# IFRS17 & IFRS9

## Investor Presentation

November 3, 2022

## IMPORTANT CAUTIONARY STATEMENTS CONCERNING PRELIMINARY IFRS17/9 EXPECTATIONS AND ASSESSMENTS

AXA's audited financial statements for 2022 under IFRS4 will be published in March 2023 with its 2022 Universal Registration Document. On January 1, 2023, IFRS4 will be replaced by IFRS17, which is a new accounting standard applicable to (re)insurance contracts that will result in significant accounting changes, with impacts on AXA's consolidated statement of income and balance sheet. AXA will also begin applying, starting on January 1, 2023, the IFRS9 standard on classifying and measuring financial assets and liabilities and certain contracts. During an initial implementation stage of IFRS17/9 relating to accounting periods on or after January 1, 2022, AXA will prepare unaudited key financial information under IFRS17/9 for the first half of 2022 and for the full 2022 fiscal year, including estimates for certain key financial indicators under IFRS17/9 included or mentioned in this presentation. See the slide entitled "Upcoming Reporting."

AXA's estimates, expectations and assessments relating to IFRS17/9 in this presentation are by their nature preliminary and subject to change in the course of the formal implementation of IFRS17/9 in the Group's financial reporting (the "IFRS17/9 Implementation") through 2023. This presentation reflects the Group's estimates, expectations and assessments of the impact of the IFRS17/9 Implementation exclusively as of the date hereof. Undue reliance should not be placed on such estimates, expectations and assessments, which are qualified in their entirety by the forward-looking statements paragraphs below. Moreover, investors should note that **no IFRS17/9-related information in this presentation has been audited or subject to a limited review by AXA's statutory auditors**. In addition, the IFRS17/9 Implementation involves accounting judgment and choices between alternative accounting approaches. While this presentation reflects AXA's current assessment and expectations regarding these judgments, it is possible that, as the Group and the industry adapt to IFRS17/9 reporting, the Group might determine that adjustments to its initial judgments are needed. There can be no assurance that such judgments and, more broadly, the ultimate impacts of the IFRS17/9 Implementation on AXA's presentation of its business, results of operations or financial condition will not differ materially from the illustrative information contained in this presentation.

For the purposes of this presentation, "on transition" or "at transition" are references to forward looking-statements about the Group's expected opening balance sheet information as of January 1, 2022 as calculated under IFRS17/9. "Post-transition" or similar words refer to forward-looking statements related to the Group's financial reporting from January 1, 2023 onward, *i.e.*, its ordinary course financial reporting under IFRS17/9 following the entry into force of IFRS17 and IFRS9 on January 1, 2023. Any information (financial or otherwise) relating to any of the foregoing terms should be understood exclusively as constituting the Group's estimates or assessments as of the date hereof, and, as with the other illustrative information in this presentation, is subject to change and qualified in its entirety by the section below.

## IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS AND THE USE OF NON-GAAP FINANCIAL MEASURES

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans, expectations or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause AXA's actual results to differ materially from those expressed or implied in such forward-looking statements. Please refer to Part 5 - "Risk Factors and Risk Management" of AXA's Universal Registration Document for the year ended December 31, 2021 and "Operating Highlights – Risk Factors" on page 7 of AXA's Half Year Financial Report as of June 30, 2022 (the "Half Year 2022 Financial Report") for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations. 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, this presentation refers to certain non-GAAP financial measures, or alternative performance measures ("APMs"), used by Management in analyzing AXA's operating trends, financial performance and financial position and providing investors with additional information that Management believes to be useful and relevant regarding AXA'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 Group's consolidated financial statements and related notes prepared in accordance with IFRS. Underlying earnings, underlying return on equity, underlying earnings per share, combined ratio and debt gearing are APMs as defined in ESMA's guidelines and the AMF's related position statement issued in 2015. A reconciliation from APMs 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 on pages 15 and 16 of AXA's Half Year 2022 Financial Report. APMs underlying return on equity and underlying earnings per share are reconciled to the financial statements in the table set forth on page 22 of AXA's Half Year 2022 Financial Report. The calculation methodology of the debt gearing is set out on page 18 of AXA's Half Year 2022 Financial Report. The above mentioned and other non-GAAP financial measures used in this presentation are defined in the Glossary set forth on pages 56 to 63 of AXA's Half Year 2022 Financial Report.

# Presentation on IFRS17 & IFRS9 | Agenda

# IFRS 17 & IFRS 9 at AXA | Upcoming Reporting

- **IFRS17/9 figures in this presentation** are figures currently expected to be included in AXA's **opening balance sheet** under IFRS17/9 as of January 1, 2022. They are **preliminary figures** that are **unaudited** and **subject to change**
- **All other IFRS17/9-related assessments and expectations** are based on **AXA's estimates as of today** and there can be no assurance that they will not be updated as implementation progresses (see disclaimer slide for important information)
- IFRS17/9 implementation will involve reporting **2022 financial information under IFRS17/9** beginning in **May 2023**

## November 3, 2022

- **IFRS17/9 implementation** and **review with auditors on track**
- **9M22 activity indicators** reported under IFRS4
- **Estimates of selected key financial indicators under IFRS17/9** provided in this presentation

## 2023

- **February 23, 2023**: FY22 earnings reported under IFRS4
- **March 2023:** Audited FY22 accounts under IFRS4 published with Annual Report (Universal Registration Document)
- **May 2023**:
  - **1Q23 activity indicators** reported under IFRS17/9
  - Key **FY22 and 1H22 financial information** reported under IFRS17/9
- **All future financial performance** reported **only under IFRS17/9**

# A. Key Messages & Overview of IFRS17 & IFRS9

**Alban de Mailly Nesle**

**Group Chief Financial Officer**

# IFRS 17 & IFRS 9 at AXA | Key Messages

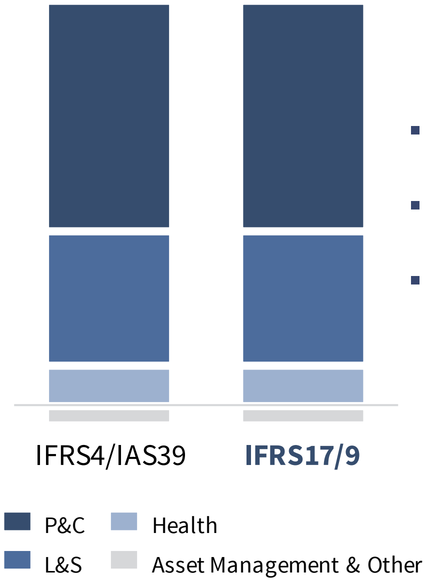
- **Group Underlying Earnings power to remain unaffected post-transition**
- **Shareholders' Equity[1] expected to remain stable at transition**
- **Limited reporting impacts reflecting our profile focused on technical lines**
- **No change to capital management and strategy**
- **'Driving Progress 2023' key financial targets[2] reaffirmed**



All notes are on pages 38-41
Back to Agenda

# Continuity in earnings | Underlying Earnings power expected to be unaffected in aggregate

## Expected IFRS17/9 Underlying Earnings[1]




- All **reserves** to be calculated at '**best estimate**' and **discounted**
- **Risk Adjustment** reserve to be added for additional prudence
- Future **profits** from long-term business to be **isolated** ('Contractual Service Margin')

- **P&C earnings** to be **more sensitive to interest rates**
- **L&S earnings to be more predictable** driven by the release of CSM
- **Health earnings** to reflect the **underlying nature** of the **business**
- **Asset Management & Holdings earnings** are **unaffected** by the change of accounting standards



All notes are on pages 38-41
Back to Agenda

# Continuity in reporting | Focus on technical lines and fee-based businesses to result in limited impacts

## Our predominant P&C business will see limited reporting changes

- **Technical profitability** to **continue** to be **reported** by **Current** and **Prior Year**
- Combined ratio to **remain** on a **Gross Earned Premiums** basis

**Limited changes**
Combined ratio to remain primary driver of reporting

## L&S will show most of the reporting changes

- **Earnings reporting** will primarily be based on the **release of Contractual Service Margin**
- **New Business Value** and **CSM stock rollforward** to be **key reporting indicators**
- **CSM release** pattern to **reflect insurance services rendered** over time

**Main changes**
Reporting to be based on CSM

## Health will reflect a mix of P&C and L&S-like reporting

- **Short-term business** will be reported similar to **P&C**, **long-term** to **L&S**

**Slight changes**
Long-term to be driven by CSM

## Asset Management is unaffected by IFRS17

**No impact**
No change in earnings

All notes are on pages 38-41
Back to Agenda

# Overview of IFRS 17 & IFRS 9 | AXA's strong fundamentals remain unchanged

**P&L**

- **Group's earnings power** expected **to be unaffected** post-transition
- **Net Income** expected **not to be more volatile**

**Balance sheet**

- **Shareholders equity** (excl. OCI) **broadly stable** on transition at ca. **€58bn**
- A **reserve** of **future profits** of ca. **€34bn** is **created on transition** (Contractual Service Margin or CSM)

**With no impact on…**

✓ Our **capital** & **cash generation**

✓ Our **balance sheet strength**

✓ Our **capital management policy**

✓ Our **business strategy**

**'Driving Progress 2023' key financial targets reaffirmed**



All notes are on pages 38-41
Back to Agenda

# B. Key accounting choices & Resulting Balance Sheet

**Grégoire de Montchalin**
Group Chief Accounting & Reporting Officer

# Key Principles & resulting Balance Sheet

## Guiding Principles

- Continuity on capital and earnings, with limited additional volatility from financial markets
- Convergence to Solvency II principles where practically feasible
- Accounting choices largely reflect the underlying economic nature of the business

## Resulting Balance Sheet

- Best Estimate Liabilities similar under IFRS17/9 and Solvency II
- Creation of a Contractual Service Margin (CSM) of ca. €34bn on transition
- Shareholders' Equity (excl. OCI) expected to be stable on transition

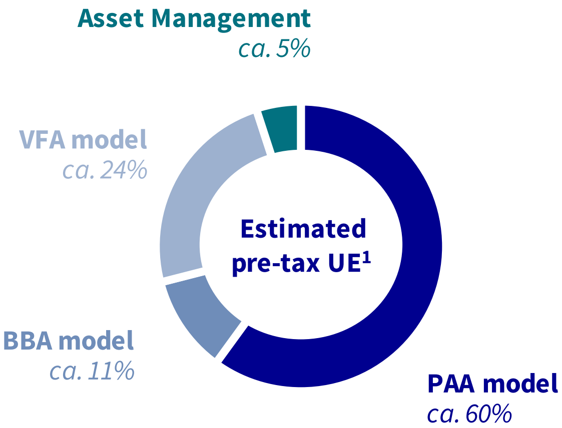


All notes are on pages 38-41
Back to Agenda

# AXA's business mix largely accounted for under the simplified model

| | Measurement Model | CSM | Changes in Financial Assumptions | Changes in Technical Assumptions |
|---|---|---|---|---|
| **PAA or *Simplified model*** | Optional model for **short-term business** → incl. 99% P&C and short-term Protection and Health | | OCI | P&L |
| **BBA or *General model*** | Compulsory model for **long-term non-participating business** → incl. non-participating Protection and Health | ✓ | OCI | CSM |
| **VFA model** | Compulsory model for **long-term participating business** → incl. G/A Savings, Unit-Linked and participating Protection and Health | ✓ | CSM | CSM |

**Discounting of Best Estimate reserves** and **Risk Adjustment** applied to all models




**ca. 65% unaffected or with limited impact at transition**

PAA 'Premium Allocation Approach' | BBA 'Building Block Approach' also referred to as GMM 'General Measurement Model' | VFA 'Variable Fee Approach'

# Key accounting choices ensuring continuity and limited volatility in earnings

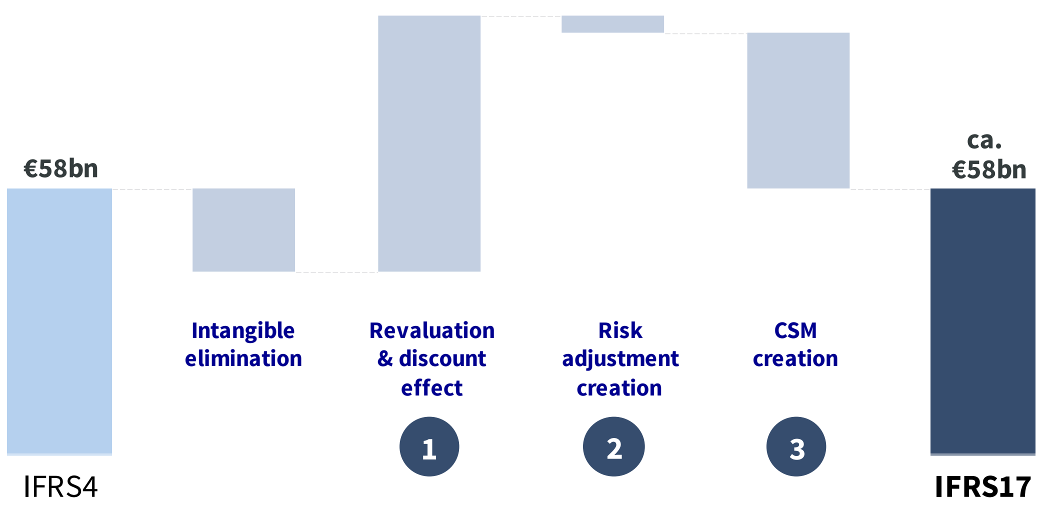
| | Alternative Options | AXA's choice | Rationale |
|---|---|---|---|
| Discount rates | **Top-down approach**<br>*Portfolio yield less allowance for unexpected losses* | **Bottom-up approach**<br>*Risk-free rates + illiquidity premium* | ▶ Framework similar to Solvency II |
| Changes in discount rates (excl. VFA) | **Through P&L**<br>*Changes in rates to be recorded '1 for 1' in P&L* | **Through OCI**<br>*Changes in rates to be recorded in OCI then amortized in P&L over time* | ▶ Mitigation of earnings sensitivity to market rates |
| Risk Adjustment | **No prescriptive approach**<br>. | **Percentile Approach**<br>*Risk Adjustment based on 62.5th-67.5th percentile* | ▶ Approach reflects adequate level of prudence on underlying reserves |
| Measurement of listed Equity investments | **Fair Value through P&L**<br>*Mark-to-market and realized gains/losses to flow through P&L* | **Fair Value through OCI**<br>*Mark-to-market to flow through OCI, with no recycling in P&L* | ▶ Mitigation of Net Income sensitivity to movements in equity markets |
| Transition approach | **3 Transition approaches**<br>*Full/modified retrospective, or fair value approach* | **Retrospective approach ca. 80% of L&S**<br>*Fair value approach ca. 20%* | ▶ Default approach used across L&S<br>▶ Fair Value used only on a limited basis to manage risk of onerous contracts |



All notes are on pages 38-41
Back to Agenda

# Shareholders' Equity largely stable on transition

## Shareholders' Equity (excl. OCI) from IFRS4 to IFRS17




## Main accounting changes

1. **Impact from reserves revaluation incl. discounting**
2. **ca. €4bn Risk Adjustment creation**
3. **ca. €34bn CSM creation**



All notes are on pages 38-41
Back to Agenda

# 1 Simple methodology used for reserves discounting

## 'Bottom-up' Discounting Approach

- Going forward, reserves to be **discounted** at a **market consistent rate**
- Impact from **change** in **interest rates** to be absorbed by **CSM** (participating long-term business) **or OCI** (all other businesses)
- **Discounting** effects to be progressively **unwound** in **investment results** (except for VFA business)
- **No impact** on the **lifetime profitability** of contracts

**IFRS 17 Discount Rate** = **Risk-Free Rate** + **Illiquidity Premium**

- **Illiquidity premium** calculation based on EIOPA replicating portfolios **similar to Solvency II framework**

## Discounting Methodology going forward

| | **PAA or *Simplified model*** | **BBA or *General model*** | **VFA model** |
|---|---|---|---|
| **Balance Sheet** | Closing Rates | Closing Rates | Closing Rates |
| **P&L** | Average locked-in inception Rates | Closing locked-in inception Rates | Closing Rates |



All notes are on pages 38-41
Back to Agenda

# 2 Risk Adjustment provides an additional reserve expected to generate limited P&L impact

An **extra reserve** on top of Best Estimate Liabilities for **uncertainties arising** from **non-financial risks**

**Risk Adjustment** released in **P&L** over time as insurance coverage is provided

## Approach at AXA

**Confidence level** set at **65th percentile**

within a range from 62.5th to 67.5th percentile

**Limited impact on P&L**

The release of Risk Adjustment on in-force is expected to be offset by the creation of Risk Adjustment on new business

### Risk Adjustment range on transition

**€3bn**
**at 62.5th percentile**

**€4bn**
**at 67.5th percentile**

All notes are on pages 38-41

Back to Agenda

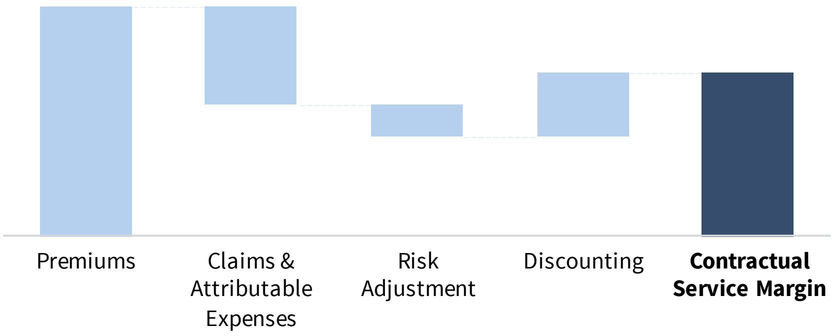
# Contractual Service Margin (CSM) of ca. €34bn on transition

- **Application scope**
  Calculated by group of contracts for **long-term Life & Savings and Health products**

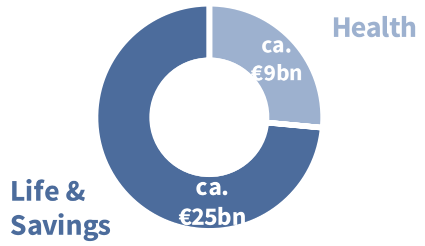
- **CSM mechanism**
  CSM **absorbs changes** in **technical** assumptions for all business and **financial variance** for **participating** business only

- **Onerous contracts**
  Loss from onerous contracts **charged to the P&L** on Day 1 and recorded as loss component on the Balance Sheet

## Building Blocks of New Business Contractual Service Margin



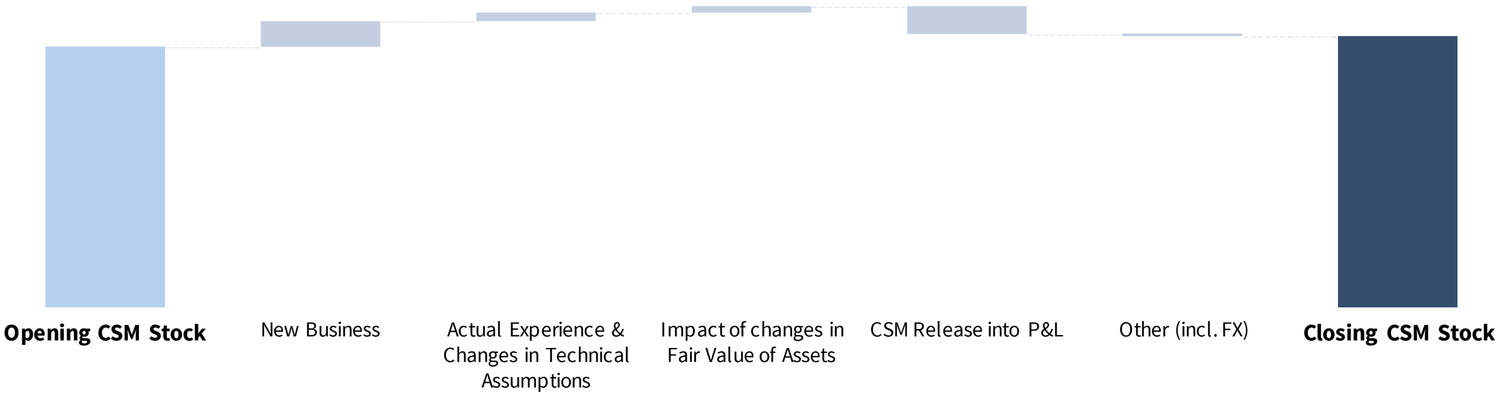

## Opening Contractual Service Margin




All notes are on pages 38-41

Back to Agenda

# Contractual Service Margin expected to grow sustainably over time




- **Creation** of a stock of **Contractual Service Margin** of **ca. €34bn on transition** across L&S and Health
- **CSM stock** expected to **grow sustainably** over time
- The **CSM** will absorb most **changes in technical & financial assumptions**[1]

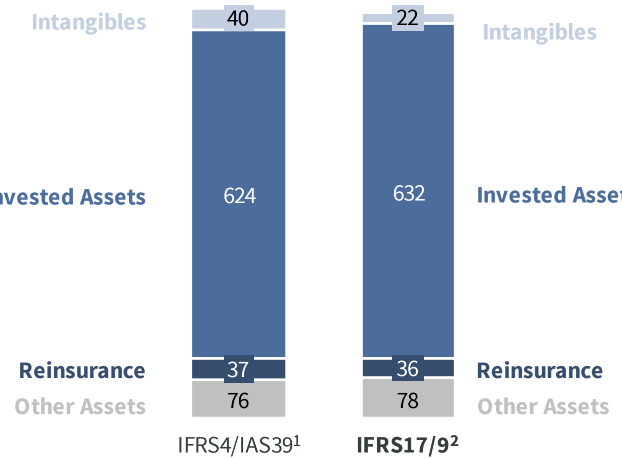


All notes are on pages 38-41
Back to Agenda

# IFRS17/9 better aligns accounting balance sheet with economic reality

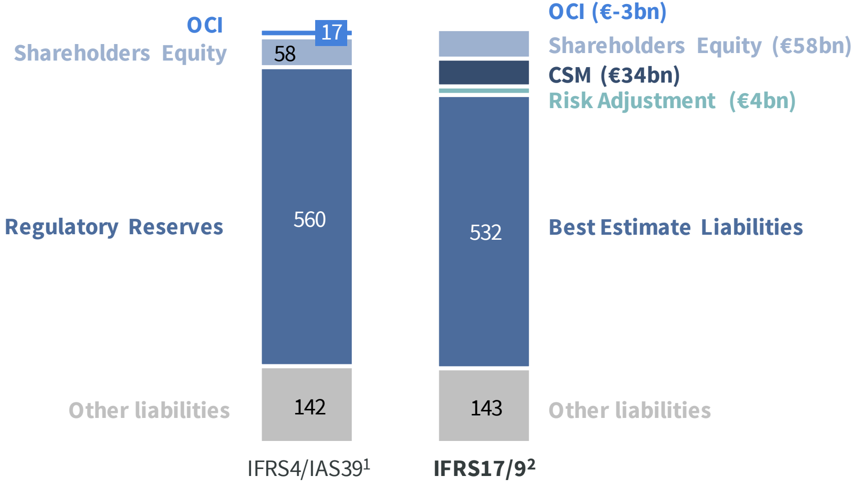
## Assets on transition

- **Elimination** of **intangible assets (DAC/VBI)** with **goodwill unaffected**
- **Invested assets' classification broadly unchanged**
  Most of the assets remain measured at fair value through OCI
  Real Estate investments remain classified 'at cost'




## Liabilities & Shareholders' Equity on transition

- **Reserves similar** to **Solvency II Best Estimate Liabilities**
- Creation of **Contractual Service Margin (ca. €34bn)**
- Creation of **Risk Adjustment** reserves **(ca. €4bn)**




**Shareholders' Equity (excl. OCI) stable at transition**

All notes are on pages 38-41
Back to Agenda

# Return on Equity & Debt Gearing under IFRS17/9

## Return on Equity (ROE)
No change in definition

$$\frac{\textbf{Underlying Earnings}}{\textbf{Average Shareholders Equity (excl. OCI)}}$$

- **Underlying Earnings** will be unaffected in aggregate on transition
- **Shareholders Equity**, excluding OCI, will be **stable** on transition

**13% - 15%**
ROE target
2021 - 2023E

No change

## Debt Gearing
will be lower reflecting CSM addition

$$\frac{\textbf{Financial Debt}^1}{\textbf{Shareholders Equity (incl. OCI)} + \underbrace{\textbf{CSM}}_{\textit{NEW}} + \textbf{Financial Debt}^1}$$

- **No changes in Financial Debt scope** and **inclusion of both CSM (net of tax)** and **OCI** in the **denominator**
- **No change to debt issuance capacity of ca. €1bn p.a. at constant debt gearing**

**19% - 23%**
Debt Gearing

Equivalent to previous guidance[2] of 25%-28%



All notes are on pages 38-41
Back to Agenda

# Key Accounting Choices | Main Takeaways

- The **transition approach** largely reflects the **economic nature of the business** and **convergence** to **Solvency II** where practically feasible

- The **options** taken allow for **continuity** in **capital**, with **Shareholders Equity**[1] expected to be largely stable on transition

- The **resulting balance sheet** includes the **creation** of **CSM** for ca. **€34bn** on transition



All notes are on pages 38-41
Back to Agenda

# C. Profitability under IFRS17 & IFRS9

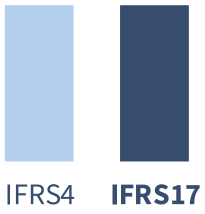
**Alban de Mailly Nesle**
**Group Chief Financial Officer**

# Underlying earnings power expected to remain unaffected in aggregate

## Property & Casualty


- Lower combined ratio reflecting discounting of reserves, partly offset by discount unwind in investment result
- Prior Year Reserve Development in line with its long-term average

## Life & Savings




- Increased earnings predictability driven by CSM release

## Health

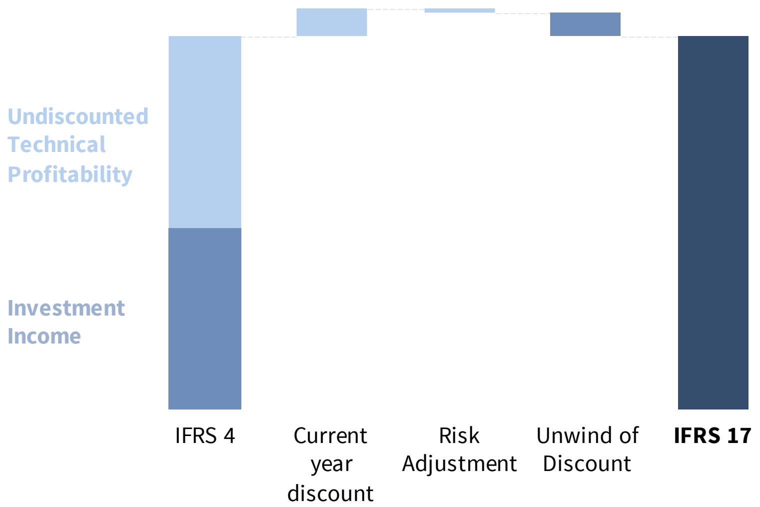

- Earnings to reflect the underlying nature of the business
- Long-term business driven by CSM release
- Short-term business will continue to be driven by combined ratio

## Asset Management


- No change in earnings

# P&C earnings to be mostly impacted by discounting at market-consistent rates

## P&C earnings walk from IFRS4 to IFRS17[1]




- IFRS17 P&C earnings reporting will be **driven by combined ratio** as under IFRS4
- **Earnings are market-consistent**, therefore **more sensitive to interest rates as**:
  - Current year claims discounted using current year rates
  - Prior year claims reserves discount unwound at inception rates
- The **net effect** from the **risk adjustment** is **expected** to be **marginal**, subject to business mix & growth

**No impact on the lifetime profitability of the business**

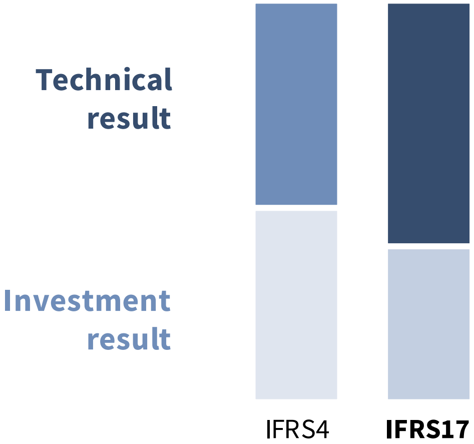
**No change to prudent approach on underwriting & reserving**



All notes are on pages 38-41
Back to Agenda

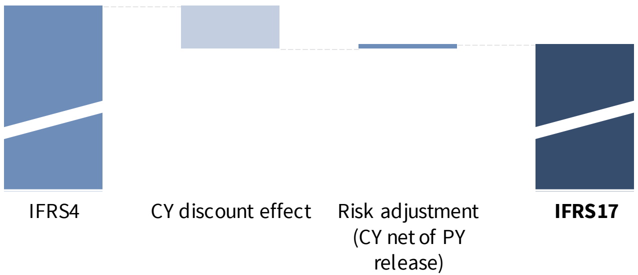
# P&C earnings mix will change, reflecting discounting impact of reserves

## P&C underlying earnings

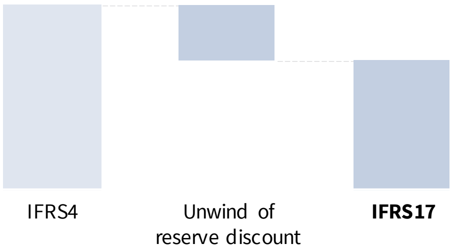



## Lower combined ratio expected under IFRS17, partly offset by lower investment result

**Combined Ratio**
(remains on a Gross Earned Premiums basis)




**Investment Result**



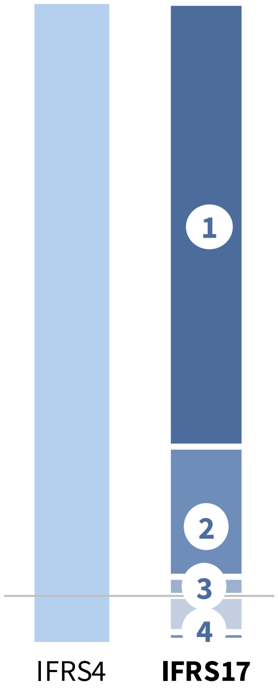

*Note: CY and PY refer to current accident year and prior accident year respectively*

All notes are on pages 38-41
Back to Agenda

# More predictable L&S Earnings to be mostly driven by the release of CSM

## L&S Underlying Earnings

(before tax)




1. **Underlying Earnings** will primarily be **driven** by the **release** of the **Contractual Service Margin (CSM),** expected in the **range of 9-11% p.a.**

2. **Investment result** will include **non-participating business and shareholders' funds**, as well as the impact of the **unwind of discount** from non-participating business

3. **Technical experience** will include:
   - Actual experience vs. expected claims & expenses
   - Release of Risk Adjustment
   - Technical result of short-term business

4. A minimal part of the **expenses**[1] (ca. 5%) will not be projected in the CSM and will be charged to the P&L as incurred

Limited charges related to **onerous contracts** going forward, from both **continued discipline** on new business and **prudent assumptions** on transition



All notes are on pages 38-41
Back to Agenda

# New Business Value and NBV Margin will be the main activity indicators for L&S

## IFRS17 New Business Value ('NBV')

The **NBV** will be **adjusted** to include **New business CSM**[1] (ca. 90% of the total NBV), calculated on a **risk-neutral basis**, which will provide a **significant input** into **future profitability** for long-term products

Additionally, as is currently done, the **NBV** will include **expected future profits from**:

- **short-term Life & Health insurance business**
- **pure investment business** accounted for under IFRS9

The NBV will also include **losses** emerging from **new onerous contracts**

**IFRS17 New Business Value expected broadly in line with current framework**

## NBV Margin

The **NBV margin** is based on the present value of expected new business premiums instead of APE

$$\text{NBV Margin} = \frac{\text{IFRS17 New Business Value}}{\text{Present Value of Expected Premiums}^{2}}$$

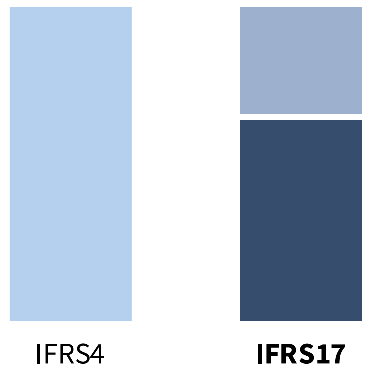
**A more economic NBV margin**



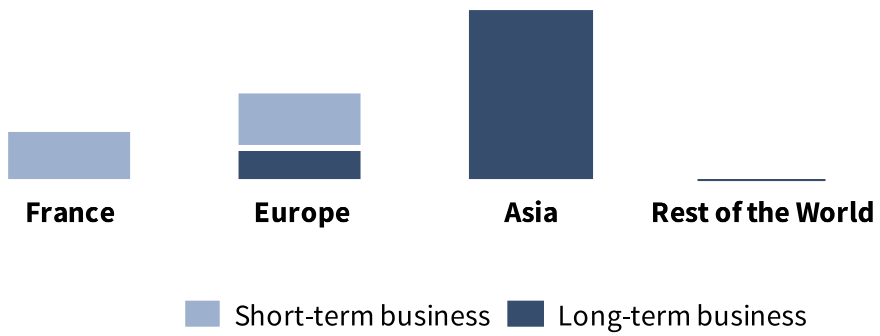
All notes are on pages 38-41
Back to Agenda

# Health Underlying Earnings to reflect the underlying nature of the business

## Expected Health Underlying Earnings




## Split by Business & Geographies




- **Contractual Service Margin stock of ca. €9bn on transition, expected to grow sustainably**
- **Expected CSM release of 6-8% p.a.**

# Underlying earnings to Net Income: not more volatile

| Underlying Earnings to Net Income | Net Realized Capital Gains[4] | | Mark-to-market incl. Derivatives | |
|---|---|---|---|---|
| | IFRS4/IAS39 | **IFRS17/IFRS9** | IFRS4/IAS39 | **IFRS17/IFRS9** |
| **Participating Savings Business[1]** | P&L | 1 **CSM** | OCI/P&L | 1 **CSM** |
| **Non-Participating L&S, P&C and Health** | | | | |
| 'Vanilla' Fixed Income[2] | P&L | **P&L** | OCI | **OCI** |
| Listed Equity | P&L | 2 **OCI** Non-recyclable | OCI | **OCI** Non-recyclable |
| Real Estate | P&L | **P&L** | Off Balance Sheet | **Off Balance Sheet** |
| Investment Funds & Other[3] *(incl. Private Equity)* | P&L | **P&L** | OCI/P&L | 3 **P&L** |

Lower volatility of NI | Higher volatility of NI | = No impact on NI volatility

## Changes in financial flows

1. Net Income no longer impacted by **Participating Savings business**
2. **Listed equity** to flow to Shareholders Equity
3. **Investment funds** accounted for through P&L

## Hedge Accounting

- **Increased eligibility of derivatives**, reducing accounting volatility in P&L

## Expected Credit Losses

= **Not expected to be material**, reflecting the quality of the investments' portfolio

## No changes to non-financial flows

= **Restructuring & integration costs, exceptional operations** and **goodwill**

All notes are on pages 38-41

Back to Agenda

# Profitability | Underlying earnings power unaffected in aggregate post-transition & expected to grow sustainably

**More economic view of profitability with greater predictability**

**Underlying Earnings remain the basis of the Dividend Policy**

**Net Income expected not to be more volatile**



All notes are on pages 38-41
Back to Agenda

# D. Conclusion

**Alban de Mailly Nesle**

**Group Chief Financial Officer**

# IFRS17 & IFRS9 at AXA | Conclusion & Key Messages

**Group Underlying Earnings power to remain unaffected post-transition**

**Shareholders' Equity[1] expected to remain stable at transition**

**Limited reporting impacts reflecting our profile focused on technical lines**

**No change to capital management and strategy**

**'Driving Progress 2023' key financial targets[2] reaffirmed**



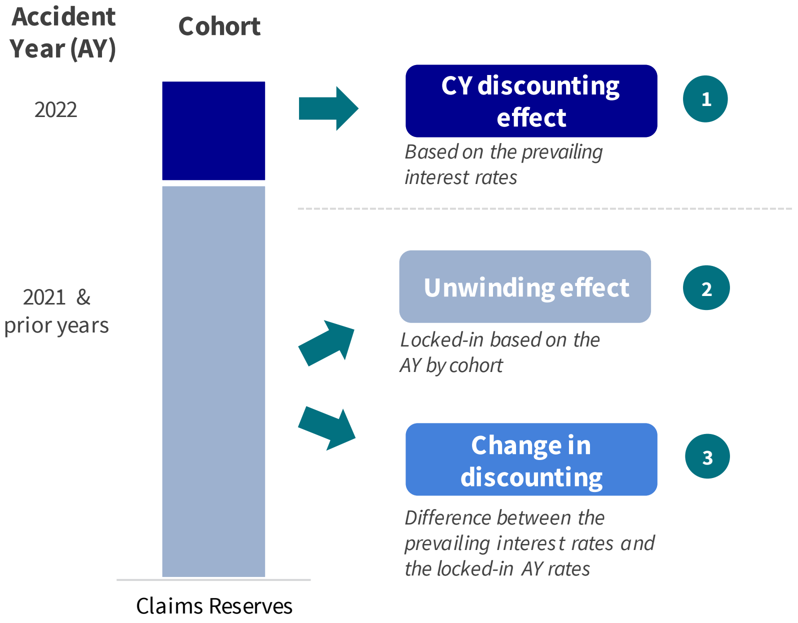
All notes are on pages 38-41
Back to Agenda

# Appendices

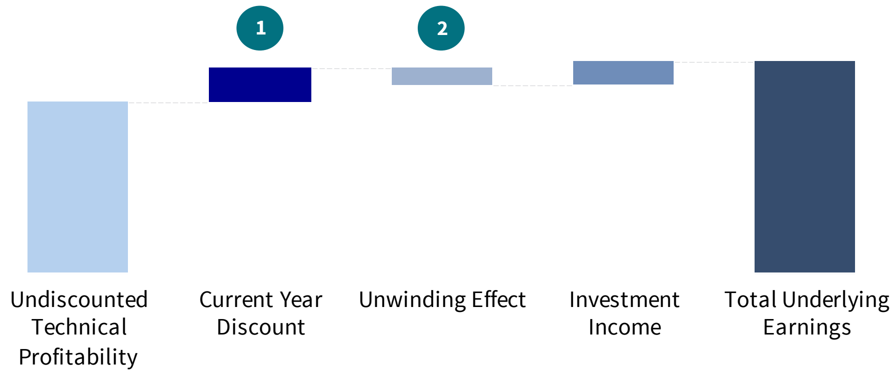
## IFRS17 & IFRS9 Presentation

November 3, 2022

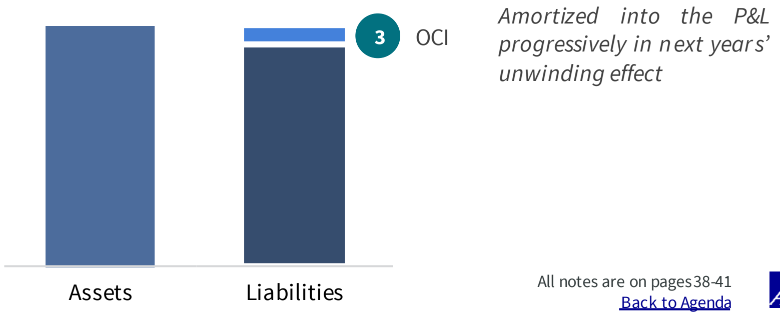
# Changes in discount rates fully impact CY claims while the ‘OCI option’ smooths the impact on unwind




## 2022 P&L impact




## 2022 Balance Sheet impact






All notes are on pages 38-41
Back to Agenda

# Q&A

## IFRS17 & IFRS9 Presentation

November 3, 2022

# AXA Investor Relations | Keep in touch

## Meet our management

| | | |
|---|---|---|
| **February 23, 2023** | Full Year 2022 Earnings Release | London |
| **May 09, 2023** | Three Month 2023 Activity Indicators | Call |

## Contact us


**Investor Relations**
**+33 1 40 75 48 42**

anu.venkataraman@axa.com
Head of Investor Relations

remi.dousteyssier@axa.com
Vice President

mikael.malaganne@axa.com
Vice President

**Corporate Access**
rhiannon.ryder@axa.com
Marketing & Corporate Access Manager


## Follow us www.axa.com

# Thank you

## IFRS17 & IFRS9 Presentation

**November 3, 2022**

# Glossary

- **Other Comprehensive Income ('OCI')** refers to items of income and expense that are not recognized in profit or loss in accordance with IFRS Standards
- **Contractual Service Margin ('CSM')** refers to a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognize as it provides insurance contract services under the insurance contracts in the group
- **Risk Adjustment ('RA')** under IFRS 17 for non-financial risk is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks as the entity fulfils insurance contracts
- **Present Value of Expected Premiums ('PVEP'):** explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future premiums that will arise as the entity fulfils insurance contracts from newly issued contracts during the period
- **New Business Value ('IFRS17 NBV'):** the value of newly issued contracts during the current year. It consist of the sum of (i) the New business contractual service margin, (ii) the present value of the future profits of short term newly issued contracts during the period, carried by Life entities, considering expected renewals, (iii) the present value of the future profits of pure investment contracts accounted for under IFRS 9, net of (iv) the cost of reinsurance, (v) taxes and (vi) minority interests
- **New Business Value Margin (' IFRS17 NBV Margin'):** ratio of (i) New Business Value to (ii) Present Value of Expected Premiums
- **New Business Contractual Service Margin ('NBCSM'):** a component of the carrying amount of the asset or liability for newly issued insurance contracts during the period, representing the unearned profit the entity will recognize as it provides insurance contract services
- **Underlying Earnings new definition**: Underlying earnings represent the net income (Group share), before the impact of the following items, net of taxes and minority interests:
  - realized gains and losses, change in impairment valuation allowances on assets at cost or designated at fair value through other comprehensive income (including expected credit loss) and not backing direct participating businesses;
  - profit or loss on financial assets and derivatives accounted for under fair value through profit and loss and not backing direct participating businesses, foreign exchange impacts on assets and liabilities;
  - impairments of goodwill, impairments and amortization of intangibles related to customers and distribution agreements;
  - integration and restructuring costs related to newly acquired companies as well as restructuring and associated costs related to productivity improvement plans; and
  - exceptional operations (primarily changes in scope and discontinued operations).

**Additionally, throughout this document, Contractual Service Margin and Risk Adjustment, unless otherwise explicitly stated, are pre-tax liabilities**

# Notes (1/2)

**Page 6**

1. Shareholders' equity excludes other comprehensive income (OCI)
2. 'Driving Progress 2023' key financial targets refer to the four main financial targets of AXA's 'Driving Progress 2023' plan: (i) underlying earnings per share growth at the high end of the 3-7% CAGR target range between 2020 (rebased for COVID-19 and excess Natural Catastrophe losses) and 2023, (ii) Underlying return on equity between 13% and 15% between 2021 and 2023, (iii) a Solvency II ratio at approximately 190%, and (iv) cumulative cash upstream in excess of Euro 14 billion for 2021-2023.

**Page 7**

1. 'Expected IFRS17 Underlying Earnings' broadly illustrate the expected Underlying Earnings contribution of AXA's different lines of business

**Page 12**

1. 'Estimated pre-tax UE' broadly illustrates the expected Underlying Earnings contribution of each valuation model to AXA's total Underlying Earnings

**Page 18**

1. Changes in technical assumptions will flow to CSM for long-term non-participating business, and changes in both technical and financial assumptions will flow to CSM for long-term participating business

**Page 19**

1. Assets and Liabilities as of December 31st, 2021:
   - Intangible include goodwill, deferred acquisition cost and equivalent (including deferred origination cost), value of purchased business in-force and other intangibles assets
   - Invested assets include real estate, derivatives assets and investments accounted for using equity method
   - Reinsurance assets
   - Other assets include receivables, tangibles assets, deferred tax assets, held for sale assets as well as cash and cash equivalent
   - Shareholders equity include share capital and capital in excess of nominal value, treasury shares, undated subordinated debts, translation reserves, retained earnings brought forward
   - Regulatory reserves include total liabilities arising from insurance and investment
   - Other liabilities include financing debt, liabilities from banking activities, provisions for risk and charges, deferred taxes liabilities, payables, held for sale liabilities
2. Assets and Liabilities as of January 1st, 2022 and presented on an accrued basis:
   - Intangible include goodwill, deferred origination cost and other intangibles assets
   - Invested assets include real estate, derivatives assets and investments accounted for using equity method
   - Reinsurance assets
   - Other assets include receivables, tangibles assets, deferred tax assets, held for sale assets as well as cash and cash equivalent
   - Shareholders equity include share capital and capital in excess of nominal value, treasury shares, undated subordinated debts, translation reserves, retained earnings brought forward
   - Best Estimate liabilities are defined as total liabilities arising from insurance, investment and reinsurance contracts held, excluding contractual service margin and risk adjustment
   - Other liabilities include financing debt, liabilities from banking activities, provisions for risk and charges, deferred taxes liabilities, derivatives liabilities, payables, held for sale liabilities

# Notes (2/2)

**Page 20**

1. Financial debt includes financing debt, dated subordinated debt, reversal of mark-to-market of interest rate derivatives, undated subordinated notes and undated deeply subordinated notes
2. Guidance illustrates the mechanical inclusion of the Contractual Service Margin into the debt gearing ratio

**Page 21**

1. Shareholders' equity excluding other comprehensive income (OCI)

**Page 24**

1. Illustrative reconciliation of earnings contribution between IFRS4 and IFRS17 standards, highlighting some of the main accounting changes driven by the change in accounting standard

**Page 26**

1. 'A minimal part of the expenses' refers to the non-attributable expenses which are not part of CSM and will be charged to the P&L as incurred

**Page 27**

1. Estimated New Business Value under IFRS 17
2. Refers to present value of expected new business premiums

**Page 30**

1. Participating Savings Business i.e. business accounted for under the Variable Fee Approach model under IFRS17
2. Vanilla Fixed Income refers to Fixed Income instruments that pass the 'Solely Payment of Principal & Interests' under IFRS9
3. Investment funds refer to funds that are non-consolidated in AXA Group's accounts
4. Net Realized Capital Gains refer to Capital Gains and Losses net of Impairment charges

**Page 32**

1. Shareholders' equity excludes other comprehensive income (OCI)
2. 'Driving Progress 2023' key financial targets refer to the four main financial targets of AXA's "Driving Progress 2023" plan: (i) underlying earnings per share growth at the high end of the 3-7% CAGR target range between 2020 (rebased for COVID-19 and excess Natural Catastrophe losses12) and 2023, (ii) Underlying return on equity between 13% and 15% between 2021 and 2023, (iii) a Solvency II ratio at approximately 190%, and (iv) cumulative cash upstream in excess of Euro 14 billion for 2021-2023.

# Scope and definitions

**France:** includes insurance activities, banking activities and holdings in France.

**Europe:** includes Switzerland (insurance activities), Germany (insurance activities and holdings), Belgium (insurance activities and holdings), United Kingdom and Ireland (insurance activities and holdings), Spain (insurance activities) and Italy (insurance activities).

**AXA XL:** includes insurance and reinsurance activities and holdings.

**Asia:** includes insurance activities in Japan (including the P&C business which was previously reported under "Asia-Direct") and holding, Hong Kong, Asia High Potentials of which (i) Thailand P&C, Indonesia L&S (excluding the bancassurance entity) and China P&C are fully consolidated, and (ii) China L&S, Thailand L&S, the Philippines L&S and Indonesian L&S bancassurance businesses are consolidated under the equity method and contribute only to the underlying earnings[16] and net income, and South Korea - Direct, and Asia Holdings.

**International:** consists of (i) AXA Mediterranean Holdings, (ii) EME-LATAM, which includes Mexico (insurance activities), Colombia (insurance activities), Turkey (insurance activities and holdings), the Gulf Region (insurance activities until June 2021 as disposed on September 7, 2021), AXA Bank Belgium (banking activities until December 2021 as disposed on December 31, 2021), Luxembourg (insurance activities and holdings), Brazil (insurance activities and holdings) and Greece (insurance activities until March 2021 as disposed on May 31, 2021) which are fully consolidated, as well as Russia (Reso) (insurance activities) which is consolidated under the equity method and contribute only to the underlying earnings and net income, and (iii) Africa & Asia, which includes Singapore (holdings, insurance activities until December 2021 as disposed on February 11, 2022), Morocco (insurance activities and holdings), Nigeria (insurance activities and holdings) and Malaysia P&C (insurance activities until June 2022 as disposed on August 30,2022) which are fully consolidated, as well as India (P&C insurance activities until June 2021 as disposed on September 8, 2021, L&S insurance activities and holdings) which is consolidated under the equity method and contribute only to the underlying earnings and net income.

**Transversal & Central Holdings:** includes AXA Investment Managers, AXA Assistance, AXA Liabilities Managers, AXA Life Europe, Architas (previously reported under "France"), AXA S.A. (including AXA S.A. Reinsurance, previously reported under "AXA Global Re") and other Central Holdings.