

Presentation of half-year 2014 earnings

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Key highlights of the six months ended June 30, 2014

Henri de CASTRIES

Chairman and CEO

AXA turned in an excellent performance in the first half of 2014. In fact, this was the best ever first half for AXA in terms of underlying earnings.

In the second quarter, we saw acceleration in revenues after a first quarter performance that suffered due to the one-off nature of certain exceptional items recorded in 2013. New business volume in life insurance increased fairly significantly in the second quarter of 2014 and, in property and casualty, we posted growth of around 2%. In asset management, net inflows were positive, reaching 14 billion euros, principally at AXA Investment Managers. Net income rose by 25% and underlying earnings by 11%. Adjusted earnings, which are used as the basis for calculating the dividend, increased by 8%. All in all, the half-year's quantitative indicators were of very good quality.

Looking beyond these indicators, we continue to fulfill our mission of serving our customers. In the first six months of this year, we paid out 9 billion euros in property & casualty claims settlements. And the value of the savings our clients entrust to us rose by 8 billion euros. In protection & health, 6 billion euros worth of benefits were paid out to our customers worldwide. In assistance, a service that is closely tied to our insurance business, 2 million customers were taken care of by AXA Assistance after a vehicle breakdown or an accident, and a million customers received healthcare assistance services.

Life & savings NBV margin was a very high 34%, up by two points compared to the same period in 2013. Underlying earnings for this segment grew by 13%. On the property-casualty side, the all-year combined ratio was historically favorable 95.8%, while underlying earnings progressed by 9%, despite the fact that the cost of natural disasters was higher during this period than in previous years.

Another source of satisfaction during the first half is that we saw strong growth in the emerging markets. In fact, earnings from these markets increased by almost 20% in life & savings, and by 15% in property & casualty. Two examples in particular symbolize this development. Our life insurance partnership with ICBC has made us China's number one non-Chinese insurer in the market. New business was up by 21% for the first six months of this year. This joint venture generated revenues of 900 million euros for the period, an amount that is starting to become visible in the Group's global life & savings revenue total. Also in China, AXA-Tian Ping, the property-casualty insurance company that began operating last year, saw revenue growth of 30% in the first half of 2014 and today sells around one-third of its motor insurance policies via the direct channel, which is currently the principal vector of growth. This strong development in the emerging countries is perfectly well aligned with the objectives of Ambition AXA.

The third pillar of Ambition AXA targets the search for greater efficiency. When we launched Ambition AXA in 2010, our goal was to achieve 1.5 billion euros worth of savings by around 2015. Eighteen months ago, we raised the bar to 1.7 billion euros. In the course of the first half of 2014, we achieved 200 million euros in savings. So we are already at 1.3 billion euros and are thus raising our goal for 2015 to 1.9 billion euros worth of savings, or 400 million euros more than our initial target, which demonstrates that the efforts made by our people to become more efficient and productive are bearing fruit.

Naturally, these savings are not being achieved at the expense of investments in the technologies of the future. We have embarked on a very significant digital investment program because we need to prepare for this revolution. Between 2013 and 2015, the Group will invest some 800 million euros to this end.

During the first six months of 2014, we were very active in this area. The partnerships entered into with Facebook and LinkedIn attest to our credibility in the eyes of major players in technology, as well as to their desire to work with a global player like AXA to improve the service we deliver to all of our clients. We also launched the first .axa website and the MonAXA application in France, demonstrating the very tangible transformation of the service.

We have also made notable strides in the area of corporate responsibility. In 2014, Interbrand named us the world's number one "green" insurance brand and, in the Vigeo rankings, we are the number one insurer in the area of corporate responsibility. In this particular area, which is very near and dear to the insurance industry, we have assumed a position of leadership, rewarding efforts made by our teams and, as an investor, taking our socially responsible investments seriously.

At a time when Europe is confronted by a challenging economic situation and where the state of the labor markets of some countries is worrisome if not disastrous, we announced a few weeks ago that we were becoming a member of the partnership known as Alliance for Youth. As part of this alliance, we will be recruiting some 20,000 young people under the age of 30 between 2014 and 2018, 9,000 of them in France. For these young people, this will be their first shot at a career. Half of them will be offered a definitive job with AXA. We think this program is particularly important in light of the high rate of unemployment among young workers, which is a plague for all of our societies. As we are in the process of integrating expertise related to new technologies, these young people have a lot to offer companies like ours.

First half earnings

Denis DUVERNE

Deputy CEO

I) Life & Savings

Sales were virtually unchanged compared with the first six months of 2013. While sales trended downward in the first quarter of 2014 (-6 %), mainly due to one-off items in protection and health, they were much more brisk in the second quarter, growing by 8%.

In Protection & Health, sales even rose by 13% in the second quarter. Unit-linked product sales were up by 2%, boosted by higher volumes in the United States, as well as in Germany and Italy, countries in which new products were launched with success. Together, these two lines represent 73 % of sales, versus 75 % for the first six months of 2013. In the high growth markets, new business volume (APE) rose by 7 %, driven by very good performances in Southeast Asia, India, and China (+14 %), as well as in Hong Kong (+9 %).

Life & Savings net inflows amounted to 2.8 billion euros, mainly driven by strong net inflows in G/A Protection & Health. This figure would be even more positive if we did not factor in the success of the Variable Annuity GMxB buyout offer in the US, whose impact on net inflows was -1.1 billion euros. Net inflows were particularly positive in France +1.2 billion euros. Lastly, the Life & Savings new business volume margin rose by two points, to 34%.

Pre-tax underlying earnings progressed by 11%, reaching 2.129 billion euros. After tax underlying earnings increased by 13% to 1.651 billion euros, largely driven by the United States, which accounted for just over one-quarter of this total, and France, whose earnings rose by 12 %. Underlying earnings for mature markets grew by 12%, while for high growth markets the increase was 19%. The latter now account for 14% of underlying earnings for the Life & Savings segment.

In Life & Savings, the Group had a very good first half. Our businesses in the United States have fully turned around and we are confident in our ability to grow our new business volume for the year as a whole.

II) Property & Casualty Insurance

Property & Casualty revenues were up by 2%. In the mature markets, revenues grew by 1%, though France reported growth of 4%, with a particularly strong performance in commercial lines, which increased by 5%. In the high growth markets, we reaped the benefits of the positive dynamic in Asia, where sales increased by 8%, as well as in the Gulf (+23%) and in Colombia where, thanks to our new partner AXA Colpatria, we achieved revenue growth of 29%.

Direct business continues to develop, with revenues for the period up by 7%. With an identical increase in France, we are now this market's biggest direct insurer with the Direct Assurance brand. In personal lines, we added 328,000 new policies, almost half of them through Direct.

The current year combined ratio improved by 0.4 point to 97.1%, due to lower claims frequency and efficiency efforts. These items were partly offset by higher natural catastrophe charges, which contributed 1.7 points, versus 0.7 point last year.

The ELA hailstorm that hit several European countries at the beginning of June had an impact of more than 240 million euros for the Group, of which about 125 million euros for

France alone, where we processed more than 20,000 claims. Prior year reserve developments were down by 0.5 point to 1.3%. As a result, the all year combined ratio was 95.8%, in line with last year's ratio and our objectives.

After tax underlying earnings rose by 9%, reaching 1.226 billion euros, mainly driven by Germany (+35%), Switzerland (+20%), Asia and Direct. Underlying earnings for high growth markets progressed by 15% and now account for 10% of total underlying earnings for the property-casualty segment, which also saw strong growth over the period.

III) Asset Management

This business is on an upward trajectory, with net inflows increasing to 14 billion euros thanks to a particularly dynamic second quarter. Assets under management rose by 60 billion euros in the course of the first half of the year, reflecting positive new inflows to both of our managers, as well as market appreciation and a positive currency effect. The Group's assets under management as of June 30, 2014 totaled 1 182 billion euros.

Average assets under management were up by 3% at AXA Investment Managers and by 4% at AllianceBernstein. Net flows were, respectively, 11 and 3 billion euros. We are very happy with net inflows for AXA Investment Managers, but we are also pleased that net inflow for AllianceBernstein returned to positive territory during the six months ended June 30, 2014. Asset management revenues rose by 4%, after factoring in the impact of the sale of AXA Private Equity.

Underlying earnings were down by 4% but up by 11% on a comparable basis (i.e., with the impact of AXA Private Equity eliminated).

IV) Global performance

Underlying earnings were up by 11%, reaching nearly 2.8 billion euros, the highest level in our history for a first half year, in spite of a slightly unfavorable currency translation effect. This performance reflects the positive dynamic of our businesses. Protection & Health, Property & Casualty, and International Insurance, businesses that are less sensitive to the financial markets, account for nearly 70% of our earnings.

Adjusted earnings increased by 8%, to 3.1 billion euros, mainly driven by higher Underlying Earnings and despite slightly lower net realized capital gains compared with the same period last year. Net income rose by 25% mainly driven by higher adjusted earnings, a favorable change in the fair value of financial assets and lower restructuring costs.

V) Financial strength

Our balance sheet is very solid. Shareholders' equity is almost 59 billion euros, up by 6 billion euros over the period due to the contribution of net income and the increase in unrealized capital gains. Our solvency ratios have reached very high levels (254% for the Solvency I ratio and 215% for the Economic Solvency ratio, which prefigures Solvency II. Lastly, our gearing ratio is unchanged at 24%, in line with our year 2015 objective (between 23 and 25%).

General account assets total 489 billion euros. The asset allocation is marked by a high degree of continuity. We favor bonds, which offer us liquidity, the same maturity as our obligations to policyholders, and regular return on investment.

This excellent performance was achieved in a low interest rate environment, which shows that the market's fears with respect to this context and its impact on AXA were undoubtedly exaggerated.

There are a number of reasons for this. First of all, our diversified business mix reduces the volatility of our earnings, since 70% of our business activities show low sensitivity to the financial markets. Secondly, we practice disciplined asset liability matching in terms of

duration. If rates were to fall by another 100 basis points over one year, the impact on our earnings would be just 100 million euros. If, on the other hand, rates were to rise, this would be good news for AXA.



Conclusion

Henri de CASTRIES

Chairman and CEO

Our earnings are of very good quality and they show impressive growth, keeping us on track to meet our Ambition AXA objectives. They are the result of the growth and profitability of segments and markets that, for us, constitute strategic priorities.

Our priorities remain straightforward:

- Continue to work with this model, which combines growth and profitability;
- Accelerate our investments in the brand and digital technologies;
- Maintain disciplined risk and capital management strategies.



Q&A Session

Lionel GARNIER, *Le Revenu*

Is the current extremely low interest rate environment pushing you to search for alternative assets? Have you returned to government bonds from Europe's more peripheral issuers? What was the impact of lower observed interest rates over the course of the first half on the level of unrealized capital gains and shareholders' equity? Lastly, could you please indicate your underlying earnings for business in China?

Denis DUVERNE

In the first half of this year, we invested 22 billion euros mainly in bonds: 51% in corporate bonds, 36% in government bonds, 10% in high yield bonds, and 3% in ABS (asset backed securities). Over time, our investment policy has been very stable.

As for the impact of lower rates on shareholders' equity, ours went from 53 to 59 billion, of which 4 billion euros related to the increase in unrealized capital gains.

In China, both of our businesses were profitable in the first half of 2014. Our life insurance business has just reached the breakeven point, in line with our forecasts. Our P&C business in China turned a slight profit in the first half of this year, with sales campaigns rolled out only near the end of the period. We have planned to accelerate our growth and are not looking to turn a profit right away.

Giuliana LICINI, *Radiocor*

Where do things stand on your partnership with Monte dei Paschi in Italy? Has your interest evolved? Have you increased your exposure to Italian sovereign bonds?

Henri de CASTRIES

We are very satisfied with our business performance in Italy over the first half of 2014, with respect to both AXA Assicurazioni and the joint venture we created with MPS. Both companies are performing in line with their business plan, both are highly profitable, and both are delivering growth and earnings that meet our expectations. Our interest in the bank has not changed. As for our exposure to Italian sovereign debt, there is nothing new to report on that front either.

Giuliana LICINI

The Monte dei Paschi foundation has not been able to find a new chairman. Could this situation have an effect on the bank?

Henri de CASTRIES

We are not concerned by this topic.

Fabio BENEDETTI, *Bloomberg*

Do you think that the inflows seen in asset management over the first half of the year could be maintained over the full year? What impact have geopolitical tensions in Russia had on your business in Ukraine and your financial assets in Russia?

Henri de CASTRIES

The inflows for the first half of the year are good. At 14 billion euros, inflows are higher than what was reported for the same period last year and they are in positive territory for

both of our asset management companies. We saw an upswing in the second quarter. At the same time, forecasting is a difficult science. We think our asset management companies offer attractive products along with good management performances and that the positive dynamic should last.

As for the Group's exposure to the Russian crisis, we remain very confident. Our P&C business in Ukraine is turning a profit and generated revenues of 20 million euros, which is not much considering that the Group total is 90 billion euros. The Crimea led to a very minor business loss of 2 million euros. As for our interest in Reso Garantia, a profitable Russian P&C insurance company, we are receiving dividends and we don't plan to change the level of our equity interest at this time.

Laurent THEVENIN, *Les Echos*

What is your exposure to the various air disasters of the past few weeks?

Denis DUVERNE

In the aviation market, risks are very well distributed so our exposure remains quite modest. All of these disasters – that is, the two Malaysia Airlines planes, the TransAsia flight, and the Air Algeria flight, represent a total cost of between 15 and 20 million euros for the Group.

Henri de CASTRIES

These catastrophes, for which the cumulative cost represents more than the premiums collected by the market in 2014, should have an impact on the premium rates in aviation insurance, which had been significantly lower for the last two years.

Lionel GARNIER

CNP and Natixis announced yesterday that they had entered into a partnership and distribution agreement to take effect after 2015. A policy with AXA will expire at the end of 2015. Can you give us an idea of the amount and profitability of this policy?

Henri de CASTRIES

I don't have the exact figure in mind. It doesn't seem very significant to me.

Nicolas MOREAU, *Chairman and CEO of AXA France*

We learned about this termination – which concerns the borrower's credit of Crédit Foncier de France – from the press. I don't know what the size of this historic policy is.

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