SOLVENCY AND FINANCIAL CONDITION REPORT

This report is the Solvency and Financial Condition Report (SFCR) of AXA Wealth Europe for the reporting period ended December 31, 2020, pursuant to article 51 of the Directive 2009/138/EC and articles 290 to 298 of the Delegated Regulation 2015/35.

CERTAIN PRELIMINARY INFORMATION ABOUT THIS SFCR REPORT

Presentation of the information

In this Report unless provided otherwise, (i) the “Company”, and/or “AXA Wealth Europe” refer to AXA Wealth Europe, a “société anonyme” organized under the laws of Luxemburg, which is an indirect subsidiary of AXA SA, the publicly traded parent Company of the AXA Group, and (ii) “AXA Group” and/or the “Group” refer to AXA SA together with its direct and indirect consolidated subsidiaries.

SUMMARY

In recent years, the European Union has developed a new regulatory regime for European insurers which finally became effective on January 1, 2016, following the adoption of the 2009 Solvency II Directive on the taking-up and pursuit of the business of insurance and reinsurance, as amended in 2014 by the 2014/51/EU Directive (“Omnibus II”). The regime is designed to implement solvency requirements that better reflect the risks that insurance companies face and deliver a supervisory system that is consistent across all European member States. The Solvency II framework is based on three main pillars: (1) Pillar 1 consists of the quantitative requirements around own funds, valuation rules for assets and liabilities and 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) which will be used by the regulator as part of the supervisory review process; and (3) Pillar 3 focuses on enhanced reporting and disclosure requirements. The Solvency II framework covers, among other matters, valuation of assets and liabilities, the treatment of insurance groups, the definition of capital and the overall level of required capital.

/ Key Figures

(In Euro million except solvency ratio data)	**2020**	**2019**
Income Statement Data*		
Total Revenues (Net of Reinsurance)	318,9	291,1
Operating income	-4,5	-5,7
Net investment results	18,3	56,4
Net income	-3,4	-4,3
Balance Sheet Data**		
Total assets	1 688,0	1 266,4
Available capital	33,2	26,2
Capital Requirement Data**		
Solvency Capital Requirement (SCR)	23,8	20,9
Solvency II ratio **	**139%**	**125%**

*Local statutory GAAP figures

** Solvency II figures

The main adjustments between local statutory GAAP and Solvency II are stated in section D - page 55

/ Key Highlights

ACTIVITY INDICATORS	AXA Wealth Europe was incorporated on 24 May 2016. **Total Revenues** net of reinsurance amount to € 318.9 million. **Total operating income** amounts to € -4.5 million. The loss is primarily driven by material investments during the startup phase. **Total net income** amounts to € -3.4 million attributable to the negative operating income, which is partially offset by the positive impact of the tax integration with the Luxembourg AXA companies. The General Meeting decided to allocate this negative result to retained earnings.
!SYSTEM OF GOVERNANCE	The system of governance organized by the Board of Directors is supported by 3 committees: the executive committee chaired by the CEO, the audit committee and the remuneration committee. In addition, dedicated committees and key functions (compliance, risk management, audit & actuarial functions) are supporting the governance of the company: • the ARC committee[1] including notably the CEO (Chairman), the CFO, the Actuarial Function Holder, the CCO, the Internal Auditor, the CISO and the CRO.

[1] Refer to section B3 : Executive Committee – ARC Committee for further details (page 28)

RISK PROFILE	This section describes the elements of the risk profile and the process that allows following and monitoring this risk profile. The cartography of risks is defined by AXA Group and is followed by AXA Wealth Europe. Financial and insurance risks are assessed on the basis of the Standard Formula which is globally in adequacy with the risk profile of AXA Wealth Europe. The main items concerning the risk profile of AXA Wealth Europe are : **Risks relating to the scope and nature of our business, the products we offer and our operations** Insurance risks for Life and Saving businesses are covered through four major processes: • risks controls on new product via the local Product Approval Process framework; • profitability metrics monitoring for New Business and In Force portfolio; • optimization of reinsurance strategies in order to cap AXA Wealth Europe's peak exposures, thereby protecting its solvency by reducing volatility; • reviewing technical provisions. **Risks relating to the financial markets and financial position** Market risk for AXA Wealth Europe is limited in two ways: • Appetite for unit linked contracts, for which market risk is borne by the clients • Financial reinsurance with AXA France for guaranteed rate contracts **Risks relating to the Operational losses** • An update regarding the operational losses is presented each quarter to the Audit Committee. Additionally, discussions in ExCom allow to define the priorities in terms of action plans to mitigate the operational risks of the company. **Moreover, the solvency of AXA Wealth Europe is also monitored based on an alert level (local target capital) defined in accordance with the Group Risk Appetite framework (1 in 20 years normative shocks).**

<table>
<tr><td>VALUATION</td><td>
AXA Wealth Europe’s Solvency II balance sheet is prepared as of December 31. The balance sheet is prepared in compliance with the Solvency II Regulation.
Assets and liabilities are valued based on the assumption that the Company will pursue its business as a going concern.
The Solvency II balance sheet only includes the value of business in force and therefore only presents a partial view of the value of the Company.
Technical provisions are recognized with respect to all of insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts. The value of technical provisions corresponds to the current amount that the Company would have to pay if it were to transfer its insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.
Other assets and liabilities are recognized in compliance with IFRS standards 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, 2016, provided that those standards and interpretations include valuation methods that are in accordance with the following market consistent valuation approach set out in Article 75 of the Solvency II Directive 2009/138/EC:

Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm’s length transaction;
Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm’s length transaction (without adjustment to take account of the Company own credit standing).

There are no material changes to the valuation for Solvency purposes over the reporting period.
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<tr><td>SOLVENCY</td><td>
Solvency II ratio at December 31, 2020:
Solvency II ratio amounted to 139%.
Eligible Own Funds increased by € 7.0 million to € 33.2 million, during the reporting period.
Solvency Capital Requirement increased by € 2.8 million to € 23.8 million, during the reporting period. In addition, a capital increase of € 3.1 million has occurred in the first quarter of 2020, and another one of € 3.8 million in the third quarter of 2020.
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A BUSINESS AND PERFORMANCE

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A.1 BUSINESS

/ General Information

AXA Wealth Europe was incorporated on 24 May 2016.

The company AXA Wealth Europe is owned by two shareholders:

- 10% by AXA Assurances Vie Luxembourg S.A., an insurance company in Luxemburg. The shareholder of this company is AXA Luxembourg S.A., a financial holding company (SOPARFI)
- 90% by AXA France Vie S.A., an insurance company in France.

The Company belongs to the AXA Group, a worldwide leader in financial protection.

The financial statements of the Company are prepared and published in Local GAAP (Lux GAAP).

/ Information on the Company

AXA Wealth Europe is a Luxemburg société anonyme (a corporation) existing under the laws of Luxemburg. The Company's registered office is located at 1, place de l'Etoile, L-1479 Luxembourg, Luxembourg and its telephone number is +352 44 24 24 1.

Supervisory authority

The "Commissariat aux Assurances" is the Luxembourg official body of supervision of the insurance sector.

The legislature has entrusted to the "Commissariat aux Assurances" several missions, including the review of applications for approval of the business of insurance, reinsurance and insurance intermediaries (agents and brokers) ; prudential supervision of these same companies and people; assistance to international and European meetings for the development of common standards and the development of draft laws and regulations on the insurance industry and coordinate the efforts of the Government for orderly expansion of the activities of the insurance sector in the Grand-Duchy of Luxembourg.

The official organ has its offices at 7 Boulevard Joseph II, 1840 Luxembourg.

AXA Group is engaged in regulated business activities on a global basis through numerous operating subsidiaries and the Group's principal business activities of insurance and asset management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. Given that the AXA Group is headquartered in Paris, France, this supervision is based to a significant extent on European Union directives and on the French regulatory system. The AXA Group's principal supervisor is the French Autorité de Contrôle Prudentiel et de Résolution ("ACPR").

AUTORITE DE CONTROLE PRUDENTIEL ET DE RESOLUTION

61, rue Taitbout – 75436 Paris Cedex, 9.

Statutory auditors

AXA Wealth Europe's accounts are audited by PricewaterhouseCoopers, cooperative society, 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg, represented by Anthony Dault, partner.

Membership in a professional body:

PricewaterhouseCoopers is registered as an independent auditor and their mission is carried out in accordance with the International Standards on Auditing ("ISA") as adopted for Luxembourg by the Commission of Supervision of the Financial Sector (the "CSSF") as well as the Luxembourg legislation, professional standards adopted by the CSSF and the professional standards issued by the IRE (“Institut des réviseurs d’entreprises”).

/ Major Shareholders & related parties

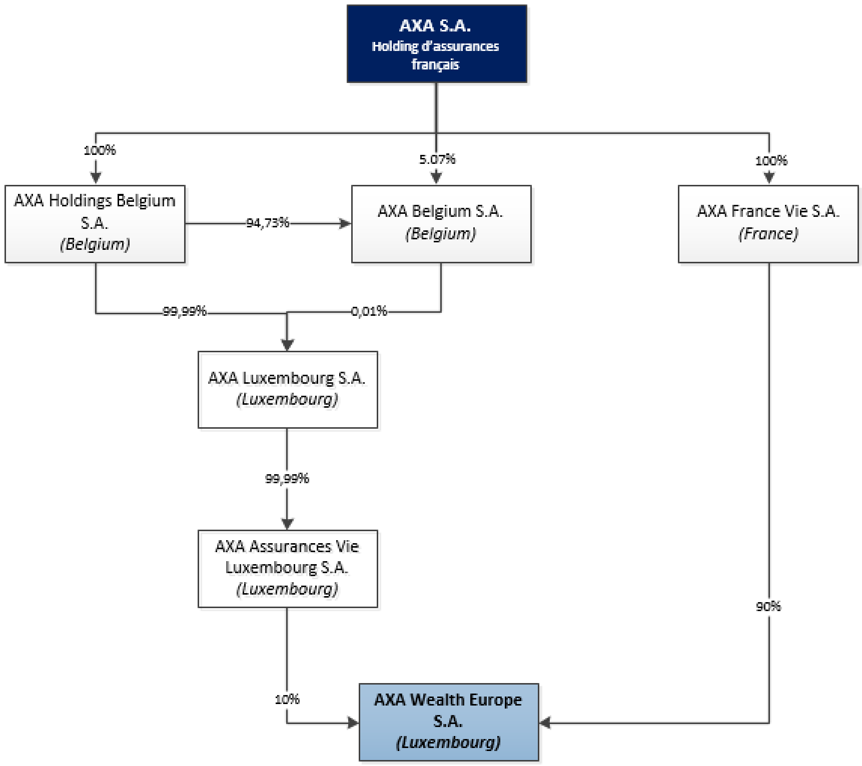
Capital ownership

The subscribed capital of the company AXA Wealth Europe amounts to € 21.5 million represented by 39 160 shares without par value and fully paid-up.

The table below summarizes the ownership of its issued outstanding ordinary shares on December 31, 2020:

	Number of shares	% of capital ownership	% of voting rights
AXA France Vie S.A.	35 244	90%	90%
AXA Assurances Vie Luxembourg S.A.	3 916	10%	10%
TOTAL	**39 160**	**100%**	**100%**

Group structure



/ Business Overview

MARKETS AND COMPETITION

As of 31/12/2020, AXA Wealth Europe sells Investment and Savings products to Wealth clients in Luxemburg as well as predominately under European Union's Freedom of Services directive in France, in Monaco and in Belgium. Other markets could be studied and expansion will take place if, and when, it makes sense.

AXA Wealth Europe competes with other insurers domiciled in Luxembourg offering Investment and Saving products to Wealth clients across Europe. AXA Wealth Europe has established itself a reknown player into the Wealth life insurance market, regularly within the Top 10 of the Luxembourgish life and savings insurers.

PRODUCTS AND SERVICES

AXA Wealth Europe offers Investment & Saving products marketed to individual Wealth clients and holding companies.

The products offer multiple asset types such as: Guaranteed Euro Fund, Dedicated Internal Fund, Collective Internal Fund, External Unit-Linked Funds and Specialized Insurance Funds (only for the French, Monaco and Luxembourg markets).

DISTRIBUTION CHANNELS

AXA Wealth Europe distributes its products through exclusive and nonexclusive channels. Proprietary channels include exclusive agents, salaried sales forces and direct sales. Non-proprietary channels include brokers, independent financial advisors, aligned distributors or wholesale distributors and partnerships.

AXA Wealth Europe's distribution strategy focuses on strengthening traditional channels and developing new ones, such as partnerships. The Company seeks to strengthen its competitive position also by accelerating on digital capabilities in the Covid-19 and post-Covid context by digitalizing standard processes such as online subscription and online boarding.

/ Significant Business and Other Events

SIGNIFICANT ACQUISITIONS

The company AXA Wealth Europe has not acquired significant interests during the year ended December 31, 2020.

SIGNIFICANT DISPOSALS

The company AXA Wealth Europe made no significant disposals in 2020.

CAPITAL OPERATION

A capital increase of € 6.9 million has been realized by the shareholders in 2020.

OTHER EVENTS

COVID-19 outbreak

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.

AXA Wealth Europe implemented specific business continuity measures to ensure the safety of its employees, while maintaining its commitment to deliver excellent customer service. General home office was implemented and initiatives to further upgrade IT infrastructures and customer processes. A liquidity contingency plan was put in place to guarantee the Company's financial obligations towards customers and stakeholders at all times.

As financial markets experienced a significant downturn in the first half of the year, partial recovery started in the second half with an encouraging outlook for rapid vaccine availabilities across Europe. Negative market impacts on the Company's EOFs with a decrease in risk-neutral interest rates and equity underperformance was partly offset by de-risking strategies.

The Solvency II ratio remained resilient at 139%.

In this highly uncertain context, the company continues to closely monitor its exposures, including (i) the operational impact on its business, (ii) the consequence of the deterioration in macroeconomic conditions, (iii) the impacts on insurance coverages, and (iv) the change in asset prices and financial conditions.

A.2 UNDERWRITING PERFORMANCE

/ Aggregate underwriting performance

Operating income and expenses

(in Euro million except percentages)	December 31,2020	December 31,2019
Gross revenues	450,3	667,6
Fees & revenues	7,4	5,1
Net technical margin	4,0	2,6
Expenses including commissions	-15,9	-13,3
Other operating	-	-
Operating income	-4,5	-5,7

Fees & revenues increased by € 2.3 million to € 7.4 million due to higher volumes.

Expenses increased by € 2.6 million to € 15.9 million principally due to the increase in commissions related to the evolution of the business.

/ Underwriting performance by geographical area

The table below summarizes AXA Wealth Europe's gross revenues by geographic region for the periods and at the dates indicated:

Gross revenues by geographical area

(in Euro million except percentages)	2020		2019	
France	436,4	97%	632,3	95%
Other countries of the European Union	13,7	3%	35,4	5%
Other	0,3	0%	-	-
TOTAL	**450,3**	**100%**	**667,6**	**100%**

France is the major geographical area of distribution for AXA Wealth Europe.

/ Underwriting performance by product line

The table below presents gross revenues by major product line:

Gross revenues by product line

(in Euro million except percentages)	2020		2019	
Individual Life				
Savings - Wealth Management	450,3	100%	667,6	100%
TOTAL	**450,3**	**100%**	**667,6**	**100%**

A.3 INVESTMENT PERFORMANCE

/ Net investment result

Net investment result from the financial assets of the company AXA Wealth Europe was as follows:

(In Euro thousand)	December 31, 2020 Net investment income	Net realized gains and losses (°)	Change in investments impairment	Net investment result	Investment management expenses
Investment in real estate properties				-	-
Debt instruments				-	-
Equity instruments				-	-
Investment funds				-	-
Loans				-	-
Assets backing contracts where the financial risk is borne by policyholders	7 903,1	10 519,7		18 422,8	3 912,6
Other	-75,7			-75,7	-
TOTAL	**7 827,4**	**10 519,7**	**-**	**18 347,1**	**3 912,6**

(°) Net realized gains and losses and valuation of investments at market value through profit or loss

(In Euro thousand)	December 31, 2019 Net investment income	Net realized gains and losses (°)	Change in investments impairment	Net investment result	Investment management expenses
Investment in real estate properties				-	-
Debt instruments				-	-
Equity instruments				-	-
Investment funds				-	-
Loans				-	-
Assets backing contracts where the financial risk is borne by policyholders	5 069,3	51 394,1		56 463,4	2 218,5
Other	-42,7			-42,7	-
TOTAL	**5 026,6**	**51 394,1**	**-**	**56 420,7**	**2 218,5**

(°) Net realized gains and losses and valuation of investments at market value through profit or loss

The net investment income includes commissions and financial margin on assets backing contracts where the financial risk is borne by policyholders (€ 7 903.1 thousand).

The net investment income includes also other financial costs such as negative interest on cash accounts (€ -75.7 thousand).

Net realized gains and losses and valuation of investments at market value through profit or loss (€ +10 519.7 thousand) includes the mark to market of the assets backing contracts where the financial risk is borne by policyholders.

Investment management expenses (€ 3 912.6 thousand) are related to internal administrative fees and assets manager fees.

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 and valuation of investments at market value through profit or loss consists mainly of adjustments relating to investments backing contracts where the financial risk is borne by policyholders which are offset by an adjustment of related policyholders reserves, as there is a full pass through of the performance of held assets to the individual contract holder.

The changes in investments impairment for financial assets include impairment charges on investments, and releases of impairment only following revaluation of the recoverable amount. Write back of impairment following investment sales are included in the net realized capital gains or losses on investments aggregate.

/ Gains and losses directly recognized in Equity

In the statutory accounts of AXA Wealth Europe no gains or losses were directly recognized in equity.

/ Investments in securitization

AXA Wealth Europe has no investments in securitization.

A.4 PERFORMANCE OF OTHER ACTIVITIES

/ Net income

The following table present the net income of the Company for the periods indicated.

(in Euro million)	December 31, 2020	December 31, 2019
Gross revenues	**450,3**	**667,6**
Investment margin	0,0	0,0
Fees & revenues	7,4	5,1
Net technical margin	4,0	2,6
Expenses including commissions	-15,9	-13,3
Other operating	-	-
Income tax expenses/benefits	1,1	1,4
Other income / expenses	-	-
NET INCOME (LOSS)	**-3,4**	**-4,3**

Total net loss amounts to € -3.4 million attributable to the operating income and the positive impact of the tax integration with the Luxembourg AXA companies.

/ Leasing arrangements

The Company AXA Wealth Europe has no material leasing arrangement.

A.5 ANY OTHER INFORMATION

Not applicable

B SYSTEM OF GOVERNANCE

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B1 - General information on the system of governance

/ Governance

Board of Directors

ROLE AND POWERS

AXA Wealth Europe operates with a Board of Directors with the roles of Management and Supervisory Board.

The Board determines (under the Luxemburgish law of 10^{th} of August 2016 in relation to commercial companies) the strategic orientations of the Company's activities and ensures their implementation. Subject to the power specifically reserved to the Shareholders' Meeting under Luxemburgish law and within the limit of the Company's purpose. The Board is responsible for considering all material questions and taking all material decisions related to the Company and its business.

It exercises the following powers in particular.

The Board reviews and approves the Company's financial statements.

The Board ensures the Company's compliance with the local law, the regulation, and the prudential regulations.

The Board has the ultimate responsibility for the Internal Control and Risk Management Systems, monitoring in time their comprehensiveness, functionality and efficiency, including outsourcing activities.

The Board ensures that the risk management framework allows the Company to identify, assess and monitor, in a forward-looking approach, the risks the Company is exposed to, in order to maintain an adequate level of its solvency in a medium-long term view. The Board takes also in account the Company's risks management policy during the decision process.

The Board is also required to approve certain types of material transactions including acquisitions and the decision to start doing business in a country where the Company does not currently have a license to operate.

OPERATING PROCEDURES

The guidelines governing the operation, organization and compensation of the Board of Directors and its Committees are set out in AXA Wealth Europe Articles of Association. The Articles of Association detail, in particular, the powers, missions and obligations of the Board of Directors and its Committees.

The Board meets as often as it deems necessary and at least every 3 months. The Board members receive documentation concerning matters to be reviewed.

COMPOSITION OF THE BOARD

Pursuant to Article 12 of the Company's Articles of Association, the members of the Board of Directors are appointed by the Shareholders' Meeting, which shall determine the number of members and the duration of their term of office. The Shareholders' Meeting may revoke the members' mandate.

On December 31, 2020, the Board of Directors was comprised of 6 members, of which 2 are independent.

The composition of the board on December 31th, 2020 is: Christophe Dupont-Madinier (Chairman - Independent), Olivier Mariée (Vice-Chairman - AXA Internal member), Marc Audrin (Director - AXA Internal member), Mirjam Bamberger (Director ("administratrice-déléguée" - AXA Internal member), Jean Malhomme (Director - AXA Internal member) and Aude Lemogne (Director - Independent).

The Company has an Executive Committee and an Audit Committee which have the power to provide opinions, recommendations or propositions to the Board regarding important matters for the Company.

BOARD OF DIRECTORS' COMMITTEES

The Board of Directors has 2 specialized Committees: an Audit Committee and a Remuneration Committee.

The role, organization and operating procedures of each Committee are set forth in the Board of Directors' Rules of Procedure and in the Board's Charter Committee Terms of Reference.

Each Committee issues opinions, proposals or recommendations to the Board of Directors on matters within the scope of its responsibilities. Nevertheless, under Luxemburgish law, Board Committees do not have any formal decision making power.

Each Committee is empowered to undertake or commission specific studies or reviews within the scope of its responsibilities. The Committees may request external consulting expertise if necessary. They may also invite external participants to attend their meetings.

Committee Chairman reports to the Board of Directors at the following Board meeting.

Board of Directors' Committees	Principal responsibilities	Principal activities in 2020
Audit Committee *Composition on December 31, 2020:* *The Audit Committee is composed of 3 permanent members of the Board of Directors of the entity. One of these 3 members is the chairman of the Committee.* *The invitees to the Committee are: CEO, CFO, CRO, Compliance Officer, Internal Audit and External Audit.*	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 Audit Committee assists in the oversight of the: • Accomplishments of strategic plan objectives, Reliability and integrity of significant financial, managerial, and operating information, Compliance with policies, standards, procedures and applicable laws and regulations The Committee also examines compliance with the risk appetite limits. The Committee meets during specific sessions with the Statutory Auditors and the Head of Audit. The review of financial statements by the Audit Committee is accompanied by a presentation from the Statutory Auditors stressing the essential points of the results of the statutory audit and the accounting methods chosen. The Chief Executive Officer, the Chief Financial Officer, the Head of Audit, the Chief Risk Officer, the Chief Accounting Officer as well as the Company's Statutory Auditors attend each Audit Committee meeting.	: The Audit Committee met 4 times in 2020. The Committee focused, in particular, on the following issues: • the full year financial statements for 2019; • the half-year financial statements for 2020; • internal control and Risk Management: reports from Internal Audit, from Compliance and Legal department, from Risk Management; • significant litigation cases; • Solvency II and ORSA (Own Risk and Solvency Assessment) report; • Risk Management Framework, Risk Appetite and Reporting; • the results of internal and external audit work; and • the internal and external audit plans and resources.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of the Chairman of the Board of Directors, the CEO, a Board member and AXA Wealth Europe Human Resource Director as permanent guest selected . The remuneration committee is fully aligned with the regional and Group Remuneration Policy. It includes competitive benchmarking of executive compensation, update on local market practices, review of fair and differentiating pay based on business and individual performance. On local level and in addition, workforce development and standard local compensation aspects are usually reviewed and validated separately by CEO, HRD and selected members of the Board of Directors.

EXECUTIVE COMMITTEE

AXA Wealth Europe Executive Management is constituted by the Chief Executive Officer and other persons who effectively run the Company.

THE CHIEF EXECUTIVE OFFICER/

Mirjam Bamberger was appointed Chief Executive Officer by the Extraordinary General Meeting on 1st of July 2020.

AXA Wealth Europe is organised according to the principle of separation of the powers of Chairman of the Board of Directors and Chief Executive Officer.

The Chairman of the Board of Directors organises and directs the Board of Directors' work. He ensures the proper operation of the Company's bodies.

The General Management of the Company is the responsibility of the Chief Executive Officer, under the control of the Board of Directors and subject to the guidelines approved by the Board of Directors.

The Chief Executive Officer is appointed by the Board of Directors and is vested with full powers to act on behalf of the Company in all circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers that the law expressly assigns to the Shareholders' Meeting and the Board of Directors.

In addition, the Bylaws of the Board of Directors provide for specific limitations of the powers of the Chief Executive Officer and require prior Board approval for certain significant transactions (such as a sale of some or all of the ownership interests held by the Company, acquisitions, the decision to start doing business in a country where the Company does not currently have a license to operate).

THE PERSONS WHO EFFECTIVELY RUN THE COMPANY

Within AXA Wealth Europe, the person who effectively runs the Company is the Chief Executive Officer.

The Company's person who effectively runs the Company must fulfill the requirements of a fit and proper assessment, as set forth in the Company's internal procedure, and such person's appointment must be notified to the Commissariat aux Assurances.

Main roles and responsibilities of key functions

The Solvency II regulations, which became effective on January 1, 2016, require AXA Wealth Europe to have in place a governance system designed to guarantee a sound and prudent management. This governance system is based on a clear separation of responsibilities and must be proportionate to the nature, extent and complexity of the Company's operations.

In addition to the persons who effectively run the Company, AXA Wealth Europe has defined 4 key functions in accordance with the Solvency II regulations:

- the risk management function, which is responsible for the definition and the deployment of the Enterprise Risk Management (ERM) framework within AXA Wealth Europe ;
- the compliance function, which is, in particular, responsible for advising on compliance with the laws, regulations and administrative provisions regarding insurance and reinsurance activities;
- the internal audit function, which is, in particular, responsible for performing an evaluation of the adequacy and effectiveness of AXA Wealth Europe's internal control system and other elements of the system of governance. The internal audit function must be objective and independent from the operational functions; and

- the actuarial function, which is, in particular, responsible for overseeing the calculation of technical provisions (including ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions), assessing the sufficiency and quality of the data used in the calculation of technical provisions and comparing best estimates against experience.

Within AXA Wealth Europe, the key function holders in accordance with the Solvency II regulations are:

- the Chief Risk Officer who has in charge the risk management;
- the Head of Internal Audit;
- the Head of Compliance;
- the Head of Actuarial department who is in charge of the actuarial functions.

Each person in charge of a key function must, as for the persons who effectively run the Company, fulfill the requirements of the fit and proper assessment mentioned hereinabove, as set forth in the Company's internal procedure, and each key function's appointment must also be notified to the Commissariat aux Assurances. As required by Solvency II regulations, AXA Wealth Europe has established procedures whereby the key function holders have direct access to the Board of Directors.

To secure the operational independence of the key functions, the key function holders also have a direct access to the Chief Executive Officer.

In order to ensure the necessary authority and resources to carry out their tasks, the key function holders have a right to report to the Board of Directors directly and at their own initiative when events of a nature to justify such report occur, and have the same direct access to the Executive Committee, the Audit Committee and the Remuneration Committee. In addition, the key functions have available dedicated staffs and other resources appropriate to their tasks.

Material changes in the system of governance in 2020

Not applicable

/ Remuneration policy

AXA Wealth Europe applies the AXA Group Remuneration policy.

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 the shareholders 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 requirement.

AXA Remuneration Policy 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; and
- Achievement of Group's overall financial and operational objectives over the short, medium and long terms as well as execution against medium and long-term strategic objectives as a prerequisite to fund any mid-to-long term award.

COMPENSATION OF THE EXECUTIVE OFFICERS

Compensation structure

AXA broadly applies a "pay-for-performance" approach which (i) recognizes achievement of defined financial and operational targets aligned with AXA's business plan (ii) promotes long-term sustainable performance by incorporating risk adjustment measures in performance metrics (such as cash Return-On-Equity which takes into account the capital required to deliver performance) and (iii) determines individual compensation amounts on the basis of both financial results and demonstrated individual leadership and behaviors.

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 guaranteed elements, such as base salary and any other fixed allowances. It takes into account the position, responsibilities, experience, market practices, technical skills and leadership competences, and also sustained individual performance and criticality or scarcity of skills.

- The variable remuneration can have two possible components: an annual cash element (Short Term Incentive), and a deferred element (Long Term Incentive) through equity based instruments or equivalents, and awarded discretionary.

AXA endeavors to ensure a suitable balance between fixed and variable components so that the fixed component represents a sufficiently high proportion of the total remuneration to avoid employees being overly dependent on the variable components and to allow AXA to operate a fully flexible bonus policy, including the possibility of paying no variable compensation.

All variable remuneration amounts are awarded in accordance with performance and there is no minimum payment guaranteed.

The level and the structure of the executives' target variable compensation are based on (i) internal fairness with a similar job at the same level in an equivalent perimeter, (ii) market practices reflected by external benchmark from an independent provider, (iii) level of seniority within the organization and if applicable (iv) any regulatory requirements.

Short Term Incentive ("STI")

For executives, the STI pay-out is determined based on a combination of business performance (Operating Entity and/or Group) and the achievement of the individual objectives.

Long Term Incentives ("LTI")

AXA recognizes the importance of aligning remuneration over long term value creation by deferring a substantial portion of the individual's total variable compensation (i.e. STI plus LTI). LTI are awarded in the form of AXA Performance Shares.

Beneficiaries of individual LTI grants are determined taking into account (i) the criticality of the job within the organization, (ii) the criticality of the individual in the current job and potential for the future, and (iii) the sustainability of the individual contribution.

Specifically, following the Solvency II directives, it has been established that Identified Staff must receive a minimum deferral amount representing at least one-third of their total individual variable compensation target amount. This means that the value of Performance Shares granted to Identified Staff must represent at least one-third of their total actual variable compensation (actual STI + LTI).

Stock Options

From 2019 onwards, AXA Long-Term Incentives are exclusively composed of AXA Performance Shares i.e. AXA Stock Options are no longer awarded.

Performance Shares

AXA Performance Shares are designed to align the individuals interests with the overall performance of the Group, and the corresponding Operating Entity as well as with the stock performance over the medium-long term (3-5 years).

AXA Performance Shares are subject to an acquisition period of 3 years and performance conditions.

All AXA Performance Shares initially granted are integrally subject to performance conditions measured over the performance period. These criteria measure the financial and non-financial performance of the AXA Group as well as the beneficiary's Operating Entity performance, according to pre-determined targets.

The number of AXA shares definitively granted shall be equal to the number of rights to AXA Performance shares initially granted multiplied by the performance rate, which may vary between 0% and 130%.

SUSTAINABILITY RISK

With Corporate Responsibility criteria already incorporated in the performance conditions of the AXA LTI (weighting for 10%*), the Remuneration Policy is consistent with the integration of 'sustainability risks', within the meaning of, and as required by Regulation (EU) 2019/2088 of November 27, 2019, as amended. This criteria is based on a target on AXA's score on Dow Jones Sustainability Index (assessing Environmental, Social and Governance dimensions). Targets and calibration of all financial and non-financial criteria are reviewed annually by the Board of Directors.

*weighting for 30% as of 2021 grant.

ADDITIONAL PROVISION ON PERFORMANCE CONDITIONS

In addition to the conditions noted above, under the terms of the plans, all unvested Performance Shares are automatically forfeited in the event a participant's employment is terminated in either of the following circumstances or similar circumstances:

- Where an employee has materially violated AXA's Code of Conduct or other key Risk and Compliance policies; or
- There is evidence of serious misconduct or misbehaviour and/or the employee causes material detriment to the business or reputation of AXA or one of its subsidiaries.

/ Directors' fees

Directors' fees

During the fiscal year 2020, none of the members of the Board of Directors, except for its CEO, received salary compensation from the Company, with the exception of directors' fees (*tantièmes*).

No directors' fees are paid by the Company to directors exercising executive functions at AXA Wealth Europe (*i.e.* CEO and AXA Group internal member).

/ Commitments made to executive officers

PENSION

The Executive Committee Members of the Company participate, as all other employees of the Company, in a mandatory and collective supplementary pension scheme with defined contributions, in accordance with the provisions of the Act of June 8th, 1999 on the *Régimes Complémentaires de Pension*. This scheme is outsourced to an insurer.

/ Material transactions with shareholders, persons who exercise a significant influence and corporate officers or executives

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.

RELATIONSHIPS AXA WEALTH EUROPE

AXA Wealth Europe is an insurance company in Luxembourg. On December 31st, 2020, the companies AXA France Vie S.A. and AXA Assurances Vie Luxembourg S.A. owned respectively 90% and 10% of the Company's outstanding ordinary shares.

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 Company's its ExCom Members 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 the Company 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.

/ Assessment of the adequacy of the system of governance

The Company believes that its system of governance described herein is adequate in light of the nature, scale and complexity of the risks inherent in the Company's business.

Detailed information on the internal control mechanisms and procedures implemented by the Company is provided in section B.4.

B2 – Fit and proper requirements

Within the Company, the person who effectively runs the undertaking is the “Administrateur Délégué” (Chief Executive Officer), within the Board of Directors.

Within the Company, the fit and proper requirements apply to the following key functions:
- the Executive Committee,
- the Chief Risk Officer,
- the Head of Audit,
- the Head of Compliance,
- the Head of the Actuarial Function.

/ Fit and Proper assessment process for the persons who effectively run the undertaking and heads of key functions –

Any person who establishes, administers or manages an insurance or reinsurance undertaking or is head of a key function must meet the associated fit, proper, expertise and experience requirements and comply with the rules on professional incapacity.

The Solvency II rules broaden fit and proper requirements applicable to persons who effectively run the undertaking or are responsible for other key functions. Insurance or reinsurance undertakings must notify their nominations to the regulator, the *Commissariat Aux Assurances*.

The AXA Group therefore put in place practical guidance on what AXA entities need to do in order to meet its Fit and Proper Standards, adopted in compliance with the requirements of Solvency II.

According to these guidelines, the Company is required to implement appropriate and regular assessments to ensure that the persons who effectively run the undertaking or are heads of key functions meet the following requirements both at appointment stage and on an on-going basis:

- 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, the persons who effectively run the Company and the Company key functions were required to notify their designation as such to the *Commissariat Aux Assurances*, through a formal process including a detailed questionnaire with several questions on the fitness and propriety of each person, to which were attached several documents such as a copy of the passport, a resume, a check of public records, a declaration of absence of criminal convictions.

B3 - Risk management system including the own risk and solvency assessment

/ Risk management system

Risk management missions

As an integrated part of all business processes, Risk Management is responsible for the definition and the deployment of the Enterprise Risk Management (ERM) framework within AXA Wealth Europe.

This framework is based on the following pillars, cemented by a strong risk culture:

1. Risk Management independence and comprehensiveness:

Chief Risk Officer is independent from operations ("first line of defense") and Internal Audit Departments ("third line of defense"). Risk Management Department, together with Compliance, constitute the "second line of defense" which objective is to develop, coordinate and monitor a consistent risk framework across AXA Wealth Europe.

2. Shared risk appetite framework: Chief Risk Officer is responsible for ensuring that the top management reviews and approves the risks they carry in their company, understand the consequences of an adverse development of these risks, and have action plans that can be implemented in case of unfavorable developments.

3. Systematic second opinion on key processes: Chief Risk Officer ensures a systematic and independent second opinion, on AXA Wealth Europe material decision processes, like new product characteristics (risk-adjusted pricing and profitability), Life Economic reserves, Asset and Liability Management studies, Asset allocation and new investments, and Reinsurance.

4. Robust economic capital model: allows AXA Wealth Europe to measure its exposures to all risks compliant with the Solvency II framework.

5. Proactive Risk Management: Chief Risk Officer is responsible for early detection of risks. This is promoted through challenge of and constant dialogue with the business and supported by the emerging risks management framework."

AXA Wealth Europe

Risk Management is a local responsibility, in accordance with GRM (Group Risk Management) standards and guidelines.

The roles and responsibilities of Risk Management are validated jointly by the Executive Committee of the Company and the Group Chief Risk Officer to ensure the alignment of central and local interests.

The minimum missions required for the local Risk Management team are:

- coordinating the second line of defence locally (which covers notably Compliance and IT Security) through specific governance;
- implementing risk appetite on all risks consistently with Group's risk appetite, with strengthened reporting, risk limits and decision processes;
- performing a second opinion on key processes, such as best estimates reserves (including assumptions and models), asset allocation and reinsurance strategy;
- coordinating pre-launch product approval procedures and regular pricing reviews after launch;
- on the capital model, Risk Management is responsible for checking the adequacy of the risk profile, implement, test and validate the model.

AXA Wealth Europe's Chief Risk Officer heads the local Risk Management team and reports both to the CEO of the Company and to the Regional CRO. Chief Risk Officer is independent from operations and Internal Audit Departments.

AXA Wealth Europe's Chief Risk Officer has a regular reporting to the Audit Committee and to the Board of Directors on risk management matters.

The Risk Management team is responsible for controlling and managing risks within Group / local policies and limits, validating investment or underwriting decisions through Local Committees in place.

Other functions

Business Line management and staff are responsible for day to day risk management and decision making and therefore have primary responsibility for establishing and maintaining an effective control environment (first line of defense).

Compliance is responsible for developing, facilitating and monitoring effective risk and control framework and strategy (second line of defense), in coordination with Risk Management. Internal Audit performs, as part of its role, an assessment of risks and governance processes on a periodic basis to provide independent opinion on the effectiveness of the system of internal control (third line of defense).

Risk governance within AXA Wealth Europe

In order to efficiently manage local and global risks, the decision process within the risk governance structure is explained below:

The **Audit Risk and Compliance Committee (ARC Committee)**, as a committee reporting to the ExCom, contributes at reviewing all material audit, risk and compliance issues faced by the Company and to ensure alignment amongst control functions and management on transversal topics. The Risk Appetite is endorsed by the Board of Directors upon review by the Executive Committee (in presence of the CRO) with the Audit Committee considering the effectiveness of the Company's internal control and risk management frameworks supporting it. The overall risk framework is governed by the ARC Committee. The ARC Committee is chaired by the CEO, the members are the key control functions (the internal Auditor, the CRO, the CCO and the Actuarial Function Holder), the Head of Legal and the CISO. The CRO ensures the secretariat of the ARC Committee.

For Life insurance risks and Operational risks:

- The decision process relating to the management of insurance and operational risk involves the Risk Management department. The Risk management department mainly analyses and monitors the insurance risks SCR, its components and the related changes towards risk appetite limits defined; validates all launches or portfolio reviews of products or lines of businesses.

Given the nature of the risks of AXA Wealth Europe,

- Unit-linked business for which the market risks is supported by the costumers;
- Guarantee rate business which is fully reinsured;

The existence of an Assets & Liability and Investment Committee is not considered as necessary.

Topics related to liquidity risks, investment risk for the equity part are dealt with the Risk Management department.

Risk Management

Risk Management is responsible for developing the Enterprise Risk Management framework in terms of limits/thresholds (covering Financial, Insurance and Operational risks), policies, guidelines and monitoring of the risk exposure, subject to Group standards and within a clearly defined Risk Appetite consistent with the Group's Risk Appetite.

Risk Management oversees the various Luxembourg's branches and affiliates' adherence to the framework, developing risk culture throughout the Company.

The CRO is a member of AXA Wealth Europe's ARC Committee, which reports to the Executive Committee to help defining risk standards, controlling Risk Appetite limits and recommending actions to mitigate risks. The CRO reports key risk matters directly to the ARC Committee, which establishes the risk control framework by validating both Risk policy and risk strategy.

The Risk Management function at Group level is also reinforced by AXA Global Life & Savings, which advise and support local entities in their reinsurance strategy (Life & Savings), and centralize the Group's purchasing of reinsurance.

/ Own Risk and Solvency Assessment

The Own Risk & Solvency Assessment (ORSA) encompasses processes to identify, assess, monitor, manage and report the short to medium term risks of AXA Wealth Europe and to ensure the level of own funds adequacy with AXA Wealth Europe solvency targets, taking into account the risk profile, approved risk tolerance 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 AXA Wealth Europe.

ORSA mainly encompasses risk management and financial activities, which are organized around the following processes:

- Solvency Capital Requirements (SCR based on standard formula framework) & Eligible Own Funds (EOF) quarterly calculation,
- Liquidity risk reporting,
- Strategic planning and financial projections,
- Risk appetite process,
- Stress and scenario testing analysis and monitoring (Transversal stress scenario and Reverse stress test),
- Reputation and strategic risk assessment and review.

The Group has established a policy on the Own Risk and Solvency Assessment (ORSA) to set and describe the common framework and rules to consistently run and report on the ORSA across the Group.

Chief Risk Officer of AXA Wealth Europe is responsible for developing the ORSA Policy, implementing ORSA process and coordinating ORSA reporting.

Executive Management approves the policy, ensures that procedures are in place to implement and monitor ORSA process and approves the ORSA report.

Board of Directors is presented annually with the results and conclusions of the ORSA for approval.

Board of Directors

ORSA is a top-down process reviewed by the Board. The AXA Wealth Europe ORSA report is presented to the Executive Committee and the Audit Committee to prepare the approval by the Board of Directors. The Board of Directors grants the Management the authorization to file the ORSA report to the supervisor, Commissariat aux Assurances (CAA).

This review encompasses Solvency II coverage ratio results at end of year and targets, risk and solvency management internal best practices and conclusions on management actions for material risks assessed out of the economic capital requirement.

The risk appetite framework developed by the Management is reviewed by the ARC Committee, the Audit Committee and endorsed by the Board of Directors.

Executive Committee – ARC Committee

The Risk Management department has ownership of the ORSA process and the Executive Committee validates the ORSA conclusive report in presence of the CRO. The Executive Committee is also involved in the validation of some inputs (e.g. strategic plan hypotheses, risk appetite and tolerance, risk grid…). The ARC Committee validates other ORSA inputs (reputation risks assessment…).

Based on previous review of AXA Wealth Europe ORSA report by all key contributors of the ORSA process defined, the Executive Committee is responsible for reviewing qualitative and quantitative ORSA results and conclusions.

Beyond the annual ORSA report, an annual assessment is performed to update the risk profile and adapt management actions accordingly. This information is reported to the ARC Committee.

The ORSA report provides assessment on:

a) The overall solvency needs through the assessment using the standard formula framework for quantifiable risks considering risk mitigation actions implemented in current economic context and approved business strategy and within approved risk appetite limits. Stress scenario analyses are performed to ensure adequacy of the economic capital assessed. This is supported by enterprise risk management including the identification and monitoring of non-quantifiable risks.
b) The compliance, on a continuous basis, with the regulatory capital requirements, through the assessment of the ability to meet capital requirements over the strategic plan horizon, both for the initial base case and for two additional scenarios.
c) The extent to which the risk profile of AXA Wealth Europe deviates from the assumptions underlying the Solvency Capital Requirement calculated with the standard formula. Extensive validation tests are performed to assess the relevance of the standard formula and its assumptions including stress and scenario testing. Limitations of the standard formula and evolution plan resulting from the validation activities are presented. Also, the extensive use of the standard formula outputs for key decision making processes provides a feedback loop for improving the modelling according to the evolution of the risk profile.

B4 – Internal control system

/ Internal control system

INTERNAL CONTROL AND RISK MANAGEMENT: OBJECTIVES

AXA Wealth Europe is engaged in the wealth management business on a global scale. As such, it is exposed to a very wide variety of risks – insurance risks, compliance risks and other types of risks.

In order to manage these risks, AXA Wealth Europe is currently implementing a comprehensive system of internal controls designed to ensure that executives are informed of significant risks on a timely and continuing basis, have the necessary information and tools to appropriately analyse and manage these risks, and that Company and Group's financial statements and other market disclosures are timely and accurate.

These mechanisms and procedures principally include:

- the Company's corporate governance structures which are designed to ensure appropriate supervision and management of AXA Wealth Europe's business as well as clear allocation of roles and responsibilities at the highest level;
- management structures and control mechanisms designed to ensure that the AXA Wealth Europe executives have a clear view on the principal risks the Company faces and the tools necessary to analyze and manage these risks;
- disclosure controls and procedures designed to ensure that executives have the necessary information to make fully informed disclosure decisions on a timely basis and that the Company's disclosures on material information (both financial and non-financial) to the markets are timely, accurate and complete.

These mechanisms and procedures, taken together, constitute a comprehensive control environment that executives believe is appropriate and well adapted to AXA Wealth Europe's business.

The internal control process at AXA Wealth Europe primarily relies on:

- The Company's general operating and organisational principles;
- Controls implemented within each operating, functional and financial department, which contribute to the effectiveness of the permanent control system;
- Control functions that enable an independent and objective assessment of the Company's security and operating quality to be provided to management.

CORPORATE GOVERNANCE STRUCTURES

AXA has taken steps designed to harmonize corporate governance standards throughout the Group. This effort is focused, among other matters, on standardizing, to the extent practicable, principles relating to various corporate governance matters including board composition and size, directors' independence criteria, board committees and their roles, and directors' fees.

The Group Governance Standards are part of a larger set of Group standards that apply to all AXA Group companies (the AXA Group Standards). These Group Standards are designed to ensure that all the companies of the Group have effective Risk Management processes and appropriate governance structures, and meet the Group's minimum control requirements. The Chief Executive Officer is therefore required to annually certify that AXA Wealth Europe is in compliance with the Group Standards.

EXECUTIVE MANAGEMENT

Executive Management oversees implementation of the internal control system and the existence and appropriateness of internal control and Risk Management monitoring systems within AXA Wealth Europe.

BOARD OF DIRECTORS

The Board of Directors determines the Company's business strategy and oversees its implementation. The Board considers all material questions related to the proper functioning of the Company and takes decisions it deems appropriate for the Company's business. The Board of Directors also undertakes all controls and verifications as it deems appropriate from time to time.

The Board of Directors has established two Committees to assist it in fulfilling its responsibilities: an Audit Committee and a Remuneration Committee. These Committees exercise their activities under the responsibility of the Board of Directors and report regularly to the Board of Directors on matters within the scope of their respective responsibilities.

AUDIT COMMITTEE

All the Board Committees constitute an important part of AXA Wealth Europe's overall internal control environment and plays a particularly important role in reviewing internal control and risk related issues.

The audit committee has a critical role in reviewing financial results and other financial information prepared by the management, financial reporting and control processes, critical accounting policies, particular accounting issues, key risks and systems of internal control, fraud and similar issues.

The scope of the Audit Committee's responsibilities is set forth in the Audit Committee Terms of Reference, approved by the Board of Directors.

Based on AXA Group corporate governance standards, AXA Wealth Europe general organisational principles contributing to the management of the internal control system are primarily based on:

- An organisational structure that respects the segregation of duties;
- AXA Wealth Europe's compliance with AXA Group standards. These standards are applied via:
    - the risk management policies, which specify the procedures to be implemented in order to identify, assess, monitor and manage all the risks included in AXA Wealth Europe's risk profile (financial risk, insurance risk, operational risk, liquidity risk, emerging risks and reputational risk)
    - the compliance policy, which specifies the role and assignments of the Compliance Function
- Familiarity with the processes in place through an on-going improvement of operating processes;
- And the introduction of preventive measures such as the promotion of corporate ethics, which aims to encourage all employees to abide by the principles of professional ethics, integrity and fairness.

MANAGEMENT STRUCTURES AND CONTROLS

The Board of Directors is responsible of the internal control framework, ensuring their implementation, maintenance and continuous improvements in order to achieve the business objectives, managing the risks that can affect the key business processes.

With this purpose, a control framework with three lines of defense has been designed and the boundaries between them are clearly defined. The objective is to ensure that this framework is in place to systematically identify measure, manage, and control all the risks that AXA Wealth Europe may face.

The control framework with the three lines of defense is illustrated below being the Internal Audit (level 3) the line that provides independent assurance on the effectiveness of the system of internal control.

There are three levels of responsibility in the internal control framework:

- 1st Line of Defense owns and manages the risks. Line Management and staff are responsible for day to day risk-taking management and decision-making according to prior defined risk-appetite at the Executive Committee level. This 1st line of defense has a primary responsibility for establishing and maintaining and effective control environment. The 1st line of defense is the one responsible for identifying and managing the risks inherent in the products, services and activities for which they are responsible.
  Management, as the primary risk owner, should as first line of defense design, implement, maintain, monitor, evaluate, and report to the 2nd line of defense on the organization's internal control system in accordance with risk strategy and policies on internal control as approved by the governing body. Each person within the organization – management and other employees alike – should be held accountable for proper understanding and execution of risk management and internal control within his or her span of authority.

- 2nd Line of Defense: Risk Management and Compliance are set as functions of second level control, independent of business.
  The 2nd line of defense is responsible for developing an internal control framework and for monitoring 1st line internal controls and for reporting their results to their respective reporting lines.

- 3rd Line of Defense: Internal Audit provides independent assurance on the effectiveness of the internal control system. Internal Audit supports the Board and Executive Committee to protect the reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations.

GOVERNANCE

In order to manage the various risks to which it is exposed, AXA Wealth Europe has a management structure and control mechanisms designed to ensure that executives have a clear and timely view of the principal risks facing the Company and the tools necessary to analyze and manage these risks.

These management structures and controls include the following:

A Chief Executive Officer and other persons who effectively run the Company

See section B1

Executive Committee

On December 31 2020, AXA Wealth Europe had a 5-member Executive Committee composed of the Chief Executive Officer (Mirjam Bamberger), the Chief Financial Officer (Konrad Staniecki), the Chief Information Officer (Olivier Vansteelandt), the Actuarial, Product, Investment and Client Services Director (Amélie Lequien) and the commercial and legal Director (Laurent Gayet). As extended Executive Committee, the Head of Human Ressources (Nathalie Bourdeau) was added to the Committee as of July 2020.

This committee plays an important role in managing the operating businesses, considers strategic initiatives, addresses compliance and legal topics and other subjects the Board Management deems appropriate from time to time. The Executive Committee usually meets on a bi-weekly basis.

During the fourth quarter, AXA Wealth Europe presents its strategic plan to the Group. The strategic plan is reviewed by the Executive Committee before being presented to the Board of Directors.

Departments focused principally on internal control and risk related matters

Such departments are responsible for managing and/or monitoring some aspects of internal control and/or risk related matters. However, they are primarily focused on these matters as part of their principal day-to-day management responsibilities:

RISK MANAGEMENT DEPARTMENT

The role of Risk Management (RM) is to identify, quantify and manage the main risks to which the Company is exposed. To this end, Group Risk Management (GRM) develops and deploys a number of risk measurements, monitoring instruments and methods, including a standardized methodology and framework including the ORSA (Own Risk & Solvency Assessment) required under Solvency II. Such framework is deployed within AXA Wealth Europe by Risk Management department.

The Risk Management activities aim to create and maintain an appropriate risk management system in order to identify, assess, monitor and mitigate the most significant risks to which AXA Wealth Europe is exposed, and which could jeopardise its solvency, in accordance with the AXA Group's "Risk Management" standards.

To that end, all the Company's operating technical and cross-divisional functions contribute to this system depending on their expertise and business sector.

When appropriate, this work leads to the implementation of decisions that affect the Company's risk profile, helping to monitor the solvency position and manage the volatility of AXA's earnings through improved understanding of the risks taken and optimization of capital allocation.

The types of risks covered include risks coming from the invested assets, from the insurance liabilities, asset/liability mismatch risks and operational risks. Under the Solvency II regulation, AXA Wealth Europe is required to produce an ORSA Report which is filed with the regulator. GRM has defined and implemented a set of policies and procedures to ensure that all risks embedded in the business processes are appropriately reviewed on a yearly basis.

The AXA Wealth Europe ORSA Report is reviewed by the Executive Committee and then presented to the ARC Committee, the Audit Committee and the Board of Directors which approves the conclusions of the Company ORSA Report and authorizes the filing of the ORSA Report to the Commissariat aux Assurances (CAA).

FINANCE DIVISION

The Finance Division's role of AXA Wealth Europe encompasses the following principal activities:

- development of both accounting and reporting standards;
- managing the Group's financial consolidation and reporting systems;
- producing the economic balance sheet;
- developing and using management control tools;
- strategy and budget planning and monitoring of targets;
- coordinating the production of reports filed with the CAA related to Solvency; and
- liaising with the Statutory Auditors and contributing to Audit Committee meetings as required.

These missions are performed for regular closings, forecasts and strategic plan exercises.

LEGAL & COMPLIANCE

The Legal Department is responsible for identifying and managing the significant legal and regulatory risks to which AXA Wealth Europe is exposed. It provides expertise and advice on all significant corporate legal matters at AXA Wealth Europe and manages the legal aspects of transactions undertaken by the Company as well as significant litigation and regulatory, matters. It provides support and expertise to various departments of the Company to assess situations, analyze legal risk and contribute to design of solutions that mitigate those risks.

The AXA Wealth Europe's Legal department reports to the Director Commercial and Legal Operations.

The Data Privacy Officer manages Data Privacy and reports directly to the Chief Financial Officer.

The Compliance department reports to the Chief Financial Officer. The Head of Compliance Department is responsible for the Compliance Function. To achieve this aim, he is assisted by a Compliance Team composed by 3 people who ensure that the compliance systems are implemented.

As part of its Compliance responsibilities, the Compliance Department manages a wide range of compliance related matters including (i) regular reporting from Luxembourg on significant compliance, litigation and regulatory matters, (ii) and (ii) financial crime matters including, the AXA Wealth Europe's anti-corruption/bribery program, anti-money laundering and the Company's Standard on business with countries and/or individuals subject to international sanctions, and (iii) more broadly with the monitoring of compliance and regulatory risks.

The Compliance Function undertakes 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 action plan is developed at the end of each year for the following year.

The Compliance activities within AXA Wealth Europe are articulated around a number of Group Standards and Policies which set the minimum requirements expected to be covered by AXA Wealth Europe. The Compliance AXA Group Standards contain standards and policies on significant risks affecting the compliance activities as well as the high level control and monitoring principles to which AXA Wealth Europe must adhere. Both the standards and policies contained in the AXA Group Standards (e.g. Anti-Money Laundering, Sanctions, Anti-Bribery…) are mandatory. In addition, the compliance function has adapted the Group requirements and developed local policies to align with the relevant laws and regulations in the jurisdiction in which AXA Wealth Europe operates and conducts business.

The Compliance Function directly reports on a regular basis to senior management (Executive Committee) and the Audit Committee, 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 (CSDP) remediation plan and any other significant issues that require escalation.

The Compliance Function submits its reports to the AXA Wealth Europe's Audit-Risk-Compliance Committee (ARC Committee) and to the Audit Committee.

INTERNAL AUDIT

The AXA Wealth Europe's Internal Audit provides support to the Board of Directors and the Executive Committee to protect the entity's assets, reputation and long-term future by issuing an independent and objective opinion that enables value creation and improvements in the running of operations. The division assists the entity to achieve its goals via a structured and systematic approach:

- By assessing the effectiveness of its governance system and risk management and control processes;
- By challenging the management teams.

AXA Wealth Europe's Head of Internal Audit has direct access and an unwavering reporting line to the Chairman of the Company's Audit Committee.

AXA Wealth Europe's Internal Audit reports to the Group Head of Internal Audit from a functional standpoint; the latter reports directly to the Chairman of the Group Audit Committee.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The ARC Committee was created in 2018 with the purpose of reviewing all material audit, risk and compliance issues faced by the Company and to ensure alignment among control functions and management on transversal topics (AXA Standards, processes, policies…).

The ARC Committee is a sub-committee of the Executive Committee (report via the CEO).

In parallel, a few specific topics are still discussed and validated at the first place at Executive Committee level in presence of the CRO, before being presented to the ARC Committee for information (Risk Appetite alert and limit levels, PAP approval, ORSA validation, top-10 risks assessments…).

The ARC Committee allows optimal coordination and communication between the different departments managing the different risks of the company.

The ARC Committee is chaired by the CEO and the secretary is the CRO. The ARC Committee is comprised of the control functions (CCO, CRO, Actuarial Function Holder, Internal Auditor), the Head of Legal, the DPO (Data Privacy Officer) and the CISO. The ARC Committee meets on a monthly basis for 2 hours.

Its specific purpose is to guarantee the existence of an effective second line of defense by:

- Ensuring that the appropriate policies and procedures of the Company are defined, validated and maintained;
- Ensuring that operating processes, management reporting and internal control system are able to provide timely, accurate and relevant information for the management of the Company;
- Ensuring that compliance processes are in place to ensure compliancy with all legal and regulatory requirements;
- Ensuring that all internal codes of conduct as well as insurance and corporate standards of conduct are respected;
- Reviewing the financial risk statements prior to their approval by the Executive Committee;
- Considering the proposed internal audit plan;
- Ensure that financial, insurance and operational risks are managed effectively;
- Is responsible for monitoring operational risks, compliance risks, regulatory risks, country risks and reputation risks.

DISCLOSURE CONTROLS AND PROCEDURES

The AXA Group and AXA Wealth Europe believe they have put in place a comprehensive system of internal control procedures and mechanisms that is appropriate and well adapted to their business and the global scale of their operations.

However, all internal control systems, no matter how well designed, have inherent limitations and do not constitute a guaranty or provide absolute certainty. Even systems determined to be effective by executives may not prevent or detect all human errors, all system malfunctions, all fraud or all misstatements and can provide only reasonable assurance. In addition, effective controls may become inadequate over time because of changes in conditions, deterioration of compliance with procedures or other factors.

B5 – Internal audit function

/ Internal audit function

AXA Wealth Europe Internal Audit exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organisation by providing an independent and objective assurance activity designed to add value and improve the organisation's operations. It helps the organisation meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control and governance processes.

The AXA Wealth Europe internal audit function has an audit charter to document its mission, independence, scope, accountabilities, responsibilities, authorities and standards. The charter is approved by the relevant Audit Committee each year.

The head of the AXA Wealth Europe internal audit function has a direct and unfettered reporting line directly to his/her respective Audit Committee Chairman.

AXA Wealth Europe Internal Audit functionally reports through to the Global Head of Audit who reports to the Group Audit Committee Chairman.

AXA Wealth Europe Internal Audit annually sets up an internal audit plan of work, based on an assessment of both the inherent risk and the adequacy of controls. Its performance is formally monitored and reported to the Audit Committee.

Over the audit cycle, all applicable Common Audit Universe categories for each entity are expected to be audited. Any exceptions identified are notified to the Audit Committee for ratification.

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 Audit Committee and Executive Management on a regular basis.

B6 – Actuarial function

/ Actuarial function

To comply with Solvency II regulation, an effective Actuarial Function has been set up with the specific role of performing the following tasks:

a) coordinate the calculation of technical provisions;
b) ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
c) assess the sufficiency and quality of the data used in the calculation of technical provisions;
d) compare best estimates against experience;
e) inform the management and the Board of the reliability and adequacy of the calculation of technical provisions;
f) oversee the calculation of technical provisions;
g) express an opinion on the overall underwriting policy;
h) express an opinion on the adequacy of reinsurance arrangements; and
i) contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

AXA Wealth Europe's Actuarial Function directly reports to AXA Wealth Europe CEO. In addition, as defined in AXA Group Actuarial Framework, his nomination is subject to Group Head of Actuarial Function agreement to whom he indirectly reports any major problem related to actuarial function responsibilities.

AXA Wealth Europe's Actuarial Function:

- is a permanent member of the ARC Committee;
- presents the actuarial function report to the Executive Committee;
- is an occasional invitee to the Board of Directors, through which he is informing the Board about its conclusions and potential concerns on the tasks undertaken by the actuarial function.

AXA Wealth Europe's Actuarial Function is preparing the actuarial function report to inform the Management and the Board on its conclusions about the reliability and adequacy of the calculation of technical provisions. This report also provides an overview of the activities undertaken by the actuarial function in each of its areas of responsibility during the reporting period, with the exception of the contribution to the implementation of the risk management system which is described in separate documents. This actuarial function report is also communicated to the Group Actuarial Function Holder.

B7 – Outsourcing

/ Outsourcing arrangements

Outsourcing by AXA refers to delegation to a third party of the execution of certain ongoing activities pursuant to a service agreement. The AXA outsourcing policy describes the mandatory Group requirements to comply with Solvency II directives and requires that material relationships with third party providers are subjected to appropriate due diligence, approval and on-going monitoring. The objective of the policy is to ensure that “AXA does not abdicate responsibility” for the functions delegated to an AXA internal subsidiary or external third party, and that risks inherent in the outsourcing of material relationships (i.e. those deemed critical to the principal activities to the business) are identified, monitored and appropriately mitigated.

AXA Wealth Europe has entered into contractual outsourcing arrangements with third-party service providers for services required in connection with the day-to-day operation of businesses. Thorough due diligence is conducted regularly to ensure the Company maintains full responsibility over the outsourced functions and activities. The functions shared with AXA Luxembourg (IT, HR, Finance, Marketing) are not considered as outsourcing.

Based on a self-assessment conducted as of year-end 2020, the company most significant outsourced activities relate to: (1) Printing Services, (2) Asset valorization services, (3) Service Desk services and (4) Infrastructure services. These outsourced activities are operated in the following locations and jurisdictions:

- (1) Printing Services : located in Luxembourg, under the Luxembourgish jurisdiction and supervised by the local regulator (CSSF – Commissions de Surveillance du Secteur Financier)
- (2) Asset valorization services : located in Luxembourg, under the Luxembourgish jurisdiction
- (3) Service Desk services : located in Luxembourg, under the Luxembourgish jurisdiction and supervised by the local regulator (CSSF – Commissions de Surveillance du Secteur Financier)
- (4) Infrastructure services : located in Luxembourg, under the Luxembourgish jurisdiction and supervised by the local regulator (CSSF – Commissions de Surveillance du Secteur Financier)

B8 – Any other information

Not applicable.

C RISK PROFILE

C.1 Underwriting risk

Insurance Risk Exposure

Risk Control and Risk Mitigation

C.2 Market risk

Market Risk Exposure

Risk Control and Risk Mitigation

Governance of Investment strategy and asset & liability management (ALM)

C.3 Credit risk

Risk Control and Mitigation

C.4 Liquidity risk

Liquidity position and risk management framework

C.5 Operational risk

General principles

C.6 Other material risks

Strategic risk

Reputation risk

Emerging risks

C.7 Any other information

/ Solvency II capital position

SOLVENCY II CAPITAL REQUIREMENT

The Solvency II regime introduces a risk based capital requirement which can be assessed either using an internal model or a standard formula.

AXA Wealth Europe is using the standard formula to quantify its Solvency Capital Requirements (SCR).

The table below details the Solvency Capital requirement at AXA Wealth Europe level and per risk category.

Solvency Capital Requirement - for undertakings on Standard Formula

S.25.01.01.01 - S.25.01.01.05

in EUR

Article 112*	Z0010	2	*Article 112 1 - Article 112(7) reporting (output: x1) 2 - Regular reporting (output: x0)

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	8 020 289.00	8 020 289.00	
Counterparty default risk	R0020	3 023 918.00	3 023 918.00	
Life underwriting risk	R0030	19 896 981.00	19 896 981.00	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050		0.00	
Diversification	R0060	-6 623 324.00	-6 623 324.00	
Intangible asset risk	R0070		0.00	
Basic Solvency Capital Requirement	R0100	24 317 864.00	24 317 864.00	

Calculation of Solvency Capital Requirement

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	5 932 076.00
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-6 455 963.00
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	23 793 977.00
Capital add-on already set	R0210	
Solvency capital requirement	R0220	23 793 977.00
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation*	R0450	4
Net future discretionary benefits	R0460	

*Method used to calculate the adjustment due to RFF/MAP nSCR aggregation

Calculation of Solvency Capital Requirement

		Yes/No	
		C0109	
Approach based on average tax rate*	R0590	1	*Approach based on average tax rate 1 - Yes 2 - No 3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

Calculation of loss absorbing capacity of deferred taxes			
		Before the shock	After the shock
		C0110	C0120
DTA	R0600	0.00	
DTA carry forward	R0610		
DTA due to deductible temporary differences	R0620		
DTL	R0630	6 455 963.00	

		LAC DT
		C0130
LAC DT	R0640	-6 455 963.00
LAC DT justified by reversion of deferred tax liabilities	R0650	-6 455 963.00
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-6 455 963.00

AXA Wealth Europe's Target Capital and risk sensitivity

Under Solvency II regime, AXA Wealth Europe is required to hold eligible own funds that cover its Solvency Capital Requirement to absorb significant losses and to be compliant with regulatory requirements. AXA Wealth Europe's Solvency Capital Requirement is calibrated so as to ensure that all quantifiable risks to which AXA Wealth Europe is exposed are taken into account.
Under normal conditions, AXA Wealth Europe should maintain solvency II regulatory ratio above 100%, allowing AXA Wealth Europe to have sufficient eligible own funds to sustain a 1 in 200 years shock.
In addition, to ensure a comfortable level of Solvency II ratio, AXA Wealth Europe will monitor its ability to absorb possible severe (1 in 20) financial or technical shocks and to keep a ratio above defined alert and limit levels in these circumstances. These sensitivity analyses do not take into account preemptive management actions that might be taken by the management to mitigate the effects of the defined shocks, but, allow to ensure through the risk appetite framework that local executive management reviews and approves the risk carried by the company, understand the consequences of and adverse development of these risks, and have action plans that can be implemented in case of unfavorable developments

It is also worth mentioning that AXA Wealth Europe is a subsidiary of the AXA Group which under the solvency II regime has defined a clear capital management framework with 170-230% as central target range of Solvency II ratio. AXA's consolidated Solvency Capital Requirement is taking into account the global diversification of risks that exist across all its insurance and reinsurance undertakings, reflecting properly the AXA Group risk exposure. AXA Group performs also on regular basis sensitivity analyses of its Solvency II regulatory ratio to material risks and events, demonstrating that its Solvency ratio is resilient to a wide range of shocks (similar to past major observed events such 2008/2009 financial crisis, 2011 financial crisis, Lothar & Martin storm).

C1. Underwriting risk

/ Insurance Risk Exposure

AXA Wealth Europe is primarily responsible for managing its insurance risks linked to underwriting, pricing and reserving. It is also responsible for taking appropriate actions in response to changes in insurance cycles and to the political and economic environments in which it operates.

In the context of the business performed, as described in section A1(3) (and in the beginning of section C) of this report, AXA Wealth Europe is exposed to the following main risks: Lapse risk due to lapses higher than expected, expense risk due to costs higher than planned and mortality risk due to deaths higher than expected.

AXA Wealth Europe's overall exposure to underwriting risks is covered by AXA's Solvency Capital Requirement metric, as detailed in the above Section "Solvency II capital position", and taken into account in AXA's liquidity risk management framework (see Section C4). Sensitivity analyses of its Solvency II ratio to material risk events are detailed in the above Section "AXA Wealth Europe's Target Capital and risk sensitivity".

/ Risk Control and Risk Mitigation

Insurance risks are covered through 4 major processes, defined at Group level but performed jointly by central and local teams:

- risk controls on new products that complement underwriting rules and product profitability analyses (Product Approval Process);
- optimizing of reinsurance strategies in order to limit the peak exposures of the Company thereby protecting its solvency by reducing volatility;
- reviewing technical reserves including a roll forward analysis;
- monitoring emerging risks to share expertise within the underwriting and risk communities.

PRODUCT APPROVAL

Group Risk Management (GRM) has defined a set of procedures to approve new products launches. These procedures, adapted and implemented locally, foster product innovation across the Group while maintaining risks under control.

This validation framework notably relies on the results of the economic capital calculation of AXA Wealth Europe and ensures that any new products undergo a thorough approval process before they are put to market.

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 economic capital model. The aim is twofold:

- for pre-launch business, the aim is to ensure that new risks underwritten have been scrutinized before proposing them to customers;
- for post-launch business, appropriate profitability and risk control analyses are performed to check that the business remains in line with the Company's risk framework.

This framework complements underwriting rules by ensuring that no risks are taken outside pre-defined tolerance levels and that value is created by adequate risk pricing.

REINSURANCE

AXA Wealth Europe offers two types of investment products to its clients:

- Unit-linked products where the investment risk is borne by the policyholder;
- A guaranteed product for which the company bears the investment risk. For this product the guarantees given to customers is fully reinsured with a financial reinsurance agreement.

Reinsurance programs are set up as follows:

- risks are modeled through in-depth actuarial analyses conducted on each portfolio and protected with reinsurance cover adequate to the risk appetite limits set at Group and AXA Wealth Europe levels;
- risks are 100% reinsured by AXA France for the guaranteed product.
- Moreover, in some markets clients have an option to take a guaranteed minimum death benefit cover. This risk is also fully reinsured by AXA France.

TECHNICAL RESERVES

AXA Wealth Europe specifically monitors its reserve risks. If necessary, additional reserves are also booked by the reserving actuaries using various statistical and actuarial methods. These calculations are initially carried out by the actuarial department in charge, and are then reviewed for a second opinion by risk management team. Actuaries are in charge of assessing reserves, notably ensuring that:

- The technical assumptions and actuarial methodologies are in line with professional practices and sensitivity analyses are performed at least for the most significant ones;
- A roll-forward analysis of reserves 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;
- The Best Estimate Liabilities have been calculated in accordance with Articles 75 to 86 of the Solvency II Directive and Group guidelines.

As part of the Solvency II framework, the local Actuarial Function Holder (AFH) for AXA Wealth Europe coordinates the calculation of technical provisions ensuring the appropriateness of the methodologies and underlying models used. As part of his annual report, the AFH also gives an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements.

C2. Market Risk

/ Market Risk Exposure

AXA Wealth Europe is not materially exposed to financial market risks through its core business of financial protection (i.e. insurance).

Description of market risks

The market risks are exposed arise from a variety of factors including:

- a rise in yields on fixed-income investments (linked to interest rates or in spreads) reduces the market value of fixed-income investments and could impact the solvency margin;
- a decline in asset market value (equity, real estate, alternatives, etc.) could adversely impact the solvency margin, 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;

AXA Wealth Europe' overall exposure to market risks is covered by AXA's Solvency Capital Requirement metric, as detailed in the above Section "Solvency II capital position", and taken into account in AXA's liquidity risk management framework (see Section C4). Sensitivity analyses of its Solvency II ratio to material market risk events are detailed in the above Section "AXA Wealth Europe's Target Capital and risk sensitivity".

/ Risk Control and Risk Mitigation

AXA Wealth Europe is primarily responsible for managing its financial risks (market risk, credit risk, liquidity risk), 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 Company operates.

A wide variety of risk management techniques are used to control and mitigate the market risks to which the Company is exposed. These techniques include:

- Asset Liability Management (ALM), i.e. defining an optimal strategic asset allocation with respect to the liabilities' structure, to reduce the risk to a desired level; However, for AXA Wealth Europe, assets and liabilities are already highly correlated because of the products' nature. Indeed, for the unit-linked contracts, market risk is borne by the investors. The guaranteed rate contracts are reinsured and hence assets are also closely linked to liabilities. Therefore, ALM procedures and processes are allowed to be lighter compared to other AXA entities.
- 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 AXA Wealth Europe or by the Group;
- a regular monitoring of the financial risks on the economic and solvency position of the Company; and
- reinsurance which also offers solutions to mitigate certain financial risks.

/ Governance of Investment strategy and asset & liability management (ALM)

Group and Local Guidance on Investments

Investment activities with respect to available cash flows are not foreseen in the medium term future (+/- five years). The available funds are expected to be low and will be held in cash in order to cover potential cash outflows.

Group and Local Governance Bodies

In order to efficiently coordinate local and global investment processes, decisions within the investment community are taken by two main governance bodies:

- the Group Investment Committee which is chaired by the Group Chief Financial Officer. This committee defines investment strategies, steers tactical asset allocation, evaluates new investment opportunities and monitors the Group's investment performance;
- the Group Asset Liability Management Supervisory Committee for which the Group Investment and ALM Management Department is an important member, is co-chaired by the Group Chief Financial Officer and the Group Chief Risk Officer.

AXA Wealth Europe has no local Investment and ALM committee for the reasons outlined above. Investment management is delegated to AXA Luxembourg and validated by AXA Wealth Europe Executive Committee.

ALM Studies and Strategic Asset Allocation

ALM aims at matching 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.

The products offered by AXA Wealth Europe are either unit linked contracts or reinsured guaranteed rate contracts. Therefore, assets and liabilities automatically move closely together and do not need in-depth monitoring.

Investment Approval Process

Investment opportunities, like non-standard investments, new strategies or new structures, are subject to an Investment Approval Process (IAP). The IAP ensures key characteristics of the investment are analysed, 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, notably if several local entities are participating in the same investment. In that case, the successful completion of an IAP is done after the production of a second independent opinion by GRM.
The IAP is used and completed at local level to cover local characteristics (tax, statutory accounting, etc.).
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 with the support of dedicated teams at AXA Bank Europe, AXA Investment Managers and AXA SA. In a similar way, this set-up ensures all entities benefit from technical expertise, legal protection and good execution of such transactions within the following governance framework for derivatives.
Derivative strategies are systematically reviewed and validated 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 (Risk appetite, Economic capital model, etc.). Such monitoring is designed to ensure market risks, coming either from cash or derivative instruments, are properly controlled and remain within approved limits.

Legal risk is addressed by defining a standardized master agreement. AXA Wealth Europe may trade derivatives only if they are covered by legal documentation which complies with the requirements set out in the Group standard. 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 AXA's global operational risk framework. Furthermore, execution and management of derivatives are centralized within dedicated teams, reducing AXA Group's and AXA Wealth Europe operational risk.

Valuation Risk is addressed through the use of expert teams. They independently counter-valuate the derivatives positions so as to get appropriate accounting, payment and collateral management. They also challenge the prices proposed by counterparties in case AXA Wealth Europe wishes to initiate, early terminate or restructure derivatives. Such capacity in pricing requires high-level expertise, which relies on rigorous market analysis and the ability to follow the most up-to-date market developments for new derivatives instruments.

Currently AXA Wealth Europe is not exposed to derivatives. Only few customers are exposed to derivatives through their unit-linked contracts and therefore the risk is fully held by the policyholder.

C3. Credit Risk

Counterparty 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 Wealth Europe monitors all types of counterparties, using methods suitable to each type:

- investment portfolios held by its insurance operations (excluding assets backing separate-account products where the financial risk is borne by policyholders);
- ceded risks to reinsurers resulting from reinsurance directly ceded by AXA Wealth Europe;
- receivables deriving from direct insurance operations, including policyholders and brokers.

AXA Wealth Europe' overall exposure to credit risks will be covered by AXA's Solvency Capital Requirement metric and will be taken into account in AXA's liquidity risk management framework (see Section C4).

/ Risk Control and mitigation

Invested Assets

AXA Wealth Europe has no invested assets at December, 31 2020, except cash and some policy loans.

Credit Derivatives

AXA Wealth Europe has no derivatives at December, 31 2020. Only few customers are exposed to derivatives through their unit-linked contract and therefore the risk is fully held by the policyholder.

Receivables from Reinsurers: Rating Processes and Factors

At Group level, to manage the risk of reinsurers' insolvency, a Security Committee is in charge of assessing reinsurers' quality and acceptable commitments. This risk is monitored 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's exposure to the risk of default by any of its reinsurers.

Other receivables

Receivables risk arises from to the risk of default of counterparties related to insurance operations. The exposures are monitored by the accounting department by nature of counterparties (policyholders, intermediaries, intragroup, taxes, others, etc.) and are actively managed to ensure the correct representation of the risk in the balance sheet on a quarterly basis.
The actuaries' team assesses on an annual basis the capital charge for each type of counterparty, using internal risk factors or standard factors.

C4. Liquidity risk

/ Liquidity position and risk management framework

Liquidity risk is the uncertainty, emanating from business operations, investments or financing activities, that AXA Wealth Europe 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.

Proper management of liquidity and liquidity risk is a key aspect of risk management and is in the interest of AXA's own operations, investments.

The assessment of AXA's liquidity risk and Liquidity Adequacy is therefore a key and critical dimension of AXA's Risk Appetite Framework (RAF) which is followed both in normal course of business and in worsening environments by AXA's Executive Committee and Board members along with the other risk appetite statements (solvency, value and earnings) both at Group and local level.

AXA Wealth Europe has adopted a liquidity risk management framework the aim is to ensure that it is able to meet its financial obligations when they fall due, even under severe and cumulative stressed conditions, without Group support. This liquidity risk management policy and framework is documented.

The overarching principle of AXA Wealth Europe's liquidity policy is that it is at all times in a position to face its liquidity needs on a standalone basis, including under severe crisis times. Any potential non-curable liquidity shortfall must be notified to AXA SA.

Liquidity for the guaranteed rate product is protected by the reinsurance treaty.

For unit-linked product, the liquidity of most of investment funds is daily.

If the liquidity of an asset is less than bi-monthly, the policy of AXA Wealth Europe is to accept this kind of assets only if the client accepts a payout in assets.

C5. Operational risk

AXA has defined a framework to identify and measure its operational risks that may arise from a failure in its organization, systems and resources or from external events. Ensuring an adequate mitigation of these risks across the Group is a key pillar of the Risk Management functions.

/ General principles

One objective of the AXA Wealth Europe 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.

Based on the Solvency II definition, AXA Wealth Europe defines operational risk as the risk of loss arising from inadequate or failed internal processes, personnel or systems or from external events. Operational risk includes legal risks and excludes risks arising from strategic decisions, as well as reputation risks.

AXA has defined a single Group framework for identifying, quantifying and monitoring the main operational risks, involving 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.

Both quantitative and qualitative requirements are defined.

- The most critical operational risks of AXA Wealth Europe 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 the adequacy, appropriateness and comprehensiveness of the risk assessment but also to ensure that adequate corrective and pre-emptive actions are defined and implemented in front of the main risks;
- In addition, a loss data collection process is in place within AXA Wealth Europe 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.

In 2020, the Group Operational Risk Profile is reasonably well spread out with all seven operational risk categories covered and the main risks being related to processes execution.

AXA Wealth Europe' overall exposure to operational risks is covered by AXA's Solvency Capital Requirement metric, as detailed in the above Section "Solvency II capital position". Sensitivity analyses of its Solvency II ratio to material risk events are detailed in the above Section "AXA Wealth Europe's Target Capital and risk sensitivity".

C6. Other material risk

/ Strategic risk

A strategic risk is the risk that a negative impact (current or prospective) on earnings or capital, material at AXA Wealth Europe level, arises from a lack of responsiveness to industry changes or adverse business decisions regarding:

- significant changes in footprint, including through mergers and acquisitions;
- product offering and client segmentation;
- 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 rather a strong strategic risk management framework in place in order to assess, anticipate and mitigate these risks.

/ Reputation risk

Reputation risk is the risk that an event, internal or external, will negatively influence stakeholders' perceptions of the Company or where there is a gap between stakeholders' expectation and the Company's behaviors, attitudes, values, actions, or inactions.

AXA has defined a global framework with a two-fold approach to reactively protect and proactively monitor, manage and mitigate reputational issues in order to minimize value destruction, and build and maintain brand equity and trust among stakeholders.

AXA Group created 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, which aim to develop a reputation risk culture across the enterprise.

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 AXA stakeholders;
- define accountability for reputation risks across the organization (Marketing, HR, Finance / Investors Relations, etc.), at Group and local levels;
- implement a common reputation risk management framework throughout the organization.

The implementation of the reputation risk framework encompasses all AXA 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 emerge.

AXA has established processes to qualify and quantify emerging risks which could develop over-time and become significant. The emerging risk framework encompasses a network of circa 50 people within AXA Group, including AXA Corporate Solutions.

Emerging risks surveillance is organized through a detection process including monitoring scientific publications, court decisions, etc. Risks are monitored and classified within a risk mapping constituted of six sub-groups (regulatory & legal, environmental, socio & 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.

By developing relationships with researchers and supporting innovative projects in environmental, socio-economic and life risks, the AXA Research Fund is a key contributor to AXA's commitment to better understand the evolution of these risks.

By seeking to develop new solutions, acting as an advisor on risk management and actively contributing to the overall debate about the issues involved, along with other major market players, AXA intends to promote a better understanding and better forecasting of emerging risks and to support sustainable development.

C7. Any other information

Not applicable

D VALUATION FOR SOLVENCY PURPOSES

/ Basis for preparation

AXA Wealth Europe's Solvency II balance sheet is prepared as of December 31. The balance sheet is prepared in compliance with the Solvency II Regulation.

Assets and liabilities are valued based on the assumption that the Company will pursue its business as a going concern.

The Solvency II balance sheet only includes the value of business in force and therefore only presents a partial view of the value of the Company.

Technical provisions are recognized with respect to all of insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts. The value of technical provisions corresponds to the current amount that the Company would have to pay if it was to transfer its insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking.

Other assets and liabilities are recognized in compliance with IFRS standards 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, 2016, provided that those standards and interpretations include valuation methods that are in accordance with the following market consistent valuation approach set out in Article 75 of the Solvency II Directive 2009/138/EC:

■ Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;

■ Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction (without adjustment to take account of the Company own credit standing).

The main adjustments between local statutory GAAP and Solvency II assets and liabilities relate to:

- Elimination of the intangible assets
- Valuation at fair value of the financial assets
- Valuation at fair value of the part of the reinsurer in technical provisions (reinsurance recoverables)
- Valuation at fair value of the technical provisions (BEL, discount margin, risk margin)

These adjustments are detailed hereafter in this section.

The preparation of the balance sheet in accordance with Solvency II requires the use of estimates and assumptions. It requires a degree of judgment in the application of Solvency II principles described below. The main balance sheet captions concerned are assets accounted at fair value, deferred tax assets, assets and 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.

Unless otherwise stated, AXA's valuation principles have been consistently applied to all the periods presented.

The Solvency II balance sheet is presented in Euro, the Euro being the Company's presentational currency. Assets and liabilities resulting from transactions denominated in foreign currencies are translated at the local closing exchange rate.

D1 - Assets

/ Fair value measurement

The table below summarizes for each material class of assets, the value of the assets of the company AXA Wealth Europe according to Solvency II provisions together with the values of the assets recognized and valued on a statutory accounting basis as at December 31, 2020:

(in Euro million)	Fair Value (Solvency II)	Carrying Value (Local GAAP)	% (value Balance Sheet)
Goodwill	-	-	-
Deferred acquisition costs	-	-	-
Intangible assets	-	1,0	-
Deferred tax assets	-	-	-
Pension benefit surplus	-	-	-
Property, plant & equipment held for own use	0,1	0,1	0,0%
Investments (other than assets held for index-linked and unit-linked contracts)	**0,0**	**0,0**	**0,0%**
Investment in real estate properties	-	-	-
Holdings in related undertakings, including participations	-	-	-
Equities	-	-	-
Debt Instruments	-	-	-
Investment funds	-	-	-
Derivatives	-	-	-
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	**929,5**	**929,5**	**55,1%**
Loans and mortgages	**0,2**	**0,2**	**0,0%**
Reinsurance recoverables	**728,7**	**624,3**	**43,2%**
Receivables	**0,8**	**0,8**	**0,0%**
Cash and cash equivalents	**28,0**	**28,0**	**1,7%**
Other	0,7	0,7	0,0%
Total Assets	**1 688,0**	**1 584,6**	**100,0%**

The Company applies the IFRS 13 fair value hierarchy as described below for all assets and liabilities (excluding technical provisions). This fair value hierarchy is consistent with the one defined in the Solvency II regulation.

a) 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.

b) Active versus inactive markets – financial instruments

Equity instruments quoted on exchange traded markets and bonds actively traded on liquid markets for which prices are regularly provided by external pricing services that represent consensus with limited dispersion and for which quotes are readily available are generally considered as being quoted in an active market. 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 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 indicative of a change in the conditions prevailing in certain markets.

c) Assets and liabilities not quoted in an active market

The fair values of assets and liabilities that are not traded in an active market are estimated:

- Using external and independent pricing services; or
- Using valuation techniques
- No active market: use of external pricing services

External pricing services may be fund asset managers in the case of investments in funds. To the extent possible, the Company 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 of delivering 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 technique models 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 are based on cross checks using different methodologies such as discounted cash flows techniques, price earnings 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 underlying (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 marks 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, such as very large widening of bid ask spreads which may be helpful indicators in understanding whether market participants are willing to transact, wide dispersion in the prices of the small number of current transactions, varying prices over time or among market participants, inexistence of secondary markets, disappearance of primary markets, closing down of dedicated desks in financial institutions, distress and forced transactions motivated by strong needs of liquidity or other difficult financial conditions implying the necessity to dispose of assets immediately 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). Primary transactions' prices in markets supported by government through specific measures following the financial crisis do not represent fair value.

In such cases, the Company 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.

/ Intangible assets

Under Solvency II, only intangible assets related to the in force, that are separable and for which there are evidence of exchange transactions for the same or similar assets, indicating they are saleable in the market place, are recognized. As a result of Solvency II principles, goodwill and other intangible assets recognized under Local GAAP have no value in the Solvency II consolidated balance sheet.

/ Property, Plant & Equipment held for own use

Under Solvency II, property, plant & equipment held for own use is recognized at fair value whereas under Local GAAP, it is recognized at cost. Assets components are depreciated over their estimated useful lives and reversible impairment is recognized if conditions are met. When an asset is intended to be sold within twelve months, it is measured at the lower of net carrying value and fair value net of selling costs.

/ Investments and loans

The investments aggregate on the Solvency II balance sheet include investment in real estate properties (other than for own use), participations (including entities other than investment funds that are accounted for under the equity method), equity instruments, bonds, investment funds, derivatives and deposits other than cash equivalents.

Property

Under Solvency II, investment in real estate properties is recognized at fair value. Under Local GAAP, it is recognized at cost excluding investment in real estate properties totally or partially backing liabilities arising from contracts where the financial risk is borne by policyholders that is accounted for at fair value. Properties components are depreciated over their estimated useful lives and reversible impairment is recognized if conditions are met. When a property is intended to be sold within twelve months, it is measured at the lower of net carrying value and fair value net of selling costs.

Financial assets including loans

Under Solvency II, financial assets are recognized at fair value.

Under Local GAAP, financial assets are recognized at amortized cost.

/ Derivative instruments

The Company has no derivatives at 31 December 2020. Only few customers are exposed to derivatives through their unit-linked contract and therefore the risk is fully held by the policyholder.

/ Deferred taxes

Under local statutory GAAP, no deferred taxes are recognised.

Deferred tax assets and liabilities emerge from temporary differences with tax 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 forward of unused tax losses or the carry forward of unused tax credits. The recoverability of deferred tax assets recognized in previous periods is re-assessed at each closing.

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 Company 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.

For presentation purpose of the balance sheet, deferred tax assets are offset with deferred tax liabilities at fiscal entity (or tax group if any) level.

As of December 31, 2020 a net deferred tax liability position of € 6.5 million has been recognized in the Solvency II Balance Sheet.

/Leasing arrangements

The Company AXA Wealth Europe has no material leasing arrangement.

/ Assets held for index-linked and unit-linked funds

Under Local GAAP and Solvency II, assets backing liabilities arising from 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. The same valuation approach prevails under Local GAAP and Solvency II frameworks.

/ Other assets

Under Solvency II, reinsurance receivables are adjusted from their Local GAAP value to take into account the expected losses due to the probability of default of the counterparty.

All other assets (tangibles assets and other long term assets) are also recorded at fair value under Solvency II but by default, the Local GAAP value is kept.

D2 - Valuation of technical provisions and reinsurance recoverables

/ General principles

Technical provisions are split between Life (excluding unit-linked) and unit-linked.

Technical provisions are measured using a two "building blocks" approach:

- Best Estimate Liabilities (BEL), and
- Risk margin for non-hedgeable risks that is added to the best estimate liabilities.

The best estimate liability corresponds to the probability-weighted average of future cash flows, including policyholder's benefit payments, expenses, taxes, premiums related to existing insurance and reinsurance contracts taking into account the time value of money (i.e. by discounting these future cash flows to present value). The calculation of the best estimate liability is based upon up-to-date reliable information and realistic assumptions. The cash-flow projection used in the calculation includes all the cash in- and out-flows required to settle the insurance and reinsurance obligations over their lifetime.

The best estimate liability is recognized on a gross of reinsurance basis, without deduction of amounts recoverable from reinsurance contracts. The latter are recognized separately.

The risk margin is defined as the cost of non-hedgeable risk, i.e. a margin in addition to the expected present value of liability cash flows required to manage the business on an on-going basis. It is deemed to be the present value of the cost of future economic capital requirements for non-hedgeable risks.

This valuation requires deep analysis of the underlying obligations, collection of qualitative and quantitative information, projection tools and models, and expert judgment in a number of areas.

The table below summarizes AXA Wealth Europe's technical provisions under Solvency II at December 31, 2020 together with a comparison on a local statutory accounting basis (Lux GAAP).

(in Euro million)	**Fair Value** (Solvency II)	**Carrying Value** (Local GAAP)
Technical provisions - life (excluding index-linked and unit-linked)	**716,6**	**624,3**
Technical provisions - (excluding health and index-linked and unit-linked)	716,6	624,3
Best Estimate	710,3	
risk margin	6,3	
Technical provisions - index-linked and unit-linked	**914,7**	**929,5**
Best Estimate	907,2	
risk margin	7,6	

/ Best Estimate Liabilities

A best estimate assumption is defined as one where there is as much probability that the actual experience develops over the assumption as below it. It is neither a prudent nor an optimistic assumption. It is set at a level that is neither deliberately overstated nor deliberately understated.

Assumptions and framework

Assumptions regarding future experience should be reasonable, and, to the extent possible, should take into account the actual historical and current experience of the Company, adjusted to reflect known changes in the environment and identifiable trends. Experience studies should be reviewed. If experience studies are not available, they should be developed where appropriate and practical. In some instances, data may not be available or may be insufficient to provide a credible basis on which to develop assumptions. Consequently, it may be necessary to rely more on judgment, taking into consideration the Company's pricing and/or reserving assumptions and the experience of other companies with comparable products, markets, and operating procedures.

It is important to recognize that the assumptions will be used to project future cash flows, and should therefore be selected with due regard to the future context or expected future operating environment of the Company. Thus, they may or may not be consistent with past experience.

The development of future experience will depend on the context and the risk characteristics of the products analysed. The impact of the external environment on the future cash flows and financial statements must also be recognised. Setting corresponding assumptions requires sound knowledge of the current and projected policies of management in charge of investment, underwriting, reinsurance, claim settlement, marketing, pricing, policyholder dividend/bonus declaration and administration. Specific considerations include economic factors such as inflation, or risk free rates term structure.

Assumptions in respect of best estimate metrics should be derived consistently over time and within homogeneous risk groups and lines of business without arbitrary changes. The assumptions should adequately reflect any uncertainty underlying the cash flows.

Non market assumptions, based on latest best estimate assumptions (historical data and expert judgment), include the following:

- Best estimate claims payment;
- Best estimate schedule of lapses;
- Management actions.

The market parameters below are considered:

- Risk neutral interest rates curve;
- Assets values are spot ones at the time of calculation;
- Spot market data are input of the economic scenarios.

Specificities of some assumptions

Expenses

Expenses include administrative expenses, investment management expenses, claims management expenses which relate to recognized insurance and reinsurance obligations.

The assumptions underlying expenses projections are consistent with the strategy of the Company.

Expenses are inflated over the duration of the projection. The inflation assumption is assessed on the basis of the economic environment and the specifics of the Company.

Back-testing on these assumptions is monitored annually.

Boundary of an insurance or reinsurance contract

The Solvency II balance sheet excludes all premiums expected from new business not yet written and some future premiums expected from existing contracts.

Lapse rates

Lapse rates come directly from observed observations of life undertaking AXA France's Wealth portfolio. The lapses probabilities are determined by type of contract; based on observed observations and are reviewed annually.

Back-testing on these assumptions is monitored annually.

Management actions

Management actions are taken into account. They include, but are not limited to:

■ Products re-pricing;

Management actions should be consistent with business practice, the Company strategy and policyholders' obligations.

Reference rate curve

Discount rates used for life reserves are basic risk free rates adjusted to mitigate the effect of exaggeration of bonds spread by a volatility adjustment.

/ Statement on the use of the volatility adjustment

The volatility adjustment is an adjustment to the basic risk free rate term-structure that prevents pro-cyclical investment behavior in mitigating the volatility of asset spreads (mainly corporate and government bonds) on the liabilities valuation. The volatility adjustment is applied to all businesses. The volatility adjustment is added to the zero-coupon spot rates of the basic risk-free interest rate term structure obtained after using the Smith-Wilson method until the last liquid point observable in the market.

A macroeconomic approach is used to derive the reference rate structure beyond the last available data point. This approach requires the following:

1. Determination of the ultimate forward rate (UFR)
2. Interpolation method between the last observable liquid forward rate and the ultimate forward rate.

The ultimate forward rate is a macroeconomic rate specified as the sum of long-term inflation and the expected real rate of interest.

AXA Wealth Europe’s solvency ratio calculated without applying the volatility adjustment amounted to 139.7% at December 31, 2020 compared to 139.3% with the volatility adjustment.

The basic own funds without considering the volatility adjustment would increase by € 121 807 to € 33.276 million.

The volatility adjustment decreases the MCR of the statutory floor by € 40 to € 6.350 million.

This calculation is performed to address a specific regulatory requirement. However, the results obtained through this approach are not considered to provide conclusions economically in line with the nature of the business underwritten and the related asset allocation strategy implemented within the Company.

/ Statement on the use of the transitional measures for technical provisions

AXA Wealth Europe did not apply the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC nor the transitional deduction referred to in Article 308d of the same Directive.

Life & Savings Best Estimate Liabilities

The calculation of BEL reserving process is based on cash flow projections, including the significant impact of assets related flows in the estimation of amounts to be paid to policyholders (profit sharing).

The framework is based on projections of the key components of the statutory balance sheet i.e. policyholder liabilities, expenses and the assets backing those liabilities.

It is essential that the framework is underpinned by modelling of the statutory balance sheet for the following reasons:

- **Timing of the distribution of cash flows**: the timing is driven by statutory regulation
- **Taxation**: AXA taxation is calculated using liabilities based on statutory accounts and is needed in calculating the impact of loss absorbency of deferred taxes to be allowed for in calculating the SCR
- **Dividend policy**: This is set based primarily on statutory accounts.

Valuation of contractual options and financial guarantees

The options and guarantees (O&G) valued in best estimate cash flow projections cover all material O&G embedded in AXA Wealth Europe's Life and Savings business. The key options and guarantees considered are:

- the capital guarantee on the guaranteed Euro Fund
- the participation benefit rules, which, when combined with guarantees, can create asymmetric returns for shareholders.

For Local GAAP, technical provisions are valued through the discount of guarantees. This discount uses the guaranteed interest rate of the policy. A participation benefit rate is given to the policyholder depending on the annual results of AXA France's guaranteed Euro Fund. This rate is communicated by AXA France which reinsures 100% of AXA Wealth Europe's Euro Fund. As such, the participation benefit is netted out on a consolidated basis.

/ Risk margin

In addition to the best estimate liabilities (BEL), a risk margin is recognized to obtain values consistent with the determination of market prices when there are no deep and liquid markets. The risk margin is defined as the cost of non-hedgeable risk, i.e. a margin in addition to the expected present value of liability cash flows required to manage the business on an ongoing basis. In general, most insurance risks (e.g. mortality or property risks) are deemed to be non-hedgeable risks.

The non-hedgeable risks comprise:

- Life insurance risks,
- Reinsurance default risks, and
- Operational risks.

The Solvency Capital Requirement (SCR) for the non-hedgeable risks is projected for the future years until the run-off of the portfolio.

The risk margin is determined as the present value at the basic risk free interest rate structure of the future capital charges using a 6% cost of capital for all lines of business.

The cost of capital is a premium over the risk free rate that represents the reduction in economic "value" (cost) linked to the risks considered.

/ Reinsurance

As technical provisions are reported gross of reinsurance, a reinsurance asset is identified separately. Transactions related to reinsurance assumed and ceded are accounted for in the balance sheet in a similar way to direct business transactions in agreement with contractual clauses. Indeed, the methods used to value reinsurance balances depend on the type of reinsurance contracts (e.g. treaties / facultatives, proportional/non-proportional), the nature of the business and the ceded portion.

Reinsurance treaties are applied and reviewed according to their respective description. The Local GAAP valuation for reinsurance technical provisions is carried out according to the identification and analysis of the claims for which there is an intervention of the reinsurer.

D3 - Valuation of other liabilities

The table below summarizes AXA Wealth Europe's liabilities other than technical provisions under Solvency II together with a comparison on a local statutory account basis (Lux GAAP) as at December 31, 2020.

(in Euro million)	Fair Value (Solvency II)	Carrying Value (Local GAAP)
Contingent liabilities	-	-
Provisions other than technical provisions	-	-
Pension benefit obligations	-	-
Deposits from reinsurers	-	-
Deferred tax liabilities	6,5	-
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	-	-
Payables	8,7	8,7
Subordinated liabilities	-	-
Other	8,4	8,4

/ Contingent liabilities

Contingent liabilities are:

- Possible obligation that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or
- A present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Under Solvency II, contingent liabilities that are material are recognized as liabilities, *unlike IFRS where they are only disclosed.* Contingent liabilities are material where information about the current or potential size or nature of those liabilities could influence the decision-making or judgment of the intended user of that information, including the supervisory authorities.

The value of contingent liabilities is equal to the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.

At 31 December 2020, the Company has no Contingent liabilities.

/ Provisions other than technical provisions

The same approach prevails under both Local GAAP and Solvency II frameworks. Provisions are recognized when the Company 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. Provisions are measured at management's best estimate, at the balance sheet date.

/ Pension benefit obligations

The same approach prevails under both Local GAAP and Solvency II frameworks.

Pension benefit obligations include the benefits payable to employees after they retire.

The Company has no "Pension benefit obligations" at the balance sheet at 31 December 2020.

/ Deferred taxes

Please refer to section D.1.

As of December 31, 2020 a net deferred tax liability position of € 6.5 million has been recognized in the Solvency II Balance Sheet.

/ Financial liabilities

Under Local GAAP, financial liabilities, including financing debts issued to finance the solvency requirements of operational entities or to acquire a portfolio of contracts, are accounted for at amortized cost.

Under Solvency II, financial liabilities are re-measured at fair value except for some financing debts that are reclassified in own funds. However, financial liabilities are not subsequently adjusted to take account of the change in own credit standing of the issuer AXA Wealth Europe after initial recognition (frozen credit risk). A similar treatment is applied to the derivatives related to those debts.

The Company has no “Financial liabilities” at 31 December 2020.

/Leasing arrangements

The Company AXA Wealth Europe has no material leasing arrangement.

/ Other liabilities

All other debts are also recorded at fair value under Solvency II but by default, the Local GAAP value is kept.

D4 – Alternative methods for valuation

For detailed information on alternative methods used for valuation of assets and other liabilities, please refer to the subsection Fair Value Measurement in section D1.

For detailed information on alternative methods used for valuation of liabilities other than technical provisions, please refer to the section D3.

D5 – Any other material information

Not applicable

E CAPITAL MANAGEMENT

E.1 Own funds

Capital Management Objectives

Information on Capital structure

Change in Capital resources in 2020

Tiering Analysis of capital

Reconciliation to local shareholders' equity

E.2 Solvency capital requirement and minimum capital requirement

General principles

Solvency Capital Requirement

Minimum Capital Requirement

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

E.4 Differences between the standard formula and any internal model used

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

E.6 Any other information

E.1 Own funds

/ Capital Management Objectives

AXA Wealth Europe has reviewed its capital resources and requirements on an economic basis as at the end of 2020. In performing this review, both the regulatory requirements and Management's internal objective - including ability to meet key shareholder's requirements - have been considered.

The Executive Committee regularly reviews the adequacy of the risk management system and processes and has regular processes in place to identify and prioritize opportunities for further developing the risk management capabilities.

Management monitors the Company's solvency margin and the regulatory capital requirements on an on-going basis, both for regulatory compliance purposes and to ensure that the company is appropriately positioned from a competitive point of view.

/ Information on the Capital Structure

The capital resources at December 31, 2020 are presented in the table below:

(in Euro million)	At December 31, 2020	At December 31, 2019	Evolution
Share capital	21,538	14,630	6,908
Reconciliation reserve	11,616	11,534	0,082
Eligible Own Funds	**33,154**	**26,164**	**6,990**

Reconciliation reserve represents the excess of asset over liabilities from the Solvency II balance sheet, reduced by capital items in the financial statements (share capital, capital in excess of nominal value…).

/ Change in capital resources in 2020

Eligible Own Funds

(in Euro million)	Eligible Own Funds
EOF FY19	**26,164**
Total Return	0,082
Others	6,908
EOF FY20	**33,154**

- With the quick growth of the portfolio, it creates a global increase of € 7 million of Eligible Own Funds.
- The amount of € 6.9 million under 'Others' results from the capital injection by the shareholders in 2020.

/ Tiering analysis of capital

Repartition of capital by tier

Solvency II available Own funds represent Eligible Own Funds (EOF) available to the undertaking before any consideration for tiering eligibility restriction and after limitation over the potential non-availability of certain elements of capital.

Available own funds are split into tiers (this analysis is only done for the purpose of calculating the Solvency ratio), i.e. three different buckets of capital determined according to the quality of such components as defined in the Solvency II Regulation. Eligibility limits apply to those available elements to cover respectively the Solvency Capital Requirement (SCR) or the Minimum Capital Requirement (MCR).

As far as compliance with the Solvency Capital Requirement is concerned, the following quantitative limits shall apply: (a) the eligible amount of Tier 1 items shall be at least one half of the Solvency Capital Requirement; (b) the eligible amount of Tier 3 items shall be less than 15 % of the Solvency Capital Requirement; (c) the sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50 % of the Solvency Capital Requirement.

EOF is the eligible own fund amount after the tiering limits are applied. The structure of tiering is presented in the table below:

(in Euro million)	Total	Unrestricted Tier 1	Restricted Tier 1	Tier 2	Tier3
EOF (Eligible own fund) At December 31, 2020	**33,154**	**33,154**	**0**	**0**	**0**
Of which ancillary	0	0	0	0	0
Of which subject to transitional measures	0	0	0	0	0

(in Euro million)	Total	Unrestricted Tier 1	Restricted Tier 1	Tier 2	Tier3
EOF (Eligible own fund) At December 31, 2019	**26,164**	**26,164**	**0**	**0**	**0**
Of which ancillary	0	0	0	0	0
Of which subject to transitional measures	0	0	0	0	0

The various components of what AXA Wealth Europe considers as eligible capital are determined in accordance with Solvency II regulatory requirements. At December 31, 2020, eligible capital amounted to € 33.2 million of which:

- unrestricted Tier 1 capital after distribution of the net result : € 21.5 million only made by shares and a reconciliation reserve corresponding to € 11.6 million;
- no restricted Tier 1 capital;
- no Tier 2; and
- no Tier 3

The Company has no ancillary own funds.

As far as compliance with the Minimum Capital Requirements is concerned, the following quantitative limits shall apply: (a) the eligible amount of Tier 1 items shall be at least 80 % of the Minimum Capital Requirement; (b) the eligible amounts of Tier 2 items shall not exceed 20 % of the Minimum Capital Requirement.

In accordance with the methods of calculation implemented by AXA in line with existing regulations, AXA Wealth Europe’s eligible financial resources to cover its minimum capital requirement under the current Solvency II regime amounted to 522% at December 31, 2020.

/ Reconciliation to Local GAAP Shareholders’ equity

The reconciliation movements in capital resources between the Local GAAP Shareholders’ equity and the Solvency II Eligible Own Funds are presented in the table below:

€ million	At December 31, 2020
Local GAAP Shareholders' Equity	**13,724**
Full market value of assets	78,411
Intangible assets	-0,784
Best Estimate Liabilities	-58,197
Subordinated debt	
Other	
Eligible Own Funds (EOF)	**33,154**

The key differences between the Local GAAP and the Solvency II frameworks are further explained below:

- The adjustment of the market value of assets is related to the recognition of unrealized gain and losses of assets (loans and real estate) recognized at cost in the Local GAAP Balance Sheet.
- Best Estimate Liabilities and Market Value Margin is related to the re-measurement in the Solvency II framework of policyholder’s reserves as compared to those of the Local GAAP.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

AXA Wealth Europe uses the Standard Formula to calculate the Minimum Capital Requirement (MCR) and the Solvency Capital Requirement (SCR).

/ General principles

The Solvency II directive provides for two separate levels of solvency margin: (i) the Minimum Capital Requirement (MCR), which is the amount of own funds below which policy holders and beneficiaries are exposed to an unacceptable level of risk should the Company be allowed to continue its operations, and (ii) the Solvency Capital Requirement (SCR), which corresponds to a level of eligible own funds that enables insurance and reinsurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made.

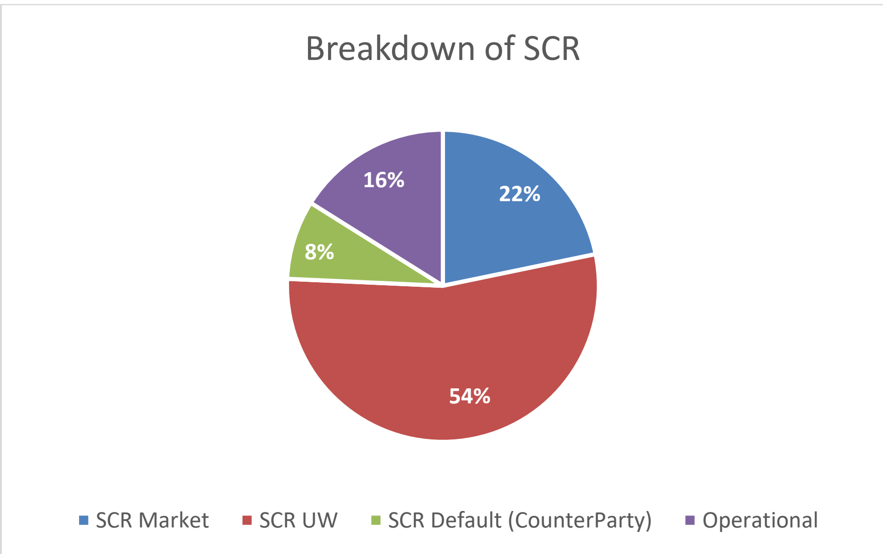
The Luxembourg regulation has not made use of the option not to disclose any capital add-on during a transitional period ending no later than December 31, 2020.

/ Solvency Capital Requirement (SCR)

On November 17, 2015, AXA received approval from the ACPR to use its internal model to calculate its regulatory capital under Solvency II and published, on February 25, 2021, its Solvency II capital ratio at 200% as of December 31, 2020. The solvency II capital ratio of AXA Wealth Europe assessed through the standard formula is equal to 139.3% as of December 31, 2020.

On December 31, 2020 the Company's solvency capital requirement was € 23.8 million after full diversification, split as follows by risk module: Underwriting risk € 19.9 million, Market risk € 8.0 million, Operational Risk € 5.9 million and Counterparty Risk € 3.0 million.

At December 31, 2020, the breakdown of the Solvency II required capital (€ 23.8 million) by risk categories was: 54% in Underwriting risk, 22% in Market risk, 16% in Operational risk and 8% in Counterparty risk.



Total SCR increased from € 20.9 million in Q4 2019 to € 23.8 million in Q4 2020, representing a 14% increase. The difference is mainly explained by two factors:

- A large growth in reserves: from € 1189 million in Q4 2019 to € 1584 million in Q42020
- The look-through of the Unit-Linked portfolio between equity, corporate bonds, governmental bonds, which reduces the market SCR.

Regarding the evolution of deferred taxes to the SCR:

The net deferred taxes (DTL) on the balance sheet is equal to € 6.5 million (see part D3). The SCR pre-tax is equal to € 30.25 million. As the average tax rate is 24.94%, the maximum tax adjustment on SCR is € 7.5 million.

As the net deferred taxes (DTL) on the balance sheet is lower than the maximum tax adjustment on SCR, the tax adjustments in SCR is limited to the net deferred taxes on the balance sheet. Consequently, the SCR post-tax is equal to € 23.8 million.

/ Minimum Capital Requirement

The Minimum Capital Requirement is meant to ensure a minimum level below which the amount of financial resources should not fall. That amount is calculated in accordance with a simple formula, which is subject to a defined floor and cap based on the Solvency Capital Requirement of the Company in order to allow for an escalating ladder of supervisory intervention, and that it is based on the data which can be audited.

In accordance with the methods of calculation implemented by AXA Wealth Europe in line with existing regulations, AXA Wealth Europe's Minimum Capital Requirement amounted to € 6.4 million at December 31, 2020.

The Minimum Capital Requirement is founded over a factor-based formula taking into consideration the amounts of Best Estimate Liabilities net of the amounts recoverable from reinsurance contracts and special purpose vehicles, and written premiums for each segment of business. Different factors are applied to those amounts according to each relevant segment.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable.

E.4 Differences between the standard formula and any internal model used

Not applicable.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Not applicable.

E.6 Any other information

Not applicable.

ATTACHMENT

/ Balance-sheet (S.02.01)

S.02.01.02
Balance sheet

in EUR

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	0.00
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	99 479.00
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**-**
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	**-**
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	**R0130**	**-**
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	929 515 968.00
Loans and mortgages	**R0230**	**220 593.00**
Loans on policies	R0240	220 593.00
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	**R0270**	**728 720 294.00**
Non-life and health similar to non-life	**R0280**	-
Non-life excluding health	**R0290**	-
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	728 720 294.00
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	728 720 294.00
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	-
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	780 044.00
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid	**R0400**	-
Cash and cash equivalents	**R0410**	28 040 931.00
Any other assets, not elsewhere shown	**R0420**	656 012.00
Total assets	**R0500**	**1 688 033 321.00**

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	**-**
Technical provisions – non-life (excluding health)	**R0520**	**-**
TP calculated as a whole	**R0530**	-
Best Estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	-
TP calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	**716 557 672.00**
Technical provisions - health (similar to life)	**R0610**	**-**
TP calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**716 557 672.00**
TP calculated as a whole	**R0660**	-
Best Estimate	**R0670**	710 298 755.00
Risk margin	**R0680**	6 258 917.00
Technical provisions – index-linked and unit-linked	**R0690**	**914 748 667.00**
TP calculated as a whole	**R0700**	-
Best Estimate	**R0710**	907 183 402.00
Risk margin	**R0720**	7 565 265.00
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	6 455 963.00
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	4 002 038.00
Reinsurance payables	**R0830**	482 315.00
Payables (trade, not insurance)	**R0840**	4 258 271.00
Subordinated liabilities	**R0850**	**-**
Subordinated liabilities not in BOF	**R0860**	-
Subordinated liabilities in BOF	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	8 374 063.00
Total liabilities	**R0900**	**1 654 878 989.00**
Excess of assets over liabilities	**R1000**	**33 154 332.00**

/ Premiums, claims and expenses by line of business (S.05.01)

S.05.01.02
Premiums, claims and expenses by line of business

in EUR		Line of Business for: **life insurance obligations**						Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0300**
Premiums written								
Gross	**R1410**	-	131 489 178.00	318 857 847.00	-	-	-	450 347 025.00
Reinsurers' share	**R1420**	-	131 489 178.00	-	-	-	-	131 489 178.00
Net	**R1500**	**-**	**-**	**318 857 847.00**	**-**	**-**	**-**	**318 857 847.00**
Premiums earned								
Gross	**R1510**	-	131 489 178.00	318 857 847.00	-	-	-	450 347 025.00
Reinsurers' share	**R1520**	-	131 489 178.00	-	-	-	-	131 489 178.00
Net	**R1600**	**-**	**-**	**318 857 847.00**	**-**	**-**	**-**	**318 857 847.00**
Claims incurred								
Gross	**R1610**	-	60 861 651.00	38 403 748.00	-	-	-	99 265 399.00
Reinsurers' share	**R1620**	-	60 861 651.00	-	-	-	-	60 861 651.00
Net	**R1700**	**-**	**-**	**38 403 748.00**	**-**	**-**	**-**	**38 403 748.00**
Changes in other technical provisions								
Gross	**R1710**	-	75 831 436.00	288 234 286.00	-	-	-	364 065 722.00
Reinsurers' share	**R1720**	-	75 831 436.00	-	-	-	-	75 831 436.00
Net	**R1800**	**-**	**-**	**288 234 286.00**	**-**	**-**	**-**	**288 234 286.00**
Expenses incurred	**R1900**	-	787 196.00	10 374 881.00	-	-	-	11 162 077.00
Other expenses	**R2500**							-
Total expenses	**R2600**							11 162 077.00

/ Premiums, claims and expenses by top 5 countries (S.05.02)

S.05.02.01
Premiums, claims and expenses by country

in EUR		**Home Country**	**Top 5 countries (by amount of gross premiums written) - life obligations**					**Total Top 5 and home country**
		C0150	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
	R1400		FR	BE	IT	PT	GB	
		C0220	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**
Premiums written								
Gross	**R1410**	6 900 000.00	436 404 387.00	2 343 358.00	2 900 000.00	1 499 280.00	300 000.00	450 347 025.00
Reinsurers' share	**R1420**	2 850 808.00	126 930 191.00	-	768 842.00	789 337.00	150 000.00	131 489 178.00
Net	**R1500**	**4 049 192.00**	**309 474 196.00**	**2 343 358.00**	**2 131 158.00**	**709 943.00**	**150 000.00**	**318 857 847.00**
Premiums earned								
Gross	**R1510**	6 900 000.00	436 404 387.00	2 343 358.00	2 900 000.00	1 499 280.00	300 000.00	450 347 025.00
Reinsurers' share	**R1520**	2 850 808.00	126 930 191.00	-	768 842.00	789 337.00	150 000.00	131 489 178.00
Net	**R1600**	**4 049 192.00**	**309 474 196.00**	**2 343 358.00**	**2 131 158.00**	**709 943.00**	**150 000.00**	**318 857 847.00**
Claims incurred								
Gross	**R1610**	250 000.00	95 828 256.00	2 165 475.00	1 021 471.00	196.00	-	99 265 398.00
Reinsurers' share	**R1620**	-	60 325 179.00	-	536 473.00	-	-	60 861 652.00
Net	**R1700**	**250 000.00**	**35 503 077.00**	**2 165 475.00**	**484 998.00**	**196.00**	**-**	**38 403 746.00**
Changes in other technical provisions								
Gross	**R1710**	6 589 293.00	353 105 341.00	330 525.00	2 292 219.00	1 371 579.00	339 727.00	364 028 684.00
Reinsurers' share	**R1720**	3 101 251.00	71 477 965.00	-	258 441.00	794 541.00	193 751.00	75 825 949.00
Net	**R1800**	**3 488 042.00**	**281 627 376.00**	**330 525.00**	**2 033 778.00**	**577 038.00**	**145 976.00**	**288 202 735.00**
Expenses incurred	**R1900**	112 757.00	10 870 466.00	73 274.00	73 047.00	38 631.00	-10 790.00	**11 157 385.00**
Other expenses	**R2500**							-
Total expenses	**R2600**							**11 157 385.00**

/ Life Technical Provisions (S.12.01)

S.12.01.02
Life and Health SLT Technical Provisions

in EUR		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0150**
Technical provisions calculated as a whole	**R0010**	-	-			-			-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	-			-			-
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	**R0030**	**710 298 754.00**		**907 183 403.00**	-		-	-	1 617 482 157.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	**728 720 294.00**		-	-		-	-	728 720 294.00
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	**-18 421 540.00**		**907 183 403.00**	-		-	-	888 761 863.00
Risk Margin	**R0100**	**6 258 917.00**	**7 565 265.00**			-			13 824 182.00
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0110**	-	-			-			-
Best estimate	**R0120**	-		-	-		-	-	-
Risk margin	**R0130**	-	-			-			-
Technical provisions - total	**R0200**	**716 557 671.00**	**914 748 668.00**			-			**1 631 306 339.00**

/ Impact of long term guarantees and transitional measures on the amount of TP, OF, SCR and MCR (S.22.01)

S.22.01.21

Impact of long term guarantees and transitional measures

in EUR		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	1 631 306 339.00	-	-	5 206 545.00	-
Basic own funds	R0020	33 154 332.00	-	-	121 807.00	-
Eligible own funds to meet Solvency Capital Requirement	R0050	33 154 332.00	-	-	121 807.00	-
Solvency Capital Requirement	R0090	23 793 978.63	-	-	-	-
Eligible own funds to meet Minimum Capital Requirement	R0100	33 154 332.00	-	-	121 807.00	-
Minimum Capital Requirement	R0110	6 350 283.82	-	-	-	-

/ Capital adequacy : OF, SCR and MCR (S.23, S.25 and S.28)

Own funds

S.23.01.01

in EUR

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	21 538 000.00	21 538 000.00			
Share premium account related to ordinary share capital	R0030	0.00				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0.00				
Subordinated mutual member accounts	R0050	0.00				
Surplus funds	R0070	0.00				
Preference shares	R0090	0.00				
Share premium account related to preference shares	R0110	0.00				
Reconciliation reserve	R0130	11 616 332.00	11 616 332.00			
Subordinated liabilities	R0140	0.00				
An amount equal to the value of net deferred tax assets	R0160	0.00				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0.00				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0.00				
Total basic own funds after deductions	R0290	33 154 332.00	33 154 332.00	0.00	0.00	0.00
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0.00				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0.00				
Unpaid and uncalled preference shares callable on demand	R0320	0.00				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0.00				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0.00				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0.00				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0.00				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0.00				
Other ancillary own funds	R0390	0.00				
Total ancillary own funds	R0400	0.00			0.00	0.00
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	33 154 332.00	33 154 332.00	0.00	0.00	0.00
Total available own funds to meet the MCR	R0510	33 154 332.00	33 154 332.00	0.00	0.00	
Total eligible own funds to meet the SCR	R0540	33 154 332.00	33 154 332.00			
Total eligible own funds to meet the MCR	R0550	33 154 332.00	33 154 332.00			
SCR	R0580	23 793 978.63				
MCR	R0600	6 350 283.82				
Ratio of Eligible own funds to SCR	R0620	1.3934				
Ratio of Eligible own funds to MCR	R0640	5.2209				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	33 154 332.00
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	21 538 000.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	11 616 332.00
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	0.00

Solvency Capital Requirement - for undertakings on Standard Formula

S.25.01.01.01 - S.25.01.01.05

in EUR

Article 112*	Z0010	2	*Article 112 1 - Article 112(7) reporting (output: x1) 2 - Regular reporting (output: x0)

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	8 020 289.00	8 020 289.00	
Counterparty default risk	R0020	3 023 918.00	3 023 918.00	
Life underwriting risk	R0030	19 896 981.00	19 896 981.00	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050		0.00	
Diversification	R0060	-6 623 324.00	-6 623 324.00	
Intangible asset risk	R0070		0.00	
Basic Solvency Capital Requirement	R0100	24 317 864.00	24 317 864.00	

Calculation of Solvency Capital Requirement

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	5 932 076.00
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-6 455 963.00
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	23 793 977.00
Capital add-on already set	R0210	
Solvency capital requirement	R0220	23 793 977.00
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation*	R0450	4
Net future discretionary benefits	R0460	

*Method used to calculate the adjustment due to RFF/MAP nSCR aggregation

Calculation of Solvency Capital Requirement

		Yes/No	
		C0109	
Approach based on average tax rate*	R0590	1	*Approach based on average tax rate 1 - Yes 2 - No 3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

Calculation of loss absorbing capacity of deferred taxes

		Before the shock	After the shock
		C0110	C0120
DTA	R0600	0.00	
DTA carry forward	R0610		
DTA due to deductible temporary differences	R0620		
DTL	R0630	6 455 963.00	

		LAC DT
		C0130
LAC DT	R0640	-6 455 963.00
LAC DT justified by reversion of deferred tax liabilities	R0650	-6 455 963.00
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-6 455 963.00

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.28.01.01

in EUR

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	0.00

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0.00	0.00
Income protection insurance and proportional reinsurance	R0030	0.00	0.00
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	0.00	0.00
Other motor insurance and proportional reinsurance	R0060	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	0.00	0.00
Fire and other damage to property insurance and proportional reinsurance	R0080	0.00	0.00
General liability insurance and proportional reinsurance	R0090	0.00	0.00
Credit and suretyship insurance and proportional reinsurance	R0100	0.00	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	0.00
Non-proportional health reinsurance	R0140	0.00	0.00
Non-proportional casualty reinsurance	R0150	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00
Non-proportional property reinsurance	R0170	0.00	0.00

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	6 350 283.82

Total capital at risk for all life (re)insurance obligations		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0.00	
Obligations with profit participation - future discretionary benefits	R0220	0.00	
Index-linked and unit-linked insurance obligations	R0230	907 183 402.74	
Other life (re)insurance and health (re)insurance obligations	R0240	0.00	
Total capital at risk for all life (re)insurance obligations	R0250		0.00

Overall MCR calculation		C0070
Linear MCR	R0300	6 350 283.82
SCR	R0310	23 793 978.05
MCR cap	R0320	10 707 290.12
MCR floor	R0330	5 948 494.51
Combined MCR	R0340	6 350 283.82
Absolute floor of the MCR	R0350	3 700 000.00
Minimum Capital Requirement	R0400	6 350 283.82