Hello everyone. I’ll be presenting this morning with those members of AXA’s Executive Management who were able to attend. 2013 was a year of strong earnings, demonstrating that the transformation of the Group, undertaken with Ambition AXA, is bearing fruit. Earnings are increasing significantly across all business lines. Revenues are growing and several different factors indicate that this growth is healthy, strong, and in alignment with our objectives. Finally, we have a healthy balance sheet, as attested to by our solvency ratios.

AXA has 102 million clients around the world. For the fifth year in a row, we are the number one global insurance brand, which enables us to attract partners, talent, and customers, especially in emerging countries, where brand awareness is critical. In 2013, underlying earnings grew by 18% and net income by 14%, a development that allows us to propose a double-digit increase in the dividend at the Shareholders’ meeting, bringing it to 81 euro cents.

In terms of financial strength, the Solvency II ratio is at 206%, an extremely comfortable level, while the Group’s debt gearing is 24%, which is below the target we had set at the beginning of Ambition AXA. We have therefore decided to set a new, even more ambitious target, which should put us in the 23-25% range over the medium to long term. This solid performance reflects the Group’s transformation and our strategic focus on digital. We believe that going digital will transform our business lines, for the greater good of our clients and, we think, of our shareholders in the long run.

New business (APE) grew by 5% in the Life and Savings segment. Many observers said that AXA’s transformation was well intended, but wondered if business would grow significantly. The growth is there. New business volume has increased by 5%, and this growth is satisfactory across a number of segments and geographies, in particular the emerging countries and the United States, where performance was strong last year. Property and Casualty revenues have increased as well, driven by emerging countries and commercial lines. In the Asset Management segment, we have returned to positive net inflows thanks to AXA Investment Managers, which turned in a very solid performance in 2013.

In addition to growth in revenues, we have achieved 18% growth in underlying earnings and 20% growth in adjusted earnings, as well as higher net realized capital gains than last year. Our net income is increasing at a slightly lower rate due to an accounting issue that pertains to our portfolio
hedging. Higher interest rates had a negative impact on net income, though the impact on the Group’s economic value was neutral.

In terms of our business mix, our goal within Ambition AXA was to improve the new business value margin in life insurance and change the product mix. Within the context of the launch of Ambition AXA and comparing our results then with our results now, you can see that we are in the process of reaching our goals quite comfortably. General account net flows have fallen from 25 to 14%, we wanted this reduction because these products are proving to be less appealing to our clients in an environment of low rates and they are less lucrative for our shareholders.

The mix has evolved in favor of Protection and Health, whose share has grown from 31 to 39%, and in favor of the unit-linked products, which went from 31 to 34% -- while business volume continued to grow. This change in the product mix is behind the more than 50% increase in our new business margin, which went from 22 to 35%. In Property & Casualty, we also saw an increase in revenues with a slight change in the mix, with commercial lines insurance becoming increasingly prominent. Our differentiating, competitive advantage in this sector is evidenced by the slightly higher increase in revenues for this segment.

Along with this greater selectivity in terms of underwriting, we have continued to pursue selectivity and acceleration across a certain number of geographic zones and distribution channels. We have managed our portfolio more efficiently in “mature” countries by executing a certain number of divestments in geographic activities and portfolios in order to reinvest a portion of these freed up resources in emerging countries, where growth is more rapid and margins often higher.

We have sold the equivalent of 8 billion euros in the mature countries over the last 4 or 5 years, reinvesting 5 billion euros in the high growth markets. Among our two most symbolic transactions of 2013, our investment in Tian Ping has made us the leading international insurer in that market and has opened up the possibility of developing direct insurance business throughout China, which is now the world’s leading automobile market on the purchase side. The Chinese purchase 19 million automobiles per year, ten times as many cars as are sold in France. And the Chinese market turns out to be less “equipped” in insurance than mature markets.

The acquisition of Colpatria in Colombia is the second significant transaction of 2013. Colombia, which remains a mystery to many Europeans, has a population approaching 50 million and a prosperous economy. Thanks to this acquisition, we now occupy the number four position in the Colombian market and have very good prospects for growth. Over a longer timeframe, this effort to position ourselves in emerging markets has been sustained since 2010. We have posted annual growth of 17% in Life & Savings and of 15% in Property & Casualty. Over the same period, underlying earnings rose by 28% annually. So this repositioning is a significant driver of growth for the Group. Between 2011 and 2013, the Group share of earnings in China more than doubled in terms of new business for AXA ICBC in Life & Savings. In other words, we are seeing strong growth in emerging countries, in terms of both revenues and earnings.

Our competitive edge has also increased for our clients, as we are improving service and cutting costs. When we launched Ambition AXA, we set a savings target of 1.5 billion euros by 2015. With fiscal year 2013 behind us, we have already saved more than 1.1 billion euros and have bumped our target up to 1.7 billion euros. At the same time, we have established an ambitious investment program, in the amount of 1.2 billion euros in 2014, which should allow us to cope with new
demands in terms of service more efficiently and more competitively, and to approach the digital transformation of the Group with confidence and drive.

On a broader scale, insurance plays an important role in the economic growth and stability of societies. During the 2013 fiscal year, our activities led to a 25 billion euro increase in the value of savings invested by our clients. We paid out 18 billion euros in claims to our Property & Casualty clients. We also paid benefits totaling 12 billion euros to our clients in Protection and Health. In all, we paid 30 billion euros to clients in need. Finally, almost 4 million clients were served by AXA Assistance following a breakdown or accident on the road, and nearly 2 million clients benefited from health assistance services. These figures reflect the penetration of insurance in the daily lives of our clients and demonstrate the economic and social utility of our industry.

Our business is not confined to paying benefits or settling claims. We are also in the business of preventing, protecting and repairing. We must therefore use our expertise to the benefit not only of our clients but also of the societies in which we operate. Here, we have outlined several examples of the concrete ways in which we live up to our corporate responsibilities. We have been driving preventive action for nearly thirty years through AXA Prevention. In 2013, 13 million people in France were made aware of preventive actions in every area of daily life where risks can arise.

We are also dedicated to supporting, above and beyond our own needs, basic research on the major natural, health, longevity and financial risks faced by societies and individuals. The AXA Research Fund has already granted more than 100 million euros to fund multiple hundreds of projects led by high-level researchers in major universities and research centers around the world. These projects allow us to increase our knowledge and enable us to better anticipate, protect, and repair.

On a more individual level, we have established a partnership with CARE, a large, international NGO, focused on research and education for people living in disadvantaged countries who face the consequences of large-scale natural disasters. As of today, 750,000 people have benefited directly or indirectly from this partnership. Education is an additional aspect of our engagement.

Junior Achievement is focused using education to enable a certain number of young people to be better prepared to face and understand risks. In all, 6,000 youths in 11 countries have benefited from these partnerships.

Finally, thanks to Impact Hub, the entrepreneurs from four start-up incubators, funded by Swiss Re and AXA, are able to work to find solutions to better face risks tied to longevity.

Our efforts to benefit society thus run the gamut from covering basic, tangible risks to more long-term actions.

Our Group continues to pursue its goal of transformation. The digital realm and Big Data are changing our businesses for our clients and for all of our employees, in a world where technological changes have never been so rapid and so disruptive, in manufacturing as well as in service industries. To see this transformation through successfully, we rely on our position as a forerunner and leader in direct insurance. AXA is the primary direct insurer globally, in terms of overall business and the speed at which it is growing. We also rely on the strength of our brand.

We will have invested 800 million euros in “going digital” between 2013 and 2015 and we are making further efforts through the AXA Lab in Silicon Valley, which serves as a headhunter that
helps the Group find new products and services that will respond better to our own needs and the needs of our clients more quickly than others. The aim of these initiatives is to provide new services and redefine our offering in the area of prevention, claims management, and the use of telematics.

We don’t see these changes as a threat, but rather as great opportunities. They should enable us to provide our clients with greater accessibility. Client expectations are changing; people want service that is more present, both in terms of reactivity and in terms of providing multiple access channels. The transformation of the Group should allow us to respond to those expectations. Multi-access is not just a term thrown around by consultants. It must be developed on a daily basis across all of AXA’s operations.

We must also, of course, support distributors in this transformation. Our network of distributors, in particular our exclusive networks, is one of the Group’s greatest strengths thanks to the professionalism and commitment of these stakeholders. They themselves need to transform, develop multi-access, and provide more accessible services. It is incumbent upon us to support and help them in this transformation. Ultimately, we cannot transform ourselves without training our employees even more, or without attracting new talent already trained in the technologies of today, something that we already do relatively well.

For 2013, we have delivered solid, high-quality earnings and growth across all of our business lines. This performance allows us to remain confident that we will fulfill the promises of Ambition AXA as we prepare for the future by pursuing transformation.
As you know, we are the leading provider of life insurance in Europe. We currently do business in life insurance in more than 30 countries. Our business mix has proven to be very balanced and our distribution highly diversified, with nearly half of our distribution handled by agents and our salaried salesforce. The savings invested by our clients in our life insurance products grew by 25 billion euros this year and we paid out more than 12 billion euros in protection and health benefits. With 6 billion euros worth of new business in 2013, we are undeniably on the growth track.

We reported new business volume growth of more than 5% in 2013, compared with 3% the year before. In line with the Ambition AXA strategic plan, we have continued to develop our priority segments, Protection and Health in particular, which today represent nearly 40% of new business and which grew by 4% in 2013. In this segment, we turned in very strong performances in Southeast Asia, China, Switzerland, and France.

We have also seen very positive growth in unit-linked product sales, which today represent 34% of new business (APE). Here, growth has been especially strong in the United States, the United Kingdom, and France, with higher sales of both individual and group products. We are also seeing a decrease in general account savings sales, a development that is in line with our strategy. We believe that in an environment of low rates, these are not the best products for clients, the company itself or shareholders. Lastly, mutual fund sales rose last year, attributable in large part to the United States and the United Kingdom.

Overall, the new business value margin is 35%, an increase of 3 points. I’d like to draw your attention for a moment to the NBV margin, which is sometimes a source of confusion. This margin is defined as the ratio of NBV (i.e., the discounted present value of future profits expected over the entire term of the contract, as calculated when it is issued) to APE (annual premium equivalent), which itself represents 100% of new business regular premiums + 10% of new business single premiums.

High growth markets today represent 17% of Life & Savings new business. Sales rose by 4% in mature markets, reaching 5.2 billion euros, and by 11% in high growth markets, largely driven by Asia, which posted growth of more than 16% in 2013. It is worth noting, too, that our margins are improving in mature and high growth markets alike.

Pre-tax underlying earnings were up by 13%, to 3.8 billion euros. Broken down by type of business, it is clear that the earnings contribution from our priority product lines – Protection & Health, and unit-linked vehicles – is growing. Moreover, our priority business areas saw excellent growth in the United States. On a post-tax basis, underlying earnings increased by 12%, with sustained growth across all countries and an especially good performance in the United States, which represents nearly 20% of total earnings, as well as in Japan, which represents 16%. Earnings growth was 16% in high growth markets and 12% in mature markets.
Overall, we had a good year, one that was positive on many different levels. Global earnings are strong, Ambition AXA is taking shape, our priority segments continue to grow, we have made excellent progress in high growth markets, and we have maintained a focus on selectivity and efficiency across the board. We are therefore confident that Life & Savings will help us achieve the goals of Ambition AXA.
On the Property & Casualty front, we are following the path that was carved for us in 2010 by Ambition AXA to develop our business by focusing on three things: selectivity in mature markets, acceleration in emerging markets, and operational efficiency. We have built up strong positions in many major P&C markets. We are known as Europe’s number two P&C insurer, but we have also become the number one international insurer in Asia and the number three direct insurer in Europe.

If we include all of our international insurance operations, including large risks, our revenues in 2013 came to almost 32 billion euros, fairly evenly distributed across our business lines. Looked at from the broadest scope, in fact, the breakdown between personal and commercial lines is as follows: 52% of our revenues are generated by individual clients and households, while 48% are generated by commercial clients, i.e., businesses of all sizes. We see the same balance when we look at distribution, which is divided between insurance brokers (47%) and our own salaried salesforce (38%), with the rest split among direct sales and the partnerships we have established in different geographic zones. These results also reflect the positions of leadership we have built up over time in key markets such as France and Western Europe, but also acquired more recently in countries like Mexico, Turkey, and Singapore.

In 2013, we pursued the implementation of our Ambition AXA strategic plan, which revolves around clear priorities established on the basis of the profile of each market. In the markets of highly developed countries, the emphasis has been and remains on underwriting discipline, market analysis, and selectivity in risks, so that we can ensure quality service to the customer and extract a manageable margin. In 2013, revenues in these mature markets were basically unchanged versus the previous year, totaling around 22 billion euros. In high growth markets, the focus in 2013 was naturally on acceleration, as it has been for three years now. Altogether, these markets are currently generating 16% of the Group’s overall revenues from P&C business, with strong growth of 14% in 2013 (4.5 billion euros). And our prospects for continued expansion in these markets are good, considering that the impact of investments made in 2013 are not yet reflected in these figures: in China, where we acquired 50% of Tian Ping, and in Colombia, where last November we announced the acquisition of Colpatria. Colombia is the third most populous country in Latin America, surpassed only by Brazil and Mexico.

Finally, the direct insurance segment, which today represents 8% of the Group’s P&C revenues, grew by 5% in 2013. But the picture is mixed from one country to the next. If we exclude the United Kingdom, we grew by a dynamic 7%. In the United Kingdom, revenues from direct insurance fell by 4%, the priority being to strengthen the efficiency and profitability of our operations. We achieved this goal, which will allow us to rebuild on a healthy and robust foundation in this extremely competitive market.

Overall, our P&C revenues rose by 2%, which reflects the priority given to developing commercial lines, an area where we think the Group could naturally differentiate itself through its underwriting expertise and the relevance of the services and advice it could offer clients. Commercial lines
insurance grew by 5% in 2013, in line with this priority. That said, personal lines insurance has not fallen by the wayside. In a fiercely competitive market, we managed to see positive, albeit limited, growth of 1% in 2013.

In terms of the profitability of our businesses, the strategic option chosen for Ambition AXA is bearing fruit and, in 2013, we made additional strides in improving our profitability indicators. The current-year combined ratio, which is tied to the current year’s technical margin, showed strong improvement once again, falling by 1.1 to 97.8%. This result is all the more impressive considering that the impact of natural disasters in 2013 was twice as high as in 2012. Last year, the Natural Catastrophe impact was 0.4 point for all ratios, compared with 0.8 point in 2013, mainly due to the storms that hit Northern Europe. Despite the increased weight of natural catastrophes, we continued to improve our current year combined ratio.

Specific to property and casualty insurance, profitability is also impacted by the management of loss reserves for claims occurring in prior years. Every year, we look at the underlying loss development trend, meaning the net result of reserves, claims, and payments made to the insured. The impact of loss development for 2013 is exactly identical to that of 2012, in the amount of 1.2%. We had besides announced within the framework of Ambition AXA that we were targeting on average an impact of one point between the current-year combined ratio and the all-year combined ratio.

The all-year combined ratio is 96.6%, which is close to the Ambition AXA target of 96% by end of 2015. All of our markets are contributing to this trend toward profitability and stability. The mature European markets have already achieved an all-year combined ratio of 96%. In emerging markets, where we are building our business gradually as we develop our presence, the combined ratio is 98.2%, a sign that they also contribute to the operating profitability of the Group. Finally, in the direct insurance segment, which requires major communication and advertising initiatives, we also have a combined ratio below 100% (99.1%), which is far from being the rule in this type of market.

The large or corporate risk sector is an international business that serves large companies. We operate under the AXA name or through trusted partners in nearly 90 countries around the world, accompanying our large industrial and service sector clients wherever their business takes them. In 2013, revenues from this business grew by 2%. This segment, which is highly competitive, has an all-year combined ratio of 97.7%. The current-year combined ratio is less revealing for this long-tail business, in part because we hold large reserves.

The large risks business, which is generally considered to be volatile, posts very consistent earnings. For 2013, they grew by 4%, reaching 149 million euros. The platform of AXA Corporate Solutions, our subsidiary dedicated to corporate risks, enables us not only to accompany our major clients but also to ensure local support for our teams in the highly technical field of corporate risks, at the high end of the segment and for the very largest risks. The strategic priorities of this business all pertain to pursuing growth. The earnings contribution of emerging markets grew by 12% in 2013, and this driver of growth allows us to strengthen our presence in these markets, where the demand for this type of insurance has proven to be very high.

Property & Casualty insurance is a major contributor to the Group’s earnings. In 2013, the contribution exceeded 2 billion euros, which is 43% of the Group’s pre-tax underlying earnings if international insurance is factored in. The increase over 2012 – i.e., 13% on a comparable data basis – is substantial. All of the countries in which the Group has P&C operations contributed to this
performance, with particularly strong contributions to underlying earnings from Germany (+18%), the United Kingdom and Ireland (over 30% growth), France (+9%), and the MEDLA Region (over 20% growth). As these figures suggest, the geographic contribution to underlying earnings is fairly balanced.

This business presents a satisfactory profitability profile, which provides us with a robust platform for preparing for the challenges of the future under good conditions, across innovative services that we can develop for our clients as well as distribution, online sales, or the support provided to our networks to put a more efficient distribution system in place. In other words, the P&C business as a whole is well prepared to face the challenges of the future and enable us to continue expanding into the geographic zones that we see as the top priorities, notably in high growth countries.
France

Nicolas MOREAU
Chairman & CEO of AXA France

In 2013, France generated revenues of 20 billion euros, which breaks down as 14 billion euros from Life & Savings and 5.9 billion euros from Property & Casualty operations. Alternatively, individuals and professionals generated revenues of 10.8 billion while businesses generated revenues of 9.2 billion euros. Underlying earnings grew by 4% compared to last year, reaching 1.240 billion euros, distributed as follows: P&C accounted for 43% of our profits, Protection & Health for 23%, and Savings for 34%. Savings can be further subdivided into General Account Savings for 24% of our profits and Unit-Linked for 10%. Our market share was unchanged in P&C and increased in Protection & Health.

2013 was an important year for AXA France in terms of commercial development. In Protection & Health, with revenues of 6.3 billion euros, we posted growth of 6% in our various markets. Revenues from large risks and reinsurance, managed by AXA Solutions Collectives, grew by 6% in 2013. For AXA Entreprises, whose products are designed for the SME market and distributed by our tied agents and through brokers, revenue growth was 9.2% in group life and health (employee benefits) lines for the very small (VSE) to small and medium-sized business (SME) segment, which is strategic for us.

Our network of tied agents successfully transitioned from P&C insurance, which was its great strength, to group insurance lines, where the goal was to cross sell to the very small business and SME clients in our portfolio, a particularly important transition in light of the reform of the ANI (Accord National Interprofessionnel). Under this new agreement, all businesses will have to offer health insurance to their employees. Accordingly, it is important that our tied agents and local brokers are poised to offer viable solutions to the VSE and SME market. Setting this dynamic in motion has been a very positive thing. We have been very successful with personal protection solutions for individuals and self-employed professionals. With our new funeral and Long Term Care insurance coverage options, we picked up 40,000 new policies in a strategic market.

In terms of Property & Casualty insurance, we improved our combined ratio (94.7%), in line with the global figures. We also turned in a good sales performance, with new business up by 9% in Motor lines and 630,000 new policies, for a positive overall gain of 44,000 policies for AXA France, reversing the trend of portfolio erosion seen in previous years. If we factor in the net gain of 80,000 policies for Direct Assurances, AXA in France picked up 125,000 vehicles in an automotive market that has remained stagnant or even contracted. Our “Multi-PME” product also got off to a good start, with just over 1,250 new policies added in 2013.

Sales of unit-linked savings vehicles were very brisk in 2013. Our revenues rose by 28% in the unit-linked product segment, which in turn accounts for 28% of our total sales. In parallel, the euro-based general account business was unchanged, which is in line with the Group’s strategy. This diversification into unit-linked savings is the result of the agreements we sell to our clients. These agreements blend general account and unit-linked funds, in proportions that depend on client appetite for risk. The balance can be shifted monthly or quarterly. They have been a huge success. And we are also developing a number of structured products and products with capital guarantees,
which allow our clients to reap the benefits of market growth while maintaining a guaranteed capital amount. We have also opened two new unit-linked products, “Selectiv’immo”, a real estate fund, and the “AXA Optimal Income fund”, successfully managed for several years by AXA Investment Managers. We will continue to work on building up our range of unit-linked funds, though the range is already very substantial, since an income generating product could be appealing to our retired clients and future retirees who want to build a recurring revenue stream.

The international business of AXA France is still not very well known, even though it is posting extremely strong growth. Maxis, the network we developed with MetLife, sells employee benefits packages and group health insurance plans to large multinational businesses. We provide global solutions for compensation and benefits for professionals that cover all of their employer’s subsidiaries worldwide. This network is supported by AXA and MetLife subsidiaries based in different countries around the world. Growth has been substantial, such that today we cover 440 businesses worldwide. Last year, we picked up an additional 23 accounts. We are strengthening this network and think that other solutions will be developed for large groups.

In its international sphere, AXA France also has Creditor, a range of credit insurance and protection products for international clients that is distributed via partners. For example, we have been working with automakers to cover credit insurance for their credit captives. We picked up a very sizeable account and we are working with Peugeot in China, with PICC for the credit insurance and “gap” coverage, i.e., insurance that covers the difference between what an insured vehicle is worth and what is owed on it. We have also developed a large number of employee benefits/personal protection products in partnership, and this sector is growing rapidly.

The outlook for 2014 is the logical extension of the growth and momentum that we created in 2013. We have begun a major project involving the transformation of our customer relationships, with the goal of evolving with our clients. This digital strategy has three pillars. The first pillar consists of developing digital services. The second pillar involves increasing our client traffic online and at our points of sale. For AXA France, which already has Direct Assurance in France, the challenge is to feed our networks by giving them access to clients they cannot reach today. Lastly, we need to ally the use of information we have on clients with new technologies so that we can customize our offerings, optimize the moments of customer contact and increase retention.

Becoming the best digital supplier means rolling out new digital services for our clients, both individuals and businesses. We manage auto fleets and paid leave online for businesses. We have implemented after sales service on Twitter and Facebook, not to mention a health insurance and savings chat room for our clients. We have also made the Web Creditor available to our partners. It allows them to perform medical selection online from their agency. In 2014, we will be launching “My AXA” and smart drive apps. All of these developments are intended to facilitate the relationship with our clients and our distributors. This is a major challenge and we constantly enhance the content in line with the Group’s strategy.

We are also working hard to develop multi-access distribution, with our offerings, our tools and our business practices. This year, we have launched three major digital offerings: Click&Go, the online or network option for auto insurance policy purchases; e-Travel, which allows for the online purchase of travel insurance; and e-MRH, which allows students to purchase home insurance from their smartphone. Our rollout plan for all of our products has been drawn up and in 2014 we plan to deploy e-Santé and e-MRP, online Property & Casualty insurance for business professionals and
VSEs, with the aim of directing traffic to agencies and capturing new clients. Our online Click&Go offering allowed us to add an additional 10% to our client base that we would not have been able to capture via other channels.

In the area of distribution, we must also facilitate the act of selling for our agents and our salaried salesforces. Last year, we equipped our salaried salespeople with iPads and we plan to make things even easier by opening up 100% online underwriting for agents and by developing advisory and simulation tools. It is absolutely possible to use new technologies to facilitate selling and improve the productivity of our agents. We have also initiated a vast effort to upgrade, with 400 agents involved in the process of creating paperless agencies that will help to improve workflow and practices.

The third and last pillar entails developing customized offers and affinity-based approaches. This year, we focused on young consumers with the Switch program in insurance and Soon, our mobile banking solution announced in 2013 and launched in January 2014. These affinity programs are extremely important because they allow us to reach certain segments, like young consumers, where we were losing ground but are now back in positive territory. In 2014, our focus will be on the senior segment. Today, we have 3 million seniors in our portfolio, and this segment of the population is going to increase by 6% in France over the years ahead. We have a full array of adapted products for this target and we are going to put together an affinity program that will allow us to help seniors prepare for retirement, make the transition to retiree status, and beyond. The senior segment is enormous, and encompasses many and diverse needs that our products are designed to address.

Lastly, we launched our Adaptalia First offering in response to the aforementioned ANI. This group health insurance product will be sold by our own tied agents or via brokers with whom we have formed business relationships. It includes a basic product aligned with the needs of the sector and supplemental coverage that is based on the needs and desires expressed by our clients.

In France, 2013 was an extremely dynamic and positive year.
Asset Management

Denis DUVERNE
Deputy CEO

AXA has two asset managers, AXA Investment Managers and AllianceBernstein. Assets under their management declined slightly, by 1% in 2013, but net inflows are back in positive territory, reaching 8 billion euros. We benefited from the positive impact of market appreciation (for 34 billion euros), but this was more than offset by an unfavorable Forex impact and a change in scope following the sale of AXA Private Equity and the closed MONY portfolio transaction. In total assets under management for the two entities as of December 31, 2013 came to 893 billion euros. If we add the assets managed directly by insurance companies, the total comes to 1,114 billion euros, virtually unchanged versus last year.

Asset Management revenues were up 8%, supported by both AXA IM (+10%) and AllianceBernstein (+7%), both of which had a good year. Net inflows for AXA Investment Managers rose significantly, from 3 billion euros in 2012 to 12 billion euros in 2013, reflecting a genuine rebound. For AllianceBernstein, even though average assets under management rose by 5%, net outflows in 2013 were the same as in 2012, about 4 billion euros. AllianceBernstein experienced positive net inflows between September 2012 and the spring of 2013. But with the US Fed announcing plans to begin tapering its quantitative easing at the end of the spring Asia went through a period of turmoil and Alliance Bernstein, a leading bond manager in the Asian market, suffered fairly substantial outflows from this region, which penalized the global net figure.

Asset management underlying earnings rose by 8%, with AXA Investment Managers contributing 54% to AllianceBernstein’s 46%. This increase reflects the combined impact of higher profit and tighter cost control.
Executive Summary

Denis DUVERNE
Deputy CEO

Globally, underlying earnings rose by 18%. We turned in good performances across the board – in P&C, Protection & Health, Life & Savings and Asset Management. Three fourths of underlying earnings were provided by the Group’s least volatile businesses, i.e., property, protection and health. The remaining fourth is the result of savings and asset management.

Adjusted earnings, which consist of underlying earnings plus realized capital gains, rose by 20% to 5.162 billion euros. The dividend is calculated on this basis. Adjusted earnings got a slight boost from higher than usual realized capital gains, reflecting a capital gain of just over 190 million euros on the sale of some BNP Paribas securities at the end of the year, when we reduced our stake in BNP Paribas to 1.4%. Net income was up 14%, reaching 4.5 billion euros. The increase was less than that for adjusted earnings due to the impact of higher interest rates.

We have promised to distribute between 40 and 50% of our adjusted earnings. This year, we set the dividend at 40% of adjusted earnings, which results in a dividend of 81 euro cents per share, an increase of 13% compared with last year. The Group has the means to pay this dividend because we have operating free cash flow of 5.2 billion euros, an increase of 500 million euros versus last year.
Financial Strength

Denis DUVERNE
Deputy CEO

The Group’s financial strength continued to improve in 2013. Shareholders’ equity totals 52.9 billion euros, relatively unchanged versus 2012 and mainly impacted by lower unrealized capital gains, largely driven by higher interest rates, dividend payment and adverse Forex movements, partly offset by Net Income contribution.

Our Solvency I ratio – which remains applicable until the end of 2015 – remains very solid at 221%, even though it too was slightly impacted by lower unrealized capital gains. Our economic solvency ratio (which prefigures Solvency II) was up 7 points to 206%. Economic solvency is a better indicator of the Group’s actual financial strength. Higher interest rates are good for an insurance group like AXA, and this ratio reflects that. Our debt gearing went from 26 to 24%, below the 25% target we set for 2015. Accordingly, we have decided to set a new target and will endeavor to maintain this ratio at between 23 and 25% going forward.

The assets in AXA’s general account show a fairly consistent asset allocation. They totaled 470 billion euros on December 31, 2013. Our allocation is first and foremost guided by the need to match our assets and our liabilities to policyholders. This principle leads us to prefer bonds, which meet the criteria of liquidity, maturity and steady return for the investor. We slightly reduced our cash holdings and increased equity investments from 3 to 4%. This bond portfolio is composed of government and corporate bonds with high ratings. The return on our invested assets was unchanged in 2013, at around 3.8%. So we did not suffer too much from the prolonged period of very low interest rates and we are very well prepared for the future.
Conclusion

Henri de CASTRIES
Chairman & CEO

Our 2013 earnings are both solid and high quality. They show that we are well on our way to achieving the objectives linked to Ambition AXA by the 2015 end date, and that we can look to the future with a great deal of confidence – even though the efforts we still have to make in our quest for transformation are substantial. On the strength of these very solid results, we can continue the Group’s transformation program, with a special focus on our digital transformation, and we are confident.
Q & A Session

Sylvie GUYONY, L’Agefi Hebdo

In Latin America, you are present in Mexico and Colombia. But is not being present in Brazil an option? Are there still opportunities in Brazil? How much would you be able to invest there? You mentioned the talents and recruiting you could make in a specific area. More globally, how is your staffing level evolving, particularly in France? You have revealed your savings targets. Do payroll savings figure in here? And lastly, have you identified other areas more closely tied to operations where you could show more ambition?

Jean-Laurent GRANIER

We have put down solid roots in Mexico and have taken a decisive step in Colombia. Brazil is the third key market in Latin America. In 2013, we decided to enter this market flying our own banner, creating an AXA branded business with a team of pioneers we had sent. Our goal is to develop business in corporate risks, a segment where we can offer technical expertise and added value to the market. We will be ready to start underwriting and collecting premiums before the end of the first half of this year. We already have a team of around fifteen experts there.

Under Brazilian regulations, at least 50% of an insurer’s reinsurance business has to be done in the Brazilian market. So we applied for two licenses, one for commercial lines P&C and the other for reinsurance operations. We will operate with a locally-based team, with the support of AXA Corporate Solutions. According to our current business plan, we expect to invest around 100 million euros in the next few years to develop this particular platform, which will allow us to establish a presence in this market, to develop business and to acquire significant market share in the commercial risks segment in the next five to ten years.

Nicolas MOREAU

In 2013, AXA France hired 3,850 people under all sorts of contracts (open-ended, fixed term, work study and interns). AXA in France hired 5,500 people in 2013. We expect the trend to continue on the same path in 2014. At the same time, AXA France expects to see a large number of retirements. On the administrative side, we are replacing one of every two departing employees. In 2012, our total payroll expense was 814 million for administrative personnel. The figure for 2013 is 25 to 30 million euros lower.

Denis DUVERNE

We have devised major investment programs. In 2014, they will total 1.2 billion euros, with a sharp increase in digital investments.

Laurent THEVENIN, Les Echos

You are present in Ukraine. What impact might current events there have on your business? Two years ago, you explained why it was worthwhile to be present in Central and Eastern Europe. Since then, you have sold off some business. In Poland, the government has been developing projects that are not very favorable. Do you still feel the same enthusiasm for this region?
Henri de CASTRIES

We are present in Ukraine, although the market for us is very small. In the very short term, our main concern is to protect the employees there who work for the Group. They are not in the center of Kiev, where the violence is concentrated, but they are not that far away. For the time being, we have not had any major incidents and we hope that will continue to be the case. In the medium term, it seems obvious that current events cast a pall over this market’s development potential. We hope things return to normal as quickly as possible.

As for the rest of Central and Eastern Europe, we still thought just five years ago that this market could be a source of growth for the Group, but we have since revised our position. Policy decisions in some countries in this region do not seem positive for growth or for the development of a long-term business like ours. For this reason, we have begun to withdraw from Hungary and Romania. We are not the only ones who are looking at these countries with less enthusiasm. However, it is important to place these developments within the context of the overall business landscape in the high growth markets the Group has chosen. Investments are not always a hundred percent successful.

In the emerging countries, we are interested in four regions: Central and Eastern Europe, the Mediterranean basin, Latin America and Asia. In the latter three, the actions we have taken have brought us satisfaction and we see no reason today to reduce our exposure. This includes Turkey, where we think that in spite of recent bumps, development potential remains good. Investing in emerging markets means accepting that the counterpart to a better growth outlook is greater volatility and higher risk.

Anne de GUIGNE, Le Figaro

Today, CNP is destabilized in the face of the BPCE’s demands. In the past, AXA looked at this company pretty closely. Is this no longer the case? In China, AXA has become the top foreign insurer but, in the last two years, the market share of non-Chinese insurers has declined. Do you think that the country will once again open itself up to the outside? Mr. Duverne, this morning on BFM you were talking about exploiting data. Do you think that the exploitation of health and medical data, currently protected in France, could evolve?

Henri de CASTRIES

CNP is a French company that argues about its distribution agreements with its partners. Our priorities lie elsewhere. We are interested in pursuing the Group’s transformation, its development in new channels of distribution, the renewal of its offering and its footprint in certain emerging territories.

Indeed, the market share of foreign insurers in China has been falling for the past ten years, but ours has never stopped increasing. Through our agreement with ICBC, we continue to pick up market share. All insurers combined, we are in tenth place. ICBC is China’s number one bank, with market share in retail banking that leaves us optimistic about our chances for further significant growth in life insurance. Tian Ping, the P&C insurer that we just bought, has a license that allows it to sell direct insurance nationwide, and we are expecting a sharp rise in revenues. China has 19 million new cars in a market that is mostly first-time buyers, which means the potential is gigantic. I am feeling fairly confident about long-term development. At the same time, life is not easy every day
in the Chinese market. It is necessary to learn how to manage relationships with partners, regulators and the authorities, but this is true for everyone who is evolving in these markets.

**Denis DUVERNE**

As it turned out, we needed 18 months to get the regulatory clearances required to launch our joint venture with ICBC. For our joint venture with Tian Ping, an extremely complex matter, it took just nine months. This was the first merger involving a Chinese company and a foreign company that got the green light from the Chinese authorities, and we are optimistic about the fact that the local authorities have given their blessing to this deal.

With respect to data, our business lies in protection. In the area of data – as elsewhere – we seek to protect our customers. On BFM this morning, I noted that we were going to take advantage of the profusion of available data to avoid having to ask our customers for information that is already in the public domain. At the same time, our customers can count on us to do whatever is necessary to protect the privacy of their data. We entered into the first framework agreement with the CNIL in the area of data protection and this issue remains one of our top priorities. In France, we sell an insurance policy that offers full family protection, and that includes protection against identity theft. In terms of commercial insurance, AXA Corporate Solutions and AXA France both now sell insurance policies that protect policyholders against cyber-criminality. Data protection is clearly a very important issue for us.

**Christian SCHUBERT, Frankfurter Allgemeine Zeitung**

Germany contributed to the rise in profits, principally in P&C. What products are we talking about? Does life insurance remain behind the curve? Today, you disappointed the markets. The share price is falling the dividend is a disappointment. What is your commentary?

**Henri de CASTRIES**

As far as the dividend is concerned, it seems to me to be aligned with the consensus. Our share price rose last year, dividend included, by 59%, which is substantially more than the industry and many of our main rivals. Adjustments are always made when earnings are reported. The net income figure may have come as a surprise, but we were perfectly aligned in terms of underlying and adjusted earnings. Net income is below consensus for a complicated technical reason that is related to hedging operations on derivatives, whose impact is negative for net income but totally neutral when it comes to the Group’s embedded value. The accounting specialists understand this; the generalists not so much.

**Jacques de VAUCLEROY**

In Germany, we saw improvement in our earnings, mainly driven by property-casualty insurance despite several severe storms. Though they fell short of what would be considered normal in prior years, they are recovering. We returned to a much better loss experience in 2013 compared with both 2011 and 2012. In fact, this is more a question of restoring profitability than of spectacular development. The improvement in profitability concerns mainly personal lines but also commercial lines to some degree. And our life business was satisfactory, developing steadily and providing relatively stable earnings, which is pretty positive considering the fall in rates and the lower average return on investments. Our health business in Germany grew reasonably well in 2013.
Lionel GARNIER, Le Revenu

What do you expect will be the impact in 2014 of the flooding that occurred in the United Kingdom? In life insurance, 2013 was another year of operating losses in the UK. What is your outlook there? Might you sell off other businesses? Why are you adjusting your gearing ratio target when it already looks relatively reasonable? Are you thinking of making a large acquisition?

Henri de CASTRIES

The financial strength of our balance sheet leaves no scope for concern. Analysts and the market as a whole have understood the message perfectly well. We are not contemplating a major acquisition. We want to lower our gearing ratio slightly because we think it is prudent to do so within the context of our universe of large global financial groups. There are still some economic and regulatory uncertainties for the insurance industry. Solvency II negotiations are over, ending in a compromise, but the implementation details have not yet been communicated. In addition, the discussion on SIFIs remains somewhat confused. Under the circumstances, wisdom dictates that we act with prudence in these areas.

Jean-Laurent GRANIER

2013 was a good year for the United Kingdom. The UK made one of the strongest contributions to earnings, ending the year with a combined ratio below 99%. In the winter, there are more weather-related natural events than at other times of the year. We remain vigilant. This winter, the frequency of these events has been higher than normal, particularly in the United Kingdom. It is too early to take stock of the situation. The UK market thinks that insurers may have to pay out more than one billion pounds. We are looking at this early, adverse part of this year with precision. Our underwriting policy takes this type of risk into account. In 2013, we exited from some sectors where we thought that there was a mismatch between pricing and the risk assumed. The year 2014 has barely begun and diversification is already proving to be an undeniable strength when it comes to smoothing out our earnings, in particular in the area of natural catastrophes.

Henri de CASTRIES

At this stage, it’s not a major event for us.

Denis DUVERNE

In 2010, we sold most of our life insurance business in the United Kingdom, focusing the rest on direct life insurance and savings management in a mutual fund envelope. Today, this business is very limited and we need to redevelop it. It should reach its breakeven point in 2014-2015. We remain aligned with this business plan, and are even slightly ahead. We anticipated the retail distribution review of 2012, i.e., the elimination of upfront commissions/entry fees. British regulators are very rigorous and have made the financial advisory business extremely difficult. This has convinced us to abandon some business activities, particularly in the area of bank insurance. All in all, our net inflow is higher than expected thanks to the success of our platform, which enables independent financial advisors to combine all assets on a single screen, no matter where those assets are located. Our multi-manager business is also working very well. We are slightly ahead of our business plan, which called for breakeven in 2014 and a satisfactory level of profitability in 2015. We can be proud of our choices, which anticipated regulations.
Estelle DURAND, L’Argus de l’Assurance

What was the impact for France of weather-related events? Is the recurrent nature of these events pushing you to think about modifying your coverage and claims settlement processes?

Jean-Laurent GRANIER

In the last two years, we have seen a series of small, highly localized natural events that we take into account over time in our pricing. The frequency of these events is tending to rise. However, we undertake an increasingly refined analysis of our risks, which means understanding exactly where our clients are. We use all of the data the market has to offer in our effort to gather this information and we are developing geo-localization systems in an attempt to anticipate and limit the consequences of these events. It is important not to draw conclusions from the event that hit Brittany in late 2013 and early 2014. In terms of magnitude, this was not a major event. But we are taking this parameter into account and we are looking to form our own conviction in terms of forecasting trends. Both technology and weather-related data collection will form part of our discussions in the years to come. At this stage, our business is to indemnify our clients and we are obviously delighted to be able to respond to their difficulties under these circumstances.

Nicolas MOREAU

The impact of the events that occurred in January is 20 million euros, in a market of 150 to 200 million euros. These events are very spectacular and repetitive but their magnitude is actually quite reasonable compared with the Lothar and Martin storms.

Maya NIKOLAEVA, Reuters

What is the impact of higher interest rates on your strategy and your earnings? Could the depreciation of currencies in emerging countries have a positive impact on your investments in these countries? What is the proportion of your future investments in mature versus emerging countries?

Henri de CASTRIES

We are not investing in new businesses – we are investing in our own operations.

Denis DUVERNE

The impact of higher interest rates is very positive for AXA, as it is for most insurers. Higher interest rates means we can in fact reinvest the money that our policyholders have entrusted us at higher rates. On average, we invested at 2.9% in 2013, but the total return on our investments was in fact between 3.7% for life insurance and 3.9% for P&C insurance, a sign that new investments are gradually diluting the investment returns on the portfolio as a whole. Rising rates is good news, and we can see this by looking at the embedded value, which represents the trading value of our activities.

The depreciation of exchange rates on emerging country currencies may indeed give us new opportunities to invest in acquisitions at lower prices. As for the investments we have already made, we have chosen to hedge against the depreciation of the Turkish Lira and the Ruble, but we
haven’t taken out hedges for most other currencies. We made these investments to start up operations *ex-nihilo* and our balance sheet does not include significant amounts of these various currencies.

The bulk of our 1.2 billion euro investment program concerns IT investments, related to our current operations. We have the resources we need to make acquisitions but we don’t define a budget *ad hoc*. Our investment decisions depend on the opportunities that may arise in the market. We are very methodical: we pay for these acquisitions at fair prices or, failing that, we simply continue to accumulate shareholders’ equity.

**Chiara RANCATI, Ansa**

Monte Paschi may be raising equity capital this spring. Will you take part in it or allow your interest to be diluted? Where do things stand with respect to your joint business with Monte Paschi?

**Henri de CASTRIES**

The capital increase was scheduled for January. It has been postponed, most likely until May. We have already said we would participate because we have confidence in the strategy implemented by Mr. Profumo and Mr. Viola, the executives of MPS, to turn the bank around. Our business in the joint life insurance and P&C subsidiaries is going well and gives us satisfaction.

**Fabio BENEDETTI, Bloomberg**

In the last three or four years, you have been making significant acquisitions in the emerging countries. Today, you are investing in the post-merger integration of Tian Ping and the partnership with ICBC. Is it fair to say that you will be more disciplined this year, investing in integration rather than further acquisitions?

**Henri de CASTRIES**

You seem to be implying that we have been undisciplined and that’s just not true. We don’t define an acquisition budget at the start of the year. For 40 years, AXA has been very pragmatic while also setting forth very clear lines of development and staying very disciplined in its follow-through of plans. We want to increase our presence in emerging markets while also stepping up the pace of our Group’s digital transformation. Our presence in the emerging markets has increased substantially in the last four or five years. If an opportunity arises that would offer a good fit with what we currently offer, then we might take a closer look. In no way is that a change in strategy.

**Giuliana LICINI, Radiocor**

How do you view AXA’s business in Italy? How do you think it might evolve?

**Henri de CASTRIES**

We are satisfied with our performance in Italy, with respect to Monte Paschi as well as AXA Assicurazioni. Conditions in the Italian P&C market are hardening and we are evolving with the cycle, although our results remain good. We had started to reinvest in Italian debt 18 months ago, thinking that Italy would begin to gradually make the needed structural reforms. The way Italian
bond yields have moved since this date seems to suggest that we were right to take this action. We are watching developments of the past few weeks with interest to determine if they confirm our sense that the pace of reform will be stepped up.