

# côté AXA

AXA Group shareholders' newsletter

## FOREWORD

***“Our world is changing at an accelerated pace. We have what it takes to succeed: a clear vision of where we are going and a strong start to our transformation.”***

Dear Shareholders,

At the AXA Group shareholders' meeting held on April 23, 2014, we gathered to discuss our results, achievements and outlook.

What were the key messages?

Today, AXA is a global leader in insurance, asset management and the protection of people and property. The Group generates revenues of €91.2 billion and serves 102 million customers.

Our world is changing at an accelerated pace. Each year, more than half of the world's new wealth is generated in emerging markets, offering us new growth perspectives. A technological transformation is also underway: big data and the digital revolution are profoundly altering what we know about risks, how we analyze them and how we interact with customers. Finally, environmental risks are expanding and life expectancy is on the rise. AXA is responding to these challenges responsibly, by recognizing these trends and seeking to prevent the consequences.

Our first-quarter activity indicators and the recent improvement of our product mix across all our businesses have confirmed the success of our Ambition AXA strategy.

We have what it takes to succeed: a clear vision of where we are going and a strong start to our transformation. We have rigorous risk management, geographically diverse businesses and highly skilled teams bonded by a shared culture.

2014 offers strong growth perspectives that should enable us to not only increase customer satisfaction but also further expand our products and services.

I am optimistic about our continued progress in 2014 and the years to come.

**Henri de Castries**  
Chairman & CEO



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## Highlights from the Shareholders' Meeting

**T**he latest AXA Group Shareholders' Meeting was held in Paris on April 23, 2014. At the meeting, Henri de Castries reviewed the past year and presented the Group's outlook.

→ **Véronique Weill**, Group Chief Operating Officer, explained AXA's digital transformation strategy.

→ **Godefroy Beauvallet**, Head of the AXA Research Fund, described this global scientific philanthropy initiative, which the Group has supported since creating it in 2007.

→ **Denis Duverne**, Deputy Chief Executive Officer, went into detail about the Group's Ambition AXA plan, 2013 performance and growth perspectives.

→ **Norbert Dentressangle**, Vice-Chairman of the Board of Directors, reported on the functioning of AXA's governance and its executive compensation policy.

All of the resolutions submitted to the shareholders were approved, with an average of 98.21% of favorable votes.

The shareholders who attended the meeting were able to dialogue with the executive management.

€ **0.81**  
dividend per share  
compared with 2012:  
**+13%**



### DIALOGUE WITH SHAREHOLDERS

To best meet your expectations, we set up a consultation process leading up to our Shareholders' Meeting. This year, the questionnaire available online at [www.axa.com](http://www.axa.com) and sent to more than 2,600 shareholders showed your interest in long-term strategy, the economic and competitive environment, the dividend distribution policy and international development. Your input enriched the preparation of the content for this Shareholders' Meeting. Thank you for participating in the survey.

The webcast and results are available at:  
[www.axa.com/en/shareholders/shareholdersmeeting](http://www.axa.com/en/shareholders/shareholdersmeeting)



## Publication of the 2013 Activity and Corporate Responsibility Report

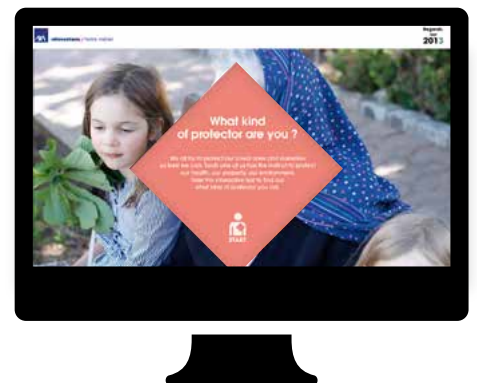
our principal achievements in our three main business lines— Property & Casualty, Life & Savings, and Asset Management—and rounds up our corporate responsibility initiatives.

▶ [www.axa.com](http://www.axa.com)

**A**XA has published its **2013 Activity and Corporate Responsibility Report**. The theme of this year's report is protection, a fundamental part of AXA's mission with respect to its customers.

The report paints the portrait of a group in the midst of a transformation, which has seized the rise of digital as an opportunity to serve its customers better. It presents

Since 2011, the Activity and Corporate Responsibility Report has also been published in electronic form. To illustrate this year's theme, the website offers visitors a personality test to find out what kind of protector they are. This fun interactive experience is the first of its kind.



The new report format is accessible for computers, tablets and smartphones.

▶ <http://annualreport.axa>



“Our product offering needs to be simplified to meet new Internet and mobile standards.”

## AXA’s digital transformation: where do we stand?

Digital is more than a technological advancement. It brings new challenges that are profoundly reshaping consumer behavior. These changes are occurring in all industries (music, media, travel, etc.). Insurers will also need to transform their business models and adapt their products, services and distribution to meet new consumer expectations.

To begin with, our product offering needs to be simplified to meet new Internet and mobile standards but also to comply with growing regulatory constraints.

Next, our services. Basic administrative functions should be able to be performed online and websites must be adapted for mobile phones. And last, our distribution: our multi-channel model combining a salaried sales force, tied agents, brokers, bancassurance agreements and direct sales is a major asset for the Group. We need to be able to serve our customers around the world while taking into account their changing habits and enabling them to choose how they prefer to interact with AXA, whether face-to-face or remotely. We assist and support our distributors to help them adapt to these new technologies.

### Brand-new opportunities for our industry

#### AXA SHOP: INSURANCE GOES TO THE MALL



The **multi-access model** is at the heart of the Gulf region’s strategy. AXA Gulf has launched AXA Shop, a novel concept for selling insurance products in shopping malls.

In addition to online and direct, this shop strategy helps to extend the AXA brand’s footprint. Almost 60% of premiums generated in AXA Shops are new business.

#### AXA DRIVE TOPS 250,000 DOWNLOADS IN THREE WEEKS

How to capitalize on the growing popularity of mobile devices, give consumers a useful digital experience and get closer to clients by increasing the brand’s presence on their smartphone? AXA has launched the AXA drive app in Spain, Switzerland and Belgium. Accessible to all, this free application helps drivers improve their behavior behind the wheel, assesses their driving skills and draws up a learning curve and a list of personalized tips.



**70%**

of consumers go online to start researching a product or a service, all sectors combined.

**€800 million**

allocated to digital from 2013 to 2015

**~75,000**

downloads of assistance service applications

**> 250,000**

downloads of driving aid applications in three weeks





## AXA Research Fund: through research, protection

“Fundamental research helps our society, and insurance companies in particular, to better protect people from the risks they face.”

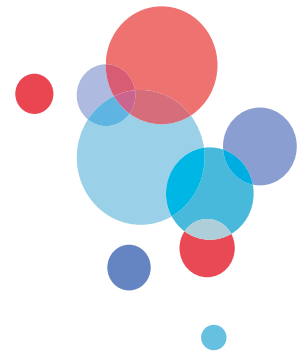
**B**ecause through research today we can help protect tomorrow, the AXA Group created in 2007 the AXA Research Fund, a global scientific philanthropy initiative.

Its role is to support independent academic research on risks relating to the environment (climate change, loss of biodiversity, etc.), human lives (longevity, diseases, etc.) and our societies (finance risks, sociopolitical risks, etc.). In so doing it contributes to a deeper understanding of the reality of these risks. By supporting academic innovation around the world and the dissemination of scientific discoveries in the

public debate, AXA provides researchers with the means to complete their work successfully and encourages them to explore new avenues. Financial support is granted following a selection process overseen by a Scientific Board composed of recognized academics.

Fundamental research helps our society, and insurance companies in particular, to better protect people from the risks they face. The pace of change is accelerating; immediate action must be taken.

▶ To find out more: [www.axa-research.org](http://www.axa-research.org)



**410**  
research projects supported

**€114**  
million committed since 2007

**49**  
nationalities among researchers

**30**  
participating countries;  
**227** universities

### The three areas of risk research financed by the AXA Research Fund



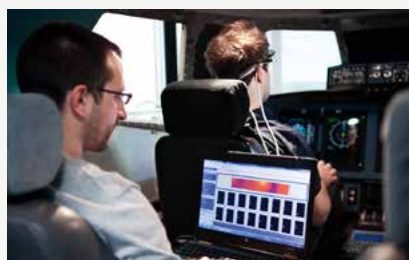
#### ENVIRONMENTAL RISKS

The AXA Research Fund has granted the **AXA Award in Climate and Extreme Weather** to Professor Adam Sobel of Columbia University, a specialist in storms and atmospheric dynamics. His research program aims to better understand the relationship between extreme weather events and the climate in which they occur.



#### SOCIOECONOMIC RISKS

In 2009 the AXA Research Fund funded the **ISAE Chair in Neuroergonomics for flight safety**. Accident analysis reveals that the complexity of modern aircraft can overwhelm crews when something goes wrong; the purpose of this research is to uncover the underlying neuronal mechanisms of human error.



#### LIFE RISKS

The AXA Research Fund granted one million euros to the research program on **risk prediction in age-related diseases** of the Center for Genomic Regulation in Spain. It seeks to better understand an individual's health by examining how genetic and environmental parameters predispose a person to common diseases.



## Activity indicators for the first quarter of 2014

“The fourth year of Ambition AXA kicked off with further improvement in the product mix across all segments, demonstrating the continued success of our strategy,” said Denis Duverne, Deputy Chief Executive Officer of AXA.

→ **In Life & Savings**, “we continued to shift our product mix towards higher margin and less capital intensive offers, designed to address our customers’ protection and retirement savings needs.”

As a result, new business value grew by 1%, despite lower volumes. The rise is mainly attributable to an improved product mix (especially in the United States, Japan and Germany). New business value margin rose 3 points to 33%.

→ **In Property & Casualty**, “our leading market positioning enabled us to further grow our portfolio while maintaining our underwriting discipline.”

Revenues were up 3%, mainly driven by higher volumes in high-growth markets and Direct.

Personal lines grew by 2% and net inflows reached + 165 000 policies, primarily driven by growth in Direct, the Mediterranean and Latin American Region and Asia.

Commercial lines revenues increased by 4%, confirming its good momentum.

→ **In Asset Management**, revenues were up 2%, supported by both AXA IM and AllianceBernstein. This increase mainly reflects higher management fees due to higher average assets under management at both asset managers, as well as higher institutional research fees at AllianceBernstein.

The net inflow amounted to €1.5 billion, powered by strong inflow from AXA IM in fixed income.

“Ambition AXA continues to progress well and we are confident about our growth momentum for the year 2014, during which we expect to increase both our Life & Savings new business volumes and Property & Casualty growth compared to last year.”

“Ambition AXA continues to progress well and we are confident about our growth momentum for the year 2014.”

All changes are on a comparable basis (constant Forex, scope and methodology).



€**28.5** billion  
Total revenues  
up **2%**



€**15.8** billion  
Life & Savings  
revenues up **1%**



€**10.4** billion  
Property & Casualty  
revenues up **3%**



€**0.8** billion  
Asset management  
revenues up **2%**



# AXA share price movements

In line with 2013, equity markets began on a positive note in 2014, with the AXA share trading around €20, for the first time since September 2008. From February, however, several factors dampened market expectations, causing increased volatility.

Concerns about emerging markets were amplified, in particular concerns regarding China, due to disappointing manufacturing production data possibly indicating a slowing economy.

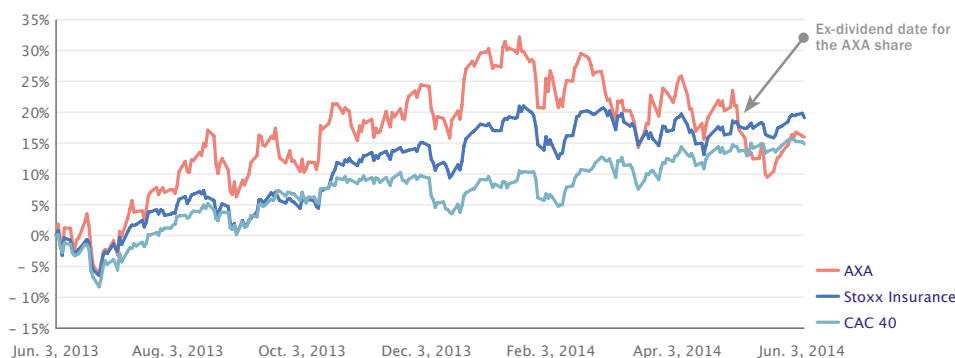
Admittedly, United States economic data exceeded market expectations, but employment remained weak. Janet Yellen, the Federal Reserve chairwoman, took action

to ease investor fears that a rise in interest rates may come sooner than planned, which weighed down on life insurance stock prices in the United States.

In Europe, the ECB and the Bank of England maintained their interest rates, while Ukraine tensions continued.

In this unfavorable environment, despite strong 2013 results published in February, the AXA share has underperformed against its peers and the market since January 1, 2014, impacted by its supposed sensitivity to macroeconomic events and the current uncertainty surrounding US interest rates.

AXA SHARE CLIMBS 16% IN ONE YEAR\*



Source: Bloomberg, June 3, 2014.

\*June 3, 2013 to June 3, 2014, ex-dividend.

# 2014 Agenda

August 1, 2014

HALF YEAR 2014 EARNINGS

October 6, 2014

SHAREHOLDERS' INFORMATION MEETING, NANTES

October 16, 2014

SHAREHOLDERS' INFORMATION MEETING, REIMS

October 21, 2014

PRIVATE TOUR OF THE LOUVRE MUSEUM "MOROCCO-ANDALUSIA"

Registration opens on September 1

October 24, 2014

FIRST 9 MONTHS ACTIVITY INDICATORS

December 2, 2014

SHAREHOLDERS' INFORMATION MEETING, PAU

December 9, 2014

SHAREHOLDERS' INFORMATION MEETING, STRASBOURG

December 15, 2014

PRIVATE TOUR OF THE LOUVRE MUSEUM "PERMANENT COLLECTION"

Registration opens on October 15

▶ See all our events at <http://www.axa.com/en/press/calendar>

## CONTACT US

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# Advisory Committee Meeting (ACM): call for candidates



The role of AXA's ACM is to promote and reinforce dialogue between the company and its individual shareholders. The committee's members, all AXA shareholders, are selected to reflect the social, professional and geographic diversity found among individual shareholders. The committee's 12 members are appointed for two-year terms; each member must be registered with the Shareholders' Circle and own at least 100 AXA shares. Meetings are held twice a year in Paris and are attended by a member of the Group's executive management.

▶ On July 1, 2014, the Individual Shareholder Relations department will be launching a call for candidates to partially renew the advisory committee. Interested persons may apply online at [www.axa.com/en/shareholders/advisorycommittee](http://www.axa.com/en/shareholders/advisorycommittee).