	7,269	150	3,966	3,153
Deposits under collateral agreements	1,101	1,101	-	-
Loans granted by Group entities	4,973	400	3,630	943
Accrued interests	150	150	-	-
TOTAL	**14,343**	**1,801**	**7,946**	**4,596**

Financial debt totalled 14,343 million versus €13,557 million at December 31, 2015, up €786 million, which primarily takes into account an increase of €1,101 million in margin calls received from bank counterparties under collateral agreements, the issuance of €500 million in senior debt and a €421 million increase in loans granted by Group entities, partly offset by a €1,285 million reimbursement of outstanding commercial paper.

3.14. Statement of operating payables

(in Euro million)	Value at December 31, 2016	Less than 1 year	1 to 5 years
Debt on fixed assets [(a)]	366	366	-
Other payables, including tax and social payables [(b)]	187	187	-
TOTAL	**553**	**553**	**-**

(a) Debt relating to non-current assets totaled €366 million and included shares issued by entities but not yet fully paid, including €237 million for Axa Global Life, €75 million for AXA Life Europe and €54 million for AXA Life Invest Reinsurance.

(b) Of which €175 million of expenses payable.

3.15. Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €856 million at year end, versus €604 million at December 31, 2015. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rate. Its increase compared to 2015 is mainly due to the positive impact of the fall of pound sterling on liabilities.

4. NOTES TO THE STATEMENT OF INCOME

4.1. Executive remuneration

- Directors' fees allocated to members of the Board of Directors: €2 million.
- Other remuneration (net of recharging): €8 million.

The Company had 4 employees and 2 executive officers at the balance sheet date.

4.2. Income tax

(in Euro million)	Income before tax	Tax benefit/ expense*	Net income
Ordinary income [(a)]	241	-	241
Income from capital operations	(501)	-	(501)
Income tax expense [(b)]	-	692	692
TOTAL	**(260)**	**692**	**432**

* *A positive sign indicates tax benefit.*

(a) Dividends received from investments in subsidiaries with more than 5% ownership for more than 2 years are tax-exempt, apart from a share of the costs and charges equal to 5% (application of the French CGI Article 216).

(b) The corporate income tax benefit amounted to €692 million, compared with a tax benefit of €784 million in 2015. It mainly included €781 million of tax receivables from members of the tax consolidation group in France, partly offset by the €80 million payment related to the French tax of 3% on dividends paid to shareholders.

5. OFF-BALANCE SHEET COMMITMENTS

(in Euro million)	Notional value (Commitments given)	Market value
Financial futures instruments	**60,790**	**1,145**
Foreign exchange Forward	**1,345**	**(1)**
Swaps	**55,337**	**1,150**
Interest rate swaps	32,858	1,316
Cross Currency swaps (long term)	11,624	(199)
Foreign Exchange swaps (short term)	10,855	33
Options	**4,108**	**(4)**
Equity options	1,786	-
Foreign Exchange Options	2,317	(4)
Floor	5	-

Other commitments	Commitments given	Commitments received
Credit facilities (authorized but not drawn)	2,484	12,385
Guarantees and securities		
Commitments to buy back shares and bonds from Group entities	52	-
Other commitments	18,339	26
Of which financial guarantees given to Group entities	11,109	-

6. SENSITIVITY

By virtue of its business, the Company 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.

Sensitivity *(in Euro million)*	Change in fair value: Interest rates: +100 bps [d]	Change in fair value: Depreciation of the Euro : 10% [e]
Debt [a]	5.5%	-3.9%
Derivatives [b]	10.4%	0.9%
Loans [c]	-0.1%	5.3%

(a) External and internal debts.
(b) Both eligible and not eligible derivatives.
(c) External and internal loans.
(d) A 100 bps rise in interest rates leads to a 5.5% improvement in the fair value of debt, a 10.4% improvement in the fair value of derivatives, and a -0.1% deterioration in the fair value of loans.
(d) A 10% depreciation of the Euro leads to a -3.9% deterioration in the fair value of debt, a 0.9% improvement in the fair value of derivatives and a 5.3% improvement in the fair value of loans.

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

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° 2014-03 (Article 831-3).

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, 2016)

Aux Actionnaires

AXA SA
25, avenue Matignon
75008 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of AXA SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These 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 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies.

used and the reasonableness of accounting estimates made, as well as the overall presentation of the 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II – Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- financial assets are valued using the methods applying to each category and described in paragraph 2.5 of the notes to the financial statements.

  Regarding investments, for which impairment is based on the value-in-use and the intent to hold the investments, we 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 them.

- provisions are recorded at the year-end for redemption premiums on convertible bonds issued by the Company, in accordance with the policies described in paragraph 2.9 of the notes to the financial statements. We reviewed the reasonableness of the assumptions used to calculate these provisions, as regards 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 checked that the implementation of hedge accounting, if applicable, was documented appropriately. In all other cases, we verified that adequate provisions were recorded for the unrealized losses.

These assessments were made as part 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 verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

As required by law, we have verified that the information pertaining 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 22, 2017

The Statutory Auditors
*French original signed by**

PricewaterhouseCoopers Audit	Mazars
Xavier Crépon	Jean-Claude Pauly - Maxime Simoen

* *This document is the English translation of the original legal statutory audit report which is, by law, prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information therein, the original language version takes precedence over this translation. This English version should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.*

APPENDIX V GROUP EMBEDDED VALUE & AFR

The information is disclosed in the “Embedded Value & AFR 2016 report” which is available on AXA’s website (www.axa.com).

APPENDIX VI GLOSSARY

This glossary includes definitions of non-GAAP financial measures, or alternative performance measures ("APMs"), that management believes are useful to understand the Group's business and analyse the Group's performance. The scope of the following definitions of APMs remains unchanged compared to prior periods. All APMs are indicated by an asterisk*.

SCOPE AND COMPARABLE BASIS

Emerging and Mature markets

The split between emerging and mature markets is detailed below:

Emerging markets include the following countries: the Europe, Middle East, Africa & Latin America Region (Mexico, Colombia, Nigeria, Brazil, Morocco, Turkey, the Gulf Region, Lebanon, Poland, Czech Republic, Slovak Republic and Russia), Hong Kong, South-East Asia (Singapore, Indonesia, Thailand, Malaysia and Philippines), India and China, excluding Direct operations.

Mature markets include the following countries: France, the United States, the United Kingdom, Ireland, Japan, Germany, Switzerland, Belgium, Italy, Spain, Portugal (in 2015 only), Greece, Luxembourg, AXA Corporate Solutions Assurance and AXA Assistance.

Comparable basis for revenues and Annual Premium Equivalent

"On a comparable basis" means the following:

- 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**);
- 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**).

EARNINGS AND CAPITAL

Adjusted Earnings*

Adjusted Earnings represent the net income (Group share) as disclosed in Part 5 – "Consolidated Financial Statements" of this Annual Report, before the impact of the following items net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- integration and restructuring costs related to material newly acquired companies as well as restructuring and associated costs related to productivity improvement plans;
- goodwill and other related intangibles;
- exceptional operations (primarily change in scope and discontinued operations);
- 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;
- exclude derivatives related to insurance contracts evaluated according to the "selective unlocking" accounting policy; and
- exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities 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 and including the following elements net of policyholder participation, deferred acquisition costs, VBI, taxes and minority interests:

- realized gains and losses and change in impairment valuation allowances (on assets not designated under fair value option or trading assets); and
- cost at inception, intrinsic value and pay-off of derivatives used for the economic hedging of realized gains and impairments of equity securities backing General Account assets and shareholders' funds.

Earnings per share

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

The calculation of **Return on Equity** ("**RoE**") is based on 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.

Free Cash Flows

Free Cash Flows are defined as a measure of dividend capacity calculated as the sum of earnings and required capital change.

AFR (Available Financial Resources)

Surplus derived from a Solvency II balance sheet. It is defined as the excess of market value of assets over best estimate liabilities and Risk Margin as per Solvency II regulation.

Regulatory Solvency ratio

This ratio is calculated as per Solvency II regulation, and is equal to the total of available financial resources (AFR) divided by the Group solvency capital requirement. The solvency capital requirement is set at a level ensuring that insurers and reinsurers are able to meet their obligations towards policyholders and beneficiaries over the next 12 months, with a 99.5% probability.

The denominator of the ratio can calculated either through a standard formula or through an internal model. AXA is using an internal model.

Debt Gearing

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed in percentage. Debt Gearing is used by the Management of the Group to measure the financial leverage and the extent to which its operations are funded by creditors as opposed to shareholders. AXA's Debt Gearing is calculated by dividing the gross debt (financing debt and undated subordinated debt) by total capital employed (shareholders' equity excluding undated subordinated debt and reserves relating to the change in the fair value of financial instruments and of hedge accounting derivatives plus gross debt).

SEGMENT

Life & Savings

HYBRID AND G/A CAPITAL LIGHT PRODUCTS

Hybrid products: Savings products allowing clients to invest in both Unit-Linked and General Account funds.

G/A Capital light products: General Account Savings products which, at inception, create more AFR than the economic capital they consume.

NET INFLOWS

Life & Savings Net Inflows are defined as the collected premiums (including risk premiums, fees and revenues), net of surrenders, maturities, claims paid and other benefits paid. This definition is applicable to all Life and Savings products, with the exception of Mutual Funds products.

APE (ANNUAL PREMIUM EQUIVALENT)

It represents 100% of new regular premiums plus 10% of single premium, in line with EEV methodology. APE is Group share.

NBV (NEW BUSINESS VALUE)

The value of newly issued contracts during the current year. It consists of the present value of future profits after the costs of acquiring business, less (i) an allowance for the time value of financial option and guarantees, (ii) cost of capital and non-financial risks. AXA calculates this value net of tax.

MARGIN ANALYSIS*

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

Even though the presentation of the 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):

- 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";
- 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";
- 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";
- change in URR (Unearned Revenues Reserves – 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:

- 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";
- change in UFR (Unearned Fee Reserves – 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:

- net investment income; and
- 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:

- revenues derived from mutual fund sales (which are part of consolidated revenues);
- loadings charged to policyholders on premiums/deposits and fees on funds under management for separate account (Unit-Linked) business;
- loadings on (or contractual charges included in) premiums/deposits received on all General Account product lines;
- deferred income such as capitalization net of amortization of URR (Unearned Revenues Reserve) and UFR (Unearned Fee Reserve); and
- other fee revenues, *e.g.*, fees received on financial planning or sales of third party products.

Underlying net technical margin includes the following components:

- 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;
- surrender margin: the difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination;
- 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 hedging. It also includes the unhedged business result;
- policyholder bonuses if the policyholders participates in the risk margin;
- oeded reinsurance results; and
- other changes in insurance reserves are all the reserve strengthening or release coming from changes in valuation assumptions, additional reserves for mortality risk and other technical impacts such as premium deficiencies net of derivatives if any.

Underlying expenses are:

- 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);
- 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;
- 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;

- administrative expenses;
- claims handling costs; and
- 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.

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 Profitability Analysis*

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:

- earned premiums, gross of reinsurance;
- claims charges, gross of reinsurance;
- change in claims reserves, including claims handling cost reserves, gross of reinsurance, excluding the recurring interests credited to insurance annuity reserves;
- claims handling costs; and
- net result of ceded reinsurance.

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

- 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
- earned revenues, gross of reinsurance.

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

- 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
- earned revenues, gross of reinsurance.

Underlying expense ratio is the ratio of:

- underlying expenses (excluding claims handling costs); to
- earned revenues, gross of reinsurance.

Underlying expenses include two components: expenses (including commissions) related to acquisition of contracts (with the related **acquisition expense 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 underlying expense ratio and claims handling costs ratio.

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

Asset Management

Net inflows: Inflows of client money less outflows of client money. Net inflows are used by the Management to measure 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 excluding distribution fees)/ (gross revenues excluding distribution fees).

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 AB. 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, with cash inflows (collected money) and cash outflows (exiting money). It includes market effect and capitalized interests over the period.

Net operating revenues are disclosed before intercompany eliminations and before realized capital gains/losses or changes in fair value of « fair-value-P&L » assets and of hedging derivatives.

APPENDIX VII BOARD OF DIRECTORS' REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the elements required to be included 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 (*Code de commerce*).

The following references to the sections of this Annual Report correspond to the components of the Board of Directors' report as approved by the Board of Directors of the Company.

Sections		Pages
1.	Business and trends/Earnings/Financial position and key performance indicators	10 to 14 and 27 to 101 and 433 to 456
2.	Use of financial instruments by the Company when relevant for assessing its assets and liabilities, financial position, and profits and losses	93 to 99; 190 to 221 and 274 to 288
3.	Description of major risk factors and uncertainties	178 to 221
4.	Acquisition of significant equity interests in companies headquartered in France	434
5.	Events subsequent to fiscal year end/Outlook	99 to 101 and 369
6.	Dividend distributions over the last three years	12 and 13
7.	Information on market and liquidity risks (interest rate, exchange rate and stock price fluctuation risk)	93 to 98; 178 to 189 and 204 to 214
8.	Purchase and sale of the Company's own shares	376
9.	Executive compensation	136 to 170
10.	Transactions involving Company stock completed by corporate officers	163
11.	Directorships and positions held by corporate officers of the Company	108 to 123
12.	Relevant provisions in the event of a public takeover bid on the Company	390
13.	Capital ownership	375 and 376
14.	Employee shareholders	376 and 377
15.	Adjustment of the rights of holders of securities with a claim on the capital of the Company	n/a
16.	Social and environmental information	392 to 421
17.	Research and development activities	n/a
18.	Terms of payment	434
19.	Agreements between a corporate officer or a shareholder of the Company and a subsidiary of the Company	134
Exhibits		
20.	Table of the capital increase delegations	379 to 380
21.	Table of the Company's financial results over the last five years	439
22.	Chairman of the Board of Directors' report	424 to 426
23.	Report on the corporate officers' compensation policy	167 to 170

APPENDIX VIII EUROPEAN COMMISSION REGULATION (EC) N° 809/2004 OF APRIL 29, 2004 – CROSS-REFERENCE TABLE

Registration Document filed with the *Autorité des marchés financiers* ("AMF") on March 23, 2017.

ANNEX 1 OF REGULATION (EC) N° 809/2004

			Pages
1.		Responsible persons	
	1.1	Indication of responsible persons	432
	1.2	Statement by responsible persons	432
2.		Statutory auditors	
	2.1	Names and addresses of the auditors	364
	2.2	Resignation, removal or re-appointment of auditors	364
3.		Selected financial information	
	3.1	Historical financial information	5; 11 to 13
	3.2	Financial information for interim periods	n/a
4.		Risk factors	178 to 189 and 204 to 221
5.		Information about issuer	
	5.1	History and development of the issuer	15 and 16; 381
	5.2	Investments	33 to 35
6.		Business overview	
	6.1	Principal activities	17 to 25; 38 to 41
	6.2	Principal markets	29 to 32
	6.3	Exceptional factors	33 to 37
	6.4	Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing process	n/a
	6.5	Basis for statements made by the issuer regarding its competitive position	10; 30 and 32
7.		Organizational structure	
	7.1.	Brief description of the group and the issuer's position within the group	4 and 5; 10
	7.2.	List of the issuer's significant subsidiaries	252 to 258
8.		Property, plants and equipment	
	8.1	Existing or planned material tangible fixed assets	n/a
	8.2	Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	403 to 408
9.		Operating and financial review	
	9.1.	Financial condition	224 to 233
	9.2.	Operating results	38 to 92

			Pages
10.		Capital resources	
	10.1.	Issuer's capital resources	93 to 99 and 294 to 300
	10.2.	Sources and amounts of the issuer's cash flows	93 to 96; 232 and 233; 293 and 294
	10.3.	Borrowing requirements and funding structure of the issuer	93 to 99; 316 and 317
	10.4.	Restrictions on the use of capital resources	93 to 98
	10.5.	Anticipated sources of funds needed to perform commitments	93 to 96
11.		Research and development, patents and licenses	n/a
12.		Trend information	
	12.1	Most significant recent trends in production, sales and inventory, and costs and selling price	99 and 100; 369
	12.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer prospects	101 and 381 to 386
13.		Profits forecasts or estimates	n/a
14.		Administrative, management, and supervisory bodies and senior management	
	14.1.	Composition-Information about members	104 to 134
	14.2.	Conflicts of interests	134; 161 and 359 to 360
15.		Remuneration and benefits	
	15.1.	Remuneration and benefits in kind	136 to 170
	15.2.	Pension, retirement or similar benefits	163 to 166 and 357
16.		Board practices	
	16.1.	Current terms of office	106 to 107
	16.2.	Members of the administrative, management supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment	134
	16.3.	Information about the issuer's audit committee and remuneration committee	130 and 132
	16.4.	Statement related to corporate governance	425 to 426
17.		Employees	
	17.1.	Number of employees	4; 135; 393 to 397
	17.2.	Shareholdings and stock options	146 to 162
	17.3.	Arrangements for involving the employees in the capital of the issuer	376 to 377
18.		Major shareholders	
	18.1	Identification of the main shareholders	375 to 376
	18.2	Voting rights	375 to 376 and 389
	18.3	Ownership and control of the issuer	375 to 377
	18.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change of control of the issuer	n/a
19.		Related party transactions	171 and 359 to 360

			Pages
20.		Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
	20.1.	Historical financial information*	224 to 371 and 433 to 456
	20.2.	Pro forma financial information	n/a
	20.3.	Financial statements	224 to 369 and 433 to 454
	20.4.	Auditing of historical annual financial information	370 to 371 and 455 to 456
	20.5.	Age of latest financial information	n/a
	20.6.	Interim and other financial information	n/a
	20.7.	Dividend policy	12 to 13
	20.8.	Legal and arbitration proceedings	366 to 369
	20.9.	Significant change in the issuer's financial or trading position	99; 100 and 369
21.		Additional information	
	21.1.	Share capital	375 to 378
	21.2.	Memorandum and Articles of association	388 to 390
22.		Material contracts	n/a
23.		Third party information and statement by experts and declarations of any interest	
	23.1.	Statement or report by the person acting as an expert	418 to 421
	23.2.	Information obtained from third parties	n/a
24.		Available documents	381
25.		Information on holdings	252 to 258 and 442 to 445

* *Pursuant to Article 28 of European Commission Regulation no. 809/2004, the following items are incorporated by reference:*

- *AXA's Consolidated Financial Statements for the year ended December 31, 2015 and the Statutory Auditors' report thereon, presented respectively on pages 198 to 342 and on pages 343 to 344 of the Annual Report (Registration Document), the French version of which was filed with the AMF on March 31, 2016 under reference n° D.16-0233;*
- *AXA's Consolidated Financial Statements for the year ended December 31, 2014 and the Statutory Auditors' report thereon, presented respectively on pages 192-335 and on pages 336-337 of the Annual Report (Registration Document), the French version of which was filed with the AMF on March 26, 2015 under reference n° D.15-0208.*

APPENDIX IX ANNUAL FINANCIAL REPORT – CROSS-REFERENCE TABLE

This Annual Report 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 (*Code monétaire et financier*) as well as in Article 222-3 of the AMF General Regulation.

The following references to sections of this Annual Report correspond to the components of the Annual Financial Report.

Sections	Pages
Financial statements of AXA, the parent Company	433 to 454
Consolidated financial statements of the Group	224 to 369
Board of Directors' report	462
Statement by the person responsible for the Annual Financial Report	432
Report of the Statutory Auditors on the financial statements of AXA, the parent Company	455 and 456
Report of the Statutory Auditors on the consolidated financial statements of the Group	370 and 371
Statutory Auditors' fees	365
Report of the Chairman of the Board of Directors on the conditions of preparation and organization of the Board's work and on internal control procedures	424 to 426
Report of the Statutory Auditors on the report of the Chairman of the Board of Directors	427 and 428

NOTES

NOTES

CONTACTS

Readers can address any comments and questions on this document to:

Analysts and Institutional Investors

AXA Group

25, avenue Matignon
75008 Paris – France
Phone: + 33 (0) 1 40 75 48 42
E-mail: investor.relations@axa.com

Individual Shareholders

AXA Group

Retail Shareholders Relations
25, avenue Matignon
75008 Paris – France
Phone: 0 800 43 48 43
(toll-free number from France)
Phone: + 33 (0) 1 40 75 48 43
E-mail: actionnaires.web@axa.com

THIS ANNUAL REPORT IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE AT

www.axa.com

on which you will find the aggregate regulated information published by our Company.

Photos: © Raphaël Dautigny, Benjamin Boccas.

This document is printed in compliance with ISO 14001.2004 for an environment management system.

Designed & published by LABRADOR +33 (0)1 53 06 30 80

www.axa.com

Reference : 971536