Universal Registration Document 2020

ANNUAL FINANCIAL REPORT

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UNIVERSAL REGISTRATION DOCUMENT

ANNUAL REPORT 2020

This Universal Registration Document has been filed on March 22, 2021 with the *Autorité des Marchés Financiers* (the "AMF") as the competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129.

This Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and all amendments to the Universal Registration Document. The combined document is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a copy of the official version of the Universal Registration Document (in French) in the xHTML format, which includes the Annual Financial Report for the financial year ended December 31, 2020 and is available on the AMF's website (www.amf-france.org) and on the Company's website (www.axa.com).

This Universal Registration Document (which we also refer to as our "Annual Report") 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 490 of this Universal Registration Document which indicates the relevant sections of this Universal Registration Document corresponding to the items referred to in Article 222-3 of the AMF General Regulation), (ii) all disclosure matters required to be included in the Board of Directors' report to AXA's Shareholders' Meeting to be held on April 29, 2021, established pursuant to Articles L. 225-100 *et seq*. and L. 22-10-35 *et seq*. of the French Commercial Code (*Code de commerce*) (the relevant sections of this Universal 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 484 of this Universal Registration Document); and (iii) all the elements required to be included in the corporate governance report established pursuant to Articles L. 225-37 *et seq*. and L. 22-10-8 *et seq*. of the French Commercial Code (*Code de commerce*) (the relevant sections of this Universal 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 485 of this Universal Registration Document). The cross-reference table on page 486 of this Universal Registration Document indicates the items of Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 to which the information contained herein corresponds.

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 the regulated market Euronext in 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 40 of this Annual Report, and (ii) presented in millions for convenience. Such amounts may have been rounded. Rounding differences may exist, including for percentages.

Where reference is made to a website in this Universal Registration Document, the contents of such website do not form part of this Universal Registration Document. No information, document or material from the website of the Company (www.axa.com) or any other source shall form part of this Universal Registration Document, unless such information, document or material is expressly incorporated by reference into this Universal Registration Document.

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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, pandemics or terrorist-related incidents. Please refer to Part 5 "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, particularly in respect of the COVID-19 crisis. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, 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 6 "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 V to this Annual Report.

Chairman's Message

2020 will go down into history as the year during which the world battled the coronavirus pandemic. COVID-19 caused an unprecedented health, economic and social challenge. All of us were affected, changing the way we work and live, all too often suffering or seeing loved ones suffer.

In this crisis, AXA played its role, taking care of all its stakeholders. We protected our employees from the virus, by providing them with the tools required to work from home in record time. We served our customers, who often faced difficult situations, taking exceptional measures to help them through difficult health, financial and other circumstances. As a major health actor, AXA extended coverage and services to healthcare professionals in several countries and leveraged its own medical networks and teleconsulting services to contribute to the healthcare effort. We further demonstrated our commitment to society by contributing to solidarity efforts and stepping up the funding we allocate to research on infectious diseases. We acted as a responsible corporate citizen by maintaining both employment and remuneration of our employees and declining any form of government assistance. Finally, we took care of our shareholders by paying a dividend, whilst heeding the calls for prudence from our regulators and supervisors.

In this demanding context, AXA once again demonstrated its resilience and continued its transformation and simplification journey. The sale of our activities in Central and Eastern Europe was completed. AXA further announced the sale of its operations in the Gulf Region and in Greece, as well as the combination of its Property & Casualty operations in India, Bharti-AXA GI, with ICICI-Lombard.

AXA's employees, agents and partners deserve my most heartfelt thanks for their engagement, their flexibility and their professionalism in 2020. With the active engagement of our CEO Thomas Buberl and Management Committee, they have delivered very strong results during one of the most challenging years on record.

Whilst COVID-19 and extreme weather conditions have had a negative impact on our 2020 earnings, we finished 2020 with a very strong solvency position at 200%. After taking into account the continued need for prudence given the on-going nature of the COVID-19 crisis and carefully considering the interests of all stakeholders including the ACPR's recent recommendations as well as a number of other factors such as the Company's current and projected solvency and cash positions over the next three years in various stress test scenarios and the potential impacts of COVID-19 on AXA's business going forward, the Board of Directors decided to propose a dividend of Euro 1.43 per share.

2020 changed the world and many evolutions are here to stay. AXA's strategic choices appear more relevant than ever for the post-COVID world:

- health is back as a top focus for individuals and companies, as the yearly edition of our *Future Risk Report* demonstrated. As a global leader in health insurance, AXA is well positioned to address the ensuing needs;
- the digitalization of our economy has leapt forward, opening new avenues for our corporate insurance activities and our "phygital" capabilities;
- the pandemic has also underlined how vulnerable our societies are to natural hazards, and thus brought renewed focus to climate change. AXA, with its acknowledged leadership position in the environmental space, as well as dedicated offers and rigorous investment practices, is best positioned to shape the debate in this crucial field;
- the pandemic's terrible economic consequences, which affected the livelihoods of many, also created a moral obligation to help prevent people from falling back into poverty, especially in developing and less developed countries. AXA's Emerging Customers operations, which now insure more than 22 million people across the world, give us a head start for tackling this challenge.

I am thus confident that, with its new strategic plan 2020-2023, AXA is well positioned for the next steps of its journey, being true to its purpose: "acting for human progress by protecting what matters". On behalf of all Board members, I express our trust in Thomas Buberl and the Management Committee members to lead AXA through this challenging period and achieve the objectives of the 2020-2023 strategic plan.

Denis Duverne
Chairman of the Board of Directors

“2020: exceptional resilience and unwavering commitment in an unprecedented crisis”

Chief Executive Officer’s Message

In 2020, the world faced one of its deepest, most sudden and most complex challenge since World War II. The swift outbreak of the COVID-19 pandemic resulted in uncertainty for all, hardship for many and grief for some. Individuals, organisations and communities were affected to varying extents, but without exception.

In this profoundly unsettling crisis, the full consequences of which are yet to be fully grasped, AXA held firm to its purpose: “acting for human progress by protecting what matters”. This renewed statement, unveiled mid-2020, at the heart of the crisis, enshrines the spirit that lies at the heart of what we do, and which makes me proud to lead AXA.

With the Management Committee and all the AXA teams, we steered the Group through the crisis with one core principle: living up to the immense responsibilities we have towards all our stakeholders – our customers, our employees, our shareholders, and society at large.

Our immediate response was focused on ensuring the safety of our employees, making every effort to guarantee their wellbeing in a distressing environment, continuing to serve our customers, and contributing to solidarity efforts across the world. Our unwavering commitment being a force for good was once more demonstrated in the impressive solidarity wave we saw across the Group to make sure that in the most critical of all times, we were present for our customers, whom I sincerely thank for their confidence.

At the same time, we took measures to ensure the solidity of AXA in the long run, because our capacity to protect people, communities and businesses fundamentally relies on our financial strength.

In 2020, the Group demonstrated its capacity to sustain extreme shocks while maintaining a solid performance: our gross revenues only decreased by 1% to €97 billion. With underlying earnings standing at €4.3bn, a solvency ratio up 20 points from 3Q20 to 200% despite low interest rates, and a debt gearing down 2 points at 26.8%, AXA confirmed its resilience.

The Group’s 2020 financial results are the result of AXA’s successful transformation, which also translates into an improved customer satisfaction, with 94% of our entities achieving a Net Promoter Score at or above market average (up 19 points *versus* 2019). Our Group is now reshaped to a simpler and more focused organization, closer to its customers and with the right scale across our geographies and preferred segments, Health, Protection and P&C Commercial lines.

Building on our vision, we presented a new strategic plan “*Driving Progress 2023*” focusing on five main objectives: (i) expand Health and Protection including through services, across all geographies, (ii) simplify customer experience and accelerate efficiency, particularly in Europe and France, (iii) strengthen underwriting performance, notably at AXA XL, (iv) sustain the Group’s climate leadership position in shaping the climate transition, and (v) grow cash flows across the Group through continued life in-force management and Group simplification, and disciplined capital management. With clear priorities set out, AXA is very well positioned to continue serving its clients and bring its contribution to building a better, greener and more inclusive world and to cater to the new insurance needs of customers and society.

Before concluding, I would like to commend the work accomplished by the AXA teams, agents, and partners who went above and beyond in a year like no other. In 2020, AXA rose to the historic challenge, illustrating how central to society insurance is. This was only possible thanks to the passion and professionalism of AXA employees. I am incredibly honoured to lead a company filled with such committed people.

While the initial phase of the crisis is now behind us, much adversity and affliction remain, and with it, the temptation to perceive reality on the gloomier side. But 2020 revealed the extent of our individual and collective resources, and proved that there is always reason for optimism. More than ever, I am confident in AXA’s bright future.

Thomas Buberl
Chief Executive Officer

AXA today

- By protecting people and businesses and taking action on major societal stakes, AXA is committing to its purpose: **"act for human progress by protecting what matters"**.
- A global leader on structurally expanding **Health, Protection and Commercial Property & Casualty insurance**, the Group has significantly reduced its exposure to financial risk over the past decade.
- AXA develops innovative valued-added services to complement insurance covers to become a **partner to its clients**.
- **As a responsible leader** with long-term perspective, the Group has taken commitments to contribute to the **recovery** of the economy and keep up the efforts to **fight against climate change**.
- With its new plan **"*Driving Progress 2023*"**, AXA is pursuing **its strategy based on 5 key priorities :** expand Health and Protection businesses, simplify customer experience and accelerate efficiency, strengthen, underwriting performance, sustain our climate leadership position and grow cash-flows across the Group.

Strategic orientations

The COVID-19 global pandemic has been hitting the world since early 2020, happening right at the juncture between strategic plans, from the closure of Ambition 2020 to the beginning of "*Driving Progress 2023*". In the course of designing the new plan, despite significant uncertainties weighing on when and how the once-in-a-century crisis will end, we have analyzed and taken into account a number of key trends catalyzed by the COVID-19 crisis and their long-term impacts:

- **macroeconomic challenges**: (i) global recovery to pre-COVID-19 growth levels may be delayed with varying impacts on geographies, resulting in widening gaps between faster (China, Asia, US) and slower recovering economies (Europe, Africa and Latin America), (ii) a low interest rate environment is likely to persist, (iii) geopolitical tensions may further slowdown globalization in the near future, and (iv) political and social risks will remain elevated in many jurisdictions, potentially further pressuring the insurance industry, by affecting demand and the cost of doing business;
- **insurance industry's transformation**: (i) tightening legislation and regulation complexity will continue, (ii) the nature, frequency and volatility of risks are evolving as a result of climate change and natural catastrophes, the evolution of technology, and the global interconnection of businesses increasing supply chain risk, (iii) with demand potentially slowing, competitive pressure will increase from traditional and non-traditional players, notably in retail lines, (iv) cost pressures will further stimulate technical excellence and productivity gains, also leading operators to develop "beyond insurance" services to improve margins and customer satisfaction, and (v) cutting-edge technology and operations will be critical to address these challenges;
- **consumer behaviors**: (i) the growing awareness of health and protection needs is a real opportunity to scale "beyond insurance" services, (ii) high volatility in business environments creates demand for more sophisticated and diverse technical risks in commercial lines, (iii) consumers increasingly value the experience in addition to the product as well as the ability to access any kind of service online, anytime, in a simple and instinctive manner, (iv) corporations' responses to environmental and societal challenges are seen as priorities by consumers and society at large.

With Ambition 2020 and its "*Payer-to-Partner*" vision, the Group significantly progressed in its transformation to prepare for the future by:

- cementing a customer-centric culture in all geographies (strong 2020 NPS performance with 94% of its lines of business at or above market average);
- shifting its business profile towards more technical risks and lowering exposure to financial risks (disposal of EQH, acquisition of the XL Group and transformation of the Swiss Group Life);
- accelerating in preferred segments, *i.e*. P&C commercial lines, health and protection;
- deploying its health strategy in China through its 100%-owned subsidiary (AXA Tianping);
- simplifying the Group (exiting a number of non-core markets);
- paving the way for "beyond insurance" services (*e.g*. telemedicine or vertical integration in health); and
- continuing to launch ambitious actions addressing main social and environmental challenges.

"*Driving Progress 2023*" is a step further in the execution of our strategic vision, built on five pillars:

1) **Expand Health and Protection** across all our geographies, notably through innovative services;
2) **Simplify customer experience and accelerate efficiency**, particularly in Europe and France;
3) **Strengthen underwriting performance**, notably at AXA XL;
4) **Sustain our climate leadership position**, with further actions to shape the climate transition;
5) **Grow cash flows across the Group**, with increased cash generation and continued life in-force optimization.

With its purpose "Acting for human progress by protecting what matters" and strategic plan "*Driving Progress 2023*", AXA aims at reinforcing its mission and social responsibility *vis-à-vis its* stakeholders (*e.g*. clients, employees, investors) and society at large, while delivering ambitious financial targets in line with these values.

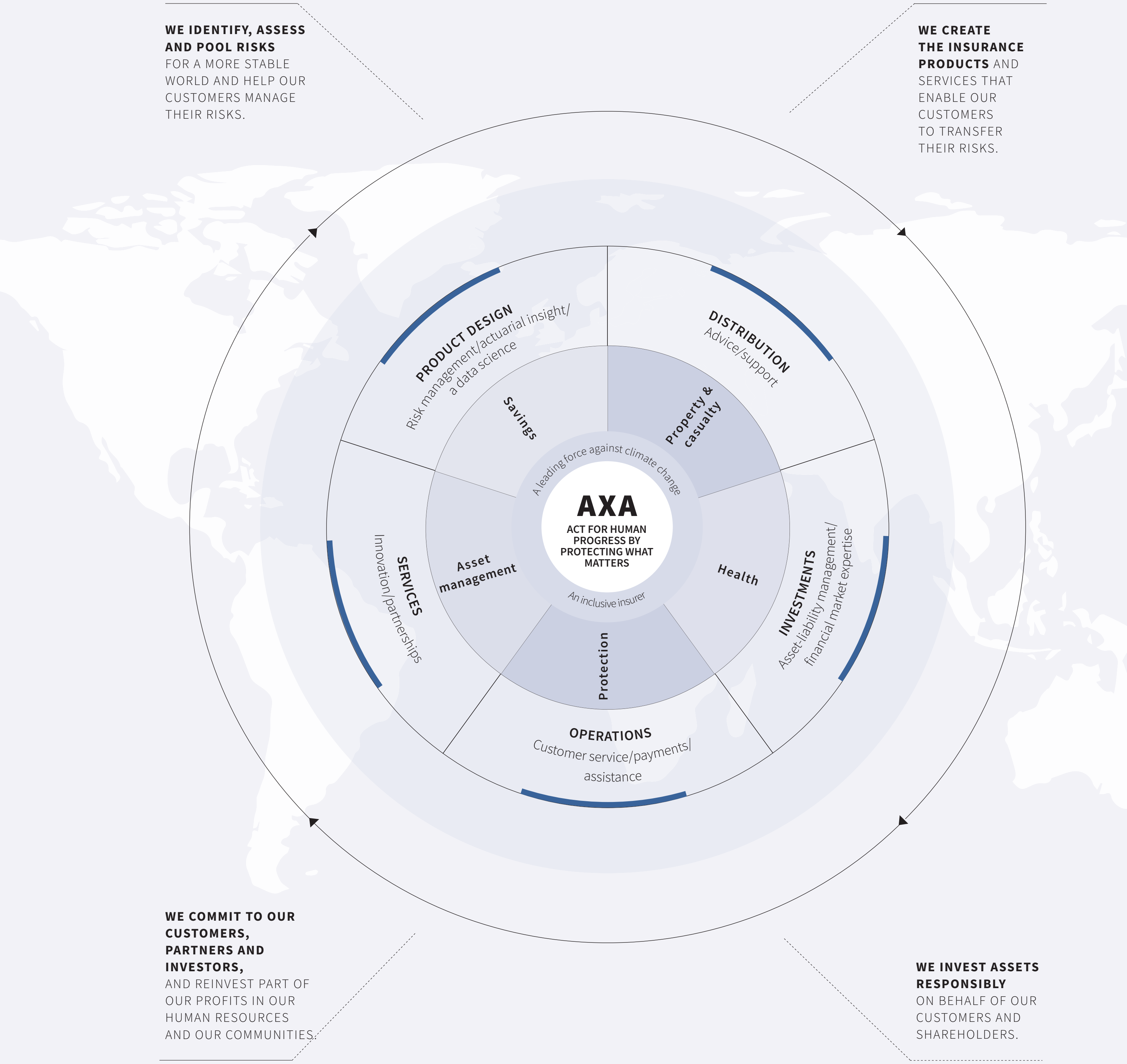
Sustainable value creation

RESOURCES

RELATIONAL	FINANCIAL	HUMAN	REPUTATIONAL	SOCIAL & ENVIRONMENTAL
We serve both corporate and individual customers.	The funds required for our business come from our equity, as well as our shareholders and bondholders.	Our employees' diverse range of profiles and professions enables AXA to be effective, profitable and well managed. We also work closely with our distributors: agents, brokers and bankers.	We work closely with external providers of products and services. We also cooperate with the authorities that set the rules in the insurance sector.	We require the trust and support of our stakeholders to operate our business effectively. Day to day, our business consumes environmental resources.
↓ Business by geography / Section 1.3	↓ Capital ownership / Section 6.1	↓ Employer Responsibility / Section 4.2	↓ Market Environment / Section 2.2	↓ AXA Sustainability strategy / Section 4.1

IMPACT

CUSTOMERS	SHAREHOLDERS	EMPLOYEES & DISTRIBUTORS	COMPANIES & INSTITUTIONS	SOCIETY
Our services and preventive action provide financial security and peace of mind.	Our dividends and interest generate regular returns, while our long-term investments guarantee financial stability	We pay our employees fairly, while developing their skills. We pay our distributors according to our established agreements and support them throughout their careers.	We are a reliable partner, helping the companies we work with and invest in to grow. We are also an ethical company, cooperating with authorities and regulators.	We generate a positive impact on society through our investments and our universally accessible products, and we help meet major environmental and societal challenges through our business, commitments and taxes.
↓ Premiums paid / Section 6.5 (Note 1.19 "Revenue recognition")	↓ Results / Section 6.2 ↓ Dividends paid / Section 1.1	↓ Employer Responsibility / Section 4.2	↓ Business conduct / Section 4.5	↓ Climate change and Biodiversity / Section 4.3 ↓ Inclusive insurer / Section 4.4



2020 Full Year Earnings

Growth across preferred segments

Revenues
€97bn
-1%

P&C COMMERCIAL	HEALTH	PROTECTION
33% of revenues	15% of revenues	16% of revenues
+2%	+6%	+2%

Underlying Earnings
€4.3bn

P&C	HEALTH	L&S
€1.6bn	€0.7bn	€2.3bn

ASSET MANAGEMENT	BANKING & HOLDINGS
€0.3bn	€-0.7bn

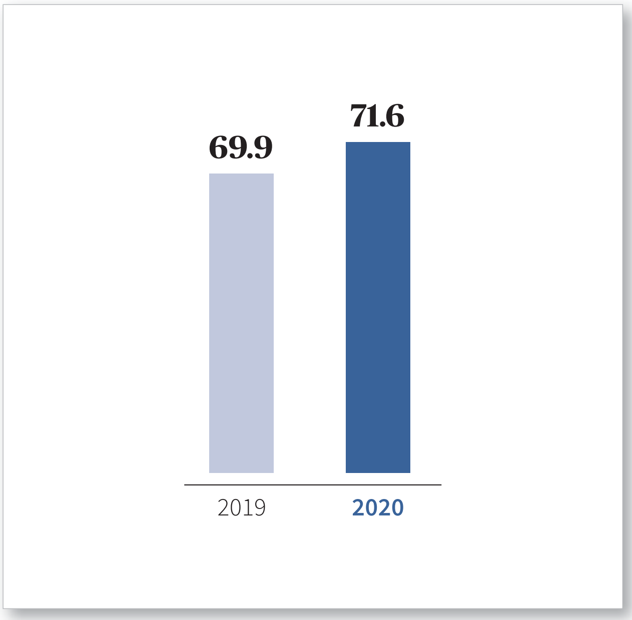
Profitability indicators

P&C	HEALTH	PROTECTION
Combined ratio	Combined ratio	Combined ratio
99.5%	94.5%	94.4%

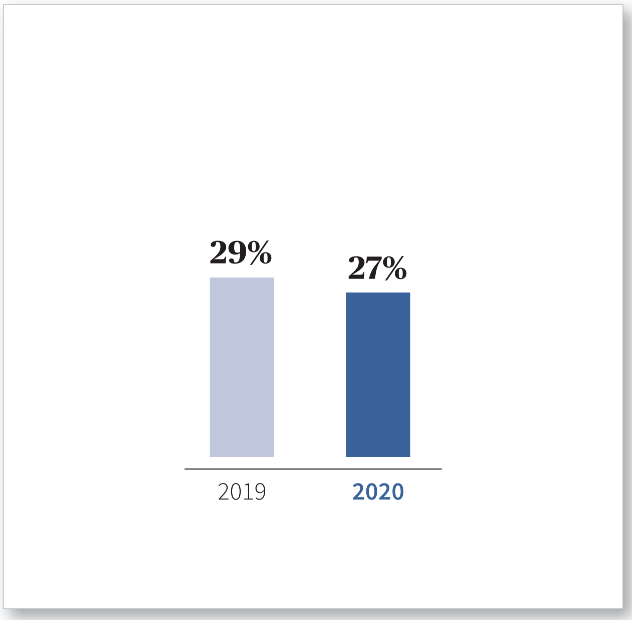
Financial strength and dividend

Shareholders' equity

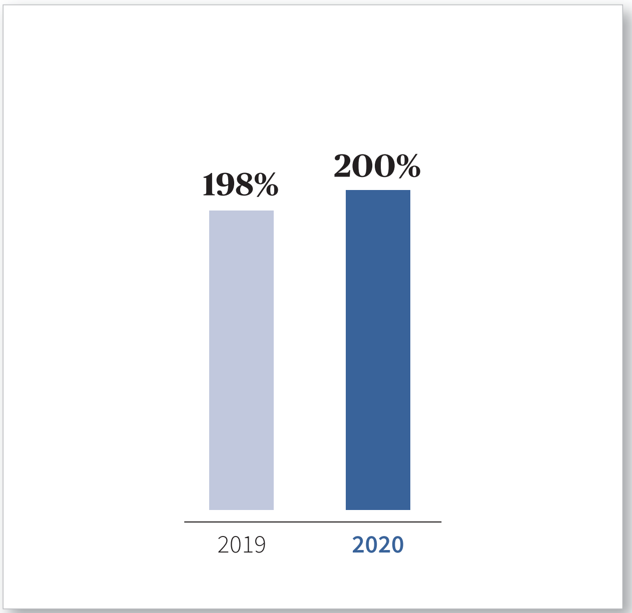
In Euro billion



Debt gearing

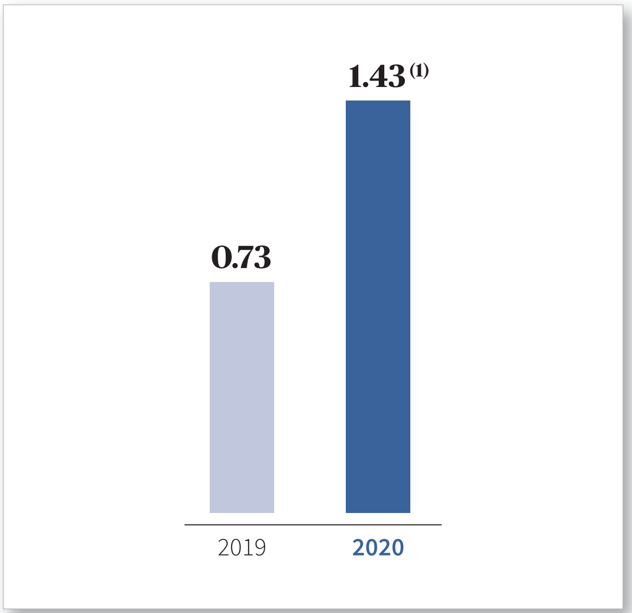


Solvency II ratio



Dividend

In Euro per share



(1) Proposed dividend, submitted for approval at the Annual Shareholders Meeting on April 29, 2021.

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THE AXA GROUP

AXA SA is the holding company of AXA Group, a worldwide leader in insurance, with total assets of €805 billion for the year ended December 31, 2020.

AXA operates primarily in five hubs: France, Europe, Asia, AXA XL and International (including Middle East, Latin America and Africa).

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

1.1 KEY FIGURES

IFRS Indicators

IFRS indicators presented below are derived from the Consolidated Financial Statements for the year ended December 31, 2020.

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, 2020 included in Part 6 "Consolidated Financial Statements" of this Annual Report.

(in Euro million)	2020	2019	2018
Income Statement Data			
Revenues	96,723	103,532	102,874
Net consolidated income - Group share	3,164	3,857	2,140

(in Euro million except per share data)	2020	2019	2018
Balance Sheet Data			
Total assets	804,589	780,878	930,695
Shareholders' equity - Group share	71,610	69,897	62,428
Shareholders' equity per share [(a)]	27.3	26.6	23.4
Dividend per share [(b)]	1.43	0.73	1.34

(a) 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.

(b) 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 €1.43 per share will be proposed at AXA's Shareholders' Meeting that will be held on April 29, 2021. Subject to the Shareholders' Meeting approval, the dividend will be paid out on May 11, 2021, with an ex-dividend date of May 7, 2021.

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 V to this Annual Report.

(in Euro million, except percentages)	2020	2019	2018
Property & Casualty Gross revenues	48,729	48,817	35,320
Property & Casualty Combined Ratio [(a)]	99.5%	96.4%	97.0%
Health Gross revenues	14,711	14,000	13,056
Health Combined Ratio [(a)] [(b)]	94.5%	94.1%	94.4%
Annual Premium Equivalent (APE)	5,336	6,029	6,631
New Business Value (NBV)	2,480	2,542	2,607
Underlying earnings Group share [(a)]	4,264	6,451	6,182
Adjusted earnings Group share [(a)]	4,602	6,844	6,489

(a) Alternative Performance Measures. For further information, refer to Section 2.3 "Activity Report" and the Glossary set forth in Appendix V of this Annual Report.
(b) As a consequence of the deconsolidation of Equitable Holdings, Inc. ("EQH") as of March 31, 2019, EQH contribution was excluded from Health Combined Ratio calculation in 2019.

Assets under management

The table below sets forth the total assets managed by AXA's subsidiaries, including assets managed on behalf of third parties:

	At December 31		
(in Euro million)	2020	2019	2018
AXA			
General Account assets	597,259	576,183	633,854
Assets backing contracts with financial risk borne by policyholders (Unit-Linked)	77,802	72,660	160,176
Subtotal	**675,062**	**648,843**	**794,030**
Managed on behalf of third parties [(a)]	357,026	320,517	629,814
TOTAL ASSETS UNDER MANAGEMENT	**1,032,087**	**969,360**	**1,423,844**

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

For additional information on AXA's revenues by segment, see Section 6.6 - Note 21 "Information by segment" of this Annual Report.

For additional information on AXA's segments, see Section 2.3 "Activity Report" and Section 6.6 - Note 3 "Consolidated statement of income by segment" 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's current dividend policy is based on adjusted earnings per share net of its outstanding undated debt interest charges. From 2022 onwards, AXA targets to pay aggregate dividends in a general range of 55%-65% of underlying earnings per share (equivalent to the current general range of 50% to 60% of adjusted earnings per share). 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 €1.43 per share for the 2020 fiscal year will be proposed to the Shareholders' Meeting to be held on April 29, 2021.

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)*
2016	2,813	2,425,149,130	1.16 [(b)]	1.16 [(b)]	1.16 [(b)]
2017	3,056	2,425,235,751	1.26 [(c)]	1.26 [(c)]	1.26 [(c)]
2018	3,249	2,424,916,626	1.34 [(d)]	1.34 [(d)]	1.34 [(d)]
2019	1,765	2,417,695,123	0.73 [(e)]	0.73 [(e)]	0.73 [(e)]
2020	3,458 [(a)]	2,418,389,408	1.43 [(f)]	1.43 [(f)]	1.43 [(f)]

(a) Proposal to be submitted to the Shareholders' Meeting to be held on April 29, 2021.

(b) Individual shareholders who were residents of France for tax purposes were eligible for a tax relief of 40% on the dividend, i.e. €0.46 per share for fiscal year 2016.

(c) The gross amount of dividends was subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of option for the progressive scale on income tax which then applied to all capital income paid in 2018. The option for the progressive scale gave right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.50 per share for fiscal year 2017.

(d) The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2019. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.54 per share for fiscal year 2018.

(e) The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2020. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.57 per share for fiscal year 2019.

(f) Proposal to be submitted to the Shareholders' Meeting to be held on April 29, 2021. The gross amount of dividends will be subject to a unique withholding tax liquidated at an overall rate of 30%, unless in case of express and irrevocable option for the progressive scale on income tax which would then apply to all capital income paid in 2021. The option for the progressive scale would give right to the 40% tax relief pursuant to paragraph 2° of Article 158.3 of the French General Tax Code, i.e. €0.57 per share for fiscal year 2020.

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 29.5 "Other items: Restriction on dividend payments to shareholders" in Part 6 "Consolidated Financial Statements" and Section 7.3 "General Information - Bylaws - Rights, preferences and restrictions attached to the shares" of this Annual Report. For additional information regarding the factors and risks that may cause the proposed dividend amount to vary or otherwise impact our capacity to pay dividends, see paragraphs "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition", "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" and "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" in Section 5.1 "Risk Factors" 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	March 12, 2021	AA-	Stable	A	Stable	A-1
Fitch Ratings	October 13, 2020	AA-	Stable	A	Stable	F1
Moody's Investors Service	April 5, 2019	Aa3	Stable	A2	Stable	P-1

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 Standard & Poor's study);
- Euronext Vigeo, World 120, Eurozone 120 and France 20 (based on Vigeo Eiris research);
- FTSE4GOOD (based on FTSE Russell research).

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

Agency/Organisation	Scores & ratings
Standard & Poor's "Dow Jones Sustainability Index" (a)	88/100 - Sector average: 39/100 *Percentile ranking:* 99th
Vigeo Eiris	69/100 - Sector leader
FTSE ESG	4,3/5
Sustainalytics	86/100 - Rank 2/278 in sector
MSCI	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.

Standard & Poor's. Corporate Sustainability Assessment assesses each year over 4500 companies using criteria that are both industry-specific and financially material. The results are used to create the Dow Jones Sustainability Index. https://www.spglobal.com/esg/csa/about/

Vigeo Eiris is an ESG (Environmental, Social and Governance) rating agency. Its methodology leverages a number of sustainability criteria based on international standards. http://www.vigeo-eiris.com/about-us/methodology-quality-assurance/

FTSE Russell is a provider of benchmarks, analytics, and data solutions across asset classes. Each year FTSE Russell rates over 4,000 companies, measuring their exposure to and management of ESG issues. https://www.ftse.com/products/indices/esg

Sustainalytics is an ESG (Environmental, Social and Governance) rating agency covering 9,000 companies. The agency focuses on corporate governance, material ESG issues, and controversies. https://www.sustainalytics.com/esg-ratings/

MSCI is an independent provider of research and data for institutional investors. MSCI's research analysts assess thousands of data points across 37 ESG issues, focusing on both risks and opportunities. https://www.msci.com/esg-ratings

UN Principles for Responsible Investment (Transparency Report). The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that encourage the incorporation of ESG issues into investment practices. PRI signatories are required to report publicly on their responsible investment activities each year, using asset-specific modules in the UN PRI reporting system. Answers are then assessed and results are compiled into an annual Assessment Report. https://www.unpri.org/signatories/about-pri-assessment

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.

2014

Acquisition of (i) 50% of TianPing, 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 Genworth Lifestyle Protection Insurance; and

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

2016

Sale of AXA's UK (non-platform) investment and pension businesses and its direct Protection businesses to Phoenix Group Holdings.

2017

Announcement of the intention to list a minority stake of AXA's US operations (expected to consist of its US Life & Savings business and AXA Group's interest in AB) subject to market conditions, a strategic decision to create significant additional financial flexibility to accelerate AXA's transformation, in line with Ambition 2020; and

Launch of AXA Global Parametrics, a new entity dedicated to accelerate the development of parametric insurance solutions, broaden the range of solutions to better serve existing customers and expand its scope to SMEs and individuals.

2018

Acquisition of (i) the XL Group, creating the #1 global P&C Commercial lines insurance platform and (ii) Maestro Health, a US health benefit administration digital company;

Initial public offering ("IPO") of the US subsidiary, Equitable Holdings, Inc. [1], on the New York Stock Exchange; and

Exclusivity agreement entered into with Cinven for the potential disposal of AXA Life Europe ("ALE"), a specialized platform which designed, manufactured and distributed AXA's Variable Annuity products across Europe.

2019

Agreement to sell AXA Bank Belgium and conclusion of a long-term insurance distribution partnership with Crelan Bank;

Sale of AXA's remaining stake in Equitable Holdings, Inc. (EQH) [2]; and

Finalization of the acquisition of the remaining 50% stake in AXA Tianping.

2020

Agreement to combine the non-life insurance operations in India of Bharti AXA General Insurance Company Limited into ICICI Lombard General Insurance Company Limited;

Sale of AXA's Life & Savings, Property & Casualty and Pension businesses in Poland, Czech Republic and Slovakia to UNIQA Insurance Group AG;

Agreement with Gulf Insurance Group to sell AXA's insurance operations in the Gulf Region; and

Agreement with Generali to sell AXA's insurance operations in Greece.

For further information concerning Group subsidiaries (including the Group's equity interest and voting rights percentages), please see Section 6.6 - Note 2 "Scope of consolidation" of this Annual Report.

(1) Formerly known as AXA Equitable Holdings, Inc.

(2) Excluding shares of common stock of EQH, primarily related to the EQH shares to be delivered on redemption of the AXA SA bonds mandatorily exchangeable into EQH shares, maturing in May 2021.

1.3 BUSINESS OVERVIEW

AXA operates in five hubs (France, Europe, Asia, AXA XL and International) and offers a broad range of Life & Savings, Property & Casualty, Health, Asset Management and Banking products and expertise.

The nature and level of competition vary among the countries where AXA operates. AXA competes with insurance companies and also with banks, asset management companies, investment advisers and other financial institutions.

The principal competitive factors are as follows:

- 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.

For additional information on markets, see Section 2.2 "Market Environment – Market conditions" of this Annual Report.

The table set out below presents AXA Gross revenues (after inter-segment eliminations) by line of business.

	Gross revenues at December 31 (a)											
	Life & Savings		Property & Casualty		Health		Asset Management		Banking		Total	
(in Euro million)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
France	13,001	14,325	6,986	7,059	4,912	4,619	-	-	165	179	25,064	26,182
Europe	10,627	12,268	16,594	16,645	5,630	5,477	-	-	9	25	32,860	34,415
Asia	6,379	6,350	2,159	1,353	2,412	2,156	-	-	-	-	10,950	9,860
AXA XL	184	188	18,346	18,553	-	-	-	-	-	-	18,530	18,741
United States (b)	-	3,629	-	-	-	14	-	654	-	-	-	4,297
International	1,113	1,328	3,407	3,888	1,562	1,550	-	-	317	313	6,398	7,078
Transversal & Central Holdings	221	230	1,238	1,319	194	184	1,269	1,225	-	-	2,921	2,959
TOTAL	**31,524**	**38,318**	**48,729**	**48,817**	**14,711**	**14,000**	**1,269**	**1,879**	**491**	**517**	**96,723**	**103,532**

(a) Net of intercompany eliminations.
(b) The contribution of the United States in 2019 includes 3 months of operations, until the date of the deconsolidation (March 31).

France

GROSS REVENUES

(in Euro million)	Gross revenues at December 31 [a] 2020	2019
TOTAL	**25,064**	**26,182**
Gross written premiums	24,896	26,002
Other revenues [b]	168	180

(a) Net of intercompany eliminations.
(b) Include fees and charges related to investment contracts with no participating features, net revenues from banking and revenues from other activities.

PRODUCTS AND SERVICES

AXA offers in France a full range of insurance products, including Life & Savings, Property & Casualty and Health. Its offering covers a broad range of products including Motor, Household, Property and general liability insurance, Banking, savings vehicles and other investment-based products for both Personal/Individual and Commercial/Group customers, as well as Health, Protection and retirement products for individual or professional customers.

In addition, leveraging on its product and distribution expertise, AXA France is developing an Employee Benefit proposition internationally to individuals, corporates and other institutions.

NEW PRODUCT INITIATIVES

As part of the accomplishment of the Ambition 2020 plan, AXA France has launched several new product initiatives in 2020 with a focus on Life & Savings segment.

In Savings, a new Unit-Linked infrastructure fund "*AXA Avenir Infrastructure*" was created to offer clients additional portfolio diversification options. Previously available to institutional investors only, the fund gives retail investors – *via* their life insurance policy – the opportunity to invest in infrastructure projects carried out by listed and non-listed companies. Those projects include but are not limited to transport, digital infrastructure, renewable and conventional energy. All projects subject to corporate social responsibility controversy, such as coal industry and bituminous sands, are excluded from the fund's investment scope.

Moreover, AXA France has launched a new online service called "*Ma Retraite 360*" which allows clients to monitor their income level at retirement generated through all types of pension plans. The digital solution also offers clients the ability to integrate other pension plans held at other financial institutions as well as other revenue streams such as Real Estate income.

In Protection, AXA France has developed a simple and competitive Personal Accident product "*Ma Protection Accident*" to protect customers against bodily injuries that occur in daily private lives.

Additionally, in partnership with Western Union within the Credit & Lifestyle Protection business, AXA Partners launched "Transfer Protect" which offers to Western Union customers the opportunity to subscribe to insurance cover in case of death and disability.

DISTRIBUTION CHANNELS

AXA France distributes its insurance products through exclusive and non-exclusive channels including exclusive agents, salaried sales forces, direct sales, banks, as well as brokers, independent financial advisors, aligned distributors or wholesale distributors and partnerships.

Europe

In Europe (excluding France), AXA operates in seven countries (Switzerland, Germany, Belgium, the United Kingdom & Ireland, Spain and Italy).

GROSS REVENUES

(in Euro million, except percentages)	Gross revenues at December 31 [a] 2020		2019	
Switzerland	5,261	16%	5,992	17%
Germany	11,025	34%	10,862	32%
Belgium	3,372	10%	3,405	10%
United Kingdom & Ireland	5,215	16%	5,367	16%
Spain	2,566	8%	2,686	8%
Italy	5,422	16%	6,104	18%
TOTAL	**32,860**	**100%**	**34,415**	**100%**
Gross written premiums	32,440		33,985	
Other revenues [b]	420		430	

(a) Net of intercompany eliminations.
(b) Include fees and charges related to investment contracts with no participating features, net revenues from banking activities and revenues from other activities.

PRODUCTS AND SERVICES

Except for the United Kingdom and Ireland (where AXA operates only in Property & Casualty and Health), AXA offers in Europe a full range of insurance products, including Life & Savings, Property & Casualty and Health. In each country, its offering covers a broad range of products including Motor, Household, Property and general liability insurance, term life, whole life, universal life, endowment, deferred annuities, immediate annuities, and other investment-based products for both Personal/Individual and Commercial/Group customers.

Types and specificities of the products offered by AXA vary from market to market.

NEW PRODUCT INITIATIVES

The transformation from "*Payer-to-Partner*" continues in European markets, with the objective of becoming a full-fledged and innovative partner for their customers before, during and after claims. In the context of the COVID-19 pandemic, this year has been dedicated to enhance digitalization and provide mental and physical health assistance.

- In Germany, AXA was able to engage with several renowned partners to extend its distribution reach by relying on its digital capabilities:
  - BMW partnership: customers are being directly insured for one month with no premium when purchasing a new car. A significant percentage of those customers currently become long-term paying customers after the free trial period;
  - ING partnership: more than 2 million ING customers are now eligible for AXA's liability, household and building coverage. Directly integrated into ING's online banking, the new digital solutions enable customers to intuitively and easily purchase insurance coverage.
- In Belgium, several initiatives have been launched in a consistent aspiration to enlarge the offer and service portfolio, including:
  - In Life & Savings, a new hybrid Group insurance offer "Essential for Life Plus" has been launched to allow SMEs to propose a valuable complementary pension to their employees in the current low interest rate environment. This new development allowed AXA Belgium to insure all the contractual agents of the federal Belgian government;
  - In Property & Casualty, several new products have been revamped ("*Confort Auto 2.0*", product dedicated to car dealers) and launched: "*Buildimax All*" to serve better brokers, client and association of co-owners, or "Flex Tax Advantage" to provide fiscal advantage on legal protection insurance;

- In Health, “*Doctors Online*”, its video consultation service, has been extended with a psychological assistance for about 385,000 health customers.
- In the United Kingdom & Ireland, the launch of “*Enhanced Doctor@Hand*” has been accelerated and additional online services such as mental health App “*Thrive and Clinical Support Centre*” have been provided.

DISTRIBUTION CHANNELS

AXA distributes its insurance products through exclusive and non-exclusive channels that vary from country to country, including exclusive agents, salaried sales forces, direct sales, banks and other partnerships (*e.g.* car dealers), brokers, independent financial advisors and aligned distributors or wholesale distributors.

Asia

Asia market includes AXA’s operations in seven countries (Japan, Hong Kong, Thailand, Indonesia, China, the Philippines and South Korea).

GROSS REVENUES

	Gross revenues at December 31 [a]			
(in Euro million, except percentages)	2020		2019	
Japan	4,969	45%	4,850	49%
Hong Kong	3,801	35%	3,829	39%
Asia High Potentials	1,098	10%	163	2%
Asia - Direct	1,082	10%	1,018	10%
TOTAL	**10,950**	**100%**	**9,860**	**100%**
Gross written premiums	10,915		9,820	
Other revenues [b]	35		39	

(a) Net of intercompany eliminations.
(b) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

Asia High Potentials include (i) the Property & Casualty subsidiary in Thailand, the non-bancassurance Life & Savings subsidiary in Indonesia and the Property & Casualty subsidiary in China (AXA Tianping [(1)]) which are fully consolidated, and (ii) the Joint-Ventures in China, the Philippines, Thailand, and Indonesia which are consolidated under the equity method.

PRODUCTS AND SERVICES

AXA operates in Asia primarily in Life & Savings and Health activities. Although recent years have seen the emergence of pan-Asian franchises, competition remains driven by local players in most of the countries.

AXA offers a full range of insurance products, including Life & Savings, Property & Casualty as well as Health. Types and specificities of the products offered by AXA vary depending on geographies:

- in Japan, AXA primarily offers protection, Health and Savings products, notably including medical whole life and medical term insurance as well as Protection with Unit-Linked products;
- in Hong Kong, AXA offers individual Life insurance (notably traditional whole life and to a lesser extent investment-linked), as well as Protection and Health products. In Property & Casualty, product offer includes on Personal lines traditional general insurance products such as Motor, Household and Travel, as well as Commercial insurance;

(1) Since December 31, 2019.

- in Asia High Potentials:
  - in Thailand, Indonesia and the Philippines, AXA offers a broad range of both (i) Life & Savings and Health products including whole life, endowment, Unit-Linked, group term insurance, critical illness and hospital cash products, as well as (ii) traditional Property & Casualty offers on both Personal and Commercial lines,
  - in China, AXA offers a whole range of general insurance products with both Personal, including Motor and Health, and Commercial lines, as well as the whole range of Life & Savings products;
- in Asia - Direct, Direct business focuses on motor insurance as well as Protection & Health products in South Korea and on Motor insurance and other Personal insurance products in Japan.

NEW PRODUCT INITIATIVES

As in other geographies, AXA aims to become a partner for its customers, by considering the specificities of the respective markets in which it operates:

- in Japan, AXA further enhanced its Health offer through (i) the launch of a simple and affordable whole-life medical product for broker market, (ii) the revision of a whole-life medical product by adding dementia lump-sum rider and outpatient support rider, and (iii) the addition of an advanced medical rider to a simple underwriting medical product;
- in Hong Kong, AXA launched several new products to support its Health & Protection development:
  - a new Protection product with market-first features, providing policyholders the option of halting future premium payments and locking-in returns, which brings higher flexibility to cope with economic uncertainties and market volatilities,
  - in Pure Protection, AXA launched a new simple critical illness plan, offering a budget-friendly cover for tailoring to different customer segments. The product can be served as either a standalone or a top-up plan for existing critical illness products,
  - in Health, AXA launched a women-specific product offering gynecology outpatient coverage and a range of payer-to-partner services including cosmetic treatments, refractive surgery and fertility solution;
- in Asia High Potentials:
  - in Thailand, AXA launched a range of new Protection products,
  - in Indonesia, AXA launched a new International individual Health product with VIP services and medical advice, enhanced its Protection proposition with a new whole Life product and innovated with a total loss protection cover for used cars,
  - in the Philippines, AXA launched a simple and affordable critical illness product which can be bought completely online, several Health services for home care, a third-generation Unit-linked savings and protection plan which enables customers to identify their goals and track them through the life cycle, as well as two new innovative funds. AXA has also partnered with Cebu Pacific, a local airline, to offer non-travel insurance products through Cebu Pacific's official website,
  - in China, AXA launched a number of unique products that address the needs of upper middle-class segments such as comprehensive inpatient and outpatient, elderly million medical, international cancer therapy and full flexi product, as well as becoming the first foreign insurer to be selected to cover a public-private-partnership scheme with the help of a specially supplementary insurance product;
- in Asia-Direct, AXA Direct Japan has launched a digital recommendation service for customers to get advice on the product that better suits their needs based on machine learning technology, while AXA Direct Korea launched digital funnel analysis system that can track real-time customer behavior on digital channels to enhance customer experience as well as improve acquisition from web and mobile channels.

DISTRIBUTION CHANNELS

AXA distributes its products through different distribution channels, in particular exclusive and non-exclusive agents, brokers and partnerships. AXA also has strong bancassurance partnerships, including joint-ventures, with large international and local financial institutions in the region.

AXA XL

GROSS REVENUES

(in Euro million)	Gross revenues at December 31 [(a)] 2020	2019
TOTAL	**18,530**	**18,741**
Gross written premiums	18,454	18,740
Other revenues (b)	76	0

(a) Net of intercompany eliminations.
(b) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

PRODUCTS AND SERVICES

AXA XL, through its operating subsidiaries, is a leading provider of Property & Casualty insurance and reinsurance coverages to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis, through:

- its insurance operations, AXA XL offers a broad range of coverages, including property, primary and excess Casualty, excess and surplus lines, environmental Liability, professional Liability, Construction, Marine, Energy, Aviation & satellite, fine art & specie, Equine, livestock & aquaculture, Accident & health and crisis management, among other risks;
- its reinsurance operations, AXA XL provides Casualty, Property risk, Property catastrophe, Specialty, and other reinsurance lines on a global basis with business being written on both a proportional and non-proportional treaty basis, as well as a facultative basis;
- its risk consulting operations, AXA XL offers clients customized risk management solutions and consulting services to understand and quantify the risks companies face or may face in the future, with the objective to help clients avoid preventable losses and mitigate the impact of losses which do occur.

NEW PRODUCT INITIATIVES

AXA XL continues to be at the forefront of bringing innovative solutions to the market:

- AXA XL along with other AXA Group entities are key members of the Global Health Risk Facility. The facility will make available billions of dollars of insurance coverage, together with risk mitigation services to help protect and support the global distribution of COVID-19 vaccines as well as critical health commodities. AXA XL is providing insurance protection together with critical risk consulting services, while AXA Group's global network of insurance carriers will act as fronting partners where required;
- AXA XL's North America business launched the "*Construction Ecosystem*", which connects innovative construction technologies and clients to help solve business problems and manage risks on their construction projects and across their organizations. As part of the launch, AXA XL introduced the "*Tech Library*", an easily searchable collection of curated construction technology solutions. AXA XL has leveraged its market presence to drive favorable terms with the right technologies to help clients address their business risks and meet their innovation goals;
- AXA XL launched "*Digital Risk Engineer*", a connected solution designed to enable companies to monitor the health of their buildings and assets. Available globally, "*Digital Risk Engineer*" uses Internet-of-Things (IoT) devices installed in the clients' buildings to capture information from connected systems such as energy, water (including sprinklers), heating, ventilation and air conditioning (HVAC). The information is analysed in real time to detect anomalies in the building, allowing for early intervention to mitigate the occurrence and severity of an incident.

DISTRIBUTION CHANNELS

The majority of AXA XL business originates *via* a large number of international, national and regional producers, acting as the brokers and representatives of current and prospective policyholders. This channel is supported by client and country management teams, which include sales and distribution representatives in key markets throughout the world.

Underwriting authority is also contractually delegated to selected third parties which are subject to a financial and operational due diligence review prior to any such delegation of authority, as well as ongoing reviews and audits as deemed necessary with the goal of assuring the continuing integrity of underwriting and related business operations.

International

In International markets, AXA operates in more than 20 countries, including 10 countries that are consolidated in Europe, Middle East, Africa & Latin America [(1)], as well as Singapore, Malaysia, India and AXA Bank Belgium.

GROSS REVENUES

(in Euro million)	Gross revenues at December 31 [(a)] 2020	2019
TOTAL	**6,398**	**7,078**
Gross written premiums	5,968	6,622
Other revenues [(b)]	430	456

(a) Net of intercompany eliminations.
(b) Include fees and charges related to investment contracts with no participating features net revenues from banking and revenues from other activities.

PRODUCTS AND SERVICES

AXA offers insurance products, including Life & Savings, Property & Casualty, Health, as well as banking products offered by AXA Bank Belgium. Types and specificities of the products offered by AXA vary depending on geographies and cover a broad range of products including motor, household, property and general liability insurance, term life, whole life, universal life, endowment, deferred annuities, immediate annuities, and other investment-based products for both Personal/Individual and Commercial/Group customers.

NEW PRODUCT INITIATIVES

International markets continued to accelerate digital Health services capabilities and coverage in the context of the COVID-19 crisis, through the implementation of innovative tools, leveraging on already existing vertical integration set-up.

International markets continued to provide an integrated ecosystem between medical assets and the insurance offer, either through onsite services in clinics, remote teleconsultation and digital services or through home services in Colombia, Egypt and Mexico. With the acceleration of teleconsultation (primary care and specialties including wellbeing and mental health) through their own network of clinics in Mexico, Egypt and Colombia, or with external partners in Turkey, Greece, Singapore, the Gulf Region, Luxembourg and Brazil, additional products/services have been launched or piloted such as symptom checkers and triage or innovative health solutions.

In addition, International markets continued to accelerate the digitalization of processes to improve customer claims experience and to support agents, brokers or retail distribution, *e.g.* in Mexico (online adjustment and payment of claims and claims contact center centralized for better claims adjustment speed), in Colombia (online authorization, billing and payments for customers, digitalization of agents and brokers tools: trainings, reports and commercial performance model), in Brazil (digitalization of services for broker), and in Malaysia (Chatbot on webpage, online Motor claims tracking).

DISTRIBUTION CHANNELS

AXA distributes its insurance products through exclusive and non-exclusive channels that vary from country to country, including exclusive agents, salaried sales forces, direct sales, banks and other partnerships (*e.g.* car dealers), as well as brokers, independent financial advisors, aligned distributors or wholesale distributors.

(1) Include Brazil, Colombia, Greece, the Gulf Region, Luxembourg, Mexico, Morocco, Nigeria, Russia and Turkey. Czech Republic, Slovak Republic and Poland were included until September 2020.

Transversal & Central Holdings

This segment includes the main transversal entities and the non-operating activities conducted by the central holding companies within the Group.

GROSS REVENUES

	Gross revenues at December 31 [(a)]			
(in Euro million, except percentages)	2020		2019	
AXA Investment Managers	1,269	43%	1,225	41%
AXA Assistance	1,355	46%	1,415	48%
Others [(b)]	298	10%	319	11%
TOTAL	**2,921**	**100%**	**2,959**	**100%**
Gross written premiums	1,242		1,363	
Other revenues [(c)]	1,680		1,596	

(a) Net of intercompany eliminations.
(b) Include AXA Liabilities Managers, AXA Global Re and AXA Life Europe.
(c) Include fees and charges related to investment contracts with no participating features and revenues from other activities.

Through its operating entities located across 20 countries, **AXA Investment Managers (“AXA IM”)** is a responsible asset manager, actively investing for the long-term to help its clients and its communities to thrive. Its high conviction approach enables to uncover the best global investment opportunities across both alternative and traditional asset classes.

AXA IM is a leading investment manager in green, socially-responsible and sustainable markets, including through its commitment to reach net zero greenhouse gas emissions by 2050 across all assets, and its inclusion of Environmental, Social and Governance (ESG) principles into its business, from stock selection to corporate actions and culture.

To enhance its client-centric approach whilst maintaining profitable growth, AXA IM simplified its organization in 2020 with the implementation of two business units, AXA IM Core and AXA IM Alts, with AXA IM Core covering Fixed Income, Equities and Multi-Assets and AXA IM Alts covering Real Estate, Private Debt & Alternative Credit, Private Equity & Infrastructure and Hedge Funds.

In 2020, AXA IM has added to its ESG capabilities notably with the rollout of ESG integration across the full spectrum of investment strategies as well as the launch of new Impact funds (*e.g.* Multi-Asset Optimal Impact fund) and numerous socially responsible investing (SRI) labels successfully applied to its existing fund range.

AXA Assistance is the Group subsidiary providing its customers with assistance services in emergencies and everyday situations. AXA Assistance operates through six business lines (vehicle, travel, health, home, consumer electronics and legal protection) to offer customer focused services.

In 2020, AXA Assistance launched several innovating digital products. The main ones are:

- *“E-rescue”* on motor assistance, a self-service digital application that was already live in 2019 in the United Kingdom, Spain, France and Belgium, and has been launched in 2020 in Italy, Portugal and Germany;
- *“Home Manager”,* a digital application that provides customers with regular updates on the progress of emergency claims, is live in the United Kingdom and Spain;
- Health services:
  - AXA Assistance is also a key player within Health services supporting customers through times of crisis with a telemedicine service helping in excess of 6 million beneficiaries, with over 50,000 teleconsultations in 2020,
  - AXA Assistance concluded an innovative strategic partnership with Accor, a global hospitality leader, to support guests across the 5,000 Accor hotels worldwide with the highest level of care thanks to the expert medical solutions of AXA Assistance, including free access to medical teleconsultations as well as to extensive medical networks with tens of thousands of vetted medical professionals in the 110 destinations where Accor is present,

- In addition, with *"Angel"*, a digital medical assistant tool, AXA Assistance provides straightforward access *via* phone or chat to a "go-to" team composed of licensed healthcare professionals and care guides answering any medical or social related questions. Based on the member's question, care guides select the most appropriate healthcare professional (doctor, nurse, social worker, psychologist, nutritionist etc.), that will help find the best solution,
- the *"Doctor Please"* app, which is also part of its Digital Medical Assistance offering, is a teleconsultation platform which enables customers to speak to doctors whilst abroad and allows the delivery of local prescriptions to customers (if medically justified). This service was particularly important during the health crisis when people needed speedy and convenient access to doctors;

- *"Whatsapp"* as an additional communication channel for AXA customers in Belgium with dedicated teams to answer customers in case of a breakdown or accident, 7 days a week;
- *"Travel Eye"* is a corporate mobility tool that provides partners with peace of mind when their employees are travelling. It combines global Travel assistance with leading-edge technology to provide the only fully automated mobility risk management platform in the market. It provides peace of mind to both employees and employers by automatically monitoring all travellers, expats and locations around the world and it can be tailored to partners' needs.

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2

ACTIVITY REPORT AND CAPITAL MANAGEMENT

2.1 OPERATING HIGHLIGHTS

COVID-19: AXA STRENGTHENS ITS COMMITMENTS TO TACKLE AN UNPRECEDENTED HEALTH, ECONOMIC AND SOCIAL CHALLENGE

On April 1, 2020, AXA announced the strengthening of its action plan to tackle the health, economic and social emergency related to the COVID-19 crisis.

Responding to the economic and social emergency

AXA's 160,000 employees and partners have been available and fully operational, notably thanks to remote working tools, from the start of the crisis to meet client needs and continue to play their role in the economy.

- **Jobs and remuneration maintained, without resorting to any form of government assistance or subsidy**

AXA announced that the crisis would have no impact on employment or on the remuneration of employees during the confinement period; AXA would not use temporary unemployment measures or other government assistance. The Group also undertook not to defer any social security or tax payments in France during the period.

AXA is a Group that has its social responsibility at heart and believes that the financial efforts of public authorities should be primarily directed towards the most vulnerable individuals and businesses.

- **Exceptional measures for our most affected customers**

These announcements came in addition to exceptional measures that had already been taken to provide flexibility to business customers, particularly SMEs.

In several countries, including France, the Group continued to insure businesses even in the event of late payment due to the pandemic, for the duration of the containment period, and ensured prompt payment to all suppliers to enable them to maintain the cash and liquidity needed to overcome the crisis.

- **€54 million for solidarity funds**

AXA France has also been the leading contributor, with €33 million, to the solidarity effort set up by the French government for small businesses and the self-employed and coordinated by the Fédération Française de l'Assurance (FFA), which amounted to €400 million in total.

This is in addition to AXA partner association AGIPI's creation of the "AGIPI COVID-19 Solidarity Fund", endowed with €21 million to support clients experiencing economic difficulties.

Responding to the health emergency

In response to the health emergency, as a major international healthcare company, AXA is committed to directly helping its employees and clients, while supporting medical actions in the regions in which it operates. AXA extended coverage and services to healthcare professionals in several countries and leveraged its own medical networks and teleconsulting services to contribute to the healthcare effort. Finally, the Group took full action to support and compensate its customers affected by the virus.

- **2 million masks distributed as part of an emergency plan to support healthcare professionals**

To strengthen its support for healthcare professionals on the frontline against the virus, AXA announced that it would provide 2 million masks to help healthcare workers. The first 350,000, sent out and distributed to French hospitals, were much-needed FFP2 masks. AXA France also set up psychological support resources for medical staff.

In addition, support was also provided to the AP-HP (*Assistance Publique-Hôpitaux de Paris*), the public hospital system of the city of Paris and the Ile-de-France region. AXA donated 20,000 meals to the AP-HP care community for lunch or dinner at home.

These solidarity measures for health professionals come in addition to donations made to hospitals and intensive care units in several countries. AXA is also supporting intensive care units through a partnership with the 101 Fund, a network of 1,200 intensive care centers in over 60 countries that aims to share real-time information from each unit to accelerate the improvement of therapeutic protocols. This funding has also made it possible to set up accelerated training for caregivers in order to increase the staffing capacity of these units.

- **€5 million to fund research on infectious diseases, including COVID-19**

Finally, AXA Research Fund, which has made a steadfast commitment over the years to support research on infectious diseases and pandemics (35 projects from leading institutions worldwide for a total of €7.4 million), decided to mobilize an additional €5 million for the development of responses to infectious diseases and COVID-19, including the implementation of post-crisis solutions.

AXA also supported the creation of the Institut Pasteur's COVID-19 Task Force and the OpenCOVID-19 initiative launched by Just One Giant Lab (JOGL), an open-source research platform aimed at providing low-cost emergency solutions to respond to the pandemic, with a particular focus on low-income countries.

GOVERNANCE

Appointment of Scott Gunter as CEO of AXA XL

On February 20, 2020, AXA announced the appointment of Scott Gunter, previously Senior Vice-President of Chubb Group and President of Chubb's North America Commercial Insurance division, as CEO of AXA XL. He replaced Greg Hendrick. Scott joined AXA's Management Committee, reporting to Thomas Buberl, CEO of AXA.

This change was effective immediately and submitted to necessary regulatory approval.

Meeting of the Board of Directors in respect of AXA's 2020 Shareholders' Meeting

On April 3, 2020, AXA announced that following the statement issued by the European Insurance and Occupational Pensions Authority ("EIOPA") on April 2, 2020, relating to dividend distributions during the COVID-19 pandemic, the Chairman of AXA's Board of Directors had convened an extraordinary meeting of the Board of Directors to consider EIOPA's recommendations. At that meeting, on April 3, 2020, the Board of Directors decided to postpone AXA's Shareholders' Meeting from the initial scheduled date of April 30, 2020, to June 30, 2020, to allow time for discussion with the European, French and other insurance regulators.

Appointment of Irene Dorner as Chairwoman of AXA's Audit Committee

On May 13, 2020, following the sad demise of Stefan Lippe, director of the Company and Chairman of the Audit Committee, AXA's Board of Directors, upon recommendation of its Compensation & Governance Committee, decided to designate Irene Dorner, director of the Company and member of the Audit Committee since April 2016, as Chairwoman of the Audit Committee.

The Board of Directors, upon recommendation of its Compensation & Governance Committee, also decided to propose to the AXA's annual Shareholders' Meeting of June 30, 2020, to renew Irene Dorner's mandate as member of the Board of Directors. The renewal of Irene Dorner's mandate was approved by AXA's annual Shareholders' Meeting on June 30, 2020 (12th resolution).

Decision of the Board of Directors in respect of AXA's dividend proposal for 2019

On June 3, 2020, AXA announced that **(i)** following communications from EIOPA and the *Autorité de Contrôle Prudentiel et de Résolution* ("ACPR"), relating to the adoption of a prudent approach towards dividend distributions during the COVID-19 pandemic, AXA's Board of Directors had decided to reduce its dividend proposal from €1.43 per share to €0.73 per share, a proposal that was approved by AXA's Shareholders' Meeting held on June 30, 2020, and the dividend was paid on July 9, 2020 (with an ex-dividend date of July 7, 2020), and **(ii)** the Board was considering proposing an additional payment to shareholders in 4Q20, up to €0.70 per share, as an exceptional distribution of reserves, subject to favorable market and regulatory conditions at that time.

During the meeting, AXA's Management also updated the Board on its best estimate of the impact on 2020 underlying earnings for the Group from claims related to COVID-19. These estimates added further precision to the indications already provided in the 1Q20 disclosure, notably:

- Property & Casualty: an overall claims cost of ca. €-1.2 billion [(1)] post-tax and net of reinsurance. Consistent with indications given in the 1Q20 disclosure, Management expected the most material impacts from Business Interruption and Event Cancellation, and to a lesser extent from other lines (*e.g.* D&O, Liability and Travel), partly offset by reduced claims in some areas, notably from Motor;
- Life & Savings and Health: no material deviation had been observed in current claims experience;
- Solidarity measures: an overall impact of ca. €-0.3 billion [(1)] post-tax. This includes extended health and disability coverage to vulnerable customers, most notably in France.

The estimates provided above were based on Management's assessment at that time and subject to change depending on the continued evolution of the COVID-19 pandemic and its related impacts. For investment margin, unit-linked and asset management fees, no estimate was provided as the impact was dependant on the evolution of financial market conditions through the remainder of the year.

Board of Directors' decision on exceptional distribution of reserves in 4Q20

Following a number of discussions with the French regulator ("ACPR") and, in the context of the COVID-19 crisis, reinforced communication from various European regulators, including the ACPR on July 28, 2020, recommending insurers to refrain from dividend distributions until January 1, 2021, AXA's Board of Directors, at its meeting on August 5, 2020, decided it would not propose an exceptional distribution of reserves to shareholders in 4Q 2020 [(2)].

(1) As a reminder, AXA Group's Underlying earnings in 2019 were €6.5 billion.

(2) The decision of AXA's Board of Directors at its meeting on August 5, 2020, resulted in the release of the provision for the potential 4Q20 exceptional distribution of reserves of €0.70 per share, which was initially recorded following the meeting of the Board of Directors held on June 2, 2020.

AXA presented the results of its Shareholders' Meeting, its purpose and its 2019 Integrated Report

RESULTS OF AXA'S ANNUAL SHAREHOLDERS' MEETING

During the Shareholders' Meeting held on June 30, 2020, in Paris, all resolutions recommended by the Board of Directors were approved by AXA's shareholders, including:

- the appointment as directors for a four-year term of Mmes Isabel Hudson, Marie-France Tschudin, Mr. Antoine Gosset-Grainville, and Mrs. Helen Browne representing the employee shareholders of the AXA Group;
- the re-appointment as directors of Mmes Irene Dorner and Angelien Kemna for a four-year term;
- the payment of a €0.73 dividend per share for the 2019 fiscal year, which has been paid on July 9, 2020 (ex-dividend date: July 7, 2020).

PRESENTATION OF THE GROUP'S PURPOSE

The Annual Shareholders' Meeting provided an opportunity for AXA to present its purpose: "Acting for human progress by protecting what matters".

PUBLICATION OF AXA'S INTEGRATED REPORT

On the same day, as it does every year at the time of its Annual Shareholders' Meeting, AXA released its 2019 Integrated Report, which discusses the Group's purpose as well as its strategy and outlook. This report is available on AXA's website.

Appointment of Marco Morelli as Executive Chairman of AXA Investment Managers and a member of AXA's Management Committee, Gérald Harlin retired at the end of September

On July 16, 2020, AXA announced that Marco Morelli, previously Chief Executive Officer of Monte dei Paschi di Siena, was appointed Executive Chairman of AXA Investment Managers ("AXA IM") and a member of AXA's Management Committee. He reports to Thomas Buberl, Chief Executive Officer of AXA. He took office on September 14 and is based in Paris.

After 30 years with the Group, Gérald Harlin, AXA's Deputy Chief Executive Officer and Executive Chairman of AXA IM, retired at the end of September. He remains a member of AXA IM's Board of Directors.

Denis Duverne to be succeeded by Antoine Gosset-Grainville as Chairman of AXA in April 2022

On March 12, 2021, AXA announced that Denis Duverne, Chairman of AXA's Board of Directors, would retire at the end of his current mandate in April 2022, as planned. Following a comprehensive succession process led by the Compensation & Governance Committee of AXA's Board over the past two years, the Board has unanimously decided to appoint Antoine Gosset-Grainville as Chairman, effective on Denis Duverne's retirement in April 2022.

SIGNIFICANT DISPOSALS

Termination of the sale agreement related to AXA Life Europe

On August 5, 2020, AXA and Cinven mutually agreed to terminate the sale agreement related to AXA Life Europe ("ALE") as certain conditions to closing were not met by the agreed long stop date. As a consequence, ALE's assets and liabilities were no longer classified as held for sale from June 30, 2020, and consolidated statement of financial position as of December 31, 2019, has been restated accordingly in the Half Year 2020 Financial Report.

The major classes of assets and liabilities as of December 31, 2019, that were restated in the Half Year 2020 Financial Report are intangible assets for €307 million, cash and cash equivalent for €708 million, investments and other assets for €4,732 million, liabilities arising from insurance and investment contracts for €5,241 million and other liabilities for €468 million.

AXA is reviewing its strategic options in order to maximize value creation and cash efficiency of ALE, while giving due regard to the interests of ALE's policyholders and ensuring a seamless continuation of service to these policyholders.

AXA and Bharti to combine their non-life operations in India into ICICI-Lombard, in exchange of shares

On August 21, 2020, AXA and Bharti announced that they had entered into an agreement to combine their non-life insurance operations in India, Bharti AXA General Insurance Company Limited ("Bharti-AXA GI"), into ICICI Lombard General Insurance Company Limited ("ICICI-Lombard"). The transaction will propel the combined entity to #3 amongst non-life insurers in India, with a market share of ca 8.7% (1). AXA and Bharti's ownership of Bharti AXA GI is 49% and 51% respectively.

Under the terms of the agreement, AXA and Bharti will receive a total of 35.8 million shares of ICICI Lombard on closing, which would represent €521 million (2) (3) at the current market value, and an implied HY 2020 P/BV (4) multiple of more than 5 times. The transaction is expected to result in a one-time positive Net Income impact of approximately €0.2 billion (2) (3) in AXA Group's FY 2021 consolidated financial statements.

The transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to close by 4Q21.

(1) In terms of gross direct premiums, for the year ending March 31, 2020 (Source: Insurance Regulatory and Development Authority).

(2) Based on ICICI Lombard closing share price in the National Stock Exchange (NSE) as at August 21, 2020.

(3) 1 Euro = 88.6524 INR as of August 20, 2020 (Source: Bloomberg).

(4) Price/IFRS Book Value of Bharti-AXA GI in AXA Group's consolidated financial statements.

AXA completed the sale of its operations [1] in Central and Eastern Europe for €1.0 billion

On October 15, 2020, AXA announced that it had completed the sale of its Life & Savings, Property & Casualty and Pension businesses in Poland, Czech Republic and Slovakia to UNIQA Insurance Group AG ("UNIQA"), for a total cash consideration of €1.0 billion.

The completion of the transaction resulted in a positive impact of €40 million on net income, as well as a positive impact of 2 points on AXA Group's Solvency II ratio.

AXA to sell its insurance operations in the Gulf Region

On November 30, 2020, AXA announced that it had entered into an agreement with Gulf Insurance Group ("GIG") to sell its insurance operations in the Gulf Region, which included its shareholding [2] in AXA Gulf, AXA Cooperative Insurance Company and AXA Green Crescent Insurance Company.

GIG is a leading insurer in the Gulf region, strengthened by the global footprint and insurance expertise of Fairfax as well as the regional market knowledge of KIPCO, its shareholders.

As part of the transaction, Yusuf Bin Ahmed Kanoo ("YBA Kanoo"), one of the largest conglomerates in the Gulf Region, will also sell its shareholding [3] in AXA Gulf and in AXA Cooperative Insurance Company.

Under the terms of the agreement, AXA will sell its ownership in its operations in the Gulf region for a total cash consideration of $269 million (or €225 million [4]).

The transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to close by 3Q21.

AXA to sell its insurance operations in Greece

On December 31, 2020, AXA announced that it had entered into an agreement with Generali to sell its insurance operations in Greece. Under the terms of the agreement, AXA will sell its Life & Savings and Property & Casualty businesses in Greece for a total cash consideration of €165 million, representing an implied 12.2x FY 2019 P/E multiple [5].

This transaction represents a continuation of AXA's simplification journey, in line with the Group's strategy.

Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, and is expected to be finalized by the end of 2Q21.

PARTNERSHIPS AND INNOVATION

AXA and Accor launched a strategic partnership to offer unique medical assistance in hotels worldwide

On May 15, 2020, AXA, a global leader in insurance, and Accor, a global hospitality leader, announced an innovative strategic partnership to provide medical support to guests across the 5,000 Accor hotels worldwide.

Since July 2020, this partnership has enabled Accor guests to benefit from the highest level of care thanks to the expert medical solutions of AXA Partners, AXA's international entity specialized in assistance services, travel insurance and credit protection.

AXA and Western Union launched a collaboration to provide inclusive insurance

On June 18, 2020, AXA announced the launch of a collaboration with The Western Union Company, a leader in cross-border, cross-currency money movement and payments, to provide inclusive insurance products to Western Union's customers using its westernunion.com service. By linking insurance to money transfer services, the two groups will help to better cover migrant workers and their families at home.

An initial pilot, called 'Transfer Protect', launched in France with AXA Partners, offers Western Union's customers sending money *via* westernunion.com the option to seamlessly sign up for a life and disability insurance solution [6]. This helps provide peace of mind to the migrant population knowing that their designated family members or loved ones will receive a payment in case of an unfortunate life or disability event.

(1) Includes AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (P&C business), AXA Życie Towarzystwo Ubezpieczeń S.A. (L&S business) and AXA Powszechne Towarzystwo Emerytalne S.A. (Pension business) in Poland, and AXA pojišťovna a.s. (P&C business), AXA životni pojišťovna a.s (L&S business) and AXA penzijni společnost a.s. (Pension business) in Czech Republic, together with their subsidiaries and branches in Slovakia. AXA XL's and AXA Partners' operations within the three countries were not within the scope of this transaction.

(2) AXA's direct and indirect ownership of AXA Gulf is 50%, of AXA Cooperative Insurance Company is 34%, and of AXA Green Crescent Insurance Company is 28%.

(3) YBA Kanoo's direct and indirect ownership of AXA Gulf is 50%, and of AXA Cooperative Insurance Company is 16%.

(4) 1 Euro = 1.1957 USD as of November 27, 2020 (Source: Bloomberg).

(5) Price/Local IFRS Net Income multiple.

(6) The scope of this initial pilot covers money transfers on westernunion.com from France to the following ten African countries: Senegal, Morocco, Ivory Coast, Madagascar, Cameroon, Mali, Benin, Togo, Republic of Congo, and Guinea.

AXA strengthened its partnership with Liverpool FC and secured naming rights to new Training Centre

On October 27, 2020, AXA announced the strengthening of its partnership with Liverpool Football Club, whose training kit it has sponsored since 2019. The enhanced partnership saw AXA become the Club's Official Training Partner and secure the naming rights of Liverpool FC's Training Centre ahead of the First Team's move to the new state-of-the-art campus.

Since beginning their partnership in 2018, AXA and Liverpool Football Club have been striving to support the common goal of promoting well-being, a healthy lifestyle and supporting progress, in line with AXA's purpose: Act for human progress by protecting what matters.

CAPITAL/DEBT OPERATIONS/OTHER

AXA Ratings

On March 12, 2021, S&P Global Ratings reaffirmed the long-term financial strength rating of AXA's core operating subsidiaries at 'AA-', with a stable outlook.

On October 13, 2020, Fitch Ratings reaffirmed the financial strength rating of AXA's core operating subsidiaries at 'AA-', with a stable outlook.

On April 5, 2019, Moody's Investors Service affirmed the 'Aa3' insurance financial strength rating of AXA's principal insurance subsidiaries, changing the outlook to stable from negative.

Reimbursment of subordinated debt

On April 16, 2020, AXA reimbursed €1.3 billion of subordinated debt issued in April 2010.

On December 15, 2020, AXA reimbursed £325 million of subordinated debt issued in December 2000.

AXA published its 2020 Climate Report

On July 3, 2020, AXA announced the publication of its fourth Climate Report (1). This document describes AXA's responsible investment and insurance initiatives in the fight against climate change and measures the Group's progress in implementing the objectives of the Paris Agreement by 2050.

This report follows the disclosure approach resulting from Article 173 of French Law No. 2015-992 of August 17, 2015, for Energy Transition for Green Growth (2), as well as the Taskforce on Climate-related Financial Disclosures (TCFD) that AXA has supported since its creation. The report's main indicator, the "warming potential", measures the impact of the Group's investments on global warming and its contribution to the fight against climate change.

At the end of 2019, AXA's "warming potential" was 2.8°C, down compared to 2018 (3°C) and below the market average (3.6°C). This evolution notably reflects the ambitious policy implemented by AXA to align its investments with the objectives of the Paris Agreement by 2050.

Shareplan 2020

On September 23, 2020, the AXA Group announced that it would offer to its employees, in and outside of France, the opportunity to subscribe to shares issued by way of a capital increase reserved to employees. In doing so, the AXA Group strengthened its relationship with its employees by closely associating them with the future development and results of the Group. The 2020 offering, called "Shareplan 2020", was proposed in 38 countries and involved over 110,000 employees who were exclusively be offered a "traditional" formula at a known subscription price.

Approximately 17,000 employees representing nearly 15% of the eligible employees, subscribed to Shareplan 2020.

The aggregate proceeds from the offering amounted to over €88 million, for a total of over 6 million newly issued shares (3), subscribed at a price of €13.76. The new shares were created with full rights as of January 1, 2020. This offering increased the total number of outstanding AXA shares which amounted to 2,424,107,004 on November 27, 2020.

Following Shareplan 2020, AXA's employees held 4.31% of the share capital and 5.84% of the voting rights.

Share repurchase program

In order to meet its obligation to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes (4) or employee share offerings (5), in the course of 2020, AXA had bought back 15,741,275 shares. These shares have been or will be delivered to the beneficiaries of share-based compensation schemes or cancelled, all in accordance with the share repurchase program (6).

(1) The Climate report does not form part of AXA' 2019 Annual Report and is not intended to address or provide information in respect of any of the disclosure requirements of (i) the Annual Financial Report, (ii) the Board of Directors' report to AXA's Shareholders' Meeting, or (iii) the corporate governance report.

(2) For the avoidance of doubt, the references in this report and in the Climate Report to Article 173 of Law No. 2015-992 of August 17, 2015, should be construed solely as a reference to paragraph VI thereof and related implementing measures.

(3) In order to eliminate the dilutive effect of the Shareplan 2020 offering, AXA undertook a cancellation of its shares in accordance with its share repurchase program as authorized by the Shareholders' Meeting of June 30, 2020.

(4) Stock-options and performance shares plans.

(5) Employee share offering "Shareplan 2020".

(6) AXA share repurchase program was authorized by the Shareholders' Meeting of June 30, 2020.

AXA Future Risks Report 2020: the COVID-19 pandemic eclipsed climate risk

On October 1, 2020, AXA published the seventh edition of its Future Risks Report. This global study measures and ranks changes in the perception of emerging risks by a panel of Risk Management experts and the general public. Over 20,000 people were interviewed. Conducted in partnership with research institute IPSOS and geopolitical analysis consultancy Eurasia Group, this year's ranking of the 10 main emerging risks was marked by the COVID-19 crisis.

Previously underestimated risks related to pandemics and infectious diseases rose from eighth in 2019 to top of the 2020 ranking. Climate change-related risk came in second, dropping from the top spot it had held for years. Climate change remained the number one risk in Europe but fell to third place in Asia and America. The drop was particularly marked in North America, where the share of experts who considered this risk major has fallen from 71% in 2019 to 46% in 2020.

Cybersecurity risk, ranked third, increased in prominence this year with the new and widespread adoption of technology and the explosion of cyberattacks during lockdown. In particular, the perception of cyber warfare risk had increased; it had been considered as the main security threat by 47% of experts compared to 37% last year. The risk of shutdown of essential services and critical infrastructure following a cyberattack had also increased (+7 points to 51%).

Geopolitical risks occupied the fourth place, with a significant increase in the risk of digital warfare between nations, which experts considered to be the top new security threat. Finally, the risk of social unrest placed fifth.

AXA launched an innovative global program for the health and well-being of its employees

On November 18, 2020, AXA announced the launch of an innovative global program to improve the health and well-being of its 121,000 employees. This initiative is a new step in the implementation of AXA's strategy to better align the benefits offered to its employees across the globe.

This program, at no expenses for AXA employees, will be deployed from 2021 through two complementary pillars:

- to improve prevention and access to care, each employee will be able to benefit from a complete in-person or digital medical check-up depending on their age, receive an annual flu vaccination and participate in information and awareness days organized on AXA premises to better prevent health related risks;
- to better support employees who encounter difficulties in their professional or personal life, AXA is giving access to an employee assistance program which provides psychological support and guidance, accessible at all times.

This program complements existing initiatives in the area of health and access to care, including the deployment of telemedicine services in Group entities, which is intended to be strengthened in the coming years.

AXA revealed its 2023 strategy

On December 1, 2020, AXA hosted a virtual Investor Day to present its strategic plan "*Driving Progress 2023*" and its key financial targets for 2021-2023. The presentation included dedicated sections on France and Europe, AXA XL and Cash and Capital.

Five strategic priorities were highlighted around **(i)** growth in Health and Protection across all geographies, **(ii)** simplification of customer experience and efficiency acceleration, **(iii)** strengthening of the underwriting performance, **(iv)** sustainability of AXA's climate leadership position, and **(v)** growth in cash flows across the Group.

Financial targets, notably on Underlying Earnings Per Share, Return On Equity, cash flows, and Solvency II ratio were set in the context of this new strategic plan.

AXA deploys its smart working strategy worldwide

On January 19, 2021, AXA announced the extension of its smart working strategy to all of its entities worldwide. This strategy aims to implement a hybrid way of working, combining remote work and office presence by enabling employees on a voluntary basis to work remotely with two days as a general guide.

These principles will be deployed until 2023. They will be applied by the end of 2021 in the major entities employing over 70% of AXA employees. The program will include change management and training measures, adaptation of workspaces and provision of IT equipment. Particular attention will be paid to the autonomy and responsibility of teams, and to the cohesion and well-being of employees. Smart working will not preclude eligible employees to work full time in office if they want to or need to depending on the specificity of their job.

This decision is based on the successful implementation of remote working – with 38% of employees regularly working from home prior to the crisis, and 90% of them wishing to increase the practice of remote working in the future – as well as on the experience gained during the COVID-19 health crisis during which full remote working guaranteed operational continuity.

2.2 MARKET ENVIRONMENT

2020 saw the global outbreak of the COVID-19 pandemic, which first appeared in China late 2019 before spreading to other countries and becoming a worldwide pandemic by March 2020.

China first put in place unprecedented lockdowns to contain the spread of the pandemic, and similar measures were imposed by most large economies from Mid-March. Worldwide, governments imposed confinements, quarantines, travel restrictions, social distancing measures and more generally the closure of activities deemed non-essential to try and alleviate the severe strain experienced by local, national and supra-national medical institutions. This led to massive disruptions to the global economic output, notably manufacturing, trade and supply chains, which resulted in both lower economic activity and lower estimates of future economic growth. From May onwards, as the virus contagion started to show signs of abatement, governments started to ease the restrictions to alleviate the negative impacts on the economy.

However, the pace of the contamination accelerated during the third quarter, with the number of daily new cases reaching very high levels, mostly in Europe and in the United States. This situation has proven to be long-lasting, leading governments to strengthen again the sanitary measures after the relative easing during the summer. Although these measures were less stringent than in March, they weighed further on the economic environment. At the end of 2020, most of these restrictions were still in place and outlooks remain uncertain despite vaccines being rolled out to the population of many countries from the end of 2020.

Financial Market Conditions

Unprecedented restrictions and lockdowns resulted into a sharp economic contraction, initially in China that was first affected by the pandemic and lockdown measures, with a marked GDP contraction in the first quarter, then in Europe and in the United States in the second quarter.

Central banks and governmental authorities acted promptly to mitigate both financial and economic effects of the pandemic, notably by cutting interest rates, injecting large amounts of liquidity in the money markets, providing both traditional fiscal stimulus and income support to workers, as well as offering loan guarantees and various measures to support companies. Besides, the virus faded in the Northern hemisphere during the summer, allowing to lighten mobility restrictions, leading to a strong GDP rebound in most geographies.

However, a return of the virus in the winter saw restrictions reinstated, mainly in Europe, notably in the United Kingdom while China was successful in containing subsequent outbreaks, allowing its economy to rebound, aided by overseas demand for its exports. As a result, the Eurozone GDP fell by 7.5% in 2020, with France underperforming the broader Eurozone, as its GDP fell by 5.8% and 13.8% respectively in the first two quarters of 2020, then posting a firmer 18.2% rebound in the third quarter, leading to a contraction by 8.2% in 2020.

The United Kingdom fared worse than Europe, both reflecting the structure of the economy and a spread of the virus that has left the country with more deaths per capita than other European nations. A relatively longer lockdown in the second quarter led to a GDP contraction by 19.0%, with a total decrease of 9.9% in 2020. Even as the pandemic damaged the economy, the government pursued its Brexit objective and finally achieved a last-minute free trade agreement on December 24, which came into effect on January 1, 2021.

The United States economy posted smaller losses, with a GDP decrease of 3.5% in 2020, reflecting both less stringent mobility restrictions as well as the provision of an unprecedented package of supporting measures, with the government providing financial help to individuals and companies in excess of $3 trillion.

China posted a positive growth of 2.3% this year thanks to the containment of the pandemic after the first lockdown and a strong rebound fuelled by exports. Japan was also more successful in containing the virus than Western economies. While economic contraction was not as severe as across most of Europe, the GDP decreased by 4.8% in 2020, with the economy already contracting before the virus struck this year.

STOCK MARKETS

Worldwide lockdown measures and fears on the fall of the activity led to significantly revised down economic outlooks and financial markets underwent significant turmoil, with risk assets suffering heavy losses. Mid-March, all equity indexes experienced their worst fall since the 2008 crisis, with Eurostoxx 50 decreasing 34% *versus* December 31, 2019. To mitigate the effects of the crisis, governments and central banks provided supportive measures towards both business and labour markets, cut rates and injected liquidities. Combined with the ease of the restrictions during the summer, risk assets quickly recovered with varying degrees depending on countries. By the end the year, the overall market recovery was also supported by the progress of the pharmaceutical industry in developing vaccines. The only exception was the United Kingdom FTSE 100, that closed the year down 14% *versus* the end of 2019, still impacted by uncertainties linked to Brexit, though an agreement was reached at the end of December.

	Lowest point mid-March *vs.* December 31, 2019	December 31, 2020/ December 31, 2019
Eurostoxx 50	-34%	-5%
S&P 500	-31%	16%
Dow Jones Industrial Average	-35%	7%
FTSE 100	-34%	-14%
Nikkei	-30%	16%
CSI 300 (Shanghai & Shenzhen)	-14%	27%
MSCI World	-32%	14%
MSCI G7	-32%	15%
MSCI Emerging	-32%	16%

However, high uncertainties remained at year end, with strong restrictions in most locations, that were reflected in the S&P 500 implied volatility index (VIX) that increased from 14% on December 31, 2019, to 23% on December 31, 2020.

BOND MARKETS

In the early stage of the pandemic, sovereign spreads widened sharply but central banks quickly reacted to mitigate the effects of the crisis and eased their monetary policies in an attempt to support the economy: the European Central Bank (ECB) expanded its quantitative easing programme, extended liquidity to banks and eased collateral conditions, while the Bank of England and the US Federal reserve cut rates. Combined with the ease of restrictions in the summer, sovereign spreads tightened later in the year and government bond yields decreased sharply to set new record lows: US 10-year government yields fell by around 142 bps to 0.50% in March and 0.51% in August but closed the year to 0.92%.

	December 31, 2020	December 31, 2020/ December 31, 2019
10-year German Bond	-0.58%	-39 bps
10-year French Bond	-0.34%	-47 bps
10-year UK Bond	0.20%	-63 bps
10-year Swiss Bond	-0.49%	-1 bps
10-year US T Bond	0.92%	-100 bps
10-year Japanese Bond	0.02%	+3 bps
10-year Italian Bond	0.52%	-91 bps

Corporate spreads also significantly widened in March after the outbreak of the pandemic: in Europe, the iTraxx Main spreads increased by 94 bps to 139 bps compared to December 31, 2019, and the iTraxx Crossover increased by 500 bps to 708 bps while in the United States, the CDX Main spread Index increased by 107 bps to 152 bps.

Nevertheless, as a result of governments and central banks measures to support the economy, corporate spreads tightened later in the year. However, they remained higher than as at December 31, 2019, reflecting uncertainties about the economic outlook. In Europe, the iTraxx Main spreads increased by 4 bps to 48 bps compared to December 31, 2019, and the iTraxx Crossover increased by 35 bps to 242 bps while in the United States, the CDX Main spread Index increased by 5 bps to 50 bps.

EXCHANGE RATES

	End of Period Exchange rate		Average Exchange rate	
(for €1)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
US Dollar	1.22	1.12	1.14	1.12
Japanese Yen	126	122	122	122
British Sterling Pound	0.90	0.85	0.89	0.88
Swiss Franc	1.08	1.09	1.07	1.11

After benefitting from its status of safe haven currency at the early stages of the pandemic, when the United States were still spared by the COVID-19 crisis, the US Dollar entered into a steep depreciation against Euro from March, as a consequence of the decrease in the gap between US and the Eurozone interest rates, following the Federal Reserve rates cut.

The British Sterling Pound weakened against Euro through the year, due to the pronounced effect of the pandemic in the United Kingdom combined with Brexit uncertainties and tensions on trade negotiations with the European Union before reaching a last minute settlement at the year-end.

The Swiss Franc kept strengthening against Euro as the inflationary pressure remained low, and the Swiss National Bank favoring foreign exchange market interventions to further rate cuts.

The Japanese Yen has been relatively stable against Euro, as a consequence of a steady monetary policy.

Market Conditions

INSURANCE ACTIVITIES

Current Engines

In 2020, the **French Savings** insurance market, of which Unit-Linked contracts represented 34% (1), decreased by 20% to €116 billion premiums. The insurance Savings market has been strongly impacted by the COVID-19 crisis, as French households invested in more liquid savings such as guaranteed banking products (*e.g. Livret A*) rather than insurance products. The prolonged low interest rate environment increases the challenge for Insurers; the average return on General Acccount contracts remained low (-0.5 point from 2019 at approximately 1.00% expected for 2020), thus forcing the pension savings market to accelerate its transformation. As an illustration, through a generalization of the French equivalent of the European ‘Institutions for Occupational Retirement’ (*i.e.* FRPS or *fonds de retraite professionnelle supplémentaire*) across Life insurance players in 2020, it is expected that the favorable capital requirements associated with such regimes should benefit both the industry and the policyholders through higher returns.

The **French Protection & Health** insurance market faced uncertainties brought by the pandemic crisis, as well as an evolving regulatory environment. Both confinement and curfews enforced in the context of the COVID-19 crisis drove many patients to postpone or forego non-urgent care. In parallel, the French government imposed an exceptional tax on all Healthcare insurers in order to finance support measures introduced during the crisis. The crisis also accelerated the adoption of both digital and remote-access healthcare solutions, such as tele-medicine consultations. The French government also introduced a new regulation in 2020 (*100% Santé*) that allows all French patients to benefit from both optical and dental care without co-payment, the additional costs related to these measures being financed by both the Social Security and supplementary regimes.

The **French Property & Casualty** insurance market has also been deeply impacted by the sanitary crisis. In terms of volumes, the year saw a reduction in new business and lapses for all insurance companies, as the crisis drove down the number of transactions (*e.g.* new car, housing etc.) that usually generate a need for new insurance products. In terms of claims, the significant business interruption periods impacted turnover at restaurants, bars and hotels thus driving a higher number of claims made to all insurance companies. Separately, travel and mobility restrictions drove a much lower claims frequency in Motor. Finally, 2020 saw an unusually high number of natural events such as droughts and storms (including Ciara, Ines and Dennis in February as well as Alex in October) which caused massive floods and destructions.

(1) Including Individual and Group contracts.

In **Europe** (excluding France), the COVID-19 crisis heavily impacted the insurance market: despite the decrease in Motor claims frequency, Property & Casualty markets suffered from material Business Interruption and Event Cancellation claims. Further to these claims, severe natural events such as Ciara, Dennis and Gloria storms hit respectively the United Kingdom, Belgium and Spain in the beginning of the year. The COVID-19 context impacted the commercial performance, with a significant reduction of new business in Motor and in Commercial lines on products with premiums based on the policyholders' own level of activity, and shifted the focus of insurers to cost reduction and efficiency measures. In Life & Savings, the prolonged low interest rates, along with the economic crisis, drove down sales, with customers focusing more on traditional bank savings. Health market has been subject to governmental measures, prioritizing COVID-19 patients' healthcare, with extreme measures taken such as the requisition of private hospitals by the National Health Service in the United Kingdom, while lockdowns and social distancing measures have led many people to postpone medical appointments. For all lines of business, lockdowns and restrictions accelerated the digitalization of underwriting and claims management processes and created new customer habits trends.

In **Japan**, the Life & Savings insurance market decreased by 9%, still negatively impacted by the tax rule revision announced in February 2019 on tax-efficient savings products, affecting notably the SME market in all lines of business (including the Health market), but also by the pandemic crisis and the low interest rates environment. New business premiums decreased by 32% and were penalized by the lockdown measures implemented by the Japanese government between April 16 and May 25 forcing all insurers to stop face-to-face sales, which started again gradually from the third quarter. The Property & Casualty insurance market slightly decreased by 0.4% as the drop in Compulsory Automobile Liability Insurance ("CALI") and Marine businesses was almost offset by the increase in Voluntary Motor business.

In **Hong Kong**, the COVID-19 crisis impacted the insurance market in each line of business to different extents. The Property & Casualty insurance market experienced some pressure on premium rates as well as on volumes, mainly in Travel insurance. However, it showed a certain stability in pricing conditions following the previous 12-month hardening of coverages and pricing conditions. The Life & Savings insurance market growth slowed down, with lower new business sales to Mainland Chinese Visitors following the border restrictions. The Health insurance market continued to grow, continuing to benefit from tax-deductible voluntary health insurance certified plans.

The **United States Property** sector was impacted by another exceptional year of significant natural catastrophe losses, including a particularly active hurricane season in the Atlantic Ocean, making 2020 the most active and fifth costliest year on record. The United States saw the development of 30 named storms, out of which 6 developed into major hurricanes, as well as an unusual level of convective windstorms, primarily in the US mid-west. Separately, the sector was significantly impacted by COVID-19 losses related to non-damage Business Interruption, almost entirely as a consequence of confinements, lockdowns and mobility restrictions enforced by public authorities in many states. This recent experience has accelerated carriers' ongoing efforts to restore profitability, mostly through increased pricing and the tightening of terms and conditions, as well as more selectivity in deploying capacity.

The **United States Casualty** sector was severely disrupted by the COVID-19 crisis mostly as a result of **(i)** lower premiums resulting from a lower economic activity amongst clients, and **(ii)** large losses for which the full extent of liability losses will be impacted by court decisions and rulings which are continuing to unfold. Separately, carriers continue to address the impact of social inflation through increased pricing and selective capacity deployment. In the Cyber market, the frequency of ransomware attacks continues to impact profitability and carriers have sought to address this through reducing available limits.

High Potentials

In **Asia High Potentials**, the insurance market remained challenged, notably the Life & Savings space which suffered from low new business in the context of the COVID-19 crisis. In China, the good monitoring of the pandemic helped the economy to recover after the first half of the year, allowing Life & Savings premiums to be only slightly impacted. The Property & Casualty insurance market experienced a 4.4% growth thanks to a return to normality in the third quarter, recovering from a decrease in the first quarter following the lockdown. However, the Motor average premium decreased by 15%-20% during the last quarter following the price deregulation issued in September. The Health insurance market grew by 32.6% benefiting from the increasing awareness of Health insurance during the pandemic and thanks to the development of public-private partnerships for inclusive Health insurance encouraged by local authorities. In Thailand, the Life & Savings insurance market decreased by 3% from lower new business, while the Property & Casualty and Health insurance markets continued to grow. In Indonesia, the Life & Savings insurance market decreased by 11.9% driven by a 16.6% decline of the agency network. In the Philippines, the Life & Savings insurance market declined as a result of lockdown measures, which were among the longest across the region, putting economic activity to a halt.

In **International markets**, the Property & Casualty insurance market growth was negatively impacted by lockdown measures, notably resulting into lower car sales. The Health business experienced a strong growth in Mexico.

Rankings and market shares

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

		Property & Casualty		Life & Savings		
		Ranking	Market share *(in %)*	Ranking	Market share *(in %)*	Sources
Current Engines	France	2	12.6	3	9.7	FFA as of December 31, 2020.
	Switzerland	1	13.0	4	8.2	SIA (Swiss Insurance Association) Market share based on statutory premiums and market estimations by SIA figures as of February 4, 2021.
	Germany	5	5.2	9	3.2	GDV (German association of Insurance companies) as of December 31, 2019.
	Belgium	n/a	19.2	n/a	9.0	Assuralia (Belgium Professional Union of Insurance companies) based on gross written premium as of September 30, 2020.
	United Kingdom	2	8.1	n/a	n/a	UK General Insurance: Competitor Analytics 2019, Global Data, as of December 31, 2019.
	Ireland	1	28.6	n/a	n/a	*Insurance Ireland P&C Statistics 2019 as* of December 31, 2019.
	Spain	4	5.2	10	2.9	Spanish Association of Insurance Companies. ICEA as of December 31, 2020.
	Italy	5	5.8	7	4.8	*Associazione Nazionale Imprese Assicuratrici (ANIA)* as of December 31, 2019.
	Japan	n/a	n/a	11	3.9	Disclosed financial reports (excluding Kampo Life) for the 12 months ended September 30, 2020.
	Hong Kong	1	7.3	7	4.9	Authority statistics based on gross written premiums as of September 30, 2020.
	XL (Lloyd's)	1	6.0	n/a	n/a	Lloyd's Annual report 2019 as of December 31, 2019.
	XL Reinsurance	12	2.6	n/a	n/a	AM Best 2019 as of December 31, 2019.
High Potentials	Thailand	22	1.4	5	6.9	TGIA (Thai General Insurance Association) as of December 31, 2020 and TLAA (Thai Life Assurance Association) as of November 30, 2020.
	Indonesia	n/a	n/a	5	5.9	AAJI Statistic measured on Weighted New Business Premium as of September 30, 2020.
	Philippines	n/a	n/a	4	12.9	Insurance Commission measured on total premium income as of June 30, 2020.
	China	21	0.5	16	1.5	CBIRC (China Banking and Insurance Regulatory Commission) as of December 31, 2020.
	Mexico	3	8.8	10	2.5	AMIS (*Asociación Mexicana de Instituciones de Seguros*) as of September 30, 2020.
	Brazil	13	2.6	n/a	n/a	SUSEP (*Superintendência de Seguros Privados*) as of October 31, 2020.

ASSET MANAGEMENT

Following a sharp deterioration of financial markets during the first quarter of 2020 as the COVID-19 pandemic expanded from Asia to both Europe and North America, markets recovered throughout the remainder of the year, buoyed by both national and supra-national supportive measures. Assets under management have broadly mirrored this evolution that saw negative market effects in the first half of the year, primarily through lower equity markets and wider corporate spreads, while the second part of the year saw a recovery of equity markets combined with a normalization of the corporate spreads across the ratings spectrum. This recovery was supplemented by positive inflows throughout the year while market demand has been increasingly polarized between high volume/low margin liquid strategies (*e.g*. money markets, 'buy & maintain' fixed income, passive investments…) and flexible, high alpha as well as private asset strategies as a result of the search for higher returns in a durable low rate environment.

Besides the impact of the COVID-19 crisis, structural trends as observed in past years persisted in 2020 with the continued pressure on management fee bps and a continued shift to passive investments, despite the positive trends on both alternative and emerging markets, notably in China.

This challenging environment has created increased dispersion between individual players, leading to intensified market consolidation with a handful of deals announced or completed by top global asset managers looking to gain scale and expand their client reach in key regions and segments.

Finally, ESG matters have been brought to the forefront of the industry by governments and investors, especially for 'Environmental' and 'Social' components, which represent key success factors for asset managers in a post COVID-19 world. Impact investments are expected to gain more traction, focusing on in-demand social sectors (including healthcare) and environmental concerns.

2.3 ACTIVITY REPORT

Activity and Earnings Indicators

The COVID-19 pandemic negatively impacted 2020 AXA Underlying earnings by €1.5 billion, mainly through Property & Casualty claims notably at AXA XL, with significant impacts in Business Interruption and Event Cancellation and to a lesser extent in Liability, Travel and Credit Insurance, combined with solidarity measures in France to support policyholders and provide extension of disability coverage to vulnerable customers. Property & Casualty claims were partly offset by estimated reinsurance recoveries and the decrease in frequency in Motor resulting from the lockdowns and the various restrictions enacted to reduce the pace of the spread of the virus.

AXA's turnover was also strongly affected by the crisis, primarily as a significant part of the premiums paid by its clients within the Property & Casualty Commercial lines are based on their own level of activity (*e.g*. through projects, cargo load, flights number, turnover etc.) that was significantly reduced by the confinement measures. Additionally, the turnover was hit by opening restrictions affecting AXA's distribution channels (*e.g*. agents, bancassurance networks etc.) as well as by anxiety surrounding policyholders' saving and insurance choices as a result of uncertain future economic developments. In this context, the development of online distribution channels, processes and capabilities acted as a mitigant to the reduction of the activity.

In response, AXA implemented specific cost countermeasures, including travels and corporate events reductions, while maintaining its commitment to the modernization of IT systems and customer processes. These cost countermeasures fully mitigated the impact of the decrease in activity on the underlying earnings.

Additionally, financial markets have experienced a significant drop in the first semester, then partly recovered in the second half of the year, as a potential normalization of the situation came in sight with the development of vaccines. The consequence for AXA was a decrease in the fair-value of assets, partly offset through hedging strategies, as well as a decrease in the financial income due to lower dividends, distribution of funds and reinvestment yields.

The combination of the decrease in operating earnings, low interest rates, volatile equity markets and spread widening weighed on the Group's Solvency II ratio by 22 points. However, the Group's Solvency II ratio remained resilient at 200%, confirming AXA's Management view that the COVID-19 crisis is an earnings event and not a capital event.

In this highly uncertain context, AXA continues to closely monitor the Group's exposures, including **(i)** the operational impact on its business, **(ii)** the consequence of the deterioration in macroeconomic conditions, **(iii)** the impacts on insurance coverages, including on-going litigation in some locations, **(iv)** the reinsurance recoveries, and **(v)** the change in asset prices and financial conditions.

ACTIVITY INDICATORS

(in Euro million, except percentages)	December 31, 2020	December 31, 2019	December 31, 2020/ December 31, 2019 [(a)]
Gross revenues [(b)]	**96,723**	**103,532**	**(0.9%)**
Property & Casualty	48,729	48,817	0.6%
Life & Savings	31,524	38,318	(6.1%)
Health	14,711	14,000	6.5%
Asset Management	1,269	1,879	3.8%
Banking	491	517	(5.1%)
APE [(c)]	**5,336**	**6,029**	**1.4%**
NBV Margin [(d)]	**46.5%**	**42.2%**	**1.1 pts**

(a) Changes are on comparable basis.
(b) Net of intercompany eliminations.
(c) Annual Premium Equivalent (APE) represents 100% of new regular premiums plus 10% of single premiums, in line with EEV methodology. APE is Group share.
(d) New Business Value (NBV) Margin is the ratio of (i) New Business Value representing the value of newly issued contracts during the current year to (ii) APE.

(in Euro million, except percentages)	December 31, 2020	December 31, 2019	December 31, 2020/ December 31, 2019 [(a)]
Gross revenues [(b)]	**96,723**	**103,532**	**(0.9%)**
France	25,064	26,182	(4.3%)
Europe	32,860	34,415	(1.8%)
Asia	10,950	9,860	2.2%
AXA XL	18,530	18,741	3.1%
United States	-	4,297	-
International	6,398	7,078	1.0%
Transversal & Central Holdings	2,921	2,959	(0.2%)

(a) Changes are on comparable basis.
(b) Net of intercompany eliminations.

Consolidated Gross revenues amounted to €96,723 million as of December 31, 2020, down 7% on a reported basis and down 1% on a comparable basis compared to December 31, 2019.

The 2019 comparable basis mainly includes the following adjustments: **(i)** the exclusion of United States contribution of the first quarter of 2019 following the deconsolidation of Equitable Holdings, Inc. (€-4.3 billion or +4.1 points), **(ii)** the exclusion of the Savings portion of 2019 premiums related to the additional Group Life foundations that have been transformed in Switzerland since July 1, 2019 (€-1.0 billion or +1.0 point), **(iii)** the exclusion of Central and Eastern Europe contribution of the last quarter of 2019 following its disposal in October 2020 (€-0.2 billion or +0.2 point), and **(iv)** the inclusion of AXA Tianping contribution in 2019 (€+0.9 billion or -0.8 point) following its full consolidation as at December 31, 2019.

The 2020 comparable basis also includes the foreign exchange rate movements notably due to the appreciation of average Euro exchange rate against most major currencies (€-0.9 billion or +0.8 point).

GROSS REVENUES

Gross revenues were down 7% on a reported basis and down 1% on a comparable basis to €96,723 million.

Property & Casualty gross revenues were up 1% (or €+293 million) on a comparable basis to €48,729 million:

- Commercial lines (€+529 million or +2%) primarily at AXA XL (+3%) mostly from tariff increases (+13%) across both Insurance (+17%) and Reinsurance (+7%), partly offset by portfolio reductions due to the COVID-19 crisis (-5%) and selective underwriting in Long-tail lines, combined with higher new business in Germany (+3%) as well as higher volumes and tariff increases in Switzerland (+2%), partly offset by lower volumes mainly at AXA Assistance (-5%);

partly offset by:

- Personal lines (€-223 million or -1%) driven by **(i)** Motor (-2%) mostly in China (-14%) from lower volumes following the COVID-19 crisis and the price deregulation, combined with strong market competition in both Germany (-7%) and Switzerland (-3%), partly offset by strong tariff increases in Direct South Korea (+9%), as well as **(ii)** Non-Motor (-1%) from solidarity measures towards both small companies and independent workers in the context of the COVID-19 crisis in France (-3%), partly offset by higher volumes in Direct South Korea (+32%).

Life & Savings gross revenues were down 6% (or €-2,063 million) on a comparable basis to €31,524 million:

- G/A Savings (€-2,364 million or -19%) mainly driven by **(i)** lower volumes in France (-28%) and Italy (-13%) from reduced sales during the COVID-19 crisis, **(ii)** the discontinuation of a capital light Single Premium Whole Life product in Japan (-16%) as a consequence of the decrease in interest rates, and **(iii)** a portfolio put in run-off in Colombia (-73%), partly offset by **(iv)** higher sales of hybrid products in Germany (+6%);
- Unit-Linked (€-70 million or -1%) notably in **(i)** Italy (-28%) due to the impact of the COVID-19 crisis as well as a shift in business mix towards investment products for which premiums are not recognized as gross revenues under IFRS, **(ii)** Spain (-14%) from the non-renewal of protected Unit-Linked campaign, and **(iii)** the non-repeat of a large Group account in 2019 in Luxembourg (-58%);

partly offset by:

- Protection (€+353 million or +2%) mainly from **(i)** in-force growth and new business in Protection with Unit-Linked in Japan (+6%), **(ii)** France (+3%) reflecting the growth in international market, as well as **(iii)** Switzerland (+5%) following strong sales of semi-autonomous products in Group Life;
- Mutual Funds & Others (€+18 million or +4%) stemming from higher premiums from partnerships in Germany (+15%).

Health gross revenues were up 6% (or €+904 million) on a comparable basis to €14,711 million:

- Individual business (€+505 million or +7%) mostly from **(i)** Germany (+5%) mainly due to tariff increases in full benefit insurance and the continued growth in the civil servants segment, **(ii)** China driven by higher volumes from new partnerships, as well as **(iii)** Mexico (+16%) mostly from tariff increases, combined with higher volumes;
- Group business (€+399 million or +6%), primarily driven by **(i)** France (+7%) from strong performance of both international and domestic businesses, **(ii)** Mexico (+11%) from tariff increases and higher volumes, as well as **(iii)** AXA Assistance (+21%) from in-force portfolio growth.

Asset Management gross revenues were up 4% (or €+46 million) on a comparable basis to €1,269 million, mainly driven by higher management fees from higher average assets under management due to **(i)** strong net inflows in both Core and Alts platforms, as well as **(ii)** favorable financial markets in 2020 despite the turmoil in the first quarter due to the COVID-19 crisis, partly offset by lower management fee bps as a result of an unfavorable change in the product mix.

Banking gross revenues were down 5% (or €-26 million) on a comparable basis to €491 million, driven by AXA Bank Germany (-63%) due to lower activity in the context of the sale of the Bank, and AXA Banque France (-8%).

NEW BUSINESS PERFORMANCE

New business Annual Premium Equivalent [(1)]

New business APE was down 11% on a reported basis and up 1% on a comparable basis to €5,336 million, mainly driven by strong sales in **(i)** Pure Protection in France reflecting the growth in International contracts, **(ii)** Protection with G/A Savings notably in Switzerland, and **(iii)** Unit-Linked in France, partly offset by **(iv)** the reduced sales of G/A Savings products notably in France, China and Italy in the context of the COVID-19 crisis and in line with the strategy to reduce the exposure to G/A Savings business.

New Business Value Margin [(2)]

New Business Value Margin stood at 46.5%, increasing by 4.3 points. On a comparable basis, restated mainly for the deconsolidation of Equitable Holdings, Inc., New Business Value Margin increased by 1.1 points, mainly driven by **(i)** a positive impact in Protection with Savings reflecting a favorable business mix in Asia, partly offset by **(ii)** a negative impact in G/A Savings primarily driven by an unfavorable change in the business mix from higher sales in Group business in France.

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

(2) New Business Value (NBV) Margin is the ratio of (i) New Business Value representing the value of newly issued contracts during the current year to (ii) APE.

Underlying Earnings, Adjusted Earnings and Net Income Group share

(in Euro million)	December 31, 2020	Property & Casualty	Life & Savings	Health	Asset Management	Other [(a)]
Investment margin	4,613	2,529	1,936	147	-	-
Fees & revenues	6,332		4,471	1,861	-	-
Net technical margin	15,913	13,486	1,105	1,322	-	-
Expenses	(20,349)	(13,241)	(4,728)	(2,380)	-	-
Amortization of value of purchased life business in-force	(89)		(91)	2	-	-
Underlying earnings before tax	**5,781**	**2,775**	**2,693**	**952**	**362**	**(1,001)**
Income tax expenses/benefits	(1,643)	(1,127)	(474)	(260)	(94)	312
Income from affiliates and associates	309	91	183	17	18	-
Minority interests	(182)	(95)	(64)	(16)	(7)	(1)
UNDERLYING EARNINGS GROUP SHARE	**4,264**	**1,644**	**2,338**	**693**	**279**	**(690)**

(a) Other corresponds to banking activities and holding.

(in Euro million, except percentages)	December 31, 2020	France	Europe	Asia	AXA XL	International	Transversal & Central Holdings
Investment margin	4,613	1,712	1,389	77	999	368	68
Fees & revenues	6,332	2,614	1,218	2,142	-	299	59
Net technical margin	15,913	2,825	7,190	1,432	2,209	1,544	713
Expenses	(20,349)	(4,943)	(6,310)	(2,260)	(4,407)	(1,686)	(742)
Amortization of value of purchased life business in-force	(89)	-	(47)	(40)	-	(2)	-
Underlying earnings before tax from insurance activities	**6,420**	**2,208**	**3,440**	**1,351**	**(1,199)**	**523**	**97**
Underlying earnings before tax from other activities	**(640)**	**3**	**51**	**(2)**	**(98)**	**59**	**(653)**
Income tax expenses/benefits	(1,643)	(550)	(769)	(275)	(108)	(143)	202
Income from affiliates and associates	309	10	(1)	181	-	100	18
Minority interests	(182)	(3)	(100)	(8)	6	(71)	(6)
Underlying earnings Group share	**4,264**	**1,668**	**2,621**	**1,247**	**(1,398)**	**469**	**(343)**
Net capital gains or losses attributable to shareholders net of income tax	337	190	26	20	(12)	(3)	116
Adjusted earnings Group share	**4,602**	**1,858**	**2,648**	**1,267**	**(1,410)**	**465**	**(227)**
Profit or loss on financial assets (under fair value option) and derivatives	(394)	(364)	(117)	(145)	(110)	87	256
Exceptional operations (including discontinued operations)	(487)	(49)	(11)	(5)	(157)	(118)	(148)
Goodwill and other related intangible impacts	(167)	-	(35)	(28)	(52)	(23)	(29)
Integration and restructuring costs	(389)	(30)	(90)	(33)	(190)	(17)	(29)
NET INCOME GROUP SHARE	**3,164**	**1,415**	**2,395**	**1,056**	**(1,919)**	**394**	**(177)**
Property & Casualty Combined Ratio	99.5%	90.0%	90.9%	97.4%	112.2%	95.3%	101.5%
Health Combined Ratio	94.5%	99.3%	95.7%	78.2%	-	99.6%	97.6%
Protection Combined Ratio	94.4%	99.5%	93.9%	89.6%	-	99.6%	-

(in Euro million)	December 31, 2019 [(a)]	Property & Casualty	Life & Savings [(a)]	Health [(a)]	Asset Management [(a)]	Other [(a) & (b)]
Investment margin	4,855	2,777	1,930	148	-	-
Fees & revenues	6,063	-	4,402	1,660	-	-
Net technical margin	17,587	14,758	1,355	1,473	-	-
Expenses	(19,989)	(13,054)	(4,625)	(2,310)	-	-
Amortization of value of purchased life business in-force	(88)	-	(92)	3	-	-
Underlying earnings before tax	**7,609**	**4,481**	**2,970**	**975**	**348**	**(1,165)**
Income tax expenses/benefits	(1,748)	(1,150)	(593)	(264)	(97)	356
Income from affiliates and associates	766	94	562	3	146	(40)
Minority interests	(175)	(83)	(69)	(15)	(7)	(1)
UNDERLYING EARNINGS GROUP SHARE	**6,451**	**3,341**	**2,870**	**699**	**390**	**(849)**

(a) As a consequence of the deconsolidation of Equitable Holdings, Inc. ("EQH") as of March 31, 2019, and its subsequent accounting for under equity method, the United States underlying earnings contribution was fully accounted for under income from affiliates and associates.
(b) Other corresponds to banking activities and holding.

(in Euro million, except percentages)	December 31, 2019 [(a)]	France	Europe	Asia	AXA XL	United States [(a)]	International	Transversal & Central Holdings
Investment margin	4,855	1,682	1,662	44	990	-	394	84
Fees & revenues	6,063	2,258	1,204	2,182	-	-	363	55
Net technical margin	17,587	3,100	6,847	901	4,288	-	1,666	785
Expenses	(19,989)	(4,671)	(6,286)	(1,810)	(4,554)	-	(1,900)	(767)
Amortization of value of purchased life business in-force	(88)	-	(60)	(26)	-	-	(3)	-
Underlying earnings before tax from insurance activities	**8,427**	**2,369**	**3,366**	**1,291**	**725**	-	**520**	**157**
Underlying earnings before tax from other activities	**(818)**	**(1)**	**48**	**(12)**	**(91)**	**-**	**58**	**(819)**
Income tax expenses/benefits	(1,748)	(660)	(774)	(256)	(125)	-	(153)	219
Income from affiliates and associates	766	11	-	188	(2)	444	103	21
Minority interests	(175)	(4)	(96)	(7)	0	-	(61)	(7)
Underlying earnings Group share	**6,451**	**1,715**	**2,544**	**1,204**	**507**	**444**	**466**	**(429)**
Net capital gains or losses attributable to shareholders net of income tax	393	168	162	14	78	(3)	(9)	(16)
Adjusted earnings Group share	**6,844**	**1,882**	**2,706**	**1,218**	**585**	**441**	**457**	**(445)**
Profit or loss on financial assets (under fair value option) and derivatives	(791)	83	(259)	(20)	(16)	30	12	(621)
Exceptional operations (including discontinued operations)	(1,634)	5	(38)	24	(51)	(145)	(599)	(831)
Goodwill and other related intangible impacts	(114)	-	(37)	(15)	(39)	(0)	(23)	(1)
Integration and restructuring costs	(449)	(30)	(54)	(3)	(307)	(5)	(16)	(35)
NET INCOME GROUP SHARE	**3,857**	**1,940**	**2,318**	**1,204**	**173**	**321**	**(169)**	**(1,932)**
Property & Casualty Combined Ratio	96.4%	90.7%	93.2%	97.0%	101.5%	-	97.2%	98.5%
Health Combined Ratio	94.1%	98.7%	95.1%	76.7%	-	-	99.3%	102.8%
Protection Combined Ratio	93.2%	95.3%	94.8%	88.9%	-	-	99.1%	-

(a) As a consequence of the deconsolidation of Equitable Holdings, Inc. ("EQH") as of March 31, 2019, and its subsequent accounting under the equity method, the United States underlying earnings contribution was fully accounted for under income from affiliates and associates. As a result, EQH contribution was excluded from Health and Protection Combined Ratio calculation.

Alternative Performance Measures

Adjusted earnings, Underlying earnings, Adjusted Return on Equity, Underlying earnings per share, Combined Ratio and Debt Gearing are Alternative Performance Measures ("APMs") as defined in ESMA's guidelines and the AMF's related position statement issued in 2015. A reconciliation from Adjusted earnings, Underlying earnings and Combined Ratio to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided in the above tables. Adjusted Return on Equity and Underlying earnings per share are reconciled to the financial statements in the table set forth on page 54 of this Annual Report, and the calculation methodology of the Debt Gearing is set out on page 50 of this Annual Report. For further information on any of the above-mentioned APMs, see the Glossary on pages 479 to 483 of this Annual Report.

ADJUSTED EARNINGS

Adjusted earnings represent the Net income (Group share) as disclosed in the above tables, 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, impairments and amortization of intangibles related to customers and distribution;
- exceptional operations (primarily change in scope and discontinued operations); and
- 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 and liabilities.

UNDERLYING EARNINGS

Underlying earnings correspond to Adjusted Earnings without 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); and
- cost at inception, intrinsic value and pay-off of derivatives used for the economic hedging of realized gains and impairments of equity securities (other than the funds backing contracts where the financial risk is borne by policyholders).

ADJUSTED RETURN ON EQUITY

The **Adjusted Return on Equity** ("**Adjusted RoE**") is calculated as Adjusted Earnings net of financial charges related to undated subordinated debt, preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of Equitable Holdings, Inc. ("EQH") (recorded through Shareholders' equity as disclosed in Section 6.6 - Note 13 "Shareholders' Equity and Minority Interests" and financial debt as disclosed in Section 6.6 - Note 17 "Financing debt" of this Annual Report divided by the weighted average Shareholders' equity. The weighted average Shareholders' equity:

- is based on opening Shareholders' equity adjusted for weighted average impacts of capital flows (including dividends);
- without reserves relating to the change in the fair value through Shareholders' equity as disclosed in Section 6.4 - "Consolidated Statement of Changes in Equity" of this Annual Report;
- without undated subordinated debt as disclosed in Section 6.6 - Note 13 "Shareholders' Equity and Minority Interests" of this Annual Report.

UNDERLYING EARNINGS PER SHARE

Underlying earnings per share corresponds to Group share Underlying Earnings net of financial charges related to undated subordinated debt, preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of Equitable Holdings, Inc. (recorded through Shareholders' equity as disclosed in Section 6.6 - Note 13 "Shareholders' equity and minority interests" and financial debt as disclosed in Section 6.6 - Note 17 "Financing debt" of this Annual Report), divided by the weighted average number of outstanding ordinary shares.

COMBINED RATIO (APPLICABLE FOR PROPERTY & CASUALTY, HEALTH AND PROTECTION)

The **Combined Ratio** is the sum of the all accident year loss ratio and the underlying expense ratio.

- 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 unwind of the discount rate used in calculating technical reserves, to
  - earned revenues gross of reinsurance,
- Expense ratio is the ratio of:
  - expenses (excluding claims handling costs, including changes in VBI amortization), to
  - earned revenues gross of reinsurance.

DEBT GEARING

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed as a percentage. Debt Gearing is used by Management to measure the financial leverage of the Group 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 as disclosed in Section 6.6 - Note 17 "Financing debt" and undated subordinated debt as disclosed in Section 6.6 - Note 13 "Shareholders' equity and minority interests" of this Annual Report) 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). Furthermore, following the deconsolidation of EQH, mandatory exchangeable bonds issued by AXA in May 2018 were excluded from Debt Gearing.

Commentary on Group Earnings

UNDERLYING EARNINGS

Underlying earnings amounted to €4,264 million, down €2,187 million (-34%) *versus* 2019 on a reported basis. On a constant exchange rate basis, **underlying earnings** decreased by €2,202 million (-34%) driven by:

- the impact of the COVID-19 losses (€-1.5 billion) mainly from Property & Casualty claims in Business Interruption and Event Cancellation, and to a lesser extent from other lines such as Casualty, Professional Liability, Directors & Officers and Travel, as well as solidarity measures, partly compensated by the decrease in claims frequency during lockdowns, mainly in Motor;
- the non-repeat of the contribution of Equitable Holdings, Inc. in 2019 (€-0.4 billion);
- the impact of Natural Catastrophe charges above the normalized level [1] at AXA XL (€-0.5 billion), increasing by €0.2 billion *versus* 2019;
- while "normalized" underlying earnings amounted to €6.3 billion.

Property & Casualty underlying earnings decreased by €1,716 million (-51%) to €1,644 million.

Excluding COVID-19 impacts (€-1,547 million) and Natural Catastrophe charges above the normalized level [1] (€502 million) at AXA XL, underlying earnings increased by €55 million (+2%) mainly driven by **(i)** a resilient business growth in Commercial lines, as well as **(ii)** a strong costs discipline, partly offset by **(iii)** lower investment result as a consequence of lower dividends and funds distributions across entities.

Life & Savings underlying earnings decreased by €532 million (-19%) to €2,338 million. Excluding the €362 million contribution of Equitable Holdings, Inc. in 2019, underlying earnings decreased by €169 million (-7%) driven by **(i)** a lower net technical margin (€-257 million) mainly in France as a consequence of the extension of disability coverage to vulnerable customers in the context of the COVID-19 crisis, the decrease in annuities discount rate and unfavorable prior year reserve developments in Protection. This was partly offset by **(ii)** a favorable tax impact (€+119 million) mainly due to the decrease in pre-tax underlying earnings, a decrease in the corporate tax rate in France and Belgium as well as a tax one-off in Germany, and **(iii)** a resilient investment margin (€+10 million) driven by continued discipline on crediting rates (€+189 million), partly offset by the decrease in investment income across entities (€-180 million) resulting from lower equity and fund distributions combined with low reinvestment yields.

(1) Normalized Natural Catastrophe level = 4% of AXA XL Gross Earned Premiums.

Health underlying earnings remained stable at €693 million. Excluding the €-5 million contribution of Equitable Holdings, Inc. in 2019, underlying earnings decreased by €6 million (-1%) as **(i)** the continued commercial momentum across geographies, and **(ii)** the decrease in claims frequency in the context of the COVID-19 crisis, notably in Hong Kong and France, were more than offset by **(iii)** an exceptional tax introduced by the French government on health premiums as well as higher costs related to social reforms ("100% Santé"), combined with **(iv)** the non-repeat of an exceptionally favorable claims experience in 2019 in *the* United Kingdom & Ireland.

Asset Management underlying earnings decreased by €111 million (-28%) to €279 million. Excluding the €126 million contribution of Equitable Holdings, Inc. in 2019, underlying earnings increased by €15 million (+6%) mainly due to **(i)** higher revenues (€+48 million) from higher management fees resulting from strong net inflows and positive market effects despite the turmoil in the first quarter due to the COVID-19 crisis, partly offset by **(ii)** higher staff expenses (€-32 million), in line with business growth.

Other activities underlying earnings increased by €158 million (+19%) to €-690 million. Excluding the €-40 million contribution of Equitable Holdings, Inc. in 2019, underlying earnings increased by €119 million (+15%) mainly at AXA SA (€+95 million) driven by **(i)** higher dividends received (mainly from the remaining stake in Equitable Holdings, Inc. related to the EQH shares to be delivered on redemption of the AXA SA bonds mandatorily exchangeable into EQH shares, maturing in May 2021), **(ii)** lower general expenses, **(iii)** lower financial charges following the early redemption of a debt in 2020, and **(iv)** lower tax paid related to dividends received from subsidiaries.

ADJUSTED EARNINGS

Net realized capital gains and losses attributable to shareholders amounted to €337 million. On a constant exchange rate basis, **net realized capital gains and losses attributable to shareholders** decreased by €59 million due to the financial markets turmoil resulting from the COVID-19 crisis:

- €+317 million **higher realized capital gains** to €1,071 million, mainly driven by equity securities (€+365 million to €598 million), real estate (€+38 million to €388 million), partly offset by alternative investments (€-81 million to €13 million) and fixed income assets (€-8 million to €72 million), more than offset by:
- €-376 million **higher impairments net of the impact of equity hedges** to €-733 million, mainly driven by equity instruments (€-197 million to €-426 million), real estate (€-86 million to €-155 million), alternative investments (€-62 million to €-112 million), and fixed income assets (€-27 million to €-33 million).

As a result, **adjusted earnings** decreased by €2,243 million (-33%) to €4,602 million. On a constant exchange rate basis, **adjusted earnings** decreased by €2,260 million (-33%).

NET INCOME

Net income amounted to €3,164 million, down €692 million (-18%). On a constant exchange rate basis, **net income** decreased by €709 million (-18%), driven by:

- **lower adjusted earnings** (€-2,260 million);
- **a negative change in the fair value of assets accounted for under fair value option**, down €432 million to €-264 million, due to the financial markets turmoil resulting from the COVID-19 crisis, significantly impacting the valuation of fixed income assets and credit funds (€-489 million to €-94 million), private equity funds (€-128 million to €-10 million), and hedge funds (€-72 million to €-48 million);
- **a less unfavorable change in the fair value of derivatives** net of exchange rate impacts, up €841 million to €-129 million, driven by:
  - the change in the fair value of equity, interest rates and credit derivatives not eligible for hedge accounting under IAS 39, up €704 million to €-49 million, as a result of the equity market turmoil resulting from the COVID-19 crisis as well as from interest rate derivatives due to the significant decrease of the exposure to interest rates risk at *AXA SA* in a context of further decrease in interest rates,
  - the change in the fair value of foreign exchange derivatives not eligible for hedge accounting under IAS 39 net of exchange rate movements on assets and liabilities denominated in foreign currencies, up €137 million to €-80 million as a result of the appreciation of Euro against US Dollar;

- **a less unfavorable impact from exceptional operations**, up €1,144 million to €-487 million, mainly from:
  - the non-repeat of the 2019 negative impact linked to **(i)** the deconsolidation of Equitable Holdings, Inc. corresponding to the difference between the fair value and the consolidated carrying value of EQH at the date of the deconsolidation (€+590 million) at AXA SA, and **(ii)** the loss on the future disposal of AXA Bank Belgium (€+590 million), combined with lower impairment of the participation in non-consolidated entities (€+130 million);

partly offset by:

- the exceptional impact related to the exit of unprofitable lines of business within International Financial lines (Management Liability and Financial Institutions) from both the United Kingdom and Lloyd's at AXA XL (€-156 million),
- the losses on the disposals of *the Gulf Region*, *Greece* operations and AXA Bank Germany (€-89 million), partly offset by the impact of the cancelled disposal of AXA Life Europe (€+69 million), and
- the exceptional contributions to solidarity measures in the context of the COVID-19 crisis (€-71 million), mainly in France to support both small companies and self-employed individuals.

Shareholders' equity Group share

As of December 31, 2020, Shareholders' equity Group share totaled €71.6 billion. The movements in Shareholders' equity Group share since December 31, 2019, are presented in the table below:

(in Euro million)	Shareholders' equity Group share
At December 31, 2019	**69,897**
Share Capital	2
Capital in excess of nominal value	(19)
Equity-share based compensation	48
Treasury shares sold or bought in open market	8
Deeply subordinated debt (including accumulated interests charges)	(177)
Fair value recorded in shareholders' equity	3,533
Impact of currency fluctuations	(2,837)
Dividends	(1,740)
Other	(72)
Net income for the period	3,164
Actuarial gains and losses on pension benefits	(198)
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	1
At December 31, 2020	**71,610**

Solvency information [(1)]

As of December 31, 2020, the Group's Eligible Own Funds ("EOF") amounted to €55.0 billion and the Solvency II ratio to 200%, compared to €59.4 billion and 198% as of December 31, 2019.

(in Euro billion)	Group EOF December 31, 2020	Group EOF December 31, 2019
Previous Closing	**59.4**	**58.1**
Modeling changes and opening adjustments	1.4	(0.7)
Opening	**60.8**	**57.4**
Expected existing business contribution	3.8	4.6
Value of new premiums	(0.0)	2.2
Operating variance and change in assumptions	0.6	0.8
Operating return	**4.4**	**7.7**
Economic variance	(4.8)	(2.4)
Total return	**(0.5)**	**5.3**
Exchange rate impact	(2.1)	1.1
Dividend to be paid in year N+1	(3.4)	(3.5)
Release of provision for exceptional distribution of reserves [(a)]	1.7	-
Subordinated debts and others [(b)]	(1.5)	(1.0)
Closing	**55.0**	**59.4**

(a) On June 2, 2020, AXA's Board of Directors decided to reduce its dividend proposal from €1.43 per share to €0.73 per share. At that time, it was also announced that the Board would consider proposing an additional payment to shareholders in 4Q20, of up to €0.70 per share (which remained deducted from EOF), as an exceptional distribution of reserves, subject to favorable market and regulatory conditions. Following discussions with the French regulator ("ACPR") and, in the context of the COVID-19, reinforced communication from various European regulators, including the "ACPR" on July 28, 2020, recommending insurers to refrain from dividend distributions until January 1, 2021, AXA's Board of Directors, at its meeting on August 5, 2020, decided it would not propose an exceptional distribution of reserves to shareholders in 4Q20. The €0.70 per share provision was therefore released from EOF.

(b) Including subordinated debts, capital movements, internal dividends paid in 2020 and others.

(1) Prudential information related to the Solvency, including the Solvency II ratio and the Eligible Own Funds ("EOF") disclosed in the note and the table below, will be detailed in the Group's 2020 SFCR that is expected to be published at a later stage and for which Group's auditors will issue a report.

Shareholder value

EARNINGS PER SHARE ("EPS")

(in Euro, except ordinary shares in million)	December 31, 2020 Basic	December 31, 2020 Fully diluted	December 31, 2019 Basic	December 31, 2019 Fully diluted	December 31, 2020/ December 31, 2019 Basic	December 31, 2020/ December 31, 2019 Fully diluted
Weighted average number of shares	**2,381**	**2,387**	**2,383**	**2,389**		
Net income (Euro per ordinary share)	1.25	1.25	1.51	1.51	(17.0%)	(17.1%)
Adjusted earnings (Euro per ordinary share)	1.86	1.85	2.77	2.76	(32.8%)	(32.8%)
Underlying earnings (Euro per ordinary share)	1.72	1.71	2.60	2.59	(34.0%)	(34.0%)

RETURN ON EQUITY ("ROE")

(in Euro million, except percentages)	December 31, 2020	December 31, 2019	December 31, 2020/ December 31, 2019
ROE (a) (b)	**4.6%**	**6.1%**	**(1.5 pts)**
Net income	3,164	3,857	
Average shareholders' equity	69,154	63,578	
Adjusted ROE (a)	**10.7%**	**16.0%**	**(5.3 pts)**
Adjusted earnings (c)	4,424	6,591	
Average shareholders' equity (d)	41,243	41,215	
Underlying ROE (a) (b)	**9.9%**	**15.0%**	**(5.1 pts)**
Underlying earnings (c)	4,087	6,198	
Average shareholders' equity (d)	41,243	41,215	

(a) Return On Equity figures presented in this table are calculated based on the current definition (as defined in the Glossary set forth on pages 479 to 483 of this Annual Report).

(b) Starting 2021, the Return On Equity to be disclosed will be based upon simple average shareholders' equity (as defined in the Glossary set forth on pages 479 to 483 of this Annual Report). As per this new definition, the Net income ROE would stand at 6.4% and Underlying ROE would stand at 9.5% as of December 31, 2020.

(c) Including adjustment to reflect net financial charges related to undated subordinated debt (recorded through shareholders' equity). In 2019, it also included adjustments to reflect financial charges related to the preferred shares and the equity component of mandatory exchangeable bonds into shares of Equitable Holdings Inc. for the first three months of 2019 prior to its deconsolidation.

(d) Excluding fair value of invested assets and derivatives and undated subordinated debt (both recorded through shareholders' equity).

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Segment information

FRANCE

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**25,064**	**26,182**
Property & Casualty	6,986	7,059
Life & Savings	13,001	14,325
Health	4,912	4,619
Banking	165	179
Underlying earnings before tax	**2,211**	**2,368**
Property & Casualty	1,117	1,140
Life & Savings	1,001	1,106
Health	91	123
Other [(b)]	3	(1)
Income tax expenses/benefits	(550)	(660)
Minority interests	(3)	(4)
Income from affiliates and associates	10	11
Underlying earnings Group share	**1,668**	**1,715**
Net capital gains or losses attributable to shareholders net of income tax	190	168
Adjusted earnings Group share	**1,858**	**1,882**
Profit or loss on financial assets (under fair value option) and derivatives	(364)	83
Exceptional operations (including discontinued operations)	(49)	5
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(30)	(30)
NET INCOME GROUP SHARE	**1,415**	**1,940**
Property & Casualty Combined Ratio	90.0%	90.7%
Health Combined Ratio	99.3%	98.7%
Protection Combined Ratio	99.5%	95.3%
New business		
APE	2,153	2,077
NBV Margin	29.5%	31.5%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities and holding.

Gross revenues decreased by €1,119 million (-4%) to €25,064 million. On a comparable basis, gross revenues decreased by €1,125 million (-4%):

- **Property & Casualty** (€-73 million or -1%) to €6,986 million, mainly due to the impact of solidarity measures towards both small companies and independent workers in the context of the COVID-19 crisis, partly offset by higher volumes notably in Commercial lines;
- **Life & Savings** (€-1,330 million or -9%) to €13,001 million, mostly in G/A Savings (€-1,794 million or -28%) driven by changes in underwriting policies favoring Unit-Linked products over G/A Savings and by lower premiums collected during the COVID-19 lockdown periods, partly offset by higher volumes in both Unit-Linked (€+343 million or +10%) and Protection (€+146 million or +3%). Unit-Linked gross revenues contributed 48% [(1)] of total Individual Savings, as compared to 37% [(1)] on average for the market;

(1) Including Eurocroissance.

- **Health** (€+293 million or +6%) to €4,912 million, driven by higher volumes in Group business (€+265 million or +7%) in both international and domestic markets, as well as in Individual business (€+28 million or +4%);
- **Banking** (€-14 million or -8%) to €165 million at AXA Banque France as the higher interest margin was more than offset by the change in fair value of hedging instruments.

APE increased by €76 million (or +4%) to €2,153 million, mainly driven by **(i)** Protection (€+152 million or +33%) and *Health* (€+47 million or +8%) due to higher sales in Group business, as well as by **(ii)** Unit-Linked (€+45 million or +12%), partly offset by **(iii)** G/A Savings (€-165 million or -25%) mainly driven by changes in underwriting policies and lower sales during the COVID-19 lockdown periods.

NBV Margin decreased by 2.0 points to 29.5% driven by adverse economic conditions and an unfavorable change in business mix, in particular from higher sales in Group Health and Group Protection.

Underlying earnings before tax decreased by €157 million (-7%) to €2,211 million:

- **Property & Casualty** (€-24 million or -2%) to €1,117 million, mainly driven by a lower investment income combined with the impact of the COVID-19 crisis primarily from claims in Business Interruption and solidarity measures, partly offset by a decrease in claims frequency during the lockdown periods, notably in Motor, as well as by more favorable prior year reserve developments;
- **Life & Savings** (€-105 million or -9%) to €1,001 million, from the impact of the extension of the disability coverage to vulnerable customers during the lockdowns and the decrease in annuities discount rate as well as unfavorable prior year reserve developments, partly offset by higher investment margin mainly from continued discipline on crediting rates;
- **Health** (€-32 million or -26%) to €91 million, driven by an exceptional tax introduced by the French government on health premiums as well as higher costs related to social reforms ("100% Santé"), partly offset by positive technical items including lower claims frequency during lockdown periods;
- **Other** (€+3 million) to €+3 million.

Income tax expenses decreased by €111 million (-17%) to €-550 million, driven by the decrease in pre-tax underlying earnings as well as the decrease in the corporate tax rate from 34% to 32%.

Underlying earnings decreased by €47 million (-3%) to €1,668 million.

Adjusted earnings decreased by €24 million (-1%) to €1,858 million, driven by lower underlying earnings as well as higher impairments on both real estate and equity securities as a consequence of the COVID-19 crisis, partly offset by higher realized capital gains on real estate.

Net income decreased by €525 million (-27%) to €1,415 million, driven by lower adjusted earnings, an unfavorable change in the fair value of Mutual funds and derivatives not eligible for hedge accounting, as well as the exceptional contribution to French COVID-19 solidarity funds to support both small companies and self-employed individuals.

EUROPE

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [a]	**32,860**	**34,415**
Property & Casualty	16,594	16,645
Life & Savings	10,627	12,268
Health	5,630	5,477
Banking	9	25
Underlying earnings before tax	**3,492**	**3,414**
Property & Casualty	2,272	2,054
Life & Savings	898	1,016
Health	270	297
Other [b]	51	48
Income tax expenses/benefits	(769)	(774)
Minority interests	(100)	(96)
Income from affiliates and associates	(1)	-
Underlying earnings Group share	**2,621**	**2,544**
Net capital gains or losses attributable to shareholders net of income tax	26	162
Adjusted earnings Group share	**2,648**	**2,706**
Profit or loss on financial assets (under fair value option) and derivatives	(117)	(259)
Exceptional operations (including discontinued operations)	(11)	(38)
Goodwill and other related intangible impacts	(35)	(37)
Integration and restructuring costs	(90)	(54)
NET INCOME GROUP SHARE	**2,395**	**2,318**
Property & Casualty Combined Ratio	90.9%	93.2%
Health Combined Ratio	95.7%	95.1%
Protection Combined Ratio	93.9%	94.8%
New business		
APE	1,656	1,267
NBV Margin	48.0%	46.9%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities and holding.

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EUROPE - SWITZERLAND

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**5,261**	**5,992**
Property & Casualty	3,289	3,152
Life & Savings	1,941	2,824
Health	31	16
Underlying earnings before tax	**1,001**	**961**
Property & Casualty	733	693
Life & Savings	284	285
Health	(16)	(16)
Income tax expenses/benefits	(171)	(159)
Minority interests	(3)	(4)
Income from affiliates and associates	-	-
Underlying earnings Group share	**827**	**798**
Net capital gains or losses attributable to shareholders net of income tax	25	6
Adjusted earnings Group share	**852**	**803**
Profit or loss on financial assets (under fair value option) and derivatives	(58)	1
Exceptional operations (including discontinued operations)	5	(24)
Goodwill and other related intangible impacts	(25)	(25)
Integration and restructuring costs	-	-
NET INCOME GROUP SHARE	**775**	**755**
Property & Casualty Combined Ratio	82.3%	82.8%
Health Combined Ratio	n/a	n/a
Protection Combined Ratio	90.8%	93.7%
New business		
APE	722	320
NBV Margin	50.9%	46.7%
Average exchange rate: €1.00 = Swiss Franc	*1.07*	*1.11*

(a) Net of intercompany eliminations.

On January 1, 2020, AXA Switzerland transformed five more foundations from full insurance to semi-autonomous. As a result, the change in gross revenues on a comparable basis excludes the savings portion of the 2019 premiums related to the transformed in-force Group Life business.

Gross revenues decreased by €731 million (-12%) to €5,261 million. On a comparable basis, gross revenues increased by €106 million (+2%):

- **Property & Casualty** (€+13 million or 0%) to €3,289 million, driven by Commercial lines (€+31 million or +2%) mainly due to a positive volume and price effect on Workers' Compensation, partly offset by a decrease in Liability in the context of the COVID-19 crisis, while Personal lines decreased (€-19 million or -1%) driven by Motor reflecting the ongoing market competition as well as lower new business in the context of the COVID-19 crisis;
- **Life & Savings** (€+79 million or +4%) to €1,941 million, driven by Group Life (€+62 million or +7%) due to strong sales of semi-autonomous products, and Individual Life (€+17 million or +2%) from higher sales of a new hybrid product launched in 2H19;
- **Health** (€+13 million or +84%) to €31 million, from continued portfolio growth.

APE increased by €402 million (+126%) to €722 million. On a comparable basis, APE increased by €375 million (+117%) driven by Group Life (€+386 million or +164%) due to strong sales of semi-autonomous products including the exceptional acquisition of a significant number of new clients, partly offset by lower new business in Individual Life (€-12 million or -14%) in the context of the COVID-19 crisis.

NBV Margin increased by 4.3 points to 50.9%, mainly driven by a favorable business mix within Individual Life as a result of shifting sales from pure General Account products towards a new hybrid product launched in 2H19.

Underlying earnings before tax increased by €40 million (+4%) to €1,001 million. On a constant exchange rate basis, underlying earnings before tax increased by €2 million:

- **Property & Casualty** (€+13 million or +2%) to €733 million, as a result of lower attritional losses from lower claims frequency mainly in Motor and Workers' Compensation combined with more favorable prior year reserve developments and a lower expense ratio from cost savings measures, partly offset by a less favorable large loss development and Business Interruption claims linked to the COVID-19 lockdown;
- **Life & Savings** (€-12 million or -4%) to €284 million, mainly driven by a deterioration of the technical margin resulting from the non-repeat of 2019 longevity assumptions update and a lower investment margin, partly offset by a lower VBI amortization mainly from a less unfavorable update of financial assumptions combined with higher asset management fees in Group Life from the off-balance sheet business;
- **Health** remained stable at €-16 million.

Income tax expenses increased by €12 million (+8%) to €-171 million. On a constant exchange rate basis, income tax expenses increased by €6 million (+4%) mainly from a lower positive effect on deferred tax from the decrease in the corporate tax rate from 18.5% to 18.0% (compared to the prior year reduction from 20% to 18.5%).

Underlying earnings increased by €29 million (+4%) to €827 million. On a constant exchange rate basis, underlying earnings decreased by €2 million (0%).

Adjusted earnings increased by €49 million (+6%) to €852 million. On a constant exchange rate basis, adjusted earnings increased by €17 million (+2%) as the decrease in underlying earnings was more than offset by higher net realized capital gains.

Net income increased by €20 million (+3%) to €775 million. On a constant exchange rate basis, net income decreased by €9 million (-1%) as the increase in adjusted earnings and a positive change in the fair value of equity derivatives not eligible for hedge accounting were more than offset by an unfavorable change in the fair value of alternative investments.

EUROPE - GERMANY

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**11,025**	**10,862**
Property & Casualty	4,332	4,392
Life & Savings	3,254	3,187
Health	3,429	3,259
Banking	9	25
Underlying earnings before tax	**811**	**834**
Property & Casualty	557	489
Life & Savings	91	174
Health	119	133
Other [(b)]	44	38
Income tax expenses/benefits	(217)	(255)
Minority interests	(12)	(6)
Income from affiliates and associates	-	-
Underlying earnings Group share	**582**	**573**
Net capital gains or losses attributable to shareholders net of income tax	12	1
Adjusted earnings Group share	**594**	**574**
Profit or loss on financial assets (under fair value option) and derivatives	(5)	(83)
Exceptional operations (including discontinued operations)	(26)	(3)
Goodwill and other related intangible impacts	(3)	(4)
Integration and restructuring costs	(47)	(6)
NET INCOME GROUP SHARE	**512**	**479**
Property & Casualty Combined Ratio	91.3%	94.7%
Health Combined Ratio	96.6%	95.9%
Protection Combined Ratio	97.8%	98.1%
New business		
APE	381	375
NBV Margin	59.3%	55.5%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities and holding.

Gross revenues increased by €162 million (+1%) to €11,025 million. On a comparable basis, gross revenues increased by €192 million (+2%):

- **Property & Casualty** (€-30 million or -1%) to €4,332 million, driven by **(i)** Motor (€-99 million or -7%) reflecting a highly competitive market and lower new business in the context of the COVID-19 crisis, partly offset by **(ii)** Commercial Non-Motor (€+45 million or +3%) mainly due to new business and higher average premium in Mid-Market and SME Property as well as in Legal Assistance, and **(iii)** Personal Non-Motor (€+26 million or +2%) mainly from tariff increases and new business in Household;
- **Life & Savings** (€+67 million or +2%) to €3,254 million, stemming from higher new business in hybrid products (€+84 million or +18%) and in Pure Protection (€+27 million or +5%), partly offset by Unit-Linked (€-23 million or -5%) and traditional G/A Savings products (€-21 million or -1%) in line with the strategy;
- **Health** (€+171 million or +5%) to €3,429 million, driven by tariff increases in full benefit insurance and by the continued growth in the civil servants segment.

APE increased by €6 million (+2%) to €381 million, mainly from Health (€+4 million or +4%) as well as from higher new business in hybrid products (€+3 million or +3%).

NBV Margin increased by 3.8 points to 59.3%, mainly in Health reflecting the positive impact of the update of interest rates assumptions.

Underlying earnings before tax decreased by €23 million (-3%) to €811 million:

- **Property & Casualty** (€+68 million or +14%) to €557 million, driven by an improved combined ratio (-3.4 points) reflecting lower Natural Catastrophe charges, lower claims frequency in Motor, lower expenses due to cost savings, and more favorable prior year reserve developments (€+62 million), partly offset by higher claims in Business Interruption and Event Cancellation as a result of the COVID-19 lockdown, combined with a lower investment result (€-76 million) mainly from lower distribution of investment funds;
- **Life & Savings** (€-82 million or -47%) to €91 million, mainly reflecting a lower investment margin (€-93 million) driven by a lower investment income combined with an increase in policyholder participation, partly offset by lower expenses due to cost savings;
- **Health** (€-14 million or -11%) to €119 million, mainly due to higher profit sharing;
- **Other** (€+6 million or +16%) to €44 million, from Holdings mainly due to an exceptional investment result.

Income tax expenses decreased by €38 million (-15%) to €-217 million, driven by lower pre-tax underlying earnings combined with more favorable tax one-offs (€+26 million).

Underlying earnings increased by €9 million (+2%) to €582 million.

Adjusted earnings increased by €20 million (+3%) to €594 million, driven by higher underlying earnings and higher net realized gains on equities.

Net income increased by €33 million (+7%) to €512 million, driven by higher adjusted earnings and a favorable change in the fair value of foreign exchange derivatives not eligible for hedge accounting, partly offset by higher restructuring costs and a negative impact from the disposal of the banking business.

EUROPE - BELGIUM

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**3,372**	**3,405**
Property & Casualty	2,087	2,100
Life & Savings	1,167	1,201
Health	118	103
Underlying earnings before tax	**504**	**516**
Property & Casualty	215	224
Life & Savings	281	292
Health	6	2
Holding	3	(2)
Income tax expenses/benefits	(113)	(134)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**391**	**381**
Net capital gains or losses attributable to shareholders net of income tax	30	145
Adjusted earnings Group share	**420**	**526**
Profit or loss on financial assets (under fair value option) and derivatives	(19)	(97)
Exceptional operations (including discontinued operations)	-	4
Goodwill and other related intangible impacts	(2)	(2)
Integration and restructuring costs	(0)	(10)
NET INCOME GROUP SHARE	**399**	**420**
Property & Casualty Combined Ratio	95.4%	96.3%
Health Combined Ratio	96.2%	100.8%
Protection Combined Ratio	97.8%	96.2%
New business		
APE	109	101
NBV Margin	37.3%	52.4%

(a) Net of intercompany eliminations.

Gross revenues decreased by €33 million (-1%) to 3,372 million. On a comparable basis, gross revenues decreased by €33 million (-1%):

- **Property & Casualty** (€-13 million or -1%) to €2,087 million, stemming from lower Commercial lines (€-25 million or -3%) in the context of the COVID-19 crisis and pruning measures in the Mid-Market segment, partly offset by Personal lines (€+12 million or +1%), as the negative impact of the COVID-19 crisis on new business was more than compensated by tariff increases, mainly in Household resulting from the regulatory indexation, and higher retention;
- **Life & Savings** (€-34 million or -3%) to €1,167 million, from *G/A Savings* (€-12 million or -4%) and Protection with Savings (€-11 million or -1%) in line with the strategy to exit Individual Savings market, and from Unit-Linked (€-11 million or -25%) due to a change in business mix towards pure investment products for which premiums are not recognized as gross revenues under IFRS, combined with a slowdown in both self-employed and retail pension segments in the context of the COVID-19 crisis;
- **Health** (€+15 million or +14%) to €118 million, driven by new large corporate contracts.

APE increased by €9 million (+8%) to €109 million, driven by a large Unit-Linked Group pension contract, partly offset by a slowdown of the new business in self-employed and retail pension segments in the context of the COVID-19 crisis and the non-repeat of a large Group pension contract in Protection with Savings.

NBV Margin decreased by 15.1 points to 37.3%, mainly driven by a less favorable business mix with a higher share of pure investment Unit-Linked contracts.

Underlying earnings before tax decreased by €11 million (-2%) to €504 million:

- **Property & Casualty** (€-9 million or -4%) to €215 million, mainly driven by a decrease in the investment income (€-27 million) as a result of lower dividends and a lower reinvestment yield, partly offset by an improved combined ratio (-0.9 point) due to lower claims frequency in the context of the COVID-19 crisis as well as fewer large losses, partly offset by unfavorable prior year reserve developments;
- **Life & Savings** (€-11 million or -4%) to €281 million, driven by higher amortization of deferred acquisition costs due to an update of equity and interest rates assumptions (€-13 million) and lower Unit-Linked management fees (€-7 million), partly offset by a higher investment margin (€+11 million) from decreasing crediting rates;
- **Health** (€+5 million) to €6 million;
- **Holding** (€+4 million) to €3 million, due to an exceptional dividend received from a subsidiary.

Income tax expenses decreased by €21 million (-15%) to €-113 million, driven by lower pre-tax underlying earnings combined with a decrease in the corporate tax rate from 30% to 25%.

Underlying earnings increased by €9 million (+2%) to €391 million.

Adjusted earnings decreased by €105 million (-20%) to €420 million, as the increase in underlying earnings was more than offset by lower realized capital gains (€-59 million) driven by the non-repeat of an exceptional sale of a building in 2019 (€-85 million) and higher impairments (€-62 million) following the financial markets turmoil in the context of the COVID-19 crisis.

Net income decreased by €21 million (-5%) to €399 million, driven by lower adjusted earnings, partly offset by a favorable change in the fair value of equity derivatives not eligible for hedge accounting, in the context of the financial markets turmoil following the COVID-19 crisis.

EUROPE - UNITED KINGDOM & IRELAND

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**5,215**	**5,367**
Property & Casualty	3,457	3,536
Life & Savings	45	40
Health	1,713	1,790
Underlying earnings before tax	**414**	**438**
Property & Casualty	285	265
Life & Savings	(3)	(0)
Health	128	161
Holding	5	12
Income tax expenses/benefits	(59)	(55)
Minority interests	(0)	(0)
Income from affiliates and associates	(1)	-
Underlying earnings Group share	**354**	**383**
Net capital gains or losses attributable to shareholders net of income tax	(9)	2
Adjusted earnings Group share	**346**	**385**
Profit or loss on financial assets (under fair value option) and derivatives	(11)	(61)
Exceptional operations (including discontinued operations)	12	(14)
Goodwill and other related intangible impacts	(4)	(4)
Integration and restructuring costs	(13)	(18)
NET INCOME GROUP SHARE	**331**	**287**
Property & Casualty Combined Ratio	96.2%	97.6%
Health Combined Ratio	93.7%	92.5%

(a) Net of intercompany eliminations.

Gross revenues decreased by €152 million (-3%) to €5,215 million. On a comparable basis, gross revenues decreased by €52 million (-1%):

- **Property & Casualty** (€-43 million or -1%) to €3,457 million, stemming from Commercial lines (€-31 million or -2%) mainly in Motor due to lower new business, lower retention and reductions in cover in the context of the COVID-19 crisis, and from Personal lines (€-13 million or -1%) due to Non-Motor reflecting lower volumes in Travel in the context of the COVID-19 crisis, while Personal Motor increased (€+11 million or +1%) as the growth in the United Kingdom and in Ireland was partly offset by premium refunds related to the COVID-19 crisis in Ireland (€-16 million);
- **Life & Savings** – Asset Management Platform fees (€+5 million or +12%) to €45 million;
- **Health** (€-14 million or -1%) to €1,713 million, mainly driven by reduced volumes in the United Kingdom and in international business in the context of the COVID-19 crisis.

Underlying earnings before tax decreased by €23 million (-5%) to €414 million. On a constant exchange rate basis, underlying earnings before tax decreased by €19 million (-4%):

- **Property & Casualty** (€+22 million or +8%) to €285 million, mainly driven by an improved combined ratio (-1.3 points) as lower claims frequency in Motor was partly offset by higher claims in Business Interruption, linked to the COVID-19 lockdowns, higher Natural Catastrophe charges following the Ciara, Dennis and Bella storms, less favorable prior year reserve developments and a lower net investment income;
- **Life & Savings** – Asset Management Platform fees (€-3 million) to €-3 million;
- **Health** (€-31 million or -19%) to €128 million, driven by a deteriorated combined ratio (+1.3 points) mainly due to the non-repeat of an exceptionally favorable claims experience in 2019 combined with the impact of the Customer Promise commitment to payback Individual and SME policyholders excess profitability in 2020 and 2021 over the profit of 2019, and lower net investment income;

- **Holding** (€-7 million) to €5 million, mainly due to lower net investment income.

Income tax expenses decreased by €4 million (-8%) to €-59 million. On a constant exchange rate basis, income tax expenses decreased by €5 million (-9%) driven by lower pre-tax underlying earnings, partly offset by lower tax one-offs.

Underlying earnings decreased by €29 million (-7%) to €354 million. On a constant exchange rate basis, underlying earnings decreased by €25 million (-7%).

Adjusted earnings decreased by €39 million (-10%) to €346 million. On a constant exchange rate basis, adjusted earnings decreased by €36 million (-9%) driven by lower underlying earnings and higher impairments, as a consequence of the financial markets turmoil resulting from the COVID-19 crisis.

Net income increased by €44 million (+15%) to €331 million. On a constant exchange rate basis, net income increased by €47 million (+16%) as the decrease in adjusted earnings, donations to solidarity funds, and the decrease in the fair value of alternative investments, were more than offset by a favorable change in the fair value of equity, interest rate and foreign exchange derivatives not eligible to hedge accounting, the gain on disposal of Architas UK investment business, and the non-repeat of the loss relating to the early redemption of a financing debt in 2019.

EUROPE - SPAIN

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**2,566**	**2,686**
Property & Casualty	1,683	1,719
Life & Savings	650	750
Health	234	217
Underlying earnings before tax	**327**	**264**
Property & Casualty	228	175
Life & Savings	72	75
Health	27	14
Income tax expenses/benefits	(88)	(62)
Minority interests	(0)	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**238**	**202**
Net capital gains or losses attributable to shareholders net of income tax	(19)	(2)
Adjusted earnings Group share	**219**	**200**
Profit or loss on financial assets (under fair value option) and derivatives	(12)	(12)
Exceptional operations (including discontinued operations)	(2)	-
Goodwill and other related intangible impacts	(2)	(3)
Integration and restructuring costs	(25)	(16)
NET INCOME GROUP SHARE	**178**	**169**
Property & Casualty Combined Ratio	91.2%	95.4%
Health Combined Ratio	90.1%	94.0%
Protection Combined Ratio	89.0%	92.9%
New business		
APE	97	103
NBV Margin	39.9%	60.3%

(a) Net of intercompany eliminations.

Gross revenues decreased by €120 million (-4%) to €2,566 million. On a comparable basis, gross revenues decreased by €120 million (-4%):

- **Property & Casualty** (€-36 million or -2%) to €1,683 million, mainly due to lower new business in the context of the COVID-19 crisis, partly offset by higher retention;
- **Life & Savings** (€-100 million or -13%) to €650 million, mainly due to lower sales in traditional G/A Savings business (€-57 million or -28%) in line with the strategy, and Unit-Linked (€-49 million or -14%) due to the non-renewal of protected Unit-Linked campaign, partly offset by Pure Protection (€+14 million or +8%);
- **Health** (€+16 million or +8%) to €234 million, driven by higher volumes and tariff increases.

APE decreased by €6 million (-6%) to €97 million, mainly driven by a decrease in traditional G/A Savings in line with the strategy and the non-renewal of protected Unit-Linked campaign, partly offset by an increase in Pure Protection.

NBV Margin decreased by 20.4 points to 39.9%, mainly in Unit-Linked driven by updates in lapses assumptions.

Underlying earnings before tax increased by €62 million (+24%) to €327 million:

- **Property & Casualty** (€+54 million or +31%) to €228 million, mainly due to an improved combined ratio (-4.2 points) driven by a better claims experience in Motor, partly offset by lower investment income;
- **Life & Savings** (€-4 million or -5%) to €72 million, mainly due to lower investment margin;
- **Health** (€+13 million or +89%) to €27 million, mainly due to higher volumes and a better claims experience.

Income tax expenses increased by €26 million (+42%) to €-88 million, driven by higher pre-tax underlying earnings and negative tax one-offs.

Underlying earnings increased by €36 million (+18%) to €238 million.

Adjusted earnings increased by €19 million (+9%) to €219 million, mainly driven by higher underlying earnings partly offset by higher impairments on equity securities following the financial markets turmoil resulting from the COVID-19 crisis.

Net income increased by €9 million (+5%) to €178 million, driven by higher adjusted earnings partly offset by higher restructuring costs.

EUROPE - ITALY

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**5,422**	**6,104**
Property & Casualty	1,746	1,746
Life & Savings	3,571	4,266
Health	105	92
Underlying earnings before tax	**434**	**401**
Property & Casualty	255	209
Life & Savings	174	190
Health	5	3
Income tax expenses/benefits	(120)	(109)
Minority interests	(85)	(85)
Income from affiliates and associates	-	-
Underlying earnings Group share	**230**	**207**
Net capital gains or losses attributable to shareholders net of income tax	(13)	11
Adjusted earnings Group share	**217**	**218**
Profit or loss on financial assets (under fair value option) and derivatives	(12)	(6)
Exceptional operations (including discontinued operations)	(0)	-
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(4)	(4)
NET INCOME GROUP SHARE	**200**	**208**
Property & Casualty Combined Ratio	89.7%	93.3%
Health Combined Ratio	96.1%	99.2%
Protection Combined Ratio	83.6%	79.6%
New business		
APE	347	368
NBV Margin	35.2%	33.2%

(a) Net of intercompany eliminations.

- **Gross revenues** decreased by €682 million (-11%) to €5,422 million. On a comparable basis, gross revenues decreased by €682 million (-11%):
- **Property & Casualty** stable at €1,746 million, as the decrease in Personal lines (€-30 million or -2%) due to the impact of the COVID-19 crisis on Motor and Mortgages insurance was fully offset by Commercial lines (€+29 million or +6%) reflecting a strong start of the year and a successful renewal campaign mainly in Property;
- **Life & Savings** (€-695 million or -16%) to €3,571 million, mainly from decreased revenues in G/A Savings and Unit-Linked in the context of COVID-19 crisis, combined with a shift in Unit-Linked business mix towards pure Investment products for which premiums are not recognized as gross revenues under IFRS;
- **Health** (€+13 million or +14%) to €105 million, as a result of a strong commercial focus.

APE decreased by €20 million (-6%) to €347 million, mainly from lower sales in G/A Savings (€-22 million or -12%), in the context of the COVID-19 crisis and in line with the strategy.

NBV Margin increased by 2.1 points to 35.2%, driven by a favorable effect of the update of actuarial assumptions in Protection business as well as by the tightening of spreads of Italian government bonds.

Underlying earnings before tax increased by €33 million (+8%) to €434 million:

- **Property & Casualty** (€+46 million or +22%) to €255 million, due to an improvement of the current year combined ratio (-3.4 points) mainly driven by lower frequency in Motor and lower Natural Catastrophe charges, partly offset by a lower investment income (€-18 million);

- **Life & Savings** (€-16 million or -8%) to €174 million, mainly due to lower investment margin driven by the decrease in investment yields, partly offset by a higher asset base and lower policyholder participation;
- **Health** (€+3 million) to €5 million, driven by a better claims experience.

Income tax expenses increased by €11 million (+10%) to €-120 million, mainly driven by higher pre-tax underlying earnings.

Minority interests remained stable at €-85 million.

Underlying earnings increased by €22 million (+11%) to €230 million.

Adjusted earnings decreased by €1 million to €217 million, as the increase in underlying earnings was more than offset by higher impairments mainly from equity securities as a consequence of the financial market turmoil resulting from the COVID-19 crisis.

Net income decreased by €8 million (-4%) to €200 million, driven by lower adjusted earnings and an unfavorable change in the fair value of alternative investment funds accounted for under fair value option, in the context of the COVID-19 crisis.

ASIA

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**10,950**	**9,860**
Property & Casualty	2,159	1,353
Life & Savings	6,379	6,350
Health	2,412	2,156
Underlying earnings before tax	**1,349**	**1,278**
Property & Casualty	122	75
Life & Savings	673	687
Health	556	529
Holding	(2)	(12)
Income tax expenses/benefits	(275)	(256)
Minority interests	(8)	(7)
Income from affiliates and associates	181	188
Underlying earnings Group share	**1,247**	**1,204**
Net capital gains or losses attributable to shareholders net of income tax	20	14
Adjusted earnings Group share	**1,267**	**1,218**
Profit or loss on financial assets (under fair value option) and derivatives	(145)	(20)
Exceptional operations (including discontinued operations)	(5)	24
Goodwill and other related intangible impacts	(28)	(15)
Integration and restructuring costs	(33)	(3)
NET INCOME GROUP SHARE	**1,056**	**1,204**
Property & Casualty Combined Ratio	97.4%	97.0%
Health Combined Ratio	78.2%	76.7%
Protection Combined Ratio	89.6%	88.9%
New business		
APE	1,345	1,614
NBV Margin	73.1%	63.1%

(a) Net of intercompany eliminations.

ASIA - JAPAN (EXCLUDING AXA DIRECT JAPAN)

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**4,969**	**4,850**
Life & Savings	3,454	3,378
Health	1,515	1,472
Underlying earnings before tax	**789**	**761**
Life & Savings	295	290
Health	495	484
Holding	(1)	(12)
Income tax expenses/benefits	(222)	(215)
Minority interests	(7)	(7)
Income from affiliates and associates	-	-
Underlying earnings Group share	**559**	**540**
Net capital gains or losses attributable to shareholders net of income tax	21	4
Adjusted earnings Group share	**580**	**543**
Profit or loss on financial assets (under fair value option) and derivatives	(168)	(25)
Exceptional operations (including discontinued operations)	(2)	-
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(27)	-
NET INCOME GROUP SHARE	**383**	**518**
Health Combined Ratio	69.6%	69.3%
Protection Combined Ratio	90.4%	90.3%
New business		
APE	521	531
NBV Margin	133.1%	120.3%
Average exchange rate: €1.00 = Japanese Yen	*122*	*122*

(a) Net of intercompany eliminations.

Gross revenues increased by €120 million (+2%) to €4,969 million. On a comparable basis, gross revenues increased by €66 million (+1%):

- **Life & Savings** (€+47 million or +1%) to €3,454 million, mainly from in-force growth and new business in Protection with Unit-Linked (€+267 million or +34%), partly offset by the discontinuation of a capital light Single Premium Whole Life product (€-199 million or -88%) as a consequence of the decrease in interest rates;
- **Health** (€+19 million or +1%) to €1,515 million, mainly from in-force growth and new business of Medical Whole Life products.

APE decreased by €10 million (-2%) to 521 million. On a comparable basis, APE decreased by €23 million (-4%) mainly driven by lower sales of tax savings products impacted by a tax rule change (€-56 million or -61%) and the discontinuation of a capital light Single Premium Whole Life product (€-20 million or -89%). Excluding the decrease in sales of tax savings products, APE increased by €33 million (+7%) following strong sales of Protection with Unit-Linked products (€+72 million or +28%) despite severe sales restrictions in the context of the COVID-19 crisis.

NBV Margin increased by 12.8 points to 133.1%. On a comparable basis, NBV Margin increased by 13.5 points mainly driven by a favorable product mix shift towards Protection with Unit-Linked, Medical Whole Life, and Term products. The NBV Margin only partially reflects the lower tarification applied at the end of 2020 to the Protection with Unit-Linked products in order to maintain the leading position against peers.

Underlying earnings before tax increased by €28 million (+4%) to €789 million. On a constant exchange rate basis, underlying earnings before tax increased by €26 million (+3%):

- **Life & Savings** (€+5 million or +2%) to €295 million, mainly driven by a favorable mortality experience as well as costs reduction, partly offset by higher commissions reflecting a change in business mix;

- **Health** (€+10 million or +2%) to €495 million, mainly by a favorable morbidity experience;
- **Holding** (€+11 million or +89%) to €-1 million, mainly due to lower expenses combined with the non-repeat of 1H19 registration tax costs linked to the establishment of a holding company (€+5 million).

Income tax expenses increased by €8 million (+4%) to €-222 million. On a constant exchange rate basis, income tax expenses increased by €8 million (+4%) driven by higher pre-tax underlying earnings.

Underlying earnings increased by €20 million (+4%) to €559 million. On a constant exchange rate basis, underlying earnings increased by €19 million (+3%).

Adjusted earnings increased by €37 million (+7%) to €580 million. On a constant exchange rate basis, adjusted earnings increased by €36 million (+7%) driven by higher underlying earnings and higher net realized capital gains.

Net income decreased by €135 million (-26%) to €383 million. On a constant exchange rate basis, net income decreased by €135 million (-26%) as the increase in adjusted earnings was more than offset by an unfavorable change in the fair value of equity and credit derivatives as a consequence of the financial markets turmoil resulting from the COVID-19 crisis, as well as restructuring costs resulting from a pre-retirement plan.

ASIA - HONG KONG

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [a]	**3,801**	**3,829**
Property & Casualty	257	271
Life & Savings	2,877	2,917
Health	667	640
Underlying earnings before tax	**488**	**463**
Property & Casualty	44	29
Life & Savings	380	393
Health	63	41
Income tax expenses/benefits	(32)	(29)
Minority interests	-	(0)
Income from affiliates and associates	-	-
Underlying earnings Group share	**455**	**434**
Net capital gains or losses attributable to shareholders net of income tax	3	1
Adjusted earnings Group share	**458**	**435**
Profit or loss on financial assets (under fair value option) and derivatives	(4)	7
Exceptional operations (including discontinued operations)	(2)	(14)
Goodwill and other related intangible impacts	(12)	(14)
Integration and restructuring costs	-	(1)
NET INCOME GROUP SHARE	**439**	**413**
Property & Casualty Combined Ratio	88.4%	94.7%
Health Combined Ratio	90.5%	93.6%
Protection Combined Ratio	87.8%	86.8%
New business		
APE	277	486
NBV Margin	46.5%	44.4%
Average exchange rate: €1.00 = Hong Kong Dollar	*8.85*	*8.77*

(a) Net of intercompany eliminations.

Gross revenues decreased by €28 million (-1%) to €3,801 million. On a comparable basis, gross revenues increased by €9 million (0%):

- **Property & Casualty** (€-11 million or -4%) to €257 million, mainly due to lower volumes notably in Travel and Workers' Compensation in the context of the COVID-19 crisis, partly offset by higher volumes in Motor and pricing actions in Property;
- **Life & Savings** (€-13 million or 0%) to €2,877 million, mainly driven by lower new business in the context of the COVID-19 crisis, partly offset by in-force growth in Protection with Savings;
- **Health** (€+33 million or +5%) to €667 million, mainly driven by tariff increases in both Individual and Group businesses, combined with higher volumes in Group business.

APE decreased by €208 million (-43%) to €277 million. On a comparable basis, APE decreased by €206 million (-42%) driven by lower sales in the context of the COVID-19 crisis.

NBV Margin increased by 2.1 points to 46.5%, mainly driven by a favorable change in business mix towards Health.

Underlying earnings before tax increased by €24 million (+5%) to €488 million. On a constant exchange rate basis, underlying earnings before tax increased by €29 million (+6%):

- **Property & Casualty** (€+16 million or +55%) to €44 million, mostly from a better claims experience mainly driven by lower claims severity notably in Commercial lines, combined with lower expenses;

- **Life & Savings** (€-9 million or -2%) to €380 million, mainly driven by lower new business, partly offset by lower expenses combined with in-force growth;
- **Health** (€+23 million or +56%) to €63 million, primarily driven by a better claims experience from lower frequency in the context of the COVID-19 crisis, combined with volumes growth.

Income tax expenses increased by €3 million (+10%) to €-32 million. On a constant exchange rate basis, income tax expenses increased by €3 million (+11%) driven by higher pre-tax underlying earnings.

Underlying earnings increased by €21 million (+5%) to €455 million. On a constant exchange rate basis, underlying earnings increased by €26 million (+6%).

Adjusted earnings increased by €23 million (+5%) to €458 million. On a constant exchange rate basis, adjusted earnings increased by €28 million (+6%) mainly driven by higher underlying earnings.

Net income increased by €26 million (+6%) to €439 million. On a constant exchange rate basis, net income increased by €31 million (+8%) mainly driven by higher adjusted earnings.

2

ASIA - HIGH POTENTIALS

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**1,098**	**163**
Property & Casualty	823	67
Life & Savings	48	55
Health	228	41
Underlying earnings before tax	**(11)**	**7**
Property & Casualty	(6)	(0)
Life & Savings	(2)	4
Health	(2)	3
Income tax expenses/benefits	2	2
Minority interests	(0)	0
Income from affiliates and associates	181	188
Underlying earnings Group share	**173**	**197**
Net capital gains or losses attributable to shareholders net of income tax	0	11
Adjusted earnings Group share	**173**	**208**
Profit or loss on financial assets (under fair value option) and derivatives	31	(7)
Exceptional operations (including discontinued operations)	(0)	38
Goodwill and other related intangible impacts	(16)	-
Integration and restructuring costs	(4)	(2)
NET INCOME GROUP SHARE	**184**	**238**
Property & Casualty Combined Ratio	104.5%	102.9%
Health Combined Ratio	103.5%	95.0%
Protection Combined Ratio	122.1%	111.0%
New business		
APE	547	598
NBV Margin	29.4%	27.5%

(a) Net of intercompany eliminations.

Scope: (i) The Property & Casualty subsidiary in Thailand, the non bancassurance Life & Savings subsidiary in Indonesia and the Property & Casualty subsidiary in China (AXA Tianping) are fully consolidated (since December 31, 2019, for AXA Tianping); **(ii)** the bancassurance Life & Savings subsidiaries in China, Thailand, Indonesia and the Philippines are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income.

Gross revenues increased by €935 million to €1,098 million. On a comparable basis, gross revenues increased by €77 million (+7%):

- **Property & Casualty** (€-63 million or -7%) to €823 million, in China (€-84 million or -10%) mainly due to lower volumes in Motor following the COVID-19 crisis and the price deregulation implemented in September 2020, partly offset by Thailand (€+21 million or +32%) mainly driven by higher new business in Personal Motor;
- **Life & Savings** (€-5 million or -9%) to €48 million, notably from lower volumes in Protection with Unit-Linked in Indonesia (€-7 million or -22%);
- **Health** (€+145 million) to €228 million, driven by higher volumes in China from new partnerships.

APE decreased by €51 million (-9%) to €547 million. On a comparable basis, APE decreased by €94 million (-14%):

- China (€-38 million or -11%) mainly driven by lower sales of G/A Savings products during the Chinese New Year in the context of the COVID-19 crisis;
- Thailand (€-37 million or -27%) mainly driven by lower sales of traditional products in Protection with G/A Savings (€-32 million) and G/A Savings (€-9 million);
- The Philippines (€-12 million or -24%) mainly driven by lower regular premiums from Protection with Unit-Linked products (€-12 million) in the context of the COVID-19 crisis;

- Indonesia (€-7 million or -6%) driven by lower sales in the context of the COVID-19 crisis, partly offset by new Unit-Linked contracts.

NBV Margin increased by 1.9 points to 29.4%. On a comparable basis, NBV Margin increased by 4.1 points mainly driven by lower volumes of low margin Protection with G/A Savings products in Thailand.

Underlying earnings decreased by €25 million (-12%) to €173 million. On a constant exchange rate basis, underlying earnings decreased by €21 million (-11%):

- China (€-8 million or -26%) to €23 million, mainly driven by the non-repeat of favorable tax one-offs in 2019, partly offset by an improved current year combined ratio in Property & Casualty from a lower expense ratio, and higher fees & revenues in Life & Savings;
- Thailand (€-8 million or -10%) to €73 million, mainly driven by lower technical margin in Life & Savings, partly offset by Property & Casualty as the increase in acquisition expenses was more than offset by an improved loss ratio from both lower frequency and tariff increases in Personal Motor;
- Indonesia (€-5 million or -10%) to €45 million, mainly driven by lower fees & revenues in Life & Savings;
- The Philippines (€+1 million or +4%) to €32 million.

Adjusted earnings decreased by €35 million (-17%) to €173 million. On a constant exchange rate basis, adjusted earnings decreased by €32 million (-15%) driven by lower underlying earnings and lower net realized capital gains in China.

Net income decreased by €53 million (-23%) to €184 million. On a constant exchange rate basis, net income decreased by €49 million (-21%) mainly driven by lower adjusted earnings combined with the non-repeat of the positive accounting impact related to the full consolidation of AXA Tianping, and the amortization of intangible assets related to distribution networks in China, partly offset by a favorable change in the fair value of financial assets.

AXA XL

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**18,530**	**18,741**
Property & Casualty - Insurance	13,681	14,064
Property & Casualty - Reinsurance	4,665	4,489
Life & Savings	184	188
Underlying earnings before tax	**(1,296)**	**634**
Property & Casualty Insurance	(1,104)	382
Property & Casualty Reinsurance	(108)	330
Life & Savings	13	13
Holding	(98)	(91)
Income tax expenses/benefits	(108)	(125)
Minority interests	6	0
Income from affiliates and associates	-	(2)
Underlying earnings Group share	**(1,398)**	**507**
Net capital gains or losses attributable to shareholders net of income tax	(12)	78
Adjusted earnings Group share	**(1,410)**	**585**
Profit or loss on financial assets (under fair value option) and derivatives	(110)	(16)
Exceptional operations (including discontinued operations)	(157)	(51)
Goodwill and other related intangible impacts	(52)	(39)
Integration and restructuring costs	(190)	(307)
NET INCOME GROUP SHARE	**(1,919)**	**173**
Property & Casualty Combined Ratio	112.2%	101.5%

(a) Net of intercompany eliminations.

Gross revenues decreased by €211 million (-1%) to €18,530 million. On a comparable basis, gross revenues increased by €567 million (+3%) mainly driven by higher revenues in Property & Casualty - Insurance mostly from tariff increases (+17%), partly offset by the impact of the COVID-19 crisis both in Property & Casualty - Insurance and Reinsurance. As the crisis resulted in worldwide lockdowns, AXA XL's clients operating in acutely impacted sectors such as Aviation, Marine, Energy, Travel & Leisure, Events, Art and Construction saw a significant reduction in their activity, thus driving expected exposure adjustments which resulted in lower contractual premiums written.

- **Property & Casualty - Insurance** (€+589 million or +4%) to €13,681 million, mainly driven by **(i)** Financial lines (€+708 million or +30%) across North America Professional lines (€+488 million or +34%) primarily stemming from tariff increases and volumes growth as well as in International Financial lines (€+171 million or +25%) primarily due to tariff increases, and **(ii)** Property (€+204 million or +7%) in both North America Property (€+123 million or +20%) and International Property (€+90 million or +6%) mainly from significant tariff increases partly offset by the effect of selective underwriting, partly offset by **(iii)** Casualty (€-254 million or -6%) mainly in the context of the COVID-19 crisis combined with the effect of selective underwriting, partly offset by tariff increases, and **(iv)** Specialty (€-68 million or -2%) mainly from exposure adjustments in the context of the COVID-19 crisis and the effect of selective underwriting, partly offset by tariff increases;
- **Property & Casualty - Reinsurance** (€-22 million) to €4,665 million, driven by **(i)** Specialty and Other lines (€-45 million or -2%) mainly due to exposure adjustments in the context of the COVID-19 crisis, partly offset by **(ii)** Property Cat (€+11 million or +1%) and Property Treaty (€+12 million or +1%) both primarily from tariff increases almost fully offset by the effect of a selective underwriting;
- **Life & Savings** remained stable at €184 million.

Underlying earnings before tax decreased by €1,930 million to €-1,296 million. On a constant exchange rate basis, underlying earnings before tax decreased by €1,956 million:

- **Property & Casualty** (€-1,947 million) to €-1,212 million, mostly in the context of **(i)** the COVID-19 crisis (€-1,725 million) that adversely impacted incurred losses, mainly in Property & Business Interruption, Event Cancellation and certain Long-tail lines, **(ii)** higher frequency of natural catastrophe events (€-170 million) mostly in the Atlantic (30 named storms) as well as in the US Midwest, and **(iii)** adverse attritional claims experience notably in certain Long-tail lines as well as in Property due to civil unrest in North America, partly offset by **(iv)** significant tariff increases, and **(v)** lower large losses;
- **Life & Savings** remained stable at €13 million;
- **Holding** (€-8 million) to €-98 million.

Income tax expenses decreased by €17 million (-13%) to €-108 million. On a constant exchange rate basis, income tax expenses decreased by €14 million (-12%) driven by lower pre-tax underlying earnings, partly offset by an unfavorable change in the geographical mix as well as negative tax one-offs (€-49 million).

Underlying earnings decreased by €1,905 million to €-1,398 million. On a constant exchange rate basis, underlying earnings decreased by €1,933 million driven by the impact of the COVID-19 crisis and higher natural catastrophe losses.

Excluding COVID-19 losses (€-1.7 billion), Natural Catastrophe charges in excess of the normalized level (€-0.5 billion) and the impact of civil unrest in North America (€-0.1 billion) and the associated tax impact from the geographical distribution of these losses, AXA XL underlying earnings stood at €1.0 billion.

Adjusted earnings decreased by €1,995 million to €-1,410 million. On a constant exchange rate basis, adjusted earnings decreased by €2,024 million driven by lower underlying earnings combined with higher impairments on alternative investments.

Net income decreased by €2,093 million to €-1,919 million. On a constant exchange rate basis, net income decreased by €2,131 million driven by **(i)** lower adjusted earnings, **(ii)** the exceptional impact related to the exit of unprofitable lines of business within International Financial lines (Management Liability and Financial Institutions) from both the United Kingdom and Lloyd's (€-156 million), as well as **(iii)** an unfavorable change in the fair value of derivatives and foreign exchange impacts (€-97 million), partly offset by **(iv)** lower integration and restructuring costs (€+112 million) combined with **(v)** the non-repeat of the loss related to the repurchase of financing debt early in 2019 (€+45 million).

INTERNATIONAL

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [a]	**6,398**	**7,078**
Property & Casualty	3,407	3,888
Life & Savings	1,113	1,328
Health	1,562	1,550
Banking	317	313
Underlying earnings before tax	**582**	**577**
Property & Casualty	443	410
Life & Savings	51	78
Health	29	32
Other [b]	59	58
Income tax expenses/benefits	(143)	(153)
Minority interests	(71)	(61)
Income from affiliates and associates	100	103
Underlying earnings Group share	**469**	**466**
Net capital gains or losses attributable to shareholders net of income tax	(3)	(9)
Adjusted earnings Group share	**465**	**457**
Profit or loss on financial assets (under fair value option) and derivatives	87	12
Exceptional operations (including discontinued operations)	(118)	(599)
Goodwill and other related intangible impacts	(23)	(23)
Integration and restructuring costs	(17)	(16)
NET INCOME GROUP SHARE	**394**	**(169)**
Property & Casualty Combined Ratio	95.3%	97.2%
Health Combined Ratio	99.6%	99.3%
Protection Combined Ratio	99.6%	99.1%
New business		
APE	181	254
NBV Margin	36.2%	43.9%

(a) Net of intercompany eliminations.
(b) Other corresponds to banking activities and holding.

Scope: (i) Mexico, the Gulf Region, Colombia, Singapore, Turkey, Morocco, AXA Bank Belgium, Malaysia Property & Casualty, Luxembourg, Greece and Brazil are fully consolidated; (ii) Russia (Reso), India and Nigeria are consolidated under the equity method and contribute only to the underlying earnings, adjusted earnings and net income. AXA Bank Belgium, India Property & Casualty, the Gulf Region and Greece are held for sale.

The Central and Eastern Europe entities (Poland, the Czech Republic and the Slovak Republic) were sold in October 2020. As a consequence, the earnings contribution in 2020 corresponds to 9 months of activity.

Gross revenues decreased by €680 million (-10%) to €6,398 million. On a comparable basis, gross revenues increased by €72 million (+1%):

- **Property & Casualty** (€-22 million or -1%) to €3,407 million, mainly driven by Commercial lines (€-19 million or -1%) to €2,044 million and Personal lines (€-3 million or 0%) to €1,362 million:
  - Mexico (€-106 million or -12%) mainly driven by lower volumes in Commercial Motor following the COVID-19 crisis as well as the non-repeat of large multi-year accounts in Commercial Property,
  - Singapore (€-22 million or -12%) mainly in Travel and Personal Motor following the COVID-19 crisis,
  - Brazil (€-11 million or -8%) mainly due to the non-renewal of a large contract in Commercial Non-Motor,

- Turkey (€+54 million or +10%) mainly from Commercial Property and positive price effects combined with higher volumes in Commercial Motor,
- Colombia (€+34 million or +7%) driven by higher renewals in Commercial Property and Liability, and higher volumes in Personal Non-Motor,
- Poland (€+16 million or +5%) from Personal Motor and Commercial Non-Motor,
- Morocco (€+9 million or +3%) from higher volumes in *Motor*;

- **Life & Savings** (€-73 million or -6%) to €1,113 million as the decrease in **(i)** G/A Savings (€-74 million or -21%) to €269 million mainly due to a portfolio put in run-off in Colombia (€-85 million or -73%) and **(ii)** Unit-Linked (€-28 million or -19%) to €117 million mainly from the non-repeat of a large Group account in 2019 in Luxembourg (€-38 million or -58%), was partly offset by **(iii)** Pure Protection (€+26 million or +9%) to €290 million mainly in Poland (€+13 million or +22%) and Mexico (€+10 million or +11%) both due to higher volumes;
- **Health** (€+163 million or +10%) to €1,562 million, with growth across the board from price increases combined with higher volumes, notably in **(i)** Mexico (€+113 million or +14%) in both Individual and Group businesses, **(ii)** Turkey (€+23 million or +38%), and **(iii)** the Gulf Region (€+7 million or +2%);
- **Banking** (€+4 million or +1%) to €317 million at AXA Bank Belgium.

APE decreased by €73 million (-29%) to €181 million. On a comparable basis, APE decreased by €41 million (-17%) as a consequence of the COVID-19 crisis, mainly in **(i)** Singapore (€-28 million or -32%), **(ii)** India (€-9 million or -21%), and **(iii)** Poland (€-7 million or -27%).

NBV Margin decreased by 7.7 points to 36.2%. On a comparable basis, NBV Margin decreased by 6.4 points mainly in **(i)** Mexico and **(ii)** India both due to unfavorable assumption updates and lower interest rates.

Underlying earnings before tax increased by €4 million (+1%) to €582 million. On a constant exchange rate basis, underlying earnings before tax increased by €46 million (+8%):

- **Property & Casualty** (€+68 million or +17%) to €443 million, mainly from **(i)** the Gulf Region (€+27 million or +58%) due to more favorable prior year reserve developments, **(ii)** Mexico (€+25 million or +33%) mainly driven by more favorable prior year reserve developments, as well as lower frequency in Motor in the context of the COVID-19 crisis, partly offset by higher large losses and Natural Catastrophe charges, and **(iii)** Singapore (€+9 million) driven by a lower frequency in Motor as a consequence of the COVID-19 crisis;
- **Life & Savings** (€-24 million or -31%) to €51 million, mainly from **(i)** the disposal of the Czech Republic & Slovak Republic (€-12 million or -30%) and Poland (€-6 million or -65%), combined with **(ii)** Singapore (€-9 million or -53%) driven by a lower mortality margin;
- **Health** (€+1 million or +2%) to €29 million;
- **Other** (€+1 million or +2%) to €59 million, from AXA Bank Belgium (€+3 million or +4%) partly offset by Holdings (€-2 million).

Income tax expenses decreased by €10 million (-6%) to €-143 million. On a constant exchange rate basis, income tax expenses increased by €1 million (+1%) driven by higher pre-tax underlying earnings, partly offset by the non-repeat of 2019 negative tax one-offs.

Minority interests increased by €9 million (+15%) to €-71 million. On a constant exchange rate basis, minority interests increased by €13 million (+22%) driven by higher underlying earnings in the Gulf Region.

Income from affiliates and associates decreased by €3 million (-2%) to €100 million. On a constant exchange rate basis, income from affiliates and associates increased by €3 million (+3%).

Underlying earnings increased by €2 million (+1%) to €469 million. On a constant exchange rate basis, underlying earnings increased by €34 million (+7%). Excluding the contribution of the Central and Eastern Europe entities in 4Q19, underlying earnings increased by €50 million (+11%).

Adjusted earnings increased by €9 million (+2%) to €465 million. On a constant exchange rate basis, adjusted earnings increased by €39 million (+9%) mainly driven by higher underlying earnings.

Net income increased by €563 million to €394 million. On a constant exchange rate basis, net income increased by €600 million mainly driven by higher adjusted earnings combined with lower negative impact related to the loss on the future disposal of AXA Bank Belgium as well as a more favorable foreign exchange impact on financial assets, partly offset by the loss on the future disposals of *t*he Gulf Region and Greece operations.

TRANSVERSAL & CENTRAL HOLDINGS

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [a]	**2,921**	**2,959**
Property & Casualty	1,238	1,319
Life & Savings	221	230
Health	194	184
Asset Management	1,269	1,225
Underlying earnings before tax	**(557)**	**(662)**
Property & Casualty	33	91
Life & Savings	58	71
Health	6	(6)
Other [b]	(653)	(819)
Income tax expenses/benefits	202	219
Minority interests	(6)	(7)
Income from affiliates and associates	18	21
Underlying earnings Group share	**(343)**	**(429)**
Net capital gains or losses attributable to shareholders net of income tax	116	(16)
Adjusted earnings Group share	**(227)**	**(445)**
Profit or loss on financial assets (under fair value option) and derivatives	256	(621)
Exceptional operations (including discontinued operations)	(148)	(831)
Goodwill and other related intangible impacts	(29)	(1)
Integration and restructuring costs	(29)	(35)
NET INCOME GROUP SHARE	**(177)**	**(1,932)**
Property & Casualty Combined Ratio	101.5%	98.5%
Health Combined Ratio	97.6%	102.8%

(a) Net of intercompany eliminations.
(b) Other corresponds to asset management activities and holding.

AXA INVESTMENT MANAGERS ("AXA IM")

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**1,269**	**1,225**
Underlying earnings before tax	**362**	**348**
Income tax expenses/benefits	(94)	(97)
Minority interests	(7)	(7)
Income from affiliates and associates	18	20
Underlying earnings Group share	**279**	**264**
Net capital gains or losses attributable to shareholders net of income tax	-	-
Adjusted earnings Group share	**279**	**264**
Profit or loss on financial assets (under Fair Value option) and derivatives	2	(15)
Exceptional operations (including discontinued operations)	(5)	1
Goodwill and other related intangibles impacts	(1)	(1)
Integration and restructuring costs	(7)	(4)
NET INCOME GROUP SHARE	**269**	**245**
Average Assets under Management *(in Euro billion)*	729	673
Asset management fee bps	16.1	16.5
Underlying cost income ratio	71.9%	72.0%

(a) Net of intercompany eliminations. Gross revenues amounted to €1,599 million before intercompany eliminations as of December 31, 2020.

Assets under Management ("**AUM**") increased by €57 billion from December 31, 2019, to €858 billion at the end of December 31, 2020, mainly driven by **(i)** positive net inflows (€+40 billion) from Third-Party clients (€+18 billion) driven by the success of both *Alts* and *Core* platforms, from Main Fund (€+13 billion) of which €+12 billion linked to the transfer of assets from AB, and from Asian joint ventures (€+10 billion) mainly in China, **(ii)** positive market effects resulting from the good momentum of the last months (€+21 billion), partly offset by unfavorable foreign exchange rate impacts (€-11 billion), and **(iii)** the integration of Quadrant, a US based real estate advisor, in 1Q20 (€+8 billion).

Management fee bps decreased by 0.4 bps to 16.1 bps, due to a change in product mix stemming from higher asset values on fixed income products.

Gross revenues increased by €44 million (+4%) to €1,269 million. On a comparable basis, gross revenues increased by €46 million (+4%) mainly driven by higher management fees (€+58 million) as a consequence of higher average assets under management, as well as higher transaction fees (€+5 million) in real estate, partly offset by lower performance fees (€-13 million).

Underlying earnings before tax increased by €14 million (+4%) to €362 million. On a constant exchange rate basis, underlying earnings before tax increased by €13 million (+4%) as a result of higher revenues and cost discipline.

The underlying cost income ratio decreased by 0.2 point to 71.9%. On a constant exchange rate basis, the underlying cost income ratio remained stable.

Income tax expenses decreased by €3 million (-3%) to €-94 million. On a constant exchange rate basis, income tax expenses decreased by €3 million (-3%) as the increase in pre-tax underlying earnings was more than offset by a positive tax one-off and a lower corporate tax rate in France.

Income from affiliates and associates decreased by €2 million (-12%) to €18 million. On a constant exchange rate basis, income from affiliates and associates decreased by €2 million (-10%).

Underlying earnings and **adjusted earnings** increased by €15 million (+6%) to €279 million. On a constant exchange rate basis, underlying earnings and adjusted earnings increased by €15 million (+6%).

Net income increased by €24 million (+10%) to €269 million. On a constant exchange rate basis, net income increased by €23 million (+9%) mainly driven by higher adjusted earnings combined with a favorable change in the fair value of alternative investments.

AXA ASSISTANCE

(in Euro million, except percentages)	December 31, 2020	December 31, 2019
Gross revenues [(a)]	**1,355**	**1,415**
Property & Casualty	1,160	1,231
Health	194	184
Underlying earnings before tax	**(37)**	**6**
Property & Casualty	(42)	12
Health	6	(6)
Income tax expenses/benefits	(6)	(9)
Minority interests	0	(0)
Income from affiliates and associates	1	1
Underlying earnings Group share	**(41)**	**(2)**
Net capital gains or losses attributable to shareholders net of income tax	(0)	0
Adjusted earnings Group share	**(42)**	**(2)**
Profit or loss on financial assets (under fair value option) and derivatives	(4)	(4)
Exceptional operations (including discontinued operations)	2	(10)
Goodwill and other related intangible impacts	(28)	-
Integration and restructuring costs	(6)	(5)
NET INCOME GROUP SHARE	**(77)**	**(21)**
Property & Casualty Combined Ratio	103.7%	99.5%
Health Combined Ratio	97.6%	102.8%

(a) Net of intercompany eliminations.

Gross revenues decreased by €60 million (-4%) to €1,355 million. On a comparable basis, gross revenues decreased by €31 million (-2%):

- **Property & Casualty** (€-67 million or -5%) to €1,160 million, driven by the impact of the COVID-19 crisis on volumes from existing partnerships in both Motor and Non-Motor notably in Travel, partly offset by new partnerships across lines of business.
- **Health** (€+36 million or +21%) to €194 million, mainly driven by higher volumes from existing partnerships.

Underlying earnings before tax decreased by €43 million to €-37 million:

- **Property & Casualty** (€-54 million) to €-42 million, mainly reflecting a higher current year combined ratio (+2.8 points) due to the COVID-19 impacts on volumes combined with investments related to both customer experience improvement and simplification;
- **Health** (€+11 million) to €6 million, in line with volumes growth.

Income tax expenses decreased by €4 million to €-6 million, driven by lower pre-tax underlying earnings partly offset by an unfavorable change in country mix.

Underlying earnings decreased by €39 million to €-41 million.

Adjusted earnings decreased by €40 million to €-42 million, mainly driven by lower underlying earnings.

Net income decreased by €56 million to €-77 million, mainly driven by lower adjusted earnings combined with higher charges related to intangible assets.

AXA SA

(in Euro million)	December 31, 2020	December 31, 2019
Underlying earnings Group share	**(714)**	**(810)**
Net capital gains or losses attributable to shareholders net of income tax	3	36
Adjusted earnings Group share	**(711)**	**(774)**
Profit or loss on financial assets (under fair value option) and derivatives	183	(587)
Exceptional operations (including discontinued operations)	(145)	(556)
Goodwill and other related intangible impacts	-	-
Integration and restructuring costs	(5)	(11)
NET INCOME GROUP SHARE	**(678)**	**(1,928)**

Underlying earnings increased by €95 million to €-714 million, mainly driven by **(i)** higher dividends received (mainly from the remaining stake in *Equitable Holdings, Inc.* related to the EQH shares to be delivered on redemption of the *AXA SA* bonds mandatorily exchangeable into EQH shares, maturing in May 2021), **(ii)** lower general expenses, **(iii)** lower financial charges following the reimbursement of debt in 2020, and **(iv)** lower tax paid related to dividends received from subsidiaries.

Adjusted earnings increased by €62 million to €-711 million, driven by higher underlying earnings, partly offset by the non-repeat of the 2019 positive impact from derivatives set up to reduce the Group exposure to equities.

Net income increased by €1,250 million to €-678 million, mainly due to **(i)** higher adjusted earnings, **(ii)** a favorable change in the fair value of derivatives not eligible for hedge accounting (€+770 million) mainly from equity derivatives in the context of the strong equity market turmoil resulting from the COVID-19 crisis as well as from the significant decrease of the exposure to interest rates risk, and **(iii)** the non-repeat of the 2019 negative impact linked to the deconsolidation of Equitable Holdings, Inc. (€+445 million).

2.4 LIQUIDITY AND CAPITAL RESOURCES

Information in this section should be read in conjunction with Section 6.6 - Note 4 "Financial and insurance Risk Management" of this Annual Report. The report of the Statutory Auditors on the Consolidated Financial Statements covers only the information included in Note 4.

Liquidity management is a core part of the Group's financial planning and includes the management of our debt and the maturities of our debt instruments and, more generally, the Group's capital allocation strategy. Liquidity resources result mainly from Insurance 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 ((re)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 internal borrowings, (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 XL Group Limited, 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 (re)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. While use of derivatives has been decreasing at Company level, 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 in the long term. AXA expects that anticipated investments in subsidiaries and existing operations, future acquisitions and strategic investments and share repurchase transactions 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 issuance 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. However, regulatory or governmental authorities may recommend or request holding companies of insurance groups such as AXA to limit their dividend payments and many subsidiaries, particularly 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 Section 6.6 - Note 29.4 "Other items: restrictions on dividend payments to shareholders" and paragraphs "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition", "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" and "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" in Section 5.1 "Risk Factors" [1] of this Annual Report.

(1) *The information provided in this Section 5.1 is not required under IFRS and as such is not part of the Consolidated Financial Statements.*

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 financial 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 financial 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 Section 6.6 - Note 14.10.1 "Payment and surrender projections" of this Annual Report.

Information in this section should be read in conjunction with, in particular, sub-sections "Market-related risks", "Pricing and Underwriting-related risks" and "Operational risks" in Section 5.1 "Risk Factors" [(1)] of this Annual Report.

PROPERTY & CASUALTY (INCLUDING REINSURANCE AND HEALTH)

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 or man-made 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.

LIFE & SAVINGS (INCLUDING HEALTH)

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.

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.

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 constitute seed money for new funds at AXA Investment Managers.

(1) The information provided in the Section 5.1 is not required under IFRS and as such is not part of the Consolidated Financial Statements.

Liquidity position

In 2020, AXA continued to follow a prudent approach to manage its liquidity risk. At year-end 2020, AXA had:

- a large cash position across all business lines (information on cash flows from operations is provided in Section 6.6 - Note 12 "Cash and cash equivalents" of this Annual Report). As of December 31, 2020, AXA's consolidated statement of financial position included cash and cash equivalents of €28.2 billion, net of bank overdrafts of €0.7 billion;
- broad access to various markets *via* standardized debt programs: for example, at the end of 2020, this included a maximum capacity of €6.0 billion of French commercial paper, $2.0 billion of US commercial paper, €18.0 billion under a Euro Medium Term Note ("EMTN") program (of which €14 billion have already been issued) and €1.5 billion of French *titres négociables à moyen terme*;
- a debt profile characterized by debt that is mostly subordinated, with a long maturity profile. In 2020, AXA SA reimbursed €1.8 billion [(1)] of debts and we stand at €17.3 billion [(2)] at year-end 2020. This resulted in a decrease in debt gearing [(3)] (26.8% at year-end 2020, *versus* 28.8% at year-end 2019). The interest coverage [(4)] has decreased (10.0x at year-end 2020, *versus* 10.5x at year-end 2019) driven by one-off impacts on earnings due to the COVID-19 crisis.

AXA has put in place a robust liquidity Risk Management framework which is reviewed 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 5.2 "Internal Control and Risk Management" [(5)] and Section 5.5 "Liquidity risk" [(6)] of this Annual Report.

At year-end 2020, Group entities held, in the aggregate, more than €248 billion of government and related bonds of which €153 billion issued by Eurozone countries, which enables them to address local liquidity needs through highly liquid assets. AXA SA also maintained broadly stable credit lines to €8.2 billion at year-end 2020 (€8.5 billion in 2019). AXA has its own liquidity requirements resulting mainly from solvency needs of 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 Treasury Department. For additional information on the currencies in which our cash and cash equivalents are held, please refer to paragraph "Exchange Rate Risk related to the operating activities of Group subsidiaries" in Section 5.3 "Market Risks" of this Annual Report. For additional information on the extent to which our borrowings are at fixed rates, please refer to Section 6.6 - Note 13.1.1 "Change in shareholders' equity Group share in 2020", Note 17 "Financing Debt" and Note 18.2 "Other Debt Instruments Issued, Notes and Bank Overdrafts (Other than Financing Debt) by Issuance" of this Annual Report. For additional information on the use of financial instruments for hedging purposes, please refer to Section 6.6 - Note 20 "Derivative instruments" of this Annual Report.

In addition, as part of its risk control framework, the Company 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 2020, AXA had no rating triggers and no financial covenants in its credit facilities.

(1) *Including preference shares and undated debt.*

(2) *Includes Mandatory Exchangeable Bonds.*

(3) *Debt gearing is defined in the Glossary set forth in Appendix V hereto.*

(4) *Including interest charge on undated subordinated debt, preference shares and Mandatory Exchangeable Bonds until deconsolidation of Equitable Holdings, Inc. (please refer to Section 6.6 - Note 3 "Consolidated statement of income by segment").*

(5) *Only information contained in Section 5.2 "Internal Control and Risk Management" of this Annual Report and referred to in Section 6.6 - Note 4 "Financial and insurance Risk Management" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.*

(6) *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.*

SUBORDINATED DEBT

On a consolidated basis, subordinated debt that qualifies as financing debt (excluding derivative instruments) amounted to €9,486 million as of December 31, 2020 (€9,279 million including derivatives) after taking into account all intra-group eliminations and excluding undated subordinated debt that qualifies as equity (TSS/TSDI, which are included in shareholders' equity, as described in Section 6.6 - Note 1.13.2 "Undated subordinated debt" of this Annual Report), compared to €11,393 million as of December 31, 2019 (€11,294 million including derivatives), thus showing a decrease of €1,907 million mainly driven by debt repayments.

The Group's subordinated debt is described in Section 6.6 - Note 17 "Financing debt" of this Annual Report.

FINANCING DEBT INSTRUMENTS ISSUED

On a consolidated basis, AXA's total outstanding financing debt excluding derivatives amounted to €866 million [(1)] at December 31, 2020 (no derivatives associated), a decrease of €172 million from €1,038 million at the end of 2019 (no derivatives associated).

Financing debt instruments issued are described in Section 6.6 - Note 17 "Financing debt" of this Annual Report.

FINANCING DEBT OWED TO CREDIT INSTITUTIONS

At December 31, 2020, the Group did not owe any financing debt to credit institutions.

OTHER DEBT (OTHER THAN FINANCING DEBT)

Other debt instruments issued

At December 31, 2020, other debt instruments amounted to €897 million (up from €93 million at the end of 2019). The increase of €804 million mainly related to secure liquidity at Company's level. This was the result of a very cautious approach during the peak of the crisis in second quarter of 2020.

Debt instruments (other than financing debt) issued by Group entities are described in Section 6.6 - Note 18 "Payables" of this Annual Report.

Other debt owed to credit institutions (including bank overdrafts)

At December 31, 2020, other debt owed to credit institutions amounted to €3,536 million (including €720 million of bank overdrafts), an increase of €995 million compared to €2,541 million at the end of 2019 (including €679 million of bank overdrafts).

Debt (other than financing debt) owed to credit institutions is described Section 6.6 - in Note 18 "Payables" 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 2020, approximately 6 million new shares were issued for a total amount of €88 million. To eliminate the dilutive impact of the newly issued shares, AXA has cancelled an equivalent number of treasury shares.

Newly issued shares arising from long term incentive plans (stock options) amounted to 1,094 million shares in 2020. To eliminate the dilutive impact of the newly issued shares, AXA is systematically cancelling an equivalent number of treasury shares.

DIVIDENDS RECEIVED FROM GROUP SUBSIDIARIES

Dividends received by the Company from its subsidiaries amounted to €3,980 million in 2020 (€5,865 million in 2019), of which €2,017 million were denominated in currencies other than Euro (€2,821 million in 2019).

(1) Excluding Mandatory Exchangeable bonds.

Uses of funds

Interests paid by the Company in 2020 amounted to €1,030 million (€1,097 million in 2019), of which interests on undated subordinated debt of €269 million (€301 million in 2019).

Dividends paid to AXA SA's shareholders in 2020 in respect of the 2019 financial year amounted to €1,740 million, or €0.73 per share, *versus* €1.34 per share paid in 2019 in respect of the 2018 financial year (€3,189 million in total). Those dividends were paid in cash.

For additional information, please refer to Appendix III "AXA parent company financial statements" of this Annual Report.

Impact of regulatory requirements

The Group's operations are subject to a wide variety of insurance and other laws and regulations in the jurisdictions in which it operates, including regulatory capital and solvency requirements. For additional information, please refer to Section 7.3 "General Information - Regulation and Supervision" (1) of this Annual Report.

REGULATORY CAPITAL REQUIREMENTS

The Group's operating (re)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 (re)insurance subsidiaries fails to meet minimum regulatory capital requirements, insurance regulators would have broad authority to require or take various regulatory actions. A failure of the Group and/or any of its (re) insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position may also result in the need for significant amounts of new capital, which could adversely affect the Group's liquidity position. For additional information, see paragraph "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition" in Section 5.1 "Risk Factors" (2) of this Annual Report.

The Group maintained eligible own funds in excess of its Solvency Capital Requirement at all times during 2020 and monitors compliance with such requirement on a continuous basis.

CAPITAL MANAGEMENT OBJECTIVES

The AXA Group's capital management policy is based on the following principles:

- AXA aims at operating with a target Solvency II ratio of approximately 190%;
- AXA intends to pay dividends for an amount representing a pay-out ratio ranging from 55% to 65% of the Group's Underlying Earnings per share;
- finally, AXA is reinforcing its strict financial discipline on the use of cash. AXA intends to buy back shares to at least neutralize the dilution resulting from employee share offerings and the exercise of stock options. AXA may also use share buybacks to either return excess financial resources to its shareholders or to neutralize the dilutive impact of certain disposals on the Group's Underlying Earnings per share.

If AXA's Solvency II ratio were to deviate excessively from its target level of 190%, AXA may take measures to improve it, such as being more selective on growth initiatives increasing reinsurance or reducing its appetite for investment risk. In any case, AXA's policy is to maintain its Solvency II ratio above its risk appetite limit level of 140%.

The AXA Group has defined and implemented capital management standards in order to ensure 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. In addition, 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 and achieve their objectives.

(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 information provided in this Section 5.1 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.

TIERING ANALYSIS OF CAPITAL

Solvency II Eligible Own Funds (“EOF”) relate to the Company’s available capital resources before the impact of any tiering eligibility restrictions and after consideration of the potential non-availability of certain elements of capital.

Eligible Own Funds 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.

DATED AND UNDATED SUBORDINATED DEBT DESCRIPTION

Dated and undated subordinated notes issued by the Company qualify as eligible own funds.

Subordinated notes issued by the Company since January 18, 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 set forth in Directive 2014/51/EU (Omnibus II), which amended the Solvency II Directive, as they were previously eligible under the Solvency I regime and were issued prior to the entry into force of Delegated Regulation EU 2015/35 of October 10, 2014.

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 *Autorité de contrôle prudentiel et de résolution* (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).

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 on capital held by AXA subsidiaries may limit the cover of the Group SCR, the Group considers the following elements:

- whether the own funds items are subject to legal or regulatory requirements that restrict the ability of such items 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, own funds which cannot be deemed available at Group level are included in the Group's own funds as long as they are eligible for covering the SCR of the entity which holds them.

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 7.3 "General Information - Regulation and Supervision - Regulatory Capital and Solvency Requirements" of this Annual Report.

Subsequent events after December 31, 2020 impacting AXA's liquidity

A dividend per share of €1.43 will be proposed to the Shareholders' Meeting to be held on April 29, 2021. Subject to the Shareholders' Meeting approval, the dividend will be payable on May 11, 2021, with an ex-dividend date of May 7, 2021.

For other subsequent events, please refer to Section 6.6 - Note 32 "Subsequent events" of this Annual Report.

2.5 EVENTS SUBSEQUENT TO DECEMBER 31, 2020

There was no material event after the reporting period to be reported.

2.6 OUTLOOK

AXA proved its resilience through the COVID-19 crisis in 2020, fulfilling its role in supporting society through solidarity measures and investing into future economic recovery, and serving its clients, with empowered distributors and employees. AXA intends to continue to do so, as long as the pandemic and the related uncertainties continue.

AXA plans to capture post COVID-19 growth in a hardening pricing cycle for Property & Casualty Commercial lines and a growing Health market, while remaining resilient to the continued low interest rate environment.

In its new 3-year plan "*Driving Progress 2023*", AXA is focusing on five strategic actions: **(i)** expand Heath and Protection, including through services and across all geographies; **(ii)** simplify customer experience and accelerate efficiency, particularly in Europe and France; **(iii)** strengthen underwriting performance, notably at AXA XL; **(iv)** sustain our climate leadership position in shaping the climate transition; and **(v)** grow cash-flows across the Group through continued life in-force management and Group simplification, and disciplined capital management.

AXA's strategy is designed to deliver sustained earnings and dividend growth, supported by enhanced cash generation, a strong balance sheet and disciplined capital management. AXA's Management believes that the Group is well positioned to create lasting shareholder value and offer an attractive return.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STRUCTURE

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 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 January 2020 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.

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 specialized Board Committees: the Audit Committee, the Finance Committee and the Compensation & Governance Committee.

The Board has adopted internal terms of reference (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.

Separation of the positions of Chairman of the Board of Directors and Chief Executive Officer

Following Mr. Henri de Castries' decision to step down from his positions of Chairman and Chief Executive Officer announced on March 21, 2016, the Board of Directors decided to separate the positions of Chairman and Chief Executive Officer, appointing Mr. Denis Duverne, former Deputy Chief Executive Officer and member of the Board, as non-executive Chairman and Mr. Thomas Buberl as Chief Executive Officer on September 1, 2016.

This decision reflected the Board's conclusions that splitting the roles of Chairman and Chief Executive Officer was consistent with the interest of the Company at that 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. Thomas Buberl and Mr. Denis Duverne and would lead to a smooth transition.

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 independent with regard to the Afep-Medef criteria due to his former role of Deputy Chief Executive Officer until August 31, 2016.

AXA's corporate governance framework is summarized in the table below.

Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Board of Directors diversity policy

The following policy defines the approach to diversity adopted by AXA in the composition of its Board of Directors as required by Article L.22-10-10, 2° of the French Commercial Code *(Code de commerce)*.

POLICY STATEMENT

In an increasingly complex and highly competitive global environment, it is important for AXA to have directors with varied and complementary profiles, skills and experience to drive its current and future strategy and development. AXA believes that in order for it to tackle the challenges ahead and create long-term value for the Group, its shareholders and all its stakeholders, AXA's Board of Directors should consist of high calibre men and women from diverse backgrounds.

The Board of Directors also believes that such diversity is essential for the Board to function optimally, and that diversity is a source of creativity and boosts performance. It also broadens the analytical perspective of the issues discussed at Board meetings.

Consequently, in view of the Group's global presence, the Board of Directors, assisted in this task by its Compensation & Governance Committee, has set itself the target to have Board members with diverse nationalities and cultures to ensure a balanced and complementary Board composition, in terms of gender, expertise, experience and tenure of its members.

The members of the Board of Directors are appointed for a four-year term by the Shareholders' Meeting. On December 31, 2020, the Board of Directors comprised sixteen members – ten women and six men. An overview of the Board of Directors and the profile, experience and expertise of each director is provided on pages 100 to 111 of this Annual Report.

The objective of this diversity policy is to ensure that, over time, the Board maintains a diverse Board composition to support the Group's management in the development of its strategic plan and the definition of its long-term objectives.

IMPLEMENTATION AND MONITORING

The Board of Directors and its Compensation & Governance Committee regularly examine the composition of the Board and its Committees.

In this context, the Compensation & Governance Committee regularly calls upon external consultants to assist it in identifying and pre-selecting candidates according to predefined selection criteria. Candidates shortlisted by the Committee meet with its members, the Chairman of the Board, the Chair of the other Board Committees and the Chief Executive Officer. The Committee then submits its recommendations to the Board of Directors.

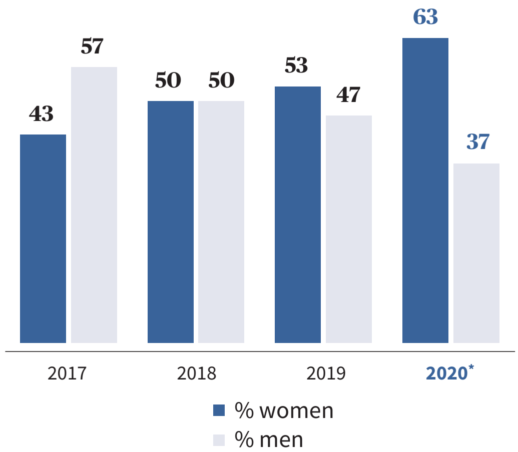
The implementation of the Board of Directors diversity policy is monitored and analysed each year as part of the Board's self-assessment process. In this respect, the Board notably assesses the selection process for directors and measures the progress made against the predefined diversity targets. The results of this self-assessment are also specifically discussed at a Board meeting once a year.

RESULTS OBTAINED IN THE PAST YEAR

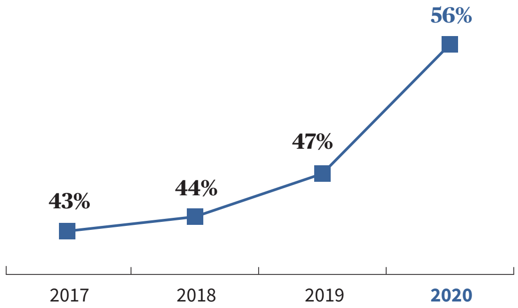
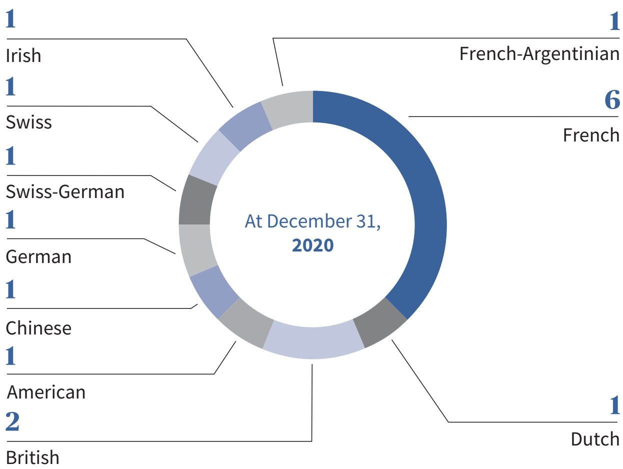
In 2020, the Board took into account these diversity criteria, managing on the one hand, to maintain a gender balance and, on the other hand, to reinforce the diversity of profiles and expertise within the Board.

DIVERSITY POLICY TARGETS OF THE BOARD OF DIRECTORS

Criteria	Targets	Implementation and results obtained in past years
Gender balance	At least 40% of directors of each gender *(Target met)*	**Representation of women on the Board:** ■ 10 women (2 more than in 2019) and 6 men (1 less than in 2019)



* *i.e.* a rate of 54% of women and 46% of men (excluding directors representing the employees and director representing the employee-shareholders) in accordance with legal requirements.

Criteria	Targets	Implementation and results obtained in past years
Nationality of directors	Balanced and complementary composition in terms of nationalities (at least four nationalities represented on the Board) ***(Target met)***	**Non-French directors:** ■ 56% of directors are non-French nationals ■ 9 nationalities are represented on the Board  

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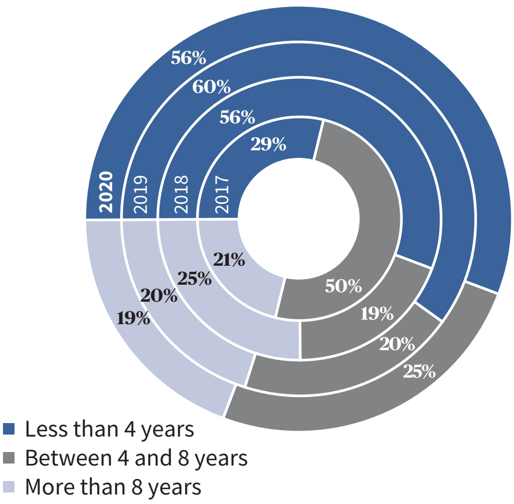
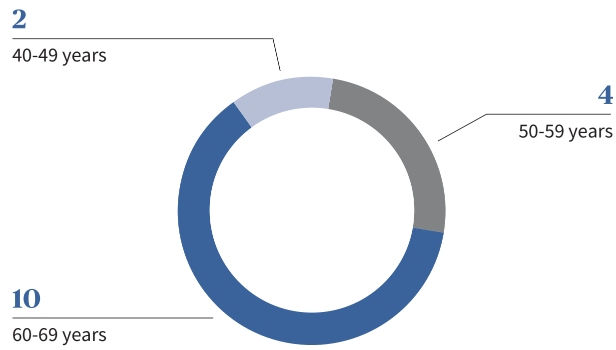
Criteria	Targets	Implementation and results obtained in past years
Tenure of directors on the Board	Balanced and complementary composition in terms of tenure on the Board (average tenure between 4 and 8 years) ***(Target met)***	**Directors' tenure at December 31, 2020:** ■ Less than 4 years: 9 directors (stable compared to 2019) ■ Between 4 and 8 years: 4 directors (*versus* 3 in 2019) ■ Between 8 and 12 years: 3 directors (stable compared to 2019) ■ Directors' average tenure on the Board at December 31, 2020: 4 years (*versus* 5 in 2019)

At December 31, 2020



Criteria	Targets	Implementation and results obtained in past years
Age of directors	No more than one-third of directors over the age of 70 years old ***(Target met)***	■ At December 31, 2020, the directors' average age was 59 years old (*versus* 61 in 2019) ■ No director is over the age of 70 years old

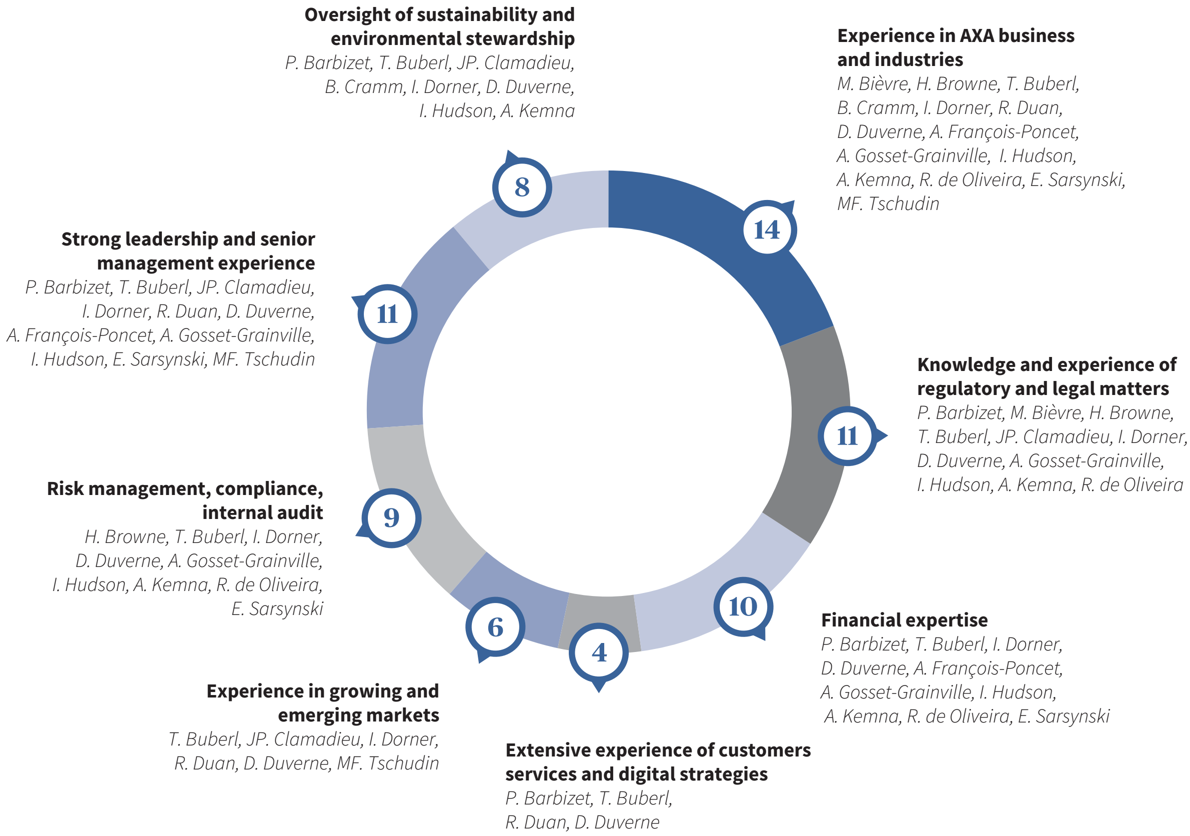


Criteria	Targets	Implementation and results obtained in past years
Independence of directors	At least 50% independent directors ***(Target met)***	At December 31, 2020, 11 out of 16 directors were independent, *i.e.* 69% of members of the Board of Directors (60% at December 31, 2019). The Chief Executive Officer, the member of the Board representing the employee shareholders and the members of the Board representing the employees (*i.e.* 4 directors), are by definition not independent.

Skills and expertise of members of the Board of Directors

The Board of Directors pays special attention, in the selection of its members, to their respective areas of expertise and experience, including their knowledge of the different Regions where the Group is present.

The skills matrix below presents the number of directors with skills and expertise considered critical for AXA's Board of Directors:



Composition of the Board of Directors at December 31, 2020 [(1)]

NUMBER OF DIRECTORS	INDEPENDENT DIRECTOR RATIO	GENDER BALANCE WITHIN THE BOARD OF DIRECTORS	NATIONALITY	DIRECTORS' AVERAGE AGE
16	69%	63%	9	59
	11 independent directors	54% of women, excluding directors representing the employees and the employee shareholders	directors out of 16 are non-French nationals – 9 nationalities are represented on the Board	

(1) *For further information on the expertise, experience and directorships of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.*

3

Name (age) and principal function [a] Principal business address Nationality	Position within the Board of Directors	Number of AXA shares owned on December 31, 2020 [b]	First appointment/ term of office
Denis Duverne (67) Chairman of the Board of Directors of AXA 25, avenue Matignon – 75008 Paris – France French nationality	Chairman of the Board of Directors	1,614,748	April 2010/2022 Annual Shareholders' Meeting
Thomas Buberl (47) Director and Chief Executive Officer of AXA 25, avenue Matignon – 75008 Paris – France French, German and Swiss nationalities	Director and Chief Executive Officer	436,847	September 2016/2022 Annual Shareholders' Meeting
Patricia Barbizet (65) Chairwoman of Temaris & Associés 40, rue François-1er – 75008 Paris – France French nationality	Independent Director Member of the Compensation & Governance Committee	5,570 [c]	April 2018/2022 Annual Shareholders' Meeting
Martine Bièvre (61) Director of AXA representing the employees AXA France – 203-205 rue Carnot – 94138 Fontenay-sous-Bois – France French nationality	Director representing the employees	0	June 2018/2022 Annual Shareholders' Meeting
Helen Browne (58) Director of AXA representing the employee shareholders 25, avenue Matignon – 75008 Paris – France Irish nationality	Director representing the employee shareholders Member of the Finance Committee	108,145	June 2020/2024 Annual Shareholders' Meeting
Jean-Pierre Clamadieu (62) Chairman of the Board of Directors of ENGIE 1, place Samuel de Champlain – 92930 Paris la Défense Cedex – France French nationality	Senior Independent Director Chairman of the Compensation & Governance Committee	11,500 [d]	October 2012/2023 Annual Shareholders' Meeting
Bettina Cramm (57) Director of AXA representing the employees AXA Konzern AG – PX Health&Safety - Abraham-Lincoln Park 5 – 65189 Wiesbaden - Germany German nationality	Director representing the employees Member of the Compensation & Governance Committee	1,604	June 2018/2022 Annual Shareholders' Meeting
Irene Dorner (66) Chairwoman of the Board of Directors of Taylor Wimpey Plc (United Kingdom) Gate House – Turnpike Road – High Wycombe Buckinghamshire HP12 3NR (United Kingdom) British nationality	Independent director Chairwoman of the Audit Committee	6,700	April 2016/2024 Annual Shareholders' Meeting
Rachel Duan (50) Former Senior Vice-President of GE and President & Chief Executive Officer of GE Global Markets (China) 8/F, Lee Garden One, 33 Hysan Ave., Causeway Bay, Hong Kong Chinese nationality	Independent director Member of the Compensation & Governance Committee	5,600 [d]	April 2018/2022 Annual Shareholders' Meeting
André François-Poncet (61) Group CEO of Wendel SE 89, rue Taitbout – 75009 Paris – France French nationality	Independent director Member of the Compensation & Governance Committee Member of the Finance Committee	7,842	December 2016/2022 Annual Shareholders' Meeting
Antoine Gosset-Grainville (54) Partner at BDGS Associés Law Firm 51, rue François-1er – 75008 Paris – France French nationality	Independent director Member of the Finance Committee	4,268	June 2020/2024 Annual Shareholders' Meeting
Isabel Hudson (61) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France British nationality	Independent director Member of the Audit Committee	2,170	June 2020/2024 Annual Shareholders' Meeting

(a) For further information on the expertise, experience and directorships of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.
(b) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(c) On January 20, 2021.
(d) On January 21, 2021.

Name (age) and principal function [(a)] Principal business address Nationality	Position within the Board of Directors	Number of AXA shares owned on December 31, 2020 [(b)]	First appointment/ term of office
Angelien Kemna (63) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France Dutch nationality	Independent director Member of the Audit Committee	7,250	April 2016/2024 Annual Shareholders' Meeting
Ramon de Oliveira (66) Managing Director of Investment Audit Practice, LLC (United States) 580 Park Avenue – New York – NY 10065 – United States French and Argentinian nationalities	Independent director Chairman of the Finance Committee Member of the Audit Committee	20,625	April 2009/2021 Annual Shareholders' Meeting
Elaine Sarsynski (65) Companies' director AXA – 25, avenue Matignon – 75008 Paris – France American nationality	Independent director Member of the Audit Committee	5,000	May 2018/2021 Annual Shareholders' Meeting
Marie-France Tschudin (49) President of Novartis Pharmaceuticals (Switzerland) 4002 Basel – Switzerland Swiss nationality	Independent director	1,595 [(c)]	June 2020/2024 Annual Shareholders' Meeting

(a) For further information on the expertise, experience and directorships of the members of the Board of Directors, please refer to Section "Information on current members of the Board of Directors" below.

(b) AXA shares which could be indirectly held through Mutual funds are not taken into account.

(c) On January 22, 2021.

Changes within the membership of the Board of Directors and its Committees in 2020

	Term of office	Appointment	Renewal
Board of Directors	Stefan Lippe *(03/27/2020)* François Martineau *(06/30/2020)* Doina Palici-Chehab *(06/30/2020)*	Helen Browne *(06/30/2020)* Antoine Gosset-Grainville *(06/30/2020)* Isabel Hudson *(06/30/2020)* Marie-France Tschudin *(06/30/2020)*	Irene Dorner *(06/30/2020)* Angelien Kemna *(06/30/2020)*
Audit Committee	Stefan Lippe *(03/27/2020)*	Isabel Hudson *(06/30/2020)*	Irene Dorner *(06/30/2020)* Angelien Kemna *(06/30/2020)*
Finance Committee	Stefan Lippe *(03/27/2020)* Doina Palici-Chehab *(06/30/2020)*	Helen Browne *(06/30/2020)* Antoine Gosset-Grainville *(06/30/2020)*	-
Compensation & Governance Committee	-	-	-

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Changes to the Board at the 2021 Shareholders' Meeting

The Shareholders' Meeting to be held on April 29, 2021, will be asked to vote on (i) the re-appointment of one member of the Board of Directors whose term of office is ending (Mr. Ramon de Oliveira) and (ii) the appointment of two new members of the Board of Directors.

In this context, the Board of Directors proposed, based on the recommendation of the Compensation & Governance Committee:

- the appointment of Mr. Guillaume Faury as director, for a four-year term, replacing Mrs. Elaine Sarsynski whose term of office will expire at the close of this Shareholders' Meeting; and
- the appointment of Mr. Ramon Fernandez as director, for a four-year term.

Subject to the April 29, 2021 Shareholders' Meeting approval, the Board of Directors would therefore be comprised of 17 members including 9 women (53%[1]) and 11 members considered independent (65%) by the Board of Directors in accordance with the Afep-Medef Code criteria.

The composition of the Board Committees will be reviewed during the Board of Directors' meeting following the Shareholders' Meeting of April 29, 2021.

The gender diversity policy applied to the Group's management bodies and the objectives of this policy, together with an action plan and the timeframe within which these actions will be carried out, are presented in Section 4.2 "Employer Responsibility" of this Annual Report.

(1) Or a rate of 43% (higher than the minimum of 40% required by law) of women (excluding the directors representing the employees and the director representing the employee-shareholders) in accordance with legal requirements.

Information on current members of the Board of Directors (1)

Denis Duverne

Chairman of the Board of Directors of AXA

Born on October 31, 1953

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 29, 2010

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 counsellor for the French Consulate General in New York (1984-1986), 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 and managed the reorganization of AXA companies in Belgium and the United Kingdom. From February 2003 until December 2009, Mr. Denis Duverne was the Management Board member in charge of Finance, Control and Strategy. From January 2010 until April 2010, Mr. Denis 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 Cooperation and Development (OECD). Since September 1, 2016, Mr. Denis Duverne has been non-executive Chairman of the Board of Directors of AXA. Since September 2018, he has been Chairman of the Insurance Development Forum (IDF). The IDF is a public-private partnership led by the insurance industry and supported by the World Bank and the United Nations, aiming to enhance the use of insurance to build greater resilience against disasters and to help achieve the United Nations Global 2030 Agenda.

Directorships held within the AXA Group

Chairman of the Board of Directors: AXA*

Chairman: AXA Millésimes (SAS)

Directorships held outside the AXA Group

Chairman: Fondation pour la Recherche Médicale, Insurance Development Forum (United Kingdom)

Member of the Board: Chaîne de l'Espoir, Toulouse School of Economics

Directorships held during the last five years

Deputy Chief Executive Officer: AXA

Chairman & Chief Executive Officer: AXA America Holdings, Inc. (United States)

Chairman of the Board of Directors: AXA Holdings Belgium (Belgium), AXA Financial, Inc. (United States)

Director or member of the Management Committee: AXA ASIA (SAS), AllianceBernstein Corporation (United States), AXA Assicurazioni SpA (Italy), AXA Belgium SA (Belgium), AXA Equitable Life Insurance Company (United States), AXA MPS Assicurazioni Danni SpA (Italy), AXA MPS Assicurazioni Vita SpA (Italy), AXA UK plc (United Kingdom), MONY Life Insurance Company of America (United States)

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(1) *Current directorships held by members of the Board of Directors within a listed company are indicated by the following symbol:*.*

*Current directorships held by members of the Board of Directors within companies belonging to the same group are indicated by the following symbol:**.*

Thomas Buberl

Member of the Board of Directors and Chief Executive Officer of AXA

Born on March 24, 1973

French, German and Swiss nationalities

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on September 1, 2016

Expertise and experience

Mr. Thomas Buberl holds a Master of Economics degree from WHU Koblenz (Germany), an MBA from Lancaster University (UK) and a Ph.D. 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 a member of the Management Board of Winterthur in Switzerland, first as Chief Operating Officer and then as Chief Marketing and Distribution Officer. He then joined Zurich Financial Services where he was Chief Executive Officer for Switzerland. From 2012 to April 2016, he was Chief Executive Officer of AXA Konzern AG (Germany). In 2012, he was a 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 held within the AXA Group

Director and Chief Executive Officer: AXA*

Directorships held outside the AXA Group (1)

Director or member of the Supervisory Board: Bertelsmann SE & Co. KGaA (Germany), IBM* (United States)

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 Board of Directors: AXA Equitable Holdings, Inc. (United States), AXA Financial, Inc. (United States), AXA Leben AG (Switzerland), AXA Versicherungen AG (Switzerland), XL Group Ltd (Bermuda)

Chairman of the Supervisory Board: AXA Konzern AG (Germany), AXA Krankenversicherung AG (Germany), AXA Lebensversicherung AG (Germany), AXA Versicherung AG (Germany), Deutsche Ärzteversicherung AG (Germany)

Deputy Chairman of the Supervisory Board: Roland Rechtsschutz-Versicherungs-AG (Germany)

Managing Director and Chief Executive Officer: Vinci BV (The Netherlands)

Director or member of the Management Committee or member of the Supervisory Board: AXA ASIA (SAS), AXA ART Versicherung AG (Germany), AXA Equitable Life Insurance Company (United States), AXA Life Insurance Co. Ltd (Japan), MONY Life Insurance Company of America (United States), Tertia GmbH (Germany)

(1) Mr. Thomas Buberl requested the Board of Directors' approval before accepting new directorships in companies outside the AXA Group

Patricia Barbizet

Member of the Board of Directors of AXA (independent)

Chairwoman of Temaris & Associés

Born on April 17, 1955

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Patricia Barbizet graduated from ESCP-Europe Business School in 1976. Mrs. Patricia Barbizet started her career as International Treasurer in Renault Véhicules Industriels, and then as Chief Financial Officer of Renault Crédit International. In 1989, she joined the Groupe Pinault as Chief Financial Officer. She was Chief Executive Officer of Artémis, the investment company of the Pinault family, from 1992 to 2018. She was Chief Executive Officer and Chairwoman of Christie's International from 2014 to 2016. Mrs. Patricia Barbizet is Lead Independent Director of the Board of Total and Pernod Ricard. She also served as a qualified independent member on the Boards of Bouygues, Air France-KLM, Kering and PSA Peugeot-Citroën as well as Chairwoman of the Fonds Stratégique d'Investissement Investment Committee from 2008 to 2013. Since April 2018, Mrs. Patricia Barbizet has been Chairwoman of Temaris & Associés.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairwoman of the Board of Directors: Cité de la musique Philharmonie de Paris

Chairwoman: Temaris & Associés, Zoé SAS

Director: Colombus Holding, Pernod Ricard* (Lead Independent Director), Total* (Lead Independent Director)

Directorships held during the last five years

Chief Executive Officer: Artémis

Chairwoman & Chief Executive Officer: Christie's International Plc (United Kingdom)

Vice-Chairwoman: Christie's International Plc (United Kingdom)

Vice-Chairwoman of the Board of Directors: Kering

Chief Executive Officer (non-executive) and member of the Supervisory Board: Financière Pinault

Member of the Board of managers: Société Civile du Vignoble de Château Latour

Managing Director and director: Palazzo Grassi (Italy)

Director and member of the Supervisory Board: Air France-KLM, Artémis, Bouygues, Fonds Stratégique d'Investissement, Fnac Darty, Peugeot SA, Ponant, Société Nouvelle du Théâtre Marigny, TF1, Yves Saint Laurent, Gucci Group NV (The Netherlands)

Permanent representative of Artémis to the boards of: Agefi, Collection Pinault Paris, Sebdo le Point

Martine Bièvre

Member of the Board of Directors of AXA representing the employees

Born on September 4, 1959

French nationality

Appointed on June 13, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 13, 2018

Expertise and experience

Mrs. Martine Bièvre graduated with a Master's degree in law specialized in insurance law from the University of Lyon (France). From 1984 to 1988, Mrs. Martine Bièvre was a damage regulations and civil liability editor at the UAP branch in Lyon (France). Since 1988, she held various functions such as claim inspector – adjuster, at the UAP Rhône-Alpes Delegation (from 1988 to 1999), at the UAP Bassin Parisien Delegation (from 1990 to 1999), at the AXA Bourgogne Franche-Comté Region (from 1999 to 2004), at AXA Entreprises – IARD Department (from 2004 to 2011) and at AXA Particuliers and IARD Entreprises (since 2011). From 2015 to 2018, she was director representing the employees on the Board of Directors of AXA France IARD. In June 2018, Mrs. Martine Bièvre was appointed director representing the employees on AXA's Board of Directors.

Directorship held within the AXA Group

Director representing the employees: AXA*

Directorship held outside the AXA Group

Director: Caisse de retraite du personnel de l'UAP (CRUAP)

Directorship held during the last five years

Director representing the employees: AXA France IARD

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Helen Browne

Member of the AXA Board of Directors representing the employee shareholders

Born on December 30, 1962

Irish nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on June 30, 2020

Member of the AXA Finance Committee

Expertise and experience

Mrs. Helen Browne is a graduate in law from the University of Kent at Canterbury (United Kingdom) (English & French Law), and also a graduate in law from the University of Grenoble (France). Mrs. Helen Browne is a Solicitor of the Senior Courts of England and Wales and was admitted to the Paris Bar in 1994. She joined Linklaters in 1987, working in London, Brussels and Paris and joined the Legal Department of AXA Group in 2001 as Head of Finance before taking on the role of Head of M&A in 2009. In 2014, she was appointed AXA Group Deputy General Counsel and since 2016, she has been AXA Group General Counsel. Since June 2020, Mrs. Helen Browne has been the employee shareholder representative to the AXA Board of Directors.

Directorships held within the AXA Group

Director: AXA*, XL Insurance Company SE (Ireland)

Directorship held outside the AXA Group

Member: Haut Comité Juridique de la Place Financière de Paris

Directorships held during the last five years

Director: AXA Corporate Solutions Assurance, RESO (Russia)

Permanent representative of Société Beaujon to the Board of Directors of: Vamopar

Jean-Pierre Clamadieu

Member of the Board of Directors and Senior Independent Director of AXA

Chairman of the Board of Directors of ENGIE

Born on August 15, 1958

French nationality

Appointed on April 24, 2019

Term expires at the 2023 Shareholders' Meeting

First appointment on October 10, 2012

Chairman of the AXA Compensation & Governance Committee

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. Jean-Pierre Clamadieu became Vice-Chairman of the Executive Committee of Solvay and Chairman of the Board of Directors of Rhodia. From May 2012 to March 1, 2019, Mr. Jean-Pierre Clamadieu was Chairman of the Executive Committee and member of the Board of Directors of Solvay. Since May 18, 2018, Mr. Jean-Pierre Clamadieu has been Chairman of the Board of Directors of ENGIE. On April 2019, the AXA Board of Directors appointed Mr. Jean-Pierre Clamadieu as Senior Independent Director.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairman of the Board of Directors: ENGIE*, Opéra National de Paris

Vice-Chairman of the Executive Committee: World Business Council for Sustainable Development (WBCSD) (Switzerland)

Director: Airbus*, France Industries

Directorships held during the last five years

Director and Chairman of the Executive Committee: Solvay (Belgium)

Chairman: Cytec Industries Inc. (United States)

Director: Faurecia, SNCF

Bettina Cramm

Member of the Board of Directors of AXA representing the employees

Born on May 10, 1963

German nationality

Appointed on June 20, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on June 20, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

Mrs. Bettina Cramm is a graduated Medical Educator from the Martin-Luther University (Halle/Saale – Germany). She started her career in 1984 as a Medical Technical Assistant at the German Klinik of Diagnostik of Wiesbaden (Germany). In 1991, she joined German-Civil-Servants-Insurance (DBV), known today as AXA Konzern AG. From 1991 to 1994, she was Power Clerk General Private Health Insurance at DBV and from 1994 to 2002, Operational Paramedic at DBV-Winterthur Wiesbaden. From 2002 to 2007, Mrs. Bettina Cramm was a Healthcare Consultant at DBV-Winterthur. In 1995, she joined the Works Council at DBV-Winterthur and was a member of the Supervisory Board of DBV-Winterthur Health Insurance (2006-2008), member of the Supervisory Board of DBV Vermittlungsgesellschaft für Versicherungen und Vermögensbildung mbH (2007-2008). From 2008 to 2013, she was responsible for the prevention and health promotion at the company medical service at AXA Konzern AG. From 2013 to June 2018, Mrs. Bettina Cramm held various functions as member of the Works Council, Central Works Council, European Works Council and their commissions and member of Supervisory Boards of AXA entities in Germany. Since May 2017, she has been a member of the Supervisory Board of AXA Konzern AG. In June 2018, Mrs. Bettina Cramm was appointed member of the Board of Directors of AXA representing the employees.

Directorships held within the AXA Group

Director representing the employees: AXA*

Member of the Supervisory Board: AXA Konzern AG (Germany)

Directorship held outside the AXA Group

None

Directorship held during the last five years

None

Irene Dorner

Member of the Board of Directors of AXA (independent)

Chairwoman of the Board of Directors of Taylor Wimpey Plc (United Kingdom)

Born on December 5, 1954

British nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on April 27, 2016

Chairwoman of the AXA Audit Committee

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 NA. 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 Chairwoman & 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. From March 1, 2018 to October 15, 2018, Mrs. Irene Dorner was Chairwoman of Virgin Money (United Kingdom). Since February 26, 2020, she has been Chairwoman of the Board of Directors of Taylor Wimpey Plc (United Kingdom).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Chairwoman of the Board of Directors: Taylor Wimpey Plc* (United Kingdom)

Chairwoman: 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)

Honorary fellow: St. Anne's College, Oxford (United Kingdom)

Directorships held during the last five years

Chairwoman: Virgin Money (United Kingdom)

Member of the Advisory Board: Outleadership (United States)

Member of the Advisory Board: University of Nottingham for Asia (United Kingdom)

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Rachel Duan

Member of the Board of Directors of AXA (independent)

Former Senior Vice-President of GE and President & Chief Executive Officer of GE Global Markets (China)

Born on July 25, 1970

Chinese nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on April 25, 2018

Member of the AXA Compensation & Governance Committee

Expertise and experience

A native of Shanghai, Mrs. Rachel Duan holds a bachelor's degree in Economics and International Business from Shanghai International Studies University in China and an MBA from The University of Wisconsin (Madison in USA). Mrs. Rachel Duan joined GE in 1996 and worked at GE across multiple business in the US, Japan and China. Since 2006, she has held senior leadership positions including Chief Executive Officer of GE Advanced Materials China and then Asia Pacific, Chief Executive Officer of GE Healthcare China, and Chief Executive Officer of GE China. Most recently, she served as President & Chief Executive Officer of GE Global Markets where she was responsible for driving GE's growth in global emerging markets including China, Asia Pacific, India, Africa, Middle East and Latin America.

Directorship held within the AXA Group

Director: AXA*

Directorship held outside the AXA Group

Director: Sanofi*

Directorships held during the last five years

President & Chief Executive Officer: GE China, GE Global Markets, GE Healthcare China

André François-Poncet

Member of the Board of Directors of AXA (independent)

Group CEO of Wendel SE

Born on June 6, 1959

French nationality

Appointed on April 25, 2018

Term expires at the 2022 Shareholders' Meeting

First appointment on December 14, 2016

Member of the AXA Compensation & Governance Committee

Member of the AXA Finance Committee

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. 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. From September 2016 to December 2017, Mr. André François-Poncet was a Partner at the French asset manager CIAM in Paris. Since January 1, 2018, Mr. André François-Poncet has been Group CEO of Wendel SE.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Group CEO: Wendel SE* **

Chairman and director: Trief Corporation** (Luxembourg)

Vice-Chairman of the Board of Directors and director: Bureau Veritas* **

Director: Harvard Business School Club de France, Winvest Conseil** (Luxembourg)

Member of the bureau: Club des Trente

Member of the European Advisory Board: Harvard Business School

Directorship held during the last five years

Chairman and Chief Executive Officer: LMBO Europe SAS

Antoine Gosset-Grainville

Member of the Board of Directors of AXA (independent)

Partner at BDGS Associés Law Firm

Born on March 17, 1966

French nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on June 30, 2020

Member of the AXA Finance Committee

Expertise and experience

Mr. Antoine Gosset-Grainville is a graduate of the *Institut d'études politiques* of Paris and holds a "DESS" (post-graduate degree) in banking and finance from the University of Paris IX Dauphine. He was admitted to the Paris Bar (2002) and the Brussels Bar (2013). After graduating from the French *École Nationale d'Administration,* he began his career, in 1993, at the Inspection Générale des Finances, before taking the position of Deputy General Secretary of the European Monetary Committee and later of the Economic and Financial Committee of the European Union in 1997. From 1999 to 2020, he was advisor for Economic and Industry Affairs in the office of the European Commissioner in charge of Trade. In 2002, he became partner at Gide, where he managed the Brussels office for five years before becoming in 2007 Deputy Director of the Cabinet of the French Prime Minister, in charge of economic and financial issues and the management of the French State's investment portfolio. In 2010, he was appointed Deputy Managing Director of the Caisse des Dépôts et Consignations in charge of finance, strategy, investments and international operations and Interim Chief Executive Officer of the Caisse des Dépôts group from February to July 2012. In April 2013, he co-founded BDGS Associés (law firm).

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Compagnie des Alpes, Fnac Darty*

Directorships held during the last five years

Director: AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, Schneider Electric

Isabel Hudson

Member of the Board of Directors of AXA (independent)

Companies' director

Born on December 8, 1959

British nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on June 30, 2020

Member of the AXA Audit Committee

Expertise and experience

Mrs. Isabel Hudson graduated with a Master of Arts in French and German from the University of Oxford (United Kingdom). From 1981 to 1993, she held various positions at the Royal Insurance Group (United Kingdom). From 1993 to 1995, she was Head of European Development and Operations at the Corporation of Lloyd's (United Kingdom). From 1996 to 1999, she was the International Development Director for GE Insurance Holdings Ltd (United Kingdom) and from 1999 to 2002, she held the positions of Chief Financial Officer and Executive Director of Eureko BV (The Netherlands). From 2002 to 2006, she was an Executive Director of Prudential's UK business and Chairwoman of Prudential International Assurance and from 2006 to 2008, she established and served as Chief Executive Officer of a specialized pension buyout firm Synesis Life. In June 2011, she joined the National House Building Council (NHBC) Board and was non-executive Chairwoman from November 2011 to the end of May 2020. She had also been a non-executive Director of QBE Insurance Group Ltd (Australia) for 9 years. In November 2014, she was appointed to the Board of BT Group plc (United Kingdom). Mrs. Isabel Hudson is also an ambassador for the disability charity, SCOPE.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: BT Group plc (United Kingdom), National House Building Council (United Kingdom)

Directorships held during the last five years

Chairwoman: National House Building Council (United Kingdom)

Director: Phoenix Group Holdings Ltd (United Kingdom), RSA Insurance Group plc (Senior Independent Director) (United Kingdom), Standard Life PLC (United Kingdom)

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Angelien Kemna

Member of the Board of Directors of AXA (independent)

Companies' director

Born on November 3, 1957

Dutch nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on April 27, 2016

Member of the AXA Audit Committee

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 the 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 had also various non-executive and advisory positions, most notably Vice-Chairwoman of the Supervisory Board of the Dutch regulatory institution (AFM). In 2009, Dr. Angelien Kemna joined APG Group NV as member of the Executive Board with the responsibility of Chief Investment Officer. From September 2014 to November 2017, Dr. Angelien Kemna was Chief Finance & Risk Officer of APG group (the Netherlands).

Directorships held within the AXA Group

Director: AXA*, AXA Investment Managers

Directorships held outside the AXA Group

Director or member of the Supervisory Board: NIBC* (The Netherlands), Friesland Campina NV (The Netherlands)

Directorships held during the last five years

Chairwoman of the Supervisory Board: Yellow&Blue Investment Management BV (The Netherlands)

Director or member of the Supervisory Board: Duisenburg School of Finance (the Netherlands), Railway Pension Investments Ltd (RPMI) (United Kingdom), Stichting Child and Youth Finance International (the Netherlands)

Ramon de Oliveira

Member of the Board of Directors of AXA (independent)

Managing Director of Investment Audit Practice, LLC (United States)

Born on September 9, 1954

French and Argentinian nationalities

Appointed on April 26, 2017

Term expires at the 2021 Shareholders' Meeting

First appointment on April 30, 2009

Chairman of the AXA Finance Committee

Member of the AXA Audit Committee

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. Ramon de Oliveira spent 24 years at JP Morgan & Co. From 1996 to 2001, Mr. Ramon de Oliveira was Chairman & Chief Executive Officer of JP Morgan Investment Management. Mr. Ramon 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. Ramon 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. Ramon 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. He is also Chairman of the Board of Directors of Equitable Holdings (EQH) and AllianceBernstein (AB), both based also in New York.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Managing Director: Investment Audit Practice, LLC (United States)

Chairman of the Board of Directors: AllianceBernstein Corporation* (United States), Equitable Holdings, Inc.* (United States)

Directorships held during the last five years

Chairman of the Board of Directors: Friends of Education (non-profit organization) (United States)

Trustee and Chairman of the Investment Committee: Fondation Kaufman (United States)

Chairman of the Investment Committee: Fonds de Dotation du Musée du Louvre

Vice-Chairman: JACCAR Holdings SA (Luxembourg)

Director or member of the Supervisory Board: American Century Companies Inc. (United States), AXA Equitable Life Insurance Company (United States), AXA Financial, Inc. (United States), JP Morgan Switzerland (Switzerland), MONY Life Insurance Company (United States), MONY Life Insurance Company of America (United States), Quilvest (Luxembourg), SunGard Data Systems (United States), Taittinger-Kobrand USA (United States)

Member of the Investment Committee: La Croix Rouge (United States)

Elaine Sarsynski

Member of the Board of Directors of AXA (independent)

Companies' directors

Born on April 21, 1955

American nationality

Appointed on May 24, 2018

Term expires at the 2021 Shareholders' Meeting

First appointment on May 24, 2018

Member of the AXA Audit Committee

Expertise and experience

Mrs. Elaine Sarsynski graduated with a Bachelor of Arts degree (BA) in Economics from Smith College of Northampton (United States) and a Master of Business Administration (MBA) in Accounting and Finance from Columbia Business School, New York (United States). Mrs. Elaine Sarsynski started her career in 1977 as Real Estate Analyst at Morgan Stanley (New York, United States). In 1981, she joined Aetna Life and Casualty (Hartford, United States), where she held various positions, notably Head of the Corporate Finance Department (1991-1992), Unit Head of Mortgage Finance (1992-1995) and Head of the Real Estate Investments Department (1995-1998). From 1998 to 2001, she worked for Sun Consulting Group, LLC (Hartford, United States) as Partner and founding principal. During this period, she was an Economic and Community Development Director (1999-2001) and became first Selectman for the town of Suffield (United States) in 2001. In 2005, Mrs. Elaine Sarsynski joined Massachusetts Mutual Life Insurance Company (Springfield, United States), where she was Managing Director at Babson Capital Management LLC, a MassMutual subsidiary. In 2006, she became Executive Vice-President, Chief Administrative Officer, Chief Executive Officer and President of MassMutual International and in 2008, Executive Vice-President, member of the Office of the Chief Executive Officer and President of MassMutual Retirement Services as well as Chairwoman of MassMutual International. In early 2017, Mrs. Elaine Sarsynski retired from Massachusetts Mutual Life Insurance Company.

Directorship held within the AXA Group

Director: AXA*

Directorships held outside the AXA Group

Director: Dayforward Life Insurance Company (United States), Horizon Technology Finance Corporation* (United States), TI Fluid Systems Plc* (United Kingdom)

Trustee: Hopkins Academy (United States)

Directorships held during the last five years

Chairwoman: MassMutual International (United States)

Trustee: MassMutual Fund Boards (United States)

Marie-France Tschudin

Member of the Board of Directors of AXA (independent)

President of Novartis Pharmaceuticals (Switzerland)

Born on September 24, 1971

Swiss nationality

Appointed on June 30, 2020

Term expires at the 2024 Shareholders' Meeting

First appointment on June 30, 2020

Expertise and experience

Mrs. Marie-France Tschudin graduated with a Master of Business Administration from IMD business school in Switzerland, and a Bachelor of Science from Georgetown University in the United States. Before joining Novartis, Mrs. Marie-France Tschudin spent 10 years at Celgene International in a variety of leadership positions, including country manager of Switzerland from 2008 to 2009, general manager of Austria, Switzerland, the Czech Republic, Poland, Slovenia and Slovakia from 2009 to 2011, regional Vice-President of Northern Europe from 2012 to 2014 and corporate Vice-President of hematology and oncology for Europe, the Middle East and Africa from 2014 to 2016. She joined Novartis in 2017 as Europe Region Head of Novartis Pharmaceuticals. From March to June 2019, she was President of Advanced Accelerator Applications, a Novartis company. Since June 7, 2019, Mrs. Marie-France Tschudin has been President of Novartis Pharmaceuticals and a member of the Executive Committee of Novartis (Switzerland).

Directorship held within the AXA Group

Director: AXA*

Directorship held outside the AXA Group

President: Novartis Pharmaceuticals (Switzerland)

Directorship held during the last five years

None

3

CORPORATE GOVERNANCE
3.1 CORPORATE GOVERNANCE STRUCTURE

DIRECTORS' INDEPENDENCE

Each year, the Board of Directors assesses the independence of each of its members on the basis of the recommendations 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 at December 31, 2020.

Criterion *(the criterion is considered to be met when it is identified by ✔)*	Denis Duverne	Thomas Buberl	Patricia Barbizet	Martine Bièvre	Helen Browne	Jean-Pierre Clamadieu	Bettina Cramm	Irene Dorner	Rachel Duan	André François-Poncet	Antoine Gosset-Grainville	Isabel Hudson	Angelien Kemna	Ramon de Oliveira	Elaine Sarsynski	Marie-France Tschudin
1 Not have been an employee or executive officer of the Company, or an employee, executive officer or director of a consolidated subsidiary within the previous five years	0	0	✔	0	0	✔	0	✔	✔	✔	✔	✔	0*	0*	✔	✔
2 Not have cross-directorships	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
3 Not have significant business relationships	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
4 Not be related by close family ties to a company 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 a major shareholder of the Company (holding more than 10% of share capital or voting rights)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Independent director after assessing the Afep-Medef criteria	**0**	**0**	✔	**0**	**0**	✔	**0**	✔	✔	✔	✔	✔	✔	✔	✔	✔

* *The Company considers that the fact that certain members of the AXA Board of Directors hold or have held during the last five years non-executive directorships in one or more Group subsidiaries 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 debates and 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.*

On February 24, 2021, the AXA Board of Directors determined that, at December 31, 2020, eleven of the sixteen Board members were independent after assessing the criteria of the Afep-Medef Code: Mmes Patricia Barbizet, Irene Dorner, Rachel Duan, Isabel Hudson, Angelien Kemna, Elaine Sarsynski and Marie-France Tschudin and Messrs. Jean-Pierre Clamadieu, André François-Poncet, Antoine Gosset-Grainville and Ramon de Oliveira.

One member of the Board of Directors (currently Mrs. Helen Browne) 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.

In addition, in June 2018, two directors representing the employees, Mmes Martine Bièvre and Bettina Cramm, were appointed as members of the AXA Board of Directors.

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 their implementation in accordance with its corporate purpose and taking into consideration the social and environmental challenges of its activity, 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 corporate governance framework;
- appoints and dismisses the Chairman, any Vice-Chairman/ Senior Independent Director, the Chief Executive Officer, any Deputy Chief Executive Officer, any *dirigeant effectif* (executive who effectively runs the Company as required by Solvency II), and determines their respective compensation;
- convenes Shareholders' Meetings;
- proposes directors for appointment to the Shareholders' Meeting and/or coopts directors to the Board;
- reviews and endorses *(arrête)* the Company's and the Group's half-year and annual financial statements;
- presents a report on corporate governance to the Shareholders' Meeting;
- fulfills all the Board obligations set out in Solvency II;
- adopts and oversees the general principles of the Group's Remuneration 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);
- proposes Statutory Auditors for appointment to the Shareholders' Meeting and approves non-audit services.

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. However, the Board of Directors also reserves the approval of certain material transactions to itself in its Terms of Reference, including sales or acquisitions (over €500 million), significant financing operations and any material transactions outside the strategy announced by the Company.

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 (with the exception of the directors representing the employees) must hold, within two years following his/her first appointment, a number of AXA shares with a value at least equal to the gross annual amount of his/her compensation (director's fees) earned in respect of the previous fiscal year [(1)].

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 allow debates on the performance and compensation of the Executive Management and succession planning.

Following its decision to appoint Mr. Denis Duverne as Chairman, the Board decided, in light of his experience and expertise and knowledge of the AXA Group, to extend the role of the Chairman as follows [(2)]:

- 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);
- 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.

In this context, in 2020, the Chairman of the Board of Directors, notably:

- represented the Company at various national and international events attended by certain of the Group's main partners and strategic stakeholders;
- had discussions with the main institutional shareholders of the Company, in particular prior to the Shareholders' Meeting; and

(1) For this purpose, AXA shares are valued using the closing price of the AXA share on December 31 of the preceding fiscal year.

(2) The role of the Chairman is set out in the Board's Terms of Reference which are available on AXA's website.

- at the request of the Chief Executive Officer, participated in internal meetings in connection with significant events concerning the Company (*e.g.* acquisition and disposal projects).

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.

Mr. Denis Duverne, Chairman of AXA's Board of Directors, shall retire, as planned, at the end of his current mandate in April 2022. Following a comprehensive succession process led by the Compensation & Governance Committee of AXA's Board over the past two years, AXA's Board of Directors unanimously decided to appoint Mr. Antoine Gosset-Grainville as Chairman, effective on Mr. Denis Duverne's retirement in April 2022.

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, in particular due to the qualification of non-independent director of the Chairman of the Board of Directors.

The Senior Independent Director (Mr. Jean-Pierre Clamadieu), 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, if need be, 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 on his activities to the Shareholders' Meeting.

In 2020, the Senior Independent Director, also acting as Chairman of the Compensation & Governance Committee:

- maintained regular dialogue with the Chairman of the Board and with the Executive Management (*i.e.* the Chief Executive Officer and the Deputy Chief Executive Officer *(Directeur Général Adjoint)*);
- was actively involved in the preparation of Board meetings, working closely with the Chairman of the Board of Directors and the Executive Management;
- contributed to the selection process of the future members of the Board of Directors and its Committees;
- worked closely with the Chairman of the Board on the organization of the annual self-assessment of the Board;
- contributed to the review of all communications made to shareholders in particular on corporate governance topics and Executive Management compensation.

He reported on his activities at the Shareholders' Meeting of June 30, 2020.

BOARD ACTIVITIES IN 2020

In 2020, the Board of Directors met fourteen times and held four executive sessions without the presence of Executive Management.

In 2020, the Board notably focused on the review of the Group's strategy, the management of the COVID-19 sanitary crisis, the examination of the 2019 financial statements and the 2020 half-year financial statements, the Group's dividend policy, the review of proposed significant acquisitions and disposals, the review of the Board Committee reports, the review of the ORSA report and AXA's Internal Model as well as other written policies required under Solvency II, the Group's Pre-emptive Recovery Plan, Internal Control and Risk Management, the approval of non-audit services, the self-assessment of the Board of Directors and the appointments, re-appointments and independence of its members, the review of the composition of the Board and its Committees and the succession plans for the Chairman of the Board and the Executive Management.

In March 2020, the Board of Directors held its annual strategy session with presentations by Group senior executives on a variety of key strategic topics related to the implementation of the Strategic Plan.

In 2020, a training session was also organized by the Chairman of the Board on the impact of the energy transition on financial markets and AXA's investment strategy, during which external speakers were invited.

Training sessions were also organized for new members of the Board of Directors to familiarize them with the Group's main activities and issues. These sessions mainly focused on the Group's financial structure, strategy, governance, main activities, Solvency II regulation, risk management, Group IT security, Cyber risk and regulatory developments in the sector.

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. The conclusions of this self-assessment are discussed annually at the Board of Directors.

Since 2013, the Board of Directors, upon recommendation of its Compensation & Governance Committee, has periodically entrusted the annual assessment of the Board of Directors to an external consultant.

In 2018, the Board self-assessment was carried out by a consultant (SpencerStuart) who collected each of the individual director's inputs, views and suggestions on the Board work and its performance. Each director's view on other members' participation and contribution to the Board work was also collected.

In 2020 as in 2019, the Board self-assessment was conducted internally and all directors (except the Chairman of the Board and new joiners) answered a self-assessment questionnaire and had a meeting with the Chairman of the Board in order to assess the effectiveness of the Board and each Board member's contribution. The conclusions concerning the personal contribution of each director were then transmitted by the Chairman of the Board who provided individual feedback during dedicated one-on-one meetings with each Board member.

Each director also had a meeting with the Chairman of the Compensation & Governance Committee in order to collect his/her assessment and suggestions on the personal contribution of the Chairman of the Board of Directors. The conclusions of these interviews were then submitted by the Chairman of the Compensation & Governance Committee to the Chairman of the Board of Directors.

The Compensation & Governance Committee reviewed in detail (i) the conclusions of the Board self-assessment, (ii) the principal areas identified for improvement and made recommendations to the Board of Directors which were examined and approved at the Board meeting of December 15, 2020.

The 2020 Board self-assessment demonstrated that a majority of directors agreed that the functioning of the Board had remained unchanged at a high level or either improved due to the maturity of processes and the efficiency of the team formed by the Chairman and the Chief Executive Officer. It was also noted that the COVID-19 sanitary crisis, which restricted physical meetings and informal discussions around Board sessions, had made the year quite unusual.

The members of the Board of Directors identified the following areas of improvement:

- closely monitor the selection of future Board members with the objective of appointing (i) directors with predefined critical skills (industry knowledge, digital transformation/IT/technology, HR, customer/marketing skills) and (ii) an additional seasoned and active CEO;
- closely monitor the selection process for the future Chairman of the Board of Directors;
- carefully manage the succession process for the Chairperson of the Finance and Audit Committees;
- review and consider simplifying the framework of the CEO's (and Executive Management) compensation;
- regularly update the Board on the implementation of the main action points listed at the end of the annual strategic seminar;
- provide the Board with *post-mortem* analysis or follow-up reports on the most important decisions or projects discussed/approved by the Board;
- establish a remote meeting culture until the end of the COVID-19 sanitary crisis and maintain close and informal contacts between Board members by: (i) organizing at the beginning of each remote meeting a pre-session to allow directors to freely speak amongst each other on topics of their choice and (ii) encouraging one-to-one contacts with the Chairman, the CEO and between Board members between meetings;
- facilitate the onboarding of new directors (despite the difficult context due to the COVID-19 sanitary crisis) through the organization of regular discussions between new directors and seasoned ones (*e.g.* Chairs of the Committees);
- provide a continuous skills development program to Board members with the organization of one or two dedicated knowledge session(s) a year conveying external speaker(s) and keep involving the directors in the choice of the training sessions' topics;
- continue to provide and improve the frequency of information sent by the CEO on insurance sector-related news or reactions to public announcements made by the Company.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2020

In 2020, the Board met fourteen times and the average attendance rate was 97.16%. Board meetings lasted approximately four hours on average.

	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
Denis Duverne	14/14	100%	-	-	-	-	-	-
Thomas Buberl	14/14	100%	-	-	-	-	-	-
Patricia Barbizet	14/14	100%	-	-	-	-	5/5	100%
Martine Bièvre	14/14	100%	-	-	-	-	-	-
Helen Browne	6/6	100%	-	-	2/2	100%	-	-
Jean-Pierre Clamadieu	14/14	100%	-	-	-	-	5/5	100%
Bettina Cramm	14/14	100%	-	-	-	-	5/5	100%
Irene Dorner	14/14	100%	7/7	100%	-	-	-	-
Rachel Duan	14/14	100%	-	-	-	-	5/5	100%
André François-Poncet	14/14	100%	-	-	6/6	100%	5/5	100%
Antoine Gosset-Grainville	6/6	100%	-	-	2/2	100%	-	-
Isabel Hudson	6/6	100%	3/3	100%	-	-	-	-
Angelien Kemna	14/14	100%	7/7	100%	-	-	-	-
Stefan Lippe	3/3	100%	2/2	100%	2/2	100%	-	-
François Martineau	5/8	62.50%	-	-	-	-	-	-
Ramon de Oliveira	13/14	92.86%	7/7	100%	6/6	100%	-	-
Doina Palici-Chehab	8/8	100%	-	-	4/4	100%	-	-
Elaine Sarsynski	14/14	100%	7/7	100%	-	-	-	-
Marie-France Tschudin	4/6	66.67%	-	-	-	-	-	-
TOTAL ATTENDANCE RATE		**97.16%**		**100%**		**100%**		**100%**

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:

- all members of the Audit Committee are independent directors;
- all members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations;
- 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 Chair 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.

All Committees are composed of members with expertise in the relevant areas, and their composition is regularly reviewed by the Board of Directors.

The role, organization and responsibilities of each Committee are set out in the Board's Terms of Reference and in the Audit Committee Terms of Reference available on AXA's website.

AUDIT COMMITTEE IN 2020 (1)

Composition: Irene Dorner (Chairwoman) – Isabel Hudson – Angelien Kemna – Ramon de Oliveira – Elaine Sarsynski

In accordance with the Afep-Medef recommendations, the Audit Committee members are notably competent in the areas of finance and/or accounting.

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS
7	100%	100%

Principal responsibilities

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;
- monitor the adequacy and effectiveness of the internal control and risk management frameworks;
- form an opinion on the effectiveness, performance and independence of the Group's internal auditors;
- 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 make recommendations to the Board as to the appointment of the 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 main results of the statutory audit and the accounting methods chosen in this regard.

The Committee also receives presentations from the Group Chief Risk Officer, the Group General Counsel and the Group Chief Financial Officer describing the Company's principal risk exposures including those of a social and environmental nature, and where applicable the material off-balance-sheet commitments.

The Committee examines and issues an opinion on documents required by the Solvency II.

The Committee regularly meets the Statutory Auditors and the Global Head of Internal Audit during *ad hoc* sessions.

The Chief Executive Officer, the Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary, the Chief Financial Officer, the Global Head of Internal Audit, the Group Chief Risk and Investment Officer, the Group Chief Risk Officer, the Group Chief Accounting Officer, as well as the Statutory Auditors attend each Audit Committee meeting.

Principal activities in 2020

The Committee focused, in particular, on the following issues:

- the 2019 financial statements;
- the 2019 Annual Report (Universal Registration Document);
- the 2020 half-year financial statements;
- internal control and risk management (reports on the financial and operational risks, compliance, litigation, Group IT security – cyber risk, on the Group's Internal Financial Control (IFC) function, and the Group's Standards…);
- risk management, risk appetite and reporting framework;
- compliance with the Solvency II regulations and the review of the ORSA, SFCR and RSR reports;
- the results of internal and external audit work;
- the review of Management's draft response to requests sent by the ACPR;
- the review, for recommendation to the Board, of the non-audit services provided by the Statutory Auditors;
- the review of the Climate report;
- the review of the Statutory Auditors' rotation process; and
- the internal and external audit plans and resources.

(1) At December 31, 2020.

FINANCE COMMITTEE IN 2020 (1)

Composition: Ramon de Oliveira (Chairman) – Helen Browne – André François-Poncet – Antoine Gosset-Grainville

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS
6	100 %	75 %

3

Principal responsibilities

The principal missions of the Committee are:

- to examine and issue an opinion on any plan to sell some or all ownership interests held by the Company, or any acquisition or strategic partnership, whatever form they may take, when their immediate or deferred value exceeds the €500 million threshold;
- 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 could substantially change the Company's financial structure;
- to examine any plan to perform a financial operation of significant size for the AXA Group;
- 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,
  - the solvency and capital management;
- to examine the impact of the main orientations and limits of Asset Liability Management policy on the Group's capital and solvency; and
- to review the risk appetite framework developed by the Executive Management for financial, insurance and operational exposures.

The Group Chief Financial Officer, the Group Chief Risk and Investment Officer and the Group Chief Risk Officer attend each Finance Committee meeting.

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.

Principal activities in 2020

The Committee focused, in particular, on the following issues:

- macroeconomic environment;
- capital and solvency;
- debt and liquidity;
- financial risk management;
- risk appetite and asset allocation;
- review of the 2020 investment strategy;
- the Pre-emptive Recovery Plan;
- M&A projects (above €500 million);
- review of financial authorizations including guarantees; and
- review of the proposed capital increase reserved for the employees of the AXA Group (Shareplan 2020).

(1) At December 31, 2020.

COMPENSATION & GOVERNANCE COMMITTEE IN 2020 (1)

Composition: Jean-Pierre Clamadieu (Chairman) – Patricia Barbizet – Bettina Cramm – Rachel Duan – André François-Poncet

MEETINGS	ATTENDANCE	INDEPENDENT DIRECTORS (2)
5	100%	80%

Principal responsibilities

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 re-appointment 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;

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 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 and the Chief Executive Officer and the preparation of their annual assessment,
  - the amount of directors' compensation (directors' fees) for the members of the Board of Directors to be submitted to the Shareholders' Meeting,
  - the number of Company performance shares to be granted to the Chief Executive Officer 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 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 the annual review of 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;
- in depth analysis 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 of Directors; and
- to review the AXA Compliance & Ethics Code.

The Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary attends each Compensation & Governance Committee meeting. 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 Committee prepares, with the Chairman of the Board of Directors and the Chief Executive Officer, the succession of the Executive Management, including emergency succession, and reports regularly to the Board of Directors. It also regularly ensures the existence of succession plans, with different time horizons (short, medium, long), for each member of the Management Committee.

Principal activities in 2020

The Committee in particular focused on the following issues:

Compensation issues:

- the compensations paid to the Chief Executive Officer, the Company *dirigeants effectifs* (as defined under the Solvency II) and the members of the Management Committee;
- the 2020 and 2021 equity allocations (performance shares) and performance conditions;
- the grant of performance shares relating to retirement;
- the impact of the COVID-19 sanitary crisis on the compensation of the Group's executives;
- the Group Remuneration policy and its evolution;
- the *ex post* and ex *ante "say-on-pay"* for corporate officers; and
- the amount and allocation of the directors' compensation (directors' fees).

Governance issues:

- the selection process for future directors;
- the composition of the Board and its Committees as well as the composition of the Management Committee;
- the independence of the members of the Board;
- the self-assessment of the Board of Directors;
- the review of the Board's Terms of Reference;
- the succession plan (including the emergency succession plan) for the Executive Management; and
- the Talent Review and the succession plans.

Corporate Responsibility issues:

- the review of the Company's Corporate Responsibility strategy and the Group's environmental policy; and
- the Diversity & Inclusion strategy.

(1) At December 31, 2020.

(2) All members of the Compensation & Governance Committee are independent directors, with the exception of the director representing the employees who sits on the Committee pursuant to the Afep-Medef recommendations.

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 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 meetings.

THE CHIEF EXECUTIVE OFFICER

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 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, in addition to legal requirements, prior Board approval for certain significant transactions as indicated in the Section "Board of Directors" above.

THE MANAGEMENT COMMITTEE

The Management Committee's role is to assist the Chief Executive Officer in the operational management of the Group.

The Management Committee meets 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 DECEMBER 31, 2020

Name	Principal function within AXA
Thomas Buberl	Chief Executive Officer of AXA
George Stansfield	Group Deputy Chief Executive Officer (*Directeur Général Adjoint*) & General Secretary
Etienne Bouas-Laurent	Group Chief Financial Officer
Benoît Claveranne	Chief Executive Officer International & New Markets
Georges Desvaux	Chief Strategy and Business Development Officer
Scott Gunter	Chief Executive Officer of AXA XL
Alban de Mailly Nesle	Group Chief Risk and Investment Officer
Marco Morelli	Executive Chairman of AXA Investment Managers
Antimo Perretta	Chief Executive Officer Europe
Jacques de Peretti	Chief Executive Officer of AXA France
Karima Silvent	Chief Human Resources Officer
Astrid Stange	Chief Operating Officer
Gordon Watson	Chief Executive Officer Asia

THE PARTNERS GROUP

The Partners group is composed of the members of the Management Committee and over thirty other senior executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in the definition and implementation of key strategic initiatives in the context of the strategic plans 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 at least twice a year.

The complete list of the members of the Partners group is available on the AXA Group website (www.axa.com).

Other information

SERVICE CONTRACTS BETWEEN THE AXA GROUP AND MEMBERS OF THE BOARD OF DIRECTORS

Mrs. Helen Browne, who is the employee shareholder representative on AXA's Board of Directors, is currently an employee of the GIE AXA (France).

Mrs. Martine Bièvre, who is an employee representative on AXA's Board of Directors, is currently an employee of AXA France IARD, which is one of AXA's main French subsidiaries.

Mrs. Bettina Cramm, who is also an employee representative on AXA's Board of Directors, is currently an employee of AXA Konzern AG, which is one of AXA's main German subsidiaries.

FAMILY RELATIONSHIPS

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), and/or underwriting of securities, and/or product and service providing. 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.

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, 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 (including designated professional bodies), (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, liquidation, or administration 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 segment:

Salaried employees (Full time equivalent)	At December 31, 2020	At December 31, 2019	At December 31, 2018 restated [(a)]
France [(b) (c)]	**16,892**	**16,780**	**16,570**
Europe (including AXA Bank Belgium)	**29,839**	**30,311**	**30,534**
Of which Switzerland	4,115	4,110	4,028
Of which Germany [(d)]	8,466	8,590	8,922
Of which Belgium (including AXA Bank Belgium) [(e)]	3,746	3,767	3,881
Of which United Kingdom & Ireland [(f)]	9,377	9,644	9,465
Of which Spain	2,393	2,410	2,467
Of which Italy	1,742	1,790	1,772
Asia	**11,033**	**11,179**	**8,124**
Of which Japan	3,044	2,963	2,874
Of which Hong Kong	1,711	1,701	1,720
Of which Asia - Direct	2,705	2,742	2,771
Of which China [(g)]	2,814	2,988	-
Of which Thailand	459	465	450
Of which Indonesia	300	320	309
AXA XL [(h)]	**9,325**	**9,179**	**9,071**
United States	**-**	**-**	**7,959**
International (excluding AXA Bank Belgium) [(i)]	**11,832**	**14,164**	**13,854**
Transversal & Central Holdings	**17,674**	**18,229**	**17,954**
Of which AXA Investment Managers	2,403	2,366	2,356
Of which Group Management Services	937	938	851
Of which AXA Group Operations and AXA Business Services [(j)]	6,599	6,765	6,170
Of which AXA Assistance [(k)]	7,405	7,792	8,213
Of which AXA Global Re	159	145	167
TOTAL	**96,595**	**99,843**	**104,065**

Employees of non-consolidated companies or companies accounted for using the equity method are not included in the above table.

(a) Restated: as per the new governance in force since 2018.

(b) A portion of the employees of AXA's French affiliates is included in GIE's.

(c) In 2019, FTE were calculated by using the average number of salaried employees over the year, and not at the end of the period. On a comparable basis, FTE decreased by 309 mainly driven by (i) the transfer of AXA Banque's IT Department to Arkéa, (ii) AXA France's simplification program, and (iii) recruitment freeze in the context of COVID-19.

(d) In 2020, the decrease by 124 in Germany related to the efficiency program to streamline labor intensive processes.

(e) Some employees of AXA Bank Belgium provide common services for both insurance and banking activities and vice versa.

(f) In 2020, the decrease by 267 in the UK & Ireland was mainly driven by the sale of (i) Architas in October 2020, as well as (ii) by lower Personal and Commercial projects, and (iii) efficiency programs.

(g) In 2020, the decrease by 174 in China was driven by the simplification in the organizational structure.

(h) In 2020, the increase by 146 in AXA XL is mainly from the full effect of Matrix consolidation announced at the end of 2019 partly offset by first impacts of the new operating model.

(i) In 2020, the decrease by 2,332 in International (excluding AXA Bank Belgium) was mainly driven by (i) the disposal of Central and Eastern Europe operations (-1,960) and (ii) Mexico (-357) reflecting efficiency programs.

(j) In 2020, the decrease by 166 was mainly driven by AXA Business Services (-274) mainly due to the transfer of employees to operational entities.

(k) In 2020, the decrease by 387 in AXA Assistance was mainly driven by the exit of Brazil.

3

3.2 EXECUTIVE COMPENSATION AND SHARE OWNERSHIP

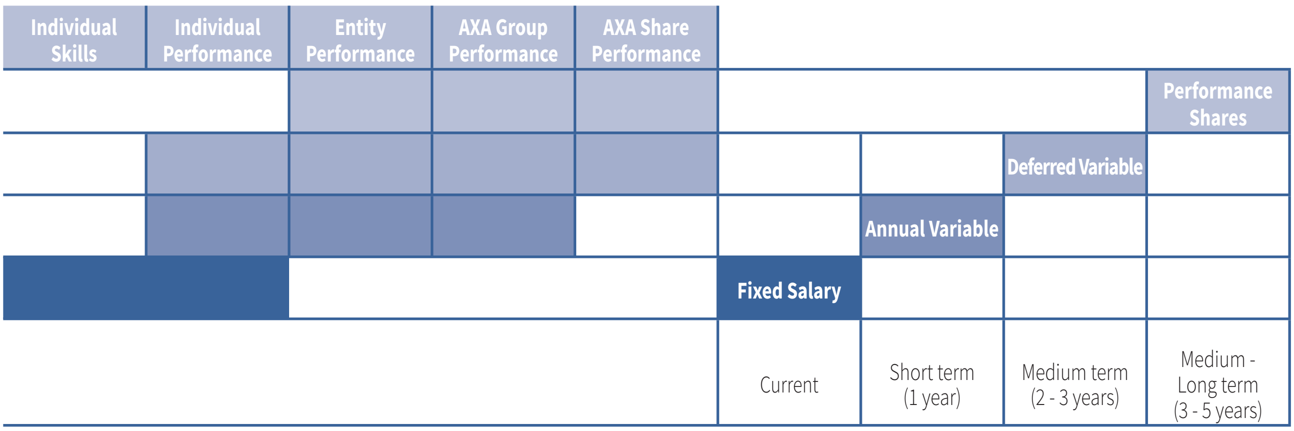
INTRODUCTION

AXA's global executive compensation policy is designed to align the interests of the executives with those of the Company and 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 of other international groups.

AXA Group'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 part of the aggregate compensation. 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, 2020

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, (i) the Company's compensation policy and principles, (ii) the determination of the corporate officers' compensation and performance assessment, and (iii) the grant of AXA performance shares to the Group Chief Executive Officer and the other members of the Group Management Committee.

Most of the members of the Compensation & Governance Committee are independent. Their independence is assessed annually by the Board in accordance with the criteria set forth in the Afep-Medef Code. The Senior Independent Director 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 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 technical expertise and an independent overview in order to compare AXA's variable compensation practices with general market practices.

Solvency II Group remuneration policy

Solvency II regulations came into force on January 1, 2016, and include a number of specific compensation 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 Remuneration Policy applicable to all AXA employees as of January 1, 2016. This Remuneration 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 requirements.

The AXA Group Remuneration 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 the Group's practices with all applicable regulatory requirements.

It follows four main guiding principles:

- competitiveness and market consistency of the remuneration practices;
- fairness based on individual and collective performance, in order to ensure remuneration is reflecting employee's individual quantitative and qualitative achievements and impact;
- internal equity based on remuneration policies and procedures designed to ensure that employees are paid equitably based on criteria such as role, skills, contribution or impact, and do not discriminate on the basis of gender or other irrelevant factors;
- 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 the Group Remuneration Policy may be supplemented in order to comply with local regulatory requirements or best practices. The Policy is reviewed and updated annually to mirror, as the case may be, changes in the internal organization and the nature, scale and complexity of the risks inherent to AXA's business and to reflect exchanges with the French insurance regulator (*Autorité de contrôle prudentiel et de résolution* (ACPR)).

Remuneration structure

AXA applies a pay-for-performance approach which (i) promotes long-term sustainable performance by incorporating risk adjustment mechanisms in variable compensation schemes, and (ii) recognizes employees who bring the greatest value to the firm on the basis of financial results while demonstrating individual leadership and behaviours. The intent of this approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA's leadership.

(1) The information in this Section is presented in accordance with the recommendation No. 2009-16 of the AMF, as modified on July 25, 2019, and with the recommendations of the Afep-Medef Code. This recommendation is included in the position-recommendation No. DOC-2021-02 of the AMF: guidance on preparing Universal Registration Documents.

The overall remuneration 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 of a base salary and any other fixed allowances. Fixed remuneration primarily reflects the relevant organizational responsibility, professional experience, technical and leadership skills required of the role, criticality or scarcity of skills, as well as the individual's capability to sustainably perform the duties of the role;
- a variable component which primarily reflects the business and individual performance, including performance in excess of that required to fulfil the role description. It comprises of an upfront cash element (annual cash bonus) and a deferred element recognizing the importance of aligning remuneration over long-term value creation. The deferred element is awarded through AXA performance shares. This variable component depends on the AXA Group's global performance, on the beneficiary's operating business performance, 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 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 potential 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 remuneration policies. In this context, three markets are used as a reference:

- a first market composed of 12 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 companies and banks) which are principally based in the main European markets (France, Germany, Italy, the Netherlands, the United Kingdom, Spain and Switzerland), and in the United States;
- a third market composed exclusively of international financial companies comparable in size and scope to the AXA Group (insurance companies and banks) which are principally based in Asia.

Annual cash compensation

TOTAL TARGET COMPENSATION

Total target compensation of the Chief Executive Officer

The Board of Directors, upon recommendation from its Compensation & Governance Committee, has decided to maintain unchanged in 2020 the total annual cash compensation target of the Chief Executive Officer, Mr. Thomas Buberl, 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 companies as well as the main European companies in the financial sector (insurance companies, banks), and follows the recommendations of the Afep-Medef Code, the G20, the European Commission and the Financial Stability Board in terms of compensation.

Total compensation of the Chairman of the Board of Directors

The Board of Directors, upon proposal of its Compensation & Governance Committee, has decided to maintain unchanged in 2020 the fixed annual compensation of the Chairman of the Board, Mr. Denis Duverne, at €1,200,000.

The Board of Directors upon recommendation from 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 the Chairman of the Board of Directors' fixed annual 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 companies as well as the main European companies in the financial sector (insurance companies, banks).

The Board of Directors also took into account the extensive duties that it entrusted 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 retroactive payment.

Finally, no variable compensation is paid to him, nor does he receive directors' fees or performance shares or any other long-term incentive during his term of office.

In the context of the sanitary crisis and in solidarity with the Group's executive teams, Mr. Denis Duverne decided to renounce 25% of his fixed compensation of €1,200,00 with respect to the 2020 fiscal year. The compensation that was not paid to Mr. Duverne (and corresponding taxes) were donated by AXA to charity.

ANNUAL VARIABLE COMPENSATION AND PERFORMANCE CONDITIONS

Performance conditions

The variable annual compensation is entirely subject to performance conditions and no minimum payment is guaranteed.

The determination of the variable compensation to be paid to the Chief Executive Officer, Mr. Thomas Buberl, was based in 2020 on the following two metrics:

- Group performance for 70% (compared to 50% last year). This metric is measured based on (i) underlying earnings per share, (ii) return on equity (adjusted Return on Equity – RoE), (iii) gross revenues, both in Commercial Property & Casualty and Health & Protection, (iv) Net Promoter Score (customer recommendation index), and (v) non-commission expenses. The relative weight of each indicator is, respectively, 55%, 15%, 10%, 10% and 10%.

  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 achievement of a predefined budget or target.

  The results of the calculation were significantly impacted by the COVID-19 crisis. Given the demanding nature of the objectives, the strict application of the formula determined by the Board of Directors at the beginning of 2020 to assess the Group performance sets the global achievement rate of these objectives at 35%. A complete neutralization of the impact of the sanitary crisis (€1.5 billion on the 2020 underlining earnings) would set the global achievement rate of the Group performance at 68%.

  In determining the appropriate level of the CEO's variable compensation for 2020, the Board took into account a number of factors in addition to this global achievement rates. These factors included:

  - the amount of the dividend paid to the shareholders of the Company with respect to the 2019 fiscal year (corresponding to 51% of the amount initially communicated to the market [(1)]), despite a challenging macro-economic environment,
  - the fact that the Company did not request or receive any State aid or other assistance in connection with this crisis (guaranteed loans, temporary unemployment, subsidies or other forms of government assistance…) in any of the markets in which it operates,
  - the fact that the Group publicly committed to protect the employment and compensation of its employees during the crisis and offered the ability to work remotely for several months to most of its employees,
  - the Group's substantial contributions to various crisis-related social/solidarity initiatives in numerous jurisdictions where it does business which totaled more than €400 million (funding of medical research, contribution to solidarity funds for small businesses, independents, clients in difficult situations…), as well as
  - the exceptional measures implemented to help AXA's most affected customers/clients (freezing and reimbursing of premiums, maintaining guaranties despite payment difficulties…).

  After extensive discussion and upon recommendation of its Compensation & Governance Committee, the Board decided to adjust the mechanical achievement score by taking the average of the scores with neutralization of the impact of the sanitary crisis (68%) and without it (35%) to set the score of the Group performance, leading to a score of 51% [(2)].

  Both the Compensation & Governance Committee and the Board of Directors considered that this score of 51% [(3)] (i) was more representative of the performance of the Group and its Management in 2020 and (ii) would help align the Management's interests with those of the Company and its shareholders in accordance with the Group's compensation policy.

- Individual performance for 30% (compared to 50% last year), which is evaluated based on objectives specifically related to strategic initiatives set and reviewed each year.

  The individual performance of the Chief Executive Officer is assessed on the basis of various indicators and qualitative and quantifiable objectives set by the Board of Directors through a written target letter drawn up at the beginning of each calendar year, as well as on the basis of demonstrated leadership abilities by the Chief Executive Officer. This letter 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.

(1) In 2020, the Group paid a dividend of €0.73 out of the initially proposed €1.43.

(2) This approach of averaging the adjusted and unadjusted STIC results was also adopted by the Board with respect to the 2018 fiscal year (impacted by the Initial Public Offering of AXA Equitable Holdings, Inc. and the acquisition of the XL group), to decrease the STIC score from 137% to 113%.

(3) Which will also apply to a large population including the Group Leadership Network (AXA's 300 Top Senior Executives).

In order to evaluate Mr. Thomas Buberl's individual performance in 2020, the Board of Directors assessed the achievement of the following objectives set in his target letter:

- **AXA XL's transformation *(achievement rate: 90%)***

  2020 was an important transformation year for AXA XL, with the appointment of a new CEO, Scott Gunter, and the execution of a smooth and successful transition. Shortly after his appointment, Mr. Gunter launched a fundamental redesign of AXA XL's Target Operating Model and a revamp of AXA XL's leadership team.

  In addition to this restructuring, a full portfolio review exercise was undertaken and a number of key product, pricing and underwriting decisions were implemented with a view to reshaping the portfolio and increasing profitability. Finally, a number of actions were taken to drive deeper integration with the AXA Group and achieve greater efficiencies and synergies. The Group CEO and various other Group senior executives were actively involved in these initiatives throughout 2020.

  While AXA XL's 2020 financial results were adversely impacted by the COVID-19 crisis, the Board believes that the decisive moves made in 2020 to replace the former AXA XL CEO, reconstitute the senior management team, fundamentally restructure the company and re-underwrite the portfolio, position the company well for the future.

- **Improve the stability and simplicity of the Group's balance sheet *(achievement rate: 130%)***

  The simplification of the Group's geographical footprint was continued with the disposals of AXA Poland, AXA Czech Republic & Slovakia, AXA Gulf, AXA Greece and AXA Bank Belgium, all underway or successfully completed, generating cumulated cash proceeds of €1.0bn for the Group as at December 31, 2020.

  Product simplification also progressed well.

  At the same time, Management ensured that the Group's financial situation remained robust throughout the year. At year-end 2020, the Group's Solvency II ratio and cash position stood at 200% and €4.2 billion respectively, demonstrating outstanding resilience.

  In addition, the deleveraging objective has been met, with the Group's debt gearing ratio now at 26.8%, well within the 25–28% target range.

- **2021–2023 strategic plan and efficiency *(achievement rate: 125%)***

  With the Group's Ambition 2020 plan reaching its term, Management developed the strategic plan 2021-2023 that was presented to the market on December 1 and well received.

  The new plan leverages the achievements of Ambition 2020 and was built in a bottom-up process involving the Partners Group and Group Leadership Network (GLN – AXA's 300 Top Senior Executives). The plan focuses on five priorities: (i) Expand Health and Protection including through services, across all geographies, (ii) Simplify customer experience and accelerate efficiency, particularly in Europe and France, (iii) Strengthen underwriting performance, notably at AXA XL, (iv) Sustain the Group's climate leadership position in shaping the climate transition and (v) Grow cash flows across the Group through continued life in-force management and Group simplification, and disciplined capital management.

  An appropriate governance set-up with clear tracking mechanisms is in place and will ensure Management's regular follow-up of the progress against these priorities.

- **Innovation *(achievement rate: 120%)***

  The organization and mandate of the Group's innovation business unit, AXA Next, was redesigned and rolled-out in September 2020. The new organization is focused on a limited set of key topics, and far more delivery oriented.

  The relevance of the Group's strategic focus on health since 2016 was reinforced by the COVID-19 crisis. For instance, The Group's telemedicine offer is now available to more than 7 million beneficiaries in Europe and progress was made to launch new health partnerships with large players in different markets. The Group also started to roll out a Digital Health Platform, providing a comprehensive ecosystem for health services in Europe (Germany and Italy in the first stage) and increased its efforts around profitable care coordination models and vertical integration in International and New Markets, which serves 450,000 clients through a network of 12 medical centers.

- **HR *(achievement rate: 130%)***

  The crisis put a significant strain on AXA's organization and considerable pressure on its people, making the 2020 HR achievements all the more important. The employee Net Promoter Score increased during 2020, exceeding the +25 target and reaching +35 in December 2020 (compared to +21 in December 2019). In addition to a particular focus employee engagement and well-being in the context of the COVID-19, Management's involvement in a constructive and sustained dialogue with social organizations both in regular and exceptional European Works Councils was critical to the Company's ability to successfully navigate through the crisis.

  Management's continued focus on gender diversity led to an increase of senior executive women with women now accounting for 34% of the GLN (*versus* 32% in 2019), 30% of Chief Executive Officers member of the GLN (*versus* 21% in 2019) and 27% of the Partners Group (*versus* 23% in 2019).

  Key 2020 executive moves were also successfully executed, with Scott Gunter's arrival at AXA XL and Marco Morelli's arrival at AXA IM having been smooth and effective.

- **Sustainability *(achievement rate: 130%)***

  In 2020, AXA's long tradition of corporate commitment was formalized through the update of its purpose, unveiled in June 2020: "Act for human progress by protecting what matters", as well as in its embedding as one of the new strategic plan's five priorities.

  Internal governance changes reflected this growing importance of sustainability matters, with the creation of a Role in Society Steering Committee to accelerate the integration of ESG criteria across the business and continue the development of AXA's sustainability leadership, which was rewarded in 2020 by improvement of AXA's ranking in the DJSI (improving its absolute score by +5 points and reaching #2 of the insurance sector). In order to further strengthen the Groups' commitment, the weight of sustainability KPIs in senior executives' compensation has been increased, reaching 30% of their Long-Term Incentives.

  Externally, AXA continued to affirm its leadership position on Climate, be it by spearheading cross-industry action groups (WEF European Green Deal CEO Action Group; PEIF's sustainable finance workstream), calling for the creation of UN-convened Net-Zero Underwriting Alliance, or taking further commitments (decrease the carbon footprint of the Group's General Account assets by an additional -20% by 2025) on top of existing ones (*e.g.* Euro 24 billion green investments by 2023).

  Finally, Inclusive protection efforts were continued, notably through the CEO Partnership for financial inclusion. At the end of 2020, AXA insured 22.3 million "emerging customers", compared to 18.6 million in 2019. AXA also got involved in the COVAX scheme, providing insurance and risk consulting expertise for the distribution of the COVID-19 vaccines in middle-to-low income countries.

  In addition, the Board of Directors noted that 2020 was an unprecedented year by many metrics. The COVID-19 crisis and its far-reaching economic, social and political consequences created an exceptionally challenging context for businesses to navigate. Notwithstanding these extraordinary circumstances, AXA navigated through the crisis relatively well and comes out of it well positioned for the future in both comparative and absolute terms.

  The Board also highlighted the reactivity of Management in ensuring operational continuity across the Group during the crisis with the implementation of a robust crisis governance designed to manage/coordinate the various aspects including (i) the safety of AXA's people, (ii) the implementation of remote working across the entire Group on a common platform which enabled business continuity and open lines of communication, (iii) proactive communication with the Group's employees throughout the crisis – both locally and globally – to ensure they were informed of significant developments in real time, (iv) implementation of consolidated, real time reporting on key financial metrics to ensure management had the necessary information to manage through the crisis, (v) engagement with a wide array external stakeholders across the various countries where the Group does business and (vi) overall stability of its activities. Supporting the employees' physical and mental health has also been a priority, be it by leveraging telemedicine and AXA Partners to provide support and advice or through dedicated mental health programs and trainings. These actions are reflected in the remarkable increase in the employee Net Promoter Score all along the year.

  Despite a most unpredictable and historically complex macro-context, Management successfully delivered on the objectives it had been assigned by the Board of Directors pre-crisis.

Each of these two metrics is evaluated separately so that overall variable payout reflects performance against two distinct components assessed independently. Each of these two metrics is in any case capped at a 150% achievement rate.

The determination of the actual amount of variable compensation to be paid to the Chief Executive Officer is based on the following additive formula: Variable compensation due = Target Variable compensation x (70% Group Performance + 30% Individual Performance).

Since 2020 performance year, the weight of the Group Performance within the variable compensation assessment has increased to 70% leading to a decrease of the Individual Performance weight to 30%. With this evolution, the Board of Directors, upon recommendation from its Compensation & Governance Committee, wished to strengthen the formulaic/quantitative component of the Chief Executive Officer's variable compensation, in line with market practices in France and abroad, as well as feedback received from a number of institutional investors.

MR. THOMAS BUBERL, CHIEF EXECUTIVE OFFICER

	Weighting	Target for 100% achievement	Achievement 2020	Cap of the target	Achievement rate
Group performance based on:	**70%**	**-**	**-**	**150%**	**51%***
■ Underlying earnings per share	55%	2.72€	2.00€*	175%	22%*
■ Adjusted return on equity	15%	16%	12.35%*	175%	29.5%*
■ Gross revenues both in Commercial Property & Casualty and in Health & Protection	10%	53,539 M€	52,491 M€*	175%	81%*
■ Net Promoter Score	10%	90%	94%*	120%	108%*
■ Non-commission expenses	10%	10,874 M€	10,442 M€*	175%	160%*
Individual performance based on:	**30%**	**-**	**-**	**150%**	**119.5%**
■ AXA XL's transformation	20%	-	-	150%	90%
■ Stability and simplicity of the balance sheet	20%	-	-	150%	130%
■ 2021–23 Financial plan and efficiency	20%	-	-	150%	125%
■ Innovation	15%	-	-	150%	120%
■ Selected key initiatives in human resources	15%	-	-	150%	130%
■ Selected key initiatives in sustainability	10%	-	-	150%	130%
Global performance	**100%**	**-**	**-**	**150%**	**71.5%**

* *Average scores of the performance with neutralization of the impact of the sanitary crisis and without it.*

From 2021 performance year onwards, each component of the Group's performance will be capped at the same 150% achievement rate. With this evolution, the Board of Directors, upon recommendation from its Compensation & Governance Committee, wished to simplify the calibration of the Group's performance, in line with market practices in France and abroad, as well as feedback received from a number of institutional investors.

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.

A deferral mechanism applies to 30% of his variable compensation over a two-year period.

Pursuant to Article L.22-10-34 II of the French Commercial Code, the payment of the Chief Executive Officer's 2020 variable compensation is withheld until the approval of the Shareholders' Meeting on April 29, 2021.

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 is entirely based on the following formulas.

Management Committee members' performance with operating business responsibilities is determined according to the following metrics: 50%* (50% Entity Score + 50% Group STIC Score) + 50% Individual Performance Score.

The variable compensation of the members of the Management Committee with Group responsibilities is determined according to the following metrics: (50% Group STIC Score + 50% Individual Performance Score).

Group performance is measured by the (i) Underlying earnings per share, (ii) Return on Equity (adjusted Return on Equity – ROE), (iii) Gross revenues in both Commercial Property & Casualty and Health & Protection, (iv) Net Promoter Score (customer recommendation index), and (v) non-commission expenses. Individual performance is evaluated considering predetermined objectives specifically deriving from strategic initiatives.

The performance of operating businesses is determined in particular on the basis of the following performance indicators:

- Underlying earnings;
- Commercial Property & Casualty Gross revenues;
- Health & Protection Gross revenues;
- Net Promoter Score;
- Non-commission expenses;
- Property & Casualty current year Combined ratio.

For 2020 performance year, indicators that measure the Group performance have been defined at the beginning of the year with:

- a predefined target, aligned with the strategic plan (budget), the completion of which will result in 100% achievement;

- a floor (at which the STIC pay-out is 25%), which defines the threshold below which no variable compensation for that component will be paid;
- a cap (at a STIC pay-out of 175%), 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 and (ii) qualitative factors, including leadership skills demonstrated by the members of the Management Committee measured against the goals listed below:

- transform from the largest to the best Commercial lines player globally, including services at scale;
- become the leading Health & Protection insurance and services global player;
- deliver top-tier customer satisfaction in all segments;
- increase our efficiency and accelerate our move to technology and data leadership;
- ensure stable earnings growth with a robust balance sheet and contributing to shift our portfolio;
- be positioned among the most inspiring and inclusive employers, while enhancing our positive role in society.

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 2020: 1 USD = 0.8757 EUR; 1 HKD = 0.1129 EUR and 1 CHF = 0.9341 EUR.

The variable compensations paid to the Management Committee members for 2018, 2019 and 2020 were:

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

VARIABLE COMPENSATIONS PAID TO MANAGEMENT COMMITTEE MEMBERS

			Variable compensation for the year 2018			Variable compensation for the year 2019			Variable compensation for the year 2020		
(in Euro)		Country	Target	Actual	% Target	Target	Actual	% Target	Target	Actual	% Target
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,725,500 [(a)]	119%	1,450,000	1,609,500 [(a)]	111%	1,450,000	1,036,750 [(a) (b)]	71.5%
Total of the other Management Committee members [(c)]			8,691,210	10,453,693	120%	9,363,562	8,017,777	99%	9,525,696	8,142,914	85.5%

(a) This amount includes the part of the variable compensation with respect to 2018, 2019 and 2020 which has been deferred in accordance with the mechanism described on page 131. The total amount paid will depend on performance conditions and may then vary.

(b) Pursuant to Article L.22-10-34 II of the French Commercial Code, the payment of the Chief Executive Officer's 2020 variable compensation is withheld until the approval of the Shareholders' Meeting on April 29, 2021.

(c) As at December 31, 2020, the Management Committee was comprised of 13 members (similar to December 31, 2019).

ANNUAL DEFERRED VARIABLE COMPENSATION

Since 2013, the Board of Directors has implemented a deferral mechanism for 30% of for the executive officers' variable compensation over a two-year period.

Under this mechanism, the Chief Executive Officer's deferred amount of variable compensation for the 2020 fiscal year will be paid out in two tranches, in 2022 and 2023. The actual amount to be paid will vary depending on the AXA share price performance over the deferral period and will be subject to a minimum of 80% and a cap at 120% of the deferred amount; provided, however that no deferred 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.

The variable compensation deferral is subject to a malus mechanism which, while not required by applicable laws in France, is designed to further align AXA with international practices and regulations on executive compensation in the financial services industry.

At the end of February 2021, (i) the second tranche of Mr. Thomas Buberl's deferred variable compensation for the 2018 fiscal year, *i.e.* an amount of €230,122 and (ii) the first tranche of Mr. Thomas Buberl's deferred variable compensation for the 2019 fiscal year *i.e.* an amount of €193,140 were paid.

These amounts reflect the evolution of the AXA share price and were set at 89% of the deferred variable compensation granted in respect of the 2018 fiscal year and at 80% in respect of the 2019 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 (performance shares) are granted to Group executives.

These LTIs represent a significant 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 global 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 performance shares granted to the Group executives and valued in accordance with IFRS standards are not disproportionate compared to the aggregate compensation and shares granted to the said executives.

These performance shares are integrally subject to performance conditions (please refer to pages 136 and following) and therefore do not guarantee any grant or minimal gain for the beneficiaries.

The Board of Directors, upon recommendation from its Compensation & Governance Committee, decided that Mr. Denis Duverne, as Chairman of the Board of Directors shall not receive any performance shares or other long-term incentive during his term of office.

SUMMARY OF COMPENSATION, OPTIONS AND PERFORMANCE SHARES GRANTED TO MANAGEMENT COMMITTEE MEMBERS

MEMBERS OF THE MANAGEMENT COMMITTEE

			Year 2019					Year 2020				
(in Euro)		Country	Compensation granted in respect of the year	Value of options granted during the year	Value of performance shares granted during the year	Value of international performance shares granted during the year	Total	Compensation granted in respect of the year	Value of options granted during the year	Value of performance shares granted during the year	Value of international performance shares granted during the year	Total
Thomas Buberl	Chief Executive Officer	France	3,063,544 (a)	-	2,024,558	-	5,088,102 (b)	2,490,794 (a)	-	1,548,189	-	4,038,983 (b)
Total of the other Management Committee members (c)			18,780,436	-	3,814,466	5,609,452	28,204,354	18,161,419	-	3,677,688	2,354,013	24,193,120

(a) This amount includes the part of the variable compensation with respect to 2019 or 2020 which has been deferred in accordance with the mechanism described on page 131. The total amount paid will depend on performance conditions and may then vary.

(b) This amount includes the payment of the Chief Executive Officer's 2020 variable compensation which will be withheld until the approval of the Shareholders' Meeting on April 29, 2021.

(c) As at December 31, 2020, the Management Committee was comprised of 13 members (similar to December 31, 2019).

On each date of grant, the fair value of stock options and performance shares 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 6 "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, 2019, the fair value of one performance share was €15.17.

On March 12, 2020, the fair value of one performance share was €9.18.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2020

MEMBERS OF THE MANAGEMENT COMMITTEE

			Year 2020											
			Amounts granted with respect to the year						Amounts paid during the year					
(in Euro)		Country	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer	France	1,450,000	725,725 [(a) (b)]	-	-	4,044	2,179,769	1,450,000	1,631,350	-	-	4,044	3,085,394
Total of the other Management Committee members			8,487,887	8,150,253	-	-	120,568	16,758,708	9,890,598	6,955,298	-	-	120,568	16,966,464

(a) This amount does not include the part of the variable compensation with respect to 2020 which has been deferred in accordance with the mechanism described on page 131.
(b) Pursuant to Article L.22-10-34 II of the French Commercial Code, the payment of the Chief Executive Officer's 2020 variable compensation is withheld until the approval of the Shareholders' Meeting on April 29, 2021.

SUMMARY OF THE MANAGEMENT COMMITTEE MEMBERS' COMPENSATION FOR THE YEAR 2019

MEMBERS OF THE MANAGEMENT COMMITTEE

			Year 2019											
			Amounts granted with respect to the year						Amounts paid during the year					
(in Euro)		Country	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total	Fixed compen-sation	Variable compen-sation	Excep-tional compen-sation	Board fees	Benefits in kind	Total
Thomas Buberl	Chief Executive Officer	France	1,450,000	1,126,650 [(a)]	-	-	4,044	2,580,694	1,450,000	1,481,728	-	-	4,044	2,935,772
Total of the other Management Committee members			7,560,627	8,016,496	-	-	90,953	15,668,076	10,672,987	8,915,145	-	-	90,953	19,679,085

(a) This amount does not include the part of the variable compensation with respect to 2019 which has been deferred in accordance with the mechanism described on page 131.

The corporate officers do not receive Board fees from AXA SA.

The only "benefit in kind" for Messrs. Thomas Buberl and Denis Duverne is a company car.

COMPENSATION RATIOS

As required by the regulation in force and in accordance with the Afep guidelines updated in February 2021, the table below sets out the ratios comparing, on the one hand, the Chief Executive Officer's and the Chairman's compensation paid or granted in 2020 and, on the other hand, the mean and median 2020 compensation of employees of the holding company in France (AXA SA) [(1)] and, on a voluntary basis, of employees of the Group's France-based entities [(2)].

2020 Fiscal Year *(compensation paid or granted during the 2020 fiscal year)* [(a)]	Ratio against the mean compensation of AXA SA employees	Ratio against the median compensation of AXA SA employees	Ratio against the mean compensation of AXA employees in France	Ratio against the median compensation of AXA employees in France
Chief Executive Officer's Compensation	2.44	2.72	59.52	77.45
Chairman's Compensation	0.48	0.53	11.69	15.22

(a) The elements of compensation selected for the purpose of the table above are: the fixed and variable compensation, LTIs (in IFRS value), Board fees, benefits in kind and collective profit sharing, paid or granted to each relevant executive or employee during the fiscal year. These elements of compensation are in gross (employer charges excluded).

As required by the regulation in force, the annual evolutions over the five most recent fiscal years of (i) the Executive Officers' compensations of the Company (AXA SA), (ii) the performance of AXA, (iii) the mean compensation of employees of the Company and, on a voluntary basis, (iv) of the employees of the Group's France-based entities, and (v) the hereinabove mentioned ratios, are disclosed in the table below.

	Evolution (as %) between 2016 and 2017	Evolution (as %) between 2017 and 2018	Evolution (as %) between 2018 and 2019	Evolution (as %) between 2019 and 2020
Chief Executive Officer's Compensation (CEO) [(a)]	N/A [(b)]	+4.44% [(c)]	+6.7%	-14.07%
Chairman's Compensation [(d)]	0.00% [(e)]	0.00%	0.00%	-25.00%
AXA SA perimeter information				
AXA SA employees' mean compensation	+16.74%	+16.28%	-6.05%	-20.35%
Ratio between AXA SA CEO's compensation and the mean compensation of AXA SA employees	N/A [(b)]	-10.19%	+13.57%	+7.88%
Ratio between AXA SA Chairman's compensation and the mean compensation of AXA SA employees	-14.35% [(e)]	-14.01%	+6.44%	-5.68%
Ratio between AXA SA CEO's compensation and the median compensation of AXA SA employees	N/A [(b)]	-5.73%	+4.51%	+39.59%
Ratio between AXA SA Chairman's compensation and the median compensation of AXA SA employees	-14.23% [(e)]	-9.74%	-2.06%	+22.04%
French entities perimeter information				
AXA entities in France employees' mean compensation	+1.75%	+3.51%	+2.52%	+1.21%
Ratio between AXA SA CEO's compensation and the mean compensation of employees of AXA in France	N/A [(b)]	+0.89%	+4.08%	-15.1%
Ratio between AXA SA Chairman's compensation and the mean compensation of employees of AXA in France	-1.73% [(e)]	-3.4%	-2.45%	-25.78%
Ratio between AXA SA CEO's compensation and the median compensation of employees of AXA in France	N/A [(b)]	+1.57%	+3.68%	-15.68%
Ratio between AXA SA Chairman's compensation and the median compensation of employees of AXA in France	-2.27% [(e)]	-2.75%	-2.83%	-26.29%
AXA's performance information				
Underlying Earnings Per Share	+7.00%	+3.00%	+5.00%	-33.98%

(a) The CEO was appointed on September 1, 2016.
(b) No variable compensation with respect to the CEO term of office was granted during 2016.
(c) The variable compensation granted to the CEO in 2017 has been annualized for the purpose of the table above.
(d) The Chairman was appointed on September 1, 2016.
(e) The compensation granted to the Chairman in 2016 has been annualized for the purpose of the table above.

(1) Which has less than five employees.

(2) Around 15,000 employees.

DIRECTORS' FEES

Directors' fees

During the fiscal year 2020, the members of the Board of Directors, except for the corporate officers, only received directors' fees 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 2021 for 2020	Directors' fees paid in 2020 for 2019
Current members of the Board of Directors		
Denis Duverne – Chairman of the Board of Directors	0	0
Thomas Buberl – Chief Executive Officer	0	0
Patricia Barbizet	108,639.23	100,452.89
Martine Bièvre [(a)] [(b)]	84,285.07	81,534.92
Helen Browne	50,878.00	-
Jean-Pierre Clamadieu – Senior Independent Director	212,993.40	176,418.14
Bettina Cramm [(a)]	108,639.23	108,150.55
Irene Dorner	171,272.42	127,586.44
Rachel Duan	108,639.23	95,495.08
André François-Poncet	139,732.00	137,375.55
Antoine Gosset-Grainville	50,878.00	-
Isabel Hudson	61,928.83	-
Angelien Kemna	135,600.73	132,900.08
Ramon de Oliveira	194,106.59	180,722.80
Elaine Sarsynski	135,600.73	132,900.08
Marie-France Tschudin	31,103.55	-
Former members of the Board of Directors		
Stefan Lippe	56,419.96	213,490.23
François Martineau	34,783.21	81,534.92
Doina Palici-Chehab	64,499.83	110,759.92
Jean-Martin Folz Senior Independent Director until April 24, 2019	-	70,678.39
TOTAL	**1,750,000.00**	**1,750,000.00**

(a) Mmes Martine Bièvre and Bettina Cramm, members of the Board of Directors representing the employees, are employed by subsidiaries of the Company and as such, receive a compensation that has no link with their directorship. Their compensation as employees is therefore not published.

(b) Directors' fees due to Mrs. Martine Bièvre, member of the Board of Directors representing the employees, were, at her request, directly paid by the Company to the "Fédération des Banques et des Assurances CFDT" (French trade union organization).

Criteria of directors' fees allocation

The total annual maximum amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 25, 2018, at €1,900,000.

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 maximum 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);
- 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 Chair of the Committee receiving in each case a double fee.

Mrs. Helen Browne, member of the Board of Directors representing the employee shareholders of the AXA Group, received in 2020 an annual gross cash compensation of €680,117 in connection with her position as Group General Counsel. This compensation consists of €375,000 of fixed compensation and €305,117 of variable compensation.

Mrs. Angelien Kemna received in 2020 directors' fees of €90,000 in respect of her non-executive mandate in a Group subsidiary (AXA Investment Managers SA).

Performance shares and international performance shares

Performance shares are designed to recognize and motivate the Group's best talents and core skills by aligning the individuals' interests with the overall performance of the AXA Group, and the corresponding operational Entity/Business Unit as well as with the stock performance of the AXA share over the medium-long term. Performance shares generally result in low shareholder dilution due to the possibility to deliver existing shares, this choice being the one made up to this date.

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 multi-annual 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 from its Compensation & Governance Committee, approves a global performance share pool to be granted.

The recommendations for grants of performance shares are made by the management of each operating business and by the Group's 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 of the Board of Directors, which takes into consideration their aggregate compensation elements 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 Company, in line with market best practices, applies a regular and consistent formula to determine the number of shares to be granted each year to the beneficiaries.

The Board of Directors also decided that the total number of performance shares granted to the Company's executive officers each year may not exceed 10% of the aggregate number of performance shares granted during the same year, to avoid an excessive concentration of performance shares granted to the executive officers.

Finally, in 2019, AXA decided to simplify the structure of the senior executives' total variable compensation by implementing, in March (starting from 2020), a single pay award with (i) variable cash compensation and (ii) grant of performance shares. Thus, since 2020, the annual grant of performance shares has been made in March.

RULES REGARDING PERFORMANCE SHARES AND PERFORMANCE CONDITIONS

Each beneficiary receives an initial preliminary allocation of performance shares which is then used as a reference to calculate the 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 operating business performance, according to pre-determined targets.

The achievement rate of the performance conditions ("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%.

Thus, during the last few years, the performance criteria have been linked to (i) the underlying earnings and the adjusted earnings to measure the operating businesses' performance, and (ii) the adjusted earnings per share to measure the AXA Group performance.

The AXA Group performance weighted for 40% performance of the total performance while the operating business weighted for 50%. For beneficiaries in Group functions (including AXA executive officers) as well as Heads of Control Functions, the considered operating business is the AXA Group.

In 2016, two relative performance criteria were introduced in the calculation of the global performance:

- one criterion linked to Corporate Responsibility – CR (based on the Dow Jones Sustainability Index – DJSI) weighting for 10% of the global performance rate. Accordingly, the average of the scores achieved by AXA according to the DJSI during the performance period was 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 should be granted if AXA's score were lower than the 75th percentile [1],
  - 80% of the shares should be granted if AXA's score were equal to the 75th percentile,
  - 100% of the shares should be granted if AXA's score were equal to the 85th percentile, and
  - a maximum of 130% of the shares should be granted if AXA's score were equal or greater than the 95th percentile;

  Between these minimal and maximal performance levels, the number of shares definitely granted was calculated on a linear basis depending on the performance achieved;
- one financial criterion of relative performance 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 [2]) 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 should 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 should be calculated on a linear basis depending on the performance achieved.

The global performance rate was therefore calculated as follows: [10% CR (DJSI) + 40% Group performance (Adjusted earnings per share) + 50% operating business performance [average (Adjusted earnings + Underlying earnings)]] +/-5 points of relative performance (TSR) within the upper limit of 130%.

Since the 2017 grant, the performance target setting was aligned with the financial targets of the strategic plan over the performance period (*i.e.* 3 years).

In the event of 100% achievement of the strategic plan targets ("target"), the number of shares definitively granted at the end of the acquisition period would be equal to the number of performance shares initially granted.

Accordingly, for all beneficiaries except AXA's executive officers and members of the Management Committee, should the performance be:

- lower than 80% of the performance required to reach the target, no share would be delivered to the beneficiary at the end of the acquisition period; consequently the beneficiaries were not guaranteed a minimal grant/gain;
- equal to 80% of the performance required to reach the target, the number of shares definitively granted would be equal to 80% 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.

For the executive officers and members of the Management Committee, should the performance be:

- lower than the average cumulated results achieved over the 3 years immediately prior to the grant date, no share would be delivered to the beneficiary at the end of the acquisition period; consequently, in the absence of growth, no share would be granted, and no potential underperformance would be rewarded;
- equal to 100% of the average cumulated results achieved over the 3 years immediately prior to the grant date, the number of shares definitively granted would be equal to 50% of the number initially granted (40% for the 2020 grant);
- 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.

Between the different levels of performance listed above, the number of shares definitively granted to beneficiaries was calculated on a linear basis depending on the achieved performance of the various indicators used.

Furthermore, should no dividend be proposed by the Board of Directors to the shareholders of the Company during any fiscal year of the performance period, the number of shares definitively granted would be automatically divided by two.

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(1) The percentile represents the percentage of other companies included in the index which obtained a lower score.

(2) SXIP index (STOXX Insurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. As at December 31, 2020, the index included 35 companies of the sector.

The performance conditions, for the 2020 grant, are summarized in the chart below:

	Executive officers & Management Committee			Other beneficiaries		
	For 100% of the shares			For 100% of the shares		
	Performance		% granted	Performance		% granted
Group Performance (40%) *Adjusted earnings per share* **Capped at 130%**	Floor	100% of the average AEPS over the 3 years immediately prior to the grant date	40%	Floor	80% of the performance required to reach the target	80%
	Target	AEPS target	100%	Target	AEPS target	100%
	Outperformance	130% of the performance required to reach the target	130%	Outperformance	130% of the performance required to reach the target	130%

	Executive officers & Management Committee			Other beneficiaries		
	For 100% of the shares			For 100% of the shares		
	Performance		% granted	Performance		% granted
Operating Business Performance (50%) *Average (Adjusted earnings + Underlying earnings)* **Capped at 130%**	Floor	100% of the average AE + UE over the 3 years immediately prior to the grant date	40%	Floor	80% of the performance required to reach the target	80%
	Target	AE + UE target	100%	Target	AE + UE target	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
CR 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% Operating Business Performance + 10% CR criterion] +/-5 points according to AXA's score vs a relative performance criterion (TSR)

Performance rate divided by 2 should no dividend be proposed by the Board of Directors during any of the fiscal years of the performance period.
In any event the total number of shares definitely acquired is capped at 130% of the initial grant.

The sanitary crisis will significantly impact the achievement rates under the Group's 2018, 2019 and 2020 performance shares plans (vesting, respectively, in 2021, 2022 and 2023). In the exceptional circumstances of the sanitary crisis, the Compensation & Governance Committee carefully reviewed this situation including (i) the multi-year nature of the impact (which would significantly impact achievement levels in 2021, 2022 and 2023), (ii) the magnitude of the impact (which at the Management Committee level is estimated to result in achievement levels of 55%-65% for 2021 and 30%-45% for 2022 and 2023, depending on the role of executive in question), and (iii) the scope of the impact (which would significantly impact not only senior management but also more than 7,000 beneficiaries across the Group). After considering these factors as well as others, including the retention aspects, the Committee recommended to the Board (i) no adjustment to the 2018 plan (vesting in 2021) and (ii) an adjustment to the 2019 and 2020 plans (vesting, respectively, in 2022 and 2023) designed to preserve some retention value in these plans, as described below.

The Board of Directors wished to adopt the best practices of transparency in this area and, in line with the recommendations of the Afep-Medef Code, decided to disclose the adjustments decided.

For the 2019 and 2020 plans, the floor criteria of the Group performance (adjusted earnings per share), accounting for 40% of the performance conditions, is (i) *"100% of the cumulative average of adjusted earnings per share for the 3 years preceding the grant date"* for members of the Management Committee, and (ii) *"80% of the level of performance required to achieve the target rate"* for the other beneficiaries. The proposed adjustment would replace this floor criteria in the 2019 and 2020 plans with the following floor criteria applicable to all beneficiaries: *"70% of the level of performance required to achieve the target rate".* The target rate set by the Board of Directors is directly aligned with the financial objectives of the Group's 2023 strategic plan over the performance period.

All other conditions of the 2019 and 2020 plans remain unchanged.

The effect of this adjustment, which is subject to shareholder approval for the Group CEO, will be to preserve some retention value in the 2019 and 2020 plans. At the Management Committee level, this adjustment would enable executives to vest up to a maximum of 80% of their initial awards (with a cap at that level) if the Group performs well (at or above plan) over the performance period.

This approach, also adopted for the performance shares plan granted in 2021, will notably allow to (i) no longer compare the performance period with the three years preceding the grant (reference period), thus avoiding, for future plans, any windfall effect that would have been linked to the presence of the year 2020 in the reference period, and (ii) align the performance conditions of the plans with the objectives of the Group's 2023 strategic plan, while maintaining very demanding performance conditions and targets. For the criterion of adjusted earnings per share: (i) only the achievement of the target performance (corresponding to a 5% compound annual growth rate) will result in a 100% grant percentage, (ii) a performance equal to 70% of the target (corresponding to a 3.5% compound annual growth rate) will result in grant percentages of 50% and 40% respectively for the 2019 and 2020 plans for the members of the Management Committee (including the Chief Executive Officer) and 80% for all other beneficiaries, and (iii) a performance below 70% of the target will not result in a grant.

For performance shares granted in 2021, the Board of Directors has reviewed, upon recommendation from its Remuneration and Governance Committee, the nature and the weight of performance conditions as well as the level of corresponding targets, (i) an alignment with the new strategic orientations of the Group whilst (ii) meeting with regulatory requirements, including a greater consideration of non-financial criteria.

For the 2021 plan, the Group performance weights for 40% of the total performance while the operating business performance weights for 60%. For beneficiaries in Group functions (including AXA executive officers) as well as Heads of Control Functions, the considered operating business is the AXA Group.

The global performance rate is calculated based on the performance achievement on:

- one criterion linked to cash generation by the operating business, weighting for 30%;
- one criterion linked to underlying earnings of the operating business (for beneficiaries in Group functions, the considered indicator is the underlying earnings per share), weighting for 30%;
- one relative criterion linked to Corporate Responsibility based on the DJSI weighting for 10%. Accordingly, the average of the scores achieved by AXA according to the DJSI during the performance period will be compared to the average of the scores achieved by the other companies included in the DJSI over the same period. Consequently, under this indicator, 100% of the shares will be granted if AXA's score is equal to the 95th percentile (compared to 85th percentile beforehand);
- one criterion linked to Corporate Responsibility based on the reduction in Group operations carbon emissions, weighting for 10%;
- one criterion linked to Corporate Responsibility based on reduction in Group carbon footprint in G/A assets, weighting for 10%;
- one relative criterion meant to compare the growth of the total return of the AXA share (TSR) with the growth of the TSR of the stock reference index of the insurance sector (SXIP) (the "TSR criterion"), weighting for 10%.

Regarding each afore mentioned criterion (except the TSR criterion for the members of the Management Committee), should the performance be:

- lower than 70% of the performance required to reach the target (the "floor"), no share would be delivered to the beneficiaries at the end of the acquisition period; consequently, the beneficiaries are not guaranteed a minimal grant/gain;

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- equal to 70% of the performance required to reach the target, the number of shares definitively granted would be equal to 50% of the number initially granted for the members of the Management Committee and 70% for all other beneficiaries;
- 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 and for all beneficiaries;
- 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 and for all beneficiaries.

Regarding the TSR criterion for the members of the Management Committee, should the performance be:

- lower than 100% of the performance required to reach the target (the "floor"), no share would be delivered at the end of the acquisition period;
- 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.

The performance target setting set by the Board of Directors is directly aligned with the targets of the strategic plan over the performance period. Thus, only in the event of achievement at a level of 100% of the performance conditions, the beneficiary will acquire definitively the number of performance shares initially granted. For each criterion, between the different level of performance (floor, target and cap), the number of shares definitely granted is calculated on a linear basis depending on the achieve performance.

The global performance rate is calculated as follows: 30% performance of the operating business (cash generation) + 30% performance of the operating business (underlying earnings) + 10% Corporate Responsibility (DJSI) + 10% Corporate Responsibility (operations carbon emission) + 10% Corporate Responsibility (carbon footprint in assets) + 10% Group financial relative performance, capped at 130%.

Furthermore, in the event that no dividend would be proposed for payment (outside regulatory constraint) by the Board of Directors to the Company shareholders for any of the fiscal years of the performance period, the number of shares definitively acquired would be automatically divided by two.

Other conditions to acquire performance shares under this plan remain unchanged.

Performance conditions for the grant in 2021, are summarized in the chart below:

FOR 100% OF THE SHARES

Operating business performance (60%)		Performance achievement	% granted: Executive officers & Management Committee	% granted: Other beneficiaries
Cash generation (30%)	Floor	70% of the target	50%	70%
	Target	Cash generation target	100%	100%
	Cap	130% of the target	130%	130%
Underlying earnings (or Underlying earnings per share for the Group) (30%)	Floor	70% of the target	50%	70%
	Target	UE (or UEPS) target	100%	100%
	Cap	130% of the target	130%	130%

Corporate Responsibility (30%)		Performance achievement	Executive officers & Management Committee	Other beneficiaries
Score AXA *vs* DJSI (10%)	Floor	AXA score = 90th percentile	50%	70%
	Target	AXA score = 95th percentile	100%	100%
	Cap	AXA score ≥ 99th percentile	130%	130%
Reduction in operations carbon emission (10%)	Floor	Cumulated reduction = 11.6%	50%	70%
	Target	Cumulated reduction = 16.6%	100%	100%
	Cap	Cumulated reduction ≥ 21.6%	130%	130%
Decrease the carbon footprint of the Group's General Account assets (10%)	Floor	Cumulated reduction = 8.4%	50%	70%
	Target	Cumulated reduction = 12%	100%	100%
	Cap	Cumulated reduction ≥ 15.6%	130%	130%

Group financial relative performance (10%)		Performance achievement	Executive officers & Management Committee	Other beneficiaries
Score AXA TSR *vs* SXIP TSR	Floor	AXA score = 70% of the index	-	70%
	Target	AXA score = 100% of the index	100% (Floor)	100%
	Cap	AXA score ≥ 130% of the index	130%	130%

Calculation of the global performance rate = 30% performance of the operating business (cash generation) + 30% performance of the operating business (underlying earnings) + 10% Corporate Responsibility (DJSI) + 10% Corporate Responsibility (operations carbon emission) + 10% Corporate Responsibility (carbon footprint in assets) + 10% Group financial relative performance (TSR)

Performance rate divided by two should no dividend be proposed by the Board of Directors for any of the fiscal years of the performance period.
The total number of shares definitively acquired is capped at 130% of the initial grant.

The Performance Shares and International Performance Shares granted in 2020 and 2021 to the Management Committee members' (except for the Chief Executive Officer) will be acquired after a 3-year acquisition period, corresponding to the performance measurement period, and 50% of the shares acquired will be subject to a further 2-year holding period. The Performance Shares granted to the Chief Executive Officer will remain acquired at the end of a 3-year acquisition period and restricted from sale during a 2-year holding period.

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. 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.

PERFORMANCE SHARES PLANS SUMMARY

International performance shares plans

Grant date (Board of Directors)	06/06/2016	21/06/2017	27/06/2018	19/06/2019	12/03/2020	11/03/2021
Total number of beneficiaries	4,968	5,200	4,507	4,279	3,978	4,207
% of women's beneficiaries	32.0%	32.0%	32.5%	33.8%	34.0%	34.2%
Total number of *International Performance Shares* granted	6,324,271	5,759,830	4,531,764	4,514,526	6,314,782	5,819,786
Number granted to corporate officers:						
Thomas Buberl	40,341 [a]	-	-	-	-	-
Denis Duverne	-	-	-	-	-	-
Helen Browne	-	-	-	-	-	-
Acquisition date of *the International Performance Shares*	06/06/2020	21/06/2021	27/06/2022	19/06/2022 [b]	12/03/2023 [d]	11/03/2024 [d]
Number of *International Performance Shares* acquired at 31/12/2020	4,816,196	10,698 [c]	10,618 [c]	9,517 [c]	-	-
Number of *International Performance Shares* cancelled	1,492,698	1,217,643	705,122	359,493	296,976	-
Balance at 31/12/2020	-	4,814,376	3,818,687	4,149,395	6,017,806	

(a) International Performance Shares granted to Mr. Thomas Buberl prior to his appointment as AXA Chief Executive Officer.
(b) The members of Management Committee have a 1-year deferred acquisition period.
(c) Acquisition by anticipation following death events.
(d) 50% of International Performance Shares of the Management Committee members have a 2-year holding period.

Performance shares plans

Date of the Shareholders' Meeting	27/04/2016	27/04/2016	27/04/2016	24/04/2019	24/04/2019	24/04/2019
Grant date (Board of Directors)	06/06/2016	21/06/2017	27/06/2018	19/06/2019	12/03/2020	11/03/2021
Total number of beneficiaries	2,342	2,673	2,812	2,793	2,623	2,508
% of women's beneficiaries	40.1%	39.7%	39.7%	40.2%	42.9%	41.3%
Total number of *Performance Shares* granted	2,358,236	2,486,368	2,979,171	2,961,225	4,020,077	3,102,813
Number granted to corporate officers:						
Thomas Buberl	-	100,526	112,211	133,458	168,648	133,539
Denis Duverne	-	-	-	-	-	-
Helen Browne [a]	-	-	-	-	-	15,107
Acquisition date of the shares	06/06/2019 [b]	21/06/2020 [c]	27/06/2021 [d]	19/06/2022	12/03/2023	11/03/2024
End of restriction	06/06/2021	21/06/2022	27/06/2023	19/06/2022 [e]	12/03/2023 [g]	11/03/2024 [g]
Number of shares acquired at 31/12/2020	2,067,520	2,342,150	168 [f]	-	-	-
Number of *Performance Shares* cancelled	254,447	260,307	230,640	82,934	26,957	-
Balance at 31/12/2020	-	57,896	2,748,402	2,878,291	3,993,120	-

(a) The number of Performance Shares granted to Mrs. Helen Browne before her nomination as Director representing the employee shareholders is not disclosed.
(b) Eleven employees have chosen the 4+0 vesting calendar (acquisition at June 6, 2020 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(c) Twenty-four employees have chosen the 4+0 vesting calendar (acquisition at June 21, 2021 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(d) Six employees have chosen the 4+0 vesting calendar (acquisition at June 27, 2022 with no restricted period), based on the plan rules due to moves out of France during the acquisition period.
(e) The members of the Management Committee (including the Chief Executive Officer of AXA) have a 2-year holding period.
(f) Shares acquired by anticipation following death events.
(g) 100% of the Performance Shares for the Chief Executive Officer of AXA as well as 50% of the Performance Shares for the other members of the Management Committee have a 2-year holding period.

In the table above all dates that are indicated are in the format of day/month/year.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES GRANTED TO CORPORATE OFFICERS DURING 2020 AND 2021

Corporate 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	12/03/2020	*Performance Shares*	168,648	0.007%	1,548,189	12/03/2023	12/03/2025	Adjusted earnings per share Adjusted earnings Underlying earnings
		11/03/2021	*Performance Shares*	133,539	0.006%	1,938,986	11/03/2024	11/03/2026	Underlying earnings per share Cash generation Corporate Responsability Financial relative performance
Denis Duverne	Chairman of the Board of Directors	-	-	-	-	-	-	-	-
Helen Browne [(a)]	Representative of employee shareholders to the Board of Directors	11/03/2021	*Performance Shares*	15,107	0.001%	236,878	11/03/2024	11/03/2024	Underlying earnings per share Cash generation Corporate Responsability Financial relative performance

(a) The number of Performance Shares granted to Mrs. Helen Browne before her nomination as Director representing the employee shareholders is not disclosed.

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 6 “Consolidated Financial Statements” of this 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 & Ethics Code, 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 (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 lapse of restrictions on performance shares or similar events. 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.

PERFORMANCE SHARES/INTERNATIONAL PERFORMANCE SHARES ACQUIRED BY CORPORATE OFFICERS DURING 2020

Corporate 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	06/06/2016	*International Performance Shares*	40,341	06/06/2020	40,845	101.2% [(a)]	06/06/2020
		21/06/2017	*Performance Shares*	100,526	21/06/2020	109,955	109.4% [(b)]	21/06/2022
Denis Duverne	Chairman of the Board of Directors	-	-	-	-	-	-	-
Helen Browne	Representative of employee shareholders to the Board of Directors	21/06/2017	*Performance Shares*	11,180	21/06/2020	12,229	109.4% [(b)]	21/06/2022

*(a) The performance rate of 101.2% is composed of: [50%*106% (average of Adjusted earnings and Underlying earnings) + 40% x 103% (Adjusted earnings per share)+ 10%*130% (Corporate Responsibility)] - 5% (Total Shareholding Return – TSR).*

*(b) The performance rate of 109.4% is composed of: [50%*115% (average of Adjusted earnings and Underlying earnings) + 40% x 110% (Adjusted earnings per share)+ 10%*130% (Corporate Responsibility)] - 5% (Total Shareholding Return – TSR).*

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 2020 FOR EACH CORPORATE OFFICER

Corporate officers		Plan date	Number of shares becoming unrestricted during the year	Date of availability
Thomas Buberl	Chief Executive Officer	06/06/2016	40,845	06/06/2020
Denis Duverne	Chairman of the Board of Directors	19/06/2015	84,673	19/06/2020
Helen Browne	Representative of employee shareholders to the Board of Directors	19/06/2015	8,446	19/06/2020

In the table above all dates that are indicated are in the format of day/month/year.

Stock options

From 1989 to 2018, AXA granted stock options to its corporate officers and its employees in France and abroad. The purpose of these grants was to associate them with AXA's share price performance and encourage their performance over the long term. In 2019, after having progressively reduced the number of stock options beneficiaries over the past few years, AXA's Board of Directors, upon recommendation from its Compensation & Governance Committee, in order to simplify AXA's compensation policy and in line with market practice and feedback received from a number of institutional investors, decided to cease awarding stock options to corporate officers and AXA employees.

Previous plans are still valid until their expiration (maximum duration period of 10 years). They were 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.

On December 31, 2020, more than 1,260 AXA employees held a total of 13,575,722 outstanding options, representing 0.56% of the Company's share capital on the same date.

PERFORMANCE CONDITIONS

All options granted to all members of the Management Committee until 2018 were subject to performance condition. This performance condition also applied to the last tranche of each option grant (*i.e.* the last third of the options granted) for all other 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)]. 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.

Furthermore, the Board of Directors decided that a second performance condition would apply to the all options granted in 2017 and 2018, pursuant to which beneficiaries would not be able to exercise their stock options in the event the net income of the Group share is negative, and for as long as it remains.

(1) *SXIP index (STOXX Insurance Index): a capitalization-weighted index, which includes European companies that are involved in the insurance sector. As at December 31, 2020, the index included 35 companies of the sector.*

STOCK OPTIONS PLAN SUMMARY

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)	19/03/2010	19/03/2010	18/08/2010	18/08/2010	13/10/2010	13/10/2010	22/12/2010	18/03/2011	18/03/2011	04/04/2011
Total number of beneficiaries	5,062	476	3	5	1	17	8	6,372	423	170
Total number of shares to be subscribed [(a)] or purchased, from which to be subscribed or purchased by:	7,671,540	278,986	22,846	10,619	4,274	27,772	12,758	8,598,469	154,705	375,988
Corporate officers:										
Thomas Buberl	-	-	-	-	-	-	-	-	-	-
Denis Duverne	264,000	-	-	-	-	-	-	247,500	-	-
Helen Browne [(b)]	-	-	-	-	-	-	-	-	-	-
The first 10 employees beneficiaries [(c)]	742,217	75,035	-	-	-	21,364	-	980,684	21,412	183,500
Start date of exercise	19/03/2012	19/03/2012	18/08/2012	18/08/2014	13/10/2012	13/10/2014	22/12/2014	18/03/2013	18/03/2015	04/04/2013
Expiry date of options	19/03/2020	19/03/2020	18/08/2020	18/08/2020	13/10/2020	13/10/2020	22/12/2020	18/03/2021	18/03/2021	04/04/2021
Subscription or purchase price of options [(a)]	15.43	15.43	13.89	13.89	13.01	13.01	12.22	14.73	14.73	14.73
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	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 31/12/2020	6,089,269	226,040	15,846	6,458	4,274	7,833	5,582	6,593,797	119,621	258,715
Options cancelled at 31/12/2020	1,582,014	52,946	7,000	4,161	-	19,939	7,176	1,492,122	30,539	100,798
Options outstanding at 31/12/2020	257	-	-	-	-	-	-	512,550	4,545	16,475

(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) The number of options granted to Mrs. Helen Browne before her nomination as Director representing the employee shareholders is not disclosed.
(c) "Employees" other than corporate officers 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	27/04/2011	27/04/2011	23/04/2014	23/04/2014	26/04/2017	26/04/2017
Grant date (Board of Directors or Management Board)	16/03/2012	13/06/2012	22/03/2013	24/03/2014	19/06/2015	06/06/2016	21/06/2017	27/06/2018
Total number of beneficiaries	467	1	162	158	148	158	144	117
Total number of shares to be subscribed [(a)]	4,508,380	76,089	3,480,637	3,100,000	3,014,469	3,323,259	3,070,397	2,730,217
or purchased, from which to be subscribed or purchased by:								
Corporate officers:								
Thomas Buberl	-	-	-	48,800 [(d)]	50,272 [(d)]	70,598 [(d)]	175,917	196,366
Denis Duverne	192,000	-	169,000	155,000	145,381	-	-	-
Helen Browne [(b)]	-	-	-	-	-	-	-	-
The first 10 employees beneficiaries [(c)]	693,745	-	789,382	661,900	683,100	813,477	787,665	761,168
Start date of exercise	16/03/2014	13/06/2014	22/03/2015	24/03/2017	19/06/2018	06/06/2019	21/06/2020	27/06/2021
Expiry date of options	16/03/2022	13/06/2022	22/03/2023	24/03/2024	19/06/2025	06/06/2026	21/06/2027	27/06/2028
Subscription or purchase price of options [(a)]	12.22	9.36	13.81	18.68	22.90	21.52	23.92	21.60
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	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	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 31/12/2020	3,503,329	76,089	2,645,096	1,179,184	191,693	180,437	76,416	-
Options cancelled at 31/12/2020	561,339	-	282,014	319,246	326,225	536,807	285,466	98,212
Options outstanding at 31/12/2020	443,712	-	553,527	1,601,570	2,496,551	2,606,015	2,708,515	2,632,005

(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) The number of options granted to Mrs. Helen Browne before her nomination as Director representing the employee shareholders is not disclosed.
(c) "Employees" other than corporate officers at grant date.
(d) 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.

Under the AXA Group Compliance & Ethics Code, all employees (including the corporate 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 CORPORATE OFFICERS THAT BECAME EXERCISABLE DURING 2020

Corporate officers		Plan date	Nature of options	Number of options that became exercisable during the year [(a)]	Exercise price *(in Euro)*	Expiry date of options	Performance conditions
Thomas Buberl	Chief Executive Officer	-	-	-	-	-	-
Denis Duverne	Chairman of the Board of Directors	-	-	-	-	-	-
Helen Browne	Representative of employee shareholders to the Board of Directors	06/06/2016	subscription or purchase	5,378	21.52	06/06/2026	-
		21/06/2017	subscription or purchase	6,522	23.92	21/06/2027	-

(a) Stock 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 CORPORATE OFFICERS DURING 2020

		AXA options				ADS AXA options			
Corporate 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	-	-	-	-	-	-	-	-
Denis Duverne	Chairman of the Board of Directors	22/03/2013	37,648	13.81	21/12/2020	-	-	-	-
Helen Browne	Representative of employee shareholders to the Board of Directors	-	-	-	-	-	-	-	-

In the table above all dates that are indicated are in the format of day/month/year.

STOCK OPTIONS EXERCISED BY THE TOP 10 BENEFICIARIES (OUTSIDE THE CORPORATE OFFICERS) DURING 2020

	Number of options exercised	Weighted average price *(in Euro)*
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)	224,778	15.82

STOCK OPTIONS HELD BY CORPORATE OFFICERS (OPTIONS GRANTED BUT NOT EXERCISED AS OF DECEMBER 31, 2020)

		Balance of options at December 31, 2020	
Corporate officers		**AXA**	**ADS AXA**
Thomas Buberl	Chief Executive Officer	436,104	-
Denis Duverne	Chairman of the Board of Directors	371,993	-
Helen Browne	Representative of employee shareholders to the Board of Directors	74,586	-

Share ownership policy for executives of the Group

AXA implemented a shareholding policy applicable to the main senior executives of the Group. This policy imposes that each executive 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 members 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, regardless of their acquisition procedure, 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 her/his first appointment.

Pursuant to Articles L.22-10-59 II and L.22-10-57 of the French Commercial Code, the Board of Directors has decided that, as long as the Chief Executive Officer has not met his Minimum Shareholding Requirement, all Stock Options and Performance Shares granted to him 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. 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 the Chief Executive Officer complies with his Minimum Shareholding Requirement.

CHIEF EXECUTIVE OFFICER

On December 31, 2020, based on the AXA share value on that date (€19.51), the Chief Executive Officer meets his Minimum Shareholding Requirement such as described in the above Section "Share ownership policy for executives of the Group".

	Shareholding requirement				Shareholding on 31/12/2020			
	Fixed compensation	Number of years	Amount	Target date	Number of years	Amount	AXA shares	AXA Shareplan units
Thomas Buberl	€1,450,000	3	4,350,000	01/09/2021	7	€10,081,714.46	436,847	79,899

MEMBERS OF THE MANAGEMENT COMMITTEE

On December 31, 2020, based on the AXA share value on that date (€19.51), the members of the Management Committee held, on average, 1.6 time the equivalent of their fixed annual compensation, it being specified that all members of the Management Committee are still within the 5-year time following their nomination date allowing them to comply with their minimal shareholding requirement.

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, 2020, the number of AXA shares or ADS AXA indicated in the table below.

	Number of shares [(a)] owned on December 31, 2020	
	AXA Shares	ADS AXA
Denis Duverne – Chairman of the Board of Directors	1,596,014	18,734
Thomas Buberl – Chief Executive Officer	436,847	-
Patricia Barbizet	5,570 [(c)]	-
Martine Bièvre [(b)]	0	-
Helen Browne	108,145	-
Jean-Pierre Clamadieu	11,500 [(d)]	-
Bettina Cramm [(b)]	1,604	-
Irene Dorner	6,700	-
Rachel Duan	5,600 [(d)]	-
André François-Poncet	7,842	-
Antoine Gosset-Grainville	4,268	
Isabel Hudson	2,170	
Angelien Kemna	7,250	-
Ramon de Oliveira	-	20,265
Elaine Sarsynski	-	5,000
Marie-France Tschudin	1,595 [(e)]	-

(a) AXA shares which could be indirectly held through Mutual funds are not taken into account.
(b) The holding of AXA shares by directors representing the employees (Mmes Martine Bièvre and Bettina Cramm) is not mandatory.
(c) On January 20, 2021.
(d) On January 21, 2021.
(e) On January 22, 2021.

Transactions involving Company securities completed in 2020 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 2020 concerning their transactions involving Company securities. Detailed information about all of these transactions, as well as individual disclosures filed in accordance with Article L.621-18-2 of the French Monetary and Financial Code and Articles 223-22 A to 223-26 of the AMF General Regulations, are published on the Company's website (www.axa.com) and on the AMF website (www.amf-france.org).

						Options			Subscription of stock options		Subscription and sale of stock options		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)*	
Name	Sale of AXA shares *(Number)*	Purchase of AXA ADS *(Number)*	Purchase of AXA shares *(Number)*	Acquisition of performance shares (end of acquisition period) (Number)	Automatic reinvestment into the Company Savings Plan of dividends attached to shares held in the Company Savings Plan (Number of units)	Sale of call options (Number)	Acquisition of put options (Number)	Options that became exercisable (Number)	Subscription to AXA shares (Number)	Subscription to AXA ADS *(Number)*	AXA shares (Number)	Sale of units of AXA Group Mutual funds invested in AXA shares (Number of units)		Subscription to AXA shares (Number)	Subscription to units of AXA Group Mutual funds invested in AXA shares (Number of units)
Thomas Buberl	18,154 27,480			40,845 109,955 11,376 [(a)]											70,610.4651
Helen Browne (as of June 30, 2020)				2,109 [(a)]											2,689.2391
Bettina Cramm														1,498	
Rachel Duan			3,950												
Denis Duverne					13,129.2704				37,648 [(b) (c)]			28,541.75 [(b)]			18,814.6940
Isabel Hudson			670												
Doina Palici-Chehab (until June 30, 2020)	2,202			7,319				5,010 5,075							
Elaine Sarsynski		2,000 1,000													

(a) Retirement performance shares.

(b) Transaction performed by an independent financial intermediary pursuant to a discretionary mandate.

(c) AXA shares locked in under the AXA employee-stock purchase plan (plan d'épargne d'entreprise du Groupe).

Pursuant to the AXA Group Compliance & Ethics Code, 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 15 days before its quarterly financial information. Depending on the circumstances, these blackout periods could be declared at other times or be extended.

Commitments made to executive officers

PENSION COMMITMENTS

Mr. Denis Duverne as former Deputy Chief Executive Officer of the Company 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.

Mr. Denis Duverne, who retired from his position as Deputy Chief Executive Officer on August 31, 2016, and was appointed Chairman of the Board of Directors as of September 1, 2016, 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.

The Directive 2014/50/UE/of the European Parliament and of the Council of April 16, 2014, provides that, as from January 1, 2020, future pension rights must be portable and consequently can no longer be acquired in the existing defined benefit pension scheme. The collective defined benefits pension scheme was amended in 2020 in order to ensure compliance with European Directive.

Mr. Thomas Buberl, AXA's Chief Executive Officer does not benefit from the collective defined benefits pension scheme described above.

The Chief Executive Officer of the Company. Mr. Thomas Buberl, as well as all other employees of AXA Group entities in France, participate 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). 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 9.7% social charges (9.2% for CSG and 0.5% for CRDS).

Retirement performance shares

Since December 2016, AXA has implemented a retirement performance shares plan which benefits to all executive employees *(directeurs)* of AXA Group entities in France including for the Chief Executive Officer, Mr. Thomas Buberl.

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, and (ii) an obligation to hold the shares until retirement, provided that the beneficiaries may sell all or part of their shares for diversification purposes (following the three-year acquisition period), as long as the sale proceeds are invested in a long-term savings plan until the beneficiary's retirement.

The definitive acquisition of these performance shares is subject to (i) the beneficiary's presence in the AXA 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 performance period.

For all beneficiaries, to benefit from the totality of performance shares initially granted, the average AXA Group Solvency II ratio calculated during the performance 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. No shares will be acquired if the average ratio is below 150%. No minimum number of shares is guaranteed.

Between these performance levels, the number of shares definitely acquired is calculated, on a linear basis depending on the achieved performance. Eventually, in the event that no dividend would be proposed for payment (outside regulatory constraint) by the Board of Directors to the Company shareholders for any of the fiscal years of the performance period, no share would be definitively acquired.

The 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, to avoid an excessive concentration of retirement performance shares granted to the executive officers.

On December 15, 2020, the Board of Directors approved a grant of retirement performance shares. Accordingly, 802,552 retirement performance shares were granted to 499 officers, which represent 0.033% of the outstanding share capital on the date of the grant, of which 23,190 retirement performance shares were granted to AXA's Chief Executive Officer representing 2.9% 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, 2020, and ending on December 31, 2022.

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: 25/04/2018 Term of office: 2022	–	X	X (a)	–	X	–	–	X
Denis Duverne Chairman of the Board of Directors Beginning of current mandate: 25/04/2018 Term of office: 2022	–	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 additional pension schemes as Chairman of the Board.

In accordance with the recommendations of the Afep-Medef Code, Mr. Thomas Buberl has decided to renounce to 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 from 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 would 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) above 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 were approved by AXA' Shareholders' Meeting of April 25, 2018. They took effect upon Mr. Thomas Buberl's effective renunciation of his employment contract on September 1, 2016, and will continue as such for the duration of his mandate and under any potential renewed mandates.

Compensation policy of the Company's corporate officers (Ordinary and Extraordinary Shareholders' Meeting of April 29, 2021)

This policy was prepared in accordance with Articles L.22-10-8 and R.22-10-14 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 24, 2021, upon recommendation from its Compensation & Governance Committee.

The Compensation & Governance Committee, the role and composition of which are presented in detail in Section 3.1 of this Annual Report, 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 entirely composed of independent members, with the exception of the director representing the employees sitting on the Committee pursuant to the Afep-Medef recommendations, who exchange frequently with the Group's management and the 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 Company'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 and non-financial results.

Thus, the "at-risk" portion of the Chief Executive Officer's total compensation (variable cash 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, 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 companies and in the main European companies in the financial sector (insurance companies, banks), and upon recommendation from its Compensation & Governance Committee, decided to maintain unchanged, for 2021, 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 from its Compensation & Governance Committee, and following a comparative review of national, European and industry practices, decided to maintain unchanged, for 2021, 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 2021 fiscal year will be based on the following two components, each of them capped at a 150% achievement rate:

- the Group's performance, evaluated on the basis of (i) underlying earnings per share, (ii) cash remittance, (iii) gross revenues in Commercial Property & Casualty and in Protection, Health and unit-linked products, (iv) Net Promoter Score (customer recommendation index) and (v) non-commission expenses. The relative weight of each indicator is, respectively, 30%, 20%, 20%, 15% and 15%. Each of the indicators will be capped at a 150% achievement rate.

  The evolution of the choice and weight of the financial and operating indicators of the Group performance is part of a global review of the measurement of this performance on the short and long term with the objective to align them with the Group's new strategic orientations, while taking into account regulatory constraints, including a growing inclusion of extra-financial elements.

  The main pillars of the new "Driving Progress 2023" strategic plan: expanding Health and Protection; simplifying customer experience and accelerating efficiency; strengthening underwriting performance and growing cash flows across the Group, are thus included in the measurement of the Group performance applicable to the CEO's variable compensation as of 2021. The selected financial and operating indicators reflect objectives in terms of growth, cash remittance, operational efficiency and client proximity.

- individual performance, assessed on the basis of various indicators and qualitative and quantifiable 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 implementation 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 investments that are expected to contribute to the development of the Group's operations.

Each of these two components will be evaluated separately so that the Chief Executive Officer's overall variable pay-out reflects his performance against two distinct components assessed independently.

With respect to the 2021 fiscal year, the determination of the actual amount of variable compensation to be paid to the Chief Executive Officer will therefore be based on the addition of two components: the Group performance for 70% and the individual performance for 30%.

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 condition. Thus, the actual deferred amount will vary depending on changes in the AXA share price over the deferral period, within a minimum of 80% of the deferred amount and a maximum of 120% of the deferred amount. However, no deferred 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.

Should a significant change affecting the calculation of the Group's economic parameters emerge (significant patrimonial transaction approved by the Board of Directors, change in accounting norms…), the Board will be able to calculate the parameters *mutatis mutandis*, *i.e.* without taking into account extraordinary external elements.

The Board of Directors also reserves the right to exercise its discretionary power regarding the determination of the Chief Executive Officer's compensation pursuant to legal provisions and in accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, should any particular circumstance arise and justify an exceptional adjustment, either upwards (within the limit of 150% of the target variable compensation) or downwards, of one or several of the criteria composing the Chief Executive Officer's compensation, to ensure that the application of the abovementioned criteria fairly reflect the Chief Executive Officer's performance as well as that of the Group.

This adjustment may apply to the Chief Executive Officer's variable annual compensation following a justified decision of the Board of Directors, upon proposal by its Compensation & Governance Committee.

Payment of the Chief Executive Officer's variable cash compensation for 2021 is subject to the approval by the Shareholders' Meeting to be held in 2022 of the compensation elements paid during or granted with respect to the 2021 fiscal year to the Chief Executive Officer.

SHARE-BASED COMPENSATION GRANTED TO THE CHIEF EXECUTIVE OFFICER

Each year, the Board of Directors, upon recommendation from its Compensation & Governance Committee, decides to grant Long-Term Incentives (LTI) to the Chief Executive Officer in the form of performance shares.

In order to give the Chief Executive Officer a stake in long-term value creation, these performance shares represent an important part of his compensation. However, the value of the performance shares granted to the Chief Executive Officer as determined in accordance with the IFRS standards may not in any event exceed half of his total compensation.

The Board of Directors has also decided that the number of performance shares allocated to the Company's corporate officers may not exceed 10% of the total number of performance shares granted to all beneficiaries within the Group.

The performance shares 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 Annual Report), which are assessed over a minimum period of three years (followed by a two-year holding period), and do not guarantee a minimum grant or gain. Moreover, the performance shares 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 performance shares initially granted are irremediably lost, unless otherwise decided by the Board of Directors in a motivated decision disclosed at the time of the officer's departure (in such case, all or part of the performance shares could be maintained and the vesting calendar and performance conditions of the performance shares set at the grant date would remain unchanged).

Given the principles presented above and following an analysis of practices observed on the market for similar functions in CAC 40 companies of similar size and scope, the Board of Directors, upon proposal of its Compensation & Governance Committee, has decided that the total value of the performance shares to be granted to the Chief Executive Officer during 2021, 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.

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 schemes with defined benefits.

As all other executives of AXA Group entities in France, he participates in the retirement performance shares plan, under which grants are made on an annual basis.

The performance shares granted under such plan are subject to (i) an acquisition period of three years, and (ii) an undertaking not to sell the performance shares before the date on which the beneficiary retires, subject to the option offered to the beneficiaries, for diversification purposes, to sell their shares (after the end of the acquisition period of three years) as long as the proceeds of such sale are invested in a long-term savings plan until the beneficiary retires.

Acquisition of the performance shares is subject to the satisfaction of a performance condition (the details of which are set out in Section 3.2 of this Annual Report), linked to the average AXA Group Solvency II ratio calculated over the performance period. No minimum grant or gain is guaranteed to the Chief Executive Officer under this scheme. Furthermore, the number of shares definitively acquired would be automatically divided by two should no dividend be proposed for payment (outside regulatory constraint) by the Board of Directors to the Company shareholders for any of the fiscal years of the performance period.

The Board of Directors, upon recommendation from its Compensation & Governance Committee, has decided that the total value of the retirement performance shares to be granted to the Chief Executive Officer during 2021 shall not exceed 15% of his annual fixed and cash variable compensation.

(1) Except in the event of death, invalidity or retirement.

REGULATED COMMITMENTS MADE TO THE CHIEF EXECUTIVE OFFICER

The commitments made to the benefit of the Chief Executive Officer regarding social benefits and unemployment benefits are presented in more detail in this Annual Report.

Appointment of a new Chief Executive Officer after the Shareholders' Meeting to be held on April 29, 2021

For purposes of this policy 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 29, 2021.

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 companies and in the main European companies in the financial sector; 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) the amount of which, 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.

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For further information on the Chief Executive Officer's compensation, please see Section 3.2 of this Annual Report.

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 from 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 companies and in the main European companies in the financial sector.

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 Annual Report 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. 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 from its Compensation & Governance Committee, to maintain the amount of the fixed annual compensation of the Chairman of the Board of Directors unchanged, for 2021, *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, any performance shares grants, 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 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.

REGULATED COMMITMENTS MADE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The commitments made to the benefit of the Chairman of the Board of Directors regarding social benefits are presented in more detail in the Statutory Auditors' special report.

Appointment of a new Chairman of the Board of Directors after the Shareholders' Meeting to be held on April 29, 2021

For purposes of this policy 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 29, 2021.

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 fixed 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 companies and in the main European companies in the financial sector; 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.

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For further information on the compensation of the Chairman of the Board of Directors, please see Section 3.2 of this Annual Report.

COMPENSATION POLICY OF THE OTHER MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors [1] other than the corporate officers *(dirigeants mandataires sociaux)* are paid directors' fees as sole compensation from the Company.

Criteria for allocation of directors' fees (compensation in accordance with Article L.22-10-14 of the French Commercial Code)

The total annual maximum 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 (pursuant to 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 at €80,000);
- 65% of the remaining amount shall be allocated to the Board as follows: 40% shall be divided equally amongst Board members and paid as a fixed fee and 60% shall be paid depending on 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 amongst members and paid as a fixed fee and 60% shall be paid depending on Committee attendance, with the Chairman of the Committee receiving in each case a double fee.

The total annual maximum amount of directors' fees to be allocated to the members of the Board of Directors was set by the Shareholders' Meeting of April 25, 2018 at €1,900,000.

No directors' fees are paid by the Company to the corporate officers (*i.e.* Chairman of the Board of Directors and Chief Executive Officer).

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For further information on the members of the Board of Directors' compensation, please see Section 3.2 of this Annual Report.

(1) *Who have a four-year term of office.*

3.3 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 January 2020 (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" 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, while remaining in line with the principles of the Afep-Medef Code, to adapt the following provision of the Code:

- Section 9.5.1 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 or have held over the last five years a non-executive directorship in one or more Group subsidiaries 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 are however 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.

3.4 RELATED PARTY TRANSACTIONS

For further information concerning related-party transactions, please see Note 28 "Related-party transactions" included in Part 6 "Consolidated Financial Statements" of this Annual Report.

DESCRIPTION OF THE PROCEDURE FOR ASSESSMENT OF ORDINARY AGREEMENTS CONCLUDED AT ARM'S LENGTH TERMS AND CONDITIONS AND ITS IMPLEMENTATION

At its meeting of February 19, 2020 and in accordance with Article L.22-10-12 of the French Commercial Code, the Board of Directors adopted a procedure to regularly assess whether agreements relating to ordinary transactions concluded at arm's length terms and conditions actually meet these conditions. The assessment procedure has been implemented within AXA since that date.

This procedure provides for the Group Legal Department to be informed prior to the conclusion, amendment, renewal, extension or termination of any agreement falling within the scope of Article L.225-38 of the French Commercial Code, regardless of the ordinary nature of the transaction or the arm's length basis of the agreement. This information enables the Group Legal Department to carry out a prior review of the agreement in order to determine whether it should be subject to the "regulated" agreements procedure provided for under Articles L.225-38 *et seq*. of the French Commercial Code or whether it is exempt from such procedure. To this end, the Group Legal Department may seek the advice of the AXA Group's other relevant departments and of the Company's Statutory Auditors.

In addition, the Group Legal Department annually assesses whether ordinary agreements concluded at arm's length terms and conditions continue to meet the conditions for such qualification, in cooperation with AXA Group's relevant departments and the Company's Statutory Auditors where necessary. If the Group Legal Department considers that an agreement initially qualified as ordinary and concluded at arm's length terms and conditions constitutes a "regulated" agreement, the Board of Directors decides on the qualification of the said agreement and on the actions to be taken on it according to the qualification adopted.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Statutory Auditors' special report on regulated agreements

(Shareholders' Meeting of April 29, 2021 for the approval of the financial statements for the year ended December 31, 2020)

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' Meeting

AXA SA
25, avenue Matignon
75008 Paris,
France

Ladies and Gentlemen,

In our capacity as Statutory Auditors of AXA, we hereby report to you on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code *(Code de commerce),* it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These standards consisted in the verification of the consistency of the information we received with the basis documentation from which they are extracted.

AGREEMENTS TO BE APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreements authorized and concluded during the year to be submitted for approval at the Shareholders' Meeting in accordance with Article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved during prior years

In accordance with Article R.225-30 of the French Commercial Code, we were advised of the following regulated agreements, approved during previous years, which remained in force during the past year.

Agreement with Mr. Thomas Buberl (Chief Executive Officer)

Nature, purpose, terms and conditions

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 of AXA.

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 recommendations.

In this context, the Board of Directors, in view of the seniority of Mr. Thomas Buberl in his employee status and from the significance of his services provided to the Company, confirmed its wish to maintain social benefits (health and disability insurance, etc.), as an executive director, in the same conditions than the ones applicable to AXA Group director-level employees in France.

Agreement with Mr. Denis Duverne (Chairman of the Board of Directors)

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.

The Supervisory Board was concerned that the decision of Mr. Denis 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 authorized the Company to take all appropriate commitments to ensure that, as a corporate officer, Mr. Denis Duverne would continue to have social benefits (health and disability insurance, etc.) 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 and disability insurance.

Neuilly-sur-Seine and Courbevoie, March 22, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Bénédicte Vignon - Grégory Saugner	Jean-Claude Pauly - Maxime Simoen

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4 SUSTAINABILITY

4.1 AXA SUSTAINABILITY STRATEGY

This chapter describes AXA Group's Sustainability strategy. It includes an extra-financial performance statement that AXA publishes in accordance with the provisions of the EU Directive 2014/95 related to extra-financial reporting (1) and French law (2). This statement includes the AXA Group's business model and information on its main extra-financial risks ("sustainability risks") related to environmental, employer responsibility, society, human rights, tax evasion and corruption matters. For more information on the Group's risks exposure, refer to the Section 5.1 "Risk factors" in this Annual Report.

In-depth information on the AXA Group's Sustainability-related policies and practices is also available in the "Integrated Report", "Climate Report", in the online "Group Human Capital Report" (3) and on the AXA Group's website (www.axa.com), in particular in the Sustainability Section.

AXA's purpose entails sustainable value creation

In 2020 AXA formulated its purpose encompassing its role in the economy and commitments as a responsible company serving society. AXA used a collaborative process throughout the Group. Members of the Partners Group and AXA Group's Stakeholders Advisory Panel expressed their opinions. Consultations have taken place with employees through a dedicated Pulse survey (Pulse surveys are short and focused surveys measuring a few indicators in order to quickly identify areas of improvement). Responses were analyzed to throw light on the key features of AXA's identity. This work was then followed by contributions from the 1,000 Group leaders during AXA Days, which led to the formulation of a purpose that was submitted to the Board of Directors of the Group. Following the purpose's announcement at the Shareholders' General Assembly in June 2020 the AXA Conversation platform has eventually enabled AXA employees to discuss and adopt this purpose.

Our purpose "*Act for human progress by protecting what matters*" entails sustainable value creation with the aim to protect the environment and society in an inclusive manner. The essence of our insurance profession makes us a critical link in mutual support and social ties by pooling risks. Our understanding of risks enables all our stakeholders to anticipate the future and become more resilient. We enable individuals and communities to move forward by protecting their basic needs: environmental protection, access to healthcare, prosperity and quality of life. Our decisions and commitments are based on objective scientific data looking at things in an inclusive manner.

For more information on AXA's business model, please refer to Section 1.3 "Business overview" of this Annual Report.

(1) Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial information and information relating to diversity by certain large companies and groups.

(2) Articles L.225-101-1, R.225-105 and R.225-105-1 of the French Commercial Code.

(3) No information, documents or items contained in AXA's 2020 Integrated Report or the 2020 Group Human Capital Report or AXA's Climate Report, or available on the Company's website in connection therewith, is incorporated by reference in this Annual Report.

AXA's Sustainability strategy

Our Sustainability strategy is a key driver of employee engagement, customer trust and brand image. Sustainability is also a risk/opportunity management concern: it enables AXA to reduce certain operational costs and risks, while providing market opportunities in emerging business segments or driving innovation by taking better account of social and environmental issues.

In 2019, our Sustainability strategy has been focused around 3 priorities: climate change and environment, health & prevention, social inequalities and inclusion. In 2020 the implementation of this strategy went on. AXA uses the various levers of actions related to its expertise and activities: investment, insurance or its partnerships and its philanthropic activities, as well as its international footprint.

AXA is also committed to being a responsible employer, striving to keep employee engagement at the heart of its strategy and to create a workplace inspired by its values that fosters diversity and equal opportunity for all, promotes engagement, encourages professional development and supports employee well-being.

2020 has been impacted by COVID-19 unprecedented pandemic crisis: remote work for almost all our employees, AXA's commitment to protect jobs, investing in scientific research, mobilization of staff to support medical frontline helpers, development of telemedicine services contributing to alleviate emergency medical services. AXA got also involved in supporting the economy and green recovery. This mobilization which reasserts AXA's role in society, beyond its commercial activities are detailed throughout this Section. At the December 2020 IR Day AXA announced the main priorities of its new strategic plan, which integrated climate and inclusion challenges at the heart of its strategic plan "*Driving Progress 2023*".

AXA's contribution to the Sustainable Development Goals of the United Nations

In 2018, the Group developed a strategic thinking framework to identify its commitments to the UN Sustainable Development Goals (17 SDGs – see sustainabledevelopment.un.org) building on its risk analysis expertise. Main commitments have been identified based on AXA's capacity to have a real impact through its activities and operations. In 2019, the Group aligned its Sustainability strategic objectives with the 8 main SDGs on which the Group's initiatives have a significant impact. This alignment has been approved in 2019 by the Stakeholder Advisory Committee. AXA's purpose captures our commitments towards reaching the SDGs (see paragraph "AXA's purpose entails sustainable value creation" above).

AXA's Sustainability strategy contributes significantly to the 8 following SDGs:

Climate and biodiversity	SDG n°13 - Climate Action	AXA is engaged to integrate climate risks into its insurance and investment activities, and being an active steward. Section 4.3 "Climate change and biodiversity" covers how AXA is incorporating climate change measures into its national policies, strategies and planning (target 13.2). By the nature of its insurance activities AXA contributes to strengthen resilience and adaptive capacities in the face of climate hazards and climate-related natural disasters (SDG 13.1). As a risks expert AXA is active to improve education, awareness and individual and institutional capacities with regardto climate change adaptation, mitigation and early warning systems (SDG 13.3).
	SDG n°14 - Life below water	Since 2019, AXA has initiated actions to better take biodiversity into account. The Ocean program developed by its subsidiary AXA XL contributes directly to targets 14.2 (manage and protect marine and coastal ecosystems on a sustainable basis) and 14.3 (minimize ocean acidification and combat its effects). By adhering to the UNPSI-Oceana global declaration, AXA also contributes to target 14.4 (effectively regulate fishing, put an end to overfishing and illegal fishing). The Biodiversity action plan is presented in Section 4.3, paragraph "Biodiversity".
	SDG n°15 - Life on land	Partnership with WWF and Climate and Biodiversity Impact Fund (described in Section 4.3 "Climate change and biodiversity" of this Annual Report) initiate AXA's contribution to "mobilize financial resources from all sources and significantly increase them to preserve biodiversity and ecosystems" (SGD 15.a). Biodiversity action plan has been reinforced in 2020 strengthening AXA's contribution to SDG 15.
	SDG n°7 - Affordable and clean energy	AXA "green" investment target of €24 billion by 2023 as described in Section 4.3 "Climate change and biodiversity" of this Annual Report contributes directly to the 7.2 target, which consists in significantly increasing the share of renewable energy in the global energy mix by 2030.
Health and disease prevention	SDG n°3 - Good health and well-being	AXA's initiatives to exclude the cigarette industry (described in Section 4.4 "Inclusive insurer" of this Annual Report) are in line with the objective of implementing the WHO Framework Convention on Tobacco Control. In addition, AXA's Health initiatives are strongly focused on the prevention of non-communicable diseases. The Unicef partnership (described in Section 4.4 "Inclusive insurer" of this Annual Report) aimed at struggling against the dual global epidemic of obesity and diabetes (SDG 3.4). AXA also contributes to the prevention of road accidents (SDG 3.6)
Social inequalities and inclusion	SDG n°1 - No poverty	AXA Hearts in Action volunteers provide assistance to people living in extreme poverty and help eradicate the phenomenon, (SDG 1.1 and 1.2). These actions are described in Section 4.4 "Inclusive insurer" of this Annual Report.
	SDG n°5 - Gender equality	For many years now, AXA has been pursuing a proactive diversity and inclusion policy (described in Section 4.2 "Employer Responsibility" of this Annual Report): ending discrimination against women and girls (SDG 5.1), guaranteeing the equal participation of women in management positions (SDG 5.5). The program "Women in insurer" of this Annual Report described in Section 4.4 "Inclusive Insurance" constitutes the "business" component *of* the program, providing women with adapted financial protection solutions.
	SDG n°10 - Reduced Inequalities	Program towards women and AXA Emerging Customers (described in Section 4.4 "Inclusive Insurer" of this Annual Report) are contributing to SDG target 10.2, helping to empower all people and promote their social, economic and political integration, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status.

Sustainability governance & Stakeholder dialogue

AXA has established a solid governance framework to develop and implement its sustainability strategy. Each year, the Compensation & Governance Committee of the Board of Directors reviews this sustainability strategy. It's also presented several times a year to the Group Executive Committee for status and decision making. At the local entity level, a network of Corporate Responsibility Directors is in charge of implementing the sustainability strategy and promoting best practices.

AXA also relies on its Stakeholder Advisory Committee that was put in place in 2014 in order to better anticipate the future important matters to build stronger, safer and more sustainable societies. Twice a year, it brings together external and influential figures, who are collectively representative of civil society, as well as AXA's Management Committee and members of the Board of Directors.

The Stakeholder Advisory Committee has been instrumental to include AXA's role in society in the new strategic plan 2020-2023 and to phrase AXA's purpose in 2020. It has gathered a last time in April 2020 to discuss COVID-19 pandemic challenges, green recovery and anticipating the crisis' impacts on social inequalities and health systems.

With the start of "*Driving Progress 2023*" strategic cycle, this governance is evolving in line with AXA's ambition. The "Role In Society Steering Committee" (RISSC), which is co-chaired by the Group Chief Risk and Investment Officer, and the Group Head of Communication, Brand and CR, has been put in place in June 2020. This Committee is in charge of implementing this new strategy, in connection with the Board of Directors and the Management Committee.

It should also be noted that AXA's sustainable business strategy and initiatives are presented at least once a year to the Company's social authorities (social partners). Dialogue with NGOs is also regular through meetings or responding to their requests (replies to questionnaires, for instance). In addition, AXA is participating to coalitions that gather NGOs and public authorities, around climate and inclusion themes (see Sections 4.3 "Climate change and Biodiversity" and 4.4 "Inclusive insurer" of this Annual Report). Through these exchanges AXA can integrate major and emerging challenges into its strategy.

Sustainability Risk Assessment

In accordance with the requirements of Directive 2014/95/EU related to extra-financial reporting, AXA has conducted an internal risk assessment to identify its main sustainability risks.

SUSTAINABILITY RISKS ASSESSMENT METHODOLOGY

The approach implemented is based on collaborative work between Risk Management and Corporate Responsibility teams. First, risk factors for each area related to sustainability (Employer responsibility, respect for human rights, environment, society impact and business behavior) are identified, based on sustainability risks studied in prior years and the 2020 Future Risks survey (see Section 5.8 "Other material risks - Emerging risks" of this Annual Report Emerging risks and axa.com/en/magazine/2020-future-risks-report). Interests expressed by our stakeholders are also included.

These risks are assessed by an experts' panel (gathering Corporate Responsibility, Risk Management, Operational risks, Emerging risks, Human Resources, Compliance, Procurement, Investor Relations, Finance, Tax and Communication). The assessment is conducted, using the Group Operational risks' guidelines to rate potential frequency and severity. Impact of each risk on stakeholders' interests and expectations has been taken into account.

In 2020, the impact of COVID-19 pandemic on the materiality of our main sustainability risks has been estimated. This specific assessment has not significantly changed AXA's sustainability risk profile.

These results have been cross-referenced with the AXA Group Operational Risk Profile (for more information refer to Section 5.7 "Operational risk") and emerging risks assessment, which outlines major prospective emerging risks for society at large (refer to Section 5.8 "Other material risks - Emerging risks" of this Annual Report). Sustainability risks have also been compared to the Dow Jones of this Annual Report Sustainability Index' framework.

The sustainability risk mapping has been approved by Group Operational Risks Committee.

From this year's update, the following emerged:

- Biodiversity is a new sustainable risk included in AXA's Statement on Non-Financial Performance (see Section 4.3 "Climate change and Biodiversity - Biodiversity" of this Annual Report "Biodiversity"). It was previously considered as an emerging risk;
- Two Employer responsibility risks have been enriched: "Employer of choice and future of work" and "Inclusion and Diversity breeding talent and innovation" (refer to Section 4.2 "Employer Responsibility" of this Annual Report).

2020 MAIN SUSTAINABILITY RISKS

Based on this methodology, and in application of Article L.225-105-102-1 of the French Commercial Code related to extra-financial reporting, the following relevant risks, mitigation policies, and key performance indicators are presented in the table below:

Sustainability Theme	Sustainability risk	Reference to policy and initiatives	Indicator	2020	2019	2018	Objective Target	Objective Timeline
Employer Responsibility	Employer of choice and future of work	Section 4.2 "Employer Responsibility"	Employee Net Promoter Score	35	21	7	25	Annually
			Salaried employees with teleworking arrangements	52%	32%	N/A	70%	2023
	Employee development		Salaried employees having been trained at least once during the year	100%	100%	97.8%	100%	annually
	Inclusion and diversity breeding talent and innovation		AXA's gender parity amongst Top Senior Executives (women representation)	34%	32%	32%	50%	2023
Climate change and Biodiversity	Climate Change	Section 4.3 "Climate change and Biodiversity - Investment, Insurance and Own operations"	AXA's investments Warming Potential in degree celsius (corporate and sovereign)	N/A [(a)]	2.8°C	2.9°C	1.5°C	2050
			Green investments in € billion	16.1	11.7	11.3	24	2023
	Own operations environmental footprint		CO_2 emissions resulting onsite power consumption, car fleet and business travel (teqCO_2) [(c)]	84,647	191,238	172,887	-25%	2019-2025
	Biodiversity [(b)]	Section 4.3. "Climate change and Biodiversity - Biodiversity"	Number of children (in million) educated with AXA XL Ocean preservation program since the start of the program	8.5	7.2	6.5	10	2021
Inclusive Insurance	Inclusive insurer	Section 4.4 "Inclusive Insurer - Business -related societal initiatives"	AXA Emerging Customers' Number of customers (in million)	22	19	9.3	N/A	N/A
			Number of products designed for Women specific needs	25	26	18	N/A	N/A
			Number of entities that included "Women in insurance" strategic priority	17	17	12	N/A	N/A
	Partnership & Philanthropy	Section 4.4 "Inclusive Insurer - Corporate philanthropy and engagement"	Engagement rate of AXA employees in volunteering	22%	35%	29%	N/A	N/A

Sustainability Theme	Sustainability risk	Reference to policy and initiatives	Indicator	2020	2019	2018	Objective Target	Objective Timeline
Business Behavior	Anti-bribery & fight against corruption	Section 4.5 "Business Behaviour - Anti-bribery & fight against corruption"	% of entities having certified AXA Standards on Anti-bribery & fight against corruption	100%	100%	N/A	100%	Annually
	Business conduct	Section 4.5 "Business Behaviour - Business conduct"	% of entities having certified AXA Standards on Product Approval Process	100%	100%	N/A	100%	Annually
	Responsible data use, data privacy, and data security	Section 4.5 "Business Behaviour - Responsible data use and data privacy"	% of revenues covered by Binding Corporate Rules	99%	79% (d)	96%	99%	Annually
			Scoring ISO 27001 [(e)]	3.17	3.03	N/A	3.00	Annually
	Responsible procurement	Section 4.5 "Business Behaviour - Responsible procurement"	% of entities with Corporate Responsibility clause integrated within supply contracts	96%	N/A	N/A	N/A	N/A
			Suppliers having a good Corporate Responsibility external rating [(f)]	67%	N/A	N/A	N/A	N/A
	Tax policy	Section 4.5 "Business Behaviour" and 7.3 "General information - AXA Group Tax policy"	Coverage of Group tax footprint in Tax Transparency report [(g)]	90%	89%	N/A	90%	2021
			% of entities having certified compliance with AXA Group tax policy & tax Code of Ethics [(g)]	100%	100%	N/A	100%	Annually
Governance	Stakeholders engagement practices	Section 4.1 "AXA's Sustainability Strategy"	Number of external stakeholders exchanges [(h)]	2	2	2	2	Annually

N/A stands for Not Applicable (information not existing at the reporting period)
(a) 2020 indicator will be published in the 2021 Climat Report.
(b) Biodiversity metric is currently under development, for more information refer to Section 4.3 "Biodiversity" paragraph.
(c) Indicator compliant with SBTI principles.
(d) Indicator level is explained by the integration of AXA XL, entity was not integrated in Binding Corporate Rules rules scope.
(e) Scoring for the entities part of the "Quartile 1 program" – a program that aims at getting the 17 most significant or transversal AXA entities into the top 25% of the most secure company in our industry.
(f) External rating by ECOVADIS. "Good rating" means "bronze" level or higher.
(g) Reporting in year N is relating to year N-1.
(h) Stakeholders engagement practice is described in Section 4.1 "AXA Sustainability strategy - Sustainability governance & Stakeholder dialogue" of this Annual Report.

ESG Ratings

The Group's Environment, Social and Governance (ESG) performance is evaluated by specialized rating agencies. The Group generally ranks close to the top in its industry and is also included in main international sustainability indices. These ratings are described in further detail in Section 1 "The AXA Group" of this Annual Report.

Third party verification

PricewaterhouseCoopers Audit, one of AXA SA's Statutory Auditors, appointed as an independent third-party, presents in its report, featured in Section 4.7, a reasoned opinion on the compliance of the extra-financial performance statement with the provisions of French regulations (Article R.225-105 of the French Commercial Code) and on the sincerity of the information provided.

Reporting methodology

An assessment of the employer responsiblity, environmental, societal, business behavior and human rights impacts of the Group's activities has enabled the appropriate performance indicators to be defined in accordance with the requirements of the French Commercial Code.

SCOPE OF SOCIAL, ENVIRONMENTAL AND SOCIETAL REPORTING

For perimeters defined below, indicators are fully consolidated, unless otherwise indicated.

Scope of social indicators

The social data provided in Section 4.2 "Employer Responsibility" of this Annual Report are collected from 249 active entities of the AXA Group, all included in the consolidation scope of AXA (*i.e.* fully consolidated for the preparation of the Consolidated Financial Statements as of December 31, 2020, in other words, subsidiaries in which AXA holds, directly or indirectly, management control).

Scope of environmental indicators

Environmental reporting's scope is based on the same scope as Social reporting except that AXA sites with fewer than 50 FTEs are not included in the data collection process. These sites are part of an extrapolation process. In 2020, environmental indicators were collected for 98,691 FTEs working on AXA sites (unless otherwise indicated) and were then extrapolated, continent by continent, to cover all 117, 623 FTEs (all types of contracts) working at AXA Group in average in 2020.

AXA Tianping is gradually integrated into AXA's Corporate Responsibility policies and processes. Its 2020 environmental reporting does not cover the full framework but the environmental footprint of its whole workforce has been taken into account thanks to the extrapolation calculation that is carried out.

Scope of societal indicators

Our Community Investment Survey, as described in Section 4.4 "Inclusive Insurer" of this Annual Report, covers 98% of AXA's FTEs.

PERIOD

The indicators cover the period from January 1 to December 31, 2020, unless mentioned otherwise. To facilitate collection and processing, some data may be collected earlier in the year. The data for any remaining months (maximum 6 months) is then estimated in accordance with Group's defined methodology.

DATA REPORTING

Social data reporting

The social data provided in Section 4.2 "Employer Responsibility" of this Annual Report are collected through a reporting process defined by procedures associated with a list of indicators shared with all entities of the AXA Group. This process is updated and communicated to each entity on a yearly basis. Social data are provided by local correspondents into an IT tool dedicated to the social data reporting process. Consistency checks and quality controls are carried out before and during the data collect process. There is no estimation or extrapolation made on data provided. Regarding data published in ratios and percentages, numerator and denominator are realigned for each calculation to exclude entities with empty data points.

Environmental data reporting

Environmental data is collected since 2002, through a dedicated reporting tool filled out by the network of 300 environmental managers from AXA sites with more than 50 FTEs and data centers owned by AXA. The reporting procedure includes guidelines for reporting and controlling, and calculation rules. AXA monitors its environmental footprint reduction towards its targets. Reporting procedure is updated annually and contributors are trained each year. For each site, contributors specify whether the data has been measured or estimated based on the calculation rules defined in the Group's reporting procedures. In 2020, environmental data was collected for 84% of total FTEs, and the remaining 16% has been extrapolated. Reported data is validated locally by the entity CFOs. For more information, please refer to Section 4.3 "Climate Change and Biodiversity" of this Annual Report and to the footnotes of environmental data tables.

Societal data collection

Societal engagement data which is presented in Section 4.4 "Inclusive Insurer - Corporate philanthropy and engagement" of this Annual Report is collected through a dedicated reporting tool with specific definitions for engagement practices The number of unique volunteers is an estimate based on local entity knowledge of volunteering activities.

LIMITATIONS

Reporting on certain indicators may have limitations due to:

- the absence of nationally and/or internationally recognized definitions, concerning the different categories of employment contracts;
- the necessary estimates, the representativeness of the measurements or the limited availability of external data required for calculations as the required annual update of emission factors;
- the practical procedures for collecting and entering this information.

Therefore, whenever possible, definitions, methodologies and, where applicable, the associated margins of uncertainty are specified for the concerned indicators.

The sustainability themes "circular economy", "food waste", "fight against food insecurity", "respect of animals' well-being" and "sustainable food" are not considered as main non-financial risks to AXA and are not included in AXA's statement on non financial performance.

USE OF INTERNATIONAL BENCHMARKS

In order to develop its Sustainability strategy and report on its extra-financial performance, AXA voluntarily complies with certain international benchmarks, as described in this chapter. These include, for example, the United Nations SDGs (as developed above), the Greenhouse Gas Protocol (ghgprotocol.org) for the calculation of CO_2 emissions and the Science Based Target Initiative for the reduction of our carbon footprint. Other benchmarks are highlighted in the relevant sections, where appropriate.

4.2 EMPLOYER RESPONSIBILITY

Foreword

AXA's deep-rooted DNA to bring positive impacts to society and the environment is driven by its 114,625 employees. Skilled, motivated and purpose-driven people enable the Group to best support its customers and meet the major challenges of our time: facilitating post-COVID-19 recovery, sustaining the Group's climate leadership position and placing AXA among the most inspiring companies to work for with recognition through multiple awards in 2020 in a significant number of AXA's operations (Germany, Italy, UK, Belgium, for example).

The Group achieves this through a culture built on AXA's values and a working environment that embraces the individual contributions of all, nurtures personal learning and development, and supports employee well-being in current Smart ways of working. AXA's people strategy for the coming years is structured around two axes:

- reinforcing an inclusive and purpose-driven organization; and
- empowering employees to deliver at their best.

2020 has shown the relevance of AXA's strategy, with a focus on protecting the resilience and health of businesses and people and has accelerated a number of transformational changes already underway. This has guided the following human resources (HR) priorities:

1) equip managers and leaders to lead and drive engagement through purpose;
2) accelerate towards being best in class on inclusion;
3) act to position AXA as best in class on health and mental well-being for AXA's employees;
4) engage the employees and build momentum on climate change;
5) accelerate AXA's move to Smart working and leading in hybrid working environments;
6) empower employees to own their development and career journey;
7) support entities to rethink and redesign employee experience aligned with the purpose and the Employee Value Proposition of the Group.

Those seven priorities irrigate, structure and reinforce a sustainable employer responsibility approach fostering employee career evolution through skills development, talent management and mobility. AXA aims also to become an employer of choice, reflecting "the future of work". Finally, as one of the strongest convictions of an international group with a social and societal responsibility, the seven priorities strengthen the inclusion and diversity across the organization to breed talent and innovation.

For Key Performance indicators and associated targets, refer to 4.1 "AXA Sustainability strategy - Sustainability Risk Assessment" of this Annual Report.

HIGHLIGHT AND KEY FIGURES: GEOGRAPHICAL FOOTPRINT DISTRIBUTIONS AND AVERAGE AGES (a)

Continents	Headcount	Distribution	Evolution	Average age
Europe	66,021	57.6%	(-0.3 pt)	43.2
Asia-Pacific	30,675	26.8%	(+0.9 pt)	37.8
Americas	11,789	10.3%	(+0.0 pt)	39.3
Africa	6,140	5.3%	(-0.6 pt)	33.9
TOTAL	**114,625**			**40.9**

(a) Open-ended and fixed-term contract headcount.

AXA's overall salaried workforce on December 31, 2020, was 114,625 employees (open-ended and fixed-term contracts), which represents a decrease of more than 5% compared to 2019. This decrease is mainly due to (i) the disposals of the AXA Central & Eastern Europe insurance businesses, and (ii) the ICAS Southern Africa business and finally (iii) the decrease of AXA's workforce split between the different markets and transversal operations.

In 2020, the volume of resignations decreased by one-third and the turnover rate declined from 15% to 11% between 2019 and 2020.

For further details on the above figures and a comparison between 2019 and 2020, please refer to the tables at the end of Section 4.2.

Reinforcing an inclusive and purpose-driven organization

COVID-19 CRISIS RESPONSE: SUPPORTING ALL OUR STAKEHOLDERS

From the outbreak of the pandemic, AXA's key priority has been employees' health and safety. Leveraging existing security, safety and crisis management procedures, as well as working from home policies already in place in many countries, the Group was quickly able to switch to remote working, protecting employees in parallel with enabling them to remain fully operational to meet client needs.

AXA intensified its communication throughout the year, cascading regular updates from the crisis leadership team, conducting two additional "checking in" surveys, and consulting frequently with social partners. These guided a number of Group initiatives for employee well-being during the year, including:

- a commitment taken in April 2020 that the sanitary crisis would have no impact on the level of employment and on the remuneration of employees during the confinement period, and that AXA would not use furlough or *chômage partiel* schemes;
- ensuring that employee assistance programs (telemedicine and psychological support) were available for staff across the globe;
- the creation of a dedicated resilience program, with the Resilience Institute, to support managers and employees through uncertainty via webinars and on LinkedIn Learning;
- a #HowAreYou campaign involving specialist speakers aimed at de-stigmatizing mental health in the workplace; and
- series of resources available to employees including learning mini-series for managers on Managing Mental Well-being available on LinkedIn Learning.

CARING FOR AXA'S EMPLOYEES' HEALTH AND INVESTING IN LONG-TERM PREVENTION IMPLEMENTING A GLOBAL PROGRAM ON HEALTH AND WELL-BEING

AXA provides comprehensive employee benefits across its entities. This is critical for attracting and engaging talent and demonstrating that AXA cares about protecting health and well-being. To go a step further in its global employee benefits strategy, AXA launched a new global program to improve employees' health and well-being.

- To enforce prevention and access to care, each employee will be able to benefit from a complete in-person or digital medical check-up depending on their age, receive an annual flu vaccination and participate in information and awareness days organized on AXA premises to better prevent health-related risks; and
- To better support employees who encounter difficulties in their professional or personal life, AXA is giving access to an employee assistance program that provides psychological support and guidance, accessible at all times.

To be deployed in 2021 in all AXA entities, this program complements existing health and access to care services and better aligns the benefits provided to AXA employees across the globe.

STRENGTHENING AXA'S APPROACH ON INCLUSION

AXA believes in creating a company culture that values the contributions of every individual and provides equal opportunities to all. By being a diverse and inclusive group AXA can better reflect and respond to the changing world around us, for example by innovating in business offerings through more inclusive insurance products, as well as strengthening team performance.

The 2020 context – widespread health and socio-economic impacts, remote working, etc – has challenged AXA to think more widely about the people that the Group needs to be more conscious and inclusive of. Key topics championed centrally have been complemented by local initiatives, widening AXA's inclusion and diversity (I&D) approach:

- this year's Group Inclusion Conference explored ethnic and racial origins. This gained momentum in 2020 in several entities with for example the launch of "Rise" a Business Resource Group in AXA XL focused on developing colleagues from underrepresented groups;
- AXA in France's MIX'iN community for men and women has also broadened its scope beyond gender balance to include equality, disability, multi-generational and LGBT+ inclusion; and
- to mark the International Day of Persons with Disabilities in December, employees shared personal stories of invisible disabilities. AXA is an active contributor to cross-sector organizations such as the International Labor Organization Global Business and Disability Network and the Valuable 500, with whom the Group works to promote the inclusion of people with disabilities.

For more information please see the Careers Section on www.axa.com

DIVERSITY AMBITION AT AXA AND FOCUS ON GENDER BALANCE

Inclusion and diversity (I&D) are important drivers of talent and innovation, to attract and retain the best talents and strengthen AXA's reputation as an employer of choice in the market. AXA's I&D ambition is defined and deployed across the Group and reinforced through recruitment, learning and development and talent management policies and processes coordinated by a global community of HR professionals. AXA's leaders act as advocates for our I&D commitments to (i) reach gender balance across the organization, (ii) continue improving organizational awareness of diversity in all its forms, (iii) embed inclusion in the workplace to ensure equal opportunity regardless of age, nationality, ethnic origin, gender, sexual orientation, gender identity or expression, religion, marital status, or disability.

At the end of 2020, women made up over 53% of AXA's sales and non-sales workforce and held 32% (+1 point compared to 2019) of all Executive sales and non-sales positions. Since 2009, AXA has been tracking representation of women among its Top Senior Executives' population.

AXA is also committed to reaching gender parity by 2023 among its Top Senior Executives (The Global Leadership Network - GLN). The GLN was established in early 2019, and at the end of 2019, women represented 32% of this population. By the end of 2020, it had reached 34%. This has been achieved through a number of key actions, including:

- **strengthening gender-balanced talent pipelines at all levels of the organization**
  - since 2014, the Group has launched yearly Sponsorship Programs to enable to focus on the development of talented women across the organization. One of those programs, the Group Sponsorship Program, was managed at the Group level with ensuring the active participation of Management Committee members and Partners as sponsors and cascaded across 17 of AXA's entities,
  - in 2020, AXA launched its EVOLVE program to replace the Group Sponsorship Program. Evolve is a career management program to prepare leaders for their next career experience including future GLN positions. The first cohort – 15 women and 5 men, are from diverse backgrounds and nationalities as well as different business areas and markets;
- **developing female executives.** As part of Top Senior Executive development and talent review planning, AXA explores career-maps for women within the GLN, identifying next moves and working with local HR teams to prepare individuals locally for upcoming vacancies;
- **recruiting female talent.** AXA applies gender equality in recruitment processes. For each open GLN position, the short list of candidates includes a balanced slate. 55% of GLN positions in 2020 were filled by female candidates;
- **objective-setting to foster diversity.** Diversity in teams is a shared goal for AXA's GLN. All Management Committee members and Chief Executive Officers of entities have diversity objectives with a clear focus on improving gender diversity within their respective organizations; and
- **promoting gender diversity among CEOs under the GLN.** 55% of GLN CEOs who were nominated to effectively start as a CEO in 2020 were women. At the end of 2020, 30% of the CEOs are women.

At the end of 2020, the gender diversity within leadership teams was the following:

	Management Committee			Partners Group			Top Senior Executives		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Women	15%	15%	9%	27%	23%	17%	34%	32%	32%
Men	85%	85%	91%	73%	77%	83%	66%	68%	68%
TOTAL	**13**	**13**	**11**	**48**	**47**	**36**	**253**	**263**	**150**

AXA is committed to reaching gender parity amongst Top Senior Executives (the GLN) by the end of 2023.

The Management Committee assists the Chief Executive Officer in the operational management of the Group.

The Partners group is composed of members of the Management Committee and approximately 30 other Top Senior Executives from across the Group. Its principal role is to assist the Chief Executive Officer and the Management Committee in defining and implementing key strategic initiatives.

The Global Leadership Network is made up of CEOs and Executive Committees of AXA's largest markets, growth engines and major transversal entities, as well as senior leaders from the corporate functions, markets and some country CEOs. GLN members are central to the delivery of AXA's transformation over the coming years.

For more information on AXA's I&D policy, please refer to the "Reaching gender balance across the organization" page on www.axa.com.

Empowering employees to deliver at their best

In a challenging and evolving business environment, with the emergence of new risks and competitors, AXA is committed to helping its employees acquire the knowledge and skills to drive the Group's growth and be owners of their learning curve and individual career development. Through this the Group mitigates any impact on AXA's competitiveness and performance as well as the potential loss of key talents.

DEVELOPING AXA LEADERS AND TALENTS

AXA supports and develops talents through the Group's well-established career management strategy. The Organization and Talent Review (OTR) provides a systematic mapping of leadership roles and succession planning in the GLN. For the GLN population of 250 individuals, AXA conducts annual career discussions and targeted deep executive developments. AXA also supports executive development through the AXA Leadership Academy, which in 2020 was redesigned into a virtual format. Its curriculum focuses on business-critical skills like purpose-driven leadership and tech and data transformation.

Other targeted programs include the People Manager Academy for the Group's 10,000+ managers, a continuous development program, currently in production and co-created with AXA entities. It aims at developing skills such as effective team management, empowerment and resilience. AXA France has already implemented a dedicated program for its people managers (2,100 managers) through a dedicated WeAXELERATE digital platform that runs virtual workshops, webinars and conferences.

COMMITTED TO INTERNAL MOBILITY

AXA demonstrates a strong commitment to developing its people through internal mobility. In 2020, internal mobility between and within entities was at 8% (stable compared to 2019). It is AXA's commitment to further strengthen internal mobility in the coming years, and specific actions such as providing greater visibility and accessibility to jobs are underway.

A strong element of AXA's appeal as an employer is its global footprint across 54 countries. Mobility policies and processes support individual career aspirations and allow the Group to provide opportunities for development assignments abroad. Despite COVID-19 restrictions in 2020, AXA continued its commitment to international mobility, supporting 507 individuals in assignments across the Group (From 794 employees in 2019). Another 2020 initiative was the launch of a Graduate Program for AXA Group Operations giving new recruits the opportunity to work in up to three countries in key areas such as data science and software engineering.

FACILITATING LIFELONG LEARNING

With the objective of becoming a self-learning organization, AXA believes in offering new and continuous learning opportunities to equip employees with the necessary skills for tomorrow. For this the Group provides a mix of industry-related expertise, transversal knowledge and managerial and soft skills development. The efforts of the Group represent an investment in learning of more than €70.9 million in 2020.

This investment supports AXA commitment to develop and train all its people at least once a year; this has been achieved over the past two years. On average, across the Group, an employee develops and trains 3 days per year. Looking more especially to sales employees it is 6.5 training days per year.

The shift from in-person to online training as a result of the pandemic and the increasing use of a variety of shorter learning formats (video, quiz and interactive formats) resulted in a decrease of 7.5% in the total number of training days between 2019 and 2020 (335,269 days in 2020 compared to 362,448 days in 2019). Although the new formats allow to reach improved efficiency of learning activities, through adaptability and innovative approach, as well as self-learning.

Upskilling the Group's workforce is a challenge that AXA has accelerated through digital and on-demand learning models.

Key learning programs for all employees in 2020 included:

- the launch of LinkedIn Learning, which provides 16,000 modules of customized and off-the-shelf content, available anywhere, at any time and on any device. At the end of 2020, 36,000 of AXA's employees were regular users of Linkedin Learning;
- Future Fest, AXA's third annual Learning Week, this year highlighted tech and data, focusing on Artificial Intelligence, Data, Cybersecurity and Cloud. It was an opportunity to engage employees of all levels and guide them in understanding the challenges and opportunities Tech and Data can offer. Over 19,500 employees worldwide participated in a Tech & Data assessment, with over 8,000 participants on multiple global events, broadcast virtually; and
- novel and interactive formats were also introduced: AXA Switzerland launched peer-to-peer learning, sharing internal expertise in short TED-style talks, and AXA Italy broadcasted a series of podcasts from influencers, digital marketers and academics exploring self-development and talent.

4

RESPONSIBLE WORK CONDITIONS RESPECTING WORK-LIFE BALANCE

A priority over recent years has been building a more agile working culture through teleworking, part-time work, flexible hours or compressed working weeks. This is a physical and mindset transformation increasingly adopted across the Group. A more flexible environment is deployed in the campus-style workplaces in several AXA European entities (France, Spain, and Belgium), as well as in AXA Group Operations.

Smart working also accelerated in 2020 as part of AXA's digital transformation. In 2020, 52% (+20 points compared to 2019) of AXA salaried employees under open-ended contracts had teleworking arrangements (57% of non-sales and 22% of sales salaried workforces). This reflects both the widespread switch to remote working during the pandemic, as well as a strategic HR goal to create the workplace of the future with the target to reach 70% of teleworkers by 2023. AXA has drawn on its experiences in 2020 to devise its future Smart working strategy and the key focus will be on how best to motivate and manage people, time and projects to optimize productivity alongside a better work-life balance. This is a long-term cultural and organizational change that AXA will continue through training and learning programs for managers and all employees.

REINFORCING ENGAGEMENT THROUGH DIALOGUE AND FEEDBACK

Strengthening employee engagement has been a focus given the context of the COVID-19 crisis in 2020 and links to our key HR action of aligning employee experience with AXA's purpose and Employee Value Proposition. AXA has maintained continuous discussions with employee representative bodies, from the European Works Council to local union groups and has ensured a high- quality social dialogue. This ensures transparency on strategic and social topics impacting the workplace, and consultation on how AXA can support employees through any transition. Social dialogue allows the Group to align global principles with locally relevant approaches.

Each AXA entity engages with staff and/or their representatives for communications on a regular basis. AXA has also set up a European Works Council (EWC), which extensive role goes beyond regulatory requirements. Besides, AXA is a United Nation Global Compact signatory and is committed to uphold the right to freedom of association and collective bargaining.

In 2020 AXA launched its Employee Shareholder offering "Shareplan" across 37 countries including China, demonstrating the Group's commitment to increasing engagement and ownership. Participation was lower than in 2019 (15% in 2020 compared to 24% in 2019), reflecting a general trend towards caution in personal investment decisions in a year with much financial uncertainty.

Listening to employees and taking action builds a culture of feedback that connects everyone to AXA's purpose. To measure engagement, the Group conducted two Pulse surveys in 2020 – evaluating people's strategic alignment, confidence, and sense of empowerment. Employees believe in the Group's strategic direction (up 10 pts.) and recognize AXA as an agile, innovative organization that puts customers first (all saw double digit improvement). The Employee Net Promoter Score (eNPS) at Group level improved to 35 pts. – up from 21 pts as of December 2019. This puts AXA among the highest scorers in the Global High Performing Companies 2020, an indicative benchmark compiled by CultureIQ from companies in widely respected rankings such as Fortune's Most Admired and Best to Work For lists.

	2020	2019	2018	2017
eNPS target	25	14	0	-
eNPS result	35	21	7	(5)
EMPLOYEE COVERAGE	**100%**	**90%**	**85%**	**82%**

The Employee Net promoter score is measured by asking employees one question, "How likely are you to recommend AXA as a place to work". The answer scale is from 0 to 10, and the result is calculated by taking the percent of promoters (answers of 9 – 10) and subtracting the percent of detractors (answer of 0 – 5). This then produces a metric on a scale from (-100) to (+100).

For more information on AXA's I&D policy, please refer to the "Collecting feedback and Measuring Employee Engagement" page on www.axa.com.

Employer responsibility performance and social risks mitigation

Reporting on its non-financial social performance allows AXA to monitor and evaluate how HR policies and practices help the Group mitigate potential social risks and drive its strategic programs in two people-focused axes:

- reinforcing an inclusive and purpose-driven organization; and
- empowering employees to deliver at their best.

  The three main sustainability risks identified on Employer responsibility are monitored and followed through key indicators and targets described on Section 4.1. In 2020, results demonstrate the positive impact of the seven HR Priorities on those risks;

- become an employer of choice, reflecting the future of work

  Progress in this area is closely linked to initiatives around health and well-being, work-life balance and flexible working arrangements.

  This is measured through:

  - **eNPS score:** The eNPS 25 points 2020 annual target has been surpassed with a 32 points result in June 2020 and finally a 35 points result in December 2020. This represents a 14 points increase compared to December 2019;
  - **proportion of teleworkers:** The proportion of teleworkers has drastically increased in 1 year (+20 points), from 32% in 2019 to 52%. 2020 pandemic environment has catalyzed and accelerated teleworking agreements to reach a 52%. Nevertheless, almost all AXA employees were able to work remotely to adapt to different local regulations. It sets the stage for Smart Working strategy with the ambition to reach 70% of teleworkers by 2023, and
  - **besides, in 2020, in the perspective of the Health and Well-being initiatives,** the sickness absenteeism rate decreased from 3.3% in 2019 to 2.8% in 2020;

- foster employee career evolution through skills development, talent management and mobility

  Progress in this area is underpinned by individual assessment, training and learning programs as well as opportunities to move internally and internationally.

  This is measured through:

  - **proportion of employees having been trained:** despite the crisis, the development of all employees has remained a reality for AXA. 100% of AXA salaried workforce have been trained at least once in 2019 and in 2020, and
  - **in 2020, the mobility within the Group** has also remained stable (internal mobility rate: 8%) even if the number of international moves is slightly lower this year (507 employees in 2020 compared to 794 in 2019). The turnover rate decreased by 4 points between 2019 and 2020 to reach 11%, AXA's lowest turnover rate since more than 10 years;

- strengthening inclusion and diversity to breed talent and innovation.

  In addition to strengthening inclusion and diversity through awareness building, recruitment and development of people from underrepresented groups, AXA closely tracks progress on key gender balance commitments:

  - **2023 Gender parity at Top Senior Executive level:** at the end of 2019, women represented 32% of this population. At the end of 2020, it reached 34%. These 2 points. increase effort is illustrated at CEO level with a majority of women (55%) who were nominated to effectively start as a CEO in 2020, and
  - moreover, in 2020, a similar positive trend on women representation is observed within All Executives category position: 32% (+1 pt. compared to 2019).

Group Social Indicators

Workforce structure [(a)]	2020		Evolution	2019		2018	
Total headcount of salaried workforce as of December 31	***114,625***	***emp.***	***-5.2%***	***120,869***	***emp.***	***125,934***	***emp.***
Headcount of salaried workforce with fixed-term contract	4,347	emp.	-25.0%	5,799	emp.	119,780	emp.
Headcount of salaried workforce (open-ended contract only)	110,278	emp.	-4.2%	115,070	emp.	6,154	emp.
■ Proportion of All Executives	2.7	%	-	2.8	%	3.1	emp.
■ Proportion of All Professionals	43.1	%	-	43.6	%	43.9	emp.
■ Proportion of Associates	54.1	%	-	53.5	%	53.0	emp.
Women representation	***53.5***	***%***	***-***	***53.6***	***%***	***53.4***	***%***
■ Proportion of Executives women	31.7	%	+0.8 pt	30.9	%	28.7	%
■ Proportion of All Professionals women	45.6	%	-0.5 pt	46.1	%	44.9	%
■ Proportion of Associates women	60.9	%		60.9	%	62.0	%
Average Full-time equivalent (headcount converted into full-time equivalent) of salaried workforce	***107,998.9***	***fte***	***-2.4%***	***110,701.9***	***fte***	***115,768.5***	***fte***
■ Average FTE of salaried non-sales force	92,356.8	fte	-	94,558.6	fte	99,134.4	fte
■ Average FTE of salaried sales force	15,642.1	fte	-	16,143.3	fte	16,634.1	fte
Average FTE of temporary non-salaried staff	***9,623.9***	***fte***	***-9.5%***	***10,634.8***	***fte***	***8,586.9***	***fte***
■ Non-salaried temporary staff and contingent workers	6,802.6	fte	-	7,594.0	fte	5,768.1	fte
■ Trainees/Apprentices	2,821.3	fte	-	3,040.8	fte	2,818.8	fte
Employee Profile							
■ Average age of salaried workforce	40.9	yrs	0.8%	40.5	yrs	40.8	yrs
■ Average length of service of salaried workforce	10.6	yrs		10.3	yrs	10.4	yrs
■ Average number of working days per year	227.4	days	0.3%	226.7	days	229.1	days
■ Proportion of part-time salaried workforce	9.5	%	-	9.3	%	9.0	%
■ Proportion of Teleworkers	52	%	-	32	%	-	%
Number of employees with disabilities - concerns entities operating in France only	727	emp.	-	760	emp.	743	emp.

(a) Kamet (411 salaried employees with open-ended contract) did not report the teleworking indicators. The rates and ratio within this Section are the Headcounts as of 31/12 of the reporting year.

Workforce dynamics [a]	2020		Evolution	2019		2018	
Movements of salaried workforce: net headcount evolution (entries versus departures)	***(4,640)***	***emp.***		***(8,369)***	***emp.***	***708***	***emp.***
Entries	11,516	emp.	-33.0%	17,199	emp.	19,533	emp.
■ Number of external recruitments (incl. Rehires)	10,329	emp.	-	15,170	emp.	17,483	emp.
■ Number of fixed-term contracts transformed into open-ended contracts	1,163	emp.	-	1,968	emp.	2,013	emp.
■ Number of entries following external mergers and acquisitions	24	emp.	-	61	emp.	37	emp.
Departures	16,156	emp.	-36.8%	25,568	emp.	18,825	emp.
■ Number of resignations	7,840	emp.	-	11,521	emp.	12,372	emp.
■ Number of economic/collective layoffs	1,253	emp.	-	1,330	emp.	1,474	emp.
■ Number of individual layoffs	1,845	emp.	-	2,145	emp.	2,528	emp.
■ Number of retirements/pre-retirements	1,549	emp.	-	1,498	emp.	2,033	emp.
■ Number of departures due to external transfers	3,473	emp.	-	8,860	emp.	206	emp.
■ Number of other departures	196	emp.	-	214	emp.	212	emp.
Internal mobility rate of salaried workforce	***7.7***	***%***	***-***	***8.2***	***%***	***8.9***	***%***
Turnover rate of salaried workforce	***11.4***	***%***	***-3.6 pts***	***15.0***	***%***	***15.6***	***%***
■ Involuntary (layoffs/dismissals)	2.8	%	-	3.1	%	3.6	%
■ Voluntary (resignations)	7.1	%	-	10.4	%	10.4	%
■ Other reasons (pre/retirements and miscellaneous)	1.6	%	-	1.5	%	1.9	%

(a) External transfers: Salaried workforce who have left AXA because of an activity/job transfer to an external company or due to disposal of businesses, are no longer under a contract with AXA.
Kamet (411 salaried employees with open-ended contract) did not report the workforce dynamics indicators.
The rates and ratio within this Section are the Average Headcounts of the reporting year.

4

Compensation, absenteeism and training [a]	2020		Evolution	2019		2018	
Compensation cost of salaried workforce	***8,145.6***	***M€***	***-0.1%***	***8,151.6***	***M€***	***9,274.6***	***M€***
■ Proportion of fixed pay (related to wages)	81.3	%	-	81.2	%	77.2	%
■ Proportion of variable pay (related to wages)	18.7	%	-	18.8	%	22.8	%
Absenteeism rate of salaried workforce	***4.1***	***%***	***-0.6 pt***	***4.7***	***%***	***4.7***	***%***
■ Sickness absenteeism rate	2.8	%	-	3.3	%	3.2	%
■ Work-related accidents absenteeism rate	0.1	%	-	0.1	%	0.1	%
■ Maternity/paternity leave absenteeism rate	1.2	%	-	1.3	%	1.4	%
Number of training days of salaried workforce	***335,268.7***	***days***	***-7.5%***	***362,448.3***	***days***	***330,248.7***	***days***
Average number of training days per salaried workforce	3.0	days	-	3.2	days	2.7	days
■ Average number of training days per salaried non-sales force	2.4	days	-	2.7	days	2.2	days
■ Average number of training days per salaried sales force	6.5	days	-	6.1	days	6.1	days
Percentage of salaried workforce having received at least one training course	100	%	-	100	%	97.8	%
Training cost of salaried workforce	***70.9***	***M€***	***-***	***91.9***	***M€***	***88.1***	***M€***

(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 constant exchange rate basis, total compensation cost increased by 0.6%
Kamet (411 salaried employees with open-ended contract) did not report the absenteeism and training indicators.
Compensation and absenteeism: the rates and ratio of those categories are the average salaried FTEs of the reporting year.
Training: the rates and ratio of those categories are the Average Headcounts of the reporting year.
Training costs include external costs: such as (1) the external trainer cost and external instructional designer; (2) the external annual licensing for on the shelves e-learning content, or external unitary cost of acquisition of e-learning modules; (3) the logistics cost; and internal costs: such as (1) The salaries/wages of internal Learning and Development teams employees; and (2) the Learning Management System cost.

4.3 CLIMATE CHANGE AND BIODIVERSITY

As described above in Section 4.1, "AXA Sustainability strategy" of this Annual Report and in AXA's Business Model, environmental protection including the interconnected issues related to climate change and biodiversity loss, is a strategic pillar for the AXA Group's sustainability as an insurer, investor and a large multinational corporation. This Section covers all three dimensions.

AXA's position on climate change and biodiversity

Insurers are well positioned to address climate-related risks. They have claims loss data, as well as models and tools to analyze and conduct forward-looking approaches. They have a duty to disseminate knowledge about new risks and create adequate insurance products and investments policies. Finally, through their significant investments, they are also well positioned to send the right signals to the investment community and to the specific companies they invest in.

AXA's climate & biodiversity strategy, updated in November 2019, features the following developments, supporting the concept of aligning our business with the Paris Agreement:

- "Warming Potential" (see "Investments" Section below) of our investments aligned on a +1.5°C trajectory by 2050. This long-term target is complemented, since December 2020, with a -20% investment-related carbon footprint target between 2019 and 2025;
- a green investment target of Euro 24 billion by 2023;
- the launch of the "Transition Bond" asset class, with two issuances of €100 million in 2019 and 2020;
- a long-term total exit from the coal industry backed by strict investments and underwriting restrictions, as well as on other carbon-intensive industries;
- a target to contribute to carbon neutrality via our operations (direct environmental footprint);
- a commitment to address biodiversity loss through investment and underwriting policies;

These initiatives are developed in our annual Climate Report (see on axa.com) and in the following sections.

In addition, in 2020:

- the AXA Group called for the creation of an industry-led alliance to promote climate neutrality in insurance underwriting practices, the "Net-Zero Insurance Underwriting Alliance";
- in the wake of the COVID-19 crisis, the Group supported several calls to "build back better" after the crisis: the "Call for Mobilisation" led by EMP Pascal Canfin and the EpE association *(Entreprise pour l'Environnement)*-led call for a green recovery. AXA presides the World Economic Forum's "CEO Action Group for the European Green Deal" which is designed to help mobilizing private sector capital to finance the Green Deal despite the COVID-19 crisis;
- the COVID-19 crisis has had a significant impact on AXA's internal environmental footprint with a sharp decrease of business travel, buildings and vehicle fleet usage as a result of lockdowns and teleworking periods.

Investments

This Section describes our Responsible Investment (RI) initiatives in line with the voluntary disclosure requirements related to the Taskforce on Climate-related Financial Disclosures (TCFD, which focuses on climate risks) and the mandatory disclosure requirements set out in the French decree implementing Article 173 VI of Law No. 2015-992 of August 17, 2015, on the energy transition for green growth (which focuses more broadly on ESG). This is why the text below extends beyond purely environmental factors. Furthermore, this text is an overview of our more detailed "2021 Climate Report" [(1)], to be published on www.axa.com in Q2 2021.

DEFINITIONS AND GOVERNANCE

AXA defines RI as the integration of Environmental, Social and Governance (ESG) considerations into investment processes, including ownership practices. Our objective is to align investments with AXA's Sustainability agenda of protecting people over the long term and creating stronger and more sustainable societies. This agenda is in line with our interests as a global insurer and investor.

AXA's 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 research and empirical market data. Within ESG, climate change deserves special attention. We actively pursue measures to manage climate-related risks and opportunities.

AXA has developed a comprehensive RI strategy covering the Group's General Account assets, including its Unit-Linked investments, where relevant. The implementation of this strategy is overseen by a specific RI governance. AXA's Group-level Responsible Investment Committee (RIC) is chaired by the Group Chief Investment Officer, and includes representatives from AXA's Asset Management entity, Corporate Responsibility, Risk Management and Communication. The RIC reports to the Group Investment Committee, chaired by the Group Chief Financial Officer, and sensitive and/or strategic climate finance-related decisions debated in the RIC are ultimately approved by the RISSC (see Section 4.1 "AXA Sustainability Strategy - Sustainability governance & Stakeholder dialogue" of this Annual Report). In addition, in 2020 the "ESG Footprint Committee" reviewed risks posed by companies or sectors presenting a low ESG performance and/or serious and persistent controversies. AXA's RI policy is supported by the RI Center of Expertise, a transversal working group from AXA's local investment teams interacting with the CR network.

RESPONSIBLE INVESTMENT STRATEGY

AXA's Responsible Investment strategy is embodied in its Group Responsible Investment policy (published on the Group's website: www.axa.com/en/about-us/responsible-investment). In 2020, this policy was updated to include a new pillar, Climate-related portfolio alignment with Paris Agreement's objectives. The policy's six pillars are as follows:

- **ESG Integration:** We integrate ESG analysis into investment processes, using KPIs and qualitative research across most of our assets. ESG integration is coordinated centrally, with an active input from our asset managers that include ESG metrics in their investment analysis across asset classes and Regions. This includes the implementation of ESG "minimum standards" rules based on ESG and controversy scores to review and potentially exclude underperforming issuers from AXA's portfolios. In addition, ESG considerations as well as the transparency of the issuers are integrated in the internal credit risk analysis;
- **climate-related portfolio alignment with Paris Agreement objectives:** Carbon metrics are integrated into investment decisions. AXA continues to develop metrics for measuring the climate-related impact of our investments, in particular the contribution of our investments to the objective of the COP21 ("Paris Agreement") to limit global warming to well below 2°C;
- **exclusions and sensitive ESG investments:** Sector-based restrictions apply to sectors or companies that face acute social, human rights, ethical or environmental challenges. These sector restrictions are published on AXA Group website (www.axa.com/en/about-us/responsible-investment) and currently include controversial weapons, coal mining and coal-based power generation, tar oil sands and associated pipelines, palm oil, food commodity derivatives, and tobacco;
- **a green investment target and transition financing:** To increase the allocation of green assets across various asset classes and to support companies shifting towards less carbon-intensive business models;
- **impact investing:** Investments that create intentional, positive, measurable, and sustainable impacts on society (both social and environmental issues) while simultaneously delivering financial market returns;
- **active stewardship:** Through voting and engagement on a range of ESG or sustainability issues.

(1) *No information, document or item contained in AXA's Climate Report/TCFD 2021, or available on the Company's website in connection with the Climate Report/TCFD 2021, is incorporated by reference in this Annual Report.*

The AXA Group as well as its in-house Asset Management entity AXA IM and its multi-asset manager Architas are signatories of the UN-backed principles for Responsible Investment (UN PRI). AXA has implemented an online training course on responsible investment in collaboration with the AXA Group's Responsible Investment Center of Expertise and AXA Investment Managers, which is mandatory for the AXA Group's investment community and is also open to all AXA employees.

ESG integration

AXA tracks its investments' ESG performance by leveraging AXA IM's in-house ESG tool, where proprietary ESG scores and "impact-type" metrics are used to monitor ESG risks, identify areas of improvement, set targets or guide shareholder engagement. This analysis covers AXA's General Account assets (sovereign and corporate bonds, equity, property, infrastructure, and Commercial Real Estate debt):

- **for corporate issuers (equity and debt):** the ESG assessment emphasizes impact and materiality. It draws on fundamental principles, such as the United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies' activities in the field of sustainable development and social responsibility;
- **for sovereign issuers:** AXA's ESG scoring uses public data sources such as the World Bank, the OECD, and the UN (*e.g.* environment, social and political risks), and the criteria are adapted to the development levels of countries;
- **for real assets (direct property, commercial real estate loans and infrastructure debt and equity):** AXA's analysis framework is based on proprietary questionnaires covering criteria such as energy efficiency, environmental certificates, and accessibility.

Finally, "carbon footprinting", which is applied to our equities, corporate fixed income and sovereign debt assets, complements the ESG metrics. See also further climate-related KPI development in the following Section.

Climate-related portfolio alignment

As required by the TCFD guidelines and Article 173, AXA strives to translate international climate objectives derived from the COP21 Paris Agreement into quantitative investment targets since 2016. In 2020, AXA continued its work based on methodologies provided by external climate risk experts (Carbon Delta, Beyond Ratings, Trucost), while also using internal "NatCat" models to cover our Real Assets investments. This work covers two broad areas: "transition risks" and "physical risks", as defined by the TCFD and explained in more details below.

"TRANSITION RISKS": FINANCIAL RISKS AND "PORTFOLIO ALIGNMENT"

Modelling the extent to which investors may be impacted by shifting market and regulatory trends related to the transition to a low-carbon economy is termed "transition risk". It can be measured in financial risk terms (measured in Euros) or purely "climate impact" terms (measured in temperature rise).

- **Climate risk** (the potential impacts of climate change on AXA's investments): for equity and corporate bonds assets, AXA uses a framework developed by Carbon Delta (acquired by MSCI in 2019) which models transition risk based on "policy-related" risks arising from regulatory efforts to curb carbon emissions and comply with the 2015 Paris Agreement. This top-down approach identifies emissions reductions targets by country, sector and company-level, applies corresponding carbon price constraints, compensated by future "green revenue" estimates. This approach enables to project companies' potential costs or gains, which are translated into a forward-looking "cost of climate" indicator. For AXA's sovereign portfolios, AXA uses another methodology developed by Beyond Ratings, (acquired by the London Stock Exchange in 2019) to evaluate a comparable "transition risk" metric based on the allocation of carbon budget by countries supporting various warming scenarios, depending on macroeconomic variables such as GDP growth, population growth and energy efficiency;
- **Climate impact** (the potential impacts of AXA's investments on the climate): in 2020, AXA continued its investigation of the concept of an "investment temperature". This approach labelled "warming potential" in Carbon Delta's methodology, captures the climate-related aspects of a company's activities, including its direct and indirect greenhouse gas emissions, technology developments, and "green revenue" opportunities. This is derived from the carbon intensity alignment of each company relative to the sectoral carbon intensity target needed to reach global climate target. This produces a "warming potential" indicator per company and sector, and ultimately for AXA's investments.

"PHYSICAL" RISKS: CLIMATE IMPACTS ON AXA'S REAL ASSETS PORTFOLIO

In addition to the aforementioned "transition" risks, climate change, and in particular, extreme weather events, may impact "real assets" such as real estate. This is termed "physical" risks according to the TCFD guidelines. As an insurer, AXA has a significant amount of claims-related data to conduct a "physical risks" analysis on its real estate portfolio. AXA's Investments and Group Risk Management teams collaborate to evaluate the financial impact of floods and windstorms on the buildings and infrastructure of these portfolios.

Our physical risk assessment for real estate uses "NatCat" models – generally only used to assess the impact of natural catastrophes on insured exposure – combining stochastic events (windstorms, floods, hurricanes) and a geolocalised portfolio of real assets.

Specific "destruction rates", which factor location, building/infrastructure type and construction materials are then used to determine potential damage rates and derive a loss for each and every building/infrastructure.

Moreover, for corporate bonds and equities, the costs of "physical risks" have been assessed by modeling the expected financial impacts of extreme weather events on companies' facilities. The physical risk cost estimates factor in vulnerability to business interruption risk and asset damage, based on the exposure of facility locations to extreme weather events.

The analysis of "transition" and "physical" risks is further developed in our Climate Report/TCFD 2021.

2019: A CARBON NEUTRALITY/1.5°C PORTFOLIO TARGET

The Paris Agreement's goal to stabilize carbon emissions by 2050 ("carbon neutrality") requires that global warming be kept below +1.5°C compared to preindustrial levels during this century. The "warming potential" described above, which is a forward-looking and dynamic concept, is a relevant answer to this objective as it is similar to a "projected carbon footprint".

Following in-depth analysis of "temperature" methodologies, AXA announced in November 2019 its commitment to align its investments with the Paris Agreement, thereby committing to achieve a 1.5°C "warming potential" by 2050.

Our 2020 TCFD-related modelling shows that our investments (corporates and sovereign) have a 2.8°C "warming potential". This is below our benchmark of 3.6°C but nonetheless shows that investors are operating in a carbon-intensive economy that is not aligned with the Paris Accord. A vast energy transition effort is required. All companies must evolve, and it is incumbent on investors to identify and support relevant transition strategies.

AXA therefore joined the UN-led "Net Zero Asset Owner Alliance" (the NZAOA), whose objective is aligned with this transition imperative (see below).

2020: THE ANNOUNCEMENT OF AN INTERMEDIATE TARGET

As part of its participation in the NZAOA, AXA commits to publish intermediate targets every five years to track progress towards climate neutrality by 2050. In December 2020 AXA announced its intermediate target, a 20% reduction in the carbon footprint of AXA's General Account assets by 2025 (starting date being 2019 and representing an aggregated 20% reduction across corporate fixed income, listed equities and real estate assets). A carbon footprinting approach was chosen by NZAOA members as emissions reporting methodologies are considered currently more robust, and data availability is stronger. While various forward-looking metrics exist, such as the "warming potential" metric, more convergence is needed. AXA's contributions to supporting methodology convergence is developed in our Climate Report/TCFD 2021.

Exclusions and sensitive ESG investments

Certain activities and products are deemed to be inconsistent with our climate strategy and broader sustainability goals of protecting people over the long term. AXA has developed specific "sector guidelines" which apply both to investments and insurance (see following Section). These currently include the following sectors:

- coal and oil sands;
- "controversial weapons" manufacturers that are banned by international conventions (antipersonnel landmines, cluster munitions/cluster bombs chemical, biological and depleted uranium weapons, nuclear weapons proliferation);
- tobacco manufacturers, whose products conflict with our role as one of the world's largest health insurers;
- palm oil producers which do not adhere to this industry's best sustainability practices (notably regarding deforestation, land and labor rights);
- soft commodity derivatives which may be responsible for inflating the price of basic food commodities.

In total, AXA's divestments (including new coal-related efforts announced in 2019 - see below) represent approximately €7.5 billion (coal, tobacco, oil sands, controversial weapons and palm oil, in decreasing order of magnitude, and including AXA XL assets).

CLIMATE-RELATED EXCLUSIONS: COAL AND OIL SANDS

Carbon emissions will require significant curbing in order to reduce the risk of 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. Coal-based power generation is seen as the most risky industry in terms of such "asset stranding".

AXA acted early in May 2015 with a pioneering coal divestment, later strengthened in 2017 with underwriting restrictions, and extended these to our new entity AXA XL in 2018. In November 2019, this approach was amplified and complemented with a long-term perspective. AXA now bans investments, for General Accounts and in Unit-Linked assets in fully controlled mandates, in the following companies:

- power generation companies with coal share of power production (energy mix) over 30% and/or coal "expansion plans" producing more than 300 MW and/or over 10 GW of coal-based power installed capacity;

- mining companies with coal share of revenues over 30% and/or with annual coal production over 20 million tons and/or developing new coal mines;
- certain coal industry partners, defined as manufacturers (*e.g.* equipment suppliers) and infrastructure players (*e.g.* port terminals, dedicated railways) developing significant new coal assets;
- in addition to the above restrictions, AXA is committed to a long-term “exit” strategy reducing exposure to the thermal coal industry to zero by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world, as suggested by the main climate scenarios (such as the IEA “Beyond 2°C” scenario). This approach is applied both to our investments and underwriting (see below) activity.

AXA notably encourages this transition through active shareholder engagement and client communication. In particular, as a shareholder, AXA engages, alone or within specific investor coalitions such as Climate Action 100+, with the companies concerned (whether client or portfolio companies), in order to encourage them to develop and disclose an exit or closure plan.

Because oil sands are also a particularly carbon-intensive form of energy, AXA divested from the main oil sands producers and from the main associated pipelines players.

A green investment target and transition financing

GREEN INVESTMENTS

In addition to “temperature” targets and divestments, green investments encourage various sectors to ramp up their climate strategy. In November 2019, AXA committed to invest €24 billion in green investments by 2023. Green investments are defined as: green bonds, infrastructure debt & equity, impact investments, real estate, and commercial real estate loans. In December 2020, AXA’s green investments reached €16.1 billion (€11.7 billion end of 2019).

AXA and the IFC, a member of the World Bank Group focused on the private sector, launched a US$500 million partnership in 2017, supporting an infrastructure fund that will notably finance green infrastructures in emerging countries, including renewable energy, water, green transport and telecoms. At the end of 2020, mandatory loans amount to US$404 million, of which US$162 million has already been financed (at the end of 2019 mandatory loans amounted to US$390 million, of which US$120 million had already been financed). Coal and oil-sands related projects are explicitly excluded.

TRANSITION BONDS

Green or climate bonds are a recent but successful instrument designed to support projects with climate or environmental added value. However, it is also important to support carbon intensive players that are actively decarbonizing but have not yet reached the “greenness” that makes these efforts eligible to green bonds. This is why, since 2019, AXA IM has worked to develop the concept of “transition bonds”. In November 2019, AXA announced the launch of a first, €100 million “transition bond” in partnership with Crédit Agricole CIB. In 2020, AXA announced a second transition bond of €100 million in partnership with BPCE. The proceeds will be used to finance Natixis’ assets, being project and/or corporate loans from sectors with high emissions reduction potential as well as their contribution to a low carbon economy. The details of this project are available online. Throughout 2020, AXA IM acted as co-chair of the Climate Transition Finance Working Group of the International Capital Markets Association (ICMA) which published the Climate Transition Finance Handbook, the first global effort to frame the concept of transition finance.

Impact investing

Impact investing means investing with the clear intention of generating positive, measurable social and environmental outcomes, as well as competitive financial returns. AXA’s impact investing strategy is designed to align with this traditional definition of impact investing. This approach is aligned with the Operating Principles for Impact Management sponsored by the International Finance Corporation. AXA IM is a founding signatory to these Principles and a Member of the Advisory Board. Since 2013 AXA has committed almost €700 million to impact investing.

Active stewardship

As a shareholder and bondholder, AXA has the possibility to engage with the management of companies in which it invests in order to help catalyze positive change on certain issues (such as climate change, health, governance, market practices, etc.). These engagement activities are carried out either directly by the Group or by AXA IM on behalf of the AXA Group and third-party clients. AXA IM holds constructive and challenging discussions directly with investee companies, and as part of a coalition of investors, engaging with companies in key sectors. Voting at General Meetings is performed in favor of environmental, climate-related, social and governance issues including sustainability disclosures.

Biodiversity

Biodiversity loss endangers "ecosystemic services", which threatens both society and businesses that depend on them, and in turn investors and insurers that rely on a well-functioning economy. Addressing biodiversity-related risks and opportunities is a natural extension of AXA's climate efforts. Indeed, climate change is severely compounding the destruction of ecosystems around the world, adding pressures related to drought, ocean acidification, more intense natural catastrophes, etc. AXA's biodiversity strategy currently includes the following developments:

- AXA committed to several public Pledges since 2018: "Act4Nature", "Business for Nature" and the "Finance for Biodiversity" initiative. AXA's CEO also addressed the 2020 UN General Assembly to support these initiatives;
- in 2019, during G7 Ministerial meetings, AXA launched with the WWF the report "Into the Wild – Integrating nature into investment strategies" designed to raise awareness on biodiversity loss and its economic and financial impacts. It presents several recommendations, including the launch of a "TCFD-like" broad-based taskforce to promote the protection and restoration of biodiversity, as well as the creation of biodiversity risk metrics adapted to investors;
- AXA initiated a three years partnership (2020-2023) with the WWF which covers: crafting an industry-led taskforce to develop a biodiversity risk-related guidelines for the financial services industry (TNFD), developing biodiversity risk and impact metrics, and supporting AXA's Impact Investing work and relevant policy development;
- in 2020, AXA and the WWF helped create the "Informal Working Group" (IWG) dedicated to crafting the TNFD in 2021. The IWG features over 60 members which include insurers, corporates, asset managers, commercial, development and central banks as well as governments. AXA leads its "Governance" working group;
- AXA launched a $175 million "Impact Investment" fund focused on biodiversity protection. In 2020 AXA decided to double this commitment to $350 million. The Fund has a specific investment objective to deliver measurable impact outcomes: avoided emissions (CO_2 tonnes), area land conserved km^2, ecosystems and species preserved (km^2 and #), waste avoided (m tonnes), vulnerable communities protected (#people). The Fund has already completed 11 transactions ranging from a sustainable micro-forestry business in Kenya to a natural capital restoration project developer in Indonesia;
- AXA, together with 3 peers, BNPP AM, Mirova and Sycomore AM, launched an RfP to identify the most promising biodiversity risks data provider. The selected partner developed a tool based on the concept of the MSA (Mean Species Abundance) which tracks damage to biodiversity that can be correlated to investment databases. The four partners have committed to fund this organization for three years (2020-2023) in order to develop adequate risk and impact metrics;
- the AXA Research Fund actively supports academic research on biodiversity risks (see Section 4.4 "Inclusive insurer - AXA Research Fund" of this Annual Report);
- AXA XL actively contributes to the Ocean Risk and Resilience Action Alliance (ORRAA), an alliance focused on developing Risk Management strategies using the experience and expertise of the insurance and broader finance community, to protect ocean biodiversity;
- product innovation: there is growing understanding of the economic, social, and ecological importance of nature-based solutions to mitigate the effects of climate change. For example, coral reefs and mangroves provide protective benefits to many millions of people around the world and form a critical component of disaster Risk Management and climate adaptation in more vulnerable geographies. AXA XL is leading the work to build a Coastal Risk Index. By integrating coral reefs and mangroves into risk models, we will be able to more accurately price risk and support the development of Risk Management solutions, whilst catalysing the protection and sustainable management of coastal ecosystems to increase resilience and biodiversity. In 2020, alongside partners at "The Nature Conservancy" and the University of California, Santa Cruz, AXA published a study on how both indemnity and parametric insurance could be used as a finance mechanism to pay for mangrove restoration after extreme weather events. The first coral reef insurance product (not developed by AXA) deployed off Quintana Roo in Mexico was activated after Hurricane Delta in October 2020. Through a grant from the Ocean Risk and Resilience Action Alliance which AXA XL co-chairs, Willis Towers Watson and the MAR Fund are working with local governments and stakeholders to design and, ultimately, deploy new parametric insurance products at four sites along the Mesoamerican reef;
- finally, AXA has called for the adoption of a robust international agreement to be reached during COP15 in Kunming, China, at the end of 2021.

Insurance

GOVERNANCE

Insurance-related ESG risks and opportunities also benefit from a specific governance, notably the Group Underwriting Committee, which defines underwriting restrictions. The Group CR team provides a bridge with the RI-related governance. Since 2020, the RISSC (refer to 4.1, “ AXA Sustainability strategy - Sustainability governance & Stakeholder dialogue”) drives the integration of AXA’s climate and biodiversity strategy in its insurance activities. In addition, a dedicated team with Group Risk Management analyses Emerging Risks which often relate to long term ESG issues, and monitor their potential impact (refer to Section 5.8 “Other material risks - Emerging risks” of this Annual Report). The Group Emerging Risk Committee issues recommendations to adapt our business offer and underwriting policies.

UNDERWRITING RESTRICTIONS

It is inconsistent to commercially support industries that the Group has divested from. Therefore, AXA also restricts insurance coverage for coal and oil sands-related assets (as well as in the other industries mentioned in the previous Section), and arctic drilling. Since 2017, the underwriting restrictions ban Property and Construction covers for coal mines, coal plants, oil sands extraction sites or associated pipeline. In November 2019, AXA significantly strengthened these restrictions by adding the coal-related restrictions at client-level, mirroring divestment criteria (see investment Section above). Oil sand activities and arctic oil exploration activities are also banned for underwriting.

A business referral process is in place to monitor the implementation of these guidelines. These rules do not apply to Employee Benefits (Health, Savings, Life insurance) or to reinsurance treaty. The details of these policies are published on AXA Group’s website and in our annual Climate Reports.

COALITION-BUILDING: THE NET-ZERO INSURANCE UNDERWRITING ALLIANCE

In December 2020, at the occasion of the fifth anniversary of the COP21 Paris Agreement, AXA called for a significant new development in our underwriting business. Indeed, AXA has pioneered climate-related efforts and reframed the Paris Agreement as an investment roadmap by committing to climate neutrality in our investments. We also actively support coalitions that bring collective solutions to issues that require industry-wide cooperation. This is why AXA publicly supports the creation of a UN-convened “Net-Zero Insurance Underwriting Alliance” to collectively extend our commitment to climate neutrality to our insurance business.

OUR PRODUCTS

In addition to reorienting its investment strategy, the Group seeks to minimize its “indirect” impact by offering insurance solutions that promote environmentally-friendly behavior.

- AXA XL underwriters have significant expertise and capacity for insuring clients in the energy industry, with a strong focus on renewable energy;
- Some local entities also develop Motor and car fleet insurance policies encouraging low CO_2 emission vehicles, home insurance policies encouraging energy efficiency, renewable energy installations, and environmentally friendly claims strategies. For instance, in case of a car accident, AXA France promotes the use of second-hand parts instead of new ones, and AXA Switzerland encourages repairing damaged components (“micro-repair”) rather than swapping them out;
- AXA Climate offers parametric insurance products which, for example, help insured communities facing the consequences of climate-related disasters on agricultural crops (notably drought or flooding). Refer to Section 4.4 “Inclusive insurer” of this Annual Report and in AXA’s annual Climate Report;

See also innovative “Nature-based solutions” in “Biodiversity” Section.

Climate, biodiversity and ESG-related "outreach" and engagement

AXA supports various initiatives related to climate change and environmental protection. These include the following:

- **Net-Zero Asset Owner Alliance** (www.unepfi.org/net-zero-alliance)**:** the NZAOA is a coalition of institutional investors (insurers, pension funds etc.), convened under the auspices of the UN Principles for Responsible Investments, and launched during the 09/2019 UN Climate Summit. Its members collectively commit to transition their investment portfolios to net-zero greenhouse gas emissions by 2050, with united investor action to align portfolios with a 1.5°C scenario. The AXA Group leads the NZAOA's "Methodology" working group;
- **TCFD:** AXA co-presided the global industry-led Task Force on Climate Related Financial Disclosures (TCFD) upon its launch in December 2015. The TCFD was set up by the Financial Stability Board (FSB) and chaired by Michael Bloomberg and Mark Carney (former Governor of the Bank of England, now UN Special Envoy for Climate Action). The TCFD provides guidance on how to disclose climate change risk and opportunities. In 2019, the FSB approved AXA's renewed membership of the TCFD, notably with an ambition to investigate the relevance of "investment temperature" metrics;
- **CEO Action Group for the European Green Deal:** this coalition, initiated by the World Economic Forum (Davos) in 2020, strives to help finance the EU "Green Deal" in the wake of the COVID-19 crisis. AXA's CEO chairs this group;
- **Biodiversity-related pledges** supported by AXA include: Act4Nature, Act4Nature International, Business for Nature and Finance for Biodiversity;
- **Climate Finance Leadership Initiative:** the CFLI, which was launched in September 2018 by the UN Secretary General, and is presided by Michael Bloomberg, seeks to develop standardized and securitized investments at scale to tackle climate change;
- **Alliance of CEO Climate Leaders:** this is a group of 50 CEOs set up by the World Economic Forum (Davos) to actively engage in global efforts to create market opportunities for tackling climate change. Its goals are to promote strong climate action including a commitment to reduce carbon emissions, to support the TCFD, to support low-carbon solutions and finance, and to promote adequate regulation. AXA joined in 2018;
- **IDF:** AXA's Chairman presides the Insurance Development Forum since 2018. The IDF brings together the private sector insurers, reinsurers and brokers, together with the World Bank and the United Nations Development Program, with the aim to support the G20 "InsuResilience" objective of insuring 500 million more people in emerging countries by 2025 against climate-related disasters and of improving their climate resilience;
- **Plastic Solutions Investor Alliance:** as part of its engagements to protect biodiversity, in 2019 AXA became a member of the Plastic Solutions Investor Alliance, an international coalition of 25 institutional investors that engage with consumer goods companies on the threat posed by plastic waste and associated pollution;
- the Group has also signed a three-year partnership with the **WWF France.** See "Biodiversity" paragraph above;

AXA supports many Investor and Insurance-led coalitions over the years in the fields of ESG, RI and CR: UN PRI, UN PSI (notably supporting its "Pilot project" to adapt the TCFD guidelines to the insurance business), UN Global Compact, CDP, ORSE, EpE, Finance for Tomorrow.

Own operations

AXA monitors and reduces its direct (operational) environmental footprint.

ASSESSMENT OF THE 2012-2020 OBJECTIVES

In 2012, AXA had set objectives to reduce its internal environmental footprint by 2020. These objectives have mainly been met or exceeded, illustrating the efforts made by AXA to control its greenhouse gas emissions and its water and paper consumption.

2012-2020 Objectives	Units	Target 2012/2020	2012	2020	AXA performances	Target reached
Reduce our CO_2 emissions per FTE (energy, business travel, car fleet and paper)	TCO_2eq/FTE	-25%	2,4	1,5	-38%	Yes
Reduce energy consumption (Scope 1 et 2)	KWh/FTE	-35%	4,408	2,219	-50%	Yes
Reduce car fleet travel distance (Scope 1)	km/FTE	-15%	2,550	1,248	-51%	Yes
Reduce business travel distance (Scope 3)	km/FTE	-5%	2,395	750	-69%	Yes
Reduce office paper consumption (Scope 3)	kg/FTE	-45%	28.0	9.2	-67%	Yes
Reduce marketing and distribution paper consumption (Scope 3)	kg/client	-50%	0.1	0.04	-62%	Yes
Reduce use of water	m^3/FTE	-15%	10.0	4.8	-52%	Yes
Source paper from recycled or responsible sources	%	> 95%	66%	74%	-	No
RE 100 engagement: 70% renewable electricity in 2020	%	70%	NA	57%	-	No

PERFORMANCE TARGETS 2019-2025

As its 2020 objectives are coming to an end, AXA has been working to roll out new objectives for 2025 based on year 2019. With this new cycle, AXA aims at continuing its efforts to reduce the footprint of its operations on all the "Scopes" of its greenhouse gas emissions [(1)]:

- Scope 1: Emissions related to fuel combustion on AXA's sites (fuel oil…) as well as by its vehicle fleet (fuel);
- Scope 2: Emissions from purchased energy (mainly electricity consumed by AXA buildings);
- Scope 3: Emissions from business travel and IT activities. Emissions related to paper consumption, monitored until 2020, have become less material and are excluded from these new targets. Note: "Indirect" Scope 3 emissions related to our investments are described in Section 4.3 "Investments" of this Annual Report.

AXA has developed new objectives, based on the approach promoted by the Science Based Targets initiative (SBTi), which AXA joined in 2015. More specifically, AXA has chosen the "Sectoral Approach to Decarbonization" to define its 2019-2025 objectives, aimed at achieving the goals of the Paris agreements. AXA has submitted to the SBTi a target of -25% for the energy, car fleet and business travel perimeter.

This objective is part of a broader framework that integrates the new measures related to AXA's IT activities and which translates into an overall reduction of the Group's CO_2 emissions of -20% by 2025 compared to 2019 (energy, car fleet, business travel and office automation and IT activities perimeter).

(1) *As defined by the "Greenhouse Gas Protocol": www.ghgprotocol.org.*

	Unit	Target 2019/2025
Reduce AXA's CO_2 emissions (Energy, car fleet and business travel and IT activities) [(a)]	t.CO_2 eq	-20%
CO_2 emissions core operations submitted to SBTi [(c)]	t.CO_2 eq	-25%
CO_2 emissions due to energy consumption	*t.CO_2 eq*	*-35%*
CO_2 emissions due to car fleet	*t.CO_2 eq*	*-20%*
CO_2 emissions due to business travel	*t.CO_2 eq*	*-18%*
Reduce energy consumption	KWh	-10%
RE100 commitment to renewable electricity (AXA-buildings and data centers) [(b)]	%	100%
Reduce unsorted waste per FTE	kg/FTE	-10%
Reduce water consumption per FTE	m^3/FTE	-10%
Reduce office and marketing paper consumption per FTE	kg/FTE	-20%

(a) As CO_2 emissions linked to paper consumption become less material for AXA, they are excluded from CO_2 targets.
(b) In line with AXA's "RE100" commitment for Electricity. RE100 is a coalition of companies that commit to purchasing 100% of their electricity from renewable sources.
(c) It translates into: -25% Scope 1 (direct energy and fuel); -35% Scope 2 (electricity and other indirect energies); -18% Scope 3 (business travel).

Please note that AXA has not set targets for Scope 3 employee commuting to and from work given that AXA does not monitor commuting constraints (employee's personal choice, location, infrastructure…).

2020 ENVIRONMENTAL PERFORMANCE

CO_2 emissions

CO_2 emissions related to energy consumption, car fleet and business travel have decreased by -56% between 2019 and 2020 and amount to 84,647 tons equivalent CO_2 (t eq CO_2) *versus* a 2020 target of 182,406 t eq CO_2.

In 2020, 58% of the Group's CO_2 emissions are related to energy consumption, 21% to business travel (air and rail), and 21% to AXA's vehicle fleet.

SCOPE 1 CO_2 EMISSIONS

AXA's Scope 1 emissions include the CO_2 emissions generated by gas and heating oil burned on site, as well as the fuel used by the Group's automobile fleets. The calculation of CO_2 emissions related to primary energy consumption for buildings is done using ADEME emission factors or those communicated by the supplier for renewable energies such as biogas. For car fleet emissions, an emission factor per km is applied based on the vehicle's emission range. To take into account regulatory changes and new WLTP standards ("Worldwide harmonized Light vehicles Test Procedure"), vehicles acquired or leased from 2020 onwards are classified according to the WLTP standard.

Scope 1 CO_2 emissions amounted to 26,292 t eq CO_2 in 2020, a decrease by 31% compared to 2019. AXA's 2020 target was 36,133 t eq CO_2 (target is -25% between 2019 and 2025). This result is mainly explained by less heating due to the COVID-19 crisis, but also by energy saving measures and shift to other energies. Use of vehicle fleet was also down in 2020 compared to 2019 with a decrease by -33% of traveled kilometers and the CO_2/km emissions of the AXA fleet decreased from 124 gCO_2/km on average to 121 gCO_2/km (-2%).

SCOPE 2 CO_2 EMISSIONS

CO_2eq emissions related to electricity consumption are calculated based on consumption in kWh. If the primary source of electricity is known, ADEME emission factors are used. Otherwise, either we use the emission factor provided by the electricity suppliers or the average emission factor for electricity in the country (source ADEME or the European Environment Agency for European countries).

For other secondary energies (heating and cooling networks) we use the emission factors provided by ADEME or the supplier if the secondary energy is produced from a primary renewable source.

Scope 2 emissions amount to 40,894 t eq CO_2 in 2020, a decrease by -35% compared to 2019. AXA's 2020 Target was 58,465 t eq CO_2 (target is -35% between 2019 and 2025). This decrease is mainly due to the lower consumption induced by reduced use of buildings due to COVID-19 situation.

SCOPE 3 CO_2 EMISSIONS

AXA's Scope 3 emissions include CO_2 emissions related to business travel, consumption of digital equipment (computers, fixed and cell phones, storage tools, cloud storage servers) and employee commuting. However, the target set by AXA on Scope 3 for the period 2019-2025 includes only business travel.

AXA's **Scope 3 business travel** emissions are at 17,460 t eq CO_2 in 2020, a decrease by 81% compared to 2019. The target for AXA was 87,680 t eq CO_2 for 2020, excluding COVID-19 effect (target is -18% between 2019 and 2025). The COVID-19 crisis is the main driver of this significant decline in 2020. New teleworking habits have been adopted and travel banned due to the sanitary situation. The emission factors are those of ADEME and of the UK Department for Environment, Food and Rural Affairs (DEFRA).

Scope 3 employee commuting emissions are estimated at 86,166 t eq CO_2 in 2020, a decrease by -30% *versus* 2019. AXA usually measures carbon emissions related to its employees' commuting to and from work. In 2020, due to the COVID-19 crisis, the transportation survey has not been conducted among AXA's employees. Given that travel habits have been severely disrupted by the COVID-19 crisis, it did not seem appropriate to conduct a survey this year. An estimate was made in relation to emissions calculated in 2019, to which a ratio of 0.7 was applied, based on the drop observed on car fleet and energy consumption.

Environmental indicators AXA Group [(a)]	UNIT	2020	2019	2018	Target 2019 - 2025	Evolution 2020/2019
Number of group FTEs from HR	FTE	117,623	121,337	124,355	-	-3%
Internal area: occupied and vacant	m^2	1,538,964	1,629,198	1,705,774	-	-6%
CO_2 emission$_s$						
KPI: Total CO_2 energy, car fleet and business travel	***T. eq. CO_2***	***84,647***	***191,238***	***172,887***	***-25%***	***-56%***
Total CO_2 per person (*energy, car fleet and business travel*)	T. eq. CO_2/FTE	0.72	1.58	1.39	na	-54%
Scope 1 CO_2 emissions (Energy [(b)] and car fleet [(d)])	T. eq. CO_2	26,292	37,889	38,778	-25%	-31%
Scope 2 CO_2 emissions (Energy [(c)])	T. eq. CO_2	40,894	62,765	69,160	-35%	-35%
Scope 3 CO_2 emissions (Business Travel [(e)])	T. eq. CO_2	17,460	90,584	64,948	-18%	-81%
CO_2 emissions: power consumption (b+c)	T. eq. CO_2	49,415	73,431	80,652	-35%	-33%
CO_2 emissions: AXA vehicle fleet [(d)]	T. eq. CO_2	17,771	27,223	27,287	-20%	-35%
CO_2 emissions: business travel airplane and train [(e)]	T. eq. CO_2	17,460	90,584	64,948	-18%	-81%
CO_2 emissions: home/workplace commute [(f)]	T. eq. CO_2	86,166	123,094	109,389	na	-30%
CO_2 emissions: home/workplace commute per person [(f)]	T. eq. CO_2/FTE	0.71	1.01	0.88	na	-30%

Key Performance Indicators (KPIs) highlighted in bold. AXA sites with fewer than 50 FTEs are not included in data collection, but are part of extrapolation process.

(a) *En 2020, environmental indicators were collected for 98,691 FTEs working on AXA sites (unless otherwise indicated in these footnotes), and were then extrapolated, continent by continent, to cover all 117,623 salaried FTEs (all types of contrat), working at the AXA Group in average in 2020.*

(b) *Includes naturalgas, biogas, heating oil*

(c) *Includes electricity, steam and chilled water*

(d) *The AXA vehicle fleet data was collected from entities representing 98,004 FTEs.*

(e) *Business travel data have been collected from entities representing 95,526 FTEs.*

(f) *Home/workplace commute estimations are based have been estimated based on 2019 data and the COVID-19 effect on other indicators. Does not include company cars, to avoid double counting with the AXA vehicle fleet data.*

For the first time, AXA measured the **Scope 3 footprint of its IT activities.** IT Scope 3 emissions (equipment and services) amount to 21,253 t eq CO_2 in 2020. Scope 3 related to AXA's IT impacts was the subject of in-depth work in 2020 (refer to paragraph "Environmental impact related to the use of digital equipment").

Total AXA's Scope 3 emissions (business travel, commuting and digital equipment and services) amount to 124,879 t eq CO_2 in 2020.

Analysis per consumption items

POWER CONSUMPTION

AXA's power consumption includes the total energy consumed by its corporate sites (heating, cooling, daily operations electricity) and data centers during the reporting year. In 2020, total energy mix consisted of electricity (74%), gas (13%), steam (10%), chilled water (3%) and heating oil (0.5%).

AXA's total energy consumption is 260,992 MWh for 2020, a decrease by -15% compared to 2019. This consumption is lower than the 2020 target of 300,182 kWh for this year (AXA target is -10% between 2019 and 2025).

These results are partly related to the effect of the COVID-19 crisis on buildings' use with a lower occupancy rate, even though they've been largely heated and cooled to maintain accessibility. 2020 achievements are also the result of our continued efforts to save energy at our sites. In 2020, 69 AXA sites out of the 225 office sites (31%) included in the environmental reporting will receive an environmental certificate under building certification programs such as BREEAM (Building Research Establishment Environmental Assessment Methodology), LEED (Leadership in Energy and Environmental Design), HQE, etc.

In 2020, 57% of the electricity consumed by AXA was coming from renewable energy sources (hydro, wind, solar, geothermal, biomass) which is slightly lower than in 2019 (59%). Some contractual constraints prevented electricity type's change in 2020 and COVID-19 crisis has drawn facility teams' focus. AXA's "RE100" objective is to reach 100% by 2025, with an intermediate target of 70% by 2020 that has been only partly met because some datacenters have not been able to switch to renewable electricity in 2020.

BUSINESS TRAVEL

Business travel measured in km decreased by -78% between 2019 and 2020, from 393,322 km in 2019 to 88,276 km in 2020, mainly impacted by the COVID-19 context (as explained in “Scope 3 Business travel” above). Some entities such as AXA XL and AXA Climate have initiated a carbon pricing on business travel.

VEHICLE FLEET

AXA’s fleet is made up of commercial and corporate vehicles. In order to take into account for the evolution in low-emission vehicles’ supply, two additional emission bands (less than 20 gCO_2/km and 21-60 gCO_2/km) have been added together with their corresponding emission factors. The standards for calculating vehicle emissions are evolving with the deployment of the WLTP standard. Vehicles acquired or leased from 2020 onwards are classified according to this new standard.

In 2020, the total distance traveled by the Group’s vehicle fleet was 146,765 km in 2020, down -33% from 2019.

The Group has implemented car fleet policies that define CO_2 emission limits for all types of vehicles, regardless of employee contributions. Employees are also encouraged to opt for hybrid or electric cars. These policies also include safety standards. In 2020, 23% of the kilometers traveled by AXA’s vehicle fleet were driven by vehicles emitting less than 100g CO_2/km), 37% by vehicles emitting between 101g and-120g.

PAPER

AXA’s paper usage concerns office paper (measured per employee) and marketing and distribution paper (brochures, etc., measured per client). AXA’s total paper consumption was 47.7 kg/FTE in 2020 *versus* 62.1 kg/FTE in 2019, *i.e.* a decrease of -23%. 2020 Target was 48.9kg/FTE (AXA target is -20% between 2019 and 2025 target).

Our office paper consumption per FTE is 9.2kg/FTE in 2020 *versus*. 11.4kg/FTE in 2019, a decrease of -19%. Many entities have implemented a printing policy that includes reducing the number of printers and installing a badge system to collect all printed documents.

AXA’s consumption of marketing and distribution paper per client is 0.04kg/client in 2020 *versus*. 0.06kg/client in 2019, a decrease by -26%.

AXA also strives to increase the volume of paper from recycled sources or sustainably managed forests. In 2020, AXA sourced 48% of office paper and 80% of marketing and distribution paper from recycled sources, for a total of 74% (*versus* 72% in total in 2019).

WATER CONSUMPTION

AXA’s water consumption is 4.81 m^3/FTE decreasing by –31% compared to 2019. Target for 2020 was 6.9 m^3/FTE (target is -10% between 2019 and 2025). This reduction in water consumption reflects better water management initiatives by the entities and the buildings’ lower occupancy rate in the context of COVID-19 crisis.

WASTE MANAGEMENT

AXA contributes to waste reduction and sorting for recycling.

The quantity of unsorted waste is 23.1 kg/FTE in 2020 decreasing by -40% compared to 2019, mainly due to COVID-19, waste reduction initiatives, and the development of selective sorting in the entities. Target for 2020 was 37.6kg/FTE (reduction target is -10% between 2019 and 2025).

The total amount of waste generated by AXA is 5,430 tons in 2020 and the recycling rate (sorted waste/total waste) is 50%.

Environmental indicators AXA Group [a]	UNIT	2020	2019	2018	Target 2019/2025	Evolution 2020/2019
Number of FTEs in the HR group	FTE	117,623	121,337	124,355	-	-3%
Interior space: occupied and vacant	m^2	1,538,964	1,629,198	1,705,774	-	-6%
Energy						
KPI: Energy consumption [b]	**MWh**	**260,992**	**305,500**	**344,684**	**-10%**	**-15%**
Electricity consumption	MWh	193,113	203,335	204,838		-5%
Share of renewable electricity	**%**	**57%**	**59%**	**55%**	**100%**	**-3%**
Transportation						
Business travel: train and plane	Thousands of km	88,276	393,322	336,918	-	-78%
Business travel: AXA's fleet of vehicles	Thousands of km	146,765	220,173	223,577	-	-33%
Home/workplace travel (round trip) [c]	Thousands of km	683,788	976,840	920,155	-	-30%
Water [d]						
Water	m^3	566,155	850,506	1,003,964	-	-33%
KPI: Water consumption per person	**m^3/FTE**	**4.81**	**7.01**	**8.07**	**-10%**	**-31%**
Paper [e]						
KPI: Office, marketing and distribution paper per person	**kg/FTE**	**47.7**	**62.1**	**110.1**	**-20%**	**-23%**
Paper: desk	T	1,082	1,384	1,616	-	-22%
Office paper per FTE	kg/FTE	9.2	11.4	13.0	-	-19%
Recycled paper and/or guaranteeing sustainable management: office	%	48%	58%	58%	-	-17%
Paper: marketing and distribution	T	4,528	6,153	12,078	-	-26%
Paper marketing and distribution by customer [f]	kg/Client	0.04	0.06	0.12	-	-26%
Recycled and/or sustainably managed paper: marketing and distribution	%	80%	72%	41%	-	12%
Waste						
Total Waste	T	5,430	na	na	-	na
Unsorted waste [g]	T	2,712	4,646	4,512	-	-42%
KPI: Unsorted waste per person	**kg/FTE**	**23.1**	**38.3**	**36.3**	**-10%**	**-40%**
Share of recycled waste (total sorted waste/total waste)	%	50%	na	na	-	na

(a) Key Performance Indicators (KPIs) are highlighted in bold. AXA sites with fewer than 50 FTEs are not included in the data collection, but are part of the extrapolation process.
(b) Includes electricity, natural gas, fuel oil, steam, chilled water.
(c) Without company car to avoid double counting with AXA's fleet of vehicles.
(d) This data was collected from entities representing 98,594 FTEs.
(e) Paper data collected from entities representing 98,554 FTEs.
(f) The Group had 107.8 million customers in 2020.
(g) Data on unsorted waste collected from entities representing 98,393 FTEs.

ENVIRONMENTAL IMPACT RELATED TO THE USE OF DIGITAL EQUIPMENTS

AXA activities have gone more and more digital over the last years. The COVID-19 crisis further accelerated the transformation of the Group way of working, most employees working remotely full or part time. However, digital activities are proved to have a strong environmental footprint via the extensive use of energy and raw material to build ever more sophisticated devices.

In 2020, AXA initiated a "Sustainable Digital" program led by AXA Group Operations, with Corporate Responsibility team support, covering all AXA entities except AXA XL at this stage. This program aims at measuring the carbon footprint of AXA's digital activities, considering the different components (usage, equipment, data center and services) in a holistic way. AXA's digital impact is disclosed for the first time.

Reducing the environmental footprint of digital activities for AXA goes through monitoring their energy consumption as well as its equipment needs. The approach has been developed following the recommendation of The Shift Project "LeanICT" publication and encompassed several steps:

- elaborate and launch a Sustainable Digital strategy;
- develop a sustainable digital culture at AXA;
- measure the carbon footprint of the Information System, throughout its life cycle;
- build a sustainable Information System by integrating the requirement for sobriety into data centers operations, terminals life cycle, practice of architecture, data management, development, etc;
- engage with customers, suppliers, partners, institutions towards sustainable solutions and services through working groups or research.

AXA's digital footprint is 27,845 t eq CO_2 in 2020. This footprint divides into four main categories:

- 32,874 MWh corresponding to 2,492 t eq CO_2 related to the electricity consumption of the servers directly used and operated by AXA Group Operations in its data centers. This is a subset of Scope 2 electricity of AXA (refer to paragraph "Scope 2" CO_2 emissions for calculation methods);
- 10,456 MWh corresponding to 4,099 t eq CO_2 linked to the electricity consumption of the terminals used by employees and service providers involved in AXA operations (computers, monitors, cell phones, tablets). The calculation method is based on internal inventories and manufacturers' data. The measurement includes a subset of Scope 2 (for consumption in AXA buildings) as well as a Scope 3 part in the case of remote work. The proportion of consumption inside and outside AXA's premises has not yet been determined;
- 16,234 t eq CO_2 related to the manufacturing of digital equipment that have been purchased by AXA. The calculation method is based on inventories, manufacturers' and public data as well as equipment average lifespan (Scope 3 emissions);
- 5,019 t eq CO_2 in connection with AXA's purchases of digital services like cloud computing (Scope 3 emissions).

In addition, AXA continues to ensure compliance with Directive 2012/19/EU on Waste Electronic and Electrical Equipment (WEEE), for example by extending the lifespan of IT equipment and promoting the reuse of reformed equipment.

AXA Information System Environmental footprint indicators [(a)]	UNIT	2020
Electricity consumption: data centers [(b)]	MWh	32,874
Scope 2 CO_2 emissions: electricty of data centers [(c)]	T. eq. CO_2	2,492
Electricity consumption: terminals [(d)]	MWh	10,456
Scope 2 and 3 CO_2 location ba$_{sed}$ emissions: electricity of terminals	T. eq. CO_2	4,099
Scope3 emissions: purchased IT equipments [(e)]	T. eq. CO_2	16,234
Scope3 emissions: purchased Services market based [(f)]	T. eq. CO_2	5,019

(a) Full scope of the AXA Group, with the exception of AXA XL and data centers based in the United States.

(b) We are in the process of consolidating our digital footprint. The reported energy consumption concerns our main data centers in Europe and Asia. Until the end of this consolidation program, the energy consumption of certain equipment is not isolated and the Scope 3 of this equipment is not monitored.

(c) With the Scope 2 methodology defined by AXA.

(d) Calculation relies on in-used inventory of Laptop, Desktop, Smartphones, Tablets, Monitors and usage hypotheses both in AXA offices and at employees' when they work from home. It represents 224,590 items of IT equipment's for AXA workforce.

(e) Emissions from servers, laptops, desktops, smartphones, etc. are based on equipment inventories, average holding time and equipment manufacturing published by suppliers (or the best available estimate based on the public databases of ADEME (https://www.bilans-ges.ademe.fr/) and the REN of The Shift project (https://theshiftproject.org/wp-content/uploads/2019/04/Lean-ICT-Materials-REN-2018-updated-in-April-2019.xlsx)).

(f) "Life cycle" emissions related to 1/ the manufacture of equipment used in the servers of external data centers and 2/ emissions related to the energy consumption of these external data centers after compensation by the provider (ADEME emission factors for the country or provider data). Emission sources are either based on information from service providers or on estimates/extrapolations when no measured data is available, in particular on emissions related to the manufacturing of equipment. At this stage, only the major service providers are tracked: Amazon, Microsoft Azure, and Salesforce.

4.4 INCLUSIVE INSURER

This Section encompasses AXA's inclusive protection side. As a responsible insurer, AXA aims at addressing the protection gap of vulnerable communities, through business opportunities adapted to local conditions. Our goal is to (1) foster integration of more inclusive criteria and practices in our different business lines, (2) share best practices and (3) develop an impact measurement methodology.

In 2020, AXA and the entire insurance sector have been highly called upon in the context of the unprecedented COVID-19 crisis. First of all, AXA has committed for hospitals, purchasing masks at the very beginning of the crisis with 2million masks and 20,000 free meals (thanks to AXA-Uber partnership). Many business-related initiatives have been implemented throughout the Groups with products and services' adaptations. Insurance coverage of customers and particularly caregivers have been extended. It started in China through AXA Tianping. For examples, AXA France committed to redistribute some parts of premiums to its professional clients through various schemes. Germany has paused some premium increases and maintained Property and Casualty insurance contracts. Switzerland and Indonesia have extended Health contracts' guarantees. AXA has leveraged its teleconsultation services to contribute to the effort of healthcare services across the globe, in France, in Belgium, in Italy and in the Asian Region.

Beyond these insurance activities, AXA has also supported the economy and made efforts to mitigate the societal consequences of this COVID-19 crisis. In France, AXA has contributed to the State solidarity fund to support SMEs. AXA France has contributed to strengthen SMEs' equity.

In addition, as a responsible investor, in 2020 AXA invested over €1.9 billion in social bonds, including in response to COVID-19.

Business-related societal initiatives

As a responsible insurer, AXA strives to make insurance accessible to all. Insurance is a major catalyst for economic development and progress in society. Risks' pooling, which is at the heart of insurance, creates a system of mutual support and reinforces a sense of community. AXA's aim is to extend the scope of insurance, by innovating to enable populations who have traditionally been less well protected to access insurance, including through the following initiatives:

- integrating ESG criteria in product range through dedicated product labels such as "*Assurance citoyenne*" ("Citizen Insurance");
- being actively engaged in financial inclusion with AXA Emerging Customers;
- providing insurance solutions and opportunities for women with Women In Insurance initiative;
- developing parametric insurance solutions to protect vulnerable populations from the effects of climate change, with AXA Climate;
- access to health and disease prevention through divesting from the tobacco industry and developing dedicated products.

INTEGRATING SOCIETAL ISSUES IN PRODUCT RANGE

In France, demand for responsible products from clients continues to grow. Consequently, back in 2015, AXA France created the *Assurance citoyenne* label, which guarantees that all insurance contracts offer benefits to clients as well as positively impact society. In 2019, this initiative was adapted and deployed on AXA's Savings contracts under the *Épargne citoyenne* ("Citizen Savings") label. These two labels are based on an assessment toolkit built in collaboration with a panel of external stakeholders and audited by an independent third party. Our engagements are communicated through the label's four pillars, which are the following: "Trust" (*e.g.* simple contracts for readability and transparency), "Prevention" (*e.g.* preventive services or financial education to minimize the risks our clients are facing for themselves, their goods and their savings), "Environment" (*e.g.* paperless contract, investment decisions based on environmental impact), and "Fairness" (*e.g.* product accessibility for populations usually excluded from insurance mechanisms, investments in companies which create recruiting opportunities and protect human rights). In 2020, AXA France built all new offers around these engagements and distributed in total 68 different labelled products. Since 2015, 6.3 million labelled contracts have been sold.

EMERGING CUSTOMERS AND INITIATIVES TO FOSTER MORE RESILIENCE

Through the development of its Emerging Customers insurance solutions across the world, AXA addresses financial exclusion by enabling vulnerable segments of the population to access insurance products and services that accompany them in their economic progression and provide a safety net that prevents them from falling into poverty. This approach requires the design of propositions that are accessible, affordable, and relevant to the reality of these customers. The AXA Emerging Customers products and services are designed leveraging technology, and involving co-creation with customers as well as distribution partners, including mobile network operators, banks and microfinance institutions, FMCG companies, and remittance companies.

In 2020, AXA Emerging Customers covered over 22 million customers and has continued to develop various partnerships across more than 10 markets in Asia, Africa, and Latin America. In 2020, there was a particular focus on developing partnerships with health-tech players combining insurance and wellness services. One example is the partnership with Alodokter, a leading health digital platform in Indonesia, which has been running for 2 years. Another example, launched in 2020, was the first simple, digital, and accessible inclusive insurance program by AXA China and AXA Next Business Innovation Center, a PPP scheme with the Beijing Civil Affairs Bureau. Furthermore, in response to the COVID-19 pandemic, AXA Emerging Customers engaged in the provision of free telemedicine consultations in several countries to support customers in accessing medical services.

PARAMETRIC INSURANCE

With around 100 B2B public and private sector clients worldwide, AXA Climate (formerly AXA Global Parametrics) provides immediate protection to communities facing climate risks in order to prevent them from falling into poverty.

By drawing on the latest advances in technology and data science to protect vulnerable communities from the effects of climate change, AXA Climate provides parametric insurance solutions based on satellite and weather data that triggers quick and automatic payouts within a few days after a natural catastrophe or extreme weather event has struck. AXA Climate has also developed early warning systems using satellite and other weather data to anticipate and initiate contingency planning before a natural catastrophe occurs. Climate change is another field that AXA Climate is working on, developing a unique global risk adaptation platform to provide risk assessments and tailored adaptation plans.

AXA Climate works closely with governments and international organizations to develop public-private partnerships in emerging markets. Public-private partnerships represent over half of the portfolio.

AXA Climate's public clients include all major international sovereign risk pools which provide governments protection against natural disaster risks including tropical cyclone, earthquake, excess rainfall and drought. AXA Climate also works with governments in the agriculture sector to protect farmers against yield losses due to multiple climate risks. AXA Climate supports the national agriculture insurance scheme in India which allows more than 55 million farmers to benefit from agriculture insurance.

Moreover, AXA Climate also works with the public sector on agriculture insurance projects at smaller scale in Pakistan, Vietnam, Taiwan, Senegal, Ivory Coast, Cameroon, Zambia, Ethiopia and Mozambique where it protects over half a million farmers.

Corporate clients of AXA Climate include also leading industrialists in Europe, Asia and the Americas, agriculture cooperatives, forestry organizations both in Europe and Latin America, and renewable energy companies.

WOMEN IN INSURANCE

Women, particularly in emerging countries, are less well insured than men, despite being a powerful force in the economy. In 2014, AXA published a report, "SheForShield", which looked at women's attitudes towards insurance, as well as their needs and expectations. Since AXA has developed the "Women in Insurance" initiative aimed at increasing women's access to insurance products and.

The 3 main focus areas are: women as retail clients, as entrepreneurs and in the distribution force. AXA has developed a dual approach: in mature markets, AXA will empower women to be financially independent, and in emerging markets the objective is to empower women to "live better lives". In 2020, 17 entities included "Women in Insurance" as a strategic priority and 25 products have been developed (*versus* 17 entities and 26 products in 2019).

Further, in 2019 through AXA Research Fund, AXA dedicated €1 million to research to better understand and prevent health and entrepreneurial barriers for women.

Since 2018, AXA is also a strategic partner of the "Global Women's Forum", with the objective to disseminate AXA's expertise and influence on the best practices, solutions and projects. Through this organization, AXA published in 2020 the first Gender Equity barometer to highlight the disparity between perception and reality on gender-related topics in G7 countries.

Leading the "Women4Health Daring Circle", AXA is striving towards giving women equal access to health and exploring unique and paramount ways to enhance their health status and their quality of life by shaping a new inclusive health system in the post COVID-19 world.

In 2020, AXA teamed up with research firm Ipsos to survey 8,000 women from different social backgrounds in eight countries. As a result, two reports have been published on the impact of COVID-19 crisis on women. The first examined the effect on women's incomes, and job security in order to understand the impacts of the crisis. The second report looked at women's health, and the effect of the crisis on their physical and mental wellbeing as well as their approach to healthcare.

HEALTH AND DISEASE PREVENTION

In 2020, AXA's efforts, in place since 2016, to divest from and end insurance covers for the Tobacco industry (€1.8 billion) have been officially certified through the "Tobacco Free Finance" stamp. This stamp attests AXA's strong commitment in the fight against tobacco that generates more than 8 million deaths per year, standing out as one of the leading causes of death in the world. AXA believes that supporting an industry which is the main cause of long-term non-communicable diseases, including cancer, heart disease and chronic respiratory illnesses, is not compatible with our role as one of the world's largest health insurers.

In parallel, AXA entities have been designing digital, simple and affordable inclusive health programs in order to reduce the protection gap among poor or vulnerable populations with regards to specific health risks. AXA China has been examining substandard risks, *e.g.* people traditionally excluded from insurance by addressing their protection gap. Another example is AXA Philippines which has rolled out an underwriting process covering substandard lives as part of their IPMI (International Private Medical Insurance) product (reinsured by AXA PPP).

INCLUSIVE ECONOMY AND GROWTH

AXA continues its involvement in several coalitions for a more inclusive economy.

The "inclusive economy coalition" was launched in 2018 by CEOs of 33 major companies in France, including AXA's, to act in favor of a more inclusive economy. This collective commitment is one of the private sector's responses to the social vulnerabilities in France.

In 2020, the coalition has mobilized facing the sanitary crisis. AXA contributed through the donation of 795 digital equipment to help those isolated during the coronavirus lockdown to reach out and keep in touch. 495 laptops were donated to the Simplon Foundation for hospitals, nursing homes and facilities for disabled people, and a further 300 laptops and desktops to the Emmaus Connect initiative for underprivileged children.

In addition, this coalition has continued its engagement on three themes: employment (apprenticeship, integration, training), more accessible products and services, and inclusive purchasing. With regards to employment and training, one of the main commitments of the coalition was a 35% increase in the number of work-study students between 2018 and 2020. At the start of the September school year, and further to AXA's participation in various employment events, AXA businesses in France welcomed more than 1,100 work-study students. Finally, to meet the collective objective of +5 million hours of training in 2019 and 2020, AXA provided more than +55,000 hours of training in 2020 to all AXA employees in France despite COVID-19.

The working group on products and services focused on inclusive offers proposed individually or in partnerships within the coalition members. AXA got involved with Renault and Total in a joint initiative to offer training for driving license to young people for whom it's a prerequisite to access to employment or education (75-100 targeted people). In 2020, the program has started despite sanitary constraints: several young individuals obtained their driving license.

At the international level, AXA continues to be strongly involved in the "Business for Inclusive Growth" coalition. This OECD-led coalition of private companies contributes to fighting social inequalities by working closely with policymakers to advance inclusion at both the global and local levels. The initiative was launched at the 2019 G7 Summit whose theme was "fighting inequalities of all types". Since then, a 3-year-program, monitored through a Board of CEOs, has been implemented, covering the G7, the OECD and African countries. Its main deliverables being:

- a founding pledge signed in our head office on promoting equality of opportunities, eliminating gender disparities, reducing spatial inequalities;
- dedicated working groups gathering OECD experts, academia focused on developing inclusive projects;
- an international incubator hosted at the OECD with the objective of building inclusive business with real social and economic impacts.

In 2020, the incubator selected two projects supported by AXA; Insurance Net for Smallholders (INES) and Telemedicine in Mexico:

- **INES,** a joint initiative of AXA Emerging Customers, AXA Climate and L'Oréal, is a project that aims to provide a comprehensive risk protection package (health, climate and value-added services) to over 50k smallholder farmers and their families as part of L'Oréal Solidarity Sourcing programs. These farmers, who had no access to insurance and consequently were vulnerable to risk, will get a health insurance and a parametric climate insurance coverage. Overall, the project aims to improve farmer livelihoods, secure L'Oréal's sourcing network and increase supply-chain resilience;
- AXA's **Telemedicine** project intends to increase access to low-cost, remote primary healthcare services for vulnerable populations in Mexico through investment in the AXA Keralty primary healthcare network. The initiative stemming from the COVID-19 pandemic aims at providing safe, good quality and cost-effective telemedicine services to mass-market and low-income customers, employees of local B4IG companies in Mexico Corporate philanthropy and engagement.

Corporate philanthropy and engagement

In line with our Sustainability Risk Assessment (described in Section 4.1), community involvement and corporate philanthropy have been identified as key enablers of AXA's role as a responsible corporate citizen. As a result, AXA has developed and implemented various policies and initiatives that are aligned with its responsible corporate citizenship strategy.

COMMUNITY INVESTMENT

As a responsible corporate citizen, AXA strives to play a positive role in society, building a culture that promotes employee volunteering to support the communities in which AXA operates.

In 2020, AXA pursued the deployment of its philanthropic strategy aligned with the three Sustainability pillars (climate and the environment, health and disease prevention, social inequalities and inclusion) through its Corporate Philanthropy Committee governance body. With the Community Investment Guidelines, AXA entities are also encouraged to focus their philanthropic actions around these three pillars. In 2020, almost 88% of the €41.4 million in donations made by the Group and entities (including the AXA Research Fund) were dedicated to projects relating to these three Sustainability pillars.

With COVID-19 crisis, AXA has committed to support hospitals, medical research effort and care for communities and vulnerable people. On the total donations made by the Group in 2020 67% have been dedicated to COVID-19 crisis. Significant part of health and disease prevention in 2020 has been related to COVID-19 (approximately €27.9 million). Medical research efforts have been supported by AXA mainly through the AXA Research Fund (refer to "AXA Research Fund" paragraph below). To be noted that 2020 was also marked by two humanitarian crises with an international impact: the massive fires in Australia (donation of €64K from AXA Group and AXA XL) and the blast in Beirut (€200K for emergency relief with the Red Cross).

Climate and the environment

AXA's global partnership with WWF that was signed in 2019, has been pursued in 2020 to address climate and biodiversity issues. Through this three-year program, WWF supports AXA in its efforts to ensure that natural capital is better taken into account in all of our activities (see Section 4.3 "Climate change and biodiversity"). In addition, the philanthropy component of this program contributes directly to the preservation of ecosystems in Mexico and New Caledonia.

Other engagement for Climate and Biodiversity: AXA XL Ocean education program has already reached and educated 8.5 million children to ocean protection since the start of the program. AXA Ocean Education increased its accessibility in 2020, translating into 6 languages. Local expansion strategies were launched with 5 AXA and AXA XL offices.

Many AXA entities concluded partnerships to impact positively the environment and fight against climate change (for example, among others, AXA Switzerland, AXA Mexico, AXA France…).

Health and disease prevention

AXA partnered for 3 years starting in 2020 with UNICEF on a program to respond to the global epidemic of overweight and obesity, working on early childhood eating habits in the Philippines and Brazil. To reach children aged from 0 to 5, UNICEF acts on their immediate environment, namely mothers and the health and education professionals around them. Training, communication and advocacy activities with authorities have been implemented by local UNICEF teams despite COVID-19-19 crisis. In 2020, approximately 63,000 children and their mothers in the Philippines and approximately 7,000 health and education professionals in Brazil have been supported (objective of the 3 years program is respectively 177,000 in the Philippines and 17,500 in Brazil).

Risks' prevention is also a key component developed by AXA's entities in connection with our insurance business. France and Spain have continued their ambitious programs to prevent many health issues (focus on women, health at workplace, children's safety on internet…). Risks related to road accidents are covered, in connection with our Motor insurance business. France, Spain, Belgium, Switzerland and Mexico have developed awareness campaigns in this area, with an investment of approximately €2 million.

Social inequalities and inclusion

Numerous actions are being carried out to provide relief in the matter of "Social Inequalities and Inclusion" by many Group entities, particularly through the AXA Hearts In Action volunteer program (see below). 56% of the volunteer activities offered by AXA Hearts in Action and 14.6% of the sums paid out are focused on projects fighting inequality. Among others, AXA France is also supporting many institutions involved in protecting women that are victims of domestic violence and AXA Switzerland is supporting a program on intergenerational dialogue.

Aligned with its values of protecting and passing on heritage, AXA has been engaged in significant world heritage conservation actions. The end of 2019 was highlighted by the acquisition of a national treasure for the Louvre Museum and renovation work at Château de Versailles (Madame Du Barry's apartments), in addition to solidarity commitments for Notre-Dame de Paris reconstruction. AXA entities, such as AXA France, AXA Spain, and AXA Mexico, are also involved in philanthropy actions, promoting access to heritage and culture for all (priority "social inequalities and inclusion").

AXA RESEARCH FUND

The AXA Research Fund, AXA's scientific philanthropy initiative, is committed to supporting science for societal progress. The Fund supports top-tier research projects and engages in dissemination efforts based on science to better inform decision-making.

With a global commitment of €250 million since its launch in 2008, the AXA Research Fund has granted €161 million to the funding of 665 projects that explore solutions to global societal challenges in the areas of climate and environment, health, and socio-economic risk. The selection of research projects is overseen by an independent Scientific Board and based on excellence and innovation.

In 2020 the AXA Research Fund (AXARF) focused on responding to the COVID-19 global health crisis with a commitment of €5 million. A first tranche was dedicated to partnerships with the Institut Pasteur, the APHP (Assistance Publique Hôpitaux de Paris) and other innovative partners working towards ground-breaking solutions to the health crisis, to understand the new virus and develop diagnostic tests, equipment, vaccines and treatments. Ten AXA Awards were granted with a second tranche of funding to support research focused on the management of the pandemic and its fallouts, including the impact on mental health and vulnerable populations.

In the area of Climate and Environment, the AXA Chair on Natural Coastal Resilience Building at the University of Santa Cruz, California was selected for funding for a total of €1 million over 5 years.

Socio-economic research was also further developed with the support of 7 fellowships in the area of Inclusive Growth (€871K), exploring projects from the sustainability of livelihoods in urban informal economies, to circular economy in cities or the digitalization of money.

Based on its strong research network, the AXARF carried out visible dissemination efforts through continued media exposure of its grantees. To better inform decision making in a time of crisis, a COVID-19 task force of Researchers came together around a series of webinars and a related publication, "COVID-19, Confronting a global crisis", sharing perspectives on health, economic and environmental dimensions. Through AXARF webinars, publications and articles with partners such as The Conversation, researchers from all fields were able to shed more light on issues such as climate change, mental health, women in business, explainable AI for healthcare, cyber security and biodiversity conservation.

EMPLOYEE VOLUNTEERING

AXA Hearts in Action is the international volunteering program for AXA employees. In this framework, employees carry out activities on themes aligned with the 3 pillars of our sustainability strategy. In 2020, in order to anchor the program even more strongly in the entities, an international sponsorship Committee has been set up.

The COVID-19 crisis that marked the year 2020 had a significant impact on employee volunteering (fewer people on site, restrictions on the organization of face-to-face group events). However, AXA entities showed creativity and employees remained mobilized and donated their time to help the patients, frontline healthcare workers and the most disadvantaged people through virtual operations. This crisis offered new solidarity opportunities with for example the AXA solidarity response global challenge, organized for the benefit of 101 Fund (an endowment fund which gathers 1200 medical intensive care units in 60 countries) and the French hospitals, which generated 11,637 posts on social networks raising €369,631 throughout the Group.

In 2020, more than 23,000 employees (estimated – almost 39,000 in 2019) donated their time and skills. Contributing entities in 2020 represents 98% of AXA average FTEs.

In total, AXA employees carried out a wide variety of activities (1,903 in total), about 35,700 volunteering acts (*versus* 81,200 in 2019), which represents almost 228,000 hours (284,000 hours in 2019) during the year, while working on solidarity projects. A large majority of volunteer hours are performed during working hours (almost 200,000 hours versus 240,000 in 2019). Through the AXA Hearts in Action program, the Group seeks to promote all forms of employee engagement, particularly skills-based philanthropy. In 2020, AXA France continued to develop the *"AXA Expérience Solidaire"* program: 147 employees volunteered in partner associations (versus 110 in 2019). In total, the salaries paid for the 155,000 hours spent on these skills-based volunteering missions represent the equivalent of a donation of nearly €8.3 million (versus €7.9 million in 2019). These hours are included in the total number of volunteering hours (almost 73,000 hours of volunteering were done outside *"AXA Expérience Solidaire";* among which about 44,000h volunteered during working hours).

The 2020 edition of the CR week celebrated its 10th anniversary. The activities were maintained but adapted with many in a virtual way. It was also the opportunity to launch our first international solidarity sports relay that saw the participation of 9,100 employees worldwide, among which about 2,000 from AXA Tianping. The estimated number of volunteers for the whole CR week 2020 was 16,500 for a total of 24,350 hours given in 43 countries.

4.5 BUSINESS BEHAVIOUR

AXA is committed to conducting its business according to the high ethical principles. This commitment is designed to ensure compliance with laws and regulations in the various jurisdictions where AXA operates, to earn the continued trust of our clients, shareholders, employees and business partners, but also frequently extends beyond legal obligations on a range of topics about which AXA has strong convictions.

Business ethics

COMPLIANCE & ETHICS GUIDE

AXA's Group Compliance & Ethics Code seeks to establish Group-wide rules and guidelines to ensure that AXA Group companies and employees have a common understanding of the compliance and ethical standards the Group requires. The Code covers a variety of matters, including specific rules concerning conflicts of interest, anti-bribery and corruption, insider trading, management of confidential information, etc. The Code is available on the Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide). In 2019, AXA launched an updated version of the AXA Group Compliance & Ethics Code. The updated Code includes some subjects that have become increasingly important in recent years; these include Health & Safety at work, Protection and Responsible use of Customer Data, Engagement with Social Media, Prevention of Discrimination and Harassment, and Fair and Professional Treatment of customers. The content and style of the Code has also been revised to make it more accessible and easier to reference.

ANTI-BRIBERY & FIGHT AGAINST CORRUPTION

To prevent the risk of bribery and corruption, AXA Group has introduced a Group Anti-Bribery & Corruption Policy (ABC Policy) that establishes minimum standards for ABC that must be implemented by AXA entities. This policy has been regularly updated to take account of new regulations and most notably the French law known as "Sapin II" n°2016-1691 of December 9, 2016, on transparency and the fight against corruption in modern economic life. A Group Anti-Bribery Officer is in charge of the global ABC program at Group level and to control its implementation across entities. AXA entities have designated local Anti-Bribery Officers to implement their ABC programs in accordance with AXA's Standards.

AXA Standards certification by entities' CEOs includes a Section on the framework "anti-bribery and fight against corruption". AXA's objective is to achieve a consistent anti-bribery and fight against corruption program across the Group's entities, including necessary requirements answering to International Standards (including Sapin II Law), and preventing corruption risks. The entire scope of entities' CEOs has signed-off the AXA standards in 2019 and in 2020.

BUSINESS CONDUCT

The Group's insurance, banking and Asset Management operations are subject to an increasing number of legislative and regulatory initiatives – in the European Union (*e.g.* Insurance Distribution Directive, MiFID II, PRIIPs) but also in many other parts of the world – designed to increase customer protection in the financial services sector. AXA has taken significant actions to comply with these requirements in each of its businesses where such measures are in place and globally to spread and implement a customer protection culture across the Group. Moreover, AXA demonstrates strong commitment in its Compliance & Ethics Code binding for all its worldwide employees and subsidiaries to treat its customers fairly and professionally, in particular by encouraging transparency or being honest and accountable when promoting products and services.

Among the recent initiatives, a compliance program of customer protection reviews is in place which consists of reviewing how the entities locally manage the customer protection topics and the processes in place, especially with regard to customer information, sales practices or salesforce training. These reviews were initially focused on most of the European entities.

Another key element concerns the well-established product governance process (Product Approval Process, "PAP") in place to oversee the design, approval and review of the products. The PAP is applicable to all entities of the AXA Group and focuses in particular on the customer dimension, ensuring the product is built starting from the customers' needs and expectations, with a definition of the target market and selection of adequate distribution channels. This formal process also considers that all new products entering into the scope of application of the PAP respect the principles of "value for customer". 100% of the entities part of the AXA standards scope have signed the Group's standards, which engaged them to conduct PAP. In 2020, to the best of our knowledge, all Life & Savings, Health and Property & Casualty products have been subject to the AXA's Product Approval Process.

In addition, compliance risks, specifically business conduct risks, are assessed on an annual basis. The results and any necessary mitigation actions are developed and shared with senior management. Internal Control processes have been developed to ensure controls are effective and cover entities' own operations and those of proprietary sales channels.

Responsible data use and data privacy

In line with AXA's sustainability risk assessment, the Group has put in place various initiatives to promote the use of data to address societal challenges, as well as to ensure client data is protected.

DATA PRIVACY

AXA was the first insurance group to adopt privacy-related Binding Corporate Rules, approved by European data protection authorities, and constituting an internationally approved data privacy contractual framework for the treatment of customer, employee and other stakeholder personal data. Entities that have joined Binding Corporate Rules represent 99% of AXA's revenues in 2020. These rules and AXA's Data Privacy Declaration, whereby the Group undertakes not to sell personal data of its customers, are available on the AXA Group's website (www.axa.com/en/about-us/our-commitments).

The AXA Group was committed to implementing the General Data Protection Regulation and had in this respect delivered thirty projects dedicated to data privacy, involving over three hundred people in entities located in sixteen countries. The Group is also implementing similar regulations recently adopted in countries outside the European Union.

With the massive digitalization of society, cyber risk is considered today as one of the top risks that citizens and companies must face.

To answer to this threat, and as responsible insurer, AXA has developed a risk-based security strategy that strengthens our business resilience, transforming security from a necessity to an advantage for our entities. Security is managed holistically by the corporate function, Group Security. It gathers the 3 security key disciplines: Information Security, Operational Resilience and Physical Security & Safety.

This converged organization to manage security comes with an ambitious commitment to maintain AXA most mature entities as part of the first quartile of the most secure companies in the financial industry. Therefore, yearly, the security and cybersecurity maturity level of these entities is assessed, based notably on the ISO 270001 norms. In 2020, AXA has reached a 3.17 score, beyond the 3.00 average that leads to the first quartile of the most secure companies in the industry.

This robust security maturity level is also reached by the strong mobilization of AXA's employees that are considered as AXA's first line of defense against cyberattacks. Yearly security and cybersecurity trainings are deployed across group. Thus, in 2020, 100% of salaried and non-salaried employees have been trained and certified (approximately 110,000 employees).

RESPONSIBLE ARTIFICIAL INTELLIGENCE

AXA is one of the founding member of the French association Impact AI (Artificial Intelligence). Impact AI is a "think and do tank" composed of companies, consulting firms, startups, schools and actors working on Responsible AI with 5 programs of actions, such as analyzing the perception of AI and the development of a "trusted AI", sharing tools for a responsible use of AI, helping people adapt to the digital era, and creating partnerships to foster responsible AI among all types of actors (companies, schools, associations, etc.).

Within this organization, AXA is leading the Impact AI's Responsible AI Committee in charge of contributing to answer to "the trustworthy AI assessment list" from the High-Level Expert group on artificial intelligence (set up by the European Commission). The European Commission has published the "The Ethics Guidelines for Trustworthy Artificial Intelligence": these Guidelines put forward a human-centric approach on AI and list 7 key requirements that AI systems should meet in order to be trustworthy. These requirements have been examined and applied directly to the realities of Impact AI's member companies. This reflection led to the development of a "Trustworthy AI" guide published in late 2020.

In parallel, AXA has set up a new Responsible AI Committee that aims to cover the issues of applying trustworthy AI within the Group, in the form of an agile governance that brings together all stakeholders involved in the development of AI solutions and adopted an internal guidance on responsible AI in line with "The Ethics Guidelines for Trustworthy Artificial Intelligence".

Responsible procurement

Translating AXA's Sustainability strategy and commitments into its management of vendors is key concern for AXA. Policies and key performance indicators on Responsible Procurement are presented in AXA's Vigilance Plan in the following Section 4.6.

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. For more information on AXA's Tax policy, please refer to Section 7.3 "General Information - AXA Group tax policy" of this Annual Report. In 2020, all AXA entities have certified compliance with AXA Tax Policy and Tax Ethic Code (relating to 2019). The Tax transparency report published in 2020 covers 90% of the Group Tax footprint (relating to 2019).

4.6 VIGILANCE PLAN

The AXA Group is committed to promoting and protecting human rights and the environment in conducting its business.

To comply with applicable French law requirements [1], AXA has (i) adopted a vigilance plan (the **"vigilance plan"**) that sets forth the measures established and implemented by AXA in order to identify the risks relating to, and prevent, violations of human rights and adverse impacts on the environment resulting from AXA's activities, and (ii) prepared a report on the application of this vigilance plan during the financial year 2020 which is included in this Section. For purposes of this Section, "human rights" comprises fundamental freedoms, as well as the health and safety of persons.

The vigilance plan has reinforced an existing internal system that already included a number of tools and procedures implemented within the Group.

Scope of the vigilance plan

The vigilance plan encompasses the activities of the Company and those of the companies controlled, directly or indirectly, by the Company within the meaning of Article L.233-16(II) of the French Commercial Code, including intra-group activities and operations carried out within the AXA Group, as well as the activities of subcontractors and suppliers with whom the AXA Group has an established business relationship, insofar as the activities relate to such relationship.

Given the diversity of the activities of AXA's subsidiaries, subcontractors and suppliers, the vigilance plan sets forth AXA's guiding principles and policies designed to ensure that they have a common understanding of the AXA Group's standards in terms of corporate responsibility, safety, whistleblowing and personal data protection, and operate accordingly. These common measures do not prevent, or restrict AXA from voluntarily taking additional actions in relation to such matters.

Identification and evaluation of risks to human rights and the environment

To ensure that each potential risk identified is covered by a Group policy, AXA conducted an analysis to assess how the AXA Group's activities and operations may potentially impact the environment and human rights.

The work carried out by AXA to establish its mapping of corporate responsibility risks, as well as the main non-financial risks identified by the Group is presented in Section 4.1 "AXA Sustainability strategy – Sustainability Risk Assessment" and in Section 4.3 "Climate change and Biodiversity - Investments - Responsible Investment strategy" of this Annual Report.

HUMAN RIGHTS

The AXA Group considers that its activities could have potential direct and indirect impacts on the human rights of its employees, customers and suppliers, as well as potential indirect impacts on the human rights of other persons through the Group's (i) relations with corporate customers or (ii) investments in companies, which are active in sectors and/or countries with increased risks of human rights violations.

Consequently, the AXA Group regularly, and at least every three years, conducts a human rights risk assessment which aims to identify the most relevant risks to human rights that the AXA Group should consider in conducting its business (acting both as an insurer and as an investor). The most recent study was carried out in 2020, with the help of an independent firm, and identified risks in areas such as right to free movement, equality before the law and non-discrimination (with respect to minorities), freedom from all forms of forced or compulsory labour, right to freedom of thought, conscience, religion, opinion, information and expression and the principles of freedom of association and collective bargaining. This assessment ("AXA 2020 Report Human Rights Risk Assessment") which includes the mapping of the risks identified and the measures taken to limit their impact, is available on the AXA Group's website (www.axa.com/en/about-us/our-commitment-to-human rights).

(1) *Law No. 2017-399 of March 27, 2017 relating to the duty of care of parent companies and instructing companies* ("devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre"*) and Article L.225-102-4 of the French Commercial Code.*

ENVIRONMENT

Environmental risks were already identified in the AXA Group's risk mapping, particularly those related to climate change and biodiversity. AXA's direct operations, focused on financial services, do not generate major impacts on the environment. As a result, AXA's environmental reporting and management processes focus on energy, water and paper consumption, as well as related CO_2 emissions. AXA's global environmental reporting process, which is verified by an independent third-party, allows AXA to (i) evaluate its impact on the environment each year and (ii) identify the risks stemming from its activities for the environment. Please refer to Section 4.3 "Climate Change and Biodiversity - Own Operations - 2020 environmental performance" of this Annual Report for further information on AXA's environmental footprint.

In addition:

- as an investor, AXA has proactively implemented a Global Responsible Investment Policy and built an analytical framework to identify potential indirect impacts on human rights and the environment. An assessment tool is used to give a score to the companies in which AXA contemplates making an investment. This tool, developed in-house, is based primarily on (i) fundamental principles such as those of the United Nations Global Compact, the International Labor Organization (ILO) as well as OECD recommendations, (ii) sector-specific factors and (iii) the reputation and potential controversies regarding these companies. This assessment is updated by AXA every six months. AXA applies a minimum threshold below which companies are excluded from its contemplated investments;
- as a business partner, AXA has implemented processes to identify and assess the risk of human rights violations and environmental risks associated with its use of suppliers and service providers. In particular, AXA implemented an Environmental, Social and Governance (ESG) risk assessment process for its suppliers, that are identified using an internal risk categorization grid. This assessment is carried out based on procurement categories in light of five criteria (environmental, social, impact on products and services, suppliers' supply chain and business integrity). Each year, suppliers in the highest ESG risk categories are invited to share their DJSI or EcoVadis scores, or undergo an EcoVadis assessment.

Protection of Human Rights and the Environment

4

PROTECTION OF HUMAN RIGHTS AND HUMAN RIGHTS POLICY

AXA's human rights policy, available on the AXA Group's website (www.axa.com/en/about-us/our-commitment-to-human-rights), aims at preventing the violation of human rights and reflects AXA's commitment to international general and sector-specific standards. The AXA Group is committed to respecting internationally recognized human rights principles as defined by the (i) United Nations Universal Declaration of Human Rights, (ii) core standards of the ILO and (iii) Guiding Principles on Business and Human Rights (implementation of the United Nations "Protect, Respect and Remedy" Framework or "Ruggie Principles"). AXA's human rights policy describes the Group's commitments as an employer, a responsible business partner, an insurer and an investor. It also indicates as well as how the protection of human rights is implemented at the core of the Group's activities.

Protection of employee human rights

AXA is committed to protecting AXA employees' human rights, specifically the principles of freedom of association, the right to fair and favourable working conditions and non-discrimination, through:

- promoting the 10 guiding principles of the United Nations Global Compact (with principles 1 & 2 relating to human rights and principles 3 to 6 to labour standards) and encouraging the reporting of potential or actual severe violations of human rights;
- setting ambitious Diversity and Inclusion (D&I) targets and initiatives. See further details on Diversity and Inclusion in Section 4.2 "Employer Responsibility - Reinforcing an Inclusive and Purpose-Driven Organization - Diversity Ambition at AXA and Focus on Gender Balance" of this Annual Report; and
- the AXA Compliance & Ethics Code, available on the AXA Group's website (www.axa.com/en/newsroom/publications/compliance-ethics-guide), pursuant to which employees must annually certify the compliance of their activity with the Code.

Please refer to Section 4.2 "Employer Responsibility - Empowering Employees to Deliver at Their Best - Reinforcing Engagement through Dialogue and Feedback" of this Annual Report for further information on AXA employee relations and collective bargaining.

Protection of employee safety, health and security

As regards employee health, the AXA Group has launched an innovative global program to improve the health and well-being of its employees around the world. Please refer to Section 4.2 "Employer Responsibility - Reinforcing an inclusive and purpose-driven organization - Caring for AXA's employees' health and investing in long-term prevention implementing a global program on health and well-being" of this Annual Report for further information on this global program on health and well-being.

The AXA Group has also implemented safety, health and security standards with which all Group entities must comply in order to protect employees against intentional, health or accident risks related to their business activity. These standards set out:

- processes to identify risks, depending on the specific characteristics of the environment and the activity of each AXA Group entity;
- proactive and reactive measures to be implemented according to identified risks (information, training, protective measures, incident management procedures and crisis plans); and
- a performance measurement, quarterly reported to the AXA Group central team.

See further details on employee safety, health and security in the context of the COVID-19 crisis in Section 4.2 "Employer Responsibility - Reinforcing an Inclusive and Purpose-Driven Organization - COVID-19 Crisis Response: Supporting All Our Stakeholders" of this Annual Report.

Personal data protection

AXA was the first insurance group to adopt privacy-related Binding Corporate Rules, approved by European data protection authorities. See further details on personal data protection by AXA Group in Section 4.5 "Business Behaviour – Responsible Data Use and Data Privacy – Data Privacy" of this Annual Report.

Integration of human rights into business processes

As an insurer, AXA strives to incorporate ESG criteria (including those relating to human rights) into its insurance business processes as well as into its investment strategy, in line with AXA's commitment to the UN Principles for Sustainable Insurance.

Its commitments are reflected in internal policies and initiatives led by the Group, including product development processes and policies as well as underwriting guidelines. Such guidelines define the exclusion of certain socially or environmentally sensitive sectors or practices and are supplemented by AXA's policies (which can be directly or indirectly related to human rights) regulating insurance activities in sectors that represent increased risks.

AXA further seeks to support its customers' rights while preventing or mitigating adverse human rights impacts that may arise from the provision of insurance products and services to corporate customers, in particular by:

- ensuring fair treatment of all customers;
- offering products designed to meet the needs and expectations of its customers;
- offering products and services which help reduce social exclusion and empower insured people to achieve positive health and safety outcomes;
- strengthening its digital presence for a better accessibility of products and services as well as a simplification of interactions with its customers;
- dealing with claims in a prompt, fair, sensitive and transparent manner and ensuring that these processes are clearly explained and understood; and
- providing customers with the means to express and resolve any disputes that may arise with AXA Group companies, notably through dedicated complaints departments.

Please refer to Sections 4.3 "Climate Change and Biodiversity", 4.4 "Inclusive Insurer - Business-Related Societal Initiatives" and 4.5 "Business Behaviour - Business Ethics" of this Annual Report for further information on integration of ESG criteria in AXA products and services.

PROTECTION OF THE ENVIRONMENT AND AXA'S STRATEGY

The AXA Group's Environmental Policy, available on the Group's website (www.axa.com/en/about-us/environmental-footprint-management), describes key actions aimed at reducing AXA's direct and indirect environmental impacts.

In particular, AXA's ambitious environmental targets included in its 2025 environmental strategy are notably focused on the reduction of carbon emissions, one of the main contributors to climate change. AXA's carbon emissions reduction targets for 2019-2025 are based on an approach promoted by the "Science Based Targets" initiative. Please refer to Section 4.3 "Climate Change and Biodiversity - Investments" of this Annual Report for further details on AXA policies for the reduction of carbon emissions.

AXA also seeks to minimize its indirect impact on the environment by offering customers insurance and investment solutions that promote environmentally-friendly behaviour.

Certain buildings occupied by AXA benefit from environmental certificates such as BREEAM, LEED and HQE. Please refer to Section 4.3 "Climate Change and Biodiversity - Own Operations - 2020 Environmental Performance - Power Consumption" of this Annual Report for further details on AXA's certifications.

Finally, please refer to Section 4.3 "Climate change and Biodiversity" of this Annual Report for further details on AXA's strategy, policy, targets and results with respect to environment protection.

Responsible investment activities

In line with the Group's Responsible Investment Policy, available on the AXA Group's website (www.axa.com/en/about-us/responsible-investment), the Group has designed six sector policies to address issues arising from investments sectors that are in particularly sensitive from an ESG perspective. These guidelines cover human rights and environmental concerns (*i.e.,* controversial weapons, tobacco, coal, oil sands, palm oil production and soft commodity derivatives), and entities are required to annually certify their compliance therewith.

Moreover, AXA has decided to align its investments with the Paris Agreement, committing to reach a "warming potential" of 1.5°C by 2050.

Please refer to Section 4.3 "Climate change and Biodiversity - Investments" of this Annual Report for detailed information about AXA's responsible investment governance, policy, targets and results.

Alert procedure

The current alert procedure allows all stakeholders (employees, business partners, etc.) to share their concerns and/or report any practice, action or behaviour that they consider inappropriate, illegal, or unethical. Alerts can be submitted within the relevant entity or sent directly to the Group using a dedicated email address (speak-up@AXA.com) allowing alerts from all geographical areas where the Group conducts business, without restrictions and irrespective of the stakeholders.

The AXA Group examines all alerts received with the objective of ensuring an adequate response (intervention by adequate actors, deployment of immediate corrective actions and/or precautionary measures, investigations etc.). Alerts are handled in accordance with a strict, independent process that includes key stakeholders in the vigilance plan where relevant. The identity of the author of such alert is treated in a confidential manner and cannot be disclosed without his/her consent (except to judicial authorities).

AXA has expressly stated that there will be no act of retaliation against anyone who reports actual or suspected misconduct in good faith, or who participated in establishing the facts confirming a misconduct by providing evidence.

Furthermore, all AXA Group companies are required to define internal regulations and other policies governing whistleblowing pursuant to local laws and regulations. In 2019, a global communication campaign, "Speak-up", was launched to refresh employee awareness of both the local and Group alert procedures. The purpose of the campaign was to strengthen, increase consistency of, and simplify the process across the Group. Various media were used to broadcast this campaign, thus increasing its impact and making it available to all, including through newsletters, screen savers, videos, training, formal presentation, etc.

Follow-up and report on the effective implementation of the vigilance plan

In 2020, the AXA Group ensured the effective implementation of all policies and procedures described in the vigilance plan through the involvement of (i) central teams from the Corporate Responsibility, Procurement, Legal, Compliance, Risk Management and Human Resources Departments and (ii) a network of local correspondents.

REPORTING PROCESS

In 2020, the Group continued its efforts to raise awareness on the vigilance plan amongst its entities. Awareness sessions were organized in order to remind entities of the duty of care *(devoir de vigilance)* regulation, as well as the penalties applicable in the event of non-compliance with legal obligations. Correspondents of the Procurement and Corporate Responsibility networks attended these sessions in 2020.

In addition, AXA relies on a reporting process for Group entities which is based on pre-existing procedures and monitoring tools and, in particular, on an internal review conducted by the Corporate Responsibility Department. In 2020, the principal operating entities were asked to conduct an internal risk assessment to identify any gaps with the vigilance plan.

Following this assessment, gaps were identified and the relevant entities implemented remedial action plans, including the following:

- the inclusion of the corporate responsibility clause that was reviewed by the Group at the end of 2019 in certain commercial contracts;
- the adjustment of local alert procedures to cover matters related to human rights and the environment; and
- the strengthening of the control of suppliers belonging to categories with high ESG risks via EcoVadis or DJSI assessment.

RESPONSIBLE PURCHASING BUSINESS

Translating AXA's corporate responsibility strategy and commitments into the management of its vendors has been a continuous activity for AXA. This alignment means that AXA has included corporate responsibility matters in the process of selecting and monitoring its business partners. This approach focuses on two areas:

- **responsible people & processes:** all of the AXA employees working in a Procurement Department, must not only adhere to the Group's Code of Professional Conduct, but also sign a dedicated and reinforced Code of Ethics, which promotes fairness and neutrality, confidentiality and transparency in procurement decisions. Information on AXA's corporate responsibility strategy and the AXA Responsible Procurement policy is also provided to these employees through awareness sessions conducted by the network of Responsible Procurement identified in various AXA entities; and
- **responsible vendors:** AXA requires its vendors to include a "corporate responsibility clause", which is mandatory in its contracts. This clause provides for, in particular, compliance with ILO principles (prohibiting the resort to child/forced labor, promoting employee health & safety, freedom of speech, and non-discrimination). 96.6% of the procurement contracts entered into or renewed in 2020 included this corporate responsibility clause.

In addition, AXA regularly evaluates its suppliers, which are identified using an internal risk categorization grid. Suppliers in the highest risk categories are invited to share their DJSI or EcoVadis scores or, in certain cases, to undergo an EcoVadis assessment. 67.2% of the vendors evaluated in 2020 disclosed to AXA a Bronze EcoVadis score or higher. Following this assessment, the Group noted that a very limited number of its main suppliers had been identified as deficient, and all such suppliers have been sent a corrective action plan by EcoVadis; it being specified that AXA teams have access to such corrective action plan through the platform. The main suppliers of the AXA Group panel can be evaluated by EcoVadis every two years.

Detailed information on responsible procurement policy and standards is provided in AXA's Group Procurement Guidelines. The document is used for vendor selection and management purposes.

Since 2018, AXA has been relying on a dedicated Vendor Risk program to reinforce its operational control and Risk Management of third parties. Please refer to Section 5.7 "Operational risk" of this Annual Report for further information on this program.

The AXA Group continues to abide by its commitment to implement the same principles as well and received a "Platinum" score in its latest EcoVadis evaluation.

INVOLVEMENT OF AXA STAKEHOLDERS

In line with its strong culture of dialogue, AXA has regular discussions with its various stakeholders at different levels. Please refer to Section 4.1 "AXA Sustainability Strategy - Sustainability Governance & Stakeholder Dialogue" of this Annual Report for further details about the stakeholder dialogue initiated by AXA.

In order to maintain effective communication between employees and Management as well as a constructive social dialogue, the vigilance plan was presented on several occasions to employee representatives. Through discussions with the Group's French employee representatives and more particularly with the Social Committee of the French Group's Works Council, certain provisions of the vigilance plan have been placed at the core of the employer-employee dialogue.

The AXA Group strives to strengthen the communication of its vigilance plan to all of it stakeholders, in particular by making it available on AXA's website (www.axa.com/en/about-us/our-commitment-to-human-rights).

4.7 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

FOR THE YEAR ENDED DECEMBER 31, 2020

To the AXA SA Annual General Meeting,

In our capacity as Statutory Auditor of AXA SA (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement or the year ended December 31, 2020 (hereinafter the "Statement"), included in the Group Management report pursuant to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code *(Code de commerce).*

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, *i.e.,* the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq*. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors (CNCC) applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the entity's activities, the description of the social and environmental risks associated with its activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L.225-102-1 III, as well as information set out in the second paragraph of Article L.22-10-36 regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with the entity's activities including where relevant and proportionate, the risks associated with its business relationships and products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R.225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and Risk Management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.,* all the companies included in the scope of consolidation in accordance with Article L.233-16, within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities which are, on social components, AXA Brazil Seguros SA, AXA France, AXA Konzern AG, PT AXA Financial Indonesia, PT AXA Services Indonesia, PT Mandiri AXA General Insurance, AXA Seguros Generales S. A., AXA Sigorta A.Ş., and AXA Hayat ve Emeklilik A.Ş., on environmental components, AXA Brazil, AXA France (Les Terrasses 1, 2, 3 (Nanterre) et Les Fontaines), AXA Germany, AXA Indonesia, AXA Seguros Spain, AXA Sigorta, AXA Hong Kong, AXA Belgium, AXA XL US and AXA XL UK, and on societal components, AXA Atout Cœur (France), AXA Spain, AXA Belgium, AXA Sigorta, and AXA UK. It covers 23% of the workforce considered as representative indicators of the social component, between 20% and 66% of environmental data, considered as representative indicators of the environmental component, and between 24% and 42% of societal data, considered as representative indicators of the societal component;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is 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.

Means and resources

Our work was carried out by a team of 10 people between mid-September 2020 and mid-March 2021 and took a total of 9 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around twenty interviews with the people responsible for preparing the Statement, representing Corporate Responsibility, Risk Management, Compliance, Tax, Procurement, IT and Human Resources.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 22, 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit
French original signed

Bénédicte Vignon	Sylvain Lambert
Partner	Sustainable Development Partner

Appendix: List of The Information We Considered Most Important

Key performance indicators and other quantitative results:

- climate change and biodiversity: energy consumption, distance covered by business travel and vehicle fleet, CO_2 emission by scope, water consumption, office and marketing paper consumption, waste production, "green" investments, AXA's investments Warming Potential, AXA XL Ocean preservation program, AXA's digital carbon footprint;
- employer responsibility: headcounts and distribution, number of external recruitments, number of resignations, number of dismissals, annual gross payroll (fixed and variable), number of training days, absenteeism rate, "employee Net Promoter Score", salaried employees with teleworking arrangements, salaried employees having been trained at least once during the year, AXA's gender parity amongst Top Senior Executives;
- inclusive insurance: number of emerging customers, number of products designed for Women specific needs, number of entities that included "Women in insurance" strategic priority, engagement rate of AXA employees in volunteering, cash donations for community investment projects, number of employees who participated to volunteering acts, number of volunteering acts, total hours contributed to volunteering acts during working time;
- business behaviour: entities having certified AXA Standards on Product Approval Process, revenues covered by Binding Corporate Rules, Scoring ISO 27001, entities with Corporate Responsibility clause integrated within supply contracts, suppliers having a good ESG external rating;
- fight against corruption: entities having certified AXA Standards on Anti-bribery & fight against corruption;
- fight against tax evasion: entities having certified compliance with AXA Group tax policy & tax Code of Ethics, coverage of Group tax footprint in Tax Transparency report;
- governance: number of external stakeholders' exchanges.

Qualitative information (actions and results):

- climate change and biodiversity: information relative to climate change, AXA's own operations environmental footprint, and biodiversity;
- employer responsibility: information relative to AXA as an employer of choice and future of work, employee development, and inclusion and diversity breeding talent and innovation;
- inclusive insurance: information relative to women in insurance, emerging customers, corporate philanthropy and employees' engagement;
- business behaviour: information relative to business behaviour, responsible data use, and responsible procurement;
- fight against corruption and tax evasion: information relative to corruption and tax policy;
- governance: information relative to stakeholder dialogue.

5 RISK FACTORS AND RISK MANAGEMENT

5.1 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. Material uncertainties relating to COVID-19 persist, which may adversely impact the Group during 2021 and future periods. Risks relating to COVID-19 are considered herein based on currently available information and are subject to a constantly evolving context.

The Company's Risk Management processes, procedures and controls are described in Section 5.2 "Internal Control and Risk Management" of this Annual Report, which should be read in conjunction with this Section 5.1. While 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 5 or the losses that may be incurred in connection with these risks.

Where the risks described in this Section 5.1 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, in accordance with applicable accounting principles. You should also refer to Section 5.3 *et seq*. of this Annual Report for quantitative information on the material risks to which the Group is exposed. For avoidance of doubt, references to "insurance", "(re)insurance", "Property & Casualty" and "Life & Savings" in this Section also refer to "Health" activities as appropriate.

In presenting the risks set forth in this Section 5.1, Management has identified the primary categories of risk and the most material risks in a manner that corresponds to Management's current view as to the materiality of such risk factors for the AXA Group, based on the perceived likelihood of the occurrence of such risks and the expected magnitude of their negative impact. As more fully described below, such categories include market-related risks, credit- and liquidity-related risks, pricing- and underwriting-related risks, operational risks, regulatory-related risks and risks related to the ownership of the Company's shares. Further, there can be no assurance that Management's assessment of the relative importance of such risk factors may not change over time, whether to reflect new information, events, circumstances or otherwise.

Financial risks

MARKET-RELATED RISKS

Negative developments in economic and financial market conditions, whether on a national, continental or global basis, may materially and adversely affect our business and profitability

Our businesses, financial condition, results of operations and solvency are impacted by global financial market fluctuations and economic conditions generally. For additional information on the sensitivity of our Solvency II ratio to capital market conditions, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) [(1)].

In 2020, the COVID-19 pandemic and the ensuing governmental measures implemented to address the resulting health crisis caused significant disruption to the economy, resulting in a severe global recession and significant volatility in financial markets. In addition, a wide variety of other factors could negatively impact economic growth prospects and contribute to high levels of volatility in financial markets. These factors

(1) *The AXA Group's SFCR for the year ended December 31, 2019 is available on AXA's website, and the AXA Group's SFCR for the year ended December 31, 2020 is expected to be published on May 20, 2021 on AXA's website.*

include, among others, concerns over a persistent slowdown or reversal in economic growth and levels of consumer confidence generally; current market conditions, including asset valuations and volatility, that may lead to an abrupt and significant repricing in financial markets; the strengthening or weakening of foreign currencies (in particular the US Dollar) against the Euro; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies, including related systemic credit risk concerns; rising trade tensions, "trade wars", and other governmental measures, either enacted or being contemplated relating to tariffs or international trade agreements and policies; continuing concerns over certain sovereign debt issuers; inflation or deflation in certain markets; central bank intervention in the financial markets, through quantitative easing or similar programs (such as the European Central Bank's €1,850 billion Pandemic Emergency Purchase Program) or the winding-down or cessation of such programs; uncertainty surrounding the aftermath of Brexit and potential market turmoil caused by trade-related issues between the United Kingdom and the European Union, including in relation to the implementation and operation of the TCA (as defined below); changes in reference rates, including reforms to and potential changes affecting Libor, Euribor and other indices; volatile energy costs; adverse geopolitical events (including acts of terrorism or military conflicts) and rising geopolitical tensions in various Regions, including Russia, Ukraine, Latin America, Libya, Syria, Iraq or North Korea; and recent developments, such as the latest political events in the United States, the United Kingdom, the European Union and Hong Kong.

The COVID-19 pandemic and related governmental measures have increased the probability and magnitude of market-related risks posed by the aforementioned factors. The spread of this pandemic has led globally governmental authorities to impose quarantines and lockdown measures, business restrictions, travel limitations and other social-distancing measures of varying scope, and has led to major disruptions in global trade and supply chains more broadly, which have significantly reduced economic activity. While the pandemic has had and will most likely continue to have an adverse effect on financial markets and global economic conditions, significant uncertainties as to the duration and extent of the pandemic make its overall impact difficult to predict, both at local and global levels. The extent to which the economic consequences of the COVID-19 crisis will continue to affect the Group's results of operations and financial condition will depend on a number of factors, including the suitability and effectiveness of mitigating and support measures introduced, in particular, by governments (*e.g.* government-guaranteed loan facility programs, tax deferrals, facilitated recourse to part-time working) and central banks, as well as the timing and efficacy of COVID-related vaccination programs.

In addition, specific concerns regarding the Eurozone, including the financial condition of certain EU sovereign debt issuers, uncertainty regarding membership in the European Union, relationships between European institutions and certain Member States, potential structural reforms or other changes made to the Euro, the Eurozone or the European Union, have resulted in significant disruptions in financial markets in recent years and could have similar effects in the future. In particular, the decision of the United Kingdom to leave the European Union in accordance with Article 50 of the Treaty on European Union, on March 29, 2017 ("Brexit"), and the resulting negotiations between the United Kingdom and the European Union to reach a withdrawal agreement, which entered into force on January 31, 2020 (the "Withdrawal Agreement"), have materially impacted financial markets and macroeconomic conditions. Since Brexit became effective on January 1, 2021, the terms of the relationship between the United Kingdom and the European Union have been set forth in both (i) the Withdrawal Agreement and (ii) the EU-UK Trade and Cooperation Agreement applicable since January 1, 2021 (the "TCA").

Although the TCA provides for free trade in goods between the United Kingdom and the European Union, it contains only very limited provisions regarding financial services, so that it remains unclear what the exact terms of the future relationship between the United Kingdom and the European Union will be regarding access to each other's financial markets and cross-border financial services generally. The ongoing negotiations could have unpredictable effects on financial markets and, depending on their outcome, adversely impact firms providing cross-border financial services. While the Group actively follows Brexit-related developments, there can be no assurance that Brexit and its related consequences will not have an adverse effect on the Group's business and financial condition.

These factors and others have had and will likely 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 and uncertainty surrounding the COVID-19 crisis, 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, to the extent the economic environment in the jurisdictions in which we do business may become 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 or funds, lower surrender rates than anticipated on other types of products, and our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. The probability and magnitude of these risks have increased due to the sharp contraction in global economic activity caused by the COVID-19 crisis. These developments could accordingly have a material adverse effect on our business, results of operations and financial condition.

Changes in interest rates and credit spreads may adversely affect our business, results of operations, solvency 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 (particularly 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 low levels of interest rates generally, such as those experienced in recent years, have and may continue to negatively impact our net interest income and the profitability of our Life & Savings business, especially as the impact of the COVID-19 pandemic and related governmental measures has generally been to extend such downward trend in interest rates, through US, EU and other central bank actions.

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 a period 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, such as the Group's Internal Model, 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, while decreasing the amount of our Eligible Own Funds ("EOF"), which could have an adverse impact on our Solvency II ratio.

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 II 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 our asset managers' fixed-income assets under management, which could result in lower management fees and have an adverse impact on Asset Management net inflows. In addition, 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.

For a description of the sensitivity of our EOF to changes in interest rates, please refer to Section 6.6 - Note 4.2 "Market risks (including sensitivity analysis)" of this Annual Report. For additional information on the sensitivity of our Solvency II ratio to financial shocks on interest rates, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) (1).

Our exposure to changes in credit spreads primarily relates to the impact of such changes on market prices and cash flow variability. 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; and, as issuer, we may face increased interest expenses. 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. For additional information on the sensitivity of our Solvency II ratio to financial shocks on corporate bond spreads, please refer to the AXA Group's SFCR, available on AXA's website (www.axa.com) (1).

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Although we take measures, including hedging through derivative instruments, 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 solvency position, and on our results of operations, financial condition 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 condition, 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 shareholdings and investments, revenues and expenses are denominated in currencies other than Euro, while our Consolidated Financial Statements are established 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 in themselves impact our cash and liquidity position.

Inflation or deflation in our principal markets would have multiple impacts on the Group and may negatively affect our business, solvency position and results of operations

We are subject to inflation risk in certain of our principal markets, especially in Europe, through our holdings of fixed interest rate and other instruments, and as a result of the potential for claim payments and expenses to rise faster than anticipated in our reserving and pricing assumptions.

In particular, inflation in relation to medical costs, construction costs and tort issues impacts the Property & Casualty industry. The impact of inflation on claim costs could be more pronounced for those Property & Casualty lines of business that are considered "long tail", such as general liability, workers' compensation and professional liability, and other specialty lines of our AXA XL business, as they require a relatively long period of time to finalize and settle claims for a given accident year. Changes in the level of inflation could also result in an increased level of uncertainty in our estimation of claims reserves, particularly for long tail lines of business.

We are also subject to deflation risk, which has materialized in the Eurozone in recent years and, in particular, during the fourth quarter of 2020. 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.

Adverse business and market conditions, as well as accounting rules, may impact the recoverability of goodwill, amortization of intangibles and/or reduce deferred tax assets and deferred policyholders' participation assets, which could materially affect our results of operations and financial position

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 Deferred Acquisition Costs ("DAC"), Value of Business In-Force ("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 is significantly impacted by such factors as the state of the financial markets, particularly equity 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 invested 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, 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, for example, the price for which a security may ultimately be sold or sold at any specific point in time. In addition, the valuations of certain assets may be adversely affected by external factors and developments that were not systematically taken into account in earlier models and methodologies, such as climate-related transition risks, which may cause the market and prices for certain investments with a high carbon footprint (also known as "stranded assets"), to decrease over time. For further information on our climate-related transition risk analysis, please refer to Section 4.3 "Climate change and biodiversity – Investments" of this Annual Report. The choice of 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 invested 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 Section 6.6 - Note 1.8.2 "Financial instruments classification" of this Annual Report, and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the investment assets 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 of the instrument 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, especially in light of uncertainties surrounding the impacts of systemic risks, such as those relating to the COVID-19 pandemic, and the need for and timing of any additional impairments and/or allowances may have a material adverse effect on our results of operations and financial condition.

CREDIT AND LIQUIDITY-RELATED RISKS

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital

In recent years, the capital and credit markets have at times 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 the AXA Group.

We need liquidity to pay our operating expenses (including claims and surrenders), dividends and interests on our debts 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 transfer 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 condition.

Downgrades in our insurer and reinsurer financial strength and credit ratings could adversely impact our competitive position and damage our relationships with creditors or trading counterparties

Insurer (and reinsurer) financial strength and credit ratings are important factors used by the market and customers in establishing the competitive position of insurance and reinsurance companies and in assessing our claims-paying ability. Rating agencies review their ratings and rating criteria and methodologies on a recurring basis, and they may change or withdraw their ratings at any time, based on relevant factors that may not be entirely within our control and/or affect the insurance and reinsurance industry generally. In particular, several credit rating agencies have recently indicated that the global economic downturn caused by the COVID-19 crisis had led to a risk of a ratings downgrade for the insurance sector. Consequently, our current ratings may not be maintained in the future and no undue reliance should be placed on such ratings, which should not be considered as recommendations to purchase, sell or hold any securities we have issued.

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 costs, (v) triggering termination provisions or collateral delivery requirements, or requiring us to return unearned premiums to cedants, under certain of our reinsurance and retrocessional agreements, (vi) negatively impacting our ability to obtain financing and/or increasing our cost of financing, (vii) harming our relationships with creditors or trading counterparties and/or (viii) 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 third parties that owe us money, securities or other assets and which may fail to perform or default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, operational failure, fraud, or other reasons. 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 and capital market counterparties to which we have ceded (directly or indirectly) our insurance risks, customers, ceding companies, service providers, partners, 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. We may also have exposures to such counterparties under insurance policies that we have written, including in respect of D&O, surety and similar coverages. Moreover, we are exposed to counterparty risk with respect to certain policies we write that provide coverage to our policyholders for their credit risk exposures to third parties.

Under our reinsurance and retrocessional arrangements (including similar protection afforded through risk transfer transactions to capital markets), other insurers, reinsurers or capital market counterparties assume a portion of the losses and related expenses under policies we issue, although we remain liable as the direct (re)insurer on all risks reinsured. While we evaluate periodically the financial condition of our reinsurers, retrocessionaires and capital market counterparties to minimize our exposure to significant losses from reinsurer/retrocessionaire/capital market counterparty insolvencies, such counterparties may become financially unsound by the time their financial obligations to us become due and force us to recapture the reinsured or retroceded business. For information on the ratings of our reinsurers, please refer to Section 5.4 “Credit risk-Risk control and risk mitigation – Receivables from reinsurers: rating processes and factors” of this Annual Report.

Our exposure to our counterparties may also be adversely impacted by the negative consequences of the COVID-19 crisis on the financial condition of such counterparties. In particular, moratorium measures have been implemented by governmental authorities in certain jurisdictions, which limit the ability of creditors to enforce debts and, combined with governmental support measures (such as state-guaranteed loan facilities), may delay the opening of insolvency proceedings with respect to certain debtors. In the event that these moratorium and support measures were to be terminated, there may be a significant increase in defaults or debt restructuring, which may in turn have an adverse impact on the Group’s counterparties, and the Group’s business, results of operations and financial condition.

There can be no assurance that defaults by the foregoing or other counterparties would not materially and adversely affect our business, results of operations and financial condition.

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 and 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 estimating our risk exposures, determining the pricing of our products, establishing (re)insurance and employee benefits reserves and reporting capital levels and business results (using such industry measures of value as NBV or European Embedded Value (“EEV”)). These assumptions are based on various modeling techniques (e.g., scenarios, predictive, stochastic and/or forecasting), using both proprietary and third-party models, data analytics and related analyses. Model outputs and related analyses are subject to various assumptions, uncertainties, model errors and the inherent limitations of any statistical analysis (including availability, use, accuracy and relevance of historical, internal and industry data) and incorporate numerous assumptions and forecasts about market conditions (such as interest rates, inflation and currency exchange rates), capital requirements, loss frequency and severity, and policyholder behavior. The use of

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such models can also be affected by operational risks, including input, data and human error. Adverse experience relative to such assumptions, in particular in the COVID-19 context, use of and reliance on inaccurate or incomplete models, 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 condition, or lead to litigation.

In our Property & Casualty business, we establish reserves for claims (either reported or unreported) and claims expenses in accordance with industry practices and accounting, actuarial and regulatory requirements. 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. In particular, as reserves are booked net of reinsurance, their amount is also determined based on assumptions as to the availability of reinsurance/retrocession coverage and the applicability of such coverage to potential losses, including, for example, with respect to our ability to aggregate those losses in accordance with the relevant policy terms. While we continually review the adequacy of our claims reserves, because the establishment of claims reserves is an inherently uncertain and complex process involving numerous estimates, including the impacts of any regulatory and legislative changes, court interpretations, medical condition of claimants, emerging trends and theories of liability, including with respect to environmental, medical and products liability exposures, and changes in economic conditions (including inflation changes and discount rates used for evaluation of settlements), 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. The impact of certain of these factors, such as social inflation, particularly in the US (increased litigation, expanded theories of liability, higher jury awards and settlement expectations), as well as mass tort claims related to exposure to harmful products or substances (*e.g.* asbestos, opioids, talc, glyphosate, lead paint), on our estimation of claims reserves and ultimate costs for claims is difficult to assess and could be material. Our estimation may also be more difficult during times of adverse economic conditions due to unexpected changes in behavior of claimants and policyholders, including an increase in fraudulent reporting of exposures and/or losses, reduced maintenance of insured properties or increased frequency of small claims.

In our Life & Savings business, 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 which are contained within certain of our Life & Savings products and the adequacy test performed on the reserves for life policies (which encompasses the recoverability of DAC, VBI and deferred policyholder participation assets) involve 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 systemic risks, such as those relating to the COVID-19 pandemic, would not result in loss experience inconsistent with our pricing and reserve assumptions.

Furthermore, 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 occurrence of natural or man-made disasters, including those resulting from changing weather patterns, diseases and climatic conditions, and systemic risks, could adversely affect our financial condition, results of operations 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. AXA XL, our commercial Property & Casualty (re)insurance and specialty risk division has operations in North and Latin America, Europe, Lloyd’s and Asia-Pacific, which are significantly exposed to natural and man-made catastrophes. While we seek to reduce AXA XL's exposure through underwriting actions and ceded reinsurance coverage, there can be no assurance that the occurrence of catastrophic events will not have a material adverse impact on AXA XL's and our operations, results, financial condition, cash flows or solvency position.

Catastrophic events, whether natural or man-made, such as hurricanes, tornadoes, windstorms, hailstorms, earthquakes, volcanic eruptions, freezes, floods, explosions, wildfires, pandemic and infectious diseases (such as COVID-19), terrorist attacks, cyber events, systemic cyber failures, military actions, and power grid and other core infrastructure (*e.g.* telephony or Internet infrastructures) failures, as well as any new significant systemic risks (such as those relating to cyber security), could result in substantial volatility in or adversely affect our operations, results, financial condition, cash flows or solvency position, 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, modelling and monitoring overall exposures and risk accumulation, purchase of third-party reinsurance and risk transfer transactions to capital markets. There can be no assurance, however, that we will be able to adequately anticipate such evolution, as a single catastrophic event, an accumulation of losses resulting from several events or an unusual frequency of smaller losses in a particular period may affect multiple geographic areas and lines of business, and the frequency or severity of catastrophic events could exceed our estimates. Accounting principles and rules preventing (re)insurers to reserve for catastrophic events until they occur may also augment the impact of such events.

The occurrence of catastrophic events may also result in an increase of our reinsurance/retrocession for own account and limit or prevent us from obtaining adequate types and amounts of reinsurance/retrocession (or entering into adequate risk transfer transactions to capital markets) for certain risks or Regions. Furthermore, we may be unable to obtain appropriate reinsurance/retrocession coverage with respect to exposures to certain systemic risks, which may result in an increase of our net exposures to such risks or require us to decrease our relevant underwriting commitments. While we seek to reduce our exposure to catastrophic events, through diversification and incremental reinsurance, we have experienced and could in the future experience material losses from these types of risks, which may exceed our reinsurance and retrocessional protection (or similar protection afforded through risk transfer transactions to capital markets) or such protection may otherwise be inadequate to protect us against losses or uncollectible reinsurance when due. In particular, we may enter into risk transfer transactions to capital markets that offer reinsurance protection based on an industry loss index rather than on our actual incurred losses, which may result in our residual losses not being covered to the extent they are not fully correlated with the relevant share of the related industry loss.

Over the past several years, changing weather patterns and climatic conditions, including as a result of climate change, have added to the unpredictability of natural disasters and to the frequency and severity thereof and created additional uncertainty as to future trends and exposures. In particular, the consequences of climate change might significantly impact the insurance and reinsurance industry, including with respect to risk perception, pricing and modelling assumptions, and the need for new insurance products, all of which may create unforeseen risks and costs not currently known to us.

The ongoing COVID-19 crisis illustrates the significant systemic risk posed by pandemics and other systemic risks, as well as the governmental measures implemented to address the crisis they cause. In addition, legislative and regulatory initiatives implemented, and court decisions rendered, following major catastrophes may adversely impact our results, financial condition, cash flows or solvency position, in particular where they seek to expand the intended scope of coverage for catastrophe-related claims beyond policy terms, including through policyholder-friendly or otherwise broad interpretation of policy wording or retroactive extension of policy coverage.

AXA continues to closely monitor the Group's exposure to the COVID-19 pandemic (including its various mutated variants) and its wide-ranging consequences, including on (i) the extent of claims litigation and insurance coverage impacted (in particular in Property & Casualty business lines); (ii) the impact of potential renewed localized or more generalized lockdown measures, travel limitations and business restrictions on the Group's operations and activities; (iii) regulatory, litigation-related or legislative developments aimed at expanding the intended scope of coverages beyond policy terms, exclusions and other conditions; (iv) financial market volatility, changes in asset prices and overall financial conditions (including interest rates and corporate spreads), and consequential impacts on our investment portfolio; and (v) macroeconomic conditions and the flow of people, goods and services. Depending on the duration and extent of the pandemic's remaining course and the effectiveness of mitigating measures implemented by governmental authorities in particular, including the timing and efficacy of vaccination programs, COVID-19 may continue to materially adversely affect our business, financial condition, results of operations and cash-flows.

For quantitative information on the financial impact of COVID-19 on the Group's 2020 results, please refer to Section 2.3 "Activity Report - Activity and Earnings Indicators" and Section 2.3 "Activity Report - Commentary on Group Earnings".

The Property & Casualty insurance and reinsurance businesses are cyclical, which may impact our results

Historically, Property & Casualty insurers and reinsurers 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/reinsurer, including competition, frequency or severity of loss events, levels of underwriting capacity by Region or product line, general economic conditions, systemic risks (including those relating to the COVID-19 pandemic and related governmental measures), and other factors, including the development of the insurance-linked securities market and other alternatives to traditional Property & Casualty insurance and reinsurance products. Changes in customer expectations for appropriate premium levels, the frequency or severity of claims or other loss events, including losses incurred by our ceding insurers and reinsurers, the hardening of the reinsurance market or other factors affecting the Property & Casualty insurance business may have an adverse effect on our results of operations and financial condition.

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, including reinsurance for own account and capital markets solutions (such as catastrophe bonds), in order to avoid or limit losses and liabilities. The failure of any of our Risk Management strategies could result in significant losses and have a material adverse impact on our financial condition, results of operations, and cash flows.

With respect to reinsurance, the ongoing COVID-19 crisis is an illustration of the uncertainty surrounding the availability of reinsurance/retrocession coverage for losses relating to significant systemic risks. For instance, coverage for COVID-19-related losses (such as business interruption losses) may be more difficult to obtain, as our reinsurers may challenge the applicability of coverage to these losses or seek to reduce our ability to aggregate these losses in accordance with policy terms, which may adversely impact the amount of reinsurance recovery available to us in respect of these losses. Furthermore, we may be unable to renew our reinsurance arrangements on terms similar to those applicable prior to the COVID-19 outbreak or obtain appropriate new reinsurance coverages with respect to certain exposures under our policies, including COVID-19-related exposures.

We use derivatives (including equity futures, treasury bond futures, interest rate swaps and swaptions and equity options) to hedge certain, but not all, risks under guarantees provided to our clients or stemming from our assets.

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 also 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. These models or their underlying estimates and assumptions could prove inadequate for certain market environments, especially when financial markets experience high volatility, for instance as a result of unprecedented shocks like the COVID-19 pandemic and related governmental actions, such as the lockdown measures implemented in various jurisdictions. Our hedging program may change over 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.

OPERATIONAL RISKS

Inadequate or failed processes, controls or systems, human factors or external events may adversely affect our profitability, reputation or operational effectiveness

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, software and/or hardware obsolescence, 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, external fraud, natural or man-made disasters and terrorist attacks. We are also exposed to risks arising from potential failures in, or non-compliance with, Group and entity policies concerning such matters as internal controls and procedures and financial reporting policies, as well as from employee misconduct or negligence and fraud. While we take measures 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, as well as impairments to our liquidity, disruption of our businesses, deterioration of our solvency position, legal claims, regulatory sanctions or damage to our reputation. 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 could have similar adverse effects.

Our business is highly dependent on the effective operation of our information technology, telecommunications, electronic data 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 significant amounts of sensitive customer, employee and company data and information, including proprietary and confidential information. Some of these systems, in turn, rely on third-party systems. 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, and our employees unable to perform their duties, for an extended period of time.

Systemic risks may heighten and influence the aforementioned operational risks in an unprecedented fashion. As an example, the COVID-19 pandemic, including related governmental measures, increased the probability and magnitude of operational risks associated with employee health problems, business continuity plans related to delays or failures in external services and measures impacting working practices (such as extensive remote working arrangements or requirements). A failure to implement appropriate management of such heightened operational risks may adversely affect the Group's brand and reputation as well as its results of operations.

For additional information on the risks relating to the protection, processing and transfer of personal data (including customer and employee data), see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Cyber attacks or other security breaches of our computer systems, technologies or networks, or those of our third-party providers, could disrupt our businesses, result in damage to our reputation or significant financial losses, and expose us to potential regulatory sanctions

The increasing frequency and sophistication of hacking incidents and other cyber security threats 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. In recent years, this has led to an increased regulatory focus on risks of security breaches stemming from the growing reliance of the financial sector on information and communication technology. In particular, the European Commission published in September 2020 a draft regulation designed to establish a comprehensive framework on digital operational resilience for EU financial institutions, and the European Insurance and Occupational Pensions Authority ("EIOPA") issued in October 2020 a set of guidelines aimed at promoting the operational resilience of the digital operations of (re)insurance undertakings that will apply from July 1, 2021. For further information on these new regulatory frameworks, please refer to "Information and Communication Technology (ICT)" in Section 7.3 "General Information - Regulation and Supervision - Other significant legislative and regulatory frameworks".

Despite the Group's implementation of a variety of security measures, the Group's computer systems, technologies and networks, as well as the services we provide or rely on (including mobile and cloud services), may in the future be subject to unauthorized intrusions, such as physical or electronic break-ins, cyber-attacks, 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, systems, technologies and networks, including phishing, malware or ransomware attacks, unauthorized access, systems failures and disruptions. These threats recently became more acute, as extended remote working arrangements have been put in place across the Group in the context of the COVID-19 pandemic, and a new smart working strategy, combining remote working and office presence, is being deployed within the Group's major entities (employing over 70% of the Group's employees) with a target implementation date of year-end 2021, and will be extended globally to other Group entities by 2023. Management has put in place internal controls and procedures designed to protect client data as well as the Group's assets from hacking or other types of unauthorized intrusions into the Group's computer systems, technologies and networks. There is no absolute guarantee, however, that these controls and procedures will be sufficient, properly implemented or effective, and prevent all attempted intrusions into the Group's systems, technologies and networks. Any such intrusion could result in operational disruption, financial losses, unauthorized access to, tampering or loss of sensitive personal data and/or proprietary information and lead to regulatory actions, proceedings or sanctions against us. In addition, due to our reliance on certain infrastructures and interconnectivity with third-party providers, exchanges, clearing houses, financial institutions and other third parties, we could also be adversely impacted by any successful cyber-attack or other security event affecting any of them.

Interruptions or disruptions of our systems, technologies and networks, or those of our third-party providers (including third-party providers deemed critical to our principal activities), or a failure to maintain the availability, integrity or confidentiality of sensitive data residing on such systems or technologies, or transmitted through these networks, could potentially result in financial loss, impairment to our liquidity, a disruption of our businesses, a deterioration of our solvency position, legal claims, regulatory sanctions or damage to our reputation, any of which could materially adversely affect our results of operations or financial condition.

For additional information on the risks relating to the protection of personal data, see the paragraph below "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business".

Any failure in managing and implementing our strategic initiatives could materially impact our results of operations, share price and competitive position

We announced our "*Driving Progress 2023*" strategic plan on December 1, 2020, which can be expected to have a significant impact on the Group's business, competitive position and results of operations. This strategic plan will be implemented through a number of major initiatives, including in our Health and Protection segments and across our commercial Property & Casualty business lines, all of which are further described under the caption "Strategic Orientations" on page 7 and in Section 2.6 "Outlook" of this Annual Report. All of these actions have been designed to deliver sustained earnings growth, driven by all our geographies, and a clear path to dividend growth, supported by enhanced cash generation, a strong balance sheet and disciplined capital management. Furthermore, as announced in our "*Driving Progress 2023*" strategic plan, we intend to reduce the carbon footprint of our General Account assets (*i.e.* corporate fixed-income; listed equities; real estate assets) by 20% by 2025. This new non-financial target complements the Group's commitment to contain the "warming potential" of its investment portfolio to below 1.5°C by 2050 and its objective to reach €24 billion in green investments by 2023, both launched in 2019. There can be no assurance, however, that any or all of our strategic initiatives will be successful, or that the process of achieving their implementation will not cause material disruption to our business operations, management, personnel, brand and reputation, especially while there remain significant uncertainties and unknown risks relating to the evolution of the COVID-19 pandemic.

The "*Driving Progress 2023*" strategic plan is based on a number of assumptions, covering, *inter alia,* the macroeconomic environment and the development of the Group's activities. These assumptions are based on various modeling techniques and forecasts regarding several factors (*e.g.* interest rates, inflation, capital requirements, claims expenses, gross domestic product). As a result, the financial targets we intend to achieve as part of our 2020-2023 strategic plan may be negatively affected by an adverse experience relative to such assumptions. Any failure to achieve such financial targets could materially impact our results of operations, share price and competitive position.

We may pursue acquisitions, joint ventures and other transactions to expand, complement or reorganize our business, which could adversely affect our business, future profitability and growth

External growth transactions involve risks that could adversely affect our operating results, including the substantial amount of Management time that may be diverted from operations to carry out such transactions and related integration efforts. Such transactions could also result in new debt or equity issuances, financing arrangements, and the incurrence of additional costs, contingent or unforeseen liabilities or risks and impairment and amortization expenses relating to goodwill and other intangible assets, and failure to mitigate the risks and uncertainties arising from such transactions through due diligence and indemnification provisions, all of which could materially and adversely affect our business, financial condition, results of operations and growth.

Furthermore, we may be exposed from time to time to certain risks relating to the integration of newly acquired companies. Such risks include difficulty or delay in integrating such companies, their IT, operations, employees and areas of expertise in an efficient and effective manner, which may result in the loss of certain key employees and/or customers of the acquired companies. As a result, we may not be able to effectively integrate acquired companies and achieve all of the expected strategic objectives, anticipated synergies, expected cost savings, impact on solvency capital requirements (including contributions to the Group's Solvency II ratio, if any), innovation, operational efficiencies and business development from acquisitions within the forecast periods or at all, or we may be required to spend additional time and money on integration, any of which could adversely affect our business, financial condition, results of operations and growth. In the case of adverse developments relating to an acquired company, modifications to our expected strategy with respect to such company, or more generally our overall strategy, might have to be considered. In particular, we may be subject to, or engage in, litigation in connection with or as a result of acquisitions, which could have an adverse effect on our results of operations.

We may also carry out divestitures, such as the announced sales of AXA Bank Belgium in 2019 and our operations in Greece, Poland, Czech Republic, Slovak Republic and in the Gulf Region in 2020, or reorganization of existing businesses, including AXA Switzerland from 2018 to 2019, which may have adverse effects on our business, financial condition or results of operations. Such divestitures and reorganizations, which may take the form of share or asset sales, as well as reinsurance transactions, may not be carried out within the expected timeframe or at all, due to the failure to obtain regulatory or other approvals or other reasons; the anticipated profit and/or positive effect on our overall risk profile, our Solvency Capital Requirement ("SCR") and Solvency II ratio, or local solvency and capital adequacy requirements, from any such transactions may not be realized; or we may incur a loss on such transactions. Divestments of equity participations we hold may also be subject to volatility and other market-related risks, which could impact the carrying value of our remaining stake in such companies, including related goodwill, and adversely affect our results of operations. All of such factors may be exacerbated by the uncertainties surrounding the COVID-19 pandemic, particularly with respect to the timing of any required regulatory or other approvals. For additional information on the impact of divestitures, acquisitions and other transactions on goodwill, please refer to Section 6.6 - Note 5 "Goodwill" of this Annual Report.

From time to time, we may also consider acquisitions of or investments in other companies, including through joint ventures. Any such acquisition or investment may be subject to approvals from regulatory authorities in certain countries, including as a result of foreign investment regulations and controls, which may lead to the transfer of certain assets or branches of activity and/or commitments or restrictions affecting the conduct of our business.

We may also be exposed to liabilities and risks that were not known or assessed correctly at the time of the transaction and/or need to address capital, regulatory, tax or accounting issues that arise after transactions have closed, which may not be covered by, or exceed the amounts of, any indemnities provided to us by the sellers or that we provided to acquires, and could adversely affect our business and results of operations.

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 or reinsurance companies, many of which are regulated differently from us and offer alternative products or more competitive pricing than we do.

The insurance and reinsurance 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 and reinsurance 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.

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, drones, connected devices, artificial intelligence or robo-advisors, 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", "blockchain", cloud computing, satellite information, personalization of genetic data, asymmetric information with respect to genetic testing, artificial intelligence or otherwise, may have unanticipated and adverse impacts on our business, for example by changing the nature of insurance underwriting, pricing and claims handling; by allowing customers and competitors to tailor coverage in ways that we do not currently offer; or 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.

We operate through arrangements with third parties, including delegation of underwriting and claims authority, which exposes us to operational and regulatory risks and could materially adversely impact our business, results of operations and financial condition

We have 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, reinsurance and Asset Management businesses (including policy administration, claims-related services, securities pricing and other services) and our product distribution. Such arrangements expose us to operational and regulatory risks incurred by these third parties, including employee misconduct or negligence, fraud, internal control failure, contract error, disruption to distribution arrangements, failures in processing policies and handling claims, and non-compliance with applicable laws and regulations, any of which may be more likely to materialize in the context of the COVID-19 pandemic.

In addition, part of our (re)insurance business is underwritten by third parties under contractual arrangements, which typically authorize such third parties to bind us to new policies and to renew policies, within the terms of our licenses and subject to various contractual obligations and restrictions. If these third parties do not abide by the terms of our licenses, amend material terms of the policies without our approval, or otherwise breach their contractual obligations to us, we could be subject to fines, penalties, injunctions or other similar restrictions for breach of outsourcing/licensing requirements and be liable under the policies issued by breaching third parties. Furthermore, we may be exposed to additional exposure to such risks, in particular due to COVID-19-related legislative measures or judicial decisions, such as those imposing customer-friendly interpretation of policy wording, which may apply to policies that were bound on our behalf by certain of these third parties.

Furthermore, as with other reinsurers, in our reinsurance business we do not separately evaluate each of the individual risks assumed under our reinsurance treaties and we largely rely on original underwriting decisions made by ceding companies. As a result, if ceding companies did not adequately evaluate the risks insured, the premiums ceded to us may not compensate us for the risks we reinsure and the losses we may incur, which may adversely affect our results of operations and financial condition.

We carry out certain of our operations through joint ventures and other partnership arrangements with third parties that we do not control. These arrangements expose us, in particular, to the failure of any of our partners to meets its contractual obligations or to comply with applicable laws and regulations.

There can be no assurance that any of our contractual arrangements with third parties will not expose us to operational, financial and reputational risk, which could materially adversely impact our business, results of operations and financial condition. We may also not be fully indemnified for the contractual breaches of our third parties.

The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition

We and our subsidiaries are subject to evolving solvency and capital adequacy requirements, including the Solvency II framework, which is currently undergoing a review by the European Commission, including regarding (re)insurance group supervision and internal models used by certain (re)insurers, such as the AXA Group, to calculate their SCR. On December 17, 2020, EIOPA submitted an opinion to the European Commission as part of the review of the Solvency II framework (the "Solvency II Opinion"). EIOPA's proposals include, among others, (i) changing the extrapolation method for the risk-free rate curve as well as changing the static and dynamic volatility adjuster design which are both used to value insurance best estimate liabilities, changing the risk margin calculation; (ii) granting supervisory authorities extended powers to address systemic risk and other macroprudential concerns, allowing them to impose additional measures to reinforce an insurer's financial condition, such as (a) setting a capital surcharge to address entity-, activity- or behavior-based sources of systemic risk, (b) restricting or suspending dividend or other payments to shareholders (including share buybacks) or (c) implementing other measures aimed at mitigating liquidity risk-related concerns; (iii) strengthening the supervisory powers of, and enforcement measures that may be imposed by, a group supervisor with respect to the holding company of the Group; and (iv) establishing a European network of national Insurance Guarantee Schemes. The European Commission is expected to publish its proposal regarding the review of the Solvency II framework in the third quarter of 2021. Any changes to the Solvency II framework resulting in an increase of own funds that insurers are required to hold with respect to long-term insurance policies or insurance-based investment products may require us to take actions to preserve our solvency level and business model, which might in turn have an adverse impact on our business, results of operations, relationships with customers, capacity to pay dividends, as well as our brand and reputation. It is difficult to predict the ultimate outcome of discussions regarding changes to current requirements, the impacts of which could include additional regulatory costs and operational constraints, as well as changes to our Internal Model, which may significantly and adversely affect our Solvency II ratio and EOF, results of operations, financial condition and liquidity.

In addition, supervisory authorities may become more conservative in the interpretation, application and enforcement of relevant regulations, as a result of which they may, for example, impose increased reserving requirements for certain types of insurers or certain types of risks, greater liquidity requirements (including capital conservations measures preventing dividend distributions), higher discounts/"haircuts" on certain assets or asset classes or more conservative calculation methodologies, or question the calculation of our insurance best estimate liabilities or take other similar measures which may significantly increase regulatory capital requirements. In particular, the ACPR, the French insurance supervisory authority may impose changes to the Internal Model we use to calculate our SCR or change its view regarding our methodologies and/or the integration method of some of our subsidiaries, which may adversely affect our Solvency II ratio. For additional information on our Internal Model and Solvency II ratio, please refer to Section 5.2 "Internal Model" of this Annual Report [(1)].

In the event of a failure by the Group, the Company or any of our (re)insurance subsidiaries to meet applicable regulatory capital requirements, insurance supervisory authorities 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 recovery, resolution or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as the Company, and (re)insurance companies, including prohibiting payment of dividends and ordering portfolio transfers. Furthermore, the proposals and continuing discussions regarding recovery and resolution in the insurance sector may broaden the scope and extent of regulatory measures available to insurance supervisory authorities. In particular, EIOPA proposed in its Solvency II Opinion to establish a minimum harmonized and comprehensive recovery and resolution framework, advocating for strengthened preventive and resolution powers available to national authorities, while the Financial Stability Board and the International Association of Insurance Supervisors ("IAIS") are increasingly focusing on the development of recovery and resolution frameworks, strategies and supervisory practices in the insurance industry.

A failure of the Group and/or any of its (re)insurance subsidiaries to meet its regulatory capital requirements and/or a deterioration of its solvency position may also result in the need for significant amounts of new capital. In addition, in certain cases, the Company

(1) Please also refer to the AXA Group's SFCR for the year ended December 31, 2020, which is expected to be published on May 20, 2021 on AXA's website.

may be required to provide guarantees or capital commitments with respect to its (re)insurance subsidiaries, whether at the request of supervisory authorities or certain counterparties, which may be reflected in our financial statements as off-balance sheet commitments. There can be no assurance that any of the foregoing will not have a material adverse effect on the Group's liquidity position, financial condition and results of operations. For additional information on the Company's off-balance sheet commitments, please refer to Note 5 "Off-balance sheet commitments" in Appendix III "AXA Parent Company Financial Statements" of this Annual Report.

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 (re)insurance subsidiaries, which may have a consequent negative impact on the perception of the AXA's Group financial strength.

Additional regulatory developments regarding solvency capital requirements may adversely affect our prudential regime as well as increase 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 (re) 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 condition.

As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments

Our (re)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 and contractual restrictions may limit our ability to transfer funds freely, either to or from all our subsidiaries. In particular, our principal (re)insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. Such restrictions may also be strengthened by capital conservation measures implemented by competent EU, national and other supervisory authorities that prohibit the payment of dividends by our subsidiaries to the Company. For additional information regarding COVID-19-related measures regarding dividend distributions, see the paragraph below "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate".

Financial covenants in letters of credit and revolving credit facilities of our subsidiaries may also restrict their ability to declare and pay dividends. Moreover, our status as an Internationally Active Insurance Group ("IAIG") under the Common Framework for the Supervision of IAIGs (the "ComFrame") developed by the IAIS could, in case of adoption of implementing legislation in relevant jurisdictions, result in the imposition of 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 our 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 AND LITIGATION-RELATED RISKS

Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate

The AXA Group operates in 54 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. We have highlighted below some of the more recent and noteworthy regulatory developments that we anticipate may impact our business in the coming periods; further details regarding these and related regulatory and supervisory matters also appear in Section 7.3 "General Information – Regulation and Supervision" of this Annual Report. The following summarizes recent developments impacting our required levels of capital and surplus; anti-money laundering and related anti-corruption measures; regulatory pronouncements with respect to interest rate and other "benchmarks", as well as climate change-related initiatives; changes to IFRS; measures implemented in response to the COVID-19 crisis; and potential developments at Lloyds.

Capital Standards. The multiplicity of different regulatory regimes, capital standards and reporting requirements resulting from work on new capital standards led by the IAIS such as the Insurance Capital Standard, and the development by IAIS of the ComFrame, which will apply to IAIGs, including the AXA Group, as well as potential changes to applicable solvency and capital adequacy requirements, such as the regulatory framework established under the Solvency II Directive, could increase operational complexity, regulatory costs and competition. In this regard, a review of the Solvency II framework by the European Commission is currently ongoing. As part of this review, EIOPA submitted its Solvency II Opinion to the European Commission, in which it proposes, *inter alia,* to (i) revise reporting requirements and disclosure deadlines under the Solvency II framework; and (ii) amend the group supervision regime (including EOF requirements and Minimum Capital Requirement for groups). The outcome of this review could significantly and adversely affect our Internal Model, SCR, EOF or Solvency II ratio, in addition to operational constraints resulting from changes to our group supervision. For additional information on the risks relating to the Solvency II review, see the paragraph above, "The Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition".

AML and Other Compliance Matters. In recent years there has also been a significant increase in legislative and regulatory initiatives and enforcement actions in the areas of financial crime compliance, including anti-money laundering ("AML"), international trade sanctions and anti-bribery laws and regulations (*e.g.* the US Foreign Corrupt Practices Act, the UK Bribery Act of 2010, French Law No. 2016-1691 of December 9, 2016 (also known as "Sapin II")), which have resulted in the need for enhanced control on transactions. As a result, the financial crime compliance programs of financial institutions remains a major focus for regulatory and law enforcement authorities, while regulatory measures in this area continue to be further amended, expanded and strengthened. For instance, in France, Orders No. 2020-1342 of November 4, 2020 and No. 2020-115 of February 12, 2020 recently imposed enhanced requirements on French financial institutions, including the reinforcement of internal procedures to implement asset-freezing measures, and prevent and detect acts of corruption and influence-peddling committed in France and abroad. Furthermore, in certain jurisdictions the relevant AML, anti-corruption and sanctions rules may be enforced on an extraterritorial basis, which could expose our operations to additional or conflicting requirements. In addition, increased cooperation among authorities globally may, in the event we become subject to enforcement proceedings, or are otherwise found to be non-compliant in this area, result in more severe sanctions or monetary penalties.

Customer Protection Matters. Our (re)insurance, asset management and banking operations are subject to an increasing number of legislative and regulatory initiatives designed to increase consumer protection in the sector of financial services, in particular by enhancing disclosure and transparency requirements, as well as conduct of business and product governance rules, which also result in stricter scrutiny by competent authorities. In the European Union, these initiatives include in particular IDD, MiFID II and the PRIIPs Regulation, and similar initiatives are under review (or in the course of implementation) in other jurisdictions where the Group operates. These initiatives, as well as future or revised guidance issued by regulatory authorities (such as the European Securities and Markets Authority ("ESMA"), EIOPA, the AMF and the Financial Conduct Authority ("FCA")), may increase our legal and compliance costs, limit or restrict our ability to do business or expose us to civil, criminal or regulatory actions, proceedings or sanctions, which may adversely impact our brand or reputation. For further information, please refer to paragraph "Evolution of the compliance regulatory and litigation environment" in Section 7.3 "General Information – Regulation and Supervision – Other significant legislative and regulatory frameworks" of this Annual Report.

Benchmark Reforms. Reforms to interest rate, equity, foreign exchange rate and other types of indices (also known as "benchmarks") have been recently enacted, and regulatory authorities have also proposed further reforms to and potential changes affecting benchmarks. In particular, Regulation (EU) 2016/1011 of June 8, 2016 (as amended, the "EU Benchmark Regulation"), which entered into force on January 1, 2018, as well as the EU Benchmark Regulation as incorporated into UK law as from January 1, 2021 (the "UK Benchmark Regulation" and, together with the EU Benchmark Regulation, the "Benchmark Regulation"), imposed additional requirements on the provision of financial market-related benchmarks, the contribution of input data to a benchmark and the use of benchmarks within the EU and the UK. Several interbank market benchmarks have been designated as critical benchmarks under the Benchmark Regulation, including Libor, Euribor and Eonia, and their related benchmark methodologies have been made subject to review. Certain critical benchmarks might be discontinued in the future, including Eonia, which is currently expected to cease being published on January 3, 2022, and Libor, as the Libor administrator is consulting on ceasing publication of Libor settings on December 31, 2021 (or June 30, 2023 in the case of certain USD Libor settings). Because these reforms are affecting the whole financial sector, the transition to the new benchmarks creates industry-wide risks, to which the Group is therefore exposed. AXA is conducting a Group-wide project to manage this transition and the impacts of future benchmark changes, which could have implications for our capital models, risk management efforts, investment strategies and product design, among others. Implementation of these and any future regulations, amendments to existing regulations, or future or revised guidance issued by regulatory authorities (such as ESMA, EIOPA, the AMF and the FCA) can be expected to increase our costs in relation to operations, information systems, legal and compliance, and may also limit or restrict our ability to do business or expose us to civil, criminal or regulatory actions, proceedings or sanctions, which may adversely impact our brand or reputation.

Climate Change Initiatives. Regulatory initiatives, including at French, European Union and international levels, 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; (ii) new disclosure requirements, such as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation"), which apply, in particular, to undertakings (such as the Company) that are required to publish a non-financial statement, or Regulation (EU) 2019/2089 amending the EU Benchmark Regulation as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks; (iii) new requirements relating to the inclusion of environmental, social and governance considerations into insurance and Asset Management products and advice; or (iv) new climate change stress testing requirements, such as the recent climate stress test exercise conducted by the ACPR, the first results of which are expected to be published in April 2021. In particular, the European Commission conducted in 2020 a public consultation on draft legislation regarding the integration of sustainability considerations into the prudential, distribution, investment and advisory framework for (re) insurance undertakings, insurance distributors, asset managers and investment firms, which is expected to be finally adopted in the course of 2021. These and similar regulatory requirements, as well as any further regulations regarding the transition to a lower-carbon economy, climate change or our energy-related investments, could increase our legal and compliance costs and adversely affect our business or the value of our investments. For further information on investment-related climate risk analysis, please refer to Section 4.3 "Climate change and biodiversity - Investments" of this Annual Report.

Changes to IFRS. Changes to IFRS, as developed by the International Accounting Standards Board ("IASB"), could significantly impact insurers and other financial institutions, including AXA, that prepare their consolidated financial statements in accordance with IFRS. In particular, the simultaneous implementation of IFRS 17 - Insurance Contracts and IFRS 9 - Financial Instruments, scheduled to become effective for annual periods beginning on or after January 1, 2023 (subject to the adoption of IFRS 17 by the European Union), is in progress within the Group and Management is currently assessing the impact of their adoption, which may significantly affect the accounting treatment of insurance liabilities and financial assets. For further information on these two standards, please refer to "Evolution of Accounting Standards" in Section 7.3 "General Information – Regulation and Supervision – Other significant legislative and regulatory frameworks". The abovementioned and any other changes to IFRS that may be adopted in the future could have a material adverse effect on our results of operations and financial condition.

COVID-19-Related Judicial Decisions. In several jurisdictions, notably France, various US states and the United Kingdom, courts have rendered decisions in favor of policyholders' interests, including by adopting a policyholder-friendly interpretation of certain business interruption policy provisions. Other judicial decisions may be rendered or legislative proposals enacted to the effect of implementing premium deferrals or refunds, customer-friendly interpretation of policy wording and/or retroactive extension of policy coverage, or restricting our ability to cancel or non-renew insurance policies or collect premiums thereunder in accordance with their terms. This may require the Group to cover losses resulting from the impact of the COVID-19 pandemic, even though such losses were not covered under the terms of the relevant policy (or the parties did not intend to cover such losses) and the policies were not designed or priced to cover such losses. As a result, we may be exposed to higher than expected losses, especially if such losses are not covered by our reinsurance arrangements, and be required in turn to increase our reserves to take into account potential higher loss payments. In addition, we may be required to materially amend certain of our existing policy wordings or otherwise change our underwriting and pricing policies and practices to take account of changing judicial and regulatory developments with respect to COVID-19 coverage. There can be no assurance that any of the foregoing developments will not have an adverse effect on the Group's financial condition and results of operations or adversely impact our brand or reputation.

Other COVID-19-Related Measures. In the first half of 2020, the European Central Bank (the "ECB"), EIOPA, the ACPR and other supervisory authorities issued various statements to the effect that financial institutions should adopt a prudent approach towards dividend distributions and share repurchases through October 1, 2020, which guidance was subsequently extended until January 1, 2021, following the adoption on May 27, 2020, by the European Systemic Risk Board (the "ESRB") of a recommendation regarding restrictions on distributions by financial institutions during the COVID-19 pandemic. On December 15, 2020, the ESRB and the ECB amended their earlier communications and recommended that such restrictions be extended until September 30, 2021, except in certain specific circumstances, and, on December 18, 2020, EIOPA recommended that insurers maintain extreme caution and prudence with respect to their capital management. On February 18, 2021, the ACPR issued a communication regarding distributions to shareholders (including, *e.g.* dividends and share buybacks), announcing that it decided to follow the ESRB's recommendation dated December 15, 2020, and requesting financial institutions under its supervision to apply particular caution in carrying out dividend distributions through September 30, 2021. In light of the aforementioned regulatory pronouncements, there can be no assurance that additional restrictions on dividends or other distributions by financial institutions will not be implemented in the future and, if so, how such restrictions will be interpreted and applied by competent supervisory authorities. For additional information on our dividend policy and previous dividend payments, please refer to Section 1.1 "Key Figures - Dividends and Dividend Policy" and Section 7.3 "General Information - Bylaws - Rights, Preferences and Restrictions Attached to the Shares" of this Annual Report.

Lloyd's Regulations for Underwriting Syndicates and Related Risks. Following the acquisition of XL Group in 2018, we have been managing, through Catlin Underwriting Agencies Limited, Syndicate 2003, one of the larger underwriting syndicates at Lloyd's and, as a result, are exposed to a variety of Lloyd's-related regulatory risks. For instance, the Council of Lloyd's has wide discretionary powers to regulate members of Lloyd's, and may vary the method by which the capital solvency ratio is calculated, or impose additional or special levies on members. In addition, if Lloyd's fails to satisfy the FCA's and the Prudential Regulation Authority's annual solvency test in any given year, Syndicate 2003 could be required to cease or reduce underwriting through Lloyd's. A downgrading of the Lloyd's market could also impair Syndicate 2003's ability to trade in certain classes of business at current levels. In connection with Brexit, the Lloyd's model for writing business in the European Union through Lloyd's newly established Belgian underwriting subsidiary, Lloyd's Insurance Company SA, is under review by local supervisory authorities, which may have an impact on Syndicate 2003's ability to write EU business. As a Lloyd's syndicate providing coverage to US policyholders and covering US risks, we could also be required by US regulators to increase the level of funding required as minimum deposits for the protection of US policyholders. Any Lloyd's-related risks could have an adverse effect on our business, financial condition and 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 legal and regulatory risks and has adopted policies and procedures designed to ensure compliance with applicable laws and regulations in the various jurisdictions where we do 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), or any determination we make regarding compliance with conflicting regulations, may have on our business, financial condition or results of operations. 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 7.3 "General Information - Regulation and Supervision" of this Annual Report.

We may also be adversely affected by a change in applicable laws or regulations, their interpretation or enforcement impacting, or regulatory decisions, authorizations or approvals relating to, third parties with which we do business. For instance, certain of our letter of credit facilities for cedants are effective only if the banks issuing the letters of credit are on the list of banks approved by the National Association of Insurance Commissioners (the "NAIC"). If some or all of the issuing banks under our credit facilities cease to be NAIC approved and we are unable to replace them with NAIC approved banks, our letter of credit facility capacity could be significantly diminished, especially in situations of adverse capital and credit market conditions where the cost of replacement facilities may be significantly increased or prohibitive. See the paragraph above "Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and increase our cost of capital".

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, 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 lawsuits and/or regulatory investigations which may affect our business, brand, reputation, 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 other actions arising in the various jurisdictions where we and our subsidiaries do business. Please refer to Section 6.6 - Note 31 "Litigation" of this Annual Report. We may be involved in similar 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, as well as the recent adoption of Directive (EU) 2020/1828 of November 25, 2020 on representative actions for the protection of the collective interests of consumers at the EU level, have increased and are likely to continue to increase litigation, risks and costs. Similarly, in the US there is an increasing trend towards large damage awards in the consumer class action context, and such trend can be expected to continue in the future. Furthermore, the increasing number of legislative and regulatory requirements strengthening consumer protection in the financial sector may expose us to additional civil, criminal or regulatory actions, investigations, proceedings or sanctions. For additional information, please refer to Section 7.3 "General Information - Regulation and Supervision" of this Annual Report.

In addition, in the context of the COVID-19 pandemic, holders of Property & Casualty insurance policies have been increasingly seeking coverage for losses resulting from the COVID-19 crisis. Many lawsuits have been introduced against insurers, such as the AXA Group, in multiple jurisdictions, particularly in respect of business interruption claims, and the number of claims and related judicial proceedings has continued to rise as various governmental lockdown measures and other impacts of the COVID-19 pandemic have continued. In certain of these cases, defendant insurers, including AXA Group entities, have asserted that these losses were not covered under the terms of the relevant policies. However, policyholders have and may continue to assert different theories of coverage, and insurers, including the AXA Group, may incur additional expense due to the pendency of a large number of individual lawsuits. We may also be involved in proceedings with our reinsurers regarding coverage of COVID-19-related losses or related matters, which might have an adverse impact on our legal costs and the amount of reinsurance recoverables available to us.

Due to the nature of certain of the aforementioned lawsuits and investigations, we cannot estimate the potential losses or predict with any certainty the potential impact thereof on our business, brand, reputation, relations with regulators and/or results of operations.

The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business

Collection, transfer and protection of significant amounts of sensitive data are critical to the operation of our business. Regulations in this area are quickly evolving in the European Union and in other jurisdictions, which could adversely affect our business if we fail to adapt our rules, internal controls and strategy to the emerging regulatory environment.

Regulation (EU) 2016/679 of April 27, 2016 on the protection and movement of personal data (as amended, the"GDPR") entered into force on May 25, 2018. GDPR significantly modified the EU data protection framework and, in particular, imposed new restrictions on data usage/processing (including profiling), disclosure to customers and a stronger enforcement regime, under which competent data protection authorities are able to fine companies that do not comply with EU rules up to 4% of their global annual turnover. While we have adopted a global Data Privacy Organization/Governance policy designed to manage risks related to data protection, there can be no assurance that our existing or planned data protection rules, including our privacy-related Group Binding Corporate Rules, and governance organization will not need to be updated or replaced to comply with new laws and regulations and regulatory guidance applicable in the European Union or other jurisdictions where we operate or may operate in the future.

There is a risk that data collected by the Group and its third-party service providers is not processed in accordance with notifications made to, or obligations imposed by, data subjects, regulators or other counterparties, or in compliance with GDPR and other applicable law. The Group's IT and other systems may also in future be subject to hacking and unauthorized intrusions, such as physical or electronic break-ins, unauthorized tampering or security breaches or other intentional or unintentional acts by parties acting from within or outside the Group, which could result in sensitive data (including customer and employee data) being stolen, lost or misused. In the context of the COVID-19 pandemic, these threats are more likely to materialize due to extended remote working arrangements, the accelerated digitalization of our operations and, more generally, the social and business community disruption caused by the pandemic. Negligence or failure to implement and follow internal Group policies, in particular regarding encryption of data, or to fail to perform adequate internal data collection/processing controls, may also facilitate hacking and other intrusions and result in breaches of GDPR and other applicable laws.

Any failure to comply with GDPR and other applicable data protection laws, and data theft, loss or misuse, affecting any Group entity or a third-party service provider, could result in significant regulatory sanctions, penalties, injunctions or other similar restrictions, damage to our reputation, need to compensate customers, customer litigation (including class actions and individual lawsuits), and consequently have a material adverse effect on our business, results of operations and prospects.

Following the European Union Court of Justice's decision in 2015 to invalidate the European Commission's Safe Harbor, which had allowed, under certain conditions, the transfer of personal information from EU companies to US companies, transatlantic data flows continued using other mechanisms such as standard contractual clauses between companies and binding corporate rules for transfers within multinational corporate groups. From July 2016, a new safe harbor had been created, known as the "EU-US Privacy Shield", but after four years this was also invalidated by the European Union Court of Justice (on July 16, 2020), which required that supplementary measures be considered for data transfers to any non-EU jurisdiction that is not considered by EU authorities as having implemented adequate protections (such as the US). As banks and (re)insurance companies were generally not eligible to register and participate in the EU-US Privacy Shield, the AXA Group had continued to rely on standard contractual clauses when transferring data to non-AXA non-EU companies, and binding corporate rules when transferring personal data between companies within the AXA Group. While we currently believe that we can continue using such mechanisms to transfer data to the US and to other non-EU jurisdictions and add supplementary measures as required, there is no guarantee that such mechanisms will not be subject to future challenge or to stricter scrutiny by the competent authorities, or that further changes in applicable regulations will not potentially increase our legal and compliance costs, or result in regulatory sanctions or damage to our brand or reputation.

In addition, Brexit could significantly impact transfers of data to or from the United Kingdom. The TCA includes an interim bridging mechanism starting January 1, 2021 that allows the continued free flow of personal data from the European Union to the United Kingdom for a six-month period. Upon expiry of this bridging mechanism, and unless an adequacy decision is adopted by the European Commission, data transfers from the European Union to the United Kingdom, which will then be considered as a third country under GDPR, would be subject to additional safeguards, comparable to those currently required for transfers between the European Union and non-EU jurisdictions. In such case, EU-UK data flows between companies would continue, but rely on other mechanisms than before Brexit, such as those described above. Regarding data transfers from the United Kingdom to EU Member States, the UK government has decided to allow such transfers to continue as before Brexit, but this is subject to review. Consequently, there is a risk that the United Kingdom could impose new restrictions to outbound transfers of personal data prior to or after the expiry of the bridging mechanism, which could require implementing specific mechanisms to transfer data from the United Kingdom to the European Union. Although we currently anticipate that we can continue using the above-mentioned mechanisms to transfer data to or from the United Kingdom, there is no guarantee that such mechanisms will be fully implemented in time by all external providers, or that they will not be challenged or impeded by competent authorities or as a result of amendments to applicable regulations, or that Brexit and its related consequences will not increase our legal and compliance costs, result in regulatory sanctions or damage to our brand or reputation, or otherwise have an adverse effect on the Group's business and financial condition. More generally, future changes to UK data protection regulation could increase our legal and compliance costs, result in regulatory sanctions or damage to our brand or reputation, or could otherwise lead to adverse effects on the Group's business and financial condition.

Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations

As a global company operating in numerous jurisdictions, we are subject to various tax regimes and regulations. Changes in tax laws could result in higher tax expenses, payments and compliance costs.

Uncertainties in the interpretation or future developments of tax regimes may 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 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. However, there is no guarantee that our tax positions will be upheld by the relevant tax authorities. Our business operations, results, financial condition, 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 14.95% of the Company's outstanding shares and 24.75% of its voting rights as of December 31, 2020. 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 rights 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.

5.2 INTERNAL CONTROL AND RISK MANAGEMENT

Information in this Section should be read in conjunction with Section 6.6 - Note 4 "Financial and insurance Risk Management" 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, Reinsurance, Asset Management and Banking businesses 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 5 "Risk Factors and Risk Management"(1) and in Section 6.6 - Note 31 "Litigation" of this Annual Report.

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 basis and can manage these risks, so that the Consolidated Financial Statements and other market disclosures are 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		Actuarial Function
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 Control (including Internal Financial Control)
3rd line of defense	Responsible for providing independent assurance on the effectiveness of the overall control environment		Internal Audit	

The four key functions are:

- **the Risk Management function** is 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 holder of the Risk Management function, including the internal control function, at Group level is the Group Chief Risk Officer;
- **the compliance function** is responsible for advising on compliance with laws, regulations and administrative provisions regarding insurance, reinsurance, Asset Management and Banking activities as well as monitoring that compliance is effective. The compliance function holder at Group level is the Group Chief Compliance Officer;
- **the actuarial function** is responsible for coordinating the calculation of technical provisions, 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; and

(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.*

- **the internal audit function** is 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 is objective and independent from the operational functions. The internal audit function holder at Group level is the Global Head of Internal Audit.

The holders of key functions have direct access to the Board of Directors.

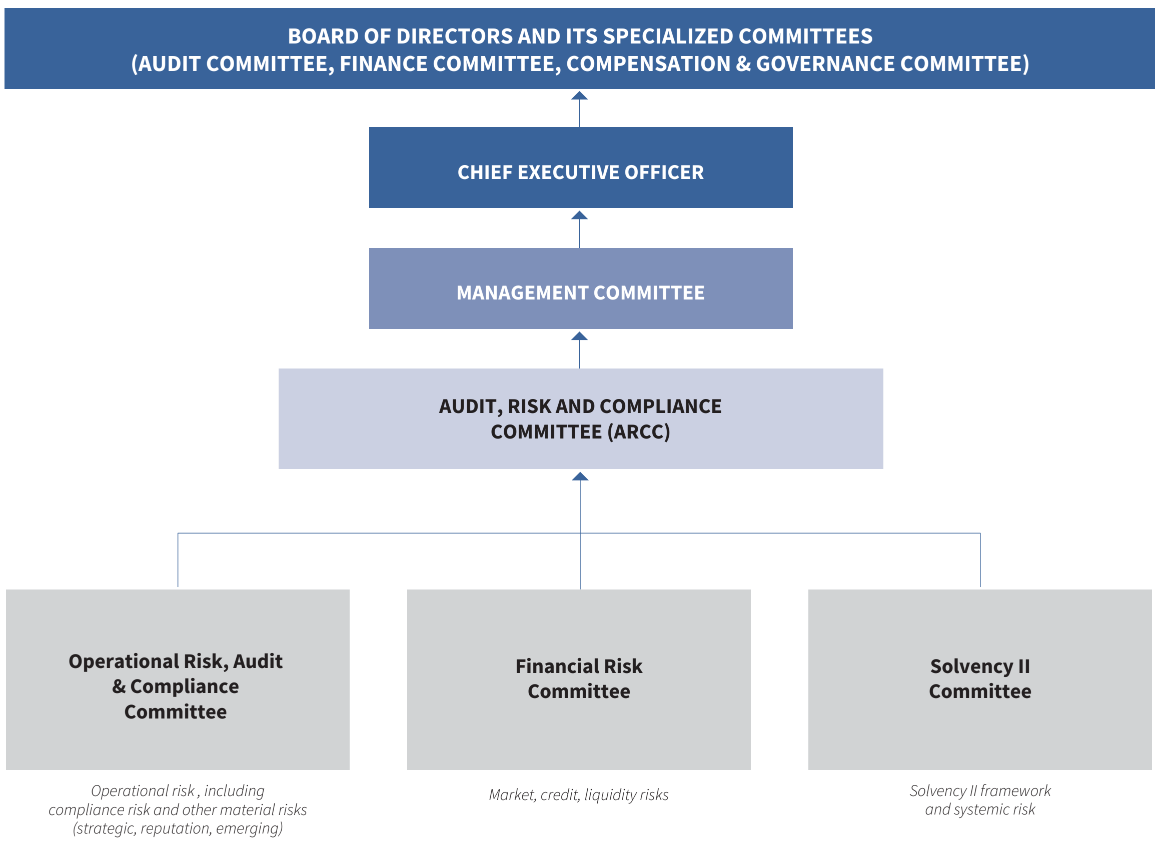
The Group Chief Executive Officer and the Group Deputy Chief Executive Officer – Group General Secretary, who, under Solvency II, are deemed to be "persons who effectively run" the Group, and the key functions holders must fulfil the requirements for a fit and proper assessment, as set in the Group's internal policy, adopted in compliance with the requirements of the Solvency II regulation, both at appointment and on an ongoing basis. These requirements are:

- appropriate competence and capability, taking into account professional qualifications, training, knowledge and relevant experience 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, appointments to any of these positions must 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 each person, as well as detailed background information.

Governance and Risk Management organization

GOVERNANCE



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 on the composition and assignments of the Board of Directors and its Committees, please refer to Section 3.1 "Corporate governance structure" (1) of this Annual Report.

Risk Management 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 and sensitivities (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" of this Annual Report.

Audit Risk and Compliance Committee (ARCC)

The Audit Risk and Compliance Committee (ARCC) was created in 2016 by the Chief Executive Officer with the view to strengthening the Group's overall Risk Management governance and is chaired by the Group General Counsel with the purpose of reviewing all material audit, risk and compliance issues faced by the Group.

The scope of the ARCC covers all the Group's operations and includes the following:

- 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 policy, standards and limits to ensure that they are consistent with the Group's defined risk appetite;
- the Own Risk & Solvency Assessment (ORSA) and 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 Group Financial Risk Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk and Investment Officer. This Committee determines the Group ALM policies and ensures that the Group exposures are within the Group risks limits;
- for operational, other material risks (strategic, reputation, emerging) and internal control: the Operational Audit Risk & Compliance Committee is co-chaired by the Group Chief Risk and Investment Officer and the Group Chief Operating Officer.

Insurance risks are directly managed and monitored at the Group ARCC level.

(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.

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, (ii) implementing the governance and validation of the Internal Model, and (iii) reviewing Solvency II developments. The Solvency II Committee is also responsible to monitor current developments in systemic risk.

Group Risk Committees are supported by local Risk Committees to ensure consistency in the implementation of the Enterprise Risk Management (ERM) framework.

LINES OF DEFENSE ORGANIZATION

The control framework with three lines of defense has been designed to ensure that the risks that the AXA Group may face are systematically identified, measured, managed and controlled.

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.

Group actuarial function

The Group actuarial function is headed by the Group actuarial function holder, who reports to the Group Chief Financial Officer and Management Committee member (operational/functional reporting) and to the Group CEO and *Dirigeant Effectif* (executive who effectively runs the Company) (hierarchic reporting).

The Actuarial function, in accordance with Article 48 of the Solvency II Directive:

- coordinates the calculation of technical provisions;
- ensures the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assesses the sufficiency and quality of the data used in the calculation of technical provisions;
- compares best estimates against experience;
- informs the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- oversees the calculation of technical provisions in the cases set out in Article 82 of the Solvency II Directive;
- expresses an opinion on the overall underwriting policy;
- expresses an opinion on the adequacy of reinsurance arrangements;
- contributes to the effective implementation of the Risk Management system referred to in Article 44 of the Solvency II Directive, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45 of the Solvency II Directive.

The Group actuarial function holder annually produces an Actuarial report submitted to the Board of Directors, and an opinion on the reserves twice a year. The Actuarial report identifies any deficiencies and gives recommendations as to how such deficiencies should be remediated.

The Group actuarial function holder alerts the Executive Committee/Board of Directors on any major deficiency on his area of responsibility.

Second line of defense: group risk management function, including group internal control function and Group compliance function

Group Risk Management (GRM) function

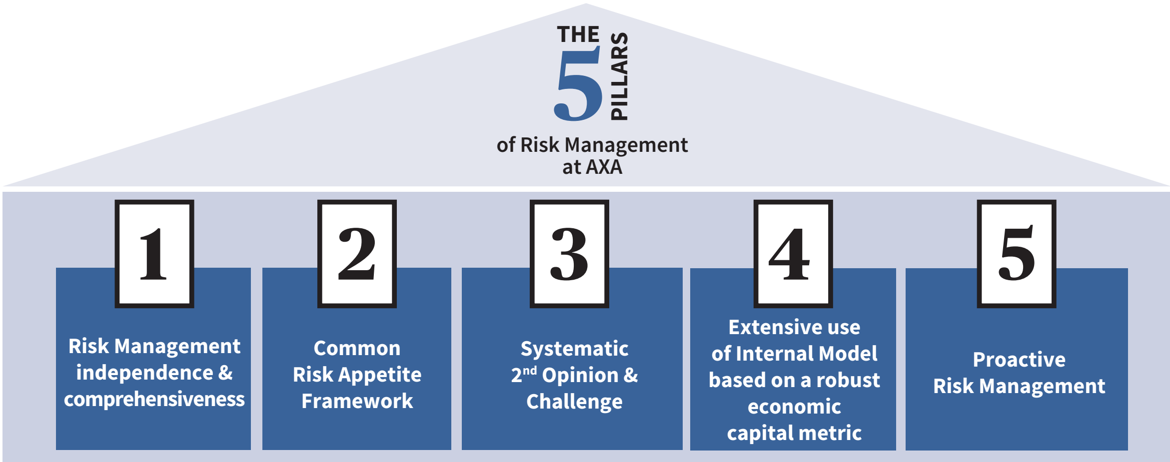
GRM is headed by the Group Chief Risk Officer, who reports to the Group Chief Executive Officer, with an operational reporting line to the Chief Risk and Investment Officer.

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 Control Departments, 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 product approval process, reserves, reinsurance, investments and ALM, 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. Since September 2019, the former Group Insurance Office teams have been fully integrated within GRM. They gather Life & Savings, Health & Protection, and Property & Casualty business experts in charge of promoting technical excellence and ensuring compliance with Group insurance guidelines and standards.

Since September 2019, the newly created portfolio management team is in charge of steering the Group Solvency ratio in cooperation with Finance, and initiating, supporting or conducting initiatives aiming at optimizing further AXA Group balance sheet from a risk and solvency perspective (encompassing both the assets and the liabilities). The Head of Portfolio Management reports to the Group Chief Risk and Investment Officer.

The reinsurance structure in charge of Property & Casualty and Life & Savings, Health & Protection reinsurance (AXA Global Re) reports to the Group Chief Risk and Investment Officer. Its main mandate is to contribute to the protection of the Group through the centralization of the Group's purchase of reinsurance. For additional information on the reinsurance strategy, please see Section 5.6 "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 applicable compliance laws, regulations and administrative provisions, and on the impact of regulatory change on AXA Group's operations. The Group compliance function provides expertise, advice and support to AXA entities to assess significant compliance matters, analyzes the major compliance risks and contributes

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(1) Only information contained in Section 5.6 "Insurance risks" of this Annual Report and referred to in Section 6.6 - Note 4 "Financial and insurance Risk Management" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

to designing solutions to mitigate the risks to which the Group is exposed. The Group compliance function manages a wide range of compliance related matters including (i) financial crime (which includes anti-bribery and corruption, anti-money laundering programs and international sanctions/embargo compliance), (ii) data privacy, (iii) compliance & ethics, (iv) the monitoring of other major compliance and regulatory risks, and (v) regular reporting of significant compliance and regulatory matters to Executive Management, the Board of Directors and regulators.

The Group Chief Compliance Officer reports to the Group Deputy Chief Executive Officer & 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 achieved by the entities and their compliance functions.

The compliance section of the Group Standards contains standards and policies on significant risk areas affecting compliance activities and sets out the high-level controls and monitoring principles to which the entities must adhere. Adherence to the Standards and Policies (*e.g.* Compliance Governance, Anti-Money Laundering, Sanctions, Anti-Bribery…) is mandatory.

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 for the following year. Based on the same methodology and to comply with the French extraterritorial law (Sapin II), an Anti-Bribery and Corruption Risk Assessment has been developed and rolled out to the entities. This risk assessment enables entities to identify in a more granular manner risks related to bribery.

The Group compliance function has implemented a number of monitoring processes. For example, the Compliance In-Depth Review (formerly known as 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, including on compliance technical aspects, and to rate the entity's maturity level against other Group companies. This program was introduced in 2009 using a risk-based approach. In 2020, COVID-19 and confinement provided the opportunity to streamline the program and to consolidate these reviews with the technical oversight performed by Group Compliance on issues such as Anti-Money Laundering, Sanctions, Data Privacy, business conduct and anti-bribery. This consolidation has created a more holistic, focused review process and provides a wider coverage and enhanced impact.

On a regular basis, the Group compliance function reports to the Group Audit Risk & Compliance Committee, the Audit Committee, and 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.

Group internal control function

To further strengthen its control environment, the AXA Group established in 2017 a centralized internal control function within the second line of defense independent from business operations. Group Head of Internal Control is reporting to the Group Head of Operational Risk and Internal Control. The Group Internal Control Department is responsible for the development of a standardized methodology and framework for internal control and for oversight of its implementation in the AXA Group's subsidiaries. For more information on the internal control at local level, please refer to the paragraph "Risk Management and internal control at local level" below.

The Internal Control framework of the AXA Group:

- is based on the principle of proportionality and takes into account the nature, scale and complexity of the entities operations;
- is aligned with the COSO "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission;
- is an integral part of the Risk Management thus providing the Executive Management with a view of the risk and control environment;
- is underpinned by the Group Internal Control Standard and Group Solvency II Internal Control Policy, first approved by the Audit Committee and the Board of Directors of AXA SA in December 2017;
- encompasses Internal Financial Control, implemented since 2010 to provide reasonable assurance regarding the reliability of Internal Control Over Financial Reporting (ICOFR), and extended to Solvency II in 2014 to contribute to the Internal Model validation process. For more information on Internal Financial Control, please refer to the paragraphs "Financial reporting, disclosure, controls and procedures" and "Internal Model validation" below.

On a regular basis, the Group internal control reports to the Group Operational Audit, Risk and Compliance Committee.

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 the overall control environment across the Group.

The Global Head of internal audit reports to the Chairwoman of the AXA Group Audit Committee and to the Group Deputy 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 Chair 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.

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 reviewed and its performance formally monitored by the Group Audit Committee.

Over the audit cycle, all applicable audit universe components for each entity are expected to be audited. Any exceptions identified are notified to the Audit Committee.

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, Internal control and Actuarial function 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.

In addition, the Group has established Standards that apply to AXA SA and entities (including Joint Ventures) where AXA has the majority of the voting rights, or has a minority interest but exercises control through other means such as management. They are mandatory for all Group entities within scope unless otherwise indicated. The Standards focus on critical requirements and form part of the overall Risk Management framework which allow the Group to have a clear understanding of risks, both locally and Group-wide.

Chief Executive Officers are required to certify annually to the Group Chief Executive Officer that to the best of their knowledge their entities comply with the Standards. Entity Boards must be formally informed of the Annual Certifications, together with any material breaches, areas of non-compliance and corresponding mitigation plans in order to monitor progress of remedial actions.

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 Chief Risk Officer to ensure the 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, Internal Control, 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, Risk Management checking the adequacy of the local risk profile, and 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 Officer 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.

Internal control: Internal control is a local responsibility in accordance with internal control Standard and Policy. Entities are expected to:

- define and document their controls and control procedures covering all important risks and processes (First line responsibility);
- regularly verify and challenge the effectiveness of the control environment (Second line responsibility);
- implement a comprehensive monitoring and reporting on internal control deficiencies at a senior level of the organization to ensure that these are rectified in an adequate and timely manner.

Local Heads of internal control (or equivalent) are independent from operations and report preferably to their local Chief Risk Officer. Local Heads of internal control (or equivalent) regularly report to the local Executive Committee (or to a sub-Committee) on internal control matters.

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.

Actuarial function: The local Actuarial function holders report both to local Finance, Risk or the Chief Executive Officer and to the Group Actuarial Function Holder. Their role is, in the same way as for the Group Actuarial Function, defined in accordance with Article 48 of the Solvency II Directive.

Local Actuarial function holders produce an Actuarial report submitted to the administrative, management or supervisory body, at least annually. The Actuarial report identifies any deficiencies and gives recommendations as to how such deficiencies should be remediated.

Local Actuarial function holders alert the local Executive Committee/Board of Directors and Group Actuarial Function Holder on any major deficiency on their area of responsibility.

The Group Actuarial function holder chairs the Chief Actuaries meeting composed of the local Actuarial function holders, that meets on a regular basis.

FINANCIAL REPORTING, DISCLOSURE, CONTROLS AND PROCEDURES

Scope of responsibilities

The PBRC Department within the Group Finance Department is responsible for consolidation, management reporting, 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 process instructions 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;
- developing and using management control tools;
- managing and consolidating the European Embedded Value 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 use of a centralized 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 Group's consolidation and reporting processes are based on a central information system "Magnitude". This tool is 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 and the Group Chief Risk and Investment Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements.

In that context, and based on the Group Internal Control Standard, the Group has implemented a comprehensive program managed by Group Risk Management, entitled Internal Financial Control (IFC), 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 ensure consistency and quality in AXA Group's financial reporting, and provide an overall framework for the annual IFC program precising the scope of application and governance.

The entities in IFC scope are required to document their significant processes and key 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. This is performed under the supervision of the Chief Financial Officer, sponsor of the IFC program. The independent Internal Financial Control function, anchored within Risk Management for most entities, is in charge of testing the design and operational effectiveness of those key controls, and ensuring that identified control deficiencies are remediated.

At each year-end, the in-scope entities have to perform an evaluation of their ICOFR as part of an internal certification process, involving formal sign-off by process owners and with a formal management report from the entity's Chief Financial Officer and Chief Risk Officer 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 Universal Registration Document.

This process is based on the following four pillars:

1. Chief Financial Officer Sign-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, Chief Financial Officers and certain other senior executives pursuant to which each of these executives is required to review the Group's Universal 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 Universal Registration Document relating to risk and other matters;
4. Chief Financial Officer Sign-Off certificates on the notes to the Consolidated Financial Statements: PBRC provides 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 Universal Registration Document of the Group.

For further information, please refer to Appendix I "Management's annual evaluation of the internal control over financial reporting" of this Annual Report.

CONCLUSION

The Group 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.

Own Risk and Solvency Assessment (ORSA) (1)

POLICY AND GOVERNANCE

Under Solvency II, the Group and certain of its subsidiaries (*i.e.* all insurance and reinsurance entities in the European Economic Area and insurance and reinsurance 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 supervisor. 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 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.

Beyond the annual ORSA report, a quarterly assessment is performed to update the Group's risk profile against Risk Appetite limits and adapt management actions accordingly. This information is reported to the Finance Committee of the Board of Directors and 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, as well as approved risk appetite limits and business strategy. As 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 on a continuous basis.

ORSA mainly encompasses Risk Management and financial activities, which are organized around the following processes:

- Solvency Capital Requirement (SCR) & Eligible Own Funds (EOF) calculation;
- liquidity risk reporting;
- strategic planning and financial projections;
- risk appetite process;
- stress and scenario testing analysis and monitoring; and
- risk assessment and review of strategic risk, reputation risk, regulatory risk and emerging risk.

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 2018-2020 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 Enterprise Risk Management system, including the identification, monitoring and management of non-quantifiable risks;
- the compliance, on a continuous basis, with (i) 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, as well as (ii) requirements regarding technical provisions. 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 significance with which the risk profile of the AXA Group deviates from the assumptions underlying the SCR 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.*

Internal Model (1)

For more information on regulatory capital and solvency requirements applicable to the Group, including Solvency II, please refer to Section 7.3 "General Information – Regulation and Supervision" of this Annual Report.

The Group has developed a robust economic capital model since 2007. The internal model of the Group (the "Internal Model") is used in its Risk Management systems and decision-making processes. The ACPR has approved the use by the Group of its Internal Model to calculate its SCR under Solvency II. Since December 31, 2020, the Internal Model encompasses the use of AXA Group's economic capital model on all material entities, including entities that were part of the XL Group AXA acquired in 2018 ("XL entities"). The Solvency capital requirement in respect of the entities that were part of the XL Group ("XL entities") as at December 31, 2019 was calculated in accordance with the Solvency II standard formula.

AXA continues to review regularly the scope, underlying methodologies and assumptions of the Internal Model and will adjust its SCR accordingly. In addition, AXA's Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any major change to the Internal Model would be subject to the prior approval of the ACPR, which may require adjustments to the level of SCR. In addition, the Group monitors EIOPA's work program which, through its objectives, is also expected to continue to carry out consistency reviews of European insurers' internal models. Such review may lead to further regulatory changes to increase convergence and to strengthen oversight of cross-border groups, as well as changes to internal models and Solvency II capital requirements.

The Group's main goal in using its Internal Model as opposed to the Solvency II standard formula is to better reflect the Group's risk profile in its SCR. 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 which does not cover all measurable risks) 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 SCR, calculated on the basis of the Internal Model, represents the value at risk of Group EOF at the 99.5th percentile over a one-year horizon. In other words, the Solvency Capital Requirement is the capital needed to sustain an extreme shock likely to occur with a 0.5% probability (*i.e.* a 1 in 200 years event). It aims at including all measurable risks (market, credit, insurance and operational) and reflecting the Group's diversified profile.

In addition to the risks that impact the SCR through the Internal Model calculation, the Group also monitors its 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 II RATIO

In addition to the SCR assessment, which intends to cover all quantifiable risks to which the Group is exposed (insurance, financial, and operational risks), the AXA Group performs sensitivity analyses of its Solvency II ratio to material risks and events.

These analyses quantify, for instance, the potential impact on the AXA Group's Solvency II ratio of (i) financial shocks on corporate bond and sovereign spreads, on interest rates, and on equity and (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, 2020, published on February 25, 2021, was assessed at 200% [(1)], compared to 198% as of December 31, 2019 and meets AXA's target level of 190%.

INTERNAL MODEL GOVERNANCE

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 to the ACPR for 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.

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, 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 fully integrated validation, sanctioned by the Group 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

(1) The Solvency II ratio is estimated primarily using AXA's Internal Model calibrated based on an adverse 1/200 years shock. In compliance with the ACPR's decision, from January 1, 2019, entities that were part of the XL Group ("XL entities") were fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's Solvency Capital Requirement was calculated using the Solvency II standard formula. Since the acquisition date of XL Group, the AXA Group has prepared the extension of its Internal Model to AXA XL division (i.e. XL Group, AXA CS and AXA Art, as detailed in page 243 of the prior Annual Report) and obtained the authorization of the supervisory authorities to calculate, from December 31, 2020, its contribution to the Group's Solvency Capital Requirement using the AXA Group Internal Model. For additional information, please refer to Section 5.2 "Internal Control and Risk Management - Internal Model" of this Annual Report. The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be on May 20, 2021.

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 EOF 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 where 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.

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 meet its obligations and commitments to policyholders, 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 Risk and Investment Officer. His role includes aligning AXA's investment strategy with the broader strategy of the Group, fostering closer cooperation amongst local entities, enhancing investment expertise and 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 co-chaired by the Group Chief Risk and Investment Officer and the Group Chief Financial Officer. This Committee defines the Group's investment strategy, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance; and
- the Group Financial Risk Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk and Investment 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 5.6 "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, depending on the investment size and the number of entities participating in it. 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 and executed with the support of dedicated teams at AXA Investment Managers 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 reviewed 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 standards. 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 also addressed through the use of dedicated teams, within the Group's asset managers and banks. 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 strong 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 Architas. 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.

5.3 MARKET RISKS

Market risks: definition and exposure

Information in this Section should be read in conjunction with Section 6.6 - Note 4 "Financial and insurance Risk Management" 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 5.1 "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 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 and impact the performance of asset managers;
- a change in yields on fixed-income investments (linked to changes in interest rates or in credit spreads) affects the market value of investments and liabilities 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 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, Health and Property & Casualty 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 5.2 "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 5.5 "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 5.2 "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 meet the Group's obligations and commitments to policyholders, 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 5.2 "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 AXA Investment Managers for operating units;
- a regular monitoring of the financial risks on the Group Solvency II 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 AXA SA and its sub-holding companies, the Group Corporate Finance and Treasury Department has defined a methodology to monitor and assess financial risks.

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. In 2020, the Company has adjusted the protection of its net foreign-currency investments in its main subsidiaries outside the Eurozone to focus it on near term expected cash flows. These adjustments have allowed to maintain a similar level of protection on key financial indicators.

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 AXA SA and its sub-holdings. 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.

AXA Group analyzes sensitivities to movements in interest rates and equity markets looking at two different measures:

- sensitivities of the Group Eligible Own Funds (EOF), as described below;
- sensitivities of Group Solvency II ratio (please refer to Section 5.2 "Internal Control and Risk Management" of this Annual Report [(1)]).

Eligible Own Funds represent the amount of economic capital available to absorb losses under stress events. The EOF are the surplus of assets over liabilities derived from the Solvency II balance sheet.

AXA Group Risk Management is monitoring EOF sensitivities and the EOF is derived from IFRS Shareholders' equity.

The following table presents the reconciliation between IFRS Shareholders' equity to Group EOF:

Reconciliation IFRS Shareholders [(a)] equity EOF *(in Euro billion)*	**2020**
IFRS Shareholders equity [(a)]	**71.6**
Net URCG not included in Shareholders Equity	5.4
Elimination TSS/TSDI	(6.5)
Elimination Intangibles	(30.3)
o/w Goodwill	*(16.5)*
o/w DAC	*(9.5)*
o/w VBI	*(1.0)*
o/w Others	*(3.2)*
IFRS tangible net asset value [(a)]	**40.3**
Dividends to be paid	(3.4)
Technical provision adjustments	1.9
o/w Risk Margin	*(12.0)*
o/w BEL	*13.9*
Other adjustments	0.2
Unrestricted TIER 1	**39.0**
Restricted Tier 1 + Tier 2	15.8
Tier 3	0.3
Group eligible own funds [(b)]	**55.0**

(a) Group share.
(b) Including minority interests.

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(1) Only information contained in Section 5.2 "Internal Control and Risk Management" of this Annual Report and referred to in Section 6.6 - Note 4 "Financial and Insurance Risks Management" of this Annual Report is covered by the report of the Statutory Auditors on the Consolidated Financial Statements.

The main elements of the reconciliation from the €71.6 billion of IFRS Shareholders' equity to the €40.3 billion of IFRS TNAV are as follows:

- addition of €5.4 billion of net unrealized gains and losses on assets not reflected in IFRS Shareholders' equity;
- deduction of €6.5 billion of undated deeply subordinated notes and of undated subordinated notes included in IFRS Shareholders' equity; and
- elimination of €30.3 billion of intangible assets net of unearned revenues and fee reserves, taxes and policyholder bonuses.

IFRS TNAV increased by €3.8 billion mainly driven by (i) higher IFRS Shareholders' equity and (ii) the disposal of entities in CEE. This metric however reflects the IFRS accounting value of liabilities and not their economic value which is better reflected within Solvency II EOF.

The main elements of the reconciliation between the IFRS TNAV and the Group EOF Unrestricted Tier 1 are as follows:

- deduction of €3.4 billion of foreseeable dividends to be paid to shareholders in 2021;
- addition of €1.9 billion reflecting the Solvency II technical provision adjustments corresponding to the adjustment from IFRS reserves to best estimate liabilities (€+13.9 billion) and the risk margin (€-12.0 billion); and
- other adjustments between IFRS TNAV and Group EOF Unrestricted Tier 1 (€+0.2 billion).

Group EOF are then the sum of Unrestricted Tier 1, Restricted Tier 1, Tier 2 and Tier 3.

Information on the Group EOF is disclosed in the "Embedded Value & Solvency II Own Funds Report 2020" which is available on AXA Group website (www.axa.com).

The sensitivities of the EOF to changes in major economic assumptions were calculated as follows for the 2020 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;
- **25% 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;
- **25% lower value of equity markets**: same methodology as mentioned above assuming a decrease.

L&S EOF sensitivities	2020 EOF *(in Euro million)*	2020 EOF *(in percentage)*
Closing amount	**38,457**	**100%**
Interest rates +50bps	2,028	5%
Interest rates -50bps	(2,941)	-8%
Equity markets +25%	2,613	7%
Equity markets -25%	(2,738)	-7%

P&C EOF sensitivities	2020 EOF *(in Euro million)*	2020 EOF *(in percentage)*
Closing amount	**31,250**	**100%**
Interest rates +50bps	(194)	-1%
Interest rates -50bps	186	1%
Equity markets +25%	1,044	3%
Equity markets -25%	(920)	-3%

All sensitivities are presented net of tax, and where applicable, net of policyholders' participation.

2020 interest rate sensitivities for Life & Savings business (% of L&S EOF) of 5% to upward 50 bps and -8% 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 EOF 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.

2020 interest rate sensitivities for Property & Casualty business (% of P&C EOF) of -1% to upward 50 bps and 1% to downward 50 bps reflect mainly the impacts on fixed-income assets, offset by discount on liabilities.

2020 equity market sensitivities for Life & Savings business (% of L&S EOF) of 7% to 25% higher value and -7% to 25% lower value reflect mainly 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.

2020 equity market sensitivities for Property & Casualty business (% of P&C EOF) of 3% to 25% higher value and -3% to 25% lower value reflect the impacts on equities including derivatives on equities.

EXCHANGE-RATE RISK RELATED TO THE OPERATING ACTIVITIES OF GROUP SUBSIDIARIES

A 10% change in foreign exchange rate as at December 31, 2020 and December 31, 2019 between euro and main functional currencies of the Group (USD, JPY and CHF) would have had the following impacts on Shareholders' equity Group share and Underlying earnings Group share:

2020 *(in %)*	**Shareholders' equity Group share**		**Underlying earnings Group share**	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	2%	-2%	-4%	4%
Japanese Yen	1%	-1%	2%	-2%
Swiss Franc	1%	-1%	3%	-3%

2019 *(in %)*	**Shareholders' equity Group share**		**Underlying earnings Group share**	
Currency	**-10%**	**+10%**	**-10%**	**+10%**
US Dollar	2%	-2%	2%	-2%
Japanese Yen	1%	-1%	1%	-1%
Swiss Franc	1%	-1%	1%	-1%

In the insurance companies, which accounted for 90% of Group assets at December 31, 2020 (90% in 2019), assets and liabilities with foreign currency exposure are generally naturally matched or hedged.

- **France:** 32% of Group assets at the end of 2020 (32% in 2019):

In France, AXA was exposed to exchange-rate risk for a total amount of €20,965 million at the end of 2020 (€22,994 million in 2019) held both directly and indirectly through investment funds partly invested in foreign currencies (US Dollar: €16,700 million *versus* €18,743 million in 2019, Pound Sterling: €2,508 million *versus* €2,618 million in 2019 and Japanese Yen: €1,323 million *versus* €1,327 million in 2019). 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 €19,861 million *versus* €20,406 million in 2019).

- **Europe:** 34% of Group assets at the end of 2020 (34% in 2019):

Switzerland

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 2020, Switzerland foreign exchange exposure amounted to €14,390 million (€16,751 million in 2019) which represented 24% of total assets (27% of total assets in 2019), of which €11,829 million were hedged (€11,971 million in 2019).

Germany

In Germany, AXA held €11,296 million investments denominated in foreign currencies at the end of 2020 (€10,945 million in 2019) 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 (€8,518 million *versus* €8,500 million in 2019) and in Pound Sterling (€1,206 million *versus* €1,242 million in 2019). AXA Germany controls and limits its exchange-rate risk by using foreign exchange forwards for a notional amount of €8,101 million (notional €7,059 million in 2019), currency swaps for a notional amount of €1,858 million (notional €1,003 million in 2019) and no foreign exchange collars was used in 2020 compared to €1,703 million at the end of 2019.

Belgium

In Belgium, AXA held investments in foreign currency for €3,333 million in 2020 both directly and indirectly through physical assets. These investments are mainly in US Dollar for €2,177 million and in Pound Sterling for €435 million. The exchange-rate exposure on Assets is hedged for €2,823 million using mainly foreign exchange forwards, cross currency swaps and collar options strategies.

United Kingdom & Ireland

In the United Kingdom, AXA is exposed to exchange-rate risk through its AXA Insurance and AXA PPP Healthcare Limited 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. At December 31, 2020 AXA UK held investments denominated in foreign currencies for €4,252 million (€4,209 million in 2019) mainly in US Dollar (€2,197 million), with further UK exposure to the Euro (€1,410 million) and exposure to Pound Sterling (€321 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, €3,573 million is hedged through foreign exchange forwards, options or cross currency swaps, with a further €283 million of exposure hedging liabilities held within the business.

Spain

In Spain, AXA entities held investments in foreign currency for €728 million in 2020 (€913 million in 2019), directly and indirectly through physical assets. These investments are mainly in US Dollar €622 million (€778 million in 2019). Exchange-rate risk exposure is hedged for a notional amount of €648 million using mainly foreign exchange forwards, currency swaps and collars.

Italy

In Italy, AXA held investments in foreign currency for €983 million in 2020 (€1.234 million in 2019) both directly and indirectly through physical assets. These investments are mainly in US Dollar for €788 million (€1.018 million in 2019). The overall exchange risk exposure is managed within the FX limits approved in the correspondent Local Investment Committees. Unhedged FX exposure amounts to €173 million (€168 million in 2019).

- **Asia:** 12% of Group assets at the end of 2020 (12% in 2019):

Japan

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 2020, the total assets denominated in foreign currencies held both directly and indirectly through investment funds (mainly US Dollar) represented an amount of €9,548 million (€9,517 million in 2019) excluding assets backing unit-linked contracts. The corresponding exchange-rate risk was fully hedged through the use of derivatives.

Hong Kong

AXA Hong Kong holds investments denominated in foreign currencies for €26,504 million (€21,434 million in 2019), both directly and indirectly through investment funds.

These investments are mainly in US Dollar €24,749 million (€20,180 million in 2019), partly in congruence to the technical liabilities denominated in US dollar €8,614 million (€8,434 million in 2019) and the remaining in order to take advantage of the US bond market which is more developed than the Hong Kong bond market 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 €12,143 million (€8,873 million in 2019).

- **International:** 5% of Group assets at the end of 2020 (6% in 2019):

AXA entities held investments denominated in foreign currencies for €3,183 million in 2020 (€3,744 million in 2019) both directly and indirectly through investment funds which are mainly denominated in US Dollar €2,223 million (€2,281 million in 2019). In particular, Mexico has its exchange-rate risk exposure mostly under congruent coverage, matching assets and liabilities denominated in the same currency. Besides, Singapore and Colombia have their exchange-rate risk exposure hedged (through forwards and cross currency swaps for Singapore, and through forwards for Colombia).

- **AXA XL:** 8% Group assets at the end of 2020 (8% in 2019):

For the majority of AXA XL's business, assets and liabilities are denominated in US Dollar. For business written in currencies other than in US Dollar, the risk is managed primarily by matching assets and liabilities in each currency. Asset positions in certain currencies are hedged back to US Dollar using foreign exchange forwards with a notional amount of €612 million at the end of 2020 (€727 million in 2019).

- **Transversal and Central Holdings:** 9% of Group assets at the end of 2020 (8% in 2019):

AXA SA & other Central Holdings

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 for a part corresponding to the near term expected cash flows, using derivatives instruments and foreign currency debt.

As at December 31, 2020, the main hedging positions of AXA SA were as follows:

	Amount in currency *(in billion)*		Amount in Euro *(in billion)*	
Foreign currency hedging	**2020**	**2019**	**2020**	**2019**
US Dollar	4.8	2.8	3.9	2.4
HK Dollar	0.4	11.6	0.0	1.3
Japanese Yen	289.7	96.1	2.3	0.8
Pound Sterling	2.9	1.0	3.2	1.1
Swiss Franc	1.5	4.4	1.4	3.9

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.

5.4 CREDIT RISK

Credit risk: definition and exposure

Information in this Section should be read in conjunction with Section 6.6 - Note 4 "Financial and insurance Risk Management" 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 5.1 "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 three 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;
- receivables from reinsurers resulting from reinsurance ceded by the AXA Group; and
- credit and credit-sensitive exposures on third party obligors stemming from some Group insurance and assumed reinsurance businesses.

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 5.2 "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 5.5 "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 5.2 "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 meet the Group's obligations and commitments to policyholders, 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 5.2 "Internal Control and Risk Management" of this Annual Report).

A specific set of limits take into account all AXA Group exposures on a given ultimate shareholder through debt securities, cash, equity, derivatives, reinsurance receivables, insurance and assumed reinsurance commitments. They aim at managing globally the default risk of a given counterparty.

INVESTED ASSETS: A CENTRAL MONITORING OF COUNTERPARTY EXPOSURE

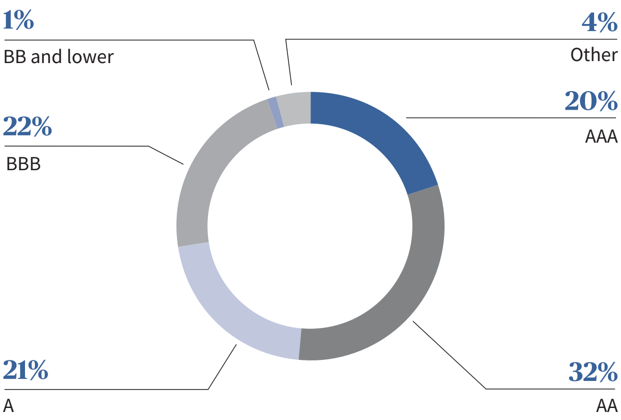
AXA Group concentration risk is monitored by different analyses performed at Group level by issuer and ultimate shareholder, in addition to local procedures and by a set of Group and local issuer limits.

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).

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 analyses independently from Group asset managers, in addition to local CIO teams. The Group Financial Risk Committee is regularly kept informed of the main credit risks.

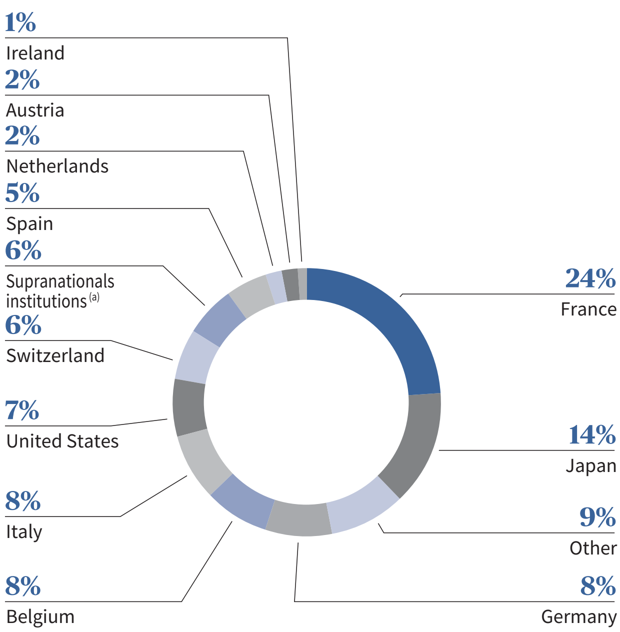
As at December 31, 2020, the breakdown of the debt security portfolio (€433 billion) by credit rating category was as follows:



As at December 31, 2019, the breakdown of the debt security portfolio (€429 billion) by credit rating was: 20% in AAA, 31% in AA, 22% in A, 22% in BBB, 2% 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.

As at December 31, 2020, the breakdown of Government and Government related bonds fair values (€248 billion) by country was as follows:



(a) Includes mainly European institution issuers (European Investment Bank, European Union, European Financial Stability Facility, Eurofima).

CREDIT DERIVATIVES

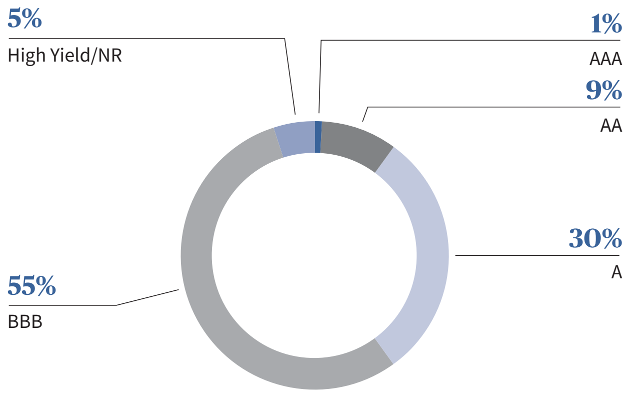
The AXA Group, as part of its investment and credit Risk Management activities, uses strategies that involve credit derivatives (mostly Credit Default Swaps or CDS), which are mainly used as an alternative to debt security portfolios, when coupled with government debt securities, but also as a protection on single corporate names or specific portfolios.

As at December 31, 2020, the nominal amount of positions taken through credit derivatives was €15.8 billion [(1)] of CDS (cumulated notional amounts of €2.8 billion protections bought and of €13.0 billion protections sold), which can be broken down as follows:

- €2.8 billion of CDS protections bought to hedge credit risk with regard to certain investments, mostly in corporate bonds;
- €13.0 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.

As at December 31, 2020, 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).

(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 Section 6.6 - Note 20 "Derivative instruments" of this Annual Report. The Group holds €20.4 billion (notional amount) of credit derivatives as total exposure including consolidated investment funds "Satellite Investment Portfolios" (€1.4 billion).

COUNTERPARTY RISK ARISING FROM OVER-THE-COUNTER (OTC) DERIVATIVES

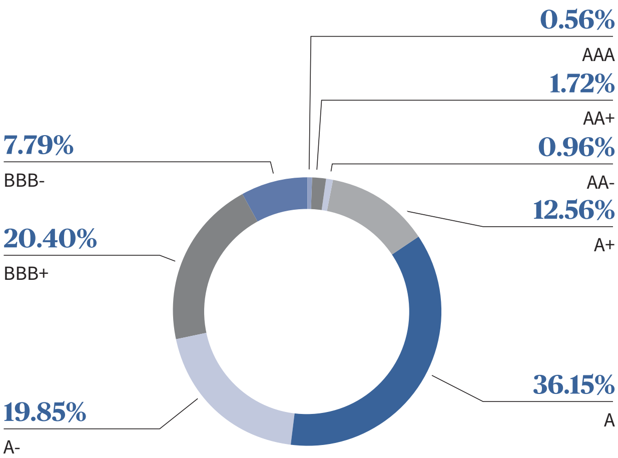
AXA Group actively manages counterparty risk generated by OTC derivatives through a specific Group-wide policy. This policy includes:

- 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.

The Group Credit Risk Committee approves changes to the above policy and reviews the exposures every month.

As at December 31, 2020, the breakdown of counterparty exposure coming from OTC derivatives by rating was as follows (positive fair value net of collateral received):



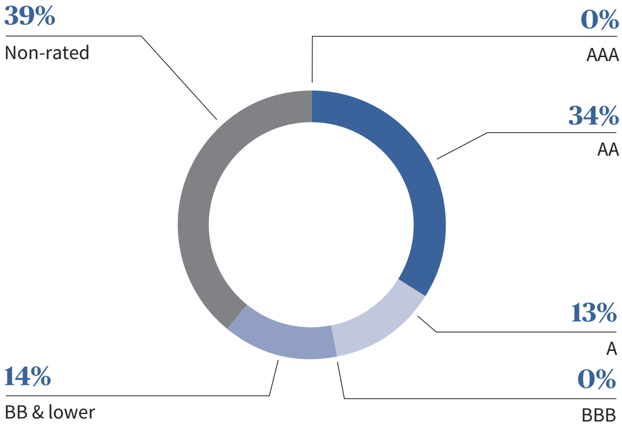
RECEIVABLES FROM REINSURERS: RATING PROCESSES AND FACTORS

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 Re. This risk is monitored to oversee the credit reinsurance exposure of the Group and 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 61% of reinsurers' share of insurance and investment contract liabilities in 2020 (*versus* 83% in 2019, or 63% restating from the change in methodology to report reinsurers rating at AXA XL in 2020).

The breakdown of all reserves ceded to reinsurers by reinsurer rating as of December 31, 2020 (€28.8 billion) was as follows:



The "Non-rated" 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.

As at December 31, 2019, the breakdown of reserves ceded to reinsurers (€24.3 billion) by reinsurer rating was: 3% in AAA, 42% in AA, 27% in A, 11% in BB and lower and 17% in Non-rated.

Following the integration of AXA XL within the Group rating database, 2019 figures have been restated as follows: 0% in AAA, 31% in AA, 21% in A, 0% in BBB, 11% in BB and lower and 37% in Non-rated.

The increase in reserves ceded to reinsurers is mainly driven by increase in PYR long-tail lines, Natural Catastrophes and COVID-19.

CREDIT EXPOSURE STEMMING FROM INSURANCE AND ASSUMED REINSURANCE BUSINESSES

The AXA Group, following the acquisition of XL group, is also exposed to credit risk through various insurance and assumed reinsurance businesses that either:

- embed a credit component, such as Trade Credit Insurance, Political Risk-Contract Frustration, Surety, Mortgage Reinsurance; or

- are sensitive to credit risk, *i.e.* there is a strong correlation between a credit event and claims under the (re)insurance cover, such as Directors & Officers (D&O) and Errors & Omissions (E&O).

Among those exposures to ca. 21,000 obligors, the larger ones are reported monthly on a per name basis and are aggregated wherever relevant with exposures coming from other sources, mainly investments, to maintain concentrations under control.

Each month, the Group Credit Risk Committee monitors the aggregate ultimate shareholder exposures *versus* the risk appetite limits, as well as the contributions of the various credit risk sources including the split by lines of business, reviews potential breaches to the Group limits and remediation plans, and when necessary handles additional capacity requests and allocates capacity between investments and insurance & reinsurance businesses. Group Credit team provides the Group Credit Risk Committee with credit assessments on the biggest exposures or on a case by case basis when required.

Utilizations of Group limits per name are shared with local Risk Management and business teams, in order to avoid excessive concentrations and breaches.

In addition, all types of credit exposures whether related to assets or liabilities, and for the latter including those arising from a huge number of very small individual exposures (*ca.* 16,000 obligors with an exposure at risk below USD10 million), are captured through a credit risk per event approach. It measures the impact of defaults, including rating migration, in a 1 in 20-year credit crisis, and the contribution of each source of credit risk, in particular stemming from insurance and assumed reinsurance businesses. The results are shared with the Group Audit, Risk and Compliance Committee.

The Group Financial Risk Committee is regularly informed of the main credit risks including those related to (re)insurance businesses.

BANK CREDIT ACTIVITIES

At December 31, 2020, total invested assets of banking activities amounted to €13.4 billion (€14.7 billion as at December 31, 2019), the decrease is mainly due to the disposal of AXA Bank Germany.

AXA Banking operations, based in France, 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 of sovereign, international institutions, corporate 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 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.

The banks aim to meet all regulatory capital obligations.

5.5 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). The approach is prudent as it is assumed that all events occur simultaneously.

5.6 INSURANCE RISKS

Insurance risks: definition and exposure

Information in this Section should be read in conjunction with Section 6.6 - Note 4 “Financial and insurance Risk Management” 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 5.1 “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 businesses operations as described in Section 1.3 “Business overview” 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, floods or hailstorms), tectonic ones (earthquakes, volcanoes) and man-made ones, such as nuclear, liability, cyber, conflagration, 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 5.2 “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 5.5 “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 5.2 "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 meet the Group's obligations and commitments to policyholders, 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 5.2 "Internal Control and Risk Management" of this Annual Report).

Insurance risks for Life & Savings, Health 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 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

AXA Group 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, as well as Health, the Product Approval Process is managed at local level for all traditional products meeting Group's minimum requirements, 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 AND RISK ASSESSMENT

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 Life & Savings, Health and Property & Casualty activities, AXA Group 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 5.2 "Internal Control and Risk Management" of the Annual Report. This enables the Group to verify that its exposure complies with consolidated risk appetite limits along the dimensions of earnings, Eligible Own Funds (EOF), solvency and liquidity. These tools also contribute substantially to monitoring the major risks (claims frequency deviation, claims severity, reinsurance, pricing consistency, natural and man-made catastrophes, biometric and behavior risks deviations).

This framework is included in the governance set out previously for product development control.

In the Life & Savings, Health businesses, 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 models (internal and external for natural catastrophe and for man-made catastrophe) are developed to ensure yearly natural catastrophe volatility, coming from events such as windstorm, earthquake, hurricane or typhoon, or catastrophe man-made events, such as cyber or liability ones, are not likely to affect the Group above the set tolerance levels.

Since 2015, the Group has strategically developed a strong in-house expertise of development and validation of natural catastrophe models to cope with their dynamic nature in the context of global climate change. This has been complemented by a reinforced and continuously enhanced expertise in the modelling of systemic events (without border in time and space) like Cyber.

CEDED REINSURANCE

For the Life & Savings, Health and Property & Casualty 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 considering the risk assessment previously described;
- their risks are modeled through in-depth actuarial analyses conducted on each portfolio; specifically, for Property & Casualty modelling, *via* the Group economic capital model, AXA uses several models both internal and external for assessing the risk associated with the main natural perils (storms, floods, earthquakes…).

Reinsurance strategy

Centralization and harmonization of treaty reinsurance purchase is based on the same procedures for both the Life & Savings, Health businesses as for the Property & Casualty activities.

In order to build adjusted and optimized protection, the Group's operating entities are reinsured by AXA Global Re (AGRe) except for very specific cases notably for products developed in partnership with reinsurers in Life and Health and except for some AXA XL treaties (mainly quota share for specialties and for US portfolios) for which AXA XL contributes to placing directly part of its covers under AGRe's delegation and control. AGRe can place a variable part of the local treaties on the reinsurance market, for regulatory reasons for example. A portion of the risk exposure is retained and mitigated within AGRe through the internal Group covers (including through a pool mechanism for Property) and the remaining part is ceded to external reinsurers.

AGRe is responsible for all Group external cessions. Since the acquisition of the XL group, AXA XL contributes to placing directly part of its covers under AGRe's delegation and control. 2021 Group reinsurance protections ensure reaching risk appetite as in 2020 and further limit the impacts of volatility (Nat Cat and man-made) induced by frequency of mid-size events.

These protections consist of major Group covers (CAT covering direct business and accepted reinsurance business from AXA XL, Property Per Risk, International Liability, Marine, Cyber, Motor Third Party Liability and Life) and various AXA XL-dedicated covers which contribute to further decrease the net retention of AXA XL and limit its own volatility (*e.g*. Aviation, US Liability, Political risks).

The structures of Group covers are designed to adequately protect the Group in compliance with the Group risk appetite framework. Specific covers are arranged through either the traditional reinsurance market or the financial one through securitization (cat bonds and Insurance Linked Securities).

As opposed to the other Group covers where the Group retention is kept by AXA Global Re, in 2020 93.2% of the Property Pool year-end financial result net of external reinsurance protections is retroceded back to local entities, through a pool mechanism managed by AGRe on behalf of those local entities.

AXA also uses capital market solutions, such as catastrophe bonds, as part of the overall reinsurance strategy. The use of catastrophe bonds may not provide the same level of protection as traditional reinsurance, and the protections provided may vary depending on the Region in which the loss occurred, or the number of events that make up the loss. Like traditional reinsurance, the accessibility of the catastrophe bond market may be impacted by disruptions, volatility or uncertainty, such as those that may arise following a major catastrophic event. Also, to the extent that AXA uses catastrophe bond products providing reinsurance protections based on an industry loss index rather than on its actual incurred losses, such transactions could result in a larger residual loss than anticipated.

Finally, in addition to the analyses described above, AGRe regularly monitors its credit exposure and other AXA entities' credit exposures to reinsurers, to ensure that consolidated limits remain within Group risk tolerance (see Section 5.4 "Credit Risk – Receivables from reinsurers" of this Annual Report).

TECHNICAL RESERVES

Operational entities specifically monitor their reserve risks. Claims reserves are estimated and booked on a file by file basis by the claim handlers. Additional reserves are also booked by the local entities.

The additional reserves' calculations are carried out locally by a two-independent-opinion process.

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 operating elements have been scrutinized (including contracts, premiums and claims patterns, claims' handling, and reinsurance effects);
- enough data is available (such as sufficient claims experience or granularity) and adequate to achieve the reserving exercise;
- 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, Actual-to-Expected) 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.

The breakdown of the Group's Property & Casualty technical reserves by line of business was as follows:

- 25% at the end of 2020 (26% at the end of 2019) of the Group's Property & Casualty reserves cover Motor insurance business;
- 10% at the end of 2020 (9% at the end of 2019) of the Group's Property & Casualty reserves cover Property insurance business;
- 9% at the end of 2020 (11% at the end of 2019) of the Group's Property & Casualty reserves cover Liability insurance business;
- 5% at the end of 2020 (5% at the end of 2019) of the Group's Property & Casualty reserves cover Specialty insurance business [1];
- 11% at the end of 2020 (11% at the end of 2019) of the Group's Property & Casualty reserves cover Reinsurance business;
- 40% at the end of 2020 (37% at the end of 2019) cover the other lines of business.

The breakdown of the Group's Life & Savings technical insurance reserves by product type was as follows:

- 34% at the end of 2020 (34% at the end of 2019) of the Group's Life & Savings technical reserves cover Protection business;
- 15% at the end of 2020 (15% at the end of 2019) of the Group's Life & Savings technical reserves cover Unit-Linked business;
- 46% at the end of 2020 (46% at the end of 2019) of the Group's Life & Savings technical reserves cover G/A Savings business;
- 5% at the end of 2020 (5% at the end of 2019) of the Group's Life & Savings technical reserves cover other lines of business.

The Group's Health technical reserves represented 7% of the Group's total technical reserves at the end of 2020 (7% at the end of 2019). Technical reserves for Health Life-like contracts (*i.e.* contracts with long-term guarantees or coverage and/or surrender value) represented 94% of the Group's Health technical reserves at the end of 2020 (stable compared to 2019).

(1) *Gross revenues and liabilities from insurance contracts for Specialty and Other Commercial lines have been restated to reflect the latest allocation of AXA XL's lines of business.*

5.7 OPERATIONAL RISK

Information in this Section should be read in conjunction with the paragraph "Operational and business-related risks" in Section 5.1 "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, processes and resources 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 policy 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 of 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 2020, the Group Operational Risk Profile is reasonably well spread out with all seven operational risk categories covered and the main risks being the following:

- transaction capture, execution and maintenance risk is a top risk and relates to process error, failure, and/or misperformance;
- compliance risk due to increases in legislation and regulation remains a major concern and is under the close monitoring of Group Compliance;
- external fraud & system security risk continues also 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 5.1 "Risk factors" of this Annual Report.

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 5.2 "Internal Control and Risk Management" of this Annual Report.

Specific actions are identified at Group and local levels to mitigate these risks. Also, the implementation of the Internal Control framework will continue to contribute to better embed controls in activities and mitigate the risks.

As regards information risks, AXA has built an Information Risk Management (IRM) framework to enable information risk decisions to be made consistently across the organization and establish sustainable Risk Management capabilities that are integrated with the business.

AXA relies on third-party providers for outsourcing of services at different stages of the value chain. Although relying on partners is a strategic advantage, onboarding a vendor into AXA's organization requires AXA to assess the risks it might bring, such as regulatory, compliance, IT security, etc.

To protect both business and customers, AXA has set up a dedicated Vendor Risk Framework program co-sponsored by Group Risk Management and Group Procurement. This program is supported by Group functions (Compliance, Data Privacy, Information Security, Operational Resilience, Legal, Reputation and Internal Control) and local stakeholders (Chief Risk Officers, Chief Procurement Officers and Insurance Procurement Directors).

The Vendor Risk Framework defines a set of requirements for each relationship, with a risk-based approach, *i.e.* existing and potential new contracts. After identification of the criticality through pre-determined criteria, an appropriate level of due diligence, minimum requirements and oversight is implemented.

For more information on the AXA Group's risk controls and Risk Management processes, please refer to Section 5.2 "Internal Control and Risk Management" of this Annual Report.

5.8 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) a lack of responsiveness to industry changes or consumers' needs evolution, or (b) adverse business decisions regarding:

- significant changes in footprint, including through disposals or acquisitions;
- changes in product offering and client segmentation;
- changes in 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. Group Risk Management is involved at early stage in major strategic projects (*e.g.* large M&A projects). The Group governance standards require among other things a Risk Management second opinion on key processes, including significant transactions and strategic plans. Furthermore, the ORSA report provides an assessment on the overall solvency needs which include the Solvency II ratio projection made until the strategic plan horizon and in stress scenarios as detailed in Section 5.2.2 "Internal Control and Risk Management – Own Risk and Solvency Assessment (ORSA)" of this Annual Report.

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.

Given the nature of reputation risks, there is no capital charge assessment but the AXA Group has defined a global framework with a two-fold approach to reactively protect and proactively identify, monitor, manage and mitigate reputational issues 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, at Group and local levels;
- implement a common reputation Risk Management framework throughout the organization.

AXA Group monitors in near real-time potential issues and receives periodic top reputation risk reports from local entities.

The implementation of the Reputation Risk Framework encompasses AXA Group activities including insurance, Asset Management, 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 may never even emerge.

Given the nature of emerging risks, there is no capital charge assessment but the AXA Group has established processes to qualify emerging risks which could develop over time and become significant. The emerging risk framework encompasses a network of circa 100 people within the AXA Group (based in insurance, bank, Asset Management and support function entities such as AXA Group Operations) which allows expertise to be shared within the business 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 five sub-groups (environmental, societal, regulatory & 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.

Since 2015, an annual Emerging Risks Survey is conducted to collect the views of internal and external stakeholders on the most significant emerging risks for society at large.

By seeking to develop new solutions, acting as an advisor to 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 5.1 “Risk factors” of this Annual Report.

Sustainability risks

For further information on the sustainability risks to which the AXA Group may be exposed, please refer to Section 4.1 “AXA Sustainability strategy” of this Annual Report.

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6

CONSOLIDATED FINANCIAL STATEMENTS

6.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in Euro million) Notes		December 31, 2020	December 31, 2019 restated [(a)]
5	Goodwill	16,583	17,776
6	Value of purchased business in force	1,245	1,520
7	Deferred acquisition costs and equivalent	16,534	16,988
8	Other intangible assets	4,432	4,875
	Intangible assets	**38,793**	**41,159**
	Investments in real estate properties	25,876	23,301
	Financial investments	506,959	497,257
	Assets backing contracts where the financial risk is borne by policyholders [(b)]	77,802	75,774
9	**Investments from insurance activities**	**610,637**	**596,332**
9	**Investments from banking and other activities**	**22,562**	**22,389**
10	**Investments accounted for using the equity method**	**2,471**	**2,437**
14	**Reinsurers' share in insurance and investment contracts liabilities**	**26,972**	**22,970**
	Tangible assets	2,649	2,873
14	Deferred policyholders' participation assets	-	-
19	Deferred tax assets	333	654
	Other assets	**2,981**	**3,527**
	Receivables arising from direct insurance and inward reinsurance operations	25,487	27,094
	Receivables arising from outward reinsurance operations	2,466	2,074
	Receivables - current tax	845	954
	Other receivables	9,707	10,378
11	**Receivables**	**38,505**	**40,501**
5	**Assets held for sale [(c)]**	**33,432**	**28,908**
12	**Cash and cash equivalents**	**28,237**	**22,656**
	TOTAL ASSETS	**804,589**	**780,878**

Note: All invested assets are shown net of related derivative instruments impact.

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

(b) Includes assets backing contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.

(c) As of December 31, 2020, amounts included the assets relating to AXA Bank Belgium, India P&C, the Gulf Region and Greece operations, as well as the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.

As of December 31, 2019, amounts included the assets relating to AXA Bank Belgium and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.

(in Euro million) Notes		December 31, 2020	December 31, 2019 restated [(a)]
	Share capital and capital in excess of nominal value	26,165	26,126
	Reserves and translation reserve	42,281	39,915
	Net consolidated income - Group share	3,164	3,857
	Shareholders' equity – Group share	**71,610**	**69,897**
	Minority interests	**4,565**	**4,730**
13	**Total shareholders' equity**	**76,176**	**74,627**
	Subordinated debt	9,279	11,294
	Financing debt instruments issued	1,569	1,806
17	**Financing debt** [(b)]	**10,848**	**13,101**
	Liabilities arising from insurance contracts	381,166	379,002
	Liabilities arising from insurance contracts where the financial risk is borne by policyholders [(c)]	61,157	59,823
	Total liabilities arising from insurance contracts	**442,323**	**438,825**
	Liabilities arising from investment contracts with discretionary participating features	36,480	36,036
	Liabilities arising from investment contracts with no discretionary participating features	66	67
	Liabilities arising from investment contracts with discretionary participating features and where the financial risk is borne by policyholders	3,695	3,139
	Liabilities arising from investment contracts with no discretionary participating features and where the financial risk is borne by policyholders	13,224	13,306
	Total liabilities arising from investment contracts	**53,466**	**52,547**
	Unearned revenue and unearned fee reserves	2,021	2,456
	Liabilities arising from policyholder participation and other obligations	59,993	52,766
	Derivative instruments relating to insurance and investment contracts	(1,245)	(1,724)
14	**Liabilities arising from insurance and investment contracts**	**556,557**	**544,871**
15	**Liabilities arising from banking activities** [(b)]	**15,284**	**14,649**
16	**Provisions for risks and charges**	**9,554**	**9,742**
19	**Deferred tax liabilities**	**6,470**	**5,863**
	Minority interests of consolidated investment funds and puttable instruments held by minority interest holders	9,221	8,596
	Other debt instruments issued, notes and bank overdrafts [(b)]	12,868	6,249
	Payables arising from direct insurance and inward reinsurance operations	10,893	10,709
	Payables arising from outward reinsurance operations	13,156	11,591
	Payables – current tax	1,088	1,166
	Collateral debts relating to investments under lending agreements or equivalent	37,878	37,920
	Other payables	12,692	13,145
18	**Payables**	**97,796**	**89,377**
5	**Liabilities held for sale** [(d)]	**31,904**	**28,648**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**804,589**	**780,878**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Amounts are shown net of related derivative instruments impact.
(c) Includes liabilities arising from contracts where the financial risk is borne by policyholders with Guaranteed Minimum features.
(d) As of December 31, 2020, amounts included the liabilities relating to AXA Bank Belgium, the Gulf Region and Greece operations, as well as the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.
As of December 31, 2019, amounts included the liabilities relating to AXA Bank Belgium and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.

6.2 CONSOLIDATED STATEMENT OF INCOME

(in Euro million, except EPS in Euro)

Notes		December 31, 2020	December 31, 2019
	Gross written premiums	93,915	99,852
	Fees and charges relating to investment contracts with no participating features	233	244
	Revenues from insurance activities	**94,148**	**100,096**
	Net revenues from banking activities	486	512
	Revenues from other activities	2,090	2,924
21	**Revenues** (a)	**96,723**	**103,532**
	Change in unearned premiums net of unearned revenues and fees	**(331)**	**(1,543)**
	Net investment income (b)	12,171	12,115
	Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity (c)	2,373	1,356
	Net realized gains and losses and change in fair value of investments at fair value through profit and loss (d)	2,408	18,475
	of which change in fair value of assets with financial risk borne by policyholders (e)	*2,149*	*18,286*
	Change in investments impairments (f)	(998)	(826)
22	**Net investment result excluding financing expenses**	**15,953**	**31,121**
	Technical charges relating to insurance activities (e)	(82,769)	(101,484)
23	Net result from outward reinsurance	(845)	(1,118)
	Bank operating expenses	(79)	(67)
25	Acquisition costs	(12,407)	(12,482)
	Amortization of the value of purchased business in force	(227)	(644)
25	Administrative expenses	(10,716)	(10,722)
	Change in tangible assets impairment	(5)	(0)
	Change in goodwill impairment and other intangible assets impairment and amortization	(197)	(153)
	Other income and expenses (g)	251	(598)
	Other operating income and expenses	**(106,994)**	**(127,269)**
	Income from operating activities before tax	**5,350**	**5,840**
10	Income (net of impairment) from investment accounted for using the equity method	400	504
24	Financing debts expenses (h)	(878)	(720)
	Net income from operating activities before tax	**4,872**	**5,624**
19	Income tax	(1,541)	(1,419)
	Net operating income	**3,331**	**4,206**
	Result from discontinued operations net of tax (i)	-	(24)
	Net consolidated income after tax	**3,331**	**4,181**
	Split between:		
	Net consolidated income - Group share	**3,164**	**3,857**
	Net consolidated income - Minority interests	167	325
27	**Earnings per share**	**1.25**	**1.51**
	Fully diluted earnings per share	**1.25**	**1.51**

(a) Gross of reinsurance.
(b) Net of investment management costs and including gains/losses from derivatives hedging variable annuities.
(c) Includes impairment releases on investments sold.
(d) Includes realized and unrealized forex gains and losses relating to investments at cost and at fair value through shareholders' equity.
(e) 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.
(f) Excludes impairment releases on investments sold.
(g) In 2020, it included losses related to the disposal processes of AXA Bank Belgium, the Gulf region and Greece operations, as well as following the termination of the sale agreement of AXA Life Europe, the reversal of the loss recognized in 2019 in the context of the disposal process.
In 2019, it included losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe (see Note 5.3).
(h) Includes net balance of income and expenses related to derivatives on financing debt (nonetheless excludes change in fair value of these derivatives).
(i) In 2019, it mainly included the VBI impairment related to the Group Life portfolio in Switzerland classified as held for sale.

6.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in Euro million)	2020	2019
Reserves relating to changes in fair value through shareholders' equity	3,649	7,879
Translation reserves	(2,895)	659
Items that may be reclassified subsequently to Profit or Loss	**754**	**8,538**
Employee benefits actuarial gains and losses	(198)	(684)
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	1	(13)
Items that will not be reclassified subsequently to Profit or Loss	**(197)**	**(697)**
Net gains and losses recognized directly through shareholders' equity	**556**	**7,841**
Net consolidated income	**3,331**	**4,181**
Split between:		
Net consolidated income - Group share	**3,164**	**3,857**
Net consolidated income - Minority interests	167	325
TOTAL COMPREHENSIVE INCOME (CI)	**3,888**	**12,022**
Split between:		
Total comprehensive income - Group share	3,663	11,278
Total comprehensive income - Minority interests	225	744

Amounts are presented net of tax, policyholders' participation and other shadow accounting related movements. Tax, policyholder participation and related effects are further detailed in the Notes to the Consolidated Financial Statements.

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CONSOLIDATED FINANCIAL STATEMENTS
6.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

6.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders											
	Share Capital					Other reserves						
(in Euro million, except for number of shares and nominal value)	Number of shares *(in thousands)*	Nominal value *(in Euro)*	Share Capital	Capital in excess of nominal value	Treasury shares	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
Shareholders' equity opening as of January 1, 2020	**2,417,695**	**2.29**	**5,537**	**21,706**	**(752)**	**19,328**	**196**	**6,636**	**(2,050)**	**19,297**	**69,897**	**4,730**
Capital	694	2.29	2	-	-	-	-	-	-	-	2	-
Capital in excess of nominal value	-	-	-	(19)	-	-	-	-	-	-	(19)	-
Equity - share based compensation	-	-	-	48	-	-	-	-	-	-	48	-
Treasury shares	-	-	-	-	8	-	-	-	-	-	8	-
Others reserves - transaction on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Undated subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Financial expenses - Undated subordinated debt	-	-	-	-	-	-	-	-	-	(177)	(177)	-
Others (including impact on change in scope) [(b)]	-	-	-	-	-	-	-	-	-	(72)	(72)	(390)
Dividends paid	-	-	-	-	-	-	-	-	-	(1,740)	(1,740)	-
Impact of transactions with shareholders	**694**	**2.29**	**2**	**29**	**8**	**-**	**-**	**-**	**-**	**(1,989)**	**(1,950)**	**(390)**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-	3,247	287	-	-	-	3,533	116
Translation reserves	-	-	-	-	-	-	-	(224)	(2,613)	-	(2,837)	(58)
Employee benefits actuarial gains and losses	-	-	-	-	-	-	-	-	-	(198)	(198)	0
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	-	-	-	-	-	-	-	-	-	1	1	(0)
Net consolidated income	-	-	-	-	-	-	-	-	-	3,164	3,164	167
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**	**3,247**	**287**	**(224)**	**(2,613)**	**2,967**	**3,663**	**225**
Shareholders' equity closing as of December 31, 2020	**2,418,389**	**2.29**	**5,538**	**21,735**	**(744)**	**22,575**	**483**	**6,411**	**(4,663)**	**20,275**	**71,610**	**4,565**

Note: Amounts are presented net of impacts of shadow accounting and its effects on policyholder participation, deferred acquisition costs, and value of business in force.
(a) Mainly undated subordinated debts (see Note 13.1.1).
(b) Including changes in ownership interest in consolidated subsidiaries.

CONSOLIDATED FINANCIAL STATEMENTS
6.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders											
	Share Capital					Other reserves						
(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**	**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** [(c)]	**Shareholders' Equity Group share**	**Minority interests**
Shareholders' equity opening as of January 1, 2019	**2,424,917**	**2.29**	**5,553**	**21,894**	**(1,038)**	**11,566**	**302**	**6,776**	**(2,395)**	**19,770**	**62,428**	**10,824**
Capital	(7,222)	2.29	(17)	-	-	-	-	-	-	-	(17)	-
Capital in excess of nominal value	-	-	-	(227)	-	-	-	-	-	-	(227)	-
Equity - share based compensation	-	-	-	40	-	-	-	-	-	-	40	-
Treasury shares	-	-	-	-	286	-	-	-	-	-	286	-
Others reserves - transaction on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Equity component of compound financial instruments	-	-	-	-	-	-	-	-	-	-	-	(614)
Undated subordinated debt	-	-	-	-	-	-	-	(253)	-	-	(253)	-
Financial expenses - Undated subordinated debt	-	-	-	-	-	-	-	-	-	(194)	(194)	-
Others (including impact on change in scope) [(b)]	-	-	-	-	-	-	-	-	-	(255)	(255)	(6,224)
Dividends paid	-	-	-	-	-	-	-	-	-	(3,189)	(3,189)	-
Impact of transactions with shareholders	**(7,222)**	**2.29**	**(17)**	**(187)**	**286**	**-**	**-**	**(253)**	**-**	**(3,638)**	**(3,809)**	**(6,838)**
Reserves relating to changes in fair value through shareholders' equity	-	-	-	-	-	7,762	(106)	-	-	-	7,656	223
Translation reserves	-	-	-	-	-	-	-	113	344	-	457	202
Employee benefits actuarial gains and losses	-	-	-	-	-	-	-	-	-	(679)	(679)	(5)
Reserves relating to changes in fair value of financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	-	-	-	-	-	-	-	-	-	(13)	(13)	0
Net consolidated income	-	-	-	-	-	-	-	-	-	3,857	3,857	325
Total Comprehensive Income (CI)	**-**	**-**	**-**	**-**	**-**	**7,762**	**(106)**	**113**	**344**	**3,165**	**11,278**	**744**
Shareholders' equity closing as of December 31, 2019	**2,417,695**	**2.29**	**5,537**	**21,706**	**(752)**	**19,328**	**196**	**6,636**	**(2,050)**	**19,297**	**69,897**	**4,730**

Note: Amounts are presented net of impacts of shadow accounting and its effects on policyholder participation, deferred acquisition costs, and value of business in force.

(a) Mainly undated subordinated debts (see Note 13.1.1).

(b) Including changes in ownership interest in consolidated subsidiaries.

(c) Includes the first time application impact of IFRS 16 Leases (€-68 million in Group share) and IFRIC 23 Uncertainty over Income Tax Treatments (€-111 million in Group share). AXA has chosen to adopt this standard and this interpretation retrospectively through the cumulative effect approach with an adjustment to the opening balance of retained earnings in 2019.

6.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Operating income including discontinued operations before tax	**4,872**	**5,624**
Net amortization expense [(b)]	1,176	1,376
Change in goodwill impairment and other intangible assets impairment [(c)]	87	115
Net change in deferred acquisition costs and equivalent	(613)	(1,944)
Net increase/(write back) in impairment on investments, tangible and other intangible assets	946	819
Change in fair value of investments at fair value through profit or loss	(2,757)	(19,130)
Net change in liabilities arising from insurance and investment contracts [(d)]	9,540	22,226
Net increase/(write back) in other provisions [(e)]	(212)	507
Income (net of impairment) from investment accounted for using the equity method	(400)	(497)
Adjustment of non cash balances included in the operating income before tax	**7,768**	**3,472**
Net realized investment gains and losses	(1,951)	(644)
Financing debt expenses	878	706
Adjustment for reclassification to investing or financing activities	**(1,073)**	**62**
Dividends recorded in profit or loss during the period	(2,955)	(2,993)
Investment income & expense recorded in profit or loss during the period [(f)]	(10,179)	(10,117)
Adjustment of transactions from accrued to cash basis	**(13,134)**	**(13,110)**
Net cash impact of deposit accounting	(208)	(98)
Dividends and interim dividends collected	3,373	3,411
Investment income [(f)]	14,278	15,122
Investment expense (excluding interests on financing and undated subordinated debts, margin calls and others)	(3,946)	(4,214)
Net operating cash from banking activities	3,787	(250)
Change in operating receivables and payables	9,467	562
Net cash provided by other assets and liabilities [(g)]	908	(148)
Tax expenses paid	(1,364)	(978)
Other operating cash impact and non cash adjustment	807	(627)
Net cash impact of transactions with cash impact not included in the operating income before tax	**27,102**	**12,779**
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**25,534**	**8,827**
Purchase of subsidiaries and affiliated companies, net of cash acquired	(18)	(242)
Disposal of subsidiaries and affiliated companies, net of cash ceded	888	293
Net cash related to changes in scope of consolidation	**871**	**51**
Sales of debt instruments [(g)]	46,364	49,538
Sales of equity instruments and non consolidated investment funds [(g) (h)]	23,575	18,498
Sales of investment properties held directly or not [(g)]	1,556	2,194
Sales and/or repayment of loans and other assets [(g) (i)]	18,897	20,307
Net cash related to sales and repayments of investments [(g) (h) (i)]	**90,391**	**90,537**
Purchases of debt instruments [(g)]	(52,430)	(61,226)
Purchases of equity instruments and non consolidated investment funds [(g) (h)]	(24,172)	(20,589)

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Purchases of investment properties held direct or not [(g)]	(3,615)	(4,644)
Purchases and/or issues of loans and other assets [(h) (i)]	(21,383)	(19,612)
Net cash related to purchases and issuance of investments [(g) (h) (i)]	**(101,600)**	**(106,072)**
Sales of tangible and intangible assets	3	75
Purchases of tangible and intangible assets	(389)	(462)
Net cash related to sales and purchases of tangible and intangible assets	**(386)**	**(388)**
Increase in collateral payable/Decrease in collateral receivable	128,148	187,972
Decrease in collateral payable/Increase in collateral receivable	(128,854)	(183,141)
Net cash impact of assets lending/borrowing collateral receivables and payables	**(706)**	**4,831**
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	**(11,431)**	**(11,041)**
Issuance of equity instruments	71	(62)
Repayments of equity instruments	(258)	(2,045)
Transactions on treasury shares	(22)	(17)
Dividends payout	(1,743)	(3,268)
Interests on undated subordinated debts paid	(269)	(301)
Acquisition/sale of interests in subsidiaries without change in control	4	(51)
Net cash related to transactions with shareholders	**(2,218)**	**(5,744)**
Cash provided by financial debts issuance	0	145
Cash used for financial debts repayments	(1,816)	(781)
Interests on financing debt paid [(j)]	(894)	(588)
Net interest margin of hedging derivatives on financing debt	-	(9)
Net cash related to Group financing	**(2,710)**	**(1,233)**
Other financing cash impact and non cash adjustment	**-**	**-**
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**(4,927)**	**(6,977)**
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	**0**	**0**
CASH AND CASH EQUIVALENT AS OF JANUARY 1 [(k)]	**21,977**	**31,596**
Net cash provided by operating activities	25,534	8,827
Net cash provided by investing activities	(11,431)	(11,041)
Net cash provided by financing activities	(4,927)	(6,977)
Net cash provided by discontinued operations	0	0
Impact of change in consolidation method and of reclassifications as held for sale [(l)]	(2,901)	(899)
Net impact of foreign exchange fluctuations and reclassification on cash and cash equivalents	(737)	471
CASH AND CASH EQUIVALENT AS OF DECEMBER 31 [(k)]	**27,516**	**21,977**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Includes premiums/discounts capitalization and relating amortization, amortization of investment and owner occupied properties (held directly).
(c) Includes impairment and amortization of intangible assets booked in the context of business combinations.
(d) Includes impact of reinsurance and change in liabilities arising from contracts where the financial risk is borne by policyholders.
(e) Mainly includes change in provisions for risks & charges, for bad debts/doubtful receivables and change in impairment of assets held for sale.
(f) Includes gains/losses from derivatives hedging variable annuities.
(g) Includes related derivatives.
(h) Includes equity instruments held directly or by consolidated investment funds as well as non consolidated investment funds.
(i) Includes sales/purchases of assets backing insurance & investment contracts where the financial risk is borne by policyholders.
(j) Includes net cash impact of interest margin relating to hedging derivatives on financing debt.
(k) Net of bank overdrafts.
(l) As of December 31, 2020, amounts included the assets relating to AXA Bank Belgium, the Gulf Region and Greece operations, as well as the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.
As of December 31, 2019, amounts included the assets relating to AXA Bank Belgium and the remaining Group Life portfolio in Switzerland, for which disposal processes were not finalized at year-end.

Cash and cash equivalents are presented in Note 12.

6.6 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 of an international financial services group focused on financial protection. AXA operates both in Europe and worldwide. 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 11, 2021.

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, 2020. The Group does not use the "carve out" option allowing not to apply all hedge accounting principles required by IAS 39.

IFRS REQUIREMENTS ADOPTED ON JANUARY 1, 2020

The application of the amendments below as of January 1, 2020 had no material impact on the Group's Consolidated Financial Statements.

Amendments	Publication date	Topic
Amendments to references to the Conceptual Framework in IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32	March 29, 2018	The amendments update some of the references to, and quotations from, the Conceptual Framework for Financial Reporting, so that they refer to the Conceptual Framework as revised in 2018. They also clarify which version of the Conceptual Framework is referred to in particular documents.
IFRS 3 - Business Combinations - Definition of Business	October 22, 2018	The amendments: ■ confirm that a business must include inputs and a process; ■ narrow the definitions of a business; and ■ add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
IAS 1 - Presentation of financial statements & IAS 8 - Accounting policy changes - Definition of "Material"	October 31, 2018	The amendments clarify the definition of "Material" and how it has to be applied by adding in the definition the clarifications that were included so far in other IFRS standards.
IFRS 16 - Leases - COVID-19 - Related Rent Concessions	June 1, 2020	The amendment permits lessees, as a practical expedient, not to assess whether particular COVIID-19-related rent concessions are a lease modification and, instead, account for those rent concessions as if they were not lease modifications.

STANDARDS AND AMENDMENTS PUBLISHED BUT NOT YET EFFECTIVE

IFRS 17 - Insurance contracts

IFRS 17 - Insurance contracts, published on May 18, 2017, and amended on June 25, 2020, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 - Insurance contracts.

The amendments issued on June 25, 2020, also include a two-year deferral of the effective date of IFRS 17. Thus, IFRS 17 should be applied for annual periods starting from January 1, 2023, with earlier application permitted.

The current standard on insurance contracts, IFRS 4, has been amended accordingly to allow insurers qualifying for deferral of IFRS 9 (see below) two additional years of deferral, and thus, extending to 2023 the temporary exemption for those insurers to apply IFRS 9. This means that qualifying insurers can apply both standards for the first time to reporting periods beginning on or after January 1, 2023.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts: (i) embedded derivatives, if they meet certain specified criteria, (ii) distinct investment components, and (iii) distinct performance obligations to provide non-insurance goods and services. These components should be accounted for separately in accordance with the related standards.

The standard defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability. Indeed, IFRS 17 requires to identify portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. Afterwards, each portfolio of insurance contracts issued shall be divided into three groups:

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- and the remaining contracts in the portfolio.

Moreover, contracts that are issued more than one year apart should not be in the same group.

IFRS 17 requires a current measurement model, where the general model is based on the following "building blocks":

- the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (*i.e.* discounting) and the financial risks associated with those future cash flows, and
  - a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM).

The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. However, the CSM cannot be negative, so negative changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (*i.e.* discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as "direct participating contracts"). A contract has a direct participation feature if it meets all three requirements below:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

This assessment of whether the contract meets these criteria is made at inception of the contract and not revised subsequently, except in case of substantial modification of the contract.

For these contracts, the CSM is adjusted (i) for changes in the variable fee (entity's share in the change of value of underlying items that corresponds to the revenue of the insurer), (ii) for the time value of money, and (iii) for effect of changes in financial risks not arising from underlying items (such as options and guarantees).

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized as insurance revenue at the closing date. However, the general model remains applicable for the measurement of incurred claims.

In terms of presentation, the amounts recognized in the statements of financial performance have to be disaggregated into:

- an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (*i.e.* incurred claims and other incurred insurance service expense); and
- insurance finance income or expenses.

The standard has to be applied retrospectively unless impracticable, in which case two options are possible:

- either the modified retrospective approach: based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications of requirements are applied to the extent their full retrospective application is not possible, but still with the objective to achieve the closest outcome to retrospective application possible; or

- the fair value approach: the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 and the fulfilment cash flows (any negative difference would be recognized in retained earnings at the transition date).

The standard has not yet been endorsed by the European Union. The implementation of IFRS 17 and the assessment of its potential impact on the Group's Consolidated Financial Statements are in progress.

IFRS 9 - Financial instruments

IFRS 9 - Financial instruments, published on July 24, 2014, replaces 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 (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and (ii) 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 (i) 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 (ii) 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 fitting 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 measured 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 implementation of IFRS 9 and the assessment of its potential impact on the Group's Consolidated Financial Statements, in combination with IFRS 17, are in progress.

The published effective date of IFRS 9 was 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, and "Extension of the temporary exemption from applying IFRS 9", published on June 25, 2020, have changed 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 contract standard, IFRS 17, becomes effective. The amendments provide two alternative options:

(i) apply a temporary exemption from implementing IFRS 9 until the earlier of (i) the effective date of IFRS 17, or (ii) annual reporting periods beginning on or after January 1, 2023, following the deferral of the effective application of IFRS 17 until the same date. 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 that have not applied IFRS 9 previously; or

(ii) 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 IFRS 17 is implemented. During the interim period, additional disclosures are required.

The Group is eligible for the temporary exemption option (i). Consequently, the Group has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard, as mentioned above. Disclosures related to financial assets required during the deferral period are included in the Group's Consolidated Financial Statements.

In addition, some amendements to the Standard have been issued since its publication. These amendements relate to:

- prepayment features with negative compensation: these amendements, published on October 12, 2017, and endorsed by the European Union, change the initial IFRS 9 in regards of the classification of financial assets with prepayment features that may result in negative compensation;
- fees included in the "10 per cent" test for derecognition of financial liabilities: this amendment, issued on May 14, 2020, as a part of the 2018-2020 Annual Improvements Cycle and still awaiting endorsement by the European Union, clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Other amendments and interpretations

Amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 related to Phase 2 of the IBOR reform

Amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2 were issued in August 2020 and endorsed by the European Union on January 13, 2021. They should be applied for annual periods starting from January 1, 2021, with earlier application permitted.

The amendments provide a practical expedient for the situations where changes are made to contractual cash flows of financial assets and liabilities or leases, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform. This practical expedient enables entities not to derecognise or adjust the carrying amounts of those assets and liabilities that are subject to a change with recognition of a corresponding modification gain or loss in profit or loss.

In addition, the amendments provide several exceptions to the hedge accounting requirements so that entities will be able to update the designation of the hedging relationship in response to the replacement of the original benchmark rate and to continue with the hedging relationships after transition to the alternative benchmark rate.

Additional disclosures will be required to assist users of financial statements in assessing the progress an entity has made on transitioning from IBOR to alternative benchmark rates.

AXA does not early adopt the amendments as the transition of financial instruments and leases of the Group from IBOR benchmark rates to alternative benchmark rates is operated starting from 2021.

Amendment to IFRS 4 – deferral of IFRS 9

As mentioned above, on June 25, 2020, the IASB issued an amendment to IFRS 4 Insurance contracts extending the expiry date of the temporary exemption in IFRS 4 from applying IFRS 9 by two years, *i.e.* to January 1, 2023. It enables insurers eligible for this temporary exception to align the effective dates of IFRS 9 - Financial instruments and IFRS 17 - Insurance contracts. The amendment should be applied for annual periods starting from January 1, 2021, with earlier application permitted.

The following amendments and interpretation are not expected to have a material impact on the Group's Consolidated Financial Statements:

Amendments and interpretations	Publication date	Effective for annual periods beginning on or after	Topic
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous contract - cost of fulfilling a contract	May 14, 2020	January 1, 2022 *	The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.
IFRS 3 - Business Combinations - Updating a reference to the conceptual Framework	May 14, 2020	January 1, 2022 *	The amendments update IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. They also introduce an exception from the requirement in IFRS 3 to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.
IAS 16 - Property, Plant and Equipment - Proceeds before intended use	May 14, 2020	January 1, 2022 *	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Deferral of Effective Date	January 23, 2020 July 15, 2020	January 1, 2023 *	The amendments clarify the requirements in IAS 1 for classifying a liability as current or non-current, in particular, in the cases where the settlement date of liabilities is uncertain.
Annual Improvements 2018 - 2020 Cycle	May 14, 2020	January 1, 2022 *	Collection of amendments to IFRS in response to issues that are not part of a major project, including the amendment to IFRS 9 related to the fees included in the "10 per cent" test for derecognition of financial liabilities (see IFRS 9 above).

* *With earlier application being permitted (subject to conditions in some cases) but not elected by the Group.*

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 the 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.

In 2020, the environment in which AXA operates was deeply affected by the COVID-19 pandemic. This context has created additional uncertainty regarding the estimation of the ultimate cost of net claims triggered by the COVID-19 pandemic which necessitated a high degree of judgment, and the insurance liabilities reflect the management's best estimate of both the direct consequences of the COVID-19 pandemic and the governmental measures implemented in response to the crisis.

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 a standard practice for 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 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, under which 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 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 (i) 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 (ii) 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 to cash generating units corresponding to (i) the companies acquired or portfolios of business acquired according to their expected profitability, and (ii) 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 to (i) reclassify minority interests from equity to liability, (ii) re-measure this liability at the present value of the option price, and (iii) 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 of the underlying item 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 rate 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 rate prevailing at the date 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.

1.5.1 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.

1.5.2 Active *versus* inactive markets – financial instruments

Financial instruments are considered as being quoted in an active market when:

- quotes that represent consensus are regularly provided by external pricing services with limited dispersion; and
- prices are readily available.

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;
- 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.

1.5.3 Assets and liabilities not quoted in an active market

Fair values of assets and liabilities that are not traded in an active market are estimated using:

- external and independent pricing services; or
- 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 Consolidated Financial Statements.

Fair values mainly not based on observable market data are disclosed as level 3 in the Notes to the Consolidated Financial Statements.

- 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 techniques 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 valuation is 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. For example, a very large widening of bid ask spreads may be a helpful indicator in understanding whether market participants are willing to transact. The dislocation of markets may also be suspected in cases of wide dispersion in the prices (over time or among market participants), small number of transactions, closing down of primary and/or secondary markets, forced transactions motivated by needs of liquidity or other difficult financial conditions 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 Consolidated Financial Statements reflects six operating business segments. These segments are determined on the basis of geographies or transversally for entities operating in various jurisdictions, and include France, Europe, Asia, AXA XL, International and Transversal & Central Holdings.

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 but subject to a regular test for impairment. Impairment tests are performed at least annually. Impairment of goodwill is not reversible.

AXA performs an impairment test of goodwill by cash generating unit, using valuation approaches that rely on parameters such as market indicators, market value of assets, market value of liabilities and future operating profits, derived on the basis of operational and economic assumptions in order to determine any significant adverse changes that might lead to the non-recoverability of the goodwill. Compliant with IAS 36, 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 the value placed on expected future earnings from existing and new business. For Life & Savings segment, the value of future expected earnings is estimated on the basis of embedded value models or similar calculations for other activities. Fair value less costs to sell is determined in compliance with IFRS 13 fair value as described in paragraph 1.5.

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.

Fair value approach is based on risk neutral valuation techniques taking into account:

- the current shareholders' net asset value plus the future profitability of the business in force:
  - 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 of business in force is determined using the embedded value methodology, which is an industry-wide and specific valuation approach, consistent with the principle of discounted earnings, as the value of business in force is represented by the discounted value of future earnings from the in-force portfolios. The Group uses however both market consistent risk neutral approaches, aligned with fair-value calculations, and traditional discounted cash flows projections;
- the profitability of future new business:
  - the value of future 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. The determination of the future earnings arising from the new business relies upon the use of operational and economic assumptions, both of which are compliant with the requirements of the different regulatory frameworks,
  - the recoverable value of the Life & Savings segment is 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 recoverable value determined for the basic test is lower than the carrying amount,

- the value in use approach is built upon cash flow projections based on the business plans approved by AXA management covering up to five years and discounted using a risk adjusted rate. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

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, Deferred Acquisition Costs (DAC). In Property & Casualty segment, DAC are amortized over the terms of the policies, as premium is earned. For Life & Savings segment, 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 as the one 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 is 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 (i) the net carrying value and (ii) the lower of the appraisal value and the depreciated cost (before impairment).

Investment in real estate properties that totally or partially backs 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 for the following financial instruments:

- 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 Assets and Liabilities 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 should be impaired. A financial asset or group of financial investments should be 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 assets 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 reversed. 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.

Impairment testing for loans available for sale is 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. Since 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 released in profit or loss when 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.

PHASE 1 OF THE IBOR REFORM

Starting from December 31, 2019, AXA applies the amendments to IAS 39 and IFRS 7 - Temporary exceptions from applying specific hedge accounting requirements, related to Phase 1 of the IBOR reform, issued in September 2019 and endorsed by the European Union on January 15, 2020. These amendments provide temporary reliefs from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform and introduce corresponding disclosure requirements. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9.

The key reliefs provided by the amendment relate to:

- risk components remain clearly identifiable for fair value hedges;
- "highly probable" requirements remain for cash flow hedges;
- recycling of the cash flow hedging reserve;
- prospective assessments (economic relationship or expected to be "highly effective") and IAS 39 retrospective effectiveness test.

The amendments apply for hedging relationships directly impacted by the IBOR reform qualified as fair value hedges and cash flow hedges to ensure the prospective assessments and highly probable requirements are still met given the uncertainty arising from the transition to the new reformed interest rates.

Derivative instruments involved in aforementioned hedges are interest rate derivatives and foreign exchange derivatives like interest rate swaps, forward interest rate swaps, bond and foreign exchange forwards and cross currency swaps.

The main interest rate benchmarks used by those hedges are Euribor, libor USD, libor GBP, hibor HKD and libor CHF.

Nominal amounts of derivative instruments affected by the IBOR (*i.e.* interest rate derivatives and currencies derivatives notional amounts involved fair value hedging relationships and cash flow hedging relationships) reform and involved in an IAS 39 hedge accounting relationship are presented in Note 20.2.

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) and the liability component reported in financing debt. 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.

1.13.5 Preferred shares

Preferred shares issued by the Group are recorded as equity when there is no contractual obligation to redeem and there is no contractual obligation to deliver cash or other financial asset.

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; and
- 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 & 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 premium reserves of non-life insurance contracts 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 account 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 claims handling costs. Claims reserves are based on historical claims 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, shadow accounting consists in recognizing policyholders participation in unrealized capital gains and losses. Thus, when an unrealized gain is recognized, a deferred participating liability (DPL) is recorded. In case of an unrealized loss, a deferred participating asset (DPA) should be recognized only in the extent that its recoverability as defined below is highly probable. Deferred participating liabilities and assets are calculated using an appropriate long-term participation rate based on a contractual, regulatory and constructive obligation to allocate a percentage of gains/losses to policyholders. 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. Participating business is less prevalent in Japan.

DPL 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 administrative 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
- they determine the extent to which resulting gains/losses may be allocated/charged to policyholders, *i.e.* profit sharing between policyholders and shareholders.

These tests therefore measure 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 directly related to the contracts (insurance risk, asset return risk, inflation risk, persistency, adverse selection, etc.) 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 assume the risks. Indeed, in the normal course of business, the Group seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk assumed in various areas of exposure with other insurers or reinsurers.

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. Reinsurance premiums ceded are expensed (and any commissions recorded thereon are earned) on a monthly *pro-rata* basis over the period the reinsurance coverage is provided. Ceded unearned reinsurance premiums represent the portion of premiums ceded applicable to the unexpired term of policies in force. Reinstatement premiums ceded are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully expensed when recognized. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Provisions are made for estimated unrecoverable reinsurance.

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 definition 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 is isolated in a specific aggregate of the statement of financial position and is 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 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 benefit 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. Any subsequent differences arising on such estimates are recorded in the period they are determined. For multi-year reinsurance treaties which are payable in annual installments, generally, only the initial annual installment is included as premiums written at policy inception due to the ability of the reinsured to commute or cancel coverage during the term of the policy. The remaining annual installments are included as premiums written at each successive anniversary date within the multi-year term.

Reinstatement premiums are recognized at the time a loss event occurs where coverage limits for the remaining life of the contract are reinstated under pre-defined contract terms and are fully earned when recognized.

Retroactive loss portfolio transfer contracts are evaluated to determine whether they meet the established criteria for reinsurance accounting, and, if so, at inception, written premiums are fully earned and corresponding losses and loss expense recognized. The contracts can cause significant variances in gross premiums written, net premiums written, net premiums earned, and net incurred losses in the years in which they are written.

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 (apart from potential fees) 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, all rights and obligations related to contracts are recognized.

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 comprise 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.

Revenue is recognized when the Group satisfies a performance obligation by transferring a service to a customer. In particular, as asset management entities of the Group deliver investment management services to their clients, revenue for providing this service may theoretically occur over-time, with a time-based measure of progress, which is relevant as the service is provided continuously over the contract period. However, according to IFRS 15, revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a result, as management fees and performance fees received by the Group are generally calculated based on a percentage of assets under management (AUM), they are considered as variable considerations, which are subject to market volatility and are recognized only when uncertainty is resolved.

1.19.8 Net investment result excluding financing expenses

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 (excluding 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

		December 31, 2020		December 31, 2019	
	Change in scope	Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
AXA SA and Other Holdings					
AXA SA		Parent company		Parent company	
CFP Management		100.00	100.00	100.00	100.00
AXA Group Operations SAS		100.00	100.00	100.00	100.00
Société Beaujon		100.00	100.00	100.00	100.00
AXA China		100.00	100.00	100.00	100.00
AXA Asia		100.00	100.00	100.00	100.00
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		98.52	98.44	98.52	98.44
Avanssur	Dilution	100.00	99.81	100.00	100.00
AXA France Participations		100.00	100.00	100.00	100.00
Genworth Financial European Group Holdings		100.00	100.00	100.00	100.00
AXA Banque		100.00	99.89	100.00	99.89
AXA Banque Financement		65.00	64.93	65.00	64.93
Europe					
Germany					
AXA Versicherung AG		100.00	100.00	100.00	100.00
AXA Lebensversicherung AG		100.00	100.00	100.00	100.00
Deutsche Ärzteversicherung		100.00	100.00	100.00	100.00
AXA Krankenversicherung AG		100.00	100.00	100.00	100.00
Kölnische Verwaltungs AG für Versicherungswerte		100.00	100.00	100.00	100.00
AXA Konzern AG		100.00	100.00	100.00	100.00
AXA Bank AG	Disposal	-	-	100.00	100.00
Roland Rechtsschutz-Versicherungs-AG		60.00	60.00	60.00	60.00
United Kingdom & Ireland					
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
AXA Insurance UK Plc		100.00	99.98	100.00	99.98
AXA PPP Healthcare Limited		100.00	99.98	100.00	99.98
Architas Multi-Manager Limited	Disposal	-	-	100.00	100.00
AXA Insurance Limited		100.00	99.98	100.00	99.98
AXA Life Europe dac		100.00	100.00	100.00	100.00
Spain					
AXA Seguros Generales, S. A.		99.92	99.92	99.92	99.92
AXA Aurora Vida, S.A. de Seguros		99.84	99.84	99.84	99.84

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	Change in scope	December 31, 2020		December 31, 2019	
		Voting rights percentage	Group share of interests	Voting rights percentage	Group share of interests
Switzerland					
AXA Leben AG		100.00	100.00	100.00	100.00
AXA-ARAG Rechtsschutz AG		66.67	66.67	66.67	66.67
AXA Versicherungen AG		100.00	100.00	100.00	100.00
Italy					
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
Belgium					
Ardenne Prévoyante		100.00	100.00	100.00	100.00
AXA Belgium SA		100.00	100.00	100.00	100.00
AXA Holdings Belgium		100.00	100.00	100.00	100.00
Yuzzu SA (previously Touring Assurances SA)		100.00	100.00	100.00	100.00
Asia					
National Mutual International Pty Ltd.		100.00	100.00	100.00	100.00
Japan					
AXA Holdings Japan		98.70	98.70	98.70	98.70
AXA Life Insurance		100.00	98.70	100.00	98.70
AXA General Insurance Co. Ltd.		100.00	98.70	100.00	98.70
AXA Direct Life Insurance Co. Ltd.	First consolidation	100.00	98.70	-	-
Hong Kong					
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
China					
AXA Tianping		100.00	100.00	100.00	100.00
Indonesia					
MLC Indonesia		100.00	100.00	100.00	100.00
Thailand					
AXA Insurance Public Company Limited		99.47	99.47	99.47	99.47
South Korea					
AXA General Insurance Co. Ltd.		99.71	99.71	99.71	99.71
AXA XL					
XL Group [(a)]		100.00	100.00	100.00	100.00
International					
AXA Mediterranean Holding SA		100.00	100.00	100.00	100.00
AXA Bank Belgium (sub group)		100.00	100.00	100.00	100.00
Colombia					
AXA Colpatria Seguros		51.00	51.00	51.00	51.00
AXA Colpatria Seguros de vida		51.00	51.00	51.00	51.00

(a) XL Group mainly operates in the United States, the United Kingdom, France, Germany, Australia, Switzerland, Netherlands, Italy, Spain, Bermuda and Canada.

	Change in scope	December 31, 2020 Voting rights percentage	December 31, 2020 Group share of interests	December 31, 2019 Voting rights percentage	December 31, 2019 Group share of interests
Morocco					
AXA Assurance Maroc		100.00	100.00	100.00	100.00
AXA Al Amane Assurance		100.00	100.00	100.00	100.00
AXA Holding Maroc S.A.		100.00	100.00	100.00	100.00
Turkey					
AXA Hayat ve Emeklilik A.S.		100.00	100.00	100.00	100.00
AXA Sigorta AS		92.61	92.61	92.61	92.61
AXA Turkey Holding W.L.L		100.00	100.00	100.00	100.00
The Gulf Region					
AXA Cooperative Insurance Company		50.00	34.00	50.00	34.00
AXA Insurance B.S.C.c.		50.00	50.00	50.00	50.00
Greece					
AXA Insurance A.E.		99.98	99.98	99.98	99.98
Mexico					
AXA Seguros S.A. de C.V.		100.00	100.00	100.00	100.00
AXA Salud S.A. de C.V.	Dilution	80.00	80.00	100.00	100.00
Luxembourg					
AXA Assurances Luxembourg		100.00	100.00	100.00	100.00
AXA Assurances Vie Luxembourg		100.00	100.00	100.00	100.00
AXA Luxembourg SA		100.00	100.00	100.00	100.00
Czech Republic & Slovakia					
AXA Czech Republic Pension Funds	Disposal	-	-	100.00	100.00
AXA Czech Republic Insurance	Disposal	-	-	100.00	100.00
AXA Slovakia	Disposal	-	-	100.00	100.00
Poland					
AXA Poland	Disposal	-	-	100.00	100.00
AXA Poland Pension Funds	Disposal	-	-	100.00	100.00
AXA Ubezpieczenia TUIR S.A	Disposal	-	-	100.00	100.00
Singapore					
AXA Financial Services Singapore pte Ltd.		100.00	100.00	100.00	100.00
AXA Life Insurance Singapore		100.00	100.00	100.00	100.00
AXA Insurance Singapore		100.00	100.00	100.00	100.00
Malaysia					
AXA Affin General Insurance Berhad		50.00	50.00	50.00	50.00
India					
AXA India Holding		100.00	100.00	100.00	100.00
Other					
AXA Investment Managers (sub group)	Relution	97.63	97.61	97.58	97.57
AXA Global Re		100.00	100.00	100.00	100.00
AXA Assistance SA (sub group)		100.00	100.00	100.00	100.00
Colisée Ré		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, 2020, investment funds represented a total of €135,622 million invested assets (€128,129 million at the end of 2019), corresponding to 308 investment funds mainly in France, Japan, Germany, Switzerland and Belgium.

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, 2020, minority interests in consolidated investment funds amounted to 9,221 million (€8,567 million as of December 31, 2019). Minority interests related to consolidated investment funds and real estate companies that are classified in shareholder’s equity amounted to €2,502 million as of December 31, 2020 (€2,848 million as of December 31, 2019).

As of December 31, 2020, 31 consolidated real estate companies corresponded to a total of €20,377 million invested assets (€17,876 million at the end of 2019) mainly in France, Germany, Switzerland and Japan.

MAIN SUBSIDIARY WITH MINORITY INTERESTS

As of December 31, 2020, AXA MPS is the main subsidiary (other than investment funds and real estate companies) with minority interests. Summarized financial information of 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):

	December 31, 2020	December 31, 2019
(in Euro million)	AXA MPS	AXA MPS
Net consolidated income - Minority interests	76	89
Minority interests	1,373	1,190
Dividends paid to minority interests	(0)	(19)
Cash and cash equivalents	874	378
Total investments	30,734	29,236
Other assets	1,697	1,683
Total assets	**33,306**	**31,297**
Liabilities arising from insurance & investment contracts	29,612	28,018
Other Liabilities	948	899
Total liabilities (excluding shareholder’s equity)	**30,560**	**28,917**
Revenues	3,164	3,837
Net income	**152**	**178**
Other comprehensive income	213	154
Total comprehensive income	**365**	**332**

Excluding minority interests related to consolidated investment funds and real estate companies that are classified in shareholders’ equity, these minority interests represent 52% of minority interests of the Group as of December 31, 2020 (49% as of December 31, 2019).

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:

	Change in scope	December 31, 2020 Voting rights percentage	December 31, 2020 Group share of interests	December 31, 2019 Voting rights percentage	December 31, 2019 Group share of interests
France					
Neuflize Vie		39.98	39.98	39.98	39.98
Asia					
Philippines AXA Life Insurance Corporation		45.00	45.00	45.00	45.00
Krungthai-AXA Life Insurance Company Ltd. (Thailand)		50.00	50.00	50.00	50.00
ICBC-AXA Life Insurance Co., Ltd. (China)		27.50	27.50	27.50	27.50
PT AXA Mandiri Financial Services (Indonesia)		49.00	49.00	49.00	49.00
International					
Reso Garantia (Russia)	Dilution	38.39	38.39	39.34	39.34
Bharti-AXA Life (India)		49.00	49.00	49.00	49.00
Bharti-AXA General Insurance Company Limited (India)		49.00	49.00	49.00	49.00
AXA Middle East SAL (Lebanon)	Deconsolidation	-	-	50.99	50.99
AXA Mansard Insurance Plc (Nigeria)		76.48	76.48	76.48	76.48
Other					
Boi AXA Investment Managers Private Limited (India)	Relution	49.00	47.83	49.00	47.81
Kyobo AXA Investment Managers Company Limited (South Korea)	Relution	50.00	48.80	50.00	48.79
AXA SPDB Investment Managers Company Ltd. (China)	Relution	39.00	38.07	39.00	38.05

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, 2020, real estate companies accounted for using the equity method amounted to €225 million invested assets (€154 million at the end of 2019) and investment funds accounted for using the equity method amounted to €8,862 million invested assets (€7,782 million at the end of 2019), mainly in the 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's interests in unconsolidated funds are limited to the investments held. These ones are fully recognized 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 any financial asset.

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 the notes to the Consolidated Financial Statements included in this Annual Report:

- 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 (CEO), acting as chief operating decision maker, 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.

The results of operating activities and non-operating activities are presented on the basis of six segments: France, Europe, Asia, AXA XL, International, Transversal & Central Holdings, *versus* seven segments in 2019, including the United States (former Equitable Holdings, Inc. activities).

As of December 31, 2020, the CEOs supervising the main hubs (respectively CEO of AXA France, CEO of AXA in Europe, CEO of AXA in Asia, CEO of AXA XL and CEO of AXA Investment Managers) are members of the Management Committee.

Key transversal entities and Central Holdings are managed alongside these hubs.

France: The French market consists of Life & Savings and Property & Casualty activities, AXA Banque France and French holdings.

Europe: The European market consists of Life & Savings and Property & Casualty activities in Switzerland, Germany, Belgium, the United Kingdom & Ireland, Spain and Italy. The holding companies in these countries are also included as well as the German Bank until its disposal on December 31, 2020.

Asia: The Asian market consists of Life & Savings activities in Japan, Hong Kong and Asia High Potentials (Indonesia, Philippines, Thailand and China) as well as Property & Casualty activities in Hong Kong and Asia High Potentials (Thailand and China). The Asia-Direct entities (Japan and South Korea) and the Asia holdings are also included.

AXA XL: The AXA XL market mainly consists of Property & Casualty activities in XL Group, operating mainly in the United States, the United Kingdom, France, Germany, Australia, Switzerland, Netherlands, Italy, Spain, Bermuda and Canada. The holding companies are also included.

International: The International market consists of Life & Savings and Property & Casualty activities in 10 countries within Europe, Middle East, Africa, Latin America, as well as in Singapore, Malaysia and India. AXA Bank Belgium and the holding companies of XL Group in these countries are also included.

Transversal & Central Holdings: It includes transversal entities, namely AXA Investment Managers, AXA Assistance, AXA Liabilities Managers, AXA Global Re, AXA Life Europe, as well as AXA SA and other Central Holdings.

The intersegment eliminations include only operations between entities from different countries and operating activities. 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 three insurance activities: Life & Savings, Property & Casualty and Health.

(in Euro million)	December 31, 2020								
	France	**Europe**	**Asia**	**AXA XL**	**Interna-tional**	**Transversal & Central Holdings**	**Interseg-ment eli-minations**	**Total**	***of which Insurance*** [(a)]
Gross written premiums	25,207	32,687	10,938	18,502	5,983	1,387	(789)	93,915	*93,915*
Fees and charges relating to investment contracts with no participating features	1	127	35	-	70	-	-	233	*233*
Revenues from insurance activities	**25,208**	**32,814**	**10,973**	**18,502**	**6,053**	**1,387**	**(789)**	**94,148**	***94,148***
Net revenues from banking activities	154	(2)	-	-	329	-	5	486	-
Revenues from other activities	7	327	-	76	44	2,072	(435)	2,090	*816*
Revenues	**25,369**	**33,138**	**10,973**	**18,577**	**6,426**	**3,459**	**(1,219)**	**96,723**	***94,964***
Change in unearned premiums net of unearned revenues and fees	**213**	**(16)**	**(15)**	**(418)**	**(105)**	**9**	**1**	**(331)**	***(331)***
Net investment income [(b)]	4,366	4,600	1,541	1,083	490	164	(73)	12,171	*11,171*
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	697	1,026	313	167	22	147	-	2,373	*2,256*
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(c)]	433	(37)	691	(244)	322	1,225	18	2,408	*1,789*
of which change in fair value of assets with financial risk borne by policyholders	*936*	*234*	*866*	-	*165*	*(51)*	*(1)*	*2,149*	*2,149*
Change in investments impairment	(362)	(349)	(109)	(94)	(18)	(67)	-	(998)	*(925)*
Net investment result excluding financing expenses	**5,135**	**5,241**	**2,437**	**912**	**815**	**1,468**	**(55)**	**15,953**	***14,291***
Technical charges relating to insurance activities	(23,960)	(28,082)	(9,572)	(16,263)	(4,118)	(1,104)	331	(82,769)	*(82,769)*
Net result from outward reinsurance	155	(118)	(359)	169	(452)	(648)	407	(845)	*(845)*
Bank operating expenses	(21)	(3)	-	-	(55)	-	0	(79)	-
Acquisition costs	(2,634)	(4,059)	(1,582)	(2,565)	(1,160)	(493)	85	(12,407)	*(12,407)*
Amortization of the value of purchased business in force	-	(47)	(38)	(140)	(2)	-	-	(227)	*(227)*
Administrative expenses	(2,265)	(2,839)	(724)	(1,908)	(798)	(2,715)	534	(10,716)	*(8,145)*
Change in tangible assets impairment	-	(1)	0	-	(0)	(4)	-	(5)	*2*
Change in goodwill impairment and other intangible assets impairment	-	(44)	(33)	(55)	(36)	(29)	-	(197)	*(196)*
Other income and expenses [(d)]	(74)	(27)	(19)	(4)	(78)	770	(317)	251	*(17)*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Includes losses related to the disposal processes of AXA Bank Belgium, the Gulf Region and Greece operations, as well as following the termination of the sale agreement of AXA Life Europe in 2020, the reversal of the loss recognized in 2019 in the context of the disposal process (see Note 5.3).

	December 31, 2020								
(in Euro million)	France	Europe	Asia	AXA XL	Interna-tional	Transversal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insurance* [(a)]
Other operating income and expenses	**(28,799)**	**(35,221)**	**(12,327)**	**(20,766)**	**(6,699)**	**(4,224)**	**1,041**	**(106,994)**	***(104,604)***
Income from operating activities before tax	**1,917**	**3,142**	**1,068**	**(1,695)**	**438**	**712**	**(232)**	**5,350**	***4,319***
Income (net of impairment) from investment accounted for using the equity method	10	(1)	200	-	173	18	-	400	*382*
Financing debt expenses	(2)	(15)	(3)	(120)	(15)	(956)	232	(878)	*(35)*
Net income from operating activities before tax	**1,925**	**3,127**	**1,265**	**(1,815)**	**595**	**(225)**	**(0)**	**4,872**	***4,666***
Income tax	(507)	(642)	(203)	(111)	(131)	53	-	(1,541)	*(927)*
Net consolidated income after tax	**1,418**	**2,485**	**1,062**	**(1,926)**	**464**	**(171)**	**-**	**3,331**	***3,740***
Split between:									
Net consolidated income - Group share	**1,415**	**2,395**	**1,056**	**(1,919)**	**394**	**(177)**	**0**	**3,164**	***3,580***
Net consolidated income - Minority interests	3	89	6	(6)	70	6	(0)	167	*160*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Includes losses related to the disposal processes of AXA Bank Belgium, the Gulf Region and Greece operations, as well as following the termination of the sale agreement of AXA Life Europe in 2020, the reversal of the loss recognized in 2019 in the context of the disposal process (see Note 5.3).

	December 31, 2019									
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insu-rance* [(a)]
Gross written premiums	26,242	34,207	9,849	18,856	3,321	6,644	1,519	(785)	99,852	*99,852*
Fees and charges relating to investment contracts with no participating features	1	128	39	-	-	76	-	-	244	*244*
Revenues from insurance activities	**26,243**	**34,334**	**9,888**	**18,856**	**3,321**	**6,720**	**1,519**	**(785)**	**100,096**	***100,096***
Net revenues from banking activities	170	12	-	-	-	318	-	12	512	-
Revenues from other activities	6	338	-	0	1,007	67	1,967	(461)	2,924	*1,040*
Revenues	**26,419**	**34,685**	**9,888**	**18,856**	**4,328**	**7,104**	**3,486**	**(1,234)**	**103,532**	***101,136***
Change in unearned premiums net of unearned revenues and fees	**34**	**(188)**	**(39)**	**(1,193)**	**(11)**	**(173)**	**(6)**	**34**	**(1,543)**	***(1,543)***
Net investment income [(b)]	4,534	4,996	1,429	1,098	(375)	536	(32)	(71)	12,115	*10,856*
Net realized gains and losses relating to investments at cost and at fair value through shareholders' equity	561	808	315	120	(9)	8	(449)	2	1,356	*1,803*
Net realized gains and losses and change in fair value of other investments at fair value through profit or loss [(c)]	5,094	822	1,219	(112)	11,139	310	0	2	18,475	*19,317*
of which change in fair value of assets with financial risk borne by policyholders	*4,921*	*1,431*	*1,293*	*-*	*9,926*	*257*	*458*	*1*	*18,286*	*18,286*
Change in investments impairment	(268)	(170)	(43)	(27)	-	(10)	(308)	-	(826)	*(504)*
Net investment result excluding financing expenses	**9,920**	**6,456**	**2,921**	**1,078**	**10,754**	**845**	**(788)**	**(66)**	**31,121**	***31,473***
Technical charges relating to insurance activities	(28,799)	(30,644)	(9,490)	(12,700)	(13,600)	(4,727)	(1,927)	403	(101,484)	*(101,484)*
Net result from outward reinsurance	(132)	(347)	(124)	(801)	93	(266)	132	327	(1,118)	*(1,118)*
Bank operating expenses	(15)	(5)	-	-	-	(47)	-	-	(67)	-
Acquisition costs	(3,057)	(4,001)	(1,241)	(2,123)	(319)	(1,316)	(521)	96	(12,482)	*(12,482)*
Amortization of the value of purchased business in force	-	(60)	(24)	(557)	(0)	(3)	-	-	(644)	*(644)*
Administrative expenses	(1,657)	(2,666)	(586)	(2,034)	(742)	(877)	(2,655)	494	(10,722)	*(7,740)*
Change in goodwill impairment and other intangible assets impairment	-	(47)	(17)	(47)	(7)	(35)	(1)	-	(153)	*(146)*
Other income and expenses [(d)]	(26)	(34)	(25)	(9)	(113)	(541)	454	(304)	(598)	*(220)*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe.
(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Interseg-ment eli-minations	Total	*of which Insu-rance* [(a)]
	December 31, 2019									
Other operating income and expenses	**(33,685)**	**(37,804)**	**(11,508)**	**(18,270)**	**(14,689)**	**(7,811)**	**(4,519)**	**1,016**	**(127,269)**	***(123,835)***
Income from operating activities before tax	**2,688**	**3,149**	**1,261**	**472**	**382**	**(34)**	**(1,826)**	**(251)**	**5,840**	***7,231***
Income (net of impairment) from investment accounted for using the equity method	11	-	210	(2)	174	89	22	-	504	*425*
Financing debt expenses	(2)	(47)	(13)	(164)	(52)	(17)	(676)	251	(720)	*(43)*
Net income from operating activities before tax	**2,697**	**3,101**	**1,457**	**306**	**504**	**38**	**(2,480)**	**0**	**5,624**	***7,613***
Income tax	(753)	(657)	(246)	(133)	(39)	(145)	554	-	(1,419)	*(920)*
Result from discontinued operations net of tax [(e)]	-	(24)	-	-	-	-	-	-	(24)	*(24)*
Net consolidated income after tax	**1,945**	**2,420**	**1,211**	**173**	**465**	**(107)**	**(1,926)**	**-**	**4,181**	***6,668***
Split between:										
Net consolidated income - Group share	**1,940**	**2,318**	**1,204**	**173**	**321**	**(169)**	**(1,932)**	**0**	**3,857**	***6,408***
Net consolidated income - Minority interests	4	102	7	(0)	143	62	7	(0)	325	*260*

(a) Insurance covers the three insurance activities: Life & Savings, Property & Casualty and Health.
(b) Includes gains/losses from derivatives hedging variable annuities within the Life & Savings activity.
(c) Includes net realized and unrealized foreign exchange gains and losses relating to investments at cost and at fair value through shareholders' equity.
(d) Include losses related to the disposal processes of AXA Bank Belgium and AXA Life Europe.
(e) Mainly related to the VBI impairment related to the Group Life portfolio in Switzerland.

Note 4 Financial and insurance Risk Management

All of the following paragraphs form an integral part of the Group financial statements. They appear in Part 5 "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 236 to 241 of Section 5.2 "Internal Control and Risk Management" subsections "Lines of defense organization", "Financial reporting, disclosure, controls and procedures" and "Conclusion".

4.2 MARKET RISKS (INCLUDING SENSITIVITY ANALYSIS)

Please refer to pages 249 to 253 of Section 5.3 "Market Risks", subsections "Interest rates & equity risks 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 254 to 257 of Section 5.4 "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 260 to 262 of Section 5.6 "Insurance Risks", subsections "Product approval", "Exposure Analysis and risk assessment", "Ceded Reinsurance" and "Technical reserves".

4.5 LIQUIDITY AND CAPITAL RESOURCES

Please refer to pages 86 to 91 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 event after December 31, 2020 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, 2020			December 31, 2019		
(in Euro million)	Gross value	Accumulated impairment	Net value	Gross value	Accumulated impairment	Net value
France	**225**	**-**	**225**	**225**	**-**	**225**
France Life & Savings	57	-	57	57	-	57
France Property & Casualty	168	-	168	168	-	168
Europe	**5,284**	**-**	**5,284**	**5,328**	**-**	**5,328**
Germany Life & Savings	190	-	190	190	-	190
Germany Property & Casualty	992	-	992	992	-	992
Spain Life & Savings	393	-	393	393	-	393
Spain Property & Casualty	613	-	613	613	-	613
Switzerland Life & Savings	169	-	169	168	-	168
Switzerland Property & Casualty	226	-	226	225	-	225
Italy Life & Savings	424	-	424	424	-	424
Italy Property & Casualty	356	-	356	356	-	356
Belgium Life & Savings	296	-	296	296	-	296
Belgium Property & Casualty	563	-	563	563	-	563
UK & Ireland Life & Savings	18	-	18	18	-	18
UK & Ireland Property & Casualty	1,044	-	1,044	1,090	-	1,090
Asia	**3,411**	**(76)**	**3,335**	**3,530**	**(79)**	**3,451**
AXA Tianping	647	-	647	662	-	662
Japan Life & Savings	1,918	(76)	1,842	1,958	(79)	1,879
Hong Kong Life & Savings	527	-	527	571	-	571
Hong Kong Property & Casualty	183	-	183	198	-	198
Others	137	-	137	141	-	141
AXA XL	**6,983**	**-**	**6,983**	**7,615**	**-**	**7,615**
International	**350**	**-**	**350**	**717**	**-**	**717**
Life & Savings	52	-	52	221	-	221
Property & Casualty	298	-	298	497	-	497
Transversal & Central Holdings	**434**	**(28)**	**406**	**440**	**(0)**	**440**
AXA Investment Managers	383	-	383	389	-	389
AXA Assistance	51	(28)	23	51	(0)	51
TOTAL	**16,687**	**(104)**	**16,583**	**17,855**	**(79)**	**17,776**

Note: Goodwill related to entities accounted for using the equity method is not presented in this table (see Note 10).

The total Goodwill Group share amounted to €16,504 million as of December 31, 2020, and €17,695 million as of December 31, 2019.

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, 2020	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes	Gross value December 31, 2020
France	225	-	-	-	-	225
Europe	5,328	-	-	(44)	0	5,284
Asia	3,530	29	-	(148)	-	3,411
AXA XL	7,615	-	-	(635)	3	6,983
International [(a) (b)]	717	-	(219)	(63)	(85)	350
Transversal & Central Holdings	440	10	-	(17)	-	434
TOTAL	**17,855**	**39**	**(219)**	**(907)**	**(82)**	**16,687**

(a) Mainly related to the disposal of Central and Eastern Europe operations (see Note 5.3.1).
(b) Mainly related to the disposal processes of the Gulf Region and Greece operations (see Note 5.3.3 and Note 5.3.4).

(in Euro million)	Gross value January 1, 2019	Acquisitions during the period	Disposals during the period	Currency translation adjustment	Other changes	Gross value December 31, 2019
France	225	-	-	-	-	225
Europe [(a)]	5,148	-	-	63	117	5,328
Asia	2,784	665	-	71	10	3,530
AXA XL	7,479	-	-	136	-	7,615
United States	7,682	-	(7,820)	139	-	-
International [(b)]	780	-	-	5	(68)	717
Transversal & Central Holdings	432	-	-	8	-	440
TOTAL	**24,529**	**665**	**(7,820)**	**422**	**59**	**17,855**

(a) Increase in the valuation of a contingent consideration corresponding to a buyout of minorities interest (€+117 million) related to the business combination occurred in 2006.
(b) Related to AXA Bank Belgium disposal process.

5.2.2 Goodwill – Change in impairment

(in Euro million)	Cumulative impairment January 1, 2020	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, 2020
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	79	-	-	(3)	-	76
AXA XL	-	-	-	-	-	-
International	-	-	-	-	-	-
Transversal & Central Holdings	0	28	-	-	-	28
TOTAL	**79**	**28**	**-**	**(3)**	**-**	**104**

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(in Euro million)	Cumulative impairment January 1, 2019	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, 2019
France	-	-	-	-	-	-
Europe	-	-	-	-	-	-
Asia	77	-	-	2	-	79
AXA XL	-	-	-	-	-	-
United States	7,682	-	(7,820)	139	-	-
International	-	-	-	-	-	-
Transversal & Central Holdings	0	-	-	-	-	0
TOTAL	**7,758**	**-**	**(7,820)**	**141**	**-**	**79**

METHODOLOGY BY UNIT

For most Life & Savings businesses Cash Generating Units ("CGUs") recoverability of goodwill is assessed using a fair value approach. For AXA Belgium the recoverability of the goodwill is assessed using the value in use approach. Both approaches are described in Note 1.

For the CGUs within the Property & Casualty business segment recoverability of goodwill is also assessed using the value in use approach, as described in Note 1. For AXA Investment Managers the recoverability of the goodwill follows a market approach with recoverable value derived from market information, such as the price to earnings ratio of peers, and the earnings expected for the year. This methodology represents the fair value of the Company to be compared with the market capitalization.

MAIN ASSUMPTIONS

For the CGUs within the Property & Casualty business segment, the value in use approach uses cash flow projections based on business plans approved by management covering up to three years and discounted using a risk adjusted rate. Cash flows beyond that period are extrapolated using sustainable perpetual growth rates assumed to be achievable over the long term to derive a terminal value. The earnings included in the business plan of each CGU are agreed with AXA Management and defined locally considering best estimate operating assumptions, including expenses and loss ratios, investment income, economic capital, premium rates and taxes, all compliant with the various standards and the requirements of supervisory authorities, when applicable. The discount rates used for the valuation have been derived using the Capital Asset Pricing Model (CAPM) which includes assumptions for risk-free interest rates, equity risk premiums, insurance activity beta and leverage ratio that are consistent with the view of AXA's Management for the specific market(s) in which the CGU operates. For the main CGUs discount rates range from 3.4% to 8.4% in 2020, compared to a range of 3.0% to 7.4% in 2019, and growth rates, applied beyond the strategic plan horizon, where applicable, vary from 0.4% to 5.4%, compared to a range of 0.0% to 4.4% in 2019.

For Life & Savings CGUs, recoverable amounts are calculated using a risk neutral approach, relying on European Embedded Value (EEV) techniques, that are industry specific and widely used. The EEV represents the excess of the market value of assets over the market value of liabilities. The market value of the liabilities is based on best estimate liabilities which are the probability weighted average of future cash flows adjusted to allow for the time value of money, using the relevant term structure of the risk-free interest rates, as well as for deviations related to the cost of non-hedgeable, *i.e*. non-financial, risks. The calculation of the best estimate liabilities involves the use of operational and economic assumptions. Operational assumptions include demographic factors, such as mortality, morbidity and lapse/surrender rates, expenses allowance and taxes, all compliant with the requirements of supervisory authorities. Future cash flows are discounted using reference rates that are compliant with EIOPA specifications of using swap rates adjusted for credit and volatility risk. The table below shows the adjustments in basis points by currency:

Reference Yield Curve *(in bps)*	EUR	GBP	USD	JPY	CHF	HKD
Volatility adjustment (added)	7	11	27	9	9	5
Credit risk adjustment (deducted)	10	11	17	10	10	17

In the case of AXA Belgium, the recoverable value has been derived using a Traditional Embedded Value (TEV) methodology equivalent to a real world approach here the risk allowance is implicit to the discount rate as the projected cash flows are not risk-adjusted. The discount rate used to determine the recoverable value of AXA Belgium was 4.5% as opposed to 4.0% used in 2019.

ALL CASH-GENERATING UNITS (CGU)

The results of cash flow projections exceed the net carrying amount of each related CGU or group of units.

The test of the recoverability of AXA XL CGU as of December 31, 2020 evidenced a significant margin. The value in use basis reflects management projections of the cash flows, which are based on the business plan of AXA XL and reflect that (i) the charge booked in respect of COVID-19 crisis (€-1.7 billion) is of one-off nature, (ii) significant organizational and underwriting actions are in place to improve the profitability of AXA XL going forward, including the discontinuation of unprofitable lines of business as well as an increase in the Nat Cat budget and (iii) in the current market environment the company has achieved large tariff increases and will continue to pursue tariff increases and liability limitations that contribute to profitability over the horizon of the Plan. Over a mid-term horizon, management has forecasted a combined ratio centered around 96% as a sustainable ratio, taking into account the normal volatility of this ratio inherent in the business that is underwritten by AXA XL.

Sensitivities were performed with regards to the main assumptions and under the plausible scenarios, the value in use still exceeded the carrying amount.

The tests of the recoverability of the Goodwill for AXA Germany P&C and AXA UK & Ireland P&C CGUs as of December 31, 2020 evidenced significant margins, demonstrating that the decrease in Gross Written premiums due to the COVID-19 crisis were of one-off nature. Sensitivities were performed with regards to the main assumptions and under the plausible scenarios, the value in use still exceeded the carrying amount.

The recoverability of the goodwill of Japan Life & Savings CGU relies on New Business Value (NBV) projections using a reasonable new business multiple, derived from market consistent assumptions. The level of profitability of products sold by AXA Japan in 2020 reached a high margin over the premiums received. The high level of cash flow projections exceeds the carrying amount of Japan Life & Savings CGU.

For all CGUs, to the extent that the valuation of securities and interest rate levels remain low for prolonged periods of time, or volatility and other market conditions stagnate or worsen, new business volumes and profitability together with the value of the in force portfolio are 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 Central and Eastern Europe operations disposal

On October 15, 2020, AXA completed the sale of its Life & Savings, Property & Casualty and Pension businesses in Poland, Czech Republic and Slovakia to UNIQA Insurance Group AG for a total cash consideration of €982 million.

The disposal resulted in a positive net income impact of €+40 million as detailed in the table below:

(in Euro million)	
Net Proceeds	982
Consolidated Book Value	942
NET RESULT	**40**
of which other comprehensive income recycling	*11*

There were no employee benefits actuarial reserves in the scope of this transaction.

5.3.2 AXA Bank Belgium disposal

On October 25, 2019, AXA entered into an agreement to sell its Belgian banking operations, AXA Bank Belgium, to Crelan Bank ("Crelan").

Under the terms of the agreement, AXA will sell 100% of AXA Bank Belgium to Crelan for a total consideration of €620 million, comprised of (i) a total cash consideration of €540 million [(1)], and (ii) the transfer to AXA Belgium of 100% of Crelan Insurance (valued at €80 million), the insurance company of Crelan which provides protection insurance linked to the loans underwritten by Crelan.

The agreements with Crelan contemplate a number of additional related transactions, such as for instance the acquisition by Crelan of contingent convertible bonds previously issued by AXA Bank Belgium to AXA Group (for €90 million) and the entry into a long-term P&C and Protection insurance distribution partnership.

The completion of the transaction is expected to take place during the first half of 2021 and is subject to customary closing conditions, including the receipt of regulatory approvals. Given these circumstances, the held for sale classification was therefore extended beyond one year.

The major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2020
Investments from banking and other activities	25,449
Other assets	131
Cash and cash equivalents	3,738
TOTAL ASSETS HELD FOR SALE	**29,319**

LIABILITIES

(in Euro million)	December 31, 2020
Financing debt	7
Liabilities arising from banking activities	28,251
Other liabilities	485
TOTAL LIABILITIES HELD FOR SALE	**28,743**

As of December 31, 2020, the other comprehensive income of invested assets in the scope of the transaction amounted to €+9 million.

The transaction is expected to result in a loss of €-639 million, of which €-590 million already recognized in the consolidated statement of income as of December 31, 2019. An additional impairment of €-49 million was booked in 2020 in order to

(1) Subject to price adjustment at closing.

neutralize the impact of the net income of the year on the carrying value of the company. The cumulated impairment was allocated to the goodwill for €-68 million, other intangible assets for €-18 million and investments for €-553 million. These impairments are included in the tables above.

5.3.3 Gulf Region operations disposal

On November 30, 2020, AXA entered into an agreement with Gulf Insurance Group to sell its insurance operations in the Gulf Region, which include its shareholding [(1)] in AXA Gulf, AXA Cooperative Insurance Company and AXA Green Crescent Insurance Company.

As part of the transaction, Yusuf Bin Ahmed Kanoo, one of the largest conglomerates in the Gulf Region, will also sell its shareholding [(2)] in AXA Gulf and in AXA Cooperative Insurance Company.

Under the terms of the agreement, AXA will sell its ownership in its operations in the Gulf Region for a total cash consideration of €225 million.

The completion of the transaction is expected to take place during the second half of 2021 and is subject to customary closing conditions, including the receipt of regulatory approvals.

The major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2020
Goodwill	37
Other intangible assets	55
Investments from insurance activities	652
Reinsurers' share in insurance and investment contracts liabilities	126
Other assets	198
Cash and cash equivalents	391
TOTAL ASSETS HELD FOR SALE	**1,460**

LIABILITIES

(in Euro million)	December 31, 2020
Liabilities arising from insurance and investment contracts	832
Other liabilities	173
TOTAL LIABILITIES HELD FOR SALE	**1,006**

As of December 31, 2020, the other comprehensive income of invested assets in the scope of the transaction amounted to €+18 million (€+7 million Group share).

The transaction is expected to result in a Group share loss of €-24 million, leading to an impairment of goodwill for this amount. This impairment is included in the tables above.

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(1) AXA's direct and indirect ownership of AXA Gulf is 50%, of AXA Cooperative Insurance Company is 34%, and of AXA Green Crescent Insurance Company is 28%.

(2) YBA Kanoo's direct and indirect ownership of AXA Gulf is 50%, and of AXA Cooperative Insurance Company is 16%.

5.3.4 Greece operations disposal

On December 31, 2020, AXA entered into an agreement with Generali to sell its insurance operations in Greece. Under the terms of the agreement, AXA will sell its Life & Savings and Property & Casualty businesses in Greece for a total net cash consideration of €165 million.

The completion of the transaction is expected to take place during the first half of 2021 and is subject to customary closing conditions, including the receipt of regulatory approvals.

The major classes of assets and liabilities (net of intercompany balances with other AXA entities) presented as held for sale related to:

ASSETS

(in Euro million)	December 31, 2020
Other intangible assets	30
Investments from insurance activities	484
Reinsurers' share in insurance and investment contracts liabilities	8
Other assets	41
Cash and cash equivalents	15
TOTAL ASSETS HELD FOR SALE	**578**

LIABILITIES

(in Euro million)	December 31, 2020
Liabilities arising from insurance and investment contracts	365
Other liabilities	53
TOTAL LIABILITIES HELD FOR SALE	**418**

As of December 31, 2020, the other comprehensive income of invested assets in the scope of the transaction amounted to €+16 million.

The transaction is expected to result in a loss of €-43 million, resulting in the impairment of goodwill for €-26 million and other intangible assets for €-17 million. These impairments are included in the amounts above.

5.3.5 India P&C operations disposal

On August 21, 2020, AXA and Bharti entered into an agreement to combine their non-life insurance operations in India, Bharti-AXA General Insurance Company Limited ("Bharti-AXA P&C"), into ICICI-Lombard General Insurance Company Limited ("ICICI-Lombard").

Under the terms of the agreement, AXA and Bharti P&C will receive a total of 35.8 million shares of ICICI-Lombard on closing, which based on available market price as of December 31, 2020, indicatively amounts to €521 million [(1) (2)].

The completion of the transaction is expected to take place during the second half of 2021 and is subject to customary closing conditions, including the receipt of regulatory approvals. Bharti-AXA P&C, which is consolidated using the equity method, was classified as held for sale.

As of December 31, 2020, there is no impact recognized in the consolidated statement of income for this transaction.

(1) Based on ICICI-Lombard closing shares price in the National Stock Exchange (NSE) as at December 31, 2020.

(2) 1 Euro = 88.6524 INR as of August 20, 2020 (Source: Bloomberg).

5.3.6 AXA Life Europe

On August 5, 2020, AXA and Cinven mutually agreed to terminate the sale agreement related to AXA Life Europe (“ALE”) as certain conditions to closing were not met by the agreed long stop date. AXA is reviewing its strategic options in order to maximize value creation and cash efficiency of ALE, while giving due regard to the interests of ALE’s policyholders and ensuring a seamless continuation of service to these policyholders.

As a consequence, AXA Life Europe assets and liabilities were no longer classified as held for sale as of December 31, 2020, and the consolidated statement of financial position as of December 31, 2019, has been restated accordingly in the report.

The major classes of assets and liabilities (net of intercompany balances with other AXA entities) which have been restated are presented in the table below:

ASSETS

(in Euro million)	December 31, 2019 published	December 31, 2019 restated	Effect of restatement
Assets held for sale	6,667	-	(6,667)
Other intangible assets	-	307	307
Investments from insurance activities	-	5,606	5,606
Other assets	-	46	46
Cash and cash equivalents	-	708	708
TOTAL ASSETS	**6,667**	**6,667**	**-**

LIABILITIES

(in Euro million)	December 31, 2019 published	December 31, 2019 restated	Effect of restatement
Shareholders’ equity	958	958	-
Liabilities held for sale	5,709	-	(5,709)
Liabilities arising from insurance and investment contracts	-	5,241	5,241
Other liabilities	-	468	468
TOTAL LIABILITIES	**6,667**	**6,667**	**-**

Note 6 Value of purchased business in-force

6.1 VALUE OF PURCHASED LIFE BUSINESS IN-FORCE

The change in Value of Life Business In-force ("VBI") was as follows:

(in Euro million)	2020	2019
Gross carrying value as of January 1	6,199	6,172
Accumulated amortization and impairment	(4,656)	(4,614)
Shadow accounting on VBI	(167)	(159)
Net carrying value as of January 1	**1,376**	**1,399**
Capitalization	-	-
Capitalized interests	54	59
Amortization and impairment for the period	(141)	(183)
Changes in VBI amortization, capitalization and impairment	**(87)**	**(124)**
Change in shadow accounting on VBI	10	(3)
Currency translation and other changes	(51)	26
Acquisitions and disposals of subsidiaries and portfolios	(3)	76
Net carrying value as of December 31	**1,245**	**1,376**
Gross carrying value as of December 31	6,045	6,199
Accumulated amortization and impairment	(4,646)	(4,656)
Shadow accounting on VBI	(154)	(167)

6.2 VALUE OF PURCHASED NON-LIFE BUSINESS IN-FORCE

The change in Value of non-life Business In-force ("VBI") was as follows:

(in Euro million)	2020	2019
Gross carrying value as of January 1	1,113	1,093
Accumulated amortization and impairment	(969)	(405)
Net carrying value as of January 1	**145**	**687**
Changes in amortization excluding impacts of assumptions unlocking	(140)	(557)
Changes in VBI amortization and capitalized interests	**(140)**	**(557)**
Currency translation	(5)	15
Net carrying value as of December 31	**0**	**145**
Gross carrying value as of December 31	1,036	1,113
Accumulated amortization and impairment	(1,036)	(969)

Note 7 Deferred Acquisition Costs and equivalent

7.1 BREAKDOWN OF DEFERRED ACQUISITION COSTS AND EQUIVALENT

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Deferred Acquisition Costs (DAC) relating to Life & Savings [(b)]	13,751	13,838
Deferred Origination Costs [(c)]	422	592
Shadow accounting on DAC	(1,439)	(1,227)
Deferred Acquisition Costs and equivalent relating to Life & Savings	**12,734**	**13,203**
Deferred Acquisition Costs and equivalent relating to Property & Casualty	**3,800**	**3,785**
Deferred Acquisition Costs and equivalent	**16,534**	**16,988**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Applicable to Life & Savings insurance contracts and investment contracts with discretionary participation features according to IFRS 4. Amounts are net of accumulated amortization.
(c) Applicable to investment contracts with no discretionary participation features (IAS 39).

7.2 ROLLFORWARD OF DEFERRED ACQUISITION COSTS AND EQUIVALENT

Changes in Deferred Acquisition Costs and equivalent were as follows:

	2020		2019 restated [(a)]	
(in Euro million)	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]
Deferred Acquisition Costs and equivalent net carrying value as of January 1	**16,396**	**592**	**26,109**	**625**
Amortization and impairment for the period of Life DAC	(1,389)	(54)	(1,572)	(92)
Capitalized interests for the period of Life DAC	517	24	599	24
DAC and similar costs capitalization for the period of Life DAC	1,392	24	1,718	25
Change in Non-Life DAC	15		1,304	
Changes in amortization, capitalization and impairment	**535**	**(6)**	**2,049**	**(43)**
Change in shadow accounting on DAC	(220)	-	(1,020)	-
Currency translation and other changes	(373)	(36)	352	10
Disposals of subsidiaries and portfolios [(d)]	(226)	(128)	(11,093)	0
Deferred Acquisition Costs and equivalent net carrying value as of December 31	**16,112**	**422**	**16,396**	**592**
of which shadow accounting on DAC	*(1,439)*	-	*(1,227)*	-
TOTAL	**16,534**		**16,988**	

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(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).
(d) In 2020, included the disposal of Central and Eastern Europe and the disposal process of Greece operations (see Note 5.3). In 2019, the amount corresponded to the deconsolidation of Equitable Holdings, Inc.

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7.3 DEFERRED ACQUISITION COSTS AND EQUIVALENT, NET OF AMORTIZATION, UNEARNED REVENUE RESERVES AND UNEARNED FEE RESERVES

The value of Deferred Acquisition Costs and equivalent for insurance business, net of amortization, unearned revenue reserves and unearned fee reserves, was as follows:

(in Euro million)	December 31, 2020		December 31, 2019 restated [(a)]	
	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]	Deferred Acquisition Costs [(b)]	Deferred Origination Costs [(c)]
Deferred Acquisition Costs and equivalent	**16,112**	**422**	**16,396**	**592**
of which shadow DAC	*(1,439)*	-	*(1,227)*	-
Unearned revenues and unearned fees reserves	**1,704**	**317**	**2,128**	**328**
of which shadow unearned revenues reserves	*(465)*	-	*(352)*	-
DAC net of unearned revenues and unearned fees reserves	**14,408**	**105**	**14,268**	**264**
TOTAL	**14,513**		**14,531**	

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(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).

Note 8 Other intangible assets

8.1 BREAKDOWN OF OTHER INTANGIBLE ASSETS

Other intangible assets represented €4,432 million net value as of December 31, 2020, and mainly included:

(in Euro million)	December 31, 2020				December 31, 2019 restated [(a)]
	Gross value	Accumulated amortization	Accumulated impairment	Net Value	Net Value
Software capitalized	3,047	(2,033)	(17)	997	1,038
Intangible assets recognized in business combinations and other business operations	4,737	(1,380)	(11)	3,346	3,728
Other intangible assets	577	(487)	(0)	89	110
TOTAL	**8,361**	**(3,900)**	**(29)**	**4,432**	**4,875**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied has been restated.

8.2 BREAKDOWN OF INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

		December 31, 2020				December 31, 2019			
(in Euro million)	Transaction Year	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value	Gross value	Accumulated amortization	Accumulated impairment	Net carrying value
AXA Tianping	2019	80	(16)	-	64	82	-	-	82
XL Group	2018	1,578	(98)	(9)	1,471	1,704	(58)	-	1,646
Poland Property & Casualty	2015	-	-	-	-	71	(23)	-	47
Asia Property & Casualty	2012	153	(125)	-	28	166	(119)	-	47
Greece Life & Savings	2007	-	-	-	-	43	(7)	(24)	11
Greece Property & Casualty	2007	-	-	-	-	77	(51)	-	26
AXA MPS (Italy) Life & Savings	2007 & 2008	592	-	-	592	592	-	-	592
AXA MPS (Italy) Property & Casualty	2007 & 2008	347	-	-	347	347	-	-	347
Switzerland Life & Savings	2006	189	(132)	-	57	188	(122)	-	66
Switzerland Property & Casualty	2006	628	(481)	-	147	625	(458)	-	167
Germany Property & Casualty	2006	92	(59)	-	33	92	(54)	-	38
Belgium Property & Casualty	2006	67	(39)	-	27	67	(37)	-	30
Spain Property & Casualty	2006	247	(237)	-	10	247	(235)	-	12
AXA Investment Managers	2005	191	(10)	-	181	190	(9)	-	181
Others		574	(182)	(2)	390	650	(211)	(2)	437
TOTAL		**4,737**	**(1,380)**	**(11)**	**3,346**	**5,139**	**(1,385)**	**(27)**	**3,728**

Intangible assets recognized in business combinations mainly include value of distribution agreements and customer related intangibles, including €1,880 million assets with indefinite useful life.

The amortization period for intangible assets recognized in business combinations with a finite useful life ranges from 5 to 25 years.

8.3 CHANGE IN INTANGIBLE ASSETS RECOGNIZED IN BUSINESS COMBINATIONS AND OTHER BUSINESS OPERATIONS

(in Euro million)	2020	2019
Net value as of January 1	**3,728**	**3,747**
Acquisition during the period (a)	20	109
Amortization allowance	(170)	(146)
Disposal during the period (b)	(62)	(0)
Currency impact	(152)	53
Other changes (c)	(17)	(34)
Closing Net value as of December 31	**3,346**	**3,728**

(a) In 2019, mainly included €101 million related to the acquisition of AXA Tianping.
(b) Related Central and Eastern Europe operations disposal (see Note 5.3.1).
(c) Mainly related to the Gulf Region and Greece operations disposal processes (see Note 5.3.3 and Note 5.3.4).

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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.

	December 31, 2020								
	Investments as per Consolidated Statement of Financial Position								
	Insurance			Other activities			Total		
(in Euro million)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost [(a)]	33,392	24,044	3.94%	4,497	4,410	19.55%	37,890	28,454	4.49%
Investment in real estate properties designated as at fair value through profit or loss [(b)]	1,832	1,832	0.30%	-	-	-	1,832	1,832	0.29%
Macro-hedge and other derivatives	-	-	-	-	-	-	-	-	-
Investment in real estate properties	**35,224**	**25,876**	**4.24%**	**4,497**	**4,410**	**19.55%**	**39,721**	**30,286**	**4.78%**
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	396,021	396,021	64.85%	2,673	2,673	11.85%	398,695	398,695	62.97%
Debt instruments designated as at fair value through profit or loss [(c)]	18,823	18,823	3.08%	69	69	0.30%	18,892	18,892	2.98%
Debt instruments held for trading	37	37	0.01%	-	-	-	37	37	0.01%
Debt instruments (at cost) that are not quoted in an active market [(d)]	12,058	11,496	1.88%	29	29	0.13%	12,087	11,525	1.82%
Debt instruments	**426,939**	**426,377**	**69.82%**	**2,771**	**2,771**	**12.28%**	**429,711**	**429,148**	**67.77%**
Equity instruments available for sale	18,347	18,347	3.00%	1,897	1,897	8.41%	20,245	20,245	3.20%
Equity instruments designated as at fair value through profit or loss [(b)]	10,043	10,043	1.64%	579	579	2.57%	10,622	10,622	1.68%
Equity instruments held for trading	(0)	(0)	0.00%	-	-	-	(0)	(0)	0.00%
Equity instruments	**28,390**	**28,390**	**4.65%**	**2,477**	**2,477**	**10.98%**	**30,866**	**30,866**	**4.87%**
Non consolidated investment funds available for sale	8,114	8,114	1.33%	48	48	0.21%	8,162	8,162	1.29%
Non consolidated investment funds designated as at fair value through profit or loss [(b)]	7,671	7,671	1.26%	41	41	0.18%	7,712	7,712	1.22%
Non consolidated investment funds held for trading	282	282	0.05%	-	-	-	282	282	0.04%
Non consolidated investment funds	**16,067**	**16,067**	**2.63%**	**88**	**88**	**0.39%**	**16,155**	**16,155**	**2.55%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**14,848**	**14,848**	**2.43%**	**483**	**483**	**2.14%**	**15,332**	**15,332**	**2.42%**
Macro-hedge and other derivatives	**879**	**879**	**0.14%**	**19**	**19**	**0.08%**	**898**	**898**	**0.14%**
Sub-total Financial instruments (excluding Loans)	**487,124**	**486,562**	**79.68%**	**5,838**	**5,838**	**25.88%**	**492,962**	**492,400**	**77.76%**
Loans held to maturity	-	-	-	-	-	-	-	-	-
Loans available for sale	(0)	(0)	0.00%	0	0	0.00%	0	0	0.00%
Loans designated as at fair value through profit or loss [(b)]	(0)	(0)	0.00%	-	-	-	(0)	(0)	0.00%
Loans held for trading	-	-	-	-	-	-	-	-	-
Loans at cost [(e)]	21,559	20,397	3.34%	12,314	12,314	54.58%	33,873	32,711	5.17%
Macro-hedge and other derivatives	-	-	-	-	-	-	-	-	-
Loans	**21,559**	**20,397**	**3.34%**	**12,314**	**12,314**	**54.58%**	**33,873**	**32,711**	**5.17%**
Total Financial instruments	**508,683**	**506,959**	**83.02%**	**18,152**	**18,152**	**80.45%**	**526,835**	**525,110**	**82.93%**
Assets backing contracts where the financial risk is borne by policyholders	**77,802**	**77,802**	**12.74%**	**-**	**-**	**-**	**77,802**	**77,802**	**12.29%**
INVESTMENTS	**621,709**	**610,637**	**100.00%**	**22,649**	**22,562**	**100.00%**	**644,358**	**633,198**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**543,907**	**532,835**	**87.26%**						

(a) Includes infrastructure and forests 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.

CONSOLIDATED FINANCIAL STATEMENTS
6.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2019 restated [a]								
	Investments as per Consolidated Statement of Financial Position								
	Insurance			Other activities			Total		
(in Euro million)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)	Fair value	Carrying value	% (value balance sheet)
Investment in real estate properties at amortized cost [b]	31,395	21,679	3.64%	3,431	3,309	14.78%	34,826	24,987	4.04%
Investment in real estate properties designated as at fair value through profit or loss [c]	1,622	1,622	0.27%	-	-	-	1,622	1,622	0.26%
Macro-hedge and other derivatives	-	-	-	-	-	-	-	-	-
Investment in real estate properties	**33,017**	**23,301**	**3.91%**	**3,431**	**3,309**	**14.78%**	**36,448**	**26,609**	**4.30%**
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	385,347	385,347	64.62%	2,218	2,218	9.91%	387,565	387,565	62.64%
Debt instruments designated as at fair value through profit or loss [d]	22,274	22,274	3.74%	93	93	0.41%	22,367	22,367	3.62%
Debt instruments held for trading	117	117	0.02%	-	-	-	117	117	0.02%
Debt instruments (at cost) that are not quoted in an active market [e]	11,271	10,901	1.83%	-	(0)	0.00%	11,271	10,901	1.76%
Debt instruments	**419,009**	**418,640**	**70.20%**	**2,311**	**2,311**	**10.32%**	**421,320**	**420,950**	**68.04%**
Equity instruments available for sale	18,400	18,400	3.09%	2,582	2,582	11.53%	20,983	20,983	3.39%
Equity instruments designated as at fair value through profit or loss [c]	9,592	9,592	1.61%	572	572	2.56%	10,165	10,165	1.64%
Equity instruments held for trading	1	1	0.00%	0	0	0.00%	1	1	0.00%
Equity instruments	**27,994**	**27,994**	**4.69%**	**3,155**	**3,155**	**14.09%**	**31,148**	**31,148**	**5.03%**
Non consolidated investment funds available for sale	8,626	8,626	1.45%	76	76	0.34%	8,701	8,701	1.41%
Non consolidated investment funds designated as at fair value through profit or loss [c]	6,464	6,464	1.08%	24	24	0.11%	6,487	6,487	1.05%
Non consolidated investment funds held for trading	188	188	0.03%	-	-	-	188	188	0.03%
Non consolidated investment funds	**15,277**	**15,277**	**2.56%**	**99**	**99**	**0.44%**	**15,376**	**15,376**	**2.49%**
Other assets designated as at fair value through profit or loss, held by consolidated investment funds	**15,132**	**15,132**	**2.54%**	**232**	**232**	**1.03%**	**15,363**	**15,363**	**2.48%**
Macro-hedge and other derivatives	**249**	**249**	**0.04%**	**(110)**	**(110)**	**-0.49%**	**139**	**139**	**0.02%**
Sub total Financial instruments (excluding Loans)	**477,660**	**477,291**	**80.04%**	**5,687**	**5,687**	**25.40%**	**483,347**	**482,977**	**78.06%**
Loans held to maturity	-	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-	-
Loans designated as at fair value through profit or loss [c]	-	-	-	-	-	-	-	-	-
Loans held for trading	-	-	-	-	-	-	-	-	-
Loans at cost [f]	21,012	19,966	3.35%	13,483	13,393	59.82%	34,495	33,360	5.39%
Macro-hedge and other derivatives	-	-	-	0	0	0.00%	0	0	0.00%
Loans	**21,012**	**19,966**	**3.35%**	**13,483**	**13,393**	**59.82%**	**34,495**	**33,360**	**5.39%**
Total Financial instruments	**498,672**	**497,257**	**83.39%**	**19,170**	**19,080**	**85.22%**	**517,842**	**516,337**	**83.45%**
Assets backing contracts where the financial risk is borne by policyholders	**75,774**	**75,774**	**12.71%**	**-**	**-**	**-**	**75,774**	**75,774**	**12.25%**
INVESTMENTS	**607,463**	**596,332**	**100.00%**	**22,601**	**22,389**	**100.00%**	**630,064**	**618,720**	**100.00%**
Investments (excluding those backing contracts where the financial risk is borne by policyholders)	**531,689**	**520,558**	**87.29%**						

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Includes infrastructure and forests investments.
(c) Assets measured at fair value under the fair value option.
(d) Includes assets measured at fair value notably under the fair value option.
(e) Eligible to the IAS 39 - Loans and receivables measurement category.
(f) Mainly relates to mortgage loans and policy loans.

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, is as follows:

	December 31, 2020					December 31, 2019				
(in Euro million)	Gross value	Amorti-zation	Impair-ment	Carrying value	Fair value	Gross value	Amorti-zation	impair-ment	Carrying value	Fair value
Investment in real estate properties at amortized cost										
Insurance [(a)]	26,680	(1,581)	(1,158)	23,942	33,290	24,300	(1,536)	(981)	21,783	31,499
Other activities	4,410	-	(0)	4,410	4,497	3,309	-	(0)	3,309	3,431
All activities excluding derivatives	**31,090**	**(1,581)**	**(1,158)**	**28,352**	**37,787**	**27,609**	**(1,536)**	**(981)**	**25,092**	**34,930**
Impact of derivatives				103	103				(104)	(104)
TOTAL				**28,454**	**37,890**				**24,987**	**34,826**

(a) Includes infrastructure and forests investments.

Change in impairment and amortization of investment in real estate properties at amortized cost (all activities), is as follows:

	2020	2019	2020	2019
(in Euro million)	Impairment	Impairment	Amortization	Amortization
Value as of January 1	**981**	**752**	**1,536**	**1,624**
Increase for the period	311	373	142	241
Write back following sale or repayment	(93)	(52)	(55)	(164)
Write back following recovery in value	(25)	(28)	-	-
Others [(a)]	(15)	(64)	(43)	(165)
Value as of December 31	**1,158**	**981**	**1,581**	**1,536**

(a) Includes changes in the scope of consolidation and the impact 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, were allocated as follows:

INSURANCE	December 31, 2020					December 31, 2019 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	330,875	396,021	396,021	68,796	3,650	332,557	385,347	385,347	57,289	4,499
Debt instruments (at cost) that are not quoted in an active market	11,518	12,058	11,496	596	56	10,888	11,271	10,901	445	62
Equity instruments available for sale	13,023	18,347	18,347	5,503	179	13,524	18,400	18,400	4,962	86
Non-consolidated investment funds available for sale	7,035	8,114	8,114	1,119	40	7,772	8,626	8,626	920	66

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Net of impairment - including premiums/discounts and related accumulated amortization.
(c) Net of impairment.

OTHER ACTIVITIES	December 31, 2020					December 31, 2019				
(in Euro million)	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses	Amortized cost [(a)]	Fair value	Carrying value [(b)]	Unrealized gains	Unrealized losses
Debt instruments available for sale	2,555	2,673	2,673	121	2	2,133	2,218	2,218	89	4
Debt instruments (at cost) that are not quoted in an active market	29	29	29	0	0	(0)	-	(0)	0	-
Equity instruments available for sale	1,608	1,897	1,897	826	537	1,766	2,582	2,582	819	3
Non-consolidated investment funds available for sale	46	48	48	2	0	74	76	76	2	0

(a) Net of impairment - including premiums/discounts and related accumulated amortization.
(b) Net of impairment.

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TOTAL (in Euro million)	December 31, 2020 Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses	December 31, 2019 restated [a] Amortized cost [b]	Fair value	Carrying value [c]	Unrealized gains	Unrealized losses
Debt instruments available for sale	333,431	398,695	398,695	68,916	3,652	334,690	387,565	387,565	57,378	4,503
Debt instruments (at cost) that are not quoted in an active market	11,547	12,087	11,525	596	56	10,888	11,271	10,901	445	62
Equity instruments available for sale	14,630	20,245	20,245	6,330	716	15,290	20,983	20,983	5,782	89
Non consolidated investment funds available for sale	7,080	8,162	8,162	1,122	40	7,845	8,701	8,701	922	66

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(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, 2020 Carrying value	December 31, 2019 restated [a] Carrying value
Government and government like debt instruments	238,882	234,392
Other debt instruments issued by government related	17,718	16,755
Corporate debt instruments [b]	171,929	172,070
Other debt instruments [c]	108	178
Hedging derivatives and other derivatives	511	(2,445)
TOTAL DEBT INSTRUMENTS	**429,148**	**420,950**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Includes debt instruments issued by companies in which a State holds interests.
(c) Mainly includes fixed maturity investment funds.

Additional information on the credit risk associated with debt instruments is provided in Note 4 "Financial and insurance Risk Management".

9.4.2 Loans from activities other than insurance

The table below sets out the loans portfolio other than insurance activities, excluding macro-hedging derivatives but including the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges).

(in Euro million)	December 31, 2020 Fair value	Carrying value	December 31, 2019 Fair value	Carrying value
Mortgage loans	9,163	9,163	10,097	10,013
Other loans	2,971	2,971	3,287	3,281
Total Banking loans	**12,134**	**12,134**	**13,383**	**13,293**
Loans from activities other than insurance and banking	179	179	100	100
Total loans excluding the impact of derivatives	**12,314**	**12,314**	**13,483**	**13,393**
Derivatives impact	-	-	0	0
TOTAL	**12,314**	**12,314**	**13,483**	**13,393**

9.5 CONTRACTUAL MATURITIES OF DEBT INSTRUMENTS AND LOANS 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 cases, the effect of derivatives (detailed in Note 20.3) modifies the maturity profile of assets 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. 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, 2020 Net carrying amount by maturity						December 31, 2019 restated (a) 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
Debt instruments	19,091	80,438	317,562	417,090	533	417,623	20,298	83,968	308,242	412,508	(2,458)	410,050
Loans [(b)]	5,333	11,484	20,266	37,083	(394)	36,688	5,160	12,029	21,264	38,453	(46)	38,407
Total Financial investments exposed to interest rate risk	**24,424**	**91,922**	**337,828**	**454,173**	**138**	**454,312**	**25,458**	**95,997**	**329,505**	**450,960**	**(2,504)**	**448,456**
of which Financial investments exposed to fair value interest rate risk	*22,827*	*85,777*	*319,368*	*427,971*			*24,052*	*87,791*	*310,353*	*422,196*		

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Including loans within Summary Consolidated Investment funds.

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 was as follows:

(in Euro million)	Financial	Consumer goods & Services	Energy	Communication	Industrial	Basic Materials	Technology	Other	Total excluding derivatives	Effect of derivatives	Total including derivatives
Equity instruments as of December 31, 2020	10,282	8,126	747	1,743	3,023	1,157	2,407	3,244	30,729	137	30,866
Equity instruments as of December 31, 2019 restated [(a)]	11,498	8,248	683	1,457	3,203	1,231	2,206	2,637	31,162	(14)	31,148

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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9.7 TRANSFERS OF FINANCIAL ASSETS NOT QUALIFYING FOR DERECOGNITION

The Group is part 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 both a certain later date and agreed price. As 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 in the line item Net investment income within the consolidated statement of income. 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 where financial assets are sold to a counterparty with an agreement in which the Group retains substantially all the risk and rewards of the financial instruments. Therefore, the Group doesn't derecognize the assets.

The breakdown of transferred financial assets/liabilities not qualifying for derecognition was as follows:

	December 31, 2020			December 31, 2019		
(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	**4**	**56,415**	**-**	**10**	**48,025**	**48**
Carrying value of associated liabilities (a)	**-**	**43,779**	**-**	**-**	**38,827**	**50**

(a) Amounts do 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.

9.8 NON-CONSOLIDATED INVESTMENT FUNDS

The breakdown of "non-consolidated" investment funds was as follows:

	December 31, 2020			December 31, 2019 restated (a)		
	Fair value (b)			Fair value (b)		
(in Euro million)	Insurance	Other activities	Total	Insurance	Other activities	Total
Non-consolidated investment funds mainly holding equity securities	2,556	8	2,564	2,740	15	2,755
Non-consolidated investment funds mainly holding debt instruments	6,257	23	6,280	5,961	10	5,971
Other non-consolidated investment funds	7,212	57	7,268	6,543	75	6,617
Non-consolidated investment at cost	-	-	-	-	-	-
Derivatives related to non-consolidated investment funds	43	-	43	33	-	33
TOTAL	**16,067**	**88**	**16,155**	**15,277**	**99**	**15,376**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) 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: €1,563 million in 2020 compared to €1,827 million in 2019;
- funds mainly holding debt instruments: €2,256 million in 2020 compared to €2,986 million in 2019;
- other funds: €3,261 million in 2020 compared to €3,034 million in 2019.

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, 2020					December 31, 2019 restated [(a)]				
(in Euro million)	Cost before impairment and revaluation to fair value [(b)]	Impairment	Cost after impairment but before revaluation to fair value [(c)]	Revaluation to fair value [(d)]	Carrying value	Cost before impairment and revaluation to fair value [(b)]	Impairment	Cost after impairment but before revaluation to fair value [(c)]	Revaluation to fair value [(d)]	Carrying value
Debt instruments available for sale	333,453	(23)	333,431	65,264	398,695	334,709	(19)	334,690	52,875	387,565
Debt instruments (at cost) that are not quoted in an active market [(d)]	11,551	(4)	11,547	(22)	11,525	10,890	(2)	10,888	13	10,901
Debt instruments	**345,004**	**(27)**	**344,978**	**65,242**	**410,219**	**345,599**	**(21)**	**345,578**	**52,888**	**398,466**
Equity instruments available for sale	**17,200**	**(2,570)**	**14,630**	**5,614**	**20,245**	**17,856**	**(2,566)**	**15,290**	**5,693**	**20,983**
Non-consolidated investment funds available for sale	**7,964**	**(884)**	**7,080**	**1,082**	**8,162**	**8,584**	**(739)**	**7,845**	**856**	**8,701**
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Loans available for sale	(0)	-	(0)	0	0	-	-	-	-	-
Loans at cost [(e)]	33,255	(151)	33,104	(394)	32,711	33,523	(118)	33,405	(45)	33,360
Loans	**33,255**	**(151)**	**33,104**	**(394)**	**32,711**	**33,523**	**(118)**	**33,405**	**(45)**	**33,360**
TOTAL	**403,424**	**(3,631)**	**399,793**	**71,544**	**471,337**	**405,562**	**(3,444)**	**402,118**	**59,392**	**461,510**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Asset value including impact of discounts/premiums and accrued interests, but before impairment and revaluation to fair value of assets available for sale.
(c) Asset value including impairment, discounts/premiums and accrued interests, but before revaluation to fair value of assets available for sale.
(d) Revaluation to fair value for instruments at cost related to the application of hedge accounting.
(e) Including policy loans.

9.9.2 Change in impairment on financial investments

(in Euro million)	January 1, 2020	Increase for the period	Write back following sale or repayment	Write back following recovery in value	Other [(a)]	December 31, 2020
Impairment - Debt instruments	21	8	(1)	-	(1)	27
Impairment - Equity instruments	2,566	512	(364)	-	(145)	2,570
Impairment - Non-consolidated investment funds	739	157	(67)	-	56	884
Impairment - Loans	118	81	(10)	(31)	(5)	151
TOTAL	**3,444**	**757**	**(442)**	**(31)**	**(95)**	**3,631**

(a) Mainly relates to changes in the scope of consolidation and the impact of changes in exchange rates.

(in Euro million)	January 1, 2019	Increase for the period [(a)]	Write back following sale or repayment	Write back following recovery in value	Other [(b)]	December 31, 2019
Impairment - Debt instruments	78	3	(36)	(0)	(24)	21
Impairment - Equity instruments	2,733	412	(647)	-	69	2,566
Impairment - Non-consolidated investment funds	915	69	(331)	-	85	739
Impairment - Loans	199	46	(14)	(49)	(64)	118
TOTAL	**3,925**	**529**	**(1,028)**	**(49)**	**66**	**3,444**

(a) Includes the impairment of the participation in non-consolidated subsidiaries for €245 million.
(b) Mainly relates to changes in the scope of consolidation and the impact of changes in exchange rates.

9.10 FAIR VALUE OF INVESTMENTS

9.10.1 Fair value of 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 was as follows:

	December 31, 2020					December 31, 2019 restated (a)				
	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 deriva-tives	Total including deriva-tives	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 deriva-tives	Total including deriva-tives
Debt instruments	284,634	113,158	550	398,342	398,695	297,082	92,439	661	390,182	387,565
Equity instruments	16,414	1,731	1,963	20,108	20,245	16,590	2,129	2,278	20,997	20,983
Non-consolidated investment funds	1,205	4,883	2,062	8,150	8,162	1,243	5,096	2,345	8,684	8,701
Loans	-	0	(0)	0	0	-	(0)	-	(0)	(0)
Financial investments and loans available for sale	**302,253**	**119,772**	**4,574**	**426,599**	**427,101**	**314,915**	**99,664**	**5,284**	**419,863**	**417,249**
Investment in real estate properties	-	1,832	-	1,832	1,832	-	1,622	0	1,622	1,622
Debt instruments	9,602	8,413	727	18,742	18,892	13,355	7,528	1,304	22,187	22,367
Equity instruments	3,702	914	6,006	10,622	10,622	3,317	970	5,877	10,165	10,165
Non-consolidated investment funds	352	4,811	2,519	7,681	7,712	330	3,740	2,402	6,472	6,487
Other assets held by consolidated investment funds designated as at fair value through profit or loss	1,694	8,367	5,233	15,293	15,332	1,634	6,560	7,181	15,375	15,363
Loans	-	-	-	-	(0)	-	-	-	-	(0)
Financial investments and loans designated as at fair value through profit or loss	**15,350**	**24,336**	**14,484**	**54,170**	**54,389**	**18,636**	**20,420**	**16,764**	**55,821**	**56,004**
Debt instruments	3	4	-	7	37	84	54	-	138	117
Equity instruments	-	-	-	-	(0)	1	-	-	1	1
Non-consolidated investment funds	-	282	-	282	282	0	188	-	188	188
Loans	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held for trading	**3**	**285**	**-**	**288**	**319**	**85**	**242**	**-**	**327**	**306**
TOTAL FINANCIAL INVESTMENTS AND LOANS ACCOUNTED FOR AT FAIR VALUE	**317,606**	**144,393**	**19,058**	**481,057**	**481,808**	**333,636**	**120,326**	**22,048**	**476,011**	**473,560**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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.

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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 which 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
  - are 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 markets are considered as less active. 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 mainly using 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 market observable data:

- 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)

During 2020, the COVID-19 crisis has affected the corporate bonds market which prices experienced an important bid-ask spread widening in March and April. These spreads have progressively tightened since then but did not return to their pre-crisis level, leading to transfers from level 1 to level 2.

As of December 31, 2020, the net transfer from level 1 to level 2 amounted to €-8,659 million. This amount comprised €4,417 million transferred from level 2 to level 1, and €13,076 million from level 1 to level 2, of which €11,330 million for corporate bonds and €640 million for government 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, 2020, to December 31, 2020, the amount of level 3 assets decreased by €3.0 billion to €19.1 billion, representing 4.0% of the total assets at fair value (4.7% in 2019 or €22.1 billion).

Main movements related to level 3 assets to be noted were the following:

- €2.6 billion of new investments;
- €-0.8 billion of change in unrealized gains and losses;
- €-3.0 billion of net asset transfers in and out of level 3 and foreign exchange fluctuation impact;
- €-1.8 billion of asset sales, redemptions and settlements mainly of debt instruments, equity securities and non-consolidated investment funds accounted as available for sale, non-consolidated investment funds, other assets held by controlled investment funds and debt instruments accounted as fair value through profit or loss.

A majority of assets classified in level 3 corresponds to private investments, in particular private equity assets.

9.10.2 Fair value of Investments recognized at amortized cost

	December 31, 2020					December 31, 2019 restated [(a)]				
	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 deriva-tives	Total including deriva-tives	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 deriva-tives	Total including deriva-tives
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-
Loans held to maturity	-	-	-	-	-	-	-	-	-	-
Financial investments and loans held to maturity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in real estate properties at amortized cost	-	37,533	254	37,787	37,890	(0)	34,477	454	34,930	34,826
Debt instruments at cost (loans & receivables)	283	6,480	5,347	12,110	12,087	332	6,365	4,560	11,257	11,271
Loans at amortized cost	25	20,595	13,642	34,263	33,873	30	20,366	14,144	34,540	34,494
Financial investments and loans at amortized cost	**308**	**64,608**	**19,243**	**84,159**	**83,850**	**362**	**61,208**	**19,158**	**80,728**	**80,591**
TOTAL FAIR VALUE OF INVESTED ASSETS AT AMORTIZED COST	**308**	**64,608**	**19,243**	**84,159**	**83,850**	**362**	**61,208**	**19,158**	**80,728**	**80,591**

Note: This table excludes assets backing contracts where the financial risk is borne by policyholders with guaranteed minimum features.

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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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 such us 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 described 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

	December 31, 2020	December 31, 2019 restated [(a)]
(in Euro million)	Fair value [(b)]	Fair value [(b)]
Investment in real estate properties	4,522	4,185
Equity instruments & non-consolidated investment funds	63,541	62,880
Debt instruments	9,366	7,999
Others	373	710
TOTAL INSURANCE ACTIVITIES	**77,802**	**75,774**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Fair value equals carrying value.

Financial assets included in these investments are valued at fair value through profit or loss under the fair value option.

9.12 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM IFRS 9

9.12.1 Solely Payment of Principal and Interest (SPPI) test

As mentioned in Note 1.2 "General accounting principles", in the context of IFRS 9 implementation, the Group has determined that it is eligible for the temporary exemption option, introduced by the amendment to IFRS 4 - Insurance contracts, until the earlier of annual reporting periods beginning on or after January 1, 2023. During this deferral period, additional disclosures related to SPPI criterion and to credit risk exposure are required.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, 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 *i.e.* cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the result of the SPPI test for the assets not currently designated as at fair value through profit and loss, with a split between Insurance and Other activities.

Each investment item is presented gross of tax and excluding the effect of related hedging derivatives (IAS 39 qualifying hedges or economic hedges) and the potential impact resulting from the application of the future IFRS 17 standard on insurance contracts that will avoid accounting mismatches in particular for contracts eligible to the variable fee approach measurement model.

INSURANCE	December 31, 2020				December 31, 2019 restated [(a)]			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	2,731	(40)	392,946	9,839	3,713	(7)	384,252	18,542
Debt instruments (at cost) not quoted in an active market	0	-	12,080	193	30	-	11,226	208
Equity instruments available for sale	18,210	308	-	-	18,415	2,887	-	-
Non-consolidated investment funds available for sale	8,102	231	-	-	8,609	(99)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	(0)	-	(0)	-	(0)	-	-	-
Loans at cost	(1)	(1)	20,020	78	130	0	19,232	220
TOTAL	**29,043**	**499**	**425,047**	**10,111**	**30,896**	**2,781**	**414,710**	**18,970**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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OTHER ACTIVITIES	December 31, 2020				December 31, 2019			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	0	2	2,664	27	5	0	2,213	49
Debt instruments (at cost) not quoted in an active market	(0)	0	29	0	(0)	-	-	-
Equity instruments available for sale	1,897	(527)	-	-	2,582	403	-	-
Non-consolidated investment funds available for sale	48	0	-	-	76	(0)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	0	-	-	-	-	-
Loans at cost	5	(0)	12,606	2	1	0	13,399	8
TOTAL	**1,951**	**(524)**	**15,299**	**29**	**2,664**	**403**	**15,612**	**57**

TOTAL	December 31, 2020				December 31, 2019 restated [(a)]			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2020	Fair value	Change in unrealized gain or loss in 2019	Fair value	Change in unrealized gain or loss in 2019
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	2,731	(38)	395,610	9,866	3,717	(7)	386,465	18,592
Debt instruments (at cost) not quoted in an active market	(0)	0	12,110	193	30	-	11,226	208
Equity instruments available for sale	20,108	(219)	-	-	20,997	3,290	-	-
Non-consolidated investment funds available for sale	8,150	232	-	-	8,684	(100)	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	(0)	-	0	-	(0)	-	-	-
Loans at cost	5	(1)	32,626	80	131	0	32,631	227
TOTAL	**30,994**	**(25)**	**440,345**	**10,140**	**33,560**	**3,183**	**430,322**	**19,027**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

9.12.2 Credit risk exposure

The tables below set out the gross carrying amount and the fair value (excluding the impact of derivatives) information on credit risk exposure for financial assets that pass the SPPI test:

For debt instruments, the credit risk information is available by rating grades [(1)].

	December 31, 2020							December 31, 2019 restated [(a)]						
	Gross Carrying amount of debt instruments that pass the SPPI test							Gross Carrying amount of debt instruments that pass the SPPI test						
(in Euro million)	AAA	AA	A	BBB	BB and lower	Other	Total	AAA	AA	A	BBB	BB and lower	Other	Total
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	72,895	103,094	73,859	71,842	2,513	7,964	332,167	73,670	97,945	77,491	74,891	2,581	5,803	332,380
Debt instruments (at cost) not quoted in an active market	593	1,283	1,500	4,793	636	2,743	11,548	221	2,606	621	3,301	441	3,667	10,858
TOTAL	**73,489**	**104,376**	**75,360**	**76,635**	**3,149**	**10,707**	**343,715**	**73,892**	**100,551**	**78,112**	**78,192**	**3,022**	**9,470**	**343,239**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

	December 31, 2020							December 31, 2019 restated [(a)]						
	Fair value of debt instruments that pass the SPPI test							Fair value of debt instruments that pass the SPPI test						
(in Euro million)	AAA	AA	A	BBB	BB and lower	Other	Total	AAA	AA	A	BBB	BB and lower	Other	Total
Debt instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments available for sale	84,118	135,317	82,158	83,068	2,572	8,377	395,610	83,067	124,563	85,517	84,545	2,613	6,160	386,465
Debt instruments (at cost) not quoted in an active market	626	1,328	1,534	5,122	654	2,846	12,110	226	2,635	638	3,491	454	3,782	11,226
TOTAL	**84,743**	**136,645**	**83,693**	**88,190**	**3,226**	**11,222**	**407,720**	**83,293**	**127,198**	**86,156**	**88,035**	**3,067**	**9,941**	**397,691**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

For loans, the credit risk information is available through three categories: rating grades, range of probability of default (range of PD) and scoring which is issued by AXA banking entities and past due information.

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(1) These are external ratings corresponding to the average of the three main rating agencies, which are S&P, Fitch and Moody's.

	December 31, 2020				December 31, 2019			
	Gross Carrying amount of loans that pass the SPPI test				Gross Carrying amount of loans that pass the SPPI test			
(in Euro million)	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	(0)	-	-	(0)	-	-	-	-
Loans at cost	3,010	12,573	16,062	31,644	2,842	12,469	16,309	31,619
TOTAL	**3,010**	**12,573**	**16,062**	**31,644**	**2,842**	**12,469**	**16,309**	**31,619**

	December 31, 2020				December 31, 2019			
	Fair value of loans that pass the SPPI test				Fair value of loans that pass the SPPI test			
(in Euro million)	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total	Credit risk information is based on ratings	Credit risk information is based on scoring (ranges of PD)	Credit risk information is provided on the basis of past due information	Total
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	0	-	-	0	-	-	-	-
Loans at cost	2,973	12,495	17,158	32,626	2,829	12,405	17,397	32,631
TOTAL	**2,973**	**12,495**	**17,158**	**32,626**	**2,829**	**12,405**	**17,397**	**32,631**

Below are detailed the gross carrying value and the fair value of loans that pass the SPPI test for which the credit risk is based on:

A) RATING GRADES:

Loans at cost	December 31, 2020 Gross Carrying value of loans that pass the SPPI test	December 31, 2020 Fair value of loans that pass the SPPI test	December 31, 2019 Gross Carrying value of loans that pass the SPPI test	December 31, 2019 Fair value of loans that pass the SPPI test
AAA	0	0	0	0
AA	518	524	677	679
A	1,243	1,248	1,103	1,112
BBB	837	814	1,057	1,034
BB and lower	139	116	0	0
Other	271	271	4	4
Total amount of loans that pass the SPPI test and for which the credit risk information is based on ratings	**3,010**	**2,973**	**2,842**	**2,829**

B) RANGES OF PROBABILITY OF DEFAULT (1-YEAR PD):

Loans at cost	December 31, 2020 Gross Carrying value of loans that pass the SPPI test	December 31, 2020 Fair value of loans that pass the SPPI test	December 31, 2019 Gross Carrying value of loans that pass the SPPI test	December 31, 2019 Fair value of loans that pass the SPPI test
0% < PD < 0.35%	6,110	6,112	5,577	5,577
0.35 < PD < 3.78%	4,707	4,703	5,551	5,550
3.78 < PD < 10.00%	1,246	1,243	1,020	1,019
PD > 10.00%	93	81	96	84
Default	417	356	224	174
Total amount of loans that pass the SPPI test and for which credit risk information is based on scoring	**12,573**	**12,495**	**12,469**	**12,405**

C) PAST DUE INFORMATION:

Loans at cost	December 31, 2020 Gross Carrying value of loans that pass the SPPI test	December 31, 2020 Fair value of loans that pass the SPPI test	December 31, 2019 Gross Carrying value of loans that pass the SPPI test	December 31, 2019 Fair value of loans that pass the SPPI test
Current	15,998	17,099	16,225	17,326
0-30 days past due	14	15	14	13
31-60 days past due	5	5	5	6
61-89 days past due	1	1	2	2
90 days and more past due	44	37	62	50
Total amount of loans that pass the SPPI test and for which credit risk is provided on the basis of past due information	**16,062**	**17,158**	**16,309**	**17,397**

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Note 10 Investments accounted for using the equity method

10.1 BREAKDOWN OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2020					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	150	-	10	-	(1)	159
Philippine AXA Life Insurance Corporation	114	-	29	(4)	(17)	123
Krungthai-XA Life Insurance Company Ltd.	334	-	43	(32)	(0)	346
ICBC-AXA Assurance Co., Ltd.	579	-	87	(16)	63	714
PT AXA Mandiri Financial Services	100	-	40	(10)	(29)	101
Bharti-AXA Life	125	-	(6)	(14)	19	124
Bharti-AXA General Insurance Company Ltd.	39	-	3	(5)	(36)	-
Reso Garantia	692	-	163	(166)	(80)	608
Kyobo AXA Investment Managers Company Ltd.	34	-	4	(1)	(4)	33
AXA SPDB Investments Managers Company Ltd.	131	-	15	(3)	(8)	135
AXA Mansard Insurance plc (P&C including Assur African Holding)	86	0	13	(15)	6	90
AXA Mansard Insurance plc (L&S)	33	(7)	3	(5)	7	30
Other	20	(10)	(2)	(1)	1	7
TOTAL	**2,437**	**(16)**	**399**	**(271)**	**(78)**	**2,471**

(a) Includes increase in capital, dividend distributions, changes in consolidation method, and impacts of revaluation to fair value of financial investments in shareholders' equity. In 2020, it also included the reclassification of Bharti-AXA General Insurance Company Ltd. in held for sale (see Note 5.3.5).

	2019					
(in Euro million)	January 1	Acquisitions & disposals	Contribution to net income	Currency translation impact	Other changes [(a)]	December 31
Neuflize Vie	171	-	11	-	(32)	150
Philippine AXA Life Insurance Corporation	83	-	30	5	(3)	114
Krungthai-AXA Life Insurance Company Ltd.	224	-	83	27	(0)	334
ICBC-AXA Assurance Co. Ltd.	481	-	59	1	39	579
PT AXA Mandiri Financial Services	67	-	44	4	(15)	100
Bharti-AXA Life	116	-	(0)	(1)	10	125
Bharti-AXA General Insurance Company Ltd.	25	-	1	(0)	13	39
Reso Garantia	553	-	81	46	12	692
Kyobo AXA Investment Managers Company Ltd.	34	-	4	(1)	(4)	34
AXA SPDB Investments Managers Company Ltd.	122	-	16	0	(8)	131
AXA Tianping [(b)]	542	0	(5)	2	(539)	-
AXA Mansard Insurance plc (P&C including Assur African Holding)	77	-	4	1	3	86
AXA Mansard Insurance plc (L&S)	27	-	2	1	3	33
XL Group	352	-	-	7	(360)	-
Equitable Holdings, Inc. [(c)]	-	0	174	75	(249)	0
Other	56	(1)	2	0	(38)	20
TOTAL	**2,929**	**(1)**	**504**	**169**	**(1,165)**	**2,437**

(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) From December 31, 2019, AXA Tianping was fully consolidated within AXA Group.

(c) Includes the initial recognition of the retained stake accounted for using the equity method for €+4,330 million and its deconsolidation for €-4,579 million embedding the residual retained stake reclassified as Available for Sale instruments for €-934 million.

10.2 MAIN JOINT VENTURES

Financial information for the main joint venture (Krungthai AXA Life Insurance Company Ltd.) is as follows (including AXA and external share but excluding goodwill related to AXA's investment):

(in Euro million)	December 31, 2020	December 31, 2019
Cash and cash equivalents	101	117
Total assets (including cash and cash equivalents)	**9,472**	**10,287**
Financing debts	-	-
Total liabilities (including financing debts but excluding shareholders' equity)	**8,781**	**9,619**
Net assets	**691**	**669**
Revenues	1,485	1,671
Change in unearned premiums net of unearned revenues and fees	(9)	(7)
Net investment result excluding financing expenses	92	1,241
Other operating income and expenses	(1,461)	(2,700)
Financing debt expenses	-	-
Income tax expense or income	(21)	(39)
Net income	**86**	**166**
Other comprehensive income	**(64)**	**54**
Total comprehensive income	**23**	**220**
Dividends received from joint ventures	**-**	**-**

As of December 31, 2020, and December 31, 2019, the Group share of interest in Krungthai AXA Life Insurance Company Ltd. was 50.0%.

A reconciliation of the summarized financial information to the carrying amount of the main joint venture was as follows:

(in Euro million)	December 31, 2020	December 31, 2019
Net assets as presented above	691	669
Group share in net assets	346	334
Goodwill	-	-
Carrying value	346	334

Under IAS 39, all financial assets of Krungthai AXA Life Insurance Company Ltd. are accounted for at fair value through profit and loss. Consequently the SPPI test (Solely Payments of Principal and Interest) required as per IFRS 9 is not applicable to this investment (see Note 9.12).

10.3 MAIN ASSOCIATES

Financial information for main associates was as follows (including AXA and external share but excluding goodwill related to AXA's investment):

(in Euro million)	December 31, 2020 Reso Garantia	December 31, 2020 ICBC-AXA Assurance Co. Ltd.	December 31, 2019 Reso Garantia	December 31, 2019 ICBC-AXA Assurance Co. Ltd.
Total assets	**3,589**	**26,463**	**3,763**	**20,711**
Total liabilities (excluding shareholders' equity)	**2,383**	**23,868**	**2,478**	**18,604**
Net assets	**1,207**	**2,595**	**1,285**	**2,107**
Revenues	1,688	5,843	1,462	7,014
Net income	**423**	**317**	**206**	**213**
Other comprehensive income	(318)	172	113	143
Total comprehensive income	**106**	**490**	**318**	**356**
Dividends received from the associates	**62**	**-**	**-**	**-**

A reconciliation of the summarized financial information to the carrying amount of the associates is as follows:

(in Euro million)	December 31, 2020 Reso Garantia	December 31, 2020 ICBC-AXA Assurance Co. Ltd.	December 31, 2019 Reso Garantia	December 31, 2019 ICBC-AXA Assurance Co. Ltd.
Net assets as presented above	1,207	2,595	1,285	2,107
Group share of net assets	463	714	506	579
Goodwill	145	-	186	-
Impairment of associate	-	-	-	-
Carrying value	608	714	692	579

Reso Garantia already applies IFRS 9 (see Note 9.12).

Disclosures about the temporary exemption from IFRS 9 for ICBC-AXA Assurance Co. Ltd.

The table below sets out the result of the SPPI test (Solely Payment of Principal and Interest) for the assets not currently designated as at fair value with change in fair value through income statement as of December 31, 2020. The amounts exclude the impact of derivatives.

	December 31, 2020				December 31, 2019			
	Fail the SPPI test		Pass the SPPI test		Fail the SPPI test		Pass the SPPI test	
(in Euro million)	Fair value	Change in unrealized gain or loss	Fair value	Change in unrealized gain or loss	Fair value	Change in unrealized gain or loss	Fair value	Change in unrealized gain or loss
Debt instruments held to maturity	-	-	-	-	-	-	-	-
Debt instruments available for sale	-	-	6,123	4	-	-	3,388	28
Debt instruments (at cost) not quoted in an active market	1,245	-	1,743	-	783	-	1,919	-
Equity instruments available for sale	1,078	135	-	-	941	39	-	-
Non-consolidated investment funds available for sale	541	166	-	-	757	133	-	-
Loans held to maturity	-	-	-	-	-	-	-	-
Loans available for sale	-	-	-	-	-	-	-	-
Loans at cost	1,247	-	3,034	-	1,106	-	2,488	-
TOTAL	**4,111**	**301**	**10,901**	**4**	**3,588**	**172**	**7,795**	**28**

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

	December 31, 2020				December 31, 2019 restated [(a)]			
(in Euro million)	Gross value	Impairment	Carrying value	Fair value	Gross value	Impairment	Carrying value	Fair value
Deposits and guarantees	2,672	-	2,672	2,672	2,651	(2)	2,650	2,650
Current accounts receivables from other Companies	1,472	(18)	1,454	1,454	2,369	(8)	2,361	2,361
Receivables from policyholders, brokers and general agents	16,564	(473)	16,091	16,091	16,350	(512)	15,838	15,838
Premiums earned not yet written	5,270	-	5,270	5,270	6,245	-	6,245	6,245
Receivables arising from direct insurance and inward reinsurance operations	**25,978**	**(491)**	**25,487**	**25,487**	**27,615**	**(521)**	**27,094**	**27,094**
Deposits and guarantees	0	-	0	0	0	-	0	0
Receivables from reinsurers	2,513	(47)	2,466	2,466	2,141	(67)	2,074	2,074
Receivables from brokers and general agents	(0)	(0)	(0)	(0)	0	(0)	0	0
Receivables arising from outward reinsurance operations	**2,513**	**(47)**	**2,466**	**2,466**	**2,141**	**(67)**	**2,074**	**2,074**
Current tax receivables	**845**	**-**	**845**	**845**	**954**	**-**	**954**	**954**
Employee benefits & related	1,483	(0)	1,482	1,482	1,442	(0)	1,442	1,442
Other deposits	1,962	-	1,962	1,962	2,656	-	2,656	2,656
Others	6,339	(76)	6,263	6,263	6,351	(71)	6,280	6,280
Other receivables	**9,783**	**(76)**	**9,707**	**9,707**	**10,450**	**(71)**	**10,378**	**10,378**
TOTAL RECEIVABLES	**39,119**	**(614)**	**38,505**	**38,505**	**41,161**	**(660)**	**40,501**	**40,501**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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Note 12 Cash and cash equivalents

(in Euro million)	December 31, 2020 Carrying value [b]	December 31, 2019 restated [a] Carrying value [b]
Arising from insurance activities	20,061	17,134
Arising from banking activities	2,379	1,072
Arising from other activities	5,797	4,450
Cash and cash equivalents [c]	**28,237**	**22,656**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Fair value is assessed as being equal to net carrying value given the nature of such assets.
(c) Including €2,196 million deposits in the central banks in 2020 and €783 million in 2019.

The table below reconciles assets and liabilities cash and cash equivalent balances with the statement of consolidated cash flows:

(in Euro million)	December 31, 2020	December 31, 2019 restated [a]
Cash and cash equivalents	28,237	22,656
Bank overdrafts [b]	(720)	(679)
Cash and cash equivalents [c]	**27,516**	**21,977**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Included in "Other debt instruments issued and bank overdrafts".
(c) 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, 2020, total consolidated net cash and cash equivalents amounted to €28,237 million, net of €720 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 €5,539 million compared to 2019 mainly in:

- France (€+1,718 million) mainly related to the third iteration of target long-term refinancing operations as provided by the European Central Bank (TLTRO III) in AXA Banque (€+1,391 million) and regular insurance activities (€+327 million);
- AXA XL (€+1,204 million) mainly related to the capital injection received from AXA SA which was mostly invested in short-term treasury bills (€+1,000 million) and the shift in the investment strategy to money markets funds (€+300 million);
- AXA Life Europe (€+593 million) related to investments in money market funds;
- Italy (€+515 million) due to investment in money market funds.

It was partly offset by:

- International (€-695 million) mainly due to the classification as held for sale of Gulf Region activities (€-422 million) and the disposal of Central and Eastern Europe operations (€-69 million);
- Belgium (€-450 million) mainly due to regular insurance activities.

Regarding the consolidated statement of cash flows presented in the primary financial statements, net cash provided by operating activities amounted to €+25,534 million in 2020, compared to €+8,827 million in 2019.

Net cash used in investing activities amounted to €-11,431 million in 2020, mainly reflecting:

- €-11,209 million of net cash used in purchases and sales of financial invested assets;
- €-706 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash used in investing activities amounted to €-11,041 million in 2019, mainly reflecting:

- €-15,535 million of net cash used in purchases and sales of financial invested assets;
- €+4,831 million of net cash impact of assets lending/borrowing collateral receivables and payables.

Net cash relating to financing activities amounted to €-4,927 million in 2020, mainly driven by:

- the repayment of financing debt (€-1,816 million) ;
- dividends payments of €-1,743 million.

Net cash relating to financing activities amounted to €-6,977 million in 2019, mainly driven by:

- the repayment of preference shares (€-1,086 million) related to the XL Group;
- subordinated debt issued (€+145 million) the repayment of financing debt (€-559 million) and undated subordinated debt in 2019 (€-253 million);
- dividends payments of €-3,268 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 2020

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2020, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €87 million from the employee share offering of 6.4 million shares in December 2020;
- a capital increase of €16 million due to the exercise of stock options;
- share-based payments for €48 million;
- a capital decrease of €120 million corresponding to 6.8 million shares in order to eliminate the dilutive effect of employee share offering of 6.4 million shares and other share-based compensation schemes of 0.4 million shares (AXA SA's stocks options and performance shares plans).

TREASURY SHARES

As of December 31, 2020, the Company and its subsidiaries owned 32.5 million AXA shares, representing 1.3% of the share capital, an increase of 1.2 million shares compared to December 31, 2019.

The 1.1 million treasury shares backing contracts where financial risk is borne by policyholders held in controlled investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €8 million and their market value €21 million.

The carrying value of treasury shares and related derivatives amounted to €744 million and there was no AXA shares held by consolidated Mutual funds other than those backing contracts where financial risk is borne by policyholders.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

Undated subordinated debt instruments are classified in shareholders' equity and valuated at their historical value or their closing value as regards exchange rates. The corresponding foreign exchange differences are cancelled out through the translation reserve.

In 2020, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-224 million from foreign exchange rate fluctuations;
- €-177 million from interest expenses related to the undated subordinated debt (net of tax).

As of December 31, 2020, and December 31, 2019, undated subordinated debt recognized in shareholders' equity broke down as follows:

	December 31, 2020		December 31, 2019	
(in 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 - 350 M£ 6.7%	350	389	350	411
December 14, 2006 - 750 MUS$ 6.4%	750	608	750	665
November 7, 2014 - 984 M€ 3.941%	984	981	984	981
November 7, 2014 - 724 M£ 5.453%	724	802	724	848
May 20, 2014 - 1,000 M€ – 3.9%	1,000	997	1,000	997
January 22, 2013 - 850 MUS$, 5.5%	850	687	850	751
Undated notes - 625 M€, variables rates	625	625	625	625
Undated notes - 27,000 MJPY, 3.3%	27,000	213	27,000	221
Undated notes - 375 MUS$, variables rates	375	306	375	334
TOTAL		**6,484**		**6,708**

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 at different contractual given dates.

DIVIDENDS PAID

On June 30, 2020, Shareholders' Meeting, shareholders approved a dividend distribution of €0.73 per share corresponding to €1,740 million with respect to the 2019 financial year.

13.1.2 Change in shareholders' equity Group share in 2019

SHARE CAPITAL AND CAPITAL IN EXCESS OF NOMINAL VALUE

During 2019, the following transactions had an impact on AXA's share capital and capital in excess of nominal value:

- a capital increase of €375 million from the employee share offering of 17.8 million shares in December 2019;
- a capital increase of €67 million due to the exercise of stock options;
- share-based payments for €40 million;
- a capital decrease of €683 million corresponding to 29.3 million shares in order to eliminate the dilutive effect of employee share offering of 17.8 million shares and other share-based compensation schemes of 11.5 million shares (AXA SA's stocks options and performance shares plans).

TREASURY SHARES

As of December 31, 2019, the Company and its subsidiaries owned 31.3 million AXA shares, representing 1.3% of the share capital, a decrease of 10.3 million shares compared to December 31, 2018.

The 1.4 million treasury shares backing contracts where financial risk is borne by policyholders held in controlled investment funds were not deducted from shareholders' equity. Their total estimated historical cost was €18 million and their market value €36 million.

The carrying value of treasury shares and related derivatives amounted to €752 million and there was no AXA shares held by consolidated Mutual funds other than those backing contracts where financial risk is borne by policyholders.

UNDATED SUBORDINATED DEBT AND RELATED FINANCIAL EXPENSES

In 2019, the following transactions pertaining to undated subordinated debt had an impact on AXA's other reserves:

- €-253 million from repayment of undated subordinated debt;
- €+113 million from foreign exchange rate fluctuations;
- €-194 million from interest expenses related to the undated subordinated debt (net of tax).

DIVIDENDS PAID

On May 6, 2019, Shareholders' Meeting, shareholders approved a dividend distribution of €1.34 per share corresponding to €3,189 million with respect to the 2018 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 reserves 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 2020

RESERVES 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 amounted to €+9,354 million, of which a €+9,366 million increase in unrealized capital gains on debt securities driven by the decrease in interest rates.

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, 2020	December 31, 2019
Gross unrealized gains and losses [(a)]	**70,598**	**61,244**
Less unrealized gains and losses attributable to:		
Shadow accounting on policyholder participation and other obligations	(40,053)	(34,196)
Shadow accounting on Deferred Acquisition Costs [(b)]	(974)	(876)
Shadow accounting on Value of purchased Business In force	(154)	(167)
Unallocated unrealized gains and losses before tax	**29,417**	**26,005**
Deferred tax	(6,699)	(6,174)
Unrealized gains and losses net of tax - assets available for sale	**22,717**	**19,831**
Unrealized gains and losses net of tax (100%) - equity accounted companies	125	56
UNREALIZED GAINS AND LOSSES (NET OF TAX) - 100% - TOTAL	**22,842**	**19,887**
Minority interests' share in unrealized gains and losses [(c)]	(360)	(255)
Translation reserves [(d)]	92	(303)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**22,575**	**19,328**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves and held for sale activities.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

On December 31, 2020, most of the unrealized gains on assets available for sale were related to Life & Savings activities, and lead to the recognition of a significant movement on policyholder 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 result or not) is significant, the reconciliation between gross unrealized gains and losses on available for sale financial assets and the corresponding net reserve recognized in shareholders' equity was as follows as of December 31, 2020:

(in Euro million)	December 31, 2020			
	France Life & Savings	Germany Life & Savings	Switzerland Life & Savings	Belgium Life & Savings
Gross unrealized gains and losses [(a)]	**24,716**	**12,731**	**3,868**	**6,991**
Less unrealized gains and losses attributable to:				
Shadow accounting on policyholders' participation and other obligations	(17,865)	(10,906)	(1,947)	(3,850)
Shadow accounting on Deferred Acquisition Costs [(b)]	(481)	-	(138)	(73)
Shadow accounting on Value of purchased Business In force	-	-	(88)	-
Unallocated unrealized gains and losses before tax	**6,369**	**1,825**	**1,695**	**3,067**
Deferred tax	(1,617)	(584)	(305)	(698)
Unrealized gains and losses (net of tax) - assets available for sale	**4,752**	**1,241**	**1,390**	**2,370**
Unrealized gains and losses net of tax - equity accounted companies	14	-	-	-
UNREALIZED GAINS AND LOSSES (NET OF TAX) - 100% - TOTAL	**4,766**	**1,241**	**1,390**	**2,370**
Minority interests' share in unrealized gains and losses [(c)]	(12)	0	-	(1)
Translation reserves [(d)]	0	-	(206)	(0)
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(e)]	**4,755**	**1,241**	**1,184**	**2,369**

(a) Unrealized gains and losses on total available for sale invested assets including loans and assets held for sale.
(b) Net of shadow accounting on unearned revenues and fees reserves.
(c) Including foreign exchange impact attributable to minority interests.
(d) Group share.
(e) Including unrealized gains and losses on assets held for sale.

The change in reserves related to changes in fair value of available for sale financial instruments included in shareholders' equity as of December 31, 2020, and December 31, 2019, broke down as follows:

(in Euro million)	December 31, 2020	December 31, 2019
Unrealized gains and losses (net of tax) 100% - opening	**19,887**	**11,831**
Transfer in the income statement on the period [(a)]	(934)	(187)
Investments bought in the current accounting period and changes in fair value	4,591	8,593
Foreign exchange impact	(457)	217
Change in scope and other changes	(245)	(567)
Unrealized gains and losses (net of tax) 100% - closing	**22,842**	**19,887**
Minority interests' share in unrealized gains and losses [(b)]	**(360)**	**(255)**
Translation reserves [(c)]	**92**	**(303)**
UNREALIZED GAINS AND LOSSES (NET GROUP SHARE) [(d)]	**22,575**	**19,328**

(a) Transfer induced by disposal of financial assets, impairment write-back following revaluation, or transfer of expenses following impairment charge during the period.
(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 movements was €-2,895 million (of which €-2,837 million from Group share and €-58 million from minority interests) as at December 31, 2020.

The change in Group share translation reserves of €-2,837 million was mainly driven by AXA XL (€-1,372 million), Hong Kong (€-489 million), International (€-441 million), Japan (€-281 million) and the United Kingdom (€-231 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-198 million as of December 31, 2020. That negative impact in equity was mainly due to an overall decrease in discount rate assumptions used.

Additional information on pension benefits is provided in Note 26.2.

13.2.2 Comprehensive income for 2019

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 totaled €+22,669 million, of which a €+18,756 million increase in unrealized capital gains on debt securities driven by the decrease in interest rates.

CURRENCY TRANSLATION RESERVE

The total impact of foreign exchange rate movements was €+659 million (of which €+457 million from Group share and €+202 million from minority interests) as at December 31, 2019.

The change in Group share translation reserves of €+457 million was mainly driven by Switzerland (€+391 million), the United Kingdom & Ireland (€+248 million), the United States (€+204 million), Hong Kong (€+113 million) and International (€+107 million), partly offset by the deconsolidation of Equitable Holdings, Inc. (€-1,014 million).

EMPLOYEE BENEFITS ACTUARIAL GAINS AND LOSSES

The total impact of employee benefits actuarial gains and losses amounted to €-684 million (of which Group share was €-679 million and minority interests were €-5 million) as of December 31, 2019.

The negative impact in equity arising from employee defined benefits obligation was mainly explained by an overall decrease in discount rate assumptions used to value liabilities in the Eurozone but also in the United Kingdom and Switzerland, partially offset by gains on plan assets backing the defined benefit obligation mainly in the United Kingdom and Switzerland.

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 item.

13.3.1 Change in minority interests for 2020

The €-164 million decrease in minority interests to €4,565 million was driven by transactions with minority interests' holders and comprehensive income:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+167 million,
  - reserves relating to changes in fair value through shareholders' equity for €+116 million,
  - foreign exchange movements for €-58 million;
- transactions with minority interests' holders mainly included:
  - minority interests in consolidated investment funds qualified as equity resulting from the decrease in the value of minority interests' holdings due to a capital decrease for €-346 million,
  - dividend payout to minority interests' holders for €-35 million.

13.3.2 Change in minority interests for 2019

The €6,094 million decrease in minority interests to €4,730 million was driven by transactions with minority interests' holders and comprehensive income:

- the comprehensive income for the period notably included the following:
  - net income attributable to minority interests for €+325 million,
  - employee benefits actuarial gains and losses €-5 million,
  - reserves relating to changes in fair value through shareholders' equity for €+223 million,
  - foreign exchange movements for €+202 million;
- transactions with minority interests' holders mainly included:
  - decrease in minority interests as a consequence of the deconsolidation of Equitable Holdings, Inc. for €-5,172 million,
  - reclassification of the equity component of the Mandatory Exchangeable Bonds to financing debt for €-614 million,

- redemption of AXA XL preferred shares for €-1,086 million,
- dividend payout to minority interests' holders for €-156 million,
- minority interests in consolidated investments funds qualified as equity resulting from the consolidation of a new investment fund and capital addition to existing consolidated investment funds for €+191 million.

Note 14 Liabilities arising from insurance and investment contracts

In this Note, Health is not reported separately from Life & Savings and Property & Casualty lines of business.

14.1 BREAKDOWN OF LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

14.1.1 Segment breakdown of liabilities arising from insurance and investment contracts (gross and reinsurers' share)

	December 31, 2020						
(in Euro million)	France	Europe	Asia	AXA XL	International	Transversal & Central Holdings	Total Insurance
Insurance liabilities (A)	160,393	150,934	63,079	51,350	8,533	8,034	442,323
Investment liabilities (B)	12,135	37,065	2,034	-	2,231	-	53,466
Other liabilities (C) [(a)]	21,869	33,769	4,965	0	456	(291)	60,768
Total insurance and investment liabilities (D = A + B + C)	**194,398**	**221,769**	**70,078**	**51,350**	**11,220**	**7,743**	**556,557**
Reinsurers' share in insurance and investment contracts' liabilities (E)	6,009	1,522	1,256	17,393	707	84	26,972
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D - E)	**188,389**	**220,247**	**68,821**	**33,957**	**10,513**	**7,659**	**529,585**

(a) Other liabilities comprised unearned revenue and unearned fee reserves, liabilities arising from policyholders' participation and other obligations, and derivatives instruments relating to insurance and investment contracts.

	December 31, 2019 restated [(a)]						
(in Euro million)	France	Europe	Asia	AXA XL	International	Transversal & Central Holdings	Total Insurance
Insurance liabilities (A)	157,890	150,179	62,721	48,669	11,591	7,775	438,825
Investment liabilities (B)	11,960	35,744	2,167	-	2,677	-	52,547
Other liabilities (C) [(b)]	19,439	30,287	3,727	0	667	(622)	53,498
Total insurance and investment liabilities (D = A+B+C)	**189,290**	**216,209**	**68,615**	**48,669**	**14,935**	**7,153**	**544,871**
Reinsurers' share in insurance and investment contracts' liabilities (E)	4,975	1,210	707	15,141	1,198	(260)	22,970
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURER'S SHARE (F = D – E)	**184,315**	**214,999**	**67,908**	**33,528**	**13,737**	**7,413**	**521,901**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Other liabilities comprised unearned revenue and unearned fee reserves, liabilities arising from policyholders' participation and other obligations, and derivatives instruments relating to insurance and investment contracts.

14.1.2 Breakdown of liabilities arising from insurance and investment contracts (gross and reinsurers' share)

(in Euro million)	December 31, 2020			December 31, 2019 restated [(a)]		
	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Liabilities arising from insurance contracts	270,989	110,177	381,166	270,202	108,800	379,002
Liabilities arising from insurance contracts where risk is borne by policyholders	61,157	-	61,157	59,823	-	59,823
Total insurance liabilities (A)	**332,146**	**110,177**	**442,323**	**330,026**	**108,800**	**438,825**
Liabilities arising from investment contracts with discretionary participating features	36,480	-	36,480	36,036	-	36,036
Liabilities arising from investment contracts with no discretionary participating features	66	-	66	67	-	67
Liabilities arising from investment contracts where the financial risk is borne by policyholders	16,919	-	16,919	16,444	-	16,444
Total investment liabilities (B)	**53,466**	**-**	**53,466**	**52,547**	**-**	**52,547**
Unearned revenue and unearned fee reserves	2,021	-	2,021	2,456	-	2,456
Liabilities arising from participation	59,715	278	59,993	52,465	301	52,766
Derivative instruments	(1,525)	279	(1,245)	(1,965)	241	(1,724)
Other liabilities (C)	**60,211**	**557**	**60,768**	**52,956**	**542**	**53,498**
Total insurance and investment liabilities (D = A + B + C)	**445,823**	**110,734**	**556,557**	**435,529**	**109,342**	**544,871**
Reinsurers' share in insurance contracts liabilities	8,261	18,587	26,848	7,417	15,438	22,855
Reinsurers' share in insurance contracts liabilities relating to policyholders' participation	0	28	28	1	18	18
Reinsurers' share in liabilities arising from investment contracts	95	-	95	97	-	97
Total reinsurers' share in insurance and investment contracts liabilities (E)	**8,357**	**18,614**	**26,972**	**7,515**	**15,456**	**22,970**
TOTAL INSURANCE AND INVESTMENT LIABILITIES NET OF REINSURERS' SHARE (F = D - E)	**437,466**	**92,120**	**529,585**	**428,014**	**93,887**	**521,901**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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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 total (A) of Note 14.1.1, were split by as follows:

	December 31, 2020			December 31, 2019 restated [a]		
(in Euro million)	Life & Savings	Property & Casualty	Total Insurance	Life & Savings	Property & Casualty	Total Insurance
Future policy benefit reserves	251,837	102	251,938	247,917	107	248,024
Unearned premiums reserves	915	20,039	20,954	921	21,472	22,392
Claims reserves [b]	14,389	83,746	98,135	13,954	81,689	95,643
of which IBNR	*4,817*	*34,458*	*39,275*	*4,741*	*30,814*	*35,554*
Liability adequacy test reserves	-	-	-	-	-	-
Other reserves [c]	3,849	6,289	10,138	7,410	5,532	12,942
Liabilities arising from insurance contracts (A)	**270,989**	**110,177**	**381,166**	**270,202**	**108,800**	**379,002**
of which measured at current assumptions [d]	*3,170*	-	*3,170*	*2,780*	-	*2,780*
Future policy benefit reserves	60,982	-	60,982	59,722	-	59,722
Claims reserves [b]	176	-	176	102	-	102
of which IBNR	*1*	-	*1*	*1*	-	*1*
Other reserves	0	-	0	0	-	0
Liabilities arising from insurance contracts where the financial risk is borne by policyholders (B)	**61,157**	**-**	**61,157**	**59,823**	**-**	**59,823**
Sub-total Liabilities arising from insurance contract (C = A + B)	**332,146**	**110,177**	**442,323**	**330,026**	**108,800**	**438,825**
Reinsurers' share in future policy benefit reserves	4,909	(8)	4,900	4,689	(7)	4,681
Reinsurers' share in unearned premiums reserves	46	3,366	3,412	50	3,157	3,208
Reinsurers' share in claims reserves [b]	2,496	15,230	17,725	1,977	12,277	14,254
of which IBNR	*32*	*7,900*	*7,932*	*29*	*5,945*	*5,975*
Reinsurers' share in other reserves	811	(1)	811	702	10	712
Reinsurers' share in liabilities arising from insurance contracts (D)	**8,261**	**18,587**	**26,848**	**7,417**	**15,438**	**22,855**
Reinsurers' share in liabilities arising from insurance contracts where the financial risk is borne by policyholders (E)	**0**	**-**	**0**	**0**	**-**	**0**
Sub-total Reinsurers' share in liabilities (F = D + E)	**8,262**	**18,587**	**26,848**	**7,418**	**15,438**	**22,855**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS, NET OF REINSURERS' SHARE (G = C - F)	**323,885**	**91,590**	**415,475**	**322,608**	**93,362**	**415,970**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholder participation (see Note 14.8), and derivative instruments (see Note 20.4) are excluded from the table above.

Reinsurers' share in insurance contracts liabilities relating to policyholders' participation (€28 million in 2020 and €18 million in 2019), as well as derivative instruments (none in 2020 and 2019) are excluded from the table above.

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

(b) Includes reserves for claims handling expenses.

(c) Notably includes non-life annuities mathematical reserves.

(d) See Note 1.14.2 – Reserves measured according to the option offered by IFRS 4.24 for selective remeasurement of reserves at current market assumptions.

14.3 LIABILITIES ARISING FROM INVESTMENT CONTRACTS (GROSS AND REINSURERS' SHARE)

The following table shows a breakdown 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 14.1.1:

(in Euro million)	December 31, 2020	December 31, 2019
Future policy benefit reserves	36,178	35,739
Unearned premiums reserves	0	0
Claims reserves [(a)]	291	295
Liability adequacy test reserves	-	-
Other reserves	12	3
Liabilities arising from investment contracts with discretionary participating features (A)	**36,480**	**36,036**
of which measured at current assumptions [(b)]	-	-
Future policy benefit reserves	55	57
Claims reserves [(a)]	11	9
Other reserves	0	0
Liabilities arising from investment contracts with no discretionary participating features (B)	**66**	**67**
Future policy benefit reserves	16,912	16,434
Claims reserves [(a)]	7	11
Other reserves	-	-
Liabilities arising from investment contracts where the financial risk is borne by policyholders (C)	**16,919**	**16,444**
Sub-total liabilities arising from investment contract (D = A + B + C)	**53,466**	**52,547**
Reinsurers' share in liabilities arising from investment contracts with discretionary participating features (E)	**95**	**93**
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)	**-**	**3**
Sub-total Reinsurers' share (H = E + F + G)	**95**	**97**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS – NET OF REINSURERS' SHARE (I = D - H)	**53,370**	**52,451**

Note: Liabilities relating to unearned revenues and fees (see Note 7.3), to policyholders' participation (see Note 14.8), 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 2020 and 2019), as well as derivatives instruments (none in 2020 and 2019) are excluded from the table above.

(a) Includes reserves for claims handling expenses.

(b) See Note 1.14.2 – Reserves measured according to the option opened by IFRS 4.24 for selective remeasurement of reserves at current market assumptions.

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14.4 CHANGE IN CLAIMS RESERVES FOR PROPERTY & CASUALTY (INSURANCE CONTRACTS)

14.4.1 Change in gross of reinsurance claims reserves

The table below gives information on change in reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2020	2019
Claims reserves as of January 1	79,129	75,782
Claims handling cost reserves as of January 1	2,559	2,921
Gross claims reserve as of January 1 [(a)]	**81,689**	**78,703**
Current year charge	36,251	31,850
Loss reserves development (prior years)	(593)	(368)
Total claims expenses [(b)]	**35,658**	**31,482**
Claims payments (current year)	(20,522)	(19,683)
Claims payments (prior years)	(8,948)	(10,282)
Claim payments [(c)]	**(29,470)**	**(29,964)**
Change in scope of consolidation and change in accounting method	**(515)**	**500**
Impact of foreign currency fluctuation	**(3,615)**	**967**
Claims reserves as of December 31	81,749	79,129
Claims handling cost reserves as of December 31	1,997	2,559
Gross claims reserves as of December 31 [(a)]	**83,746**	**81,689**

(a) Excluding "other policy benefits liabilities" (mainly mathematical annuity reserves), which totaled €6.2 billion in 2020 and €5.5 billion in 2019.
(b) Gross of claims paid.
(c) Excluding claims handling cost.

14.4.2 Change in reinsurers' share in claims reserves

The table below gives information on change in reinsurers' share in claims reserves in Property & Casualty presented in Note 14.2:

(in Euro million)	2020	2019
Reinsurers' share in claims reserves as of January 1	**12,277**	**10,670**
Reinsurers' share in total claims expenses	7,242	5,232
Reinsurers' share in claims payments	(3,423)	(3,939)
Change in scope of consolidation, portfolio transfers, change in accounting principles and other changes	239	47
Impact of foreign currency fluctuation	(1,105)	267
Reinsurers' share in claims reserves as of December 31	**15,230**	**12,277**

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 and Savings presented in Note 14.2 (C):

	2020			2019 restated [(a)]		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Technical reserves as of January 1 [(b)]	**330,026**	**52,547**	**382,573**	**484,854**	**52,729**	**537,583**
Collected premiums net of loadings on premiums (+)	31,878	5,768	37,646	36,084	7,601	43,684
Surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(32,374)	(5,364)	(37,739)	(41,002)	(5,936)	(46,939)
Unit-Linked technical reserves value adjustment (+/-)	1,634	458	2,093	17,047	857	17,903
Change in reserves relating to technical and actuarial items (+/-) [(c)]	5,067	828	5,895	6,341	630	6,971
Transfers following technical reserves/ contract reclassification	(5)	5	(0)	(2)	7	5
Change in scope of consolidation, portfolio transfers and change in accounting principles	(808)	(511)	(1,319)	(179,187)	(3,547)	(182,733)
Impact of foreign currency fluctuation	(3,271)	(266)	(3,538)	5,891	207	6,098
Technical reserves as of December 31 [(b)]	**332,146**	**53,466**	**385,612**	**330,026**	**52,547**	**382,573**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Includes: future policy benefit reserves (including shadow accounting reserves), unearned premium reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefit reserves. Excludes: unearned revenue and unearned fee reserves, liabilities from policyholder participation.
(c) Notably includes interests credited and policyholder participation credited to reserves, fees on account balance and investment management fees and change in reserves relating to other technical and actuarial items.

In 2020, the effect of the change in scope of consolidation amounted to €-1,319 million, mainly due to the disposal of Central and Eastern Europe operations (€-1,068 million), Greece operations (€-189 million) and the remaining Group Life portfolio in Switzerland (€-163 million) which were classified as held for sale, party offset by Japan (€+73 million) from the consolidation of AXA Direct Life Insurance Co. Ltd.

In 2019, the effect of the change in scope of consolidation amounted to €-182,733 million, mainly due to the deconsolidation of Equitable Holdings, Inc. (€-182,152 million) and the classification as held for sale of additional small occupational benefit foundations in 2019 in Switzerland (€-2,212 million), partly offset by the unwinding of held for sale classification of AXA Wealth management (HK) Limited in Hong Kong (€+702 million).

14.5.2 Change in reinsurers' share in liabilities arising from insurance and investment contracts

The table below gives detailed information on change in reinsurer's share in liabilities arising from insurance and investment contracts in Life & Savings presented in Note 14.2 (F) and Note 14.3 (H).

	2020			2019		
(in Euro million)	Insurance contracts	Investment contracts	Total	Insurance contracts	Investment contracts	Total
Reinsurers' share in technical reserves as of January 1 (a)	**7,418**	**97**	**7,514**	**12,280**	**91**	**12,371**
Reinsurers' share in collected premiums net of loadings on premiums (+)	2,628	5	2,633	1,740	12	1,752
Reinsurers' share in surrenders, maturities and other claims and benefits paid net of charges and penalties (-)	(1,274)	(6)	(1,279)	(1,442)	(17)	(1,459)
Reinsurers' share in change in reserves relating to technical and actuarial items (+/-) (b)	(393)	(0)	(393)	(387)	10	(377)
Change in scope of consolidation and change in accounting principles (c)	(5)	-	(5)	(4,948)	-	(4,948)
Impact of foreign currency fluctuation	(112)	(1)	(112)	175	1	176
Reinsurers' share in technical reserves as of December 31 (a)	**8,262**	**95**	**8,357**	**7,418**	**97**	**7,514**

(a) Includes: future policy benefit reserves (including shadow accounting reserves), unearned premium reserves, unexpired risk reserves, claims reserves, claims expense reserves, other policy benefit reserves. Excludes: unearned revenue and unearned fee reserves, liabilities from policyholder participation.

(b) Notably includes interests credited and policyholder participation credited to reserves, fees on account balance and investment management fees and change in reserves relating to other technical and actuarial items.

(c) In 2019, mainly included the deconsolidation of Equitable Holdings, Inc.

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):

(in Euro million)	December 31, 2020 Carrying value	December 31, 2019 Carrying value
(Non Unit-Linked) – Liabilities arising from:		
Investment contracts with Discretionary Participation Features measured according to existing accounting policies [(a) (d)]	36,480	36,036
Investment contracts with Discretionary Participation Features measured with current assumptions [(b)]	-	-
Investment contracts with no Discretionary Participation Features measured according to existing accounting policies	66	67
(Unit-Linked) – Liabilities arising from contracts where financial risk is borne by policyholders:		
Investment contracts with Discretionary Participation Features measured according to existing accounting policies [(a) (c)]	3,695	3,139
Investment contracts with no Discretionary Participation Features measured at current unit value [(d)]	13,224	13,306
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**53,466**	**52,547**

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 which allows, under certain conditions, to continue to use a previous accounting policy for 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 reserves are measured on the basis of held asset 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 IFRS 15 (Rights to future management fees also known as Deferred Origination Costs "DOC") – see Note 1.7.3 and Note 7.*

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 IASB acknowledged the difficulties involved in the recognition and the measurement of discretionary participating features included in insurance or investment contracts. The IASB issued guidance to measure fair value but with no principles addressing policyholder participation features. It would therefore be premature to interpret this definitions before the implementation guidance of the future standard IFRS 17 clarifies it (see Note 1.2).

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 discretionary participating features cannot be reliably disclosed.

14.7 LOSS RESERVE DEVELOPMENT TABLE

The loss reserve development table shows movements in loss reserves between 2010 and 2020, 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 claims 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 €46,367 million appearing in the first line of the table in the 2010 column represents all loss reserves developed in all years of occurrence prior to and including 2010, recognized on the Group's balance sheet as of December 31, 2010.

The second line titled "Gross reserves for unpaid claims and claims expenses developed in 2020 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-1.

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 2020 adjusted for changes in exchange rates and scope of consolidation) and the amount shown in the final diagonal under "Reserve re-estimated".

Loss reserve development table: Property & Casualty

(in Euro million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross reserves for unpaid claims and claims expenses developed initially at the booking date	**46,367**	**45,946**	**46,440**	**47,031**	**49,868**	**51,965**	**53,286**	**52,973**	**82,134**	**85,201**	**87,316**
Gross reserves for unpaid claims and claims expenses developed in 2020 adjusted for changes in exchange rates and scope of consolidation	**44,282**	**44,748**	**45,399**	**46,501**	**47,824**	**48,897**	**50,333**	**51,001**	**77,783**	**81,185**	**87,316**
Cumulative payments at:											
One year later	8,953	9,183	9,361	9,422	10,111	9,621	10,755	10,960	18,402	17,130	-
Two years later	13,016	12,841	13,315	13,727	13,388	14,871	15,157	14,435	25,499	-	-
Three years later	15,330	15,911	16,284	15,299	16,682	17,190	17,776	16,845	-	-	-
Four years later	18,012	18,331	17,000	18,077	18,802	19,894	19,317	-	-	-	-
Five years later	19,775	18,328	19,505	19,631	20,447	20,790	-	-	-	-	-
Six years later	19,305	20,610	20,917	21,362	21,303	-	-	-	-	-	-
Seven years later	21,208	21,812	22,314	21,790	-	-	-	-	-	-	-
Eight years later	22,527	23,069	22,632	-	-	-	-	-	-	-	-
Nine years later	23,673	23,166	-	-	-	-	-	-	-	-	-
Ten years later	23,774	-	-	-	-	-	-	-	-	-	-
Reserve re-estimated at:											
One year later	44,518	44,971	45,394	47,707	49,716	51,097	50,821	51,695	82,665	80,380	-
Two years later	42,904	43,412	44,479	46,051	46,359	46,773	45,736	47,113	74,864	-	-
Three years later	41,782	42,449	43,953	44,106	43,899	43,516	44,269	45,086	-	-	-
Four years later	40,769	42,013	41,813	41,841	41,152	42,404	43,836	-	-	-	-
Five years later	40,674	40,122	40,308	39,049	40,275	42,258	-	-	-	-	-
Six years later	38,907	38,424	37,385	37,744	40,047	-	-	-	-	-	-
Seven years later	37,136	35,974	36,125	38,354	-	-	-	-	-	-	-
Eight years later	34,917	34,706	36,870	-	-	-	-	-	-	-	-
Nine years later	33,497	35,594	-	-	-	-	-	-	-	-	-
Ten years later	34,792	-	-	-	-	-	-	-	-	-	-
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves: [(a)]											
Amount	9,490	9,154	8,530	8,147	7,777	6,639	6,497	5,915	2,919	805	
Percentages	21.4%	20.5%	18.8%	17.5%	16.3%	13.6%	12.9%	11.6%	3.8%	1.0%	

(a) 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.

Gross and net of reinsurance loss reserve development table: AXA XL

	2018	2019	2020	2018	2019	2020
(in Euro million)	Gross	Gross	Gross	Net	Net	Net
Reserves for unpaid claims and claims expenses developed initially at the booking date	**34,527**	**36,136**	**39,642**	**25,613**	**26,025**	**27,244**
Reserves for unpaid claims and claims expenses developed in 2020 adjusted for changes in exchange rates and scope of consolidation	**33,168**	**34,102**	**39,642**	**24,234**	**24,292**	**27,244**
Cumulative payments at:						
One year later	9,288	8,129	-	6,686	5,873	-
Two years later	13,948	-	-	9,683	-	-
Reserve re-estimated at:						
One year later	35,933	34,897	-	25,875	24,477	-
Two years later	34,210	-	-	24,285	-	-
Cumulative redundancy (deficiency) from the initial gross reserves in excess of re-estimated gross reserves: (a)						
Amount	(1,041)	(795)		(52)	(185)	
Percentages	(3.1%)	(2.3%)		(0.2%)	(0.8%)	

(a) 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.

Reconciliation between developed reserves and recognized claim reserves

The table below gives a reconciliation between developed reserves and total recognized claims reserves for the claims reserves and other reserves arising from insurance contracts as disclosed in Note 14.2:

	December 31, 2020	December 31, 2019
(in Euro million)	Carrying value	Carrying value
Gross claims and other reserves developed		
Property & Casualty (a)	87,316	85,201
of which future policy benefit annuity reserves	*5,603*	*4,943*
of which construction reserves (PSNEM)	*1,602*	*1,858*
Total gross claims and other reserves developed	**87,316**	**85,201**
Other reserves non developed (b)	**2,720**	**2,021**
TOTAL GROSS CLAIM RESERVES AND OTHER RESERVES FOR PROPERTY & CASUALTY	**90,037**	**87,222**

(a) Total gross claims and other reserves developed are presented on the basis of the loss reserves development table.
(b) Includes reserves inward reinsurance (€1,209 million in 2020, €1,043 million in 2019).

14.8 LIABILITIES AND ASSETS ARISING FROM POLICYHOLDER PARTICIPATION AND OTHER OBLIGATIONS

The following table shows liabilities and assets arising from policyholder participation and other obligations as of December 31, 2020:

(in Euro million)	December 31, 2020	December 31, 2019
Policyholder participation reserves	9,731	9,637
Policyholder deferred participation liabilities and other obligations	50,262	43,128
TOTAL LIABILITIES ARISING FROM POLICYHOLDER PARTICIPATION AND OTHER OBLIGATIONS	**59,993**	**52,766**
TOTAL ASSETS ARISING FROM POLICYHOLDER PARTICIPATION	**-**	**-**

The deferred policyholder participation and other obligations liabilities and deferred policyholder 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 France and Germany.

14.9 PAYMENT, SURRENDER PROJECTIONS, INSURANCE AND INVESTMENT CONTRACT LIABILITIES DISCOUNT RATES

In the tables presented in Note 14.9.1 and 14.9.2, liabilities arising from Life & Savings and Property & Casualty insurance contracts 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.

14.9.1 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). 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 businesses, which are consistent with past experience. They are gross of reinsurance. Given the strong use of estimates, it is likely that actual payments will differ.

(in Euro million)	2020				2019 restated [(a)]			
	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	**39,913**	**84,800**	**442,039**	**566,752**	**38,199**	**82,014**	**459,038**	**579,252**
of which Life & Savings liabilities relating to contracts including a surrender option with some surrender benefit before maturity	*11,710*	*45,818*	*288,631*	*346,160*	*13,727*	*48,243*	*295,810*	*357,780*

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

14.9.2 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 at December 31, 2020: 84% of Life & Savings reserves (excluding Unit-Linked contracts) were discounted, of which 13% were subject to a revision of the discount rate and 71% 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 undiscounted, 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 restatements at closing and mainly consist of reserves for guarantees (Guaranteed Minimum Death Benefits, etc.).

In Property & Casualty business, most reserves (94% as of December 31, 2020) are not discounted, with the exception of disability annuities and workers' 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.

Discount rates are qualified as locked-in when those used in the first recognition of the technical liabilities remain unchanged in the subsequent years and are qualified as unlocked when updated in subsequent years.

(in Euro million, except percentages)	December 31, 2020		December 31, 2019 restated [(a)]	
	Carrying value	Average discount rate	Carrying value	Average discount rate
Life & Savings - Locked-in discount rate [(b)]	218,960	1.78%	221,065	1.93%
Life & Savings - Unlocked discount rate	38,170	2.28%	36,264	2.48%
Life & Savings - Undiscounted reserves	50,405	-	48,977	-
Sub-total Life & Savings	**307,535**	**-**	**306,305**	**-**
Non Life - Locked-in discount rate [(b)]	4,631	2.85%	4,614	3.15%
Non Life - Unlocked discount rate	2,225	2.49%	2,095	2.77%
Non Life - Undiscounted reserves	103,321	-	102,091	-
Sub-total – Non Life	**110,177**	**-**	**108,800**	**-**
TOTAL INSURANCE AND INVESTMENT CONTRACTS	**417,712**	**-**	**415,105**	**-**

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.
(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Subject to liability adequacy tests.

This following table shows the reconciliation of previous table with the Consolidated Statements of financial position (Section 6.1).

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Liabilities arising from insurance contracts (as per Note 14.2)	381,166	379,002
Liabilities arising from investment contracts with discretionary participating features (as per Note 14.3)	36,480	36,036
Liabilities arising from investment contracts with no discretionary participating features (as per Note 14.3)	66	67
TOTAL	**417,712**	**415,105**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

In accordance with IFRS 7, the Group discloses, in Note 4 of its Consolidated Financial Statements, quantitative sensitivities of the Group "EOF" (as defined in the Section 5.3 "Market risks") to interest risk and equity price risk.

The estimated impact of the unlocking of discount rates relating to Life & Savings reserves was €276 million reserve increase in 2020 (compared to €274 million reserve increase in 2019) gross of policyholders' participation, tax impacts and other shadow accounting impacts and was included in the income statement of the period.

14.9.3 Major business areas

The tables in Note 21 set out the Group's major insurance business areas and reflect the Group's high degree of diversification.

14.10 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 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. As of December 2020, the AXA Group exposure to these liabilities was residual as a consequence of the loss of control on Equitable Holdings, Inc in 2019.

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 behavior 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 behavior 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' behavior 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, 2020 Carrying value	December 31, 2020 Fair value	December 31, 2019 Carrying value	December 31, 2019 Fair value
Banking liabilities issued at fair value - Retail customers	690	690	772	772
Retail customers deposits	4,119	4,119	4,298	4,303
Corporate customers deposits	6,555	6,555	7,000	7,026
Interbanking refinancing	2,110	2,110	1,869	1,870
Refinancing with central banks	1,887	1,887	774	774
Macro-hedge derivatives and other derivatives relating to liabilities arising from banking activities	(76)	(76)	(64)	(64)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**15,284**	**15,284**	**14,649**	**14,680**

The fair value option (*i.e.* fair value through profit or loss) is used to measured certain banking liabilities. As of December 31, 2020, the carrying value and fair value amount and the related contractual amount due at maturity for such liabilities were €690 million and €644 million respectively (€772 million and €715 million as of December 31, 2019), 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 (€690 million as of December 31, 2020): values are based upon market prices that are available in active markets and are considered as level 1 fair values;
- retail customers deposits (€4,119 million as of December 31, 2020) and Corporate customers deposits (€6,555 million as of December 31, 2020) 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;
- interbanking refinancing (€2,110 million as of December 31, 2020):
  - €2,001 million as of December 31, 2020 (€1,500 million as of December 31, 2019): values are based upon market prices that are available in active markets and are considered as level 1 fair values,
  - €109 million as of December 31, 2020 (€369 million as of December 31, 2019): mainly based on non-observable market data inputs and are considered to be level 3 fair values;
- refinancing with central banks: €1,887 million as of December 31, 2020 (€774 million as of December 31, 2019): values are based on observable market data inputs. As such, the fair values of these liabilities were considered as level 2 instruments. The increase is related to the third iteration of target long-term refinancing operations as provided by the European Central Bank (TLTRO III).

15.2 BREAKDOWN BY MATURITY

The table below sets out the contractual maturities of liabilities arising from banking activities. These contractual maturities are mostly classified under the category "12 months or less". Consequently, the difference between maturities based on contractual cash flows in comparison with the carrying values is not significant.

	December 31, 2020				December 31, 2019			
	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 carrying value
Banking liabilities issued at fair value - Retail customers	-	209	481	690	-	237	535	772
Retail customers deposits	4,099	18	1	4,119	4,198	95	6	4,298
Corporate customers deposits	6,229	326	-	6,555	5,372	1,429	199	7,000
Interbanking refinancing	344	774	992	2,110	57	87	1,726	1,869
Refinancing with central banks	-	1,887	-	1,887	54	720	-	774
Macro-hedge derivatives and other derivatives related to liabilities arising from banking activities	-	(5)	(70)	(76)	-	(12)	(53)	(64)
TOTAL LIABILITIES ARISING FROM BANKING ACTIVITIES	**10,672**	**3,209**	**1,404**	**15,284**	**9,680**	**2,556**	**2,413**	**14,649**

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, 2020	December 31, 2019 restated [(a)]
Employee benefits	8,450	8,409
Share-based compensation	81	102
Sub-total employee benetifs and share-based compensation	**8,531**	**8,511**
Restructuring provisions	122	108
Lawsuits contingency provisions	107	143
Other provisions for risks and charges	794	981
Sub-total others	**1,023**	**1,232**
TOTAL PROVISIONS FOR RISKS AND CHARGES	**9,554**	**9,742**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

Provisions relating to employee benefits and share-based compensations are commented in Note 26 “Employees”.

As of December 31, 2020, the “Other provisions for risks and charges” amounted to €794 million, mainly driven by Switzerland (€176 million), France (€151 million), AXA SA (€113 million), and Germany (€102 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)	2020	2019 restated [(a)]
Carrying value as of January 1	**1,232**	**2,529**
Financial cost related to unwind	0	0
Impact of change in scope of consolidation and other changes [(b)]	(14)	(1,152)
Increase in provisions	393	508
Write back after use	(155)	(154)
Write back after final cost review	(409)	(534)
Impact of foreign exchange fluctuations	(24)	34
Carrying value as of December 31	**1,023**	**1,232**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) As of January 1, 2019, Uncertain Tax Positions that amounted to €862 million were reclassified from “Other provisions for risks and charges” to “Payables-current tax” and “Deferred tax assets”.

Note 17 Financing debt

17.1 FINANCING DEBT BY ISSUANCE

(in Euro million)	December 31, 2020 Carrying value	December 31, 2019 Carrying value
AXA	**7,854**	**9,794**
Subordinated notes, 5.25% due 2040 (in €)	-	1,300
Subordinated notes, 5.125% due 2043 (in €)	1,000	1,000
US registered redeemable subordinated debt, 8.60% 2030 (in US$)	1,219	1,183
US registered redeemable subordinated debt, 7.125% 2020 (in £)	-	382
Subordinated debt, 5.625% due 2054 (in £)	834	882
Subordinated debt, 3.375% due 2047 (in €)	1,500	1,500
Undated Subordinated notes, US$ 850M, 4.5%	693	757
Subordinated notes, 5.125% due 2047 (US$)	815	890
Subordinated notes, 3.25% due 2049 (in €)	2,000	2,000
Derivatives relating to subordinated debts [(a)]	(207)	(99)
AXA XL	**1,327**	**1,400**
Subordinated notes, 4.45% due March 2025 (in US$)	408	445
Subordinated notes, 5.5% due March 2045 (in US$)	417	455
Subordinated notes, 3.25% due June 2047 (in €)	502	500
AXA Italy	**67**	**67**
Subordinated notes, EURIBOR 6 months + 81bps	67	67
Other subordinated debt (under €100 million)	**31**	**33**
Subordinated debt	**9,279**	**11,294**
AXA	**1,203**	**1,268**
Bonds mandatorily exchangeable into shares of Equitable Holdings, Inc.	703	768
Euro Medium Term Note, due 2028	500	500
AXA XL	**264**	**289**
Senior Notes, 5.25% due December 2043 (US$)	264	289
AXA Switzerland	**-**	**146**
Deferred payment for the acquisition of Tianping, due 2020 (in CNY)	-	146
Other financing debt instruments issued (under €100 million)	**102**	**104**
Financing debt instruments issued	**1,569**	**1,806**
TOTAL FINANCING DEBT [(b)]	**10,848**	**13,101**

(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 249 of the “Interest rates & Equity risk related to the operating activities of Group subsidiaries” Section 5.3 “Market risks”.

The table below sets out the reconciliation of financing debt and undated subordinated debt with the statement of cash flows (excluding the impact of derivatives):

(in Euro million)	January 1, 2020	New debt issued	Repayments [(a)]	Currency translation adjustment	Others	December 31, 2020
Subordinated debt	11,393	-	(1,669)	(249)	11	9,486
Financing debt	1,806	-	(147)	(91)	-	1,569
Undated subordinated debt	6,708	-	-	(224)	-	6,484
TOTAL	**19,908**	**-**	**(1,816)**	**(565)**	**11**	**17,539**

(a) Mainly driven by repayment of subordinated notes due 2040 for €1,300 million, redemption upon maturity of a subordinated debt in Pound Sterling for €358 million and repayment of financing debt related to the acquisition of Tianping for €144 million.

(in Euro million)	January 1, 2019	New debt issued [(a)]	Repayments [(b)]	Currency translation adjustment	Others [(c)]	December 31, 2019
Subordinated debt	11,200	-	(25)	237	(18)	11,393
Financing debt	5,096	145	(503)	97	(3,029)	1,806
Preferred shares	1,025	-	(1,086)	61	-	-
Undated subordinated debt	6,849	-	(253)	113	-	6,708
TOTAL	**24,169**	**145**	**(1,868)**	**508**	**(3,047)**	**19,908**

(a) Debt related to the acquisition of Tianping amounted to €145 million.

(b) Mainly driven by AXA XL preferred shares for €1,086 million, AXA XL senior debt for €330 million, AXA SA undated subordinated debt for €253 million and UK senior debt for €172 million.

(c) Mainly related to Equitable Holdings, Inc. deconsolidation for €3,659 million partly offset by Mandatory Exchangeable Bonds reclassified from non-controlling interests for €614 million.

17.2 FAIR VALUE MEASUREMENT OF FINANCING DEBT

	December 31, 2020		December 31, 2019	
(in Euro million)	Carrying value	Fair value	Carrying value	Fair value
Subordinated debt at cost	9,486	11,482	11,393	13,243
Derivatives on subordinated debt [(a)]	(207)	(207)	(99)	(99)
Subordinated debt	**9,279**	**11,274**	**11,294**	**13,144**
Financing debt instruments issued at cost	1,569	1,789	1,806	2,011
Financing debt instruments issued	**1,569**	**1,789**	**1,806**	**2,011**
FINANCING DEBT	**10,848**	**13,063**	**13,101**	**15,155**

(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,

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(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 financing debt as of December 31, 2020, excluding accrued interests, was €13,063 million, including related hedging derivative instruments. The fair value decreased by €2,092 million compared to December 31, 2019, mainly due to the repayments of subordinated debt at AXA SA for €1,775 million and the payment of the financing debt related to Tianping acquisition for €146 million.

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.

17.3 EXPOSURE TO INTEREST RATE RISK AND CONTRACTUAL MATURITIES

The table below sets out the maturities based on contractual cash flows 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.

	Contractual cash flows 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	Total contractual cash flows
2020	1,133	2,200	17,308	20,641
2019	1,105	3,377	20,655	25,137

Note 18 Payables

18.1 BREAKDOWN OF PAYABLES

	December 31, 2020	December 31, 2019 restated [(a)]
(in Euro million)	Carrying value	Carrying value
Minority interests of consolidated investment funds	**9,221**	**8,596**
Other debt instruments issued, notes and bank overdrafts	**12,868**	**6,249**
Debts relating to investments under total return swap agreement ("TRS")	8,435	3,616
Other debt instruments issued, notes and bank overdrafts excluding TRS [(b)]	4,433	2,633
Payables arising from direct insurance and inward reinsurance operations	**10,893**	**10,709**
Deposits and guarantees	1,123	1,446
Current accounts payables to other insurance companies	920	628
Payables to policyholders, brokers and general agents	8,850	8,634
Payables arising from direct outward reinsurance operations	**13,156**	**11,591**
Deposits and guarantees	2,327	1,778
Current accounts payable to other companies	10,793	9,812
Other payables arising from direct outward reinsurance operations	36	1
Payable – current tax position	**1,088**	**1,166**
Collateral debts relating to investments under lending agreements and equivalent [(c)]	**37,878**	**37,920**
Other payables	**12,692**	**13,145**
TOTAL PAYABLES	**97,796**	**89,377**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Other activities than banking operations.
(c) Excludes collateral debts relating to investments under lending agreements and equivalent in banking activities (see Note 15).

The "Minority interests of 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 depends on the changes in the Group's ownership as well as the changes in fair value of these funds.

Minority interests in funds under this caption amounted to €9,221 million as of December 31, 2020, an increase of €625 million compared to December 31, 2019, mainly from France.

The debts relating to investments under total return swap agreement amounted to €8,435 million as of December 31, 2020, an increase of €4,819 million compared to December 31, 2019, mainly from Hong Kong.

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:

	December 31, 2020	December 31, 2019
(in Euro million)	Carrying value	Carrying value
AXA SA	**796**	**-**
Commercial paper	796	-
Other	**101**	**93**
OTHER DEBT INSTRUMENTS ISSUED (OTHER THAN FINANCING DEBT)	**897**	**93**
AXA Life Insurance Japan	**149**	**154**
Collateralized debt – JPY Libor 3M + 4bps annual interest – maturity March 27, 2021	149	154
Real estate investment funds	**2,605**	**1,663**
Other	**62**	**45**
Other debt (other than financing debt) – owed to credit institutions	**2,816**	**1,862**
Bank overdrafts	**720**	**679**
OTHER DEBT INSTRUMENTS ISSUED, NOTES AND BANK OVERDRAFTS EXCLUDING TRS	**4,433**	**2,633**

As of December 31, 2020, other debt instruments issued and bank overdrafts excluding total return swap agreement amounted to €4,433 million, an increase of €1,800 million compared to December 31, 2019.

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 €4,433 million as of December 31, 2020. 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.

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18.4 PAYABLES ARISING FROM DIRECT INSURANCE, INWARD REINSURANCE OPERATIONS AND DIRECT OUTWARD REINSURANCE OPERATIONS

As of December 31, 2020, payables arising from direct insurance and inward reinsurance operations as disclosed in the Note 18.1, amounted to €10,893 million, an increase of €184 million compared to December 31, 2019. The increase is mainly related to Payables – policyholder, brokers and general agents in France and Germany, and Deposits and guarantees relating to insurance operations – credit at AXA XL.

As of December 31, 2020, payables arising from direct outward reinsurance operations amounted to €13,156 million, an increase of €1,565 million compared to December 31, 2019, mainly related to France on Current accounts payable to other companies, and Germany on Deposits and guarantees.

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). These maturities are mostly "12 months or less", therefore the difference between maturities based on contractual cash flows or maturities based on carrying values is not significant. Effective maturities may differ from those presented, mainly because some instruments include clauses allowing early redemption, with or without penalty.

	December 31, 2020			
	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 agreement ("TRS")	2,599	5,110	726	8,435
Other debt instruments issued, notes and bank overdrafts excluding TRS - Carrying value	1,610	282	2,542	4,433
Collateral debts relating to investments under a lending agreement or equivalent	30,923	4,588	2,367	37,878

	December 31, 2019			
	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 agreement ("TRS")	347	2,490	780	3,616
Other debt instruments issued, notes and bank overdrafts excluding TRS - Carrying value	697	270	1,666	2,633
Collateral debts relating to investments under a lending agreement or equivalent	28,233	7,594	2,093	37,920

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, 2020	December 31, 2019
Current income tax	1,430	1,375
Deferred income tax	110	43
Total income tax from continued operations	**1,541**	**1,419**
Total income tax from discontinued operations	**-**	**(6)**
TOTAL INCOME TAX	**1,541**	**1,412**

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, 2020	December 31, 2019
Income from operating activities, gross of tax expenses (excluding result from investments consolidated using equity method)	4,472	5,120
Notional tax rate	32.02%	34.43%
Notional tax charge	**1,432**	**1,763**
Impact of rates difference on notional tax charges	176	(487)
Impact of change in tax rates	(5)	(74)
Impact of differences in tax rate and impact of taxes not linked to pre-tax income	28	7
Impact of differences in tax rates and tax bases	**199**	**(555)**
Tax losses of prior years used in the current year without DTA recognized previously	(57)	(24)
Deferred tax assets recognized on tax losses of prior years	(7)	(65)
Deferred tax assets not recognized on tax losses of the year	74	76
Derecognition of deferred tax assets on tax losses of prior years	17	21
Tax losses impact	**27**	**9**
Impact of permanent differences	**(161)**	**277**
Adjustments of tax relating to prior years	(17)	(45)
Derecognition/Recognition of DTA on temporary differences of prior years (other than tax losses)	1	(36)
Other	61	5
Impact of adjustments, decrease in value and other items	**44**	**(76)**
EFFECTIVE TAX CHARGE	**1,541**	**1,419**
EFFECTIVE TAX RATE *(%)*	**34.45%**	**27.70%**

Effective tax rate stood at 34.45% in 2020 *versus* 27.70% in 2019. The change relates to:

- **impact of rate differences on notional tax charges** (€+663 million) corresponding to the difference between the blended tax (expected tax calculated at each entity level with the applicable standard rate) and the tax calculated using the 32.02% French tax rate applicable to the Company. This tax rate is composed of a basic tax rate (31.00%) and a social contribution (1.02%).The blended standard rate was 35.96% in 2020 and 24.91% in 2019. The increase of the blended tax rate is mainly due to an unfavorable geographical mix in AXA XL;
- **impact of permanent differences** (€-438 million) mainly representing the impact in some countries of non-taxable dividends and realized capital gains on equity instruments, partly compensated by non-deductible impairment on financial assets and realized capital losses on equity instruments. In 2019, the impact was mainly driven by the losses following the deconsolidation of Equitable Holdings, Inc. and the negative impact of the AXA Bank Belgium reclassification in held for sale. These impacts are not recurring in 2020.

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 purposes as required by IAS 12. Net deferred tax balances are broken down as follows:

	December 31, 2020			December 31, 2019 restated [(a)]		
(in Euro million)	Deferred tax assets	Deferred tax liabilities	Net deferred tax position	Deferred tax assets	Deferred tax liabilities	Net deferred tax position
Value of Business In-force	1	233	(232)	0	275	(274)
Deferred Acquisition Costs	104	1,343	(1,239)	118	1,340	(1,222)
Other intangible assets (including Goodwill)	63	677	(615)	67	662	(595)
Real estate	348	351	(3)	297	268	29
Financial assets	1,498	17,545	(16,047)	1,618	16,264	(14,645)
Technical reserves	12,530	2,915	9,615	11,976	2,988	8,988
Provision for risks and charges	224	120	103	238	167	71
Pensions and other employees benefits	1,655	151	1,504	1,511	94	1,417
Tax losses carried forward	530	0	530	810	0	810
Other	395	96	299	498	258	239
TOTAL DEFERRED TAX BY NATURE	**17,345**	**23,432**	**(6,086)**	**17,134**	**22,316**	**(5,183)**
of which deferred tax through Profit and Loss	*7,129*	*7,196*	*(67)*	*8,035*	*8,088*	*(52)*
of which deferred tax through reserves relating to the change in fair value of financial instruments available for sale and financial liabilities measured at fair value through profit and loss that are attributable to changes in own credit risk	*9,160*	*15,852*	*(6,692)*	*8,150*	*14,320*	*(6,171)*
of which deferred tax through other equity reserves	*1,056*	*384*	*673*	*949*	*(91)*	*1,040*

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

As of December 31, 2020, the €17,345 million DTA were mainly related to the French tax Group (€7,029 million), Germany (€4,218 million), Switzerland (€1,577 million), Belgium (€1,183 million), Italy (€753 million), Japan (€593 million) and Spain (€314 million).

The balance sheet reconciliation concerning deferred tax position is detailed as follows:

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Deferred tax assets	333	654
Deferred tax liabilities	6,470	5,863
Net deferred tax position including Uncertain tax positions	**(6,137)**	**(5,209)**
Deferred tax – Uncertain Tax Positions	(51)	(27)
Net deferred tax position excluding Uncertain tax positions	**(6,086)**	**(5,183)**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

The change from net liability position €-5,183 million in 2019 to €-6,086 million in 2020 mainly came from the increase in unrealized capital gains on fixed-income assets.

	2020	2019 restated [(a)]
(in Euro million)	Net deferred tax	Net deferred tax
January 1	**(5,183)**	**(3,717)**
Movements through profit or loss	(130)	(41)
Movements through shareholders' equity [(b)]	(801)	(1,762)
Forex impact	32	(66)
Change in scope and other variations [(c)]	(5)	403
December 31	**(6,086)**	**(5,183)**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

(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.

(c) In 2019, the movement was mainly related to the déconsolidation of Equitable Holdings, Inc. in the United States.

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Recognized deferred tax assets (DTA) on tax loss carried forward by maturity and expiration date

The tables below are broken down by (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 €17,345 million DTA included €530 million of DTA on tax losses carried forward as of December 31, 2020, of which €163 million for the French Tax Group.

	2020									
(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 recognized on tax losses carried forward	**189**	**173**	**59**	**32**	**12**	**10**	**53**	**2**	**-**	**530**
Corresponding carry forward losses	772	706	296	143	58	40	248	7	2	2,270
	Latest date of possible use									
DTA recognized on tax losses carried forward	**0**	**1**	**9**	**7**	**16**	**1**	**35**	**19**	**442**	**530**
Corresponding carry forward losses	1	7	71	33	65	1	166	32	1,894	2,270

As of December 31, 2019, €17,134 million DTA included €810 million DTA on tax losses carried forward of which €410 million for the French Tax Group.

	2019 restated [(a)]									
(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 matu-rity date	Total
	Expected date of use									
DTA recognized on tax losses carried forward	**298**	**220**	**168**	**23**	**22**	**18**	**39**	**23**	**-**	**810**
Corresponding carry forward losses	1,086	896	721	95	87	72	207	115	10	3,290
	Latest date of possible use									
DTA recognized on tax losses carried forward	**11**	**14**	**1**	**1**	**6**	**5**	**5**	**84**	**683**	**810**
Corresponding carry forward losses	51	70	6	7	24	22	23	396	2,691	3,290

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

Unrecognized Deferred Tax Assets (DTA)

The amount of potential DTA, which has not been recorded in the accounts as of December 31, 2020 as considered unrecoverable, amounted to €580 million (€635 million in 2019) of which:

- €444 million concerned unrecognized DTA on €2,067 million tax losses carried forward (€505 million DTA on €2,392 million tax losses carried forward in 2019). The major part of these losses occurred in countries where losses can be carried forward without time limit (€1,645 million in 2020 and €1,890 million in 2019);
- €136 million related to unrecognized deferred tax assets on other timing differences (€130 million in 2019).

19.3 CURRENT TAX

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Receivables – Current tax	845	954
Payables – Current tax	1,088	1,166
Net current tax position including Uncertain Tax Positions	**(243)**	**(212)**
Current tax – Uncertain Tax Positions	(354)	(358)
Net current tax position excluding Uncertain Tax Positions	**111**	**146**
Group tax receivables and payables	12	(36)
Current tax position including Group tax receivables and payables	**123**	**110**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

The rollforward of current tax position (excluding Uncertain Tax Positions) is broken down as follows:

(in Euro million)	2020	2019 restated [(a)]
January 1	**110**	**433**
Cash payment in the period	1,364	993
Movements through profit or loss	(1,402)	(1,519)
Movements through shareholders' equity [(b)]	25	257
Forex impact	1	(3)
Change in scope and other variations	25	(51)
December 31	**123**	**110**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) The movements through shareholders' equity mainly concern the tax impact related to subordinated loans.

The table above includes current payables net of current receivables towards the tax administrations. It also includes some receivables and payables with non-consolidated entities members of a tax group which are classified in "other receivables" and "other payables".

19.4 UNCERTAIN TAX POSITIONS

The Uncertain Tax Positions were split as follows:

(in Euro million)	December 31, 2020	December 31, 2019
Uncertain Tax Positions – Current income tax	354	358
Uncertain Tax Positions – Deferred income tax	51	27
UNCERTAIN TAX POSITIONS – TOTAL INCOME TAX	**404**	**385**

As of December 31, 2020, the Uncertain Tax Positions were mainly driven by Germany (€105 million), AXA XL (€93 million) and the French tax Group (€87 million).

Uncertain tax treatments are determined separately at entity level. For these positions considered as probably not accepted by tax authorities, the assessment of the uncertainty is determined based on the most likely amount in a range of possible outcomes.

Note 20 Derivative instruments

This Note covers all types of derivatives including 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, but excluding derivative instruments that meet the definition of shareholders' equity instruments (see Note 13 for details).

20.1 DERIVATIVE INSTRUMENTS: MATURITIES, NOTIONAL VALUES AND FAIR VALUES

(in Euro million)	Maturity of notional amount as of December 31, 2020 (a)			Notional amount		Positive fair value		Negative fair value		Net fair value	
	< 1 year	1 to 5 years	> 5 years	December 31, 2020	December 31, 2019 restated (b)	December 31, 2020	December 31, 2019 restated (b)	December 31, 2020	December 31, 2019 restated (b)	December 31, 2020	December 31, 2019 restated (b)
Interest rates derivatives	39,815	52,795	97,114	189,724	243,977	9,253	8,564	7,178	7,265	2,075	1,299
Equity derivatives	6,962	4,687	399	12,048	19,424	486	300	385	86	101	214
Currencies derivatives	96,748	9,883	13,239	119,870	158,079	3,415	2,787	2,247	4,609	1,169	(1,822)
Credit derivatives	5,198	9,509	1,063	15,771	18,140	162	210	59	113	103	97
Other derivatives	2,385	4,547	7,516	14,448	13,701	309	297	1,021	728	(711)	(430)
TOTAL	**151,108**	**81,422**	**119,332**	**351,861**	**453,322**	**13,626**	**12,158**	**10,889**	**12,800**	**2,736**	**(642)**

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.
(b) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

The main reasons for the evolution in the use of derivatives (mostly interest rates, currencies and equity derivatives) are detailed in Note 20.2.

20.2 DERIVATIVE INSTRUMENTS BY IAS 39 TYPE OF HEDGE

Derivative instruments are broken down as follows:

(in Euro million)	December 31, 2020									
	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	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	44,502	(1,632)	21,365	1,646	-	-	123,857	2,061	189,724	2,075
Equity derivatives	891	25	-	-	-	-	11,158	75	12,048	101
Currencies derivatives	3,803	(1)	11,588	125	7,986	98	96,493	947	119,870	1,169
Credit derivatives	4	(0)	-	-	-	-	15,767	103	15,771	103
Other derivatives	287	(21)	6,708	(292)	-	-	7,453	(398)	14,448	(711)
TOTAL	**49,486**	**(1,629)**	**39,662**	**1,479**	**7,986**	**98**	**254,728**	**2,788**	**351,861**	**2,736**

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.

	December 31, 2019 restated [a]									
	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 [b]	Fair value	Notional amount [b]	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Interest rates derivatives	38,291	(679)	15,789	416	-	-	189,896	1,562	243,977	1,299
Equity derivatives	1,004	53	-	-	-	-	18,421	162	19,424	214
Currencies derivatives	3,388	19	8,898	(458)	5,998	(30)	139,795	(1,353)	158,079	(1,822)
Credit derivatives	24	(0)	-	-	-	-	18,116	97	18,140	97
Other derivatives	287	(25)	6,133	(38)	-	-	7,281	(367)	13,701	(430)
TOTAL	**42,994**	**(632)**	**30,820**	**(80)**	**5,998**	**(30)**	**373,508**	**101**	**453,322**	**(642)**

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) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

(b) Notional amounts impacted by the IBOR reform: as mentioned in Note 1.2, the IAS 39 amendment ensures prospective assessments and highly probable requirements are maintained in the context of the transition to the new benchmark rates.

As of December 31, 2020, the notional amount of all derivative instruments totalled €351.9 billion (€453.3 billion at the end of 2019). Their net fair value amounted to €2,736 million as of December 31, 2020 (€-642 million at the end of 2019), comprised of the fair value of derivatives on invested assets (€1,356 million and €-2,425 million at the end of 2019 - see Note 20.3) and the fair value of derivatives on liabilities (€-1,380 million and €-1,784 million at the end of 2019 - see Note 20.4).

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 €338.9 billion as of December 31, 2020 (€430.6 billion at the end of 2019) and were mainly used to:

- manage interest rate exposures on fixed maturity investments, long-term debt and guaranteed interest rates on insurance contracts;
- reduce foreign-currency exposures on foreign-currency denominated investments and liabilities;
- manage 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;
- limit equity risk;
- limit credit risk about 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 €1.4 billion as of December 31, 2020 (€2.6 billion at the end of 2019). This net total includes amounts recognized in the Consolidated Statement of Financial Position and unrecognized commitments received or given disclosed in Note 29.

AXA is increasing or decreasing its 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 233 of Section 5.2 “Internal control and Risk Management”.

In 2020, the use of derivatives within the Group decreased overall by €101 billion in terms of notional amount for the main following reasons (see also details in Note 20.2.1.):

- the notional amount of interest rates derivatives decreased by €54.2 billion mainly in the Company;
- the notional amount of equity derivatives decreased by €7.4 billion notably in the Company;
- the notional amount of currency derivatives decreased by €38.2 billion mainly in Switzerland due to change in the exposures and the maturity of some positions and in the Company;
- the notional amount of credit derivatives decreased by €2.4 billion mainly in Japan.

It was partly offset:

- the notional amount of other derivatives increased by 0.7 billion notably in Germany.

In the tables above, the column “Macro-hedges and other derivative instruments” 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, 2020, 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 €97.1 billion *versus* €79.8 billion at the end of 2019. The net fair value recorded was €-52 million as of December 31, 2020, *versus* €-742 million at the end of 2019.

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, 2020, the notional amount of interest rate derivative instruments totalled €189.7 billion (€243.9 billion at the end of 2019). Their net fair value as of December 31, 2020 amounted to €2,075 million (€1,299 million at the end of 2019). AXA mainly uses (i) interest rate swaps (67% of total notional amount of interest rate derivative instruments), (ii) interest rate options (17%), and (iii) futures and forwards (13%).

These instruments are mainly used to:

- manage duration gap and/or hedge convexity risk between assets and liabilities on the General Account as a part of Asset Liability Management strategies mainly in France for €71.7 billion (*versus* €64.9 billion at the end of 2019), Japan for €16.4 billion at the end of 2020 (*versus* €17.9 billion at the end of 2019) and Germany for €15.0 billion at the end of 2020 (*versus* €15.3 billion at the end of 2019);
- minimize the cost of Group debt and limit volatility of financial charges, mainly in the Company, with a notional amount of €13.4 billion at the end of 2020 (*versus* €37.7 billion at the end of 2019), mainly due to the efforts pursued to simplify and reduce the volume of derivatives;
- 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 a notional amount of €35.2 billion at the end of 2020 (€41.2 billion at the end of 2019) mainly at AXA Life Europe.

20.2.2 Equity derivative instruments

As of December 31, 2020, the notional amount of equity derivative instruments amounted to €12.0 billion (€19.4 billion at the end of 2019). Their net fair value amounted to €101 million as of December 31, 2020 (€214 million at the end of 2019). AXA mainly uses (i) equity option contracts (49% of total notional amount of equity derivative instruments), (ii) equity futures and forwards (28%), and (iii) equity swaps (22%).

These instruments are mainly used to:

- hedge the exposure to equity risk, mainly in the Company for €0.8 billion in 2020 (€6.1 billion in 2019) to support Group Solvency;
- hedge equity risk as part of the Asset Liability Management strategy associated with the guaranteed minimum benefits on Variable Annuity products, which amounted to €0.3 billion at the end of 2020 (€0.7 billion at the end of 2019);
- hedge the exposure to equity risk within the General Account assets, protecting policyholders’ investments and their guaranteed liability over time, mainly in Switzerland (notional amount of €3.4 billion in 2020 compared with €4.2 billion in 2019) and France (notional amount of €1.6 billion in 2020 compared with €1.1 billion in 2019).

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, 2020, the notional amount of currency derivative amounted to €119.8 billion *versus* €158.1 billion at the end of 2019. Their market value was €1,169 million *versus* €-1,822 million at the end of 2019. AXA mainly uses (i) currency future and forward contracts (67% of total notional amount of currency derivative instruments), (ii) currency swaps (24%), and (iii) currency option contracts (9%).

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. The notional amount of derivatives used by the Company to hedge the foreign currency exposure decreased from €34.6 billion at the end of 2019 to €16.3 billion at the end of 2020, as a consequence of the efforts pursued to simplify and reduce the volume of derivatives.

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 €19.1 billion at the end of 2020 *versus* €29.4 billion at the end of 2019, and (ii) Japan using future and forward foreign currency contracts to hedge exchange-rate risk arising from its investments mainly in fixed-maturity debt instruments denominated in non JPY currencies with a total notional amount of €18.0 billion at the end of 2020 *versus* €17.2 billion at the end of 2019.

A description of exchange-rate risk related to the operating activities ouf Group subsidiaries and the Company is included in Section 5.3 "Market Risks" of this Annual Report 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 or loss and offsets most of the change in market value of associated derivative instruments, which is also recognized in profit or loss.

20.2.4 Credit derivative instruments

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, 2020, the notional amount of credit derivatives held by the Group was €15.8 billion compared to €18.1 billion at the end of 2019 (including the instruments held within investment funds of the "Satellite Investment Portfolio" (€1.4 billion); see Note 1.8.2).

Credit derivative instruments are mainly used to:

- hedge credit risk involving the purchase of CDS as a protection mainly on single corporate names or specific portfolios starting from a certain level of losses through tranches instruments (notional amount of €2.7 billion at the end of 2020 *versus* €3.9 billion at the end of 2019);
- 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 €12.9 billion at the end of 2020 *versus* €14.2 billion at the end of 2019).

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, 2020								
	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	**25,773**	**103**	**25,876**	**4,410**	**-**	**4,410**	**30,183**	**103**	**30,286**
Debt instruments	425,878	500	426,377	2,760	11	2,771	428,638	511	429,148
Equity securities	28,253	137	28,390	2,477	-	2,477	30,729	137	30,866
Non-consolidated investment funds	15,999	68	16,067	88	-	88	16,088	68	16,155
Other investments (d)	14,835	13	14,848	483	-	483	15,318	13	15,332
Macro-hedge and other derivatives	-	879	879	-	19	19	0	898	898
TOTAL FINANCIAL INVESTMENTS	**484,964**	**1,597**	**486,562**	**5,809**	**29**	**5,838**	**490,773**	**1,627**	**492,400**
Loans	**20,428**	**(31)**	**20,397**	**12,677**	**(364)**	**12,314**	**33,105**	**(394)**	**32,711**
Assets backing contracts where the financial risk is borne by policyholders	**77,781**	**21**	**77,802**	**-**	**-**	**-**	**77,781**	**21**	**77,802**
TOTAL INVESTMENTS	**608,947**	**1,690**	**610,637**	**22,896**	**(334)**	**22,562**	**631,843**	**1,356**	**633,198**

(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, 2019 restated [(a)]								
	Insurance			Other activities			Total		
(in Euro million)	Net book value excluding effect of derivatives [(b)]	Impact of derivative instruments [(c)]	Net book value including effect of derivatives [(d)]	Net book value excluding effect of derivatives [(b)]	Impact of derivative instruments [(c)]	Net book value including effect of derivatives [(d)]	Net book value excluding effect of derivatives [(b)]	Impact of derivative instruments [(c)]	Net book value including effect of derivatives [(d)]
Investment in real estate properties	**23,405**	**(104)**	**23,301**	**3,309**	**-**	**3,309**	**26,714**	**(104)**	**26,609**
Debt instruments	421,087	(2,447)	418,640	2,308	3	2,311	423,395	(2,445)	420,950
Equity securities	28,008	(14)	27,994	3,155	-	3,155	31,162	(14)	31,148
Non-consolidated investment funds	15,244	33	15,277	99	-	99	15,344	33	15,376
Other investments [(e)]	15,146	(15)	15,132	232	-	232	15,375	(12)	15,363
Macro-hedge and other derivatives	(172)	421	249	1	(111)	(110)	-	139	139
TOTAL FINANCIAL INVESTMENTS	**479,314**	**(2,023)**	**477,291**	**5,795**	**(108)**	**5,687**	**485,277**	**(2,299)**	**482,977**
Loans	**20,006**	**(40)**	**19,966**	**13,400**	**(6)**	**13,393**	**33,406**	**(46)**	**33,360**
Assets backing contracts where the financial risk is borne by policyholders	**75,773**	**1**	**75,774**	**-**	**-**	**-**	**75,747**	**25**	**75,774**
TOTAL INVESTMENTS	**598,498**	**(2,166)**	**596,332**	**22,503**	**(114)**	**22,389**	**621,143**	**(2,425)**	**618,720**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Carrying value, i.e net of impairment, discount premiums and related amortization, including accrued interest, but excluding any impact of derivatives.
(c) Including macro-hedge and other derivatives.
(d) 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.
(e) 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, 2020			December 31, 2019 restated [(a)]		
(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	381,166	(1,416)	379,750	379,002	(1,849)	377,153
Liabilities arising from insurance contracts where the financial risk is borne by policyholders	61,157	-	61,157	59,823	-	59,823
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS	**442,323**	**(1,416)**	**440,907**	**438,825**	**(1,849)**	**436,976**
TOTAL LIABILITIES ARISING FROM INVESTMENT CONTRACTS	**53,466**	**(94)**	**53,371**	**52,547**	**(101)**	**52,446**
Macro-hedge and other derivative instruments on insurance and investment contracts (liabilities)	**-**	**265**	**265**	**-**	**227**	**227**
Subordinated debt	9,486	(207)	9,279	11,393	(99)	11,294
Financing debt instruments issued	1,569	-	1,569	1,806	-	1,806
Financing debt owed to credit institutions	-	-	-	-	-	-
FINANCING DEBT [(b)]	**11,055**	**(207)**	**10,848**	**13,199**	**(99)**	**13,101**
Liabilities arising from banking activities	**15,360**	**(76)**	**15,284**	**14,713**	**(64)**	**14,649**
PAYABLES	**97,648**	**149**	**97,796**	**89,485**	**103**	**89,588**
TOTAL DERIVATIVES	**-**	**(1,380)**	**-**	**-**	**(1,784)**	**-**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) 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, 2020, 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, 2020				December 31, 2019 restated [(a)]			
	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)	**1,036**	**321**	**0**	**1,356**	**(1,337)**	**(1,088)**	**-**	**(2,425)**
Derivative instruments relating to insurance and investment contracts	(26)	(1,219)	-	(1,245)	2	(1,726)	-	(1,724)
Derivative instruments relating to financing debt, operating debt and other financial liabilities	-	(207)	-	(207)	-	(99)	-	(99)
Derivatives on liabilities arising from banking activities and payables	34	39	-	73	3	36	-	39
Net value of derivative instruments – liabilities (B)	**7**	**(1,387)**	**-**	**(1,380)**	**5**	**(1,788)**	**-**	**(1,784)**
Net fair value (C= A - B)	**-**	**-**	**-**	**2,736**	**-**	**-**	**-**	**(642)**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.

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 most derivative contracts. As of December 31, 2020, 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 page 304 to 308 of Note 3 "Consolidated statement of income by segment".

21.1 TOTAL REVENUES

21.1.1 Revenues by segment

(in Euro million)	December 31, 2020	December 31, 2019
France	25,064	26,182
Europe	32,860	34,415
Asia	10,950	9,860
AXA XL	18,530	18,741
United States	-	4,297
International	6,398	7,078
Transversal & Central Holdings	2,921	2,959
TOTAL [(a)]	**96,723**	**103,532**
of which direct premiums	*82,581*	*87,822*
of which reinsurance assumed	*11,334*	*12,030*
of which fees and charges on investment contracts with no participation features	*233*	*244*
of which revenues from other activities (including revenues from banking activities)	*2,575*	*3,436*

(a) Net of intercompany eliminations.

Given the Group's scale and diversity, none of its clients accounts for more than 10% of its business.

21.1.2 Revenues from non-insurance contracts

Revenues from non-insurance contracts amount to €2,464 million and include revenues from other activities (€2,090 million), fees & charges relating to investment contracts with no participating features (€233 million), and commissions from banking activities (€141 million). These revenues from non-insurance contracts correspond to the following types of services:

	December 31, 2020					
(in Euro million)	Investment management services	Distribution of financial product	Administration services	Assistance	Other	Total
France	5	1	-	-	60	67
Europe	167	34	62	37	132	432
Asia	35	-	-	-	-	35
AXA XL	76	-	-	-	-	76
International	112	13	1	-	48	174
Transversal & Central Holdings	1,254	0	3	396	27	1,680
TOTAL	**1,649**	**49**	**66**	**433**	**267**	**2,464**
of which recognized over time	*1,348*	*14*	*63*	*291*	*131*	*1,846*
of which recognized at a point in time	*301*	*34*	*3*	*142*	*137*	*617*

	December 31, 2019					
(in Euro million)	Investment management services	Distribution of financial product	Administration services	Assistance	Other	Total
France	6	1	-	-	68	74
Europe	156	28	73	47	126	430
Asia	39	-	-	-	-	39
AXA XL	-	-	-	-	0	0
United States	569	334	11	-	63	977
International	125	9	18	-	47	198
Transversal & Central Holdings	1,198	(0)	-	352	46	1,596
TOTAL	**2,092**	**371**	**102**	**400**	**349**	**3,315**
of which recognized over time	*1,645*	*93*	*12*	*280*	*207*	*2,238*
of which recognized at a point in time	*447*	*278*	*90*	*119*	*142*	*1,077*

21.2 TOTAL ASSETS

(in Euro million)	December 31, 2020	December 31, 2019
France	260,628	250,645
Europe	271,363	264,196
Asia	95,413	89,942
AXA XL	63,989	64,127
International	43,301	44,243
Transversal & Central Holdings	69,896	67,726
TOTAL [a] [b]	**804,589**	**780,878**

(a) Net of intercompany eliminations and after deduction of the value related to the shares eliminated in consolidation.
(b) Including assets held for sale.

21.3 OTHER INFORMATION BY LINE OF BUSINESS

21.3.1 Life & Savings (including Health)

	December 31, 2020			December 31, 2019 restated [a]		
(in Euro million)	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts	Gross revenues	Liabilities arising from insurance contracts	Liabilities arising from investment contracts
Protection	15,087	138,406	901	16,145	135,925	900
G/A Savings	9,950	153,976	35,003	12,991	150,824	35,253
Unit-Linked	5,673	58,162	3,998	8,051	56,418	3,508
Health	10,439	36,537	-	9,935	34,199	-
Funds & Others	322	5,551	-	309	5,129	-
Insurance contracts and investment contracts with discretionary participation features	**41,471**	**392,631**	**39,902**	**47,430**	**382,495**	**39,662**
Investment contracts without discretionary participating features [b]	263	-	13,290	264	-	13,372
Fees, commissions and other revenues	230	-	-	559	-	-
TOTAL	**41,963**	**392,631**	**53,192**	**48,253**	**382,495**	**53,034**

(a) Following the termination of the sale agreement of AXA Life Europe in 2020, the held for sale classification previously applied to this subsidiary has been restated.
(b) Relates to liabilities arising from investment contracts without discretionary participation features including contracts where the financial risk is borne by policyholders.

21.3.2 Property & Casualty (including Health)

(in Euro million)	December 31, 2020 Gross revenues	December 31, 2019 Gross revenues	December 31, 2020 Liabilities arising from insurance contracts	December 31, 2019 Liabilities arising from insurance contracts
Personal lines	**18,968**	**18,524**	**27,855**	**28,835**
Motor	10,604	10,215	17,808	18,765
Property Damage	3,991	4,029	3,320	3,368
Liability	404	407	891	909
Health	2,012	1,829	1,392	1,390
Other Personal lines	1,958	2,044	4,444	4,403
Commercial lines	**33,957**	**34,269**	**82,606**	**80,474**
Motor	3,607	3,708	5,779	6,210
Property Damage	5,687	5,511	8,207	7,021
Liability	1,731	2,190	7,640	10,330
Health	2,260	2,237	985	1,085
Specialty (a)	3,680	3,867	7,395	6,906
Reinsurance	4,665	4,489	11,255	11,319
Other Commercial lines (a)	12,327	12,267	41,344	37,603
Other	**76**	**89**	**274**	**33**
TOTAL	**53,000**	**52,883**	**110,734**	**109,342**
of which fees, commissions and other revenues	*555*	*461*	-	-

(a) Gross revenues and liabilities from insurance contracts for Specialty and Other Commercial lines have been restated to reflect the latest allocation of AXA XL's lines of business.

21.4 NET REVENUES FROM BANKING ACTIVITIES

(in Euro million)	December 31, 2020	December 31, 2019
Net interests revenues	398	426
Net commissions	87	86
NET REVENUES FROM BANKING ACTIVITIES	**486**	**512**

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, 2020				
(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 investment impairments	Net investment result
Investment in real estate properties at amortized cost	1,122	580	(1)	(286)	1,416
Investment in real estate properties as at fair value through profit or loss	35	-	11	-	46
Investment in real estate properties	**1,157**	**580**	**11**	**(286)**	**1,461**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	8,721	537	406	(6)	9,658
Debt instruments designated as at fair value through profit or loss [(b)]	434	-	296	-	731
Debt instruments held for trading	1	-	0	-	1
Non-quoted debt instruments (amortized cost)	280	(1)	-	(2)	277
Debt instruments	**9,436**	**536**	**702**	**(8)**	**10,667**
Equity instruments available for sale	486	121	(22)	(512)	73
Equity instruments designated as at fair value through profit or loss [(c)]	332	-	(189)	-	143
Equity instruments held for trading	-	-	0	-	0
Equity instruments	**818**	**121**	**(211)**	**(512)**	**216**
Non-consolidated investment funds available for sale	260	40	(74)	(157)	69
Non-consolidated investment funds designated as at fair value through profit or loss	476	-	(91)	-	385
Non-consolidated investment funds held for trading	0	-	(1)	-	(1)
Non consolidated investment funds	**737**	**40**	**(166)**	**(157)**	**453**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**43**	**-**	**39**	**-**	**82**
Loans held to maturity	(0)	-	-	-	(0)
Loans available for sale	4	0	-	0	4
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	452	1	-	(35)	418
Loans	**456**	**1**	**-**	**(35)**	**421**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**2,149**	**-**	**2,149**
Derivative instruments	**(146)**	**-**	**893**	**-**	**747**
Investment management expenses	**(500)**	**-**	**-**	**-**	**(500)**
Other	**169**	**1,096**	**(1,008)**	**(1)**	**256**
NET INVESTMENT RESULT	**12,171**	**2,373**	**2,408**	**(998)**	**15,953**

(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, 2019				
(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 investment impairments	Net investment result
Investment in real estate properties at amortized cost	1,085	632	-	(345)	1,372
Investment in real estate properties as at fair value through profit or loss	48	-	64	-	112
Investment in real estate properties	**1,133**	**632**	**64**	**(345)**	**1,485**
Debt instruments held to maturity	-	-	-	-	-
Debt instruments available for sale	9,645	455	336	(2)	10,435
Debt instruments designated as at fair value through profit or loss [(b)]	366	-	596	-	962
Debt instruments held for trading	87	-	192	-	279
Non quoted debt instruments (amortized cost)	247	(0)	-	(1)	245
Debt instruments	**10,345**	**455**	**1,124**	**(3)**	**11,921**
Equity instruments available for sale	550	524	7	(412)	669
Equity instruments designated as at fair value through profit or loss [(c)]	455	-	140	-	595
Equity instruments held for trading	1	-	31	-	32
Equity instruments	**1,006**	**524**	**178**	**(412)**	**1,296**
Non consolidated investment funds available for sale	234	146	(16)	(69)	294
Non consolidated investment funds designated as at fair value through profit or loss	294	-	87	-	381
Non consolidated investment funds held for trading	1	-	23	-	24
Non consolidated investment funds	**528**	**146**	**95**	**(69)**	**700**
Other assets held by consolidated investment funds designated as at fair value through profit or loss	**82**	**-**	**17**	**-**	**99**
Loans held to maturity	-	-	-	-	-
Loans available for sale	-	-	-	-	-
Loans designated as at fair value through profit or loss	-	-	-	-	-
Loans held for trading	-	-	-	-	-
Loans at cost	640	1	-	0	641
Loans	**640**	**1**	**-**	**0**	**641**
Assets backing contracts where the financial risk is borne by policyholders	**-**	**-**	**18,286**	**-**	**18,286**
Derivative instruments	**(1,286)**	**-**	**(657)**	**-**	**(1,943)**
Investment management expenses	**(533)**	**-**	**-**	**-**	**(533)**
Other	**200**	**(400)**	**(633)**	**3**	**(831)**
NET INVESTMENT RESULT	**12,115**	**1,356**	**18,475**	**(826)**	**31,121**

(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.

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 consist mainly of:

- adjustments relating to investments backing contracts where the financial risk is borne by policyholders which are offset by an adjustment of related policyholder 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 investment impairments for available for sale assets include impairment charges on investments, and release of impairments only following revaluation of the recoverable amount. Write back of impairments 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, 2020							
(in Euro million)	France	Europe	Asia	AXA XL	International	Transversal & Central Holdings	Inter-segment eliminations	Total
Premiums ceded and unearned premiums ceded	(2,016)	(922)	(844)	(6,770)	(787)	(859)	755	(11,443)
Claims ceded (including change in claims reserves)	1,960	690	323	5,878	194	132	(255)	8,923
Commissions received from/paid to reinsurers	211	114	162	1,061	141	79	(94)	1,674
NET RESULT OF REINSURANCE CEDED	**155**	**(118)**	**(359)**	**169**	**(452)**	**(648)**	**407**	**(845)**

	December 31, 2019								
(in Euro million)	France	Europe	Asia	AXA XL	United States	Interna-tional	Trans-versal & Central Holdings	Inter-seg-ment elimina-tions	Total
Premiums ceded and unearned premiums ceded	(1,701)	(841)	(737)	(5,925)	(124)	(851)	(58)	692	(9,544)
Claims ceded (including change in claims reserves)	1,401	381	465	4,399	215	422	79	(312)	7,050
Commissions received from/paid to reinsurers	168	113	148	725	2	163	111	(53)	1,376
NET RESULT OF REINSURANCE CEDED	**(132)**	**(347)**	**(124)**	**(801)**	**93**	**(266)**	**132**	**327**	**(1,118)**

Note 24 Financing debt expenses

As of December 31, 2020, financing debt expenses, which include income and expenses relating to hedging derivative instruments on financing debt, amounted to €878 million (€720 million as of December 31, 2019) mainly in the Company for €746 million (€445 million as of December 31, 2019).

Note 25 Expenses by type

25.1 ACQUISITION EXPENSES

(in Euro million)	December 31, 2020 Insurance	December 31, 2020 Intersegment eliminations	December 31, 2020 Total	December 31, 2019 Total
Acquisition expenses - gross [(a)]	13,253	(85)	13,168	14,239
Change in deferred acquisition expenses and equivalents [(b)]	(761)	-	(761)	(1,757)
NET ACQUISITION EXPENSES	**12,492**	**(85)**	**12,407**	**12,482**

(a) Includes all acquisition expenses relating to insurance and investment contracts before capitalization/amortization of deferred acquisition expenses and equivalents.
(b) 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, 2020 Insurance	December 31, 2020 Other activities	December 31, 2020 Intersegment eliminations	December 31, 2020 Total	December 31, 2019 Total
Acquisition expenses – gross	13,253	-	(85)	13,168	14,239
Claims handling expenses	2,521	-	(34)	2,487	2,840
Investment management expenses	275	14	(18)	271	263
Administrative expenses	8,361	2,889	(534)	10,716	10,722
Banking expenses	-	79	(0)	79	67
Increase/(write back) of tangible assets amortization	(2)	8	-	5	0
Other income/expenses [(a)]	20	(588)	317	(251)	598
TOTAL EXPENSES BY DESTINATION	**24,428**	**2,401**	**(355)**	**26,474**	**28,730**
Breakdown of expenses by type					
Staff expenses	6,330	1,058	(1)	7,387	8,144
Outsourcing and professional services	835	307	(35)	1,107	1,333
IT expenses	1,297	225	164	1,686	1,868
Charges relating to owner occupied properties	471	125	(0)	595	736
Commissions paid	13,005	345	(322)	13,029	13,086
Other expenses [(a)]	2,489	341	(161)	2,670	3,563

(a) Includes losses related to the disposal processes of AXA Bank Belgium, the Gulf Region and Greece operations, as well as in 2019 the loss related to the disposal process of AXA Life Europe, and in 2020 its reversal following the termination of its sale agreement (see Note 5.3).

Expenses decreased by €2,256 million compared to December 31, 2019. On a constant exchange rate basis, expenses decreased by €1,984 million mainly from:

- the United States (€-1,170 million) which contributed in 2019 up to 3 months of operations of the expenses of the Group following the deconsolidation of Equitable Holdings, Inc. as of March 31, 2019;
- AXA XL (€-834 million) mainly due to a lower non-Life value of business in-force amortization, synergies from projects as well as lower external spend; and
- International (€-518 million) mainly due to the non-repeat of the loss related to the expected disposal of AXA Bank Belgium (€-541 million).

This was partly offset by:

- Asia (€+436 million) mainly driven by the integration of AXA Tianping as from December 31, 2019 (€+489 million);
- France (€+266 million) mainly driven by a change in commissioning ratio and the reclassification of profit-sharing charges from technical items to commissions; and
- Europe (€+94 million) mainly driven by restructuring costs in Germany, and in the United Kingdom & Ireland following the sale of Architas.

Note 26 Employees

26.1 BREAKDOWN OF STAFF EXPENSES

(in Euro million)	December 31, 2020	December 31, 2019
Wages and benefits	5,221	5,761
Social contributions	787	828
Employee benefits expenses	639	714
Share based compensation	165	159
Other staff expenses and employees' profit sharing [(a)]	576	681
TOTAL STAFF EXPENSES	**7,387**	**8,144**

(a) Including redundancies and early retirement expenses (the triggering event being the 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 €216 million in 2020 (€236 million in 2019).

26.2.2 Defined benefit plans

AXA operates various defined post-employment benefit plans mainly in the United Kingdom, Germany, Switzerland, France and Belgium.

The defined benefit pension plans within AXA are mostly final salary pension plans or plans based on a cash balance formula, which provide 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 the mortality and disability coverage.

In the United Kingdom and Germany, pensions in payment are generally updated in line with the retail price index or inflation, as opposed to other countries where pensions do not necessarily receive inflationary increases once in payment.

Most of the defined benefit pension plans are funded through long-term employee benefit funds or covered by insurance policies or Mutual funds.

Benefit payments in the United Kingdom 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 respective 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.

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.

AXA XL sponsors different defined benefits: pension plans mainly in the United Kingdom, the United States, and Germany, as well as deferred cash awards for executive officers.

26.2.3 Significant actuarial assumptions

The assumptions used to value defined benefit plans are consistent with the economic and financial conditions in the countries where they are located. The weighted-average financial assumptions used by AXA for pension plans in the main regions and countries were as follows:

DECEMBER 2020 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2020						
Discount rate	0.5%	0.0%	1.4%	2.5%	1.0%	4.7%
Salary increase for future years	2.4%	1.5%	N/A	N/A	2.3%	3.4%
Inflation rate	1.7%	0.9%	1.9%	2.5%	0.0%	3.6%

DECEMBER 2019 ASSUMPTIONS

	Europe	Switzerland	United Kingdom	United States	Japan	Other
Pension benefit obligation – assumptions as of December 31, 2019						
Discount rate	0.9%	0.1%	1.9%	3.2%	0.6%	6.3%
Salary increase for future years	2.4%	1.7%	N/A	N/A	2.3%	3.8%
Inflation rate	1.8%	1.0%	2.0%	2.5%	0.0%	3.7%

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-rated bonds 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 average remaining life expectancy at retirement age (between 60 and 65 years old in average), the mortality assumptions would give:

- 22.93 years for male and 25.55 years for female retiring at end of December 2020;
- 23.77 years for male and 26.37 years for female retiring at end of December 2030 (*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 the separate assets and the balance sheet position.

	Pension benefits		Other benefits		Total	
(in Euro million)	2020	2019	2020	2019	2020	2019
Change in benefit obligation						
Defined Benefit Obligation at the beginning of the year	19,469	19,754	234	622	19,703	20,376
Current service cost	270	241	110	145	380	386
Interest cost	160	273	0	5	160	278
Employee contributions	72	68	-	-	72	68
Plan amendments and curtailments [(a)]	(19)	(9)	(2)	(1)	(22)	(10)
Experience (gains) and losses	68	(18)	(1)	0	67	(17)
Actuarial (gains) and losses arising from changes in demographic assumptions [(b)]	27	(106)	(1)	(0)	26	(107)
Actuarial (gains) and losses arising from changes in financial assumptions [(c)]	1,048	2,073	12	21	1,060	2,094
Benefits paid by plan assets and by separate assets	(534)	(511)	(1)	(1)	(535)	(512)
Benefits directly paid by the employer	(310)	(283)	(121)	(116)	(431)	(399)
Settlements	1	(1)	-	-	1	(1)
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	3	(2,605)	(0)	(447)	2	(3,052)
Other	8	6	-	(1)	8	5
Foreign exchange impact	(349)	589	(12)	6	(361)	596
Defined Benefit Obligation at the end of the year (A)	**19,913**	**19,469**	**217**	**234**	**20,131**	**19,703**
Change in plan assets						
Fair value of plan assets at the beginning of year	11,465	12,139	6	5	11,470	12,145
Interest income on plan assets	115	193	-	0	115	193
Actual return on plan assets, excluding interest income	837	967	-	0	837	967
Employer contributions [(d)]	155	149	-	-	155	149
Employee contributions	60	60	-	-	60	60
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	-	(2,144)	-	-	-	(2,144)
Benefits paid by plan assets	(428)	(406)	-	-	(428)	(406)
Amounts paid in respect of settlements and curtailments	(1)	(1)	(6)	-	(6)	(1)
Other	-	-	-	-	-	-
Foreign exchange impact	(337)	506	-	-	(337)	506
Fair value of plan assets at the end of the year (B)	**11,867**	**11,465**	**-**	**6**	**11,867**	**11,470**
Change in separate assets						
Fair value of separate assets at the beginning of year	1,276	1,233	-	-	1,276	1,233
Interest income on separate assets	7	13	-	-	7	13
Actual return on separate assets, excluding interest income	35	54	-	-	35	54
Employer contributions	78	73	1	1	79	74
Employee contributions	11	7	-	-	11	7
Net transfer In/(Out) (including acquisitions, disposals and reclassifications)	2	1	-	-	2	1
Benefits paid by separate assets	(106)	(105)	(1)	(1)	(107)	(106)
Other	-	-	-	-	-	-
Fair value of separate assets at the end of the year	**1,303**	**1,276**	**-**	**-**	**1,303**	**1,276**
Change in the cumulative effect of asset ceiling						
Cumulative effect of asset ceiling at the beginning of the year	33	19	-	-	33	19
Interest cost on asset ceiling	1	1	-	-	1	1
Changes in the asset ceiling, excluding the interest cost	(2)	12	-	-	(2)	12
Foreign exchange impact	(2)	2	-	-	(2)	2
Cumulative effect of asset ceiling at the end of the year	**29**	**33**	**-**	**-**	**29**	**33**
Funded status						
Funded status (B)-(A)	(8,047)	(8,005)	(217)	(228)	(8,264)	(8,233)
Cumulative impact of asset ceiling	(29)	(33)	-	-	(29)	(33)
Liability and asset recognized in the statement of financial position (excluding separate assets)						
Net position (excluding separate assets)	(8,076)	(8,037)	(217)	(228)	(8,293)	(8,266)
Fair value of separate assets at the end of the year	1,303	1,276	-	-	1,303	1,276
Net balance sheet position (including separate assets)	**(6,773)**	**(6,761)**	**(217)**	**(228)**	**(6,990)**	**(6,990)**

(a) In 2020, this amount mainly reflected plan amendment effects in France, in Germany and in the United Kingdom, and an early retirement program in Japan. In 2019, this amount included plan amendment effects in Switzerland and Germany, and a restructuring plan in France.

(b) In 2020, actuarial losses pertaining to changes in demographic assumptions resulted mainly from the latest update for the CMI mortality projections model in the United Kingdom and the update of the proportion of plan members who will select for a lump sum payments in Germany. In 2019, the impact was already due to the update for the CMI model in the United Kingdom.

(c) In 2020 as well as in 2019, actuarial losses pertaining to changes in financial assumptions resulted mainly from the overall decrease in discount rate assumptions used to value liabilities.

(d) Amounts are mainly related to plan assets contributions in Switzerland, the United Kingdom, Ireland and Mexico.

Benefits classified in "Other benefits" include post-retirement benefits other than pensions, principally health care benefits for retirees, pre-retirement benefits and deferred cash awards.

A surplus (including minimum funding requirement effect) is recognized to the extent that it is recoverable, either through future contribution reductions or a refund to which AXA 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, 2020 and 2019 is presented below:

	Pension benefits		Other benefits		Total	
(in Euro million)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Pension and other benefits expense						
Current service cost	270	241	110	145	380	386
Plan amendments and curtailments	(19)	(9)	3	(1)	(16)	(10)
Settlement gains or losses	2	0	-	-	2	0
Other	5	8	-	(1)	5	8
Total service cost	**258**	**240**	**113**	**144**	**371**	**383**
Interest cost on the defined benefit obligation	160	273	0	5	160	278
Interest income on plan assets	(115)	(193)	-	(0)	(115)	(193)
Interest income on separate assets	(7)	(13)	-	-	(7)	(13)
Interest cost on asset ceiling	1	1	-	-	1	1
Net interest cost/income	**39**	**67**	**0**	**5**	**39**	**72**
DEFINED PENSION AND OTHER BENEFITS EXPENSE (SERVICE COST + NET INTEREST COST/ INCOME)	**297**	**307**	**113**	**149**	**410**	**455**

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, to determine the related service cost, interest cost and interest income on assets associated to each discounted cashflow or segregated subsets of the 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, the statement of financial position liability reflects the funded status (liabilities net of plan assets and cumulative impact of asset ceiling), excluding 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 €1,303 million as of December 31, 2020 (€1,276 million as of December 31, 2019) 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 as Plan Assets that would be deducted from the pensions' Defined Benefit Obligation (DBO), 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 the 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, 2020, to December 31, 2020, 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 comprise 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)	2020	2019	2020	2019	2020	2019
Change in the liability recognized in the statement of financial position						
Statement of financial position liability at the beginning of the year	(8,037)	(7,633)	(228)	(617)	(8,266)	(8,250)
Pension and other benefits expense	(297)	(307)	(113)	(149)	(410)	(455)
Adjustment due to separate assets	(53)	(75)	-	-	(53)	(75)
Employer contributions	155	149	-	-	155	149
Benefits directly paid by the employer	310	283	121	116	431	399
Benefits paid by separate assets	106	105	1	1	107	106
Net transfer (In)/Out (including acquisitions, disposals and reclassifications)	(3)	461	0	447	(2)	908
Actuarial gains and (losses) recognized in OCI	(272)	(937)	(10)	(20)	(281)	(957)
Other	-	-	-	-	-	-
Foreign exchange impact	13	(85)	12	(6)	25	(91)
Statement of financial position liability at the end of the year	**(8,076)**	**(8,037)**	**(217)**	**(228)**	**(8,293)**	**(8,266)**
Fair value of separate assets at the end of the year	1,303	1,276	-	-	1,303	1,276
Net balance sheet position at the end of the year	**(6,773)**	**(6,761)**	**(217)**	**(228)**	**(6,990)**	**(6,990)**

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 €20,131 million as of December 31, 2020 and €19,703 million as of December 31, 2019) would have been affected by changes in the relevant actuarial assumption that is reasonably possible for year ended as of December 31, 2020, and 2019 is presented below:

	2020		2019	
	Effect of 0.50% increase	Effect of 0.50% decrease	Effect of 0.50% increase	Effect of 0.50% decrease
Discount rate	-7.1%	8.1%	-6.9%	7.9%
Salary growth rate	0.9%	-0.8%	0.9%	-0.8%
Inflation rate	3.6%	-3.3%	3.6%	-3.3%

One year increase in the life expectancy (derived from adjusted mortality rates) would result in an increase of 3.8% 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 obligation recognized in the statement of financial position) and are based on a change in an assumption while all other assumptions remain 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 is one of the main pieces of legislation which governs the operation of occupational pension schemes and the Pensions Act 2004 is the legislation which sets out the scope of the scheme funding provisions and under which regulations were made relating to the funding of occupational defined benefit pension schemes. Central to the scheme funding regime are: the Statutory Funding Objective (SFO), which is a requirement that the Scheme has sufficient and appropriate assets to meet its technical provisions (*i.e.* the amount required, on an actuarial calculation, to make provision for the scheme's liabilities); and the Statement of Funding Principles (SFP), which is a document prepared by the trustees which sets out its policy for ensuring that the SFO is met.

As part of the triennial actuarial valuation process, acting in accordance with the scheme funding legislation and the trust deed and rules of the AXA UK Group Pension Scheme, the Trustee determines an appropriate level of employer contributions to be paid to the AXA UK Group Pension Scheme, having consulted with the Scheme Actuary and discussed this with AXA UK plc. The resulting schedule of contributions is prepared by the Trustee and the Scheme Actuary sets out what contributions are payable and by when. This is then agreed by AXA UK plc. Where there is a deficit on a technical provision funding basis, the Trustee will also need to agree and put in place a Recovery Plan, which sets out the period over which the SFO will be met. There is no prescribed period for a recovery plan, but the Pensions Regulator will generally be concerned about long recovery plans. The Trustee is required to prepare the schedule of contributions following valuations but may revisit (and potentially amend) the schedule of contributions in between actuarial valuations, for example if significant events occur during the period.

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 defined 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, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Statement of financial position liability [(a)]	(8,076)	(8,037)	(217)	(228)	(8,293)	(8,266)
Assets other than plan assets [(b)]	2,685	2,723	-	-	2,685	2,723
Net economic position	**(5,391)**	**(5,314)**	**(217)**	**(228)**	**(5,608)**	**(5,542)**

(a) Amounts representing the defined benefit obligation less plan assets adjusted for assets not recoverable by asset ceiling impact.

(b) Amounts including 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.

6

ESTIMATED EMPLOYER CONTRIBUTIONS TO THE PLAN FOR THE NEXT ANNUAL REPORTING PERIOD

The estimated amount of 2021 employer contributions for pension benefits is €223 million (€228 million estimated in 2019 for 2020).

ESTIMATED FUTURE BENEFITS TO BE PAID BY THE ASSETS OR THE EMPLOYER

(in Euro million)	Pension benefits	Other benefits
2021	849	103
2022	810	67
2023	817	29
2024	827	4
2025	827	4
Five years thereafter	4,285	18
From year N+11 until the last benefit payments is paid	18,109	67

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, investment funds 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, 2020, and 2019, respectively (fair value hierarchy principles as described by the Group are described in Note 1.5):

	Total Group			United Kingdom			Switzerland			Other		
December 31, 2020	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	8.4%	0.1%	8.5%	0.1%	0.1%	0.2%	21.8%	0.0%	21.8%	5.3%	0.0%	5.3%
Debt instruments	46.3%	0.0%	46.3%	65.6%	0.0%	65.6%	15.5%	0.0%	15.5%	53.5%	0.0%	53.5%
Other [(a)]	11.8%	33.4%	45.2%	5.6%	28.6%	34.2%	18.7%	44.0%	62.7%	21.6%	19.6%	41.2%
TOTAL	**66.6%**	**33.4%**	**100.0%**	**71.3%**	**28.7%**	**100.0%**	**56.0%**	**44.0%**	**100.0%**	**80.4%**	**19.6%**	**100.0%**
TOTAL *(in Euro million)*	**7,898**	**3,969**	**11,867**	**4,613**	**1,861**	**6,475**	**2,412**	**1,895**	**4,307**	**873**	**212**	**1,085**

(a) The other category of plan assets mainly includes investment funds.

	Total Group			United Kingdom			Switzerland			Other		
December 31, 2019	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	8.8%	0.1%	8.9%	0.1%	0.2%	0.3%	22.2%	0.0%	22.2%	10.6%	0.0%	10.6%
Debt instruments	43.2%	0.0%	43.2%	59.2%	0.0%	59.2%	15.2%	0.0%	15.2%	53.4%	0.0%	53.4%
Other [(a)]	11.4%	36.5%	47.9%	5.0%	35.5%	40.5%	20.5%	42.2%	62.7%	15.0%	21.0%	36.0%
TOTAL	**63.4%**	**36.7%**	**100.0%**	**64.3%**	**35.7%**	**100.0%**	**57.9%**	**42.2%**	**100.0%**	**79.0%**	**21.0%**	**100.0%**
TOTAL *(in Euro million)*	**7,266**	**4,204**	**11,470**	**4,106**	**2,282**	**6,388**	**2,341**	**1,706**	**4,047**	**817**	**218**	**1,035**

(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 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 thus, an increase in future employer contributions in countries where there is minimum funding requirements.

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 the United Kingdom, the pension scheme entered into several longevity swap transactions:

- in 2015, for economically hedging longevity risk inherent within the pensioner population;
- in 2019, for covering pensioner members that retired prior to April 1, 2019;
- in 2020, for covering longevity risk (subject to a level of retention) of the remaining unhedged members.

Moreover, caps on inflationary increases were in place in the United Kingdom to protect the scheme against extreme inflation.

26.2.11 Statement of financial position/balance sheet reconciliation

(in Euro million)	December 31, 2020	December 31, 2019
Net position (excluding separate assets) (a)	(8,293)	(8,266)
(Assets)/liabilities held for sale (b)	185	169
Other liabilities	(229)	(233)
TOTAL (c)	**(8,337)**	**(8,329)**

(a) Net position (excluding separate assets) for pension benefits and other benefits as reported in Note 26.2.6.
(b) As of December 31, 2020, the amounts comprise liabilities and assets of AXA Bank Belgium and AXA Greece for which the sale process was not finalized.
As of December 31, 2019, the amounts comprised only the liabilities and assets of AXA Bank Belgium.
(c) It corresponds to a liability of €8,450 million as of December 31, 2020 (€8,409 million as of December 31, 2019) included in the statement of financial position under the caption "provision for risks and charges", and an asset of €113 million (€79 million as of December 31, 2019) 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)	2020	2019
Cost by plan		
AXA SA Stock options	**2.1**	**3.2**
■ 2014 grants	-	0.1
■ 2015 grants	0.1	0.4
■ 2016 grants	0.4	0.8
■ 2017 grants	0.8	1.2
■ 2018 grants	0.8	0.8
■ 2019 grants	-	-
■ 2020 grants	-	-
AXA Stock options for former EQH	**-**	**0.6**
■ 2015 AXA SA grants	-	0.1
■ 2016 AXA SA grants	-	0.2
■ 2017 AXA SA grants	-	0.3
■ 2018 AXA SA grants	-	-
■ 2019 AXA SA grants	-	-
■ 2020 AXA SA grants	-	-
AXA Group Shareplan	**3.4**	**3.5**
■ Classic Plan	3.4	0.5
■ Leverage Plan	-	2.9
AXA Performance Shares (in France)	**59.0**	**58.2**
■ 2016 grants	-	8.1
■ 2017 grants	8.9	19.9
■ 2018 grants	16.7	19.2
■ 2019 grants	19.5	11.0
■ 2020 grants	13.8	-
***AXA International* Performance Shares plans**	**76.9**	**71.9**
■ 2015 grants	-	11.6
■ 2016 grants	6.3	15.7
■ 2017 grants	17.0	17.4
■ 2018 grants	13.5	14.8
■ 2019 grants	24.6	12.4
■ 2020 grants	15.5	-
AXA Retirement Performance Shares	**11.1**	**15.1**
Former EQH Share-based compensation instruments	**-**	**1.3**
■ AXA Financial TSARs/SARs	-	0.9
■ AXA Financial Restricted Shares and PARS	-	0.4
AXA Investment Managers Performance Shares	**12.7**	**14.6**
Former AB Share-based compensation instruments	**-**	**16.6**
TOTAL EMPLOYEE SHARE-BASED COMPENSATION COST	**165.3**	**185.1**

The cost includes the expenses from share-based compensation instruments issued by the Group as well as by AXA subsidiaries.

The share-based compensation instruments listed above are mostly composed of instruments settled in equity. 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 Note 26.3.2.

26.3.1 Share-based compensation instruments issued by the Group

AXA SA STOCK OPTIONS

In 2019, after having progressively reduced the number of stock options beneficiaries over the past, AXA's Board of Directors, upon recommendation from its Compensation & Governance Committee, in order to simplify AXA's compensation policy and in line with market practice, decided to cease awarding stock options to corporate officers and AXA key employees. These options were 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 were (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 in instalments of 33.33% per year on each of the third, fourth and fifth anniversaries of the grant date.

From 2013, for all beneficiaries, the vesting of the final instalment has been subject to the fulfilment of the market performance conditions regarding the performance of the AXA shares compared to the STOXX Insurance Index ("SXIP").

All options granted to the members of the Management Committee have been subject to the fulfilment of this market-based performance condition.

The following table shows AXA SA stock options status:

	Options *(in million)*		**Weighted exercise price** *(in Euro)*	
	2020	**2019**	**2020**	**2019**
Options AXA				
Outstanding on January 1	**15.2**	**20.0**	**20.48**	**19.38**
Granted	-	-	-	-
Exercised	(1.1)	(4.2)	14.87	15.75
Cancelled and expired	(0.5)	(0.6)	17.26	17.04
Outstanding as of December 31	**13.6**	**15.2**	**21.05**	**20.48**

Including the last grant in 2018, valid for a maximum term of 10 years, the number of outstanding options and the number of exercisable options among the outstanding options are shown below by maturity date.

Expiry year of options *(in million)*	**Outstanding options**		**Exercisable options (taking into account the market-based performance condition)**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
2020	-	0.5	-	0.5
2021	0.5	1.2	0.5	1.2
2022	0.4	0.5	0.4	0.5
2023	0.6	0.7	0.6	0.7
2024	1.6	1.7	1.6	1.7
2025	2.5	2.5	1.7	1.7
2026	2.6	2.6	1.6	1.0
2027	2.7	2.7	0.9	0.3
2028	2.6	2.7	-	-
TOTAL AXA	**13.6**	**15.2**	**7.4**	**7.6**

Options AXA	Outstanding options		Exercisable options (taking into account the market-based performance condition)	
	Number *(in million)*	Exercise price *(in Euro)*	Number *(in million)*	Exercise price *(in Euro)*
Price range				
€6.48 – €12.96	0.4	12.22	0.4	12.22
€12.97 – €19.44	2.7	16.89	2.7	16.89
€19.45 – €25.92	10.4	22.49	4.2	22.60
€6.48 – €25.92	**13.6**	**21.05**	**7.4**	**19.89**

The fair value of AXA SA 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 SA share price volatility was estimated on the basis of implied volatility, which was checked against an analysis of historical volatility to ensure consistency. The expected AXA SA dividend yield was based on the market consensus. The risk-free interest rate was based on the Euro Swap Rate curve for the appropriate term.

The option pricing assumptions and fair value at grant date for plans issued for the last time in 2018 are shown below:

	2018	2017	2016
Assumptions			
Dividend yield	5.79%	6.50%	6.60%
Volatility	20.72%	25.05%	26.60%
Risk-free interest rate	0.72%	0.55%	0.36%
Expected life *(in years)*	8.6	8.5	8.5
Weighted average fair value per option at grant date *(in Euro)*	1.21	1.81	1.80

The total cost has been amortized over the vesting period and a nil estimated pre-vesting lapse rate was applied over the remaining vesting period. On that basis, the expense recognized in profit or loss for the year ended December 31, 2020 was €2.1 million (€3.9 million for the year ended December 31, 2019).

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 used to be 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.

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. At the end of the 5 years holding period, the employees can, depending on their residence country, do any one of the following: (i) receive the cash value of their investment, (ii) receive the value of their investment in the form of AXA shares, or (iii) transfer their assets invested in the leveraged plan into the traditional plan.

Due to the COVID-19 crisis, only the traditional investment option was offered in 2020.

The cost of the shareplan 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. When it is offered, the cost of the leveraged plan 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 2020, AXA offered its employees to subscribe to a traditional share offering, at a price of €13.76 per share (discount of 20% to the reference price of €17.20 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). A total of 6.4 million new shares were issued, increasing the share capital by €88.2 million. This offering represented a total cost of €3.43 million taking into account the five-year lock-up period. In 2020, the cost of the lock-up period was measured at 16.88% for the traditional plan.

The table below shows the main features of the shareplan, the amounts subscribed, valuation assumptions, and the cost of the plans for 2019 and 2020:

	2020	2019	
	Traditional	Traditional	Leveraged
Plan maturity *(in years)*	5	5	5
[A] Discount to face value	20.00%	20.00%	4.99%
Reference price *(in Euro)*	17.20	22.87	22.87
Subscription price *(in Euro)*	13.76	18.30	21.73
Amount subscribed by employee *(in Euro million)*	88.2	63.5	31.2
Total amount subscribed *(in Euro million)*	88.2	63.5	311.7
Total number of shares subscribed *(in million shares)*	6.4	3.5	14.3
Interest rate on employee loan	6.12%	6.74%	6.83%
5-year risk-free rate (euro zone)	-0.67%	-0.64%	-0.64%
Dividend yield	8.55%	8.16%	8.16%
Early exit rate	1.62%	2.15%	2.15%
Interest rate for borrowing securities (repo)	-0.17%	-0.15%	-0.15%
Retail/institutional volatility spread	N/A	N/A	1.24%
[B] Cost of the lock-up for the employee	16.88%	19.32%	4.98%
[C] Opportunity gain	N/A	N/A	0.90%
Total cost for AXA = [A] – [B] + [C] (as a percentage of the reference price)	**3.12%**	**0.68%**	**0.91%**
TOTAL COST FOR AXA *(in Euro million)*	**3.43**	**0.54**	**2.95**

OTHER SHARE-BASED COMPENSATION

AXA Performance Shares

Performance Shares are granted to executive officers and other key employees mainly in France. These Performance Share plans are equity-settled award plans subjected to performance conditions and a three years vesting period.

In 2020, the valuation was based on a market price of €15.52 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 2020 was €9.82 (€16.39 for 2019 grants).

The total cost of Performance Shares recognized was €59.0 million as of December 31, 2020 (€58.2 million as of December 31, 2019).

AXA International Performance Shares

Since 2013, AXA has issued International Performance Shares to executive officers and other key employees mainly outside France.

Under the International Performance Shares (PSi) plan, beneficiaries 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. The performance period is currently three years. The vesting period (service condition) is between three and five years. The settlement is 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 recorded as of December 31, 2020, was €76.9 million in earnings (€71.9 million as of December 31, 2019).

AXA Retirement Performance Shares

As voted by the Shareholders' Meeting of April 24, 2019, 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 the grants from 2016 to 2018, after the three years performance period, the performance shares definitively acquired are subject to (i) an additional restriction on transfer period of 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.

From 2019 grants, the restriction on the two years transfer period is no longer applicable.

The total cost of the Performance Shares Retirement recorded as of December 31, 2020, was €11.1 million in earnings, gross of tax (€15.1 million as of December 31, 2019).

26.3.2 Share-based compensation instruments issued by AXA subsidiaries

AXA INVESTMENT MANAGERS SHARE-BASED COMPENSATION PLANS

AXA Investment Managers granted Performance Shares to certain key employees as part of its deferred remuneration 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 rights to acquire AXA Investment Managers 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 AXA Investment Managers Performance Shares recorded as of December 31, 2020, amounted to €12.7 million in earnings (€14.6 million as of December 31, 2019), 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 2020 totaled €20.4 million (€22.6 million in 2019), including fixed salary, bonuses, directors' fees, benefits in kind and other short-term benefits;
- share-based compensations: the expense recognized in 2020 in respect of share-based compensations granted by AXA SA to Management Committee members was €10.5 million (€9.8 million in 2019);
- 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 €4.1 million in 2020 (€3.2 million in 2019).

26.5 SALARIED WORKFORCE

At December 31, 2020, the Group employed 96,595 salaried people on a full-time equivalent basis (compared to 99,843 at December 31, 2019).

The decrease in salaried employees by 3,249 in 2020 was mainly driven by (i) the disposal of Central and Eastern Europe operations (-1,960), (ii) efficiency programs notably in the UK & Ireland, Germany, and Mexico, and (iii) AXA Assistance (-387) mainly from the exit of Brazil.

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, 2020	December 31, 2019
Net income Group share		**3,164**	**3,857**
Undated subordinated debt financial charge [(b)]		(177)	(253)
Net income including impact of undated subordinated debt	**A**	**2,987**	**3,603**
Weighted average number of ordinary shares (net of treasury shares) – opening		2,386	2,383
Increase in capital (excluding stock options exercised) [(c)]		1	2
Stock options exercised [(c)]		0	2
Treasury shares [(c)]		(3)	10
Capital increase/decrease		(3)	(13)
Weighted average number of ordinary shares	**B**	**2,381**	**2,383**
BASIC NET INCOME PER ORDINARY SHARE	**C = A/B**	**1.25**	**1.51**
Potentially dilutive instruments:			
Stock options		0	2
Other		6	4
Fully diluted – weighted average number of shares [(d)]	**D**	**2,387**	**2,389**
FULLY DILUTED NET INCOME PER ORDINARY SHARE	**E = A/D**	**1.25**	**1.51**

(a) Except for number of shares (in million of units) and earnings per share (in Euro).
(b) As of December 31, 2019, it includes financial charges of €9 million related to Mandatory Exchangeable Bonds for only the first three months of 2019 and €51 million related to preferred shares.
(c) Weighted average.
(d) Taking into account the impact of potentially dilutive instruments.

In 2020, net income per ordinary share attributable to continuing operations stood at €1.25 on a basic and fully diluted basis.

In 2019, net income per ordinary share attributable to continuing operations stood at €1.51 on a basic and fully diluted basis.

Note 28 Related-party transactions

In 2020, 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 respectively in the Property & Casualty insurance business and Life & Savings insurance business in France. On December 31, 2020, the Mutuelles AXA collectively owned 14.95% of the Company's outstanding ordinary shares representing 24.75% of the voting rights.

Each Mutuelle AXA is supervised by a Board of Directors elected by delegates representing policyholders. One member of the Company's Management Committee serves as director of the Mutuelles AXA.

The Mutuelles AXA and two of the Company's French insurance subsidiaries engaged in the Property & Casualty insurance business and Life & Savings insurance business, AXA France IARD and AXA France Vie respectively (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 was mainly underwritten through co-insurance and reinsurance arrangements between AXA Assurances IARD Mutuelle and AXA France IARD. Aggregate written premiums under these agreements amounted to €2,411 million in 2020 (of which €2,300 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 is based on various agreed criteria including particular activity drivers. The GIEs of which the Company was a member during 2020 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, internal audit, human resources, information systems, Risk Management, cash management). 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 Note 25 "Expenses by type" to the Group's Consolidated Financial Statements. Expenses invoiced by the GIE AXA to its members in 2020 and 2019 amounted to respectively €259 million and €265 million.

28.3 LOANS/GUARANTEES/CAPITAL CONTRIBUTIONS, ETC.

The Company has given numerous commitments, 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 of its subsidiaries to third parties, or provide other types of guarantees to support its subsidiaries' obligations. The beneficiaries of these guarantees are generally required to compensate the Company at a negotiated rate based on prevailing market rates for guarantees with similar conditions. In addition, from time to time, the Company may provide comfort letters or similar letters to rating agencies and/or regulators in support 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 III of this Annual Report "AXA parent Company financial statements: Subsidiaries and participating interests".

The Company may enter into various types of transactions with its subsidiaries and affiliates from time to time for various business purposes including (i) in connection with liquidity, solvency and capital management initiatives designed to promote efficient use and fungibility of the Group's capital resources or (ii) 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 loans or other types of credit arrangements, capital contributions, 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. 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 bearing interest at floating rates that generally reflect prevailing market rates at the respective dates such loans were originated.

28.4 KEY MANAGEMENT AND DIRECTORS

To the best of the Company's knowledge, based on information reported to it:

- on December 31, 2020, there were no loans outstanding from the Group to the Company's two corporate 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, 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

29.1 BREAKDOWN OF COMMITMENTS RECEIVED

(in Euro million)	December 31, 2020	December 31, 2019 restated [(a)]
Financing commitments	**10,212**	**11,305**
Customers	-	-
Credit institutions	10,212	11,305
Guarantee commitments	**26,268**	**26,487**
Customers	19,033	19,245
Credit institutions	7,235	7,242
Other	**11,771**	**9,068**
Pledged securities and collaterized commitments	8,915	5,771
Letters of credit	252	277
Other commitments	2,605	3,020
TOTAL	**48,251**	**46,860**

(a) Pledged securities and collateralized commitments received related to security reverse repurchase agreements and similar operations are presented in Note 29.3.

Commitments received by AXA totaled €48,251 million at the end of 2020, and increased by €1,391 million compared to the end of 2019, mainly related to pledged assets and collaterals commitments for €2,703 million, partly offset notably by the decrease in financing commitments with credit institutions for €1,093 million.

These commitments can be broken down as follows:

Financing commitments received totaled to €10,212 million at the end of 2020, and mainly consisted of:

- unused credit lines received by holdings for €8,376 million mainly at AXA SA (€8,229 million);
- commitment lines for €1,835 million granted to AXA XL (€1,349 million) and Japan (€487 million) as part of their operations.

Guarantee commitments received totaled to €26,268 million at the end of 2020, (i) guarantees from customers related to mortgage loans €12,731 million received mainly in Switzerland (€10,300 million), at AXA Banque France (€1,908 million) and in Belgium (€523 million), (ii) €7,175 million guarantees related to loans mainly at AXA Banque France (€7,089 million), and (iii) €6,302 million other guarantees received from customers, mainly at AXA Banque France (€6,301 million).

Pledged securities and collateralized commitments received totaled to €8,915 million at the end of 2020:

- collateral for derivatives totaled to €4,532 million mainly in Germany (€2,149 million), France (€1,402 million) and Belgium (€527 million);
- collaterals for reinsurance operations totaled to €4,382 million mainly in France (€3,479 million) and at AXA Global Re (€721 million).

Letters of credit received totaled to €252 million at the end of 2020 mainly at AXA Global Re (€136 million) and in Turkey (€70 million) due to letter of credits related to reinsurance transactions.

Other commitments received totaled to €2,605 million at the end of 2020, mainly related to mortgages received as guarantees for debt instruments in Germany (€696 million), Japan (€512 million), France (€474 million) and Italy (€400 million).

29.2 BREAKDOWN OF COMMITMENTS GIVEN

	December 31, 2020					December 31, 2019 restated [(a)]
	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	**757**	**190**	**72**	**5**	**1,024**	**1,429**
Customers	752	185	72	5	1,015	1,429
Credit institutions	5	4	-	-	9	-
Guarantee commitments	**4,215**	**439**	**901**	**1,483**	**7,038**	**6,580**
Customers	4,100	14	16	973	5,103	4,604
Credit institutions	115	425	885	510	1,935	1,976
Other	**10,202**	**4,486**	**1,946**	**8,766**	**25,399**	**27,376**
Pledged securities and collaterized commitments	3,871	152	263	2,269	6,555	7,345
Letters of credit	1,780	4	531	57	2,372	1,503
Other commitments	4,551	4,330	1,152	6,440	16,473	18,528
TOTAL	**15,174**	**5,114**	**2,918**	**10,255**	**33,461**	**35,385**

(a) Pledged securities and collateralized commitments given related to security repurchase agreements are disclosed in Note 29.3.

Commitments given totaled to €33,461 million at the end of 2020, decreased by €1,924 million compared to the end of 2019, mainly due to a decrease of €1,976 million in other commitments and a decrease of €789 million in pledged assets and collaterals.

These commitments can be broken down as follows:

Financing commitments given totaled to €1,024 million at the end of 2020 and consisted of financing loans commitments to customers granted at AXA Banque France (€741 million) and Germany (€232 million).

Guarantee commitments given totaled to €7,038 million at the end of 2020 and consisted of (i) other guarantees given to customers for €5,103 million mainly in Germany (€4,101 million) and France (€919 million), and (ii) guarantee commitments given to credit institutions related to loans for €1,935 million at AXA SA (€1,694 million).

Pledged securities and collateralized commitments given totaled to €6,555 million at the end of 2020:

- pledged assets and collaterals for derivatives instruments totaled to €2,749 million mainly in Japan (€997 million), France (€721 million) and Hong Kong (€414 million);
- other pledged assets/collaterals totaled to €2,577 million mainly from AXA Banque France (€2,033 million) and Hong Kong (€532 million);
- pledged assets and collaterals for reinsurance operations totaled to €1,228 million mainly in France (€1,170 million).

Letters of credit given totaled to €2,372 million at the end of 2020 and were mainly from AXA XL (€2,288 million).

Other commitments given totaled to €16,473 million at the end of 2020 and mainly consisted of:

- €6,489 million commitments to invested assets other than Real Estate funds or private equity funds mainly in Belgium (€2,509 million), France (€1,674 million), Germany (€1,253 million) and AXA XL (€448 million);
- €5,879 million commitments to private equity funds mainly in Germany (€2,509 million), Japan (€1,193 million), Switzerland (€878 million) and Hong Kong (€456 million);
- €1,716 million commitments to Real Estate funds mainly in Germany (€796 million) and France (€566 million);
- €1,268 million commitments related to group insurance contracts mainly from AXA SA (€944 million).

29.3 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS AND SIMILAR OPERATIONS

As of December 31, 2020, pledged securities and collateralized commitments received related to security reverse repurchase agreements and similar operations amounted to €8,134 million (€4,988 million as of December 31, 2019).

As of December 31, 2020, pledged securities and collateralized commitments given related to security repurchase agreements and similar operations amounted to €53,884 million (€46,963 million as of December 31, 2019) (see Note 9.7).

29.4 OTHER AGREEMENTS

29.4.1 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.

29.4.2 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.

29.4.3 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.

29.5 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 Bylaws.

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 the Company 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 Mrs. Bénédicte Vignon and Mr. Grégory Saugner, 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 2023.

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. Patrice Morot: 63, rue de Villiers – 92208 Neuilly-sur-Seine, first appointed on April 25, 2018. 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 2023.

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 (PricewaterhouseCoopers)							
	2020				2019			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million, except percentages)	France	Rest of the world	Total	%	France	Rest of the world	Total	%
Statutory audit and certification of local and consolidated financial statements	**5**	**24**	**29**	**74%**	**5**	**24**	**29**	**72%**
AXA SA	3	-	3	7%	3	-	3	6%
Integrated subsidiaries globally	2	24	26	67%	2	24	26	65%
Other [(a)]	**3**	**7**	**10**	**26%**	**5**	**6**	**11**	**28%**
AXA SA	3	-	3	7%	4	-	4	10%
Integrated subsidiaries globally	0	7	7	19%	1	6	7	18%
TOTAL	**8**	**31**	**39**	**100%**	**10**	**30**	**40**	**100%**

(a) Fees for other services paid to Statutory Auditors mainly relate to (i) other insurance assignments – agreed upon procedures on financial information, insurance services over regulatory information, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.

	Mazars							
	2020				2019			
	Amount (before VAT)				Amount (before VAT)			
(in Euro million, except percentages)	France	Rest of the world	Total	%	France	Rest of the world	Total	%
Statutory audit and certification of local and consolidated financial statements	**3**	**6**	**9**	**73%**	**3**	**6**	**9**	**70%**
AXA SA	1	-	1	6%	1	-	1	6%
Integrated subsidiaries globally	2	6	8	67%	2	6	9	64%
Other [(a)]	**1**	**2**	**3**	**27%**	**2**	**2**	**4**	**30%**
AXA SA	1	-	1	7%	1	-	1	7%
Integrated subsidiaries globally	0	2	3	21%	1	2	3	23%
TOTAL	**4**	**8**	**12**	**100%**	**4**	**9**	**13**	**100%**

(a) Fees for other services paid to Statutory Auditors mainly relate to (i) other insurance assignments – agreed upon procedures on financial information, insurance services over regulatory information, comfort letters, SSAE16/ISAE3402 reports, insurance reports on EOF and SFCR, and due diligences, (ii) tax services – out of France such as tax compliance services, and (iii) other permitted advisory services.

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 Litigations

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 appointed an independent expert to challenge this report and submitted its statement in February 2017. A court-appointed expert provided a revised report in response to AXA’s expert in November 2018.

A first instance decision was issued in December 2019. The court decided that the AKAG and KVAG valuation compensation should be increased by approximately 22% of the amount paid by AXA in 2007. The decision requires AXA to make a further payment of approximately €116 million as at December 2019 which amount was significantly less than the increase proposed by the court appointed expert. The minority shareholders have appealed the decision and AXA counter appealed. Annual interest will accrue in the amount of €3.14 million *per annum* while the appeal is pending. The appeal determination could take several years. Consequently, the precise financial impact of this matter cannot be estimated with any certainty at this time.

31.2 MATTERS CONCERNING AXA SUBSIDIARIES

AXA and its subsidiaries are involved in various legal actions and proceedings of a character normally incidental 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.

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 United States.

A number of lawsuits have been filed against insurers in the United States and elsewhere involving the scope and interpretation of policies, insurers' sales practices, alleged 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 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 activities, corporate transactions, employee benefit disputes, alleged discrimination in employment practices, as well as other matters.

Furthermore, a number of AXA subsidiaries are involved in litigations relating to COVID-19 exposure under business interruption policies.

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.

31.2.1 Other litigation

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 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. CLCV has appealed to the Court of Appeal of Versailles and its decision is expected in the coming months. AXA France believes that it has strong defenses to the abovementioned claims and is defending this matter vigorously.

AXA France is also involved in a significant number of litigations relating to COVID-19 exposure under standard multi-risk policies with non-damage business interruption extensions. To date, the French courts have delivered inconsistent judgments in these cases, which we expect will continue to be the case as appeals are pursued.

AXA XL DIVISION

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, which was merged into XL Insurance Company SE on December 31, 2019 ("AXA XL Division"). 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' 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"). AXA XL Division was joined to proceedings, as insurer, in over 200 cases. AXA XL Division pleaded the illegality of the Decrees as its defense and in September 2016, the Court of Appeal of Versailles referred the question as to the legality of the Decrees to the European Court of Justice ("ECJ") which rendered a decision in favor of the arguments raised by AXA XL Division in March 2017. In March 2019, the French Supreme Court upheld the decision of the ECJ. Lower courts continue to dismiss cases based on the above rulings.

Royal Bank of Scotland Plc ("RBS") has notified claims for coverage to AXA XL Division under general liability policies covering the years 2001-2004. AXA XL Division 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 the 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 in 2014 this dismissal was overturned and the case was remanded to the court of first instance who granted NatWest's motion for summary judgment and dismissed the claims under the US Anti-Terrorism Act. AXA XL Division is not a party to this litigation. The plaintiffs appealed the court's decision and a decision is not expected before the end of Q1 2021. In the event the appellate court reverses the summary judgment decision, the exposure, if any, of AXA XL Division in this matter 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 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).

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 and Note 29 "Contingent assets and liabilities and unrecognized contractual commitments" in Part 6 "Consolidated Financial Statements" of this Annual Report.

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. In addition, as of December 31, 2020, to the Company's knowledge, there were no other governmental, judicial or arbitration proceedings, either pending or threatened, that may have, or have had a significant impact on the financial situation or profitability of the Company or the Group over the past 12 months. 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 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

There was no material event after the reporting period to be reported.

6.7 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

Statutory Auditors' report on consolidated financial statements

For the year ended December 31, 2020

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. 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' Meeting,

AXA SA
25, Avenue Matignon
75008 Paris

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of AXA SA for the year ended December 31, 2020.

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 as at December 31, 2020, and of the results of its operations for the year then ended in accordance with International Financial reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* Section of our report.

Independence

We conducted our audit engagement in compliance with independence rules provided for in the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of Life & Savings future policy benefit reserves including deferred acquisition costs
(See Notes 1.7.3, 1.14.2, 4.4 and 14 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2020, the Group has recorded material Life & Savings liabilities arising from insurance contracts (€270,989 million) and liabilities arising from investment contracts with discretionary participation features (€36,480 million), where risks are born by the Group, as described in Notes 14.2 and 14.3 to the consolidated financial statements. The primary assumptions that must be made as part of the valuation include assumptions about mortality, longevity, lapses, morbidity, disability and costs as well as economic assumptions such as interest rates and equity market performance. As described in Notes 1.14.2 and 4.4 to the consolidated financial statements, measurements of Life & Savings technical reserves are as follows: ■ for Life and Protection insurance contracts, the future policy benefit reserves relating to these contracts are generally measured based on a prospective basis using assumptions on investment yield, mortality, longevity, lapses, morbidity and expenses; ■ some of these reserves, in particular Protection and Health products, include contracts with surrender guarantees and, in some cases a guaranteed long-term rate or long-term guarantees; ■ for investment contracts with discretionary participation features, future policy benefits reserves are generally calculated using a prospective approach based on discount rates usually set at inception. Assumptions used are generally locked-in at inception, and for some Life & Savings reserves are based on unlocked discount rates as stated in note 14.10.2. At each closing, the Company uses a Liability Adequacy Test to determine that technical reserves are sufficient, and that deferred acquisition costs are recoverable. Liability Adequacy Test is based on current best estimates of all future contractual cash flows that are valued using complex actuarial models and involve a significant degree of judgment. Certain changes in these assumptions could result in material impact to the valuation of these liabilities and assets. Accordingly, we deemed the valuation of the future policy benefit reserves covering these contracts to be a key audit matter.	Our audit approach to the risk relating to the valuation of these liabilities and assets in the Life & Savings line of business was as follows: ■ we assessed the compliance of the Group methodology with current accounting standards; ■ we updated our knowledge of the methodologies for measuring future policy benefit reserves covering these contracts as well as the models used to calculate the reserves and evaluated their appropriateness; ■ we assessed the IT systems used to process the technical data and integrate that data into the accounting system; ■ we assessed the design of the internal control system and tested the operating effectiveness of the internal controls we deemed key to our audit; ■ we tested, on a sample basis and based on our risk assessment, the calculation models applied to estimate the future cash flows used to determine the future policy benefit reserves and for the liability adequacy tests; ■ we applied procedures to test the reliability of the underlying data used in the models and reserve calculations; ■ we evaluated the reasonability of the assumptions used by management and the sensitivity of the models to the assumptions; ■ we applied analytical procedures with a view to identifying and analyzing any material unusual and/or unexpected changes. Finally, we assessed the adequacy of the disclosures in the financial statements.

Measurement of claim reserves in the Property & Casualty line of business
(See Notes 1.2, 1.14.2 and 14 to the consolidated financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2020, the Group had recorded claim reserves of €83,746 million, as described in Note 14.2 to the consolidated financial statements. As stated in Note 1.14.2 to the consolidated financial statements, these reserves correspond to the estimated ultimate cost of settling an insurance claim. They include claims incurred and reported, claims incurred but not reported (IBNR) as well as claims handling costs. These reserves are calculated using statistical and actuarial methods, on the basis of historical claims data and patterns, and use assumptions to estimate ultimate claims cost. For some line of business, these estimates require a high degree of judgment, and the assumptions selected may have a significant impact on the ultimate claims cost of these reserves at the end of the reporting period as the inherent uncertainty is higher. This is especially the case for Property & Casualty lines of business that are considered long-tail such as general and professional liability, worker's compensation, and other specialty lines. In addition, estimates of gross and net loss from natural catastrophe events and large man-made losses, including business written or reinsured through AXA XL, are more difficult to project as they are less frequent but can be of higher severity. In particular, as noted in Note 1.2 the estimation uncertainty of the ultimate cost of claims triggered by the COVID-19 pandemic required a high degree of judgment. Accordingly, due to these inherent uncertainties to calculate the estimates, we deemed the measurement of claim reserves in the Property & Casualty line to be a key audit matter.	Our audit approach to the risk relating to the valuation of claim reserves was as follows: ■ we assessed the compliance of the methodology applied by the Group with current accounting standards; ■ we evaluated and tested the design and operating effectiveness of the internal controls relating to: - the management of claims and, in particular, the measurement of reserves on a case-by-case basis, - the calculation of the ultimate cost (assumptions, judgments, data, methodologies, compliance with the applicable accounting principles and methods), including any second opinions supplied by Risk Management with respect to technical reserves, - the IT systems used to process the technical data and integrate that data into the accounting system; ■ we tested the reliability and the completeness and accuracy of the underlying data; ■ we applied procedures (including monitoring the change in loss ratios) to analyse the significant changes that took place over the reporting period; ■ we evaluated the outcome of the accounting estimates made the previous year with a view to assessing the reliability of the process used by management to calculate these estimates; ■ our work also consisted in assessing the statistical methods and actuarial inputs applied, as well as of the assumptions used, with respect to the applicable regulations, market practices, on going litigations and the economic and financial context of the AXA Group taking into account contrary and corroborating evidence; ■ focusing on those classes of business where reserve estimates present a higher risk of uncertainty and judgement, we undertook an independent evaluation of the reserves for certain insurance risk categories with a view to providing a basis for our professional judgment and our assessment of the estimates used by the Group; ■ we have evaluated the reasonableness of management's methodology and assumptions used to estimate the COVID-19 net loss reserves. Finally, we assessed the adequacy of the disclosures in the financial statements.

Measurement of the recoverable amount of goodwill
(See Notes 1.3.2, 1.7.1 and 5 to the consolidated financial statements)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>At December 31, 2020, the Group's statement of financial position showed goodwill with a net carrying amount of €16,583 million (including €6,983 million related to the AXA XL cash generating unit (CGU)).

As stated in Note 1.3.2 to the consolidated financial statements, goodwill corresponds to the excess of the consideration of the business combination over the net identifiable assets acquired and liabilities assumed on the acquisition date. Goodwill is allocated to the CGUs of the activities into which that business was incorporated.

An impairment test of goodwill, as stated in Note 1.7.1 to the consolidated financial statements, is performed at least once a year to ensure that the net carrying amount does not exceed the recoverable amount and there is no impairment.

The recoverable amount corresponds to the higher of fair value less costs to sell and value in use.
As stated in Note 5 to the consolidated financial statements, value in use calculations are based on the following main assumptions:
■ cash flow projections based on business plans;
■ discount rates; and
■ growth rates,
thus requiring significant judgment from management.

This is especially the case for the AXA XL CGU.

Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter.</td><td>Our audit approach to the risk relating to recoverability of goodwill was as follows:
■ we assessed the compliance of the methodology applied by the Group with current accounting standards and its implementation;
■ we evaluated and tested the design and operating effectiveness of the internal controls related to goodwill impairment test process;
■ we also performed substantive procedures regarding the main assumptions to test that:
- the projected future cash flows are consistent with management's most recent estimates, as calculated during the budget process,
- the assumptions made with respect to projected future cash flows are reasonable in terms of the economic and financial context of the CGU and, by assessing the reasons for differences between projected and actual performances, that the process by which the estimates were calculated is reliable,
- the discount rate and long term growth rate are in a reasonable range and consistent with the projected cash flows to which they apply;
■ we also performed sensitivity analysis around the main assumptions to ascertain that selected adverse changes to main assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

We assessed the adequacy of the disclosures in the financial statements.</td></tr>
</table>

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements, reminded that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by Article L.356-23 of the French Insurance Code (*Code des assurances*).

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the financial statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the Annual Financial Report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the Annual Financial Report complies, in all material respects, with the European single electronic format.

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of AXA SA by the Shareholders' Meetings held on February 28, 1989, (PricewaterhouseCoopers Audit) and on June 8, 1994, (Mazars). As at December 31, 2020, PricewaterhouseCoopers Audit and Mazars were in the thirty-second and in the twenty-seventh consecutive year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and Risk Management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatements that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, March 22, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Bénédicte Vignon	Grégory Saugner	Jean-Claude Pauly	Maxime Simoen

7 SHARES, SHARE CAPITAL AND GENERAL INFORMATION

7.1 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)*
2019		
Third quarter	24.0	20.5
Fourth quarter	25.4	22.2
2020		
First quarter	25.6	11.8
Second quarter	20.2	13.8
Third quarter	19.6	15.4
Fourth quarter	20.5	13.3
Annual	25.6	11.8
2020 and 2021		
August 2020	18.1	16.7
September 2020	17.7	15.4
October 2020	16.4	13.3
November 2020	20.0	13.7
December 2020	20.5	18.7
January 2021	20.6	18.2
February 2021	21.4	18.4

7.2 SHARE CAPITAL

Capital ownership

On December 31, 2020, AXA's fully paid up and issued share capital amounted to €5,538,111,744.32 divided into 2,418,389,408 ordinary shares, each with a par value of €2.29 and eligible for dividends as of January 1, 2020.

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, 2020:

	Number of shares	% of capital ownership	% of voting rights [(a)]
Mutuelles AXA [(b)]	361,466,657	14.95%	24.75%
Employees and agents	103,366,466	4.27%	6.19%
Treasury shares held directly by the Company	32,296,045	1.34%	[1.12%] [(c)]
Treasury shares held by Company subsidiaries [(d)]	240,064	0.01%	[0.01%] [(c)]
General public	1,921,020,176	79.43%	67.93%
TOTAL	**2,418,389,408** [(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 (12.06% of capital ownership and 19.89% of voting rights) and AXA Assurances Vie Mutuelle (2.88% of capital ownership and 4.86% 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 6 "Consolidated Financial Statements" of this Annual Report.
(e) Source: Euronext Notice of January 8, 2021.

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 has elected amongst its members Mr. François Martineau and Mr. Philippe Guerand as co-chairmen. It is generally consulted on all significant matters relating to the Mutuelles AXA including their collective shareholding in AXA and overall relationship with the Company and the AXA Group.

To the best of the Company's knowledge, no shareholder held more than 5% of the Company's share capital or voting rights on December 31, 2020 except as indicated in the table above.

Certain of the Company's shares are entitled to double voting rights as described in Section 7.3 – "General information – Voting rights" of this Annual Report. Of the Company's 2,418,389,408 outstanding ordinary shares on December 31, 2020, 452,489,999 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, 2018 and December 31, 2020 are set forth in the table below:

	On December 31, 2020 [(a)]				On December 31, 2019 [(a)]				On December 31, 2018 [(a)]			
	Number of shares	Capital ownership (in %)	Number of voting rights	Voting rights (in %)	Number of shares	Capital ownership (in %)	Number of voting rights	Voting rights (in %)	Number of shares	Capital ownership (in %)	Number of voting rights	Voting rights (in %)
Mutuelles AXA [(b)]	361,466,657	14.95%	710,459,194	24.75%	349,441,956	14.45%	692,059,674	24.21%	349,083,119	14.40%	691,850,894	24.16%
Employees and agents	103,366,466	4.27%	177,771,805	6.19%	103,450,594	4.28%	174,037,495	6.09%	125,932,806	5.19%	182,434,659	6.37%
Treasury shares held directly by the Company	32,296,045	1.34%	[32,296,045] [(c)]	[1.12%] [(c)]	31,102,295	1.29%	[31,102,295] [(c)]	[1.09%] [(c)]	41,245,315	1.70%	[41,245,315] [(c)]	[1.44%] [(c)]
Treasury shares held by Company subsidiaries [(d)]	240,064	0.01%	[247,212] [(c)]	[0.01%] [(c)]	240,194	0.01%	[247,342] [(c)]	[0.01%] [(c)]	368,439	0.02%	[375,587] [(c)]	[0.01%] [(c)]
General public	1,921,020,176	79.43%	1,950,105,151	67.93%	1,933,460,084	79.97%	1,960,563,134	68.60%	1,908,286,947	78.69%	1,947,968,800	68.02%
TOTAL	**2,418,389,408** [(e)]	**100%**	**2,870,879,407**	**100%**	**2,417,695,123**	**100%**	**2,858,009,940**	**100%**	**2,424,916,626**	**100%**	**2,863,875,255**	**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 6 "Consolidated Financial Statements" of this Annual Report.
(e) Source: Euronext Notice of January 8, 2021.

On December 31, 2020, to the best of the Company's knowledge based on the information available to it, the Company had 13,188 total registered holders of its ordinary shares (*i.e.* shareholders holding in nominative form).

TRANSACTIONS COMPLETED IN 2020 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 24, 2019 (resolution 11) and June 30, 2020 (resolution 17) and pursuant to Article L.22-10-62 of the French Commercial Code (*Code de commerce*), (i) 15,741,275 AXA shares were repurchased (for the purposes of (a) hedging free grants of shares to employees of the Group or (b) 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 €16.43, and (ii) no AXA shares were sold between January 1 and December 31, 2020.

On December 31, 2020, the total number of AXA treasury shares, all allocated for hedging or cancellation purposes, was 32,296,045 (or 1.34% of AXA's share capital at that date). The booking value of these 32,296,045 treasury shares on December 31, 2020 is €678,078,680.93. These shares were acquired for an aggregate purchase price of €258,669,089.28 (with a par value of €2.29 per share).

Furthermore, for information purposes, it should be noted that on December 31, 2020, the total number of treasury shares held by Company subsidiaries was 240,064 (or 0.01% of AXA's share capital at that date). The booking value of these 240,064 treasury shares on December 31, 2020 is €7,053,000.

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 June 30, 2020, the Board of Directors increased the Company's share capital through the issue of shares reserved to the Group employees under the Shareplan 2020 program. The shareholders waived their preferential subscription rights so that this offering could be made exclusively to Group employees (Shareplan 2020).

In the 38 countries that met the legal, regulatory and tax requirements to participate in Shareplan, a traditional plan was offered to the Group employees in 2020.

The offering 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 or (2) receive the value of their investment in the form of AXA shares.

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 2020 program was carried out through a capital increase that took place in November 2020. Approximately 17,000 employees took part in the Shareplan 2020 program, representing approximately 15% of eligible employees:

- the total amount invested was over €88 million;
- a total of over 6 million new shares were issued, each with a par value of €2.29. These shares began earning dividends on January 1, 2020.

On December 31, 2020, AXA employees and agents held 4.27% of the share capital and 6.19% 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, 2020, AXA's share capital was comprised of 2,418,389,408 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, 2020.

The following table sets forth changes in the number of shares from January 1, 2018 to December 31, 2020:

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)*
2018	Share capital reduction by cancellation of shares	(2,935,769)	(63,784,085)	2,422,299,982	5,547,066,959
	Exercise of stock options	1,047,114	14,226,407	2,423,347,096	5,549,464,850
	New equity issue reserved for employees of AXA (Shareplan 2018)	15,423,549	290,581,688	2,438,770,645	5,584,784,777
	Share capital reduction by cancellation of shares	(15,423,549)	(323,167,103)	2,423,347,096	5,549,464,849
	Exercise of stock options	1,569,530	17,745,639	2,424,916,626	5,553,059,074
2019	Share capital reduction by cancellation of shares	(1,644,442)	(35,703,764)	2,423,272,184	5,549,293,301
	Share capital reduction by cancellation of shares	(9,804,700)	(212,073,425)	2,413,467,484	5,526,840,538
	Exercise of stock options	1,494,925	18,617,056	2,414,962,409	5,530,263,917
	New equity issue reserved for employees of AXA (Shareplan 2019)	17,815,616	332,631,486	2,432,778,025	5,571,061,677
	Share capital reduction by cancellation of shares	(17,815,616)	(368,227,901)	2,414,962,409	5,530,263,917
	Exercise of stock options	2,732,714	38,290,141	2,417,695,123	5,536,521,832
2020	Share capital reduction by cancellation of shares	(399,756)	(8,640,255)	2,417,295,367	5,535,606,390
	Exercise of stock options	403,907	5,272,316	2,417,699,274	5,536,531,337
	New equity issue reserved for employees of AXA (Shareplan 2020)	6,407,730	73,496,663	2,424,107,004	5,551,205,039
	Share capital reduction by cancellation of shares	(6,407,730)	(95,486,643)	2,417,699,274	5,536,531,337
31/12/2020	Exercise of stock options	690,134	8,494,702	2,418,389,408	5,538,111,744

Fully diluted capital on December 31, 2020

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, 2020 [(a)]	2,418,389,408
Stock options	13,575,722
Maximum total number of shares	2,431,965,130

(a) Source: Euronext Notice of January 8, 2021.

Financial authorizations

FINANCIAL AUTHORIZATIONS VALID AS OF DECEMBER 31, 2020

AXA's authorizations to issue shares or other types of securities that were valid as of December 31, 2020 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 24, 2021
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 [(c)]	2 billion [(d)]	26 months	June 24, 2021

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) 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.
(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

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 [(a)]	6 billion [(b)]	550 million	26 months	June 24, 2021
Ordinary shares or securities giving access to the capital, reserved for employees	–	135 million [(c)]	18 months	December 30, 2021
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	–	135 million [(c)]	18 months	December 30, 2021
Performance shares (*actions de performance*) [(d)]	–	1% [(e)]	38 months	June 24, 2022
Performance shares (*actions de performance*) [(d) (f)]	–	0.40% [(e)]	38 months	June 24, 2022

(a) 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.
(b) 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.
(c) Common and independent ceiling.
(d) Existing shares and/or newly issued shares.
(e) At the date on which performance shares are granted by the Board of Directors.
(f) 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 29, 2021:

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 29, 2023
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 [(c)]	2 billion [(d)]	26 months	June 29, 2023

(a) Independent ceiling.
(b) Including the issue of ordinary shares as result of securities issued by subsidiaries of AXA.
(c) 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.
(d) The aggregate nominal value of the capital increase with or without preferential subscription rights may not exceed €2 billion in nominal value.

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)*	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 [(a)]	6 billion [(b)]	550 million	26 months	June 29, 2023
Ordinary shares or securities giving access to the capital, reserved for employees	-	135 million [(c)]	18 months	October 29, 2022
Ordinary shares reserved for a specific category of beneficiaries in connection with offerings for employees	-	135 million [(c)]	18 months	October 29, 2022

(a) Including the issue of ordinary shares or securities (i) in the event of private investments or through public offers (including those mentioned in Article L.411-2 of the French Monetary and Financial Code), (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.

(b) 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.

(c) Common and independent ceiling.

USE OF THE FINANCIAL AUTHORIZATIONS IN 2020

Equity issue reserved for employees

Please see paragraph "Employee shareholders" of the present Section 7.2 of this Annual Report.

Performance shares

In 2020, by virtue of the authorizations granted by the shareholders at the Shareholders' Meeting of April 24, 2019 (resolutions 23 and 24) respectively 4,020,077 performance shares and 802,552 performance shares dedicated to retirement were granted by the AXA Board of Directors.

7.3 GENERAL INFORMATION

AXA is a *société anonyme* (a public limited company) organized under the laws of France, and 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 SA was incorporated in 1957 but the origin of its activities dates 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. AXA's legal entity identifier (LEI) is F5WCUMTUM4RKZ1MAIE39.

The following documents may be consulted at the AXA Group Legal Department (Tour Majunga - 6, place de la Pyramide - 92908 Paris La Défense, France) until the filing of AXA's next Universal 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 Universal Registration Document, and (iii) AXA SA's financial statements and Consolidated Financial Statements for each of the three financial years preceding the publication of this Universal Registration Document. These documents are also available on AXA's website and, more specifically, at the following links for the Bylaws of the Company (https://group.axa.com/en/about-us/governance-overview) and the documents referred to in (ii) and (iii) (https://group.axa.com/en/investor/annual-and-interim-reports).

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 (re)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 and supervisory authorities in France are the AMF, which is the financial markets regulator, and the *Autorité de contrôle prudentiel et de résolution* (the "ACPR"), which is the insurance and financial services supervisor.

INSURANCE AND REINSURANCE OPERATIONS

While the extent and nature of regulation varies from country to country, most jurisdictions in which AXA's (re)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 (re)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 (re)insurers' operations and accounts and request additional information from the (re)insurer. Certain jurisdictions also require registration and periodic reporting by holding companies that control a licensed (re)insurers. 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 (re)insurer and other affiliates such as intra-group transfers of assets and payment of dividends by the controlled (re)insurer. In addition, such legislation generally provides that any direct or indirect acquisition of "control" of our (re)insurance subsidiaries domiciled in a given jurisdiction will be subject to the prior approval of the insurance regulatory authorities in such jurisdiction; the definition of "control" for such purposes generally includes any direct or indirect acquisition of shares or other instruments representing more than a 9.9% voting interest, and would include the acquisition of shares of AXA SA as an insurance holding company. In general, these regulatory schemes are designed to protect the interests of policyholders rather than shareholders. For additional information, see the paragraph "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" in Section 5.1 "Risk Factors" of this Annual Report.

REGULATORY CAPITAL AND SOLVENCY REQUIREMENTS

The Company's (re)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.

Solvency II

The European Union has implemented a regulatory regime for European insurers which became effective on January 1, 2016, following the adoption of Directive 2009/138/EC of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance, as amended (the "Solvency II Directive") and the regulations promulgated thereunder (together with the Solvency II Directive, "Solvency II"). Solvency II was implemented into French law beginning in 2015. In June 2019, amendments to the delegated regulations enacted under the Solvency II Directive were issued in connection with the 2018 interim review of Solvency II.

Solvency II is designed to implement solvency requirements that better reflect the risks that (re)insurance companies face and build a supervisory system that is consistent across all EU Member States. Solvency II 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"); 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"), to be submitted by the undertaking to the competent national supervisory authority on a regular basis as determined by the regulation, and the Solvency and Financial Condition report ("SFCR"), to be made publicly available on an annual basis. Solvency II covers, among other matters, the 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 Requirement ("SCR"), subject in the latter case to the approval of the insurer's lead supervisor.

Solvency II 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 (re)insurance companies be allowed to continue their operations, and (ii) the SCR, which corresponds to a level of eligible own funds that enables (re)insurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

The ACPR has approved the use by AXA of its internal model (the "Internal Model") to calculate its SCR under Solvency II. The Solvency II ratio of the Group as of December 31, 2020, published on February 25, 2021, was estimated at 200% [1], compared to 198% as of December 31, 2019. The Group maintained eligible own funds in excess of its SCR at all times during 2020.

AXA continues to regularly review the scope, underlying methodologies and assumptions of the Internal Model, and will adjust its SCR accordingly. In addition, AXA's Internal Model has been and may be revised from time to time in accordance with applicable regulations. However, any significant change to the Internal Model would be subject to the prior approval of the ACPR, which may require adjustments to the level of SCR.

For more information on the Internal Model, please refer to Section 5.2 "Internal Model" of this Annual Report. For further information on AXA's SCR, Internal Model and other Solvency II disclosures, please refer to the AXA Group's SFCR for the year ended December 31, 2019, available on AXA's website (www.axa.com). AXA Group's SFCR for the year ended December 31, 2020 is expected to be published on May 20, 2021, on the same website.

(1) The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock. In compliance with the ACPR's decision, from January 1, 2019, entities that were part of the XL Group (the "XL entities") were fully consolidated for Solvency II purposes (as per the consolidation-based method set forth in the Solvency II Directive) and their contribution to the Group's solvency capital requirement was calculated using the Solvency II standard formula. Since the acquisition of the XL Group, the AXA Group has prepared the extension of its internal model to the AXA XL division (i.e. XL Group, AXA CS and AXA Art, as detailed in page 243 of the 2019 Annual Report) and obtained the authorization of the supervisory authorities to calculate, from December 31, 2020, its contribution to the Group's solvency capital requirement using the AXA Group Internal Model. For additional information, please refer to Section 5.2 "Internal Model" of this Annual Report. The Solvency II ratio will be finalized prior to the publication of the AXA Group's SFCR currently expected to be on May 20, 2021.

Solvency II review

The Solvency II framework is currently under review by the European Commission, and on December 17, 2020, EIOPA submitted an opinion to the European Commission as part of the review of the Solvency II framework (the "Solvency II Opinion"). EIOPA's proposals include, among others, (i) changing the extrapolation method for the risk-free rate curve as well as changing the static and dynamic volatility adjuster design which are both used to value insurance best estimate liabilities, changing the risk margin calculation; (ii) revising reporting requirements and disclosure deadlines under the Solvency II framework; (iii) granting supervisory authorities extended powers to address systemic risk and other macro prudential concerns, allowing them to impose additional measures to reinforce an insurer's financial condition, such as (a) setting a capital surcharge to address entity-, activity-, or behavior-based sources of systemic risk, (b) restricting or suspending dividend or other payments to shareholders (including share buybacks) or (c) other implementing measures aimed at mitigating liquidity risk-related concerns; (iv) strengthening the supervisory powers of, and enforcement measures that may be imposed by, a group supervisor with respect to the holding company of the Group; (v) amending the Group supervision regime (including EOF requirements and Minimum Capital Requirement for groups); (vi) establishing a minimum harmonized and comprehensive recovery and resolution framework; and (vii) setting up a European network of national Insurance Guarantee Schemes. The European Commission is expected to publish its proposal regarding the review of the Solvency II framework in the third quarter of 2021.

Recovery and resolution regimes for (re)insurers

In the event of a failure by a (re)insurance company or an insurance holding company to meet applicable regulatory capital requirements (including the MCR and the SCR, as applicable), insurance supervisors generally have broad authority to require or take various regulatory actions, including limiting or prohibiting the issuance of new business, prohibiting or restricting payment of dividends or other shareholder distributions, and/or putting a company into rehabilitation or insolvency proceedings. In particular, under the French recovery and resolution framework for the insurance industry, set forth in Order No. 2017-1608 of November 27, 2017 and its various implementing measures (the "French Resolution Framework"), the ACPR has broad resolution powers with respect to insurance groups, insurance holding companies, such as AXA SA, and (re)insurance companies, including prohibiting payment of dividends, ordering portfolio transfers, establishing temporary bridge institutions and imposing a temporary stay on early termination rights. Under the French Resolution Framework, French major insurance groups, such as the AXA Group, are required to prepare and file with the ACPR a pre-emptive recovery plan (*plan préventif de rétablissement*) covering insurance holding companies, insurance and reinsurance subsidiaries thereof, and any other entity of such groups, providing key services (*services indispensables*) thereto, and to ensure that such recovery plan remains up-to-date thereafter.

Furthermore, the proposals and continuing discussions regarding recovery and resolution in the insurance sector may broaden the scope and extent of regulatory measures available to insurance supervisory authorities. In particular, EIOPA proposed in its Solvency II Opinion to establish a minimum harmonized and comprehensive recovery and resolution framework, advocating for strengthened preventive and resolution powers available to national authorities, while the Financial Stability Board (the "FSB") and the IAIS are increasingly focusing on the development of recovery and resolution frameworks, strategies and supervisory practices in the insurance industry. For instance, on August 25, 2020, the FSB published its Key Attributes Assessment Methodology for the Insurance Sector, which sets out essential criteria to guide the assessment of the compliance of a jurisdiction's insurance resolution framework with the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions, as updated in 2014, which constitute the FSB's 'umbrella' standard for resolution regimes for all types of financial institutions. On the same date, the FSB also issued a note explaining the application of the aforementioned methodology and key attributes during the period of suspension of the designation of global systemically important insurers ("G-SIIs"), and indicated that the Key Attributes should continue to apply during the suspension period to any insurer that could be systemically significant. Furthermore, as part of its work on recovery and resolution, the IAIS published an Application on Recovery Planning on November 18, 2019 and recently conducted a public consultation, closed on February 5, 2021, regarding a draft Application Paper on Resolution Powers and Planning, which aims to provide guidance on supervisory practices related to resolution and on the application of certain insurance core principles ("ICPs") and related ComFrame standards in a resolution context.

EU-US Covered Agreement

In connection with Solvency II, on September 22, 2017, the European Union and the United States signed the "Bilateral Agreement between the European Union and the United States of America on Prudential Measures Regarding Insurance and Reinsurance" (the "Covered Agreement") which sets out principles governing the imposition of Group capital and supervisory standards for insurance groups headquartered in an EU Member State or the United States with operations in both. Following approval by the European Parliament on March 1, 2018 and the European Council on March 20, 2018, the Covered

Agreement entered into force on April 4, 2018 and will be fully implemented within five years from its signing date. Pursuant to the Covered Agreement, the AXA Group will remain subject to group supervisory and capital requirements, as currently provided under Solvency II, with AXA's US insurance subsidiaries remaining subject to local requirements. The Covered Agreement also addresses various regulatory information-sharing and reporting matters, as well as EU/US reinsurance market issues.

On October 26, 2020, the European Union and the United States held the third meeting of the joint committee established in order to discuss the progress made toward timely implementation of the Covered Agreement and, in particular, on the removal of collateral and local presence requirements for reinsurers, as well as the provisions on group supervision and exchange of information.

LLOYD'S

Following the acquisition of the XL Group in 2018, AXA has been managing, through Catlin Underwriting Agencies Limited, Syndicate 2003, one of the larger syndicates at Lloyd's. As a result, AXA is exposed to a variety of Lloyd's-related regulatory matters, such as the Council of Lloyd's wide discretionary powers to regulate members of Lloyd's, vary the method by which the capital solvency ratio is calculated, or impose additional or special levies on members.

For further information on the risks related to regulatory capital requirements, see the paragraph "the Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition" in Section 5.1 "Risk Factors" of this Annual Report.

IAIS AND INTERNATIONALLY ACTIVE INSURANCE GROUP ("IAIG") STATUS

The IAIS has developed several sets of supervisory requirements and actions applicable to the insurance industry: (i) ICPs, which are intended to apply to the supervision of all insurers and insurance groups, regardless of size or importance; (ii) the Common Framework ("ComFrame"), which builds and expands on the standards and guidance set forth in the ICPs to establish supervisory standards and guidance focusing on the effective group-wide supervision of IAIGs, as well as a globally comparable risk-based measure of capital adequacy of IAIGs, the Insurance Capital Standard (the "ICS"); and (iii) policy measures for GSIIs and an assessment methodology for designating GSIIs. From 2013 to 2016, the FSB, in consultation with the IAIS and national authorities, annually published a list of GSIIs, which included AXA in each of such years. On May 18, 2020, EIOPA published an updated list of IAIGs headquartered in the European Union, established in accordance with ComFrame, which included AXA.

On November 14, 2019, the IAIS adopted the ComFrame, which includes the version 2.0 of the ICS. As part of the IAIS implementation schedule, ICS 2.0 is first subject to a five-year monitoring period, starting in January 2020, during which IAIGs can be asked by their supervisors to compute an ICS, on a voluntary basis, for confidential reporting and discussion in supervisory colleges. The end objective for the IAIS is to have the ICS implemented in all jurisdictions as a group-wide prescribed capital requirement for IAIGs after the monitoring period. On November 14, 2019, the IAIS also adopted a holistic framework for the assessment and mitigation of systemic risk in the insurance sector (the "Holistic Framework"), in lieu of the previous individual GSII designation mechanism, which is currently being implemented.

The Holistic Framework comprises a set of enhanced supervisory measures and powers of intervention (*e.g.*, ongoing supervisory requirements, applied to insurers, enhanced macroprudential surveillance, crisis management and recovery planning), which are embedded within certain ICPs and ComFrame materials, an annual global monitoring exercise by the IAIS (at individual insurer and sector-wide levels), as well as implementation assessment activities aimed at assessing and mitigating the potential build-up of systemic risk in the global insurance sector. The Holistic Framework moves away from the previous binary approach, in which a set of pre-determined policy measures applied to only a small group of identified GSIIs, to an approach promoting a proportionate application of an enhanced set of supervisory policy measures and powers of intervention for macroprudential purposes to a broader portion of the insurance sector.

The IAIS will however continue to use risk factors similar to those used in the past to identify GSIIs, to assess potential systemic risk at individual insurers as part of its global monitoring exercise and systemic risk assessment. In addition, many of the enhanced supervisory measures reflected in the Holistic Framework are similar to and derived from the enhanced policy measures the IAIS had formerly adopted for application to GSIIs only. In light of the development and adoption of the Holistic Framework by the IAIS, the FSB has decided to continue suspending the annual identification of GSIIs as from the beginning of 2020. In November 2022, the FSB will review the need to either discontinue or re-establish an annual identification of GSIIs based on the initial implementation of the Holistic Framework.

AXA will continue to monitor the development of the Holistic Framework, ICPs and ComFrame and expects the regulatory landscape with respect to (re)insurance and financial markets to continue to evolve in 2021 and beyond with further legislative and regulatory initiatives.

For additional information, see paragraphs "the Group's or its (re)insurance subsidiaries' failure to meet their solvency and capital adequacy requirements could have a material adverse effect on our business, liquidity, ratings, results of operations and financial condition", "As a holding company, we are dependent on our subsidiaries to cover our operating expenses and dividend payments" and "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" in Section 5.1 "Risk Factors" of this Annual Report.

ASSET MANAGEMENT & BANKING ACTIVITIES

AXA Investment Managers and other AXA asset management entities are subject to extensive regulations in the various jurisdictions in which they operate. These include, in Europe, Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (as amended, "AIFMD"), and Directive 2009/65/EC of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), and their various implementing regulations and transposition measures. AIFMD is currently undergoing a review by the European Commission, which is expected to publish draft legislative proposals in the third quarter of 2021, which might also lead to further adjustments to the rules applicable to UCITS. In addition, AXA's investment management operations in the United States are subject to regulation by the SEC.

These regulations are generally designed to safeguard client assets and ensure the adequacy of disclosures concerning investment returns, the risk characteristics of invested assets in various funds, the suitability of investments for client investment objectives and risk tolerance, as well as the identity, regulatory approvals 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 company, censures and/or fines.

The European Union (Regulation (EU) No. 648/2012 of July 4, 2012, also referred to as the European Market Infrastructure Regulation – "EMIR") and the US regulations (principally the Dodd-Frank Act), as amended from time to time, set several requirements and 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 rules, in line with the Group's financial risk framework.

In addition, certain AXA entities must comply with revised obligations on capital resources for banks and certain investment firms, including Directive 2013/36/EU of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended "CRD"), and Regulation (EU) No. 575/2013 of June 26, 2013 on prudential requirements for credit institutions and investment firms, as amended, which set forth specific capital, governance and remuneration requirements (as amended "CRR"). On June 27, 2019, Directive (EU) 2019/878 of May 20, 2019 ("CRD II") and Regulation (EU) 2019/876 of May 20, 2019 ("CRR II"), which respectively amend CRD and CRR, entered into force. CRD II and CRR II further implement the Basel III framework by amending various CRD and CRR provisions regarding, *e.g.*, holding company rules, leverage ratios, large exposures, liquidity, market risk and counterparty credit risk, as well as reporting and disclosure requirements (including on remuneration). Most provisions of CRD II had to be transposed into national law by EU Member states by December 28, 2020, and were transposed in France by Order No. 2020-1635 of December 21, 2020, while most CRR II requirements will be applicable from June 28, 2021.

Moreover, certain AXA entities are subject to Directive 2014/65/EU of May 15, 2014 on markets in financial instruments (as amended, "MiFID II") and Regulation (EU) No. 600/2014 on markets in financial instruments, as amended ("MiFIR" and, together with MiFID II, and the various regulations promulgated thereunder, the "MiFID II Package") which entered into force in 2018. The MiFID II package has been 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, enhanced governance and investor protection standards, 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.

The reforms introduced by the MiFID II Package significantly impacted EU securities and derivatives markets. The MiFID II Package may also be revised in the future, including as a result of implementing regulations, transposition laws and regulatory guidance enacted or issued in connection therewith. In particular, the European Commission conducted a public consultation on the review of the MiFID II Package, which expired in May 2020, while ESMA was conducting a parallel public consultation on several issues pertaining to MiFID II and MiFIR. Building on these consultations, the European Commission is expected to publish draft legislative amendments to MiFID II and MiFIR in the course of 2021.

Furthermore, some AXA entities are directly or indirectly subject to Regulation (EU) No. 1286/2014 of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (as amended, the "PRIIPs Regulation") which entered into force in 2018, the objective of which is to enhance retail investor protection by standardizing the information through predefined key information documents. While the PRIIPs Regulation already started impacting insurance undertakings, banks and asset managers, its revision is under consideration by the European Commission in order to reach better convergence with other EU regulations.

For additional information, see the paragraph "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" in Section 5.1 "Risk Factors" of this Annual Report.

OTHER SIGNIFICANT LEGISLATIVE AND REGULATORY FRAMEWORKS

EU Data Protection Reform

The EU Data Protection Reform, which was adopted in 2016 and entered into force in 2018, establishes a comprehensive framework governing the protection and processing of personal data in the private and public sectors, which includes the GDPR.

The main principles of the GDPR 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 European Union and a "one-stop-shop" that will streamline cooperation between the data protection authorities on issues with implications for all the European Union, and (iii) a stronger enforcement regime, under which competent data protection authorities are able to fine companies that do not comply with EU rules up to 4% of their global annual turnover. The GDPR applies to both EU and non-EU companies, if the latter are offering goods and services or monitoring the behaviour of individuals in the European Union. As (re)insurance companies need an EU license for providing insurance services in the European Union, the GDPR applies primarily, in the insurance and reinsurance sector, to companies operating in the European Union.

In France, the EU Data Protection Reform has been transposed by Law No. 2018-493 regarding personal data protection, which entered into force on May 25, 2018, and various implementing measures, including Decree No. 2018-687 of August 1, 2018.

For further information concerning data protection, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 5.1 "Risk Factors" of this Annual Report.

Personal data transfers to non-EU jurisdictions (without an adequacy decision adopted by the European Commission)

Following invalidation in 2015 of the European Commission's Safe Harbor Decision by the European Union Court of Justice (the "2015 ECJ Decision"), which had allowed, under certain conditions, for the transfer of personal information for commercial purposes from companies in the European Union to companies in the United States which had signed up to the US Department of Commerce "Safe Harbor Privacy Principles," transatlantic data flows between companies continued using other mechanisms, such as standard contractual clauses with US companies and binding corporate rules for transfers within a multinational corporate group. Following the 2015 ECJ Decision, a new safe harbor, referred to as the "EU-US Privacy Shield," had been created in July 2016, but was invalidated by the European Union Court of Justice on July 16, 2020 (the "2020 ECJ Decision"), which also required that supplementary measures be considered for other mechanisms for data transfers to any non-EU jurisdiction (without an adequacy decision adopted by the European Commission). As banks and (re)insurance companies were generally not eligible to register and participate in the EU-US Privacy Shield, the AXA Group has continued to rely on standard contractual clauses when transferring data to non-AXA non-EU companies, and binding corporate rules when transferring personal data between companies within the AXA Group. We currently believe that we can continue using such mechanisms to transfer data to the US and to other non-EU jurisdictions and add supplementary measures as required. For further information concerning transatlantic data transfers, please see the paragraph "The evolving and complex regulatory environment surrounding data protection and transfer in the European Union could increase our costs and adversely impact our business" in Section 5.1 "Risk Factors" of this Annual Report.

Personal data transfers to and from the United Kingdom

Brexit could significantly impact transfers of data to or from the United Kingdom. The EU-UK Trade and Cooperation Agreement includes an interim bridging mechanism starting January 1, 2021 that allows the continued free flow of personal data from the European Union to the United Kingdom for a six-month period. Upon expiry of this bridging mechanism, and unless an adequacy decision is adopted by the European Commission, the United Kingdom will be considered a third country under GDPR.

In case of early termination of the bridging mechanism, or if no adequacy decision is adopted by the European Commission, data transfers from the European Union to the United Kingdom would be subject to additional safeguards, comparable to those currently required for transfers between the European Union and the non-EU jurisdictions. In such case, EU-UK data flows between companies would continue, but would rely on other mechanisms than before Brexit, such as standard contractual clauses with UK companies and binding corporate rules for transfers within a multinational corporate group with the considered supplementary measures as per the 2020 ECJ decision.

Regarding data transfers from the United Kingdom to EU Member States, the UK government has decided to allow such transfers to continue as before Brexit, but this is subject to review. Consequently, there is a risk that the United Kingdom could impose new restrictions to outbound transfers of personal data prior to or after the expiry of the bridging mechanism.

Information and Communication Technology (ICT)

On September 24, 2020, the European Commission published a draft regulation on digital operational resilience for the financial sector ("DORA"), which is designed to establish a comprehensive framework on digital operational resilience for EU financial institutions, including (re)insurance undertakings and intermediaries, credit institutions, investment firms, as well as alternative investment fund managers and UCITS management companies. This framework aims at enhancing the financial institutions' conduct of ICT Risk Management, establishing a thorough testing of ICT systems, increasing supervisors' awareness of cyber risks and ICT-related incidents faced by financial institutions, as well as introducing powers for competent supervisory authorities to oversee risks stemming from financial institutions' dependency on ICT third-party service providers. DORA also proposes to create a consistent incident reporting mechanism in order to strengthen supervisory effectiveness. This draft regulation is currently being considered by the EU Parliament and Council, through the EU legislative process. Furthermore, on October 8, 2020, EIOPA issued a set of guidelines aimed at promoting the operational resilience of the digital operations of (re)insurance undertakings. These guidelines provide guidance to national competent authorities and (re)insurance undertakings on the ICT security and governance requirements envisaged under Solvency II, and will apply from July 1, 2021.

Executive compensation

Solvency II sets out the remuneration policy principles and governance requirements to be implemented by European insurers and specifies that the companies subject to Solvency II must adopt a written remuneration policy compliant with a number of principles set out in Delegated Regulation (EU) 2015/35 of October 10, 2014 (as amended, the "Solvency II Regulation") 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.

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 the "Principles for 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. The FSB's principles were supplemented by additional guidance published by the FSB in 2018, which has been developed in the form of recommendations regarding improvements in compensation practices and tools that could be used to reduce misconduct risk and address misconduct incidents.

In addition, on April 7, 2020, EIOPA published an opinion on the supervision of remuneration principles in the insurance sector. This opinion is based on EIOPA's views that the remuneration principles defined in the Solvency II Regulation are high-level and leave considerable discretion to undertakings and supervisory authorities, and aims at ensuring that consistent practices be applied in the application of the remuneration principles included in the Solvency II framework. As a result, EIOPA's opinion sets out guidance to national supervisory authorities on how to challenge the application of certain remuneration principles, and focuses on employees identified as potential higher profile risk-takers including, subject to certain variable compensation thresholds, (i) members of the administrative, management or supervisory body of the undertaking, (ii) Executive Directors who effectively run the undertaking, (iii) key function holders within the meaning of the Solvency II regulations (*i.e.*, risk management, compliance, internal audit and actuarial), and (iv) employees whose professional activities have a material impact on the undertakings' risk profile. EIOPA has indicated that it will begin monitoring the application of this opinion by national supervisory authorities two years after its publication (*i.e.*, after April 7, 2022).

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 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 and 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.

Evolution of accounting standards

Policyholders' liabilities are currently accounted for according to IFRS 4, which generally allows the use of a wide variety of accounting practices for insurance contracts, reflecting different national accounting requirements, and the continuation of accounting policies applied prior to conversion to IFRS. On May 18, 2017, the International Accounting Standards Board ("IASB") issued the IFRS 17 - Insurance Contracts, which will replace IFRS 4, finalizing a long-standing project of the IASB to develop a single, consistent approach to the accounting for insurance contracts. In particular, IFRS 17 requires insurance obligations to be accounted for using current values, instead of historical costs. Amended on June 25, 2020, IFRS 17 is scheduled to become effective for annual periods beginning on or after January 1, 2023, subject to its adoption by the European Union.

In parallel with IFRS 17, the Group will apply the IFRS 9 - Financial Instruments. The published effective date of IFRS 9 was January 1, 2018. However, given the interaction between financial assets and insurance liabilities, the IASB issued amendments to IFRS 4 allowing, under certain criteria, 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, 2023, so that qualifying insurers could apply both standards for the first time simultaneously. The Group is eligible for this temporary exemption and has decided to apply it.

The implementation of these two standards within the Group is in progress and management is currently assessing the impact of their adoption.

Climate and sustainable finance-related regulatory initiatives

There are various initiatives at the French, EU and international levels with respect to climate change and sustainable finance, which generally aim at proposing reforms to and potential changes affecting (i) investment activities; (ii) disclosure requirements, such as Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation"), which apply, in particular, to undertakings (such as the Company) that are required to publish a non-financial statement, or Regulation (EU) 2019/2089 amending the EU Benchmark Regulation as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmark; (iii) requirements relating to the inclusion of environmental, social and governance considerations into insurance and asset management products and advice, or (iv) stress testing requirements, such as the recent climate stress test exercise conducted by the ACPR, the first results of which are expected to be published in April 2021. In particular, the European Commission conducted in 2020 a public consultation on draft legislation regarding the integration of sustainability considerations into the prudential, distribution, investment and advisory framework for (re)insurance undertakings, insurance distributors, asset managers and investment firms which is expected to be finally adopted in the course of 2021. EIOPA released its technical advice to the European Commission on the integration of sustainability risks and factors in the delegated acts under the Solvency II Directive and Directive (EU) 2016/97 of January 20, 2016 on insurance distribution (as amended, the "IDD") on April 30, 2019, as well as its opinion on sustainability within the Solvency II framework on September 30, 2019. Furthermore, the IAIS completed in January 2021 a public consultation on a draft Application Paper on the Supervision of Climate-related Risks in the Insurance Sector, which has been developed to support insurance supervisory authorities in their efforts to integrate climate-related risks into supervisory frameworks. Those or similar initiatives are expected to continue in 2021 and could result in new or additional requirements for financial institutions.

Furthermore, Directive 2014/95/EU (also know as the Non-Financial reporting Directive, or "NFRD") is currently undergoing a review by the European Commission. The NFRD is an amendment to the Accounting Directive (Directive 2013/34/EU) that requires certain large companies, such as AXA SA, to publish annually a non-financial statement. The European Commission is currently reviewing the NFRD as part of its strategy to strengthen the foundations for sustainable investment, and has conducted a public consultation regarding this review that closed on June 11, 2020. The Commission is expected to issue a proposal to amend the NFRD in the first quarter of 2021.

For further information on climate change, please refer to Section 4.3 "Climate change and Biodiversity" of this Annual Report.

Reform and potential changes to reference rates and indices (benchmarks)

Reforms to interest rate, equity, foreign exchange rate and other types of indices (also known as "benchmarks") have been recently enacted, and regulatory authorities have also proposed further reforms to and potential changes affecting benchmarks. In particular, Regulation (EU) 2016/1011 of June 8, 2016 (as amended, the "EU Benchmark Regulation"), which entered into force on January 1, 2018, as well as the EU Benchmark Regulation as incorporated into UK law as from January 1, 2021 (the "UK Benchmark Regulation" and, together with the EU Benchmark Regulation, the "Benchmark Regulation") imposed additional requirements on the provision of financial market-related benchmarks, the contribution of input data to a benchmark and the use of benchmarks within the EU and the UK.

Several interbank market benchmarks have been designated as critical benchmarks under the Benchmark Regulation, including Libor, Euribor and Eonia, and their related benchmark methodologies have been made subject to review. Certain critical benchmarks might be discontinued in the future, including, Eonia, which is currently expected to cease being published on January 3, 2022, and Libor, as the Libor administrator is consulting on ceasing publication of Libor settings on December 31, 2021 (or, June 30, 2023, in the case of certain USD Libor settings). In this context, Regulation (EU) 2021/168 amending the EU Benchmark Regulation was adopted o February 10, 2021 and allows the European Commission to impose a statutory replacement for certain critical benchmarks, whose cessation might result in significant disruption to the EU financial markets' operations; this new statutory benchmark would replace other benchmarks used in contracts and financial instruments, which (i) have not been renegotiated before the date of cessation of the benchmark, and (ii) contain either no contractual replacement (or so-called "fallback provision"), or a fallback provision which is deemed unsuitable be supervisors.

Because these reforms are affecting the whole financial sector, the transition to the new benchmarks creates industry-wide risks, to which AXA is therefore exposed. AXA is conducting a Group-wide project to manage this transition and manage the impacts of future benchmark changes, which could have implications for our capital models, risk management efforts, investment strategies and product design, among others.

Evolution of the compliance regulatory and litigation environment

The Group's (re)insurance, asset management and banking 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 IDD, MiFID II and the PRIIPs Regulation. Similar initiatives are under review (or in the course of implementation) in other jurisdictions where the Group operates, and these initiatives are likely to continue to expand, resulting in increased operational compliance costs to meet regulatory expectations.

The IDD superseded 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).

The IDD entered into force on October 1, 2018, while MiFID II and the PRIIPs Regulation entered into force at the beginning of January 2018.

Financial crime compliance programs of financial institutions (anti-money laundering, anti-corruption and international sanctions compliance) continue to be a major focus for regulatory and law enforcement authorities, with increasingly significant penalties imposed for compliance failures. In particular, French Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of the economy, known as "Sapin II", which was introduced in June 2017, included new requirements for all large French companies to establish internal procedures to prevent and detect acts of corruption and influence peddling committed in France and abroad. Sapin II also established a new French anti-corruption agency (*Agence française anticorruption*), which was given strengthened supervisory and enforcement powers. Furthermore, Orders No. 2020-1342 of November 4, 2020 and No. 2020-115 of February 12, 2020 enhanced the requirements for French financial institutions, including the reinforcement of internal procedures to implement asset-freezing measures and prevent and detect acts of corruption committed in France and abroad, while strengthening the supervisory and enforcement powers of supervisory authorities.

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.

The litigation environment in which the Group operates also continues to evolve. In continental Europe, the introduction of class actions, including in France in 2014, has, and is likely to continue to, increase litigation risks and costs for insurers, asset managers and other financial institutions. Most recently, the adoption of Directive (EU) 2020/1828 of November 25, 2020 on representative actions for the protection of the collective interests of consumers at the EU level aims at enabling qualified entities to seek remedy through representative actions against infringements of provisions of EU law in a variety of areas (including data protection and financial services), in order to provide an effective and efficient way of protecting the collective interests of consumers. This Directive must be transposed by EU Member States by December 25, 2022 for a scheduled application date of June 25, 2023.

In addition, the litigation environment has been evolving in the context of the COVID-19 pandemic, with holders of property and casualty insurance policies increasingly seeking coverage for losses caused by COVID-19 and related governmental actions, such as lockdown measures. A number of lawsuits have been and may be introduced against insurers, such as AXA, in multiple jurisdictions.

For additional information, please see "Our businesses are subject to extensive regulation, regulatory supervision and adverse judicial decisions in the various jurisdictions in which we operate" and "We have been and may become in the future subject to lawsuits and/or regulatory investigations which may affect our business, brand, reputation, relations with regulators and/or results of operations" in Section 5.1 "Risk Factors" and Section 5.8 "Other material risks – Regulatory 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 are an important part of its wider economic and social impact and play 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 tax payer and a tax collector, given that many specific taxes are levied on (re) 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 legislation in the countries where AXA operates. In addition to the Group Tax Department based in France, all key operational entities/countries/geographic zones have a tax team in charge of ensuring that tax regulations are well understood and fully satisfied by the entities.

As a part of the global internal risk assessment, a specific tax internal control program is implemented. These controls must be reported and documented by each team in scope to ensure full compliance.

A Tax Code of Ethics, agreed between Group Tax Department and local tax teams, highlights the key principles guiding the actions of the various tax teams:

- to remain up to date with respect to applicable laws and regulations;
- to comply with tax laws and regulations;
- to maintain a good relationship with the local tax authorities; and
- not to engage in aggressive tax driven transactions that could compromise the good reputation of the Group.

(1) *The list of the Group's main subsidiaries and participating interests is available in Appendix III "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 satisfaction of this Code of Ethics is a prerequisite of the activities performed by all AXA tax teams. In this respect, a bi-annual tax review process of each key entity or business line is performed by the Group Tax Department in connection with each local team. During these reviews, specific attention is given to tax audits and associated tax risks as well as market positions on tax matters that may impact AXA. These reviews offer a global framework for the tax teams to identify, analyze, control, and report tax risks.

In addition, an International Tax Committee composed of various senior tax executives within AXA tax teams meets every quarter to ensure consistency in approach on some technical topics, as well as agreements on guidelines, when necessary, connected to specific items.

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. In particular, please see the paragraph "Changes in tax laws or uncertainties in the interpretation of certain tax laws may result in adverse consequences to our business and our results of operations" in Section 5.1 "Risk Factors" of this Annual Report.

When considering how AXA entities structure commercial arrangements, tax implications are analyzed in parallel with other consequences such as capital efficiency and legal and regulatory aspects when deciding between potential alternative arrangements.

AXA has no licensed insurance or operating business activities in the countries specifically identified as non-cooperative jurisdictions [(1)] under French and European rules, except in Panama. The presence in this jurisdiction is purely driven by operational purposes.

AXA still holds two operating companies in Panama (one providing assistance services to local customers, and the other delivering health claim services) employing circa 45 people at the end of 2020.

More globally, AXA does not use non cooperative jurisdictions to avoid taxes on operational activities performed elsewhere.

Any presence in countries in which AXA operates with tax rates lower than France are driven by business operations. With the acquisition of the XL Group in September 2018, AXA now has a material presence and substance in Bermuda with nearly 200 employees working for AXA XL there. Despite the fact that Bermuda is a low-tax jurisdiction, it is a center of expertise and one of the key locations of the worldwide reinsurance market. It is not considered as a non-cooperative jurisdiction according to the French and European Union laws. This presence is mainly driven by local capital management regulation enabling flexibility on the required capital for reinsurance activities and AXA supports the Economic Substance legislation recently enacted in this country. This situation will in no way change how the AXA Group is managed on the tax side. AXA will continue to tax its operations in the various countries where operational profits are made.

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 Section 6.6 - Note 1 "Accounting principles" 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 Section 6.6 - Note 1.17.1 "Income taxes" of this Annual Report).

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 Section 6.6 - Note 19 "Tax" 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.

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).

(1) The list of non-cooperative jurisdictions under French tax rules is given by a ministerial decree dated January 6, 2020 and is composed of the following countries: Anguilla, American Samoa, Bahamas, British Virgin Islands, Fiji, Guam, Oman, Panama, Samoa, Seychelles, Trinidad and Tobago, US Virgin Islands and Vanuatu. Pursuant to Article 238-0 A of the French Code général des impôts, this list is updated at least once a year and any update must include the states and jurisdictions on the blacklist set out in Annex I to the conclusions adopted by the Council of the European Union on December 5, 2017, as updated from time to time. On February 22, 2021, the Council of the European Union adopted a revised list which is composed of American Samoa, Anguilla, Dominica, Fiji, Guam, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, US Virgin Islands and Vanuatu.

Since 2019, AXA has been annually reporting a Tax Transparency report where it discloses a lot of information around its tax footprint in its key geographies, as well as key principles of its tax policy. This report is available on the AXA website (www. axa.com) at the end of the AXA Group Tax Policy page. AXA updates this report annually and the most recent version was issued in June 2020.

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, Chief Executive Officers must ensure that staff are fully conversant, and comply with applicable laws, mandatory Codes of Conduct, rules and regulations (including applicable tax laws and regulations) relevant to their area of operations.

This means that 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 is made in application of these standards, to ensure that the pricing of our intra-group activities is consistent with the OECD "arm's length" principle as well as with local transfer pricing rules to pay adequate tax on profits where the value is created.

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 and are governed by specific rules according to which cross-border life insurance proposals must be presented to the Group Tax and Compliance Departments for validation.

While all Group entities must in any case comply with local regulations, the Group Tax Department can veto a product if this product is not compliant with internal rules.

Pursuant to Council Directive (EU) 2018/822, AXA may, as a provider of investments and savings products, have tax reporting obligations with respect to certain cross-border products it designs or implements. In particular, certain investments and savings products with no particular tax motive may be reportable under the above-mentioned Directive.

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. Copies of AXA's Bylaws are available at the Paris Trade and Companies Register (*Registre du commerce et des sociétés du Tribunal de commerce de Paris*) and on the Company's website (www.axa.com).

CORPORATE PURPOSE

Pursuant to 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 AND CORPORATE OFFICERS

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 and corporate officers, including the following:

Compensation

The corporate officers of the Company 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, pursuant to the rules set forth in the Terms of Reference of the Board of Directors. Notwithstanding the above, the Board's Terms of Reference provide that no directors' fee shall be paid to corporate officers.

For further information, please see Part 3 "Corporate governance" of this Annual Report.

Age limit

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 Officers.

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, with the exception of directors representing employees, shall personally 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, the value of which, 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 Board of Directors and corporate officers of the Company, 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.

With the exception of double voting rights, there is currently only one class of shares with equal rights for all shareholders.

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 any 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 to receive dividends in either cash or additional ordinary shares.

Pre-emptive rights

Under French law, shareholders have preferential subscription rights to subscribe, on a *pro rata* 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. Issuing additional shares without preferential subscription rights requires the approval of two-thirds of the shareholders attending or represented 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 different classes of shares, in proportion to 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, right to distributable profits of the Company, right to sell one's shares and 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 six days in certain cases) prior to the date set for the meeting on first call, and at least 10 days (or four 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 0:00 am, Paris time (France), either in the registered share accounts kept by the Company or in the bearer share accounts kept by a qualified intermediary.

In accordance with the provisions of Article L.22.10-10 5° of the French Commercial Code, the conditions for the participation to Shareholders' Meetings are detailed in Article 23 of AXA's Bylaws, which is expressly incorporated by reference herein.

In addition, the information referred to in Article L.22-10-11 of the French Commercial Code is made public in the corporate governance report approved by AXA's Board of Directors' and attached to the Board of Directors' report of AXA included in this Annual Report. For further information, please refer to Appendix VII "Corporate governance report – Cross Reference Table" to this Annual Report.

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 Law No. 2014-384 of March 29, 2014 (*visant à reconquérir l'économie réelle*), from Law No. 2019-486 of May 22, 2019 (*relative à la croissance et la transformation des entreprises*), known as "PACTE", or from certain provisions of Directive 2004/25/EC of April 21, 2004 on takeover bids (which was implemented in France in 2006), 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, which are described above, and specific notification requirements applicable when holdings exceed specified thresholds, as described below.

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.

NOTIFICATION 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 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.

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APPENDICES

APPENDIX I 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 the 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 Internal Control Standard and the Group Internal Control Policy, which include additional specific requirements for the IFC framework.

(a) IFC framework

The IFC framework 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, governance, and principles in order to ensure consistency and quality in AXA Group's financial reporting.

(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 management and directors 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, 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 the IFC framework

Management conducted an evaluation of the effectiveness of AXA Group's ICOFR in accordance with the IFC framework as described above. Based on this evaluation, management concluded that AXA Group's ICOFR was effective as of December 31, 2019.

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 IFC framework is fairly stated.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
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 in response to your request, we have performed audit procedures on AXA and its subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2020, 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, 2020. 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 (IFC) framework, as described in management's annual evaluation of internal control over financial reporting on pages 450 and 451 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 the evidence gathered is sufficient and appropriate to express 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 principles or procedures may deteriorate.

In our opinion, the Company's management's assertion that internal control over financial reporting as of December 31, 2020 is effective, in all material respects, is fairly stated based on the criteria determined in the IFC framework.

Neuilly-sur-Seine and Courbevoie, March 22, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit
Bénédicte Vignon – Grégory Saugner

Mazars
Jean-Claude Pauly – Maxime Simoen

APPENDIX II STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I, the undersigned, hereby certify that the information contained in this Universal 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, and that the Board of Directors' report presented in page 484 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.

Paris, March 22, 2021

Thomas Buberl

Chief Executive Officer of AXA

APPENDIX III AXA PARENT COMPANY FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

Net income

Net income for the fiscal year ended December 31, 2020 resulted in a profit of €4,236 million compared to a profit of €4,301 million for the year ended December 31, 2019.

Dividends received from subsidiaries amounted to €3,980 million, versus €5,865 million in 2019, representing a decrease of €1,885 million, which reflects a prudent management in the payment of dividends in the health and financial context of the year.

Dividends received in 2020 came from French entities up to €1,042 million, from European entities for €2,225 million, €261 million from the Asian entities and €452 million from other Group entities.

Net financial charges, which include interests and similar charges net of income from loans and investments, amounted to €1,179 million compared to €953 million in 2019, an increase of €226 million, of which:

- a loss of €358 million related to the unwinding of most interest rate derivative positions, as efforts were continued to simplify and reduce the volume of derivatives (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 €358 million);
- partly offset by a decrease in the recurrent financial charges mainly due to the repayment of a €1,300 million debt.

Operating expenses amounted to €399 million versus €413 million in 2019, reflecting realized productivity efforts made in the context of the health crisis.

Capital operations resulted in a profit of €1,311 million, versus a loss of €1,084 million in 2019, broken down as follows:

- €541 million in gains relating to equity options;
- €304 million in foreign exchange gain, primarily related to the reimbursement of a debt denominated in pound sterling;
- an exceptional profit of €487 million due to the ongoing resolution of a litigation;
- partly offset by a €117 million net allowance for impairment on investments in subsidiaries.

The corporate income tax benefit amounted to €582 million, and included €659 million of tax receivables from members of the tax consolidation group.

BALANCE SHEET

As of December 31, 2020, total assets amounted to €78,131 million, *versus* €77,458 million as of December 31, 2019.

Assets

Intangible assets totaled €326 million. mainly including the AXA brand valued at €308 million.

Investments in subsidiaries, net of valuation allowances, totaled €67,417 million *versus* €67,663 million at year-end 2019, representing a decrease of €246 million, reflecting:

- €1,489 million book value of shares cancelled in the context of capital reductions, mainly coming from Beaujon for €1 billion following the disposal of its activities in Central and Eastern Europe;
- the book value of shares sold, mainly to AXA France, for €350 million;
- €117 million of the above-mentioned net allowance for impairment;
- partly offset by €1,710 million capital increases of which €1 billion for AXA XL.

Receivables from subsidiaries amounted to €1,048 million compared to €1,144 million at year-end 2019, a decrease of €96 million, including repayments of €54 million and a €42 million exchange rate impact.

Marketable securities of €678 million represented the repurchase of AXA shares to meet its obligations to deliver shares and to eliminate the dilutive effect of certain share-based compensation schemes.

Cash instruments amounted to €145 million and represented the option premiums paid in relation to the purchase of protection on equity markets.

Cash and cash equivalents totaled €4,067 million compared to €2,956 million at the end of 2019, up €1,111 million.

Unrealized foreign exchange losses amounted to €3,404 million, of which €3,243 million related to the deferred recognition of net foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on equity 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.

Liabilities

Shareholders' equity, before net income for the period and after the payment of the dividends relating to the prior fiscal year, stood at €39,696 million, representing a decrease of €16 million, of which €120 million related to the cancellation of shares bought back, partly offset by €88 million for the capital increase reserved for employees and €16 million following the exercise of stock options.

Other shareholders' equity including the undated super subordinated debts, totaled €3,729 million compared to €3,858 million in 2019, mainly due to a foreign exchange rate impact of €124 million.

Provisions for risks and charges amounted to €820 million, compared to €1,563 million in 2019, and mainly included €207 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group, €222 million provision for internal guarantees in the context of a business litigation, €132 million provision for unrealised capital losses on financial instruments as well as €63 million provision for exchange-rate risk.

Subordinated debt amounted to €10,906 million compared to €13,028 million in 2019, down €2,122 million due to repayments, for respective amounts of €1,300 million and £325 million, as well as a positive foreign exchange rate impact of €381 million.

Financial debts amounted to €17,286 million from €16,389 million as of December 31, 2019, reflecting an increase of €897 million, of which €795 million in commercial papers issued.

Unrealized foreign exchange gains totaled €1,071 million compared to €799 million as of December 31, 2019, reflecting the revaluation of foreign currency denominated assets and liabilities at the closing exchange rates. It increased mainly due to the favourable impact due to the decline in the US Dollar.

Other information

In accordance with Article L.225-102 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" of this Annual Report.

	Payment delay group					
Invoices issued during the period and not paid at the closing date	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total (1 day and more)**
Number of invoices concerned	31	21	26	20	-	67
Total Amount VAT included of invoices concerned *(in Euro)*	18,571,238	1,881,466	796,712	4,295,557	-	6,973,735
Percentage of revenue VAT included of the period	72.70%	7.37%	3.12%	16.82%	-	27.30%

	Payment delay group					
Invoices received and not paid at the closing date	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total (1 day and more)**
Number of invoices concerned	8	6	0	0	4	10
Total Amount VAT included of invoices concerned *(in Euro)*	1,407,422	25,768,518	-	-	1,640	25,770,158
Percentage of the total amount VAT included period purchases	0.22%	3.98%	-	-	-	3.98%

Payment delay used for these calculation is French legal delay (30 days after the invoice issuing day).

Acquisition of equity interests

In 2020, the Company did not acquire any significant equity interests within the meaning of Article L.233-6 of the French Code of Commerce.

A

BALANCE SHEET

Assets

(in Euro million)		December 31, 2020 Gross carrying value	Amortizations and provisions	Net carrying value	Net carrying value as at December 31, 2019
Fixed assets					
Intangible assets		**376**	**50**	**326**	**329**
Tangible assets					
Land		-	-	-	-
Buildings and other fixed assets		1	-	1	1
Financial assets					
Investments in subsidiaries		69,186	1,769	67,417	67,663
Receivables from subsidiaries		1,048	1	1,048	1,144
Other financial assets		311	97	214	253
Loans		74	-	74	64
	I	**70,997**	**1,918**	**69,079**	**69,454**
Current assets					
Operating receivables					
Tax receivables		-	-	-	83
Receivables and subsidiaries' current accounts		708	-	708	306
Marketable securities		678	-	678	726
Cash instruments		145	-	145	448
Cash and cash equivalents		4,067	-	4,067	2,956
Prepaid expenses		8	-	8	10
	II	**5,605**	**-**	**5,605**	**4,529**
Prepayments and accrued income					
Deferred charges		325	304	21	30
Bond redemption premiums		23	-	23	26
Unrealized foreign exchange losses		3,404	-	3,404	3,419
TOTAL ASSETS		**80,353**	**2,221**	**78,131**	**77,458**

Liabilities

(in Euro million)		December 31, 2020	December 31, 2019
Shareholders' equity			
Capital			
Ordinary shares		5,538	5,537
Capital in excess of nominal value			
Issue premiums		18,735	18,754
Merger and contribution premiums		2,076	2,076
Reserves			
Legal reserve		555	557
Specific reserves for long term capital gains		2,316	2,316
Other reserves		3,180	1,488
Retained earnings		7,251	6,378
Tax driven provision		45	45
Net income for the financial year		4,236	4,301
	I	**43,932**	**41,452**
Other shareholders' equity			
Undated subordinated notes		3,729	3,858
	II	**3,729**	**3,858**
Provisions for risks and charges	**III**	**820**	**1,563**
Liabilities			
Subordinated debt		**10,906**	**13,028**
Financial debt		**17,286**	**16,389**
Operating payables			
Tax payables		65	1
Social payables		-	-
Other payables			
Debt on fixed assets		75	75
Other		247	293
Cash instruments		-	-
Deferred income		-	-
	IV	**28,579**	**29,786**
Prepayments and accrued expense			
Unrealized foreign exchange gains		1,071	799
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**78,131**	**77,458**

A

INCOME STATEMENT

(in Euro million)		2020	2019
I. Result on ordinary activities			
Financial & operating revenues			
Dividends received from subsidiaries		3,980	5,865
Revenues on short-term investments		109	146
Other revenues		55	68
	I	**4,144**	**6,079**
Operating expenses			
External expenses and other expenses		(428)	(450)
Tax expenses		(2)	(2)
Payroll and compensation		(11)	(15)
Interest expenses		(1,289)	(1,099)
Allowances for depreciation of buildings and deferred charges		(12)	(13)
	II	**(1,742)**	**(1,579)**
Operating profit	**(III = I + II)**	**2,402**	**4,500**
Contribution on common operations	**IV**	**-**	**-**
Financial operations on securities			
Reversals to provisions for marketable securities		-	-
Net income on sale of short-term securities		(59)	(23)
Allowances to provisions for marketable securities		-	-
Investment result on securities	**V**	**(59)**	**(23)**
Profit on ordinary activities before tax	**(VI = III + IV + V)**	**2,343**	**4,477**
II. Result on capital operations			
Proceeds from the sale of fixed assets		1,812	7,599
Releases of provisions for risks and charges		257	6
Releases of equity securities provisions		61	2,076
Foreign exchange result		303	(200)
Net book value on the sale of fixed assets		(1,839)	(9,259)
Allowances to provisions for risks and charges		(46)	(715)
Allowances to equity shares provisions		(178)	(494)
Exceptional result		941	(98)
	VII	**1,311**	**(1,085)**
Income tax benefit/(expense)	**VIII**	**582**	**909**
III. NET INCOME FOR THE FINANCIAL YEAR	**VI + VII +VIII**	**4,236**	**4,301**

FINANCIAL RESULTS OF THE COMPANY OVER THE PAST FIVE YEARS

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
1 – Closing balance sheet summary					
a) Capital – Ordinary shares *(in Euro million)*	5,554	5,554	5,553	5,536	5,538
b) Ordinary shares *(numbers in million)*	2,425	2,425	2,425	2,418	2,418
c) Bonds convertible into ordinary shares *(numbers in million)*	7	-	-	-	-
2 – Income statement summary *(in Euro million)*					
a) Gross revenues before sales tax	3,608	5,287	4,161	6,011	4,089
b) Pre-tax income from continuing operations, before depreciation, amortization and releases	252	3,799	2,610	4,492	2,359
c) Income tax expense/benefit	692	1,048	762	909	582
d) Net after-tax income after depreciation, amortization and releases	432	4,958	307	4,301	4,236
e) Net dividend distribution	2,808	3,056	3,249	1,740	3,458
3 – Per share data *(in Euro)*					
a) After tax income, before depreciation, amortization and releases	0.31	1.44	0.90	1.57	1.50
b) After tax income, after depreciation, amortization and releases	0.18	2.04	0.13	1.78	1.75
c) Net dividend per share [a]	1.16	1.26	1.34	0.73	1.43

(a) Dividend proposed at year end 2020 is submitted to the Shareholders' Meeting of April 29, 2021 and based on 2,418,389,408 outstanding ordinary shares.

STATEMENT OF CASH FLOWS

(in Euro million)	December 31, 2020	December 31, 2019
CASH INFLOWS		
Profit on ordinary activities before tax	2,343	4,476
Result on capital operations before tax	1,311	(1,084)
Income tax expense/benefit	582	909
Changes in reserves and amortization	(609)	(557)
Cash flow for the year	**3,627**	**3,744**
Increases in Shareholders' equity	104	441
New borrowings	1,082	-
Sale or decrease in fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	1,899	9,440
TOTAL CASH INFLOWS	**6,712**	**13,625**
CASH OUTFLOWS		
Dividends paid out during the year	1,740	3,189
Reduction in Shareholders' equity	120	683
Repayment of financial debt	1,983	3,029
Purchase of fixed assets		
■ Intangible assets	-	-
■ Tangible fixed assets	-	-
■ Financial assets	1,724	5,093
Expenses amortized over several years	-	-
TOTAL CASH OUTFLOWS	**5,566**	**11,994**
Change in working capital	**1,146**	**1,631**
Short-term equivalents		
Change in:		
■ operating receivables	315	111
■ operating payables	38	(8)
■ cash and cash equivalent	793	1,528
TOTAL	**1,146**	**1,631**

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APPENDICES
APPENDIX III AXA PARENT COMPANY FINANCIAL STATEMENTS

SUBSIDIARIES AND PARTICIPATING INTERESTS

(in Euro million)	Share capital	Other Shareholders' equity	Percentage of capital held	Gross Book Value of securities held	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
	1	2	3	4	5	6	7	8	9	10	11
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	8,401,354	592,067	100.00%	8,413,436	8,413,436	-	-	103,896	109,401	-	December 31, 2020
21 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
ARCHITAS LIMITED	7	56,466	100.00%	76,851	76,851	-	-	11,574	34,110	-	December 31, 2020
5 Old Broad Street – EC2N 1AD London – United Kingdom	-	-	-	-	-	-	-	-	-	-	-
AXA PARTNERS HOLDING SA (ex AXA ASSISTANCE)	335,952	25,521	100.00%	356,138	356,138	69,000	-	1,673,391	(73,901)	-	December 31, 2020
6 Rue André Gide – 92320 Chatillon – France	-	-	-	-	-	-	-	-	-	-	-
AXA BANK BELGIUM (ex AXA BANK EUROPE SA)	636,318	942,407	100.00%	915,000	590,000	-	-	612,590	362,363	-	December 31, 2020
25 Boulevard du Souverain – 1170 Brussels – Belgium	-	-	-	-	-	-	-	-	-	-	-
AXA CHINA	461,655	(13,712)	51.00%	235,448	235,448	-	-	-	(139)	-	December 31, 2020
23 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
AXA FRANCE VIE	487,725	6,091,499	98.34%	2,525,109	2,525,109	-	-	17,955,314	494,216	-	December 31, 2020
313 Terrasses de l'Arche – 92727 Nanterre – France	-	-	-	-	-	-	-	-	-	-	-
AXA FRANCE IARD	214,799	2,079,696	99.92%	1,801,832	1,801,832	-	-	6,954,566	724,753	876,112	December 31, 2020
313 Terrasses de l'Arche – 92727 Nanterre – France	-	-	-	-	-	-	-	-	-	-	-
AXA FRANCE PARTICIPATIONS	544,755	9,471	100.00%	544,755	544,754	-	-	-	(138)	-	December 31, 2020
313 Terrasses de l'Arche – 92727 Nanterre – France	-	-	-	-	-	-	-	-	-	-	-
AXA EQUITY AND LAW PLC	1,143	2,279,532	99.96%	1,133,234	1,133,234	-	-	-	64,413	63,660	December 31, 2020
5 Old Broad Street – EC2N 1AD London – United Kingdom	-	-	-	-	-	-	-	-	-	-	-
AXA XL	-	17,029,325	100.00%	17,285,977	17,285,977	450,656	-	-	(1,919,460)	-	December 31, 2020
O'Hara House, One Bermudiana Road – HM 08 Hamilton – Bermuda	-	-	-	-	-	-	-	-	-	-	-
AXA GENERAL INSURANCE	188,736	21,930	100.00%	293,728	293,728	-	-	612,530	22,785	-	December 31, 2020
395-70 Shindaebang-dong, Dongjak-gu – Seoul – South Korea	-	-	-	-	-	-	-	-	-	-	-
AXA GLOBAL RE	367,974	482,478	100.00%	860,269	860,269	-	-	2,776,572	55,534	61,510	December 31, 2020
61 Rue Mstislav Rostropovitch – 75017 Paris – France	-	-	-	-	-	-	-	-	-	-	-
AXA HOLDINGS BELGIUM	453,101	839,339	100.00%	4,493,243	4,493,243	-	-	18,746	26,764	13,873	December 31, 2020
25 Boulevard du Souverain – 1170 Brussels – Belgium	-	-	-	-	-	-	-	-	-	-	-
AXA Investment Managers	52,843	1,167,058	65.09%	1,278,284	1,278,284	-	129,180	305,143	268,380	181,591	December 31, 2020
Cœur Défense – Tour B – La Défense 4 – 100 Esplanade du	-	-	-	-	-	-	-	-	-	-	-
Général de Gaulle – 92932 Paris La Défense – France	-	-	-	-	-	-	-	-	-	-	-
AXA HOLDING JAPAN	672,865	2,145,760	78.55%	2,384,259	2,384,259	-	-	4,915,753	510,619	260,557	December 31, 2020
NBF Platinium Tower 1-17-3 Shirokane – Minato-ku	-	-	-	-	-	-	-	-	-	-	-
108 – 8020 Tokyo – Japan	-	-	-	-	-	-	-	-	-	-	-
AXA LIFE EUROPE	99,970	1,259,403	100.00%	1,019,424	974,524	-	-	234,009	115,011	-	December 31, 2020
Wolfe Tone House – Wolfe Tone Street – D01 HP90 Dublin – Ireland	-	-	-	-	-	-	-	-	-	-	-
ARCHITAS SOLUTIONS	120,000	(108,151)	100.00%	120,000	16,745	-	-	17,845	3,915	-	December 31, 2020
Wolfe Tone House – Dublin – Ireland	-	-	-	-	-	-	-	-	-	-	-
AXA MEDITERRANEAN HOLDING	211,477	3,723,915	100.00%	4,485,474	4,485,474	375,500	331,274	215,941	185,058	171,885	December 31, 2020
1 Calle monseñor Palmer – Palma de Mallorca – Balearic Islands	-	-	-	-	-	-	-	-	-	-	-
AXA Group OPERATIONS SAS	38,893	113,231	99.92%	236,406	162,042	71,000	-	-	9,918	-	December 31, 2020

(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.

(in Euro million)	Share capital	Other Shareholders' equity	Percentage of capital held	Gross Book Value of securities held	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
	1	2	3	4	5	6	7	8	9	10	11
81 Rue Mstislav Rostropovitch – 75017 Paris – France	-	-	-	-	-	-	-	-	-	-	-
AXA UK PLC [(b)]	1,706,783	7,677,704	53.12%	4,555,833	4,555,833	-	1,334,772	-	2,013	73,050	December 31, 2020
5 Old Broad Street – EC2N 1AD London – United-Kingdom	-	-	-	-	-	-	-	-	-	-	-
AXA VERSICHERUNGEN AG	155,984	2,148,285	100.00%	5,171,327	5,171,327	-	-	3,271,482	1,698,699	1,525,995	December 31, 2020
40 General Guisan-str – CH-8401 Winterhur- Switzerland	-	-	-	-	-	-	-	-	-	-	-
CFP management	1,300	11,781	100.00%	139,808	15,611	-	-	-	1,670	-	December 31, 2020
21 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
KAMET (ex-AXA Matignon 5)	203,989	(30,370)	100.00%	254,640	75,000	-	-	-	(35,027)	-	December 31, 2020
30 Rue Fortuny – 75017 Paris – France	-	-	-	-	-	-	-	-	-	-	-
COLISEE RÉ	95,436	59,375	100.00%	619,892	163,484	-	-	2,891	44,314	89,002	December 31, 2020
61 Rue Mstislav Rostropovitch – 75017 Paris – France	-	-	-	-	-	-	-	-	-	-	-
HOLDING VENDOME 3	3,760	(78)	100.00%	163,015	3,682	-	-	-	(2)	-	December 31, 2020
21 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
AXA NEXT	81,020	(31,026)	100.00%	81,020	30,494	-	-	33	(19,316)	-	December 31, 2020
21 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
SOCIÉTÉ BEAUJON	9,738	214,916	99.95%	254,897	218,648	-	1,120,586	11,493	(6,006)	-	December 31, 2020
21 Avenue Matignon – 75008 Paris, France	-	-	-	-	-	-	-	-	-	-	-
VINCI BV	1,438,711	828,363	100.00%	4,284,806	4,284,806	-	-	225,921	225,733	228,000	December 31, 2020
500 Graadt van Roggenweg – Postbus 30800	-	-	-	-	-	-	-	-	-	-	-
3503 Ap Utrecht– Netherlands	-	-	-	-	-	-	-	-	-	-	-
2) Participations (10% to 50%-owned)											-
AXA HOLDING AS	137,834	6,989	16.76%	112,497	112,497	-	-	-	10,181	101	December 31, 2020
15 Meclisi Mebusan cad – Salipazari	-	-	-	-	-	-	-	-	-	-	-
34433 Istanbul – Turkey	-	-	-	-	-	-	-	-	-	-	-
AXA MILLÉSIMES	107,662	115,200	22.09%	70,396	70,396	-	-	-	(1,500)	12,600	December 31, 2020
21-23 Avenue Matignon – 75008 Paris – France	-	-	-	-	-	-	-	-	-	-	-
AXA KONZERN AG	79,840	1,693,082	34.63%	2,193,018	2,193,018	-	-	546,715	826,653	138,630	December 31, 2020
10-20 Colonia Allee – 51067 Köln – Germany	-	-	-	-	-	-	-	-	-	-	-
LOR MATIGNON	8,538	158,687	27.78%	56,695	56,695	-	-	-	7,777	-	December 31, 2020
100 Esplanade du Général De Gaulle – Cœur Défense Tour B	-	-	-	-	-	-	-	-	-	-	-
92400 Courbevoie – France	-	-	-	-	-	-	-	-	-	-	-
RESO GARANTIA	45,778	399,782	36.68%	700,000	700,000	-	-	-	162,567	54,217	December 31, 2020
Ul, Svetlanskaya, 250/1, Vladivostok – 690000 Primorsky Territory	-	-	-	-	-	-	-	-	-	-	-
Far Eastern federal district – Russian Federation	-	-	-	-	-	-	-	-	-	-	-
Sub-total A	**17,365,940**	**51,989,924**	-	**67,116,711**	**65,562,837**	**966,156**	**2,915,812**	**40,466,405**	**3,914,024**	**3,750,782**	-
B. GENERAL INFORMATION ABOUT OTHER UNITS AND PARTICIPATING INTERESTS	-	-	-	-	-	-	-	-	-	-	-
1) Subsidiaries not shown in Section A	-	-	-	-	-	-	-	-	-	-	-
a) French subsidiaries (total)	-	-	-	94,415	61,225	6,000	1,908	-	-	178,027	-
b) Foreign subsidiaries (total)	-	-	-	94,897	66,545	1,000	-	-	-	13,924	-
2) Participating interests not shown in Section A	-	-	-	-	-	-	-	-	-	-	-
a) in French companies (total)	-	-	-	-	-	-	-	-	-	-	-
b) in foreign companies (total)	-	-	-	120,071	76,836	109	-	-	-	11,463	-
TOTAL (A + B)	-	-	-	**67,426,094**	**65,767,444**	**973,265**	**2,917,720**	**40,466,405**	**3,914,024**	**3,954,196**	-

(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.

A

Notes to the financial statements as at December 31, 2020

Net income

Net income for the fiscal year ended December 31, 2020 resulted in a profit of €4,236 million compared to a profit of €4,301 million for the year ended December 31, 2019.

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, 2020 are prepared and presented in accordance with the provisions of the 2014 Chart of Accounts (regulation ANC No. 2014-03 dated June 5, 2014).

Since January 1, 2011, AXA has applied regulation ANC No. 2015-05 linked to term financial instrument and hedge operation.

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 No. 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 No. 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"* (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". As of December 31, 2020, 32,296,045 shares were allocated to hedging purposes, representing €678 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 No. 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"*).

Find below a summary of options and performance shares or units shares granted in 2020 and 2019 to members of the management Committee paid by the Company:

(in Euro)	Year 2020		Year 2019	
	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	**-**	**4,037,100**	**-**	**5,619,965**

Stocks options, performance shares and performance units plans are described in 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 marketable securities;

- 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 €326 million. They mainly included the AXA brand valued at €308 million.

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, (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. The COVID-19 did not have a significant impact on the long-term projections and the fair value of these investments in subsidiaries and affiliates.

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 Employee benefits

Employee benefit liability was reviewed and a valuation was carried out, in accordance with the Recommendation ANC No. 2013-02, so as to measure any additional adjustment necessary to ensure the coverage of defined post-retirement benefit obligations and for accounting purposes. 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, the employee benefit liability recognized was nil as at December 31,2020. Additional information on employees' defined benefit obligations is provided in Note 26.2 of Consolidated Financial Statements.

2.10 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.

2.11 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 a basis 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 cannot 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.

2.12 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 included the undated deeply subordinated debts (TSS), amounting to €3,729 million compared to €3,858 million in 2019, mainly due to a foreign exchange impact of €124 million.

2.13 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 included the AXA brand valued at €308 million.

3.2 Movements in financial assets (before provisions)

(in Euro million)	Gross value at December 31, 2019	Acquisitions	Disposals/Translation variance and accrued interests	Gross value at December 31, 2020
Investments in subsidiaries [(a)]	69,314	1,710	1,838	69,186
Receivables from subsidiaries [(b)]	1,145	650	747	1,048
Other financial assets	350	10	49	311
Loans	64	90	80	74
TOTAL	**70,873**	**2,460**	**2,714**	**70,619**

(a) The net decrease of €128 million is mainly explained by €1,489 million book value of the shares cancelled in the context of capital reductions, mainly coming from Beaujon for €1 billion, the book value of shares sold, mainly to AXA France, for €350 million, partly offset by €1,710 million capital increases of which €1 billion for AXA XL.

(b) A decrease of €96 million, including €54 million of repayments and €42 million exchange rate impacts.

3.3 Movements in provisions for impairment of financial assets

(in Euro million)	Provisions at December 31, 2019	Allowances	Releases	Provisions at December 31, 2020
Investments in subsidiaries	1,652	178	61	1,769
Receivables from subsidiaries	1	-	-	1
Other financial assets	97	-	-	97
TOTAL	**1,750**	**178**	**61**	**1,867**

3.4 Statement of receivables by maturity

(in Euro million)	Gross value at December 31, 2020	Less than 1 year	1 to 5 years	More than 5 years
Receivables on affiliates	1,048	117	861	70
Loans	74	68	-	6
Miscellaneous receivables and currents accounts with subsidiaries	708	323	385	-
TOTAL	**1,830**	**508**	**1,246**	**76**

3.5 Miscellaneous receivables and subsidiaries' current accounts

(in Euro million)	Gross value at December 31, 2020
Income receivable	6
Miscellaneous debtors	416
Accrued interest on swaps	70
Subsidiaries' current accounts	216
TOTAL	**708**

3.6 Expenses payable over more than one period

(in Euro million)	Gross value at December 31, 2020	Amount amortized at December 31, 2019	Charge and increase for the period	Net value at December 31, 2020
Debts issue expenses	254	224	9	21
Investment acquisition expenses	71	71	-	-
TOTAL	**325**	**295**	**9**	**21**

3.7 Unrealized foreign exchange losses

Unrealized foreign exchange losses amounted to €3,404 million, including €3,243 million related to the deferred recognition of foreign exchange losses in line with statutory hedge accounting principles, more than offset by unrealized gains on equity 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.

3.8 Share capital

The Company's share capital is represented by 2,418,389,408 shares with a par value of €2.29, giving a total value of €5,538,111,744 as at December 31, 2020. These shares were all entirely subscribed and paid with rights from January 1, 2020.

3.9 Movement in shareholders'equity

(in Euro million)	Year ending December 31, 2019	Year ending December 31, 2020
Net income	4,301	4,236
Per share	1.78	1.75
Movement in shareholders' equity compared to opening balance	870	2,480
Per share	0.36	1.03
Proposed dividend [(a)]	3,457	3,458
Per share	0.73	1.43

(a) Proposed dividend at year-end 2020 is submitted to Shareholders' Meeting of April 29, 2021.

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(in Euro million)	
Equity at December 31, 2019	**41,452**
Capital increase for employees	88
Exercise of equity instruments	16
Shares buyback/cancellation	(120)
Dividends paid out	(1,740)
Net income for the period	4,236
Tax driven provision and others	-
Equity at December 31, 2020	**43,932**

3.10 Other shareholders' equity

Other shareholders' equity includes the undated deeply subordinated debts (TSS), and amounted to €3,729 million compared to €3,858 million in 2019, mainly due to a foreign exchange rate impact of €124 million.

(in Euro million)	Value at December 31, 2019	Repayment	Translation variance/ accrued interests	Value at December 31, 2020
Undated deeply subordinated notes (nominal)	3,789	-	(124)	3,665
Accrued interests	69	-	(5)	64
TOTAL	**3,858**	**-**	**(129)**	**3,729**

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	443	1	207	-	237
Provision for foreign exchange losses	220	-	157	-	63
Other provisions for risks	900	70	450	-	520
TOTAL [(a)]	**1,563**	**71**	**814**	**-**	**820**

(a) Mainly include €207 million of provisions for the possible repayment of tax savings to subsidiaries belonging to the French tax consolidation group, €222 million provision for internal guarantees in the context of a business litigation, €132 million provision for unrealised capital losses on financial instruments as well as €63 million provision for exchange-rate risk.

3.12 Subordinated debt

(in Euro million)	Value at December 31, 2020	Less than one year	1 to 5 years	More than 5 years
Undated subordinated debt	213	-	-	213
Undated subordinated Euro Medium Term Notes	2,623	-	-	2,623
Subordinated bonds 5,125% due 2043	1,000	-	-	1,000
Subordinated bonds 4.5% due 2046 ($)	693	-	-	693
Subordinated bonds 3,375% due 2047	1,500	-	-	1,500
Subordinated bonds 5,625% due 2054 (£)	834	-	-	834
Subordinated bonds 5,125% due 2047 ($)	815	-	-	815
Subordinated bonds 3,337% due 2049	2,000	-	-	2,000
Redeemable subordinated bonds 8.60% due 2030 *($)*	1,019	-	-	1,019
Subordinated EMTN	10	-	10	-
Accrued interests	199	199	-	-
TOTAL	**10,906**	**199**	**10**	**10,697**

Subordinated debt amounted to €10,906 million compared to €13,028 million in 2019, down €2,122 million due to repayments for a total of €1,682 million and a positive foreign exchange rate impact of €381 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, 2020	Less than one year	1 to 5 years	More than 5 years
Euro Medium Term Notes	500	-	-	500
Bonds of which €6,422m related to the Group entites	7,209	2,775	3,439	995
Deposits under collateral agreements	197	197	-	-
Loans granted by Group entities	8,478	1,947	2,403	4,128
Commercial papers	795	795	-	-
Accrued interests	107	107	-	-
TOTAL	**17,286**	**5,821**	**5,842**	**5,623**

Financial debt amounted to €17,286 million from €16,389 million as of December 31, 2019, reflecting an increase of €897 million, of which €795 million in commercial papers issued.

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3.14 Statement of operating payables

(in Euro million)	Value at December 31, 2020	Less than 1 year	1 to 5 years
Debt on fixed assets [(a)]	75	-	75
Other payables, including tax and social payables [(b)]	247	247	-
TOTAL	**322**	**247**	**75**

(a) Debt relating to non-current assets totaled €75 million and included shares issued by AXA Life Europe but not yet fully paid.
(b) Of which €170 million of expenses payables.

3.15 Unrealized foreign exchange gains

Unrealized foreign exchange gains totaled €1,071 million compared to €799 million as at December 31, 2019. This item reflects the effects derived from the revaluation of foreign currency denominated assets and liabilities at the closing exchange rates. It increased mainly due to the favourable impact due to the decline in the US dollar.

4. NOTES TO THE STATEMENT OF INCOME

4.1 Executive remuneration

- Directors' fees allocated to members of the Board of Directors: €1.7 million.
- Other remuneration (net of recharging): €12.3 million.

The Company had 3 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)]	2,343	-	2,343
Income from capital operations	1,311	-	1,311
Income tax expense [(b)]	-	582	582
TOTAL	**3,654**	**582**	**4,236**

* *A positive sign indicates a 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% for non European entities or 1% for European entities.
(b) The corporate income tax benefit amounted to €582 million compared to €909 million in 2019. It mainly included €659 million of tax receivables from members of the tax consolidation group.

5. OFF-BALANCE SHEET COMMITMENTS

(in Euro million)	Notional value (Commitments given)	Market value
Financial futures instruments	**31,889**	**225**
Foreign exchange Forward	**17**	**-**
Swaps	**30,332**	**136**
Interest rate swaps	12,737	559
Cross Currency swaps (long term)	7,252	(500)
Foreign Exchange swaps (short term)	10,343	77
Options	**1,540**	**89**
Foreign Exchange Options	-	-
Equity options	843	84
Index options	-	-
Swaption	693	5
Floor	5	-
Other commitments	**Commitments given**	**Commitments received**
Credit facilities (authorized but not drawn)	**896**	**8,229**
Guarantees and securities		
Commitments to buy back shares and bonds from Group entities	-	-
Other commitments	12,422	39
of which financial guarantees given to Group entities	*9,660*	-

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	Change in fair value: Interest rates: +100 bps (1)	Change in fair value: Depreciation of the Euro: 10% (2)
Debt (a)	6.8%	6.3%
Derivatives (b)	25.0%	-69.0%
Loans (c)	-0.6%	-8.2%

(a) External and internal debts.
(b) Both eligible and not eligible derivatives to hedge accounting.
(c) External and internal loans.
(1) A 100 bps rise in interest rates leads to a 6.8% improvement in the fair value of debt, a -0.6% deterioration in the fair value of loans, and an improvement of 25% in the fair value of loans.
(2) A 10% depreciation of the Euro leads to a 6.3% improvement in the fair value of debt, a -8.2% deterioration in the fair value of derivatives and a -69% deterioration 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 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 INFORMATION

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 No. 2014-03 (Article 831-3).

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Statutory Auditors' report on the financial statements

For the year ended December 31, 2020

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. 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' Meeting,

AXA SA

25, Avenue Matignon

75008 Paris

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of AXA SA for the year ended December 31, 2020.

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 as at December 31, 2020, and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements Section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of rules required by the French Commercial Code and the French Code of ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates
(See Notes 2.5 to the financial statements)

Key audit matter	How our audit addressed the matter
At December 31, 2020, investments in subsidiaries and affiliates represented €67 417 million, a significant balance sheet item. These investments are initially carried at acquisition cost or their contribution value. At the end of the fiscal year, an impairment allowance is recognized if the value at closing date is less than the acquisition cost. As described in note 2.5 to the financial statements, the value at closing date corresponds to the value in use and is determined by management on the basis of the share price, the equity value (including unrealized gains), or the future prospects of the subsidiary. Estimating the value in use of these types of investments requires a significant degree of judgment from management in terms of selecting the measurement methods, depending on the investment in question, and in determining which data and assumptions should be used to estimate the expected profits when these are taken into account in the valuation. The value of future profits is estimated on the basis of the European Embedded Value (EEV) calculations for the Life & Savings segment published by the Group, or similar calculations for the other activities. Given the inherent uncertainty involved in the use of forecasts (in terms of whether or not they will be achieved) in particular in a complex and evolving context of COVID-19 pandemic and in the judgment required to assess value in use, we deemed the correct measurement of investments in subsidiaries and affiliates, particularly those based on forward-looking data, to be a key audit matter.	To assess the reasonableness of the estimated value in use of investments in subsidiaries and affiliates, based on the information provided to us, our audit work consisted primarily of verifying that the estimated values determined by management were based on an appropriate measurement method and assumptions, depending on the investment concerned. For valuations based on forecast data: ■ assess the appropriateness of the methodology and assumptions used with regard to the Solvency II texts and the European Embedded Value principles published by the CFO Forum when the values in use of life and non-life insurance companies are based on these frameworks; ■ for the other entities, obtain the projections for cash flow and operating cash flow for the businesses produced by their respective operational management teams, and: - check the consistency of the historical data used with the audited financial statements of the entities, - check that the assumptions made are consistent with the economic environment at the closing date and at the date the financial statements were prepared, - compare projections made in previous periods with actual results in order to assess the reliability of the estimates, - verify the accuracy of the value in use calculated, - confirm that the value in use, which is based on projected cash flows, has been adjusted to account for debts. We also verified the recording of provisions for contingencies where the Company is exposed to the losses of a subsidiary with negative equity. Finally, we assessed the adequacy of the disclosures in the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

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 other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 et L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favour, 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 controlled companies which are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the financial statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the Annual Financial Report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements included in the Annual Financial Report complies, in all material respects, with the European single electronic format.

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of AXA SA by the Shareholders' Meetings held on February 28, 1989, for PricewaterhouseCoopers Audit and on June 8, 1994, for Mazars. As at December 31, 2020, PricewaterhouseCoopers Audit and Mazars were in the thirty-second and in the twenty-seventh consecutive year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Courbevoie, March 22, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Bénédicte Vignon – Grégory Saugner	Jean-Claude Pauly – Maxime Simoen

APPENDIX IV GROUP EMBEDDED VALUE AND SOLVENCY II OWN FUNDS

The information is disclosed in the “Embedded Value and Solvency II Own Funds report 2020” which is available on AXA’s website (www.axa.com).

APPENDIX V GLOSSARY

This glossary includes definitions of non-GAAP financial measures, or alternative performance measures ("APMs"), indicated by an asterisk (*), that management believes are useful to understand the Group's business and analyze the Group's performance. The scope of the following definitions of APMs remains unchanged compared to prior periods, except that the scope of certain definitions was updated to take into account **(i)** the deconsolidation of EQH on March 31, 2019 **(ii)** the impact of the issuance by AXA of bonds mandatorily exchangeable into shares of EQH (the "MEBs") in May 2018, which were recorded in "shareholders' equity – Minority interests" and "financial debt" and subsequently reclassified from "shareholders' equity" components to "financing debt" starting 1Q19; and **(iii)** changes to the calculation formula that we will use effective starting with 2021 financial period to calculate the Return on Equity and the APM Underlying Return on Equity. As announced in the press release dated December 1, 2020, a new APM "Underlying Return on Equity" has been introduced and will be effective starting with 2021 financial period; this new APM will replace the APM "Adjusted Return on Equity" that has been used previously.

SCOPE AND COMPARABLE BASIS

Split by geography

The split by geography is detailed below:

- **France** (insurance and banking activities, and holding);
- **Europe**, consisting of:
  - Switzerland (insurance activities),
  - Germany (insurance and banking activities, and holding),
  - Belgium (insurance activities and holding),
  - United Kingdom and Ireland (insurance activities and holding),
  - Spain (insurance activities),
  - Italy (insurance activities);
- **Asia**, consisting of:
  - Japan (insurance activities and holding),
  - Hong Kong (insurance activities),
  - Asia High Potentials, consisting of:
    - Thailand (insurance activities),
    - Indonesia (insurance activities),
    - China (insurance activities),
    - The Philippines (insurance activities),
  - Asia - Direct, consisting of:
    - Direct Japan (insurance activities),
    - Direct South Korea (insurance activities),
  - Asia Holdings;
- **AXA XL** (insurance activities and holding);
- **United States** (insurance activities, AB and holding) until year-end 2019;
- **International**, consisting of:
  - AXA Bank Belgium (banking activities held for sale),
  - Brazil (insurance activities and holding),
  - Colombia (insurance activities),
  - Czech Republic and Slovak Republic (insurance activities) until September 2020 (disposed on October 15, 2020),
  - Greece (insurance activities held for sale),
  - The Gulf Region (insurance activities held for sale, and holding),
  - India (Property & Casualty activities held for sale, Life & Savings activities and holding),
  - Luxembourg (insurance activities and holding),
  - Malaysia (insurance activities),
  - AXA Mediterranean Holdings,
  - Mexico (insurance activities),
  - Morocco (insurance activities and holding),
  - Nigeria (insurance activities and holding),
  - Poland (insurance activities) until September 2020 (disposed on October 15, 2020),
  - Russia (Reso) (insurance activities),
  - Singapore (insurance activities and holding),
  - Turkey (insurance activities and holding);
- **Transversal & Central Holdings**, consisting of:
  - AXA Investment Managers,
  - AXA Assistance,
  - AXA Liabilities managers,
  - AXA Global Re,
  - AXA Life Europe,
  - AXA SA and other Central Holdings.

Current Engines and High Potentials

The split between current engines and high potentials is detailed below:

- **Current Engines:** Belgium, France, Germany, Hong Kong, Italy, Japan, Spain, Switzerland, UK & Ireland and AXA XL;
- **High Potentials:** Brazil, China, Indonesia, Mexico, the Philippines and Thailand.

Comparable basis for revenues, annual premium equivalent and NBV margin

"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 the table set forth on pages 47 to 48 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, impairments and amortization of intangibles related to customers and distribution;
- exceptional operations (primarily change in scope and discontinued operations); and
- 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 and liabilities.

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 without 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 (other than the funds backing contracts where the financial risk is borne by policyholders).

Earnings per share

Earnings per share (**EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of Equitable Holdings, Inc.), divided by the weighted average number of outstanding ordinary shares.

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and MEBs up to the date of the deconsolidation of EQH), 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).

Underlying Earnings per share* correspond to Underlying Earnings (net of financial charges related to undated subordinated debt recorded through shareholders' equity, preferred shares and mandatory exchangeable bonds up to the date of deconsolidation of Equitable Holdings, Inc.), divided by the weighted average number of outstanding ordinary shares.

Return on equity

The **Return on Equity ("RoE") presented herein** is calculated as earnings divided by the weighted average shareholders' equity. The weighted average shareholders' equity is based on opening shareholders' equity adjusted for weighted average impacts of capital flows (including dividends).

- for underlying RoE and adjusted RoE*:
  - reserves relating to the change in the fair value through shareholders' equity are excluded from the average shareholders' equity,
  - undated subordinated debts are treated as financing debt, thus excluded from the average shareholders' equity, and
  - earnings include interest charges on undated subordinated debts, on preferred shares, and on shareholders' equity component of the mandatory exchangeable bonds up to the date of deconsolidation of Equitable Holdings, Inc.;
- for net income RoE: calculation is based on Consolidated Financial Statements, *i.e.*:
  - average shareholders' equity including undated subordinated debts and reserves relating to the change in the fair value through shareholders' equity, and
  - net income.

As we announced in connection with the presentation of our "*Driving Progress 2023*" strategic plan, the **new Return on Equity ("RoE") measure that we will use effective starting with 2021 financial period** will be calculated as earnings net of interest charges related to undated subordinated debts divided by the average of opening and closing shareholders' equity both excluding:

- for underlying RoE:
  - reserves relating to the change in the fair value through shareholders' equity,
  - undated subordinated debts since they are treated as financing debt;
- for net income RoE:
  - reserves relating to the change in the fair value of available for sale fixed income securities through shareholders' equity,
  - undated subordinated debts since they are treated as financing debt.

The new APM, "Underlying Return on Equity", will replace the APM "Adjusted Return on Equity" starting from 2021 financial period.

Compared to the Underlying Return on Equity measure provided in previous financial periods, the new definition of Underlying Return on Equity applicable from 2021 has been simplified and is more directly reconcilable to the Consolidated Financial Statements, as noted in our Press Release dated December 1, 2020.

Please refer to the table set forth on page 54 of this Annual Report for a comparison as of December 31, 2020, of APM underlying ROE calculated as per the new definition, *versus* the underlying ROE under the former definition.

Free cash flows

Free cash flows are defined as a measure of dividend capacity calculated as the sum of earnings and required capital change.

EOF (Eligible Own Funds)

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.

Solvency II ratio

This ratio is calculated as per Solvency II, and is equal to the total amount of the Group's Eligible Own Funds ("EOF") divided by the Group's Solvency Capital Requirement ("SCR"). The Solvency Capital Requirement, *i.e.* the denominator of the Solvency II ratio, 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 Solvency Capital Requirement can be calculated either based on the standard formula or an internal model. The Group is using an internal model.

The Solvency II ratio is estimated primarily using AXA's internal model calibrated based on an adverse 1/200 years shock. For further information on AXA's internal model and Solvency II disclosures, please refer to AXA Group's Solvency and Financial Condition report (SFCR) as of December 31, 2019, available on AXA's website (www.axa.com). Pursuant to the authorization from AXA's lead supervisor (the "ACPR"), the contribution of entities that were part of the XL Group ("XL entities"), and are now part of the AXA XL division, to the Group Solvency II ratio is, as from December 31, 2020 on, calculated with the AXA Group internal model. In compliance with the prior decision from ACPR, the XL entities contributed to the Group's solvency capital requirement as of December 31, 2019 using the Solvency II standard formula.

Debt Gearing*

Debt Gearing refers to the level of a company's debt related to its equity capital, usually expressed as a percentage. Debt Gearing is used by Management to measure the financial leverage of the Group 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 (consolidated 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 the gross debt). Furthermore, following the deconsolidation of EQH, mandatory exchangeable bonds issued by AXA in May 2018 were excluded from Debt Gearing.

ACTIVITIES

Insurance

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 EOF than the economic capital they consume.

LIFE & SAVINGS 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 & Savings products as well as Life-like Health products, with the exception of Mutual funds products.

NEW BUSINESS APE (NEW BUSINESS ANNUAL PREMIUM EQUIVALENT)

New business APE represents 100% of new regular premiums plus 10% of single premiums, 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, and **(ii)** cost of capital and non-financial risks. AXA calculates this value net of tax.

NBV MARGIN (NEW BUSINESS VALUE MARGIN)

New Business Value Margin is the ratio of:

- New Business Value representing the value of newly issued contracts during the current year; to
- Annual Premium Equivalent.

This ratio represents the profitability of the new business.

MARGIN ANALYSIS

The 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.

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 as well as the unwind of the discount rate used in calculating technical reserves.

Underlying fees & revenues include:

- revenues derived from mutual fund sales (which are part of consolidated revenues);
- loadings charged to policyholders (or contractual charges) on premiums of all Life & Savings products;
- loadings on deposits received on all Life & Savings products and fees on funds under management for separate account (Unit-Linked) business;
- deferred income such as capitalization net of amortization of URR (Unearned Revenue 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 and morbidity margin: the difference between income or earned premiums for assuming risk and the cost of benefits and claims charges directly linked to the claims experience or its anticipation (death or disability);
- 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: 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 participate in the risk margin;
- ceded reinsurance results;
- other changes in claims and insurance reserves: all the reserve strengthening or release coming from changes in valuation assumptions, claims experience, additional reserves for mortality risk and other technical impacts such as premium deficiencies net of derivatives if any; and
- claims handling costs.

Expenses include the following components:

- acquisition expenses, including commissions and general expenses allocated to new business;
- 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 Deferred Acquisition Costs (DAC) and net rights to future management fees for investment contracts without DPF, including the impact of interest capitalized;
- administrative expenses; 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.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Life & Savings 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 & 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 consider the related policyholder 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 & Revenues",
  - change in URR (Unearned Revenue Reserve – 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 Reserve – 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.

INSURANCE RATIOS (APPLICABLE TO PROPERTY & CASUALTY, HEALTH AND PROTECTION ACTIVITIES)

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 for the discounted reserves the unwind of the discount rate used in calculating technical 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 unwind of the discount rate used in calculating technical reserves; to
- earned revenues gross of reinsurance.

Expense ratio is the ratio of:

- expenses (excluding claims handling costs, including changes in VBI amortization); to
- earned revenues gross of reinsurance.

Expenses include two components: expenses (including commissions) related to the acquisition of contracts (with the related **acquisition expense ratio**) and all other expenses excluding claims handling costs (with the related **administrative expense ratio**). Expenses exclude customer intangible amortization, but include the impact from the changes in VBI amortization.

The **Combined ratio** is the sum of the all accident year loss ratio and the expense 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 is the ratio of:

- general expenses excluding distribution related expenses; to
- gross revenues excluding distribution fees received.

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. AUM only include funds and mandates which generate fees and exclude double counting.

Banking

Operating net banking revenues are disclosed before intercompany eliminations and before realized capital gains/ losses or changes in fair value of "fair-value-P&L" assets and hedging derivatives.

APPENDIX VI 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 *et seq*. and L.22-10-35 *et seq.* 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.

APPENDIX VII CORPORATE GOVERNANCE REPORT – CROSS-REFERENCE TABLE

This Annual Report includes all the elements required to be included in AXA's corporate governance report established pursuant to Articles L.225-37 *et seq*. and L.22-10-8 *et seq.* of the French Commercial Code (*Code de commerce*).

The following references to the Sections of this Annual Report correspond to the components of the corporate governance report as approved by the Board of Directors of the Company.

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APPENDIX VIII COMMISSION DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019 – CROSS-REFERENCE TABLE

Universal Registration Document filed with the *Autorité des marchés financiers* ("AMF") on March 22, 2021.

ANNEX 1 OF COMMISSION DELEGATED REGULATION (EU) 2019/980

(a) No information, document or material from the website of the Company (www.axa.com) or any other source shall form part of this Universal Registration Document, unless such information, document or material is expressly incorporated by reference into this Universal Registration Document.

Items			Pages
15.		**Employees**	
	15.1	Number of employees	123; 172
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16.		**Major shareholders**	
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	16.2	Voting rights of major shareholders	427 to 428 and 446
	16.3	Ownership and control of the issuer	427 to 429
	16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	n/a
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18.		**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
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	18.3	Auditing of historical annual financial information	
		18.3.1 Audit report prepared in accordance with Directive 2014/56/EU and Regulation (EU) No. 537/2014	419 to 424 and 474 to 477
		18.3.2 Other information audited by the auditors	160 to 161
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	18.4	Pro forma *financial information*	n/a
	18.5	Dividend policy	
		18.5.1 Issuer's policy on dividend distributions and restrictions thereon	16; 446
		18.5.2 Amount of dividend per share for each financial year for the period covered by the historical financial information	16
	18.6	Legal and arbitration proceedings	416 to 418
	18.7	Significant change in the issuer's financial position	91 and 92; 418
19.		**Additional information**	
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		19.1.2 Shares not representing capital	n/a
		19.1.3 Treasury shares held by the issuer, on its behalf or by its subsidiaries	427 and 428
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		19.1.5 Acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	n/a
		19.1.6 Options on share capital of the members of the Group	n/a
		19.1.7 Historical information on share capital	428
	19.2	Memorandum and articles of association	
		19.2.1 Corporate purpose	445
		19.2.2 Rights, preferences and restrictions attaching to each class of existing shares	446 and 447
		19.2.3 Provisions likely to defer, delay or prevent a change in control of the issuer	447
20.		**Material contracts**	n/a
21.		**Documents available**	433

ANNEX 2 OF COMMISSION DELEGATED REGULATION (EU) 2019/980

Items			Pages
1.		**Information to be disclosed about the issuer**	
	1.1	Information disclosed in accordance with Annex 1 of Commission Delegated Regulation (EU) 2019/980	486 to 488
	1.2	Statement that (a) the Universal Registration Document has been filed with the AMF as the competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of Regulation (EU) 2017/1129; and (b) the Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129	1

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following items are incorporated by reference into this Universal Registration Document:

- the following Sections of AXA's Universal Registration Document for the year ended December 31, 2019 (the "2019 URD"), the French version of which was filed with the AMF on March 19, 2020 under number D.20-0142 and is available on the AMF's website within the AMF's Decisions and Financial Disclosures Database (the "BDIF") (https://bdif.amf-france.org/Fiche-BDIF?xtcr=28&isSearch=true&docId=2410-02.D_D.20-0142):
  - **(a)** Section 2.2 "Operating Highlights" on pages 35 to 39,
  - **(b)** the report of the Board of Directors of AXA for the year ended December 31, 2019, including all Sections listed in Appendix VI "Board of Directors' report – Cross-Reference Table" on page 476, and
  - **(c)** Part 5 "Consolidated Financial Statements", which includes AXA's consolidated financial statements for the year ended December 31, 2019 and the Statutory Auditors' report thereon, respectively, on pages 210 to 365 and pages 366 to 371;
- the following Sections of AXA's Registration Document for the year ended December 31, 2018 (the "2018 DDR"), the French version of which was filed with the AMF on March 11, 2019 under number D.19-0130 and is available on the AMF's website within the BDIF (https://bdif.amf-france.org/Fiche-BDIF?xtcr=69&isSearch=true&docId=0310-91.D_D.19-0130):
  - **(a)** Section 2.2 "Operating Highlights" on pages 37 to 44,
  - **(b)** the report of the Board of Directors of AXA for the year ended December 31, 2018, including all Sections listed in Appendix VI "Board of Directors' report – Cross-Reference Table" on page 480, and
  - **(c)** Part 5 "Consolidated Financial Statements", which includes AXA's consolidated financial statements for the year ended December 31, 2018 and the Statutory Auditors' report thereon, respectively, on pages 215 to 369 and pages 370 to 376;
- the Bylaws of AXA SA, as amended from time to time, are available on the website of the Company (https://group.axa.com/en/about-us/governance-overview).

The non-incorporated parts of the 2018 DDR and the 2019 URD are either not relevant for investors or covered elsewhere in this Universal Registration Document.

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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.

NOTES

NOTES

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www.axa.com

on which you will find the aggregate regulated information published by our Company.

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