

# **Merrill Lynch Conference / October 8, 2008**

## **Henri de Castries**

Chairman of AXA's  
Management Board

# Cautionary statements concerning forward-looking statements

*Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties.*

*Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Référence for the year ended December 31, 2007, for a description of certain important factors, risks and uncertainties that may affect AXA's business. In particular, please refer to the section " Special Note Regarding Forward-Looking Statements" in AXA's Annual Report on Form 20-F. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.*

**A consistent &  
focused strategy in a  
volatile economic world**

# Current environment is a stress test for financial institutions

## Current environment puts crude light on:

- Quality of assets
- Duration mismatch
- Liquidity management
- Business models

### Banking business

Banking is about transforming short term money into long term commitments

- × Risk created by off B/S commitments
- × Duration gap
- × Tight liquidity management and high leverage
- × Some aspects of business model challenged

### Insurance business

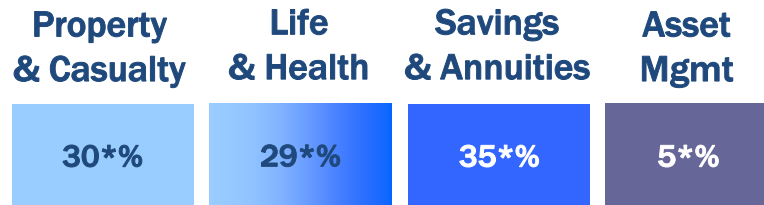
Insurance is about mutualizing risks and matching clients' long-term commitments with long-term assets

- ✓ Limited toxic assets and off balance sheet commitments
- ✓ Limited duration gap / Sophisticated ALM
- ✓ Positive cash-flows
- ✓ Business model intact

▶ Insurance business less challenged than banking business in current environment

# AXA is a pure insurance player...

## One integrated business model



\*: % of 2007 revenues

**DISTRIBUTION**

**EFFECTIVE UNDERWRITING**

**PROTECTION SAVINGS**

**STRONG INVESTMENT SKILLS**

**ASSET MANAGEMENT**

**ASSET LIABILITIES MGT**

## No strategic issues: we stick to our business

- **We are not a bancassurer**
  - ✓ No ownership of sizable universal banking business
  - ✓ We favor long-term banking distribution partnerships
  
- **We are not an investment bank**
  - ✓ Investment bank DLJ sold in 2000
  - ✓ No credit enhancement activity
  
- **We are not a reinsurer**
  - ✓ AXA RE business sold in 2006

# ...with a business model working amidst the turmoil

## 1H08 Positive net inflows

Life & Savings

€ +6 billion

Property & Casualty

+551,000  
net new personal contracts

Asset Management

€ +2 billion

## 1H08 High profitability levels

Underlying Earnings

+7%

NBV margin

21.7% (+0.1 pt)

Combined ratio

96.4% (-1.9 pts)

Cost to income ratio

66.8% (-0.8 pt)

**A highly disciplined  
capital &  
risk management culture**

# A strong financial strength

S&P Financial strength  
**AA**

Solvency I  
**148%**

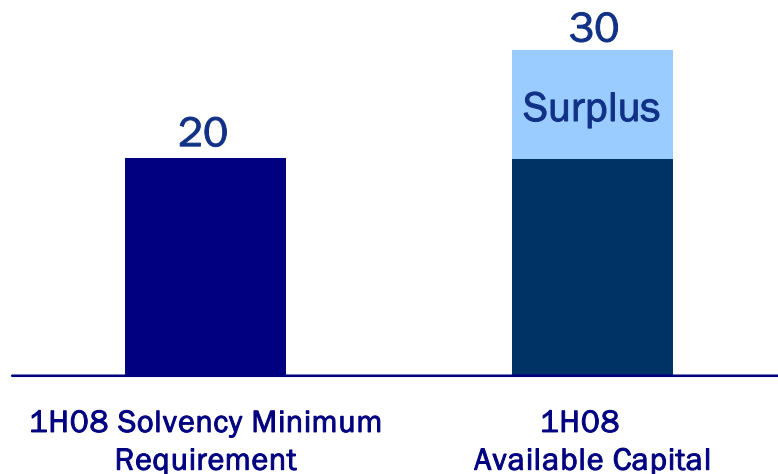
Solvency II  
**~175%**

Interest coverage  
**12.7x**

## Strong solvency I level...

1H08 Solvency I 148%

in Euro billion



## ... with limited sensitivity to equity & fixed income markets\*...

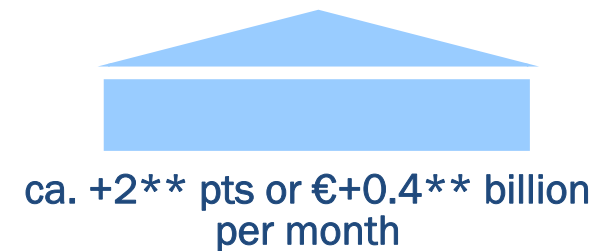


-3 pts or € -0.6 billion  
(sensitivity to -10% drop  
in equities)



-0.5 pt or € -0.1 billion  
(sensitivity to +10bps in  
corporate spreads)

## ... and an underlying earnings cushion



\* Based on 1H08 release

\*\* Based on FY07 underlying earnings of Euro 5 billion

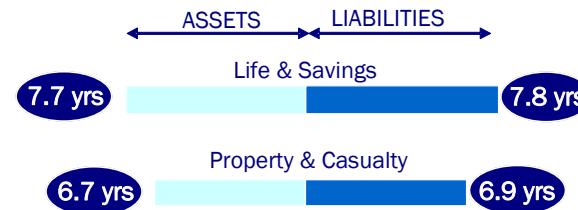
# Strong risk management

## Effective risk management

**S&P ERM rating**  
**«Excellent»**

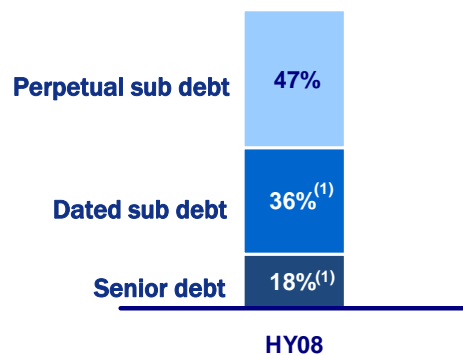
3% of insurers worldwide, only 2 companies in Europe

## Duration match



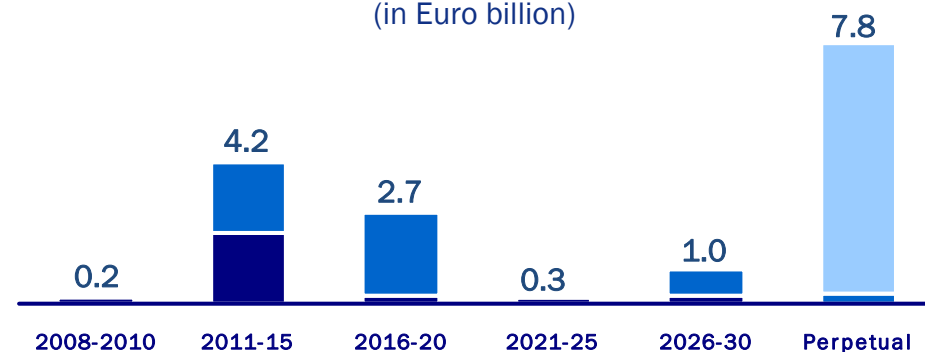
## Very long-term financial structure

### Total debt breakdown



### Legal maturity breakdown<sup>(1)</sup>

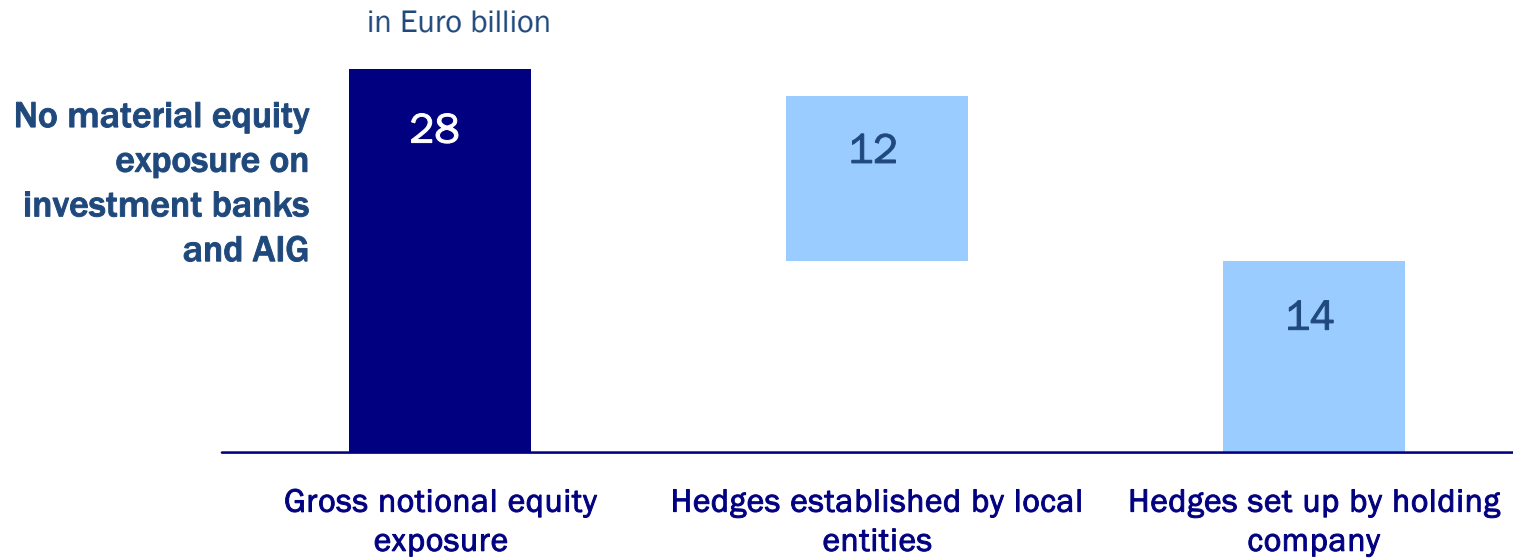
(in Euro billion)



<sup>(1)</sup> Net of cash and including reversal of mark-to-market of interest rate derivatives

# Equity exposure: portfolio hedged

## Hedges on general account equity exposure



Various hedging strategies implemented including swaps, puts and calls notably in Life participating funds

Derivatives programs*	Notional level (Euro billion)	Protection trigger point vs. June 30 level	Protection below trigger level	Outstanding duration (as of June 30, 2008)
Program 1	5	0%	-15%	12 months
Program 2	9	+5%	-20%	21 months

\* Program partially financed by the sale of equity call options with strike prices in a 113%/125% range above June 30, 2008 level

# Fixed income exposure

## ***Diversified and well managed fixed income portfolio***

- Euro 286 billion fixed income (o/w 48% corporate, 42% govies, 4% ABS, 5% other)
- Strong risk management guidelines and reporting
- Average corporate bonds portfolio rating A+

### ***Manageable exposure to recent credit events***

- Lehman (ca. Euro 0.35\* bn),
- AIG (ca. Euro 0.15\* bn)
- Washington Mutual (ca. Euro 0.1\* bn)

### ***CDS exposure***

- CDS used as an alternative to invest in corporate bonds (not as speculative instrument)

### ***ABS exposure***

- Limited defaults
- June 30, 2008 valuation: ca. 80% par

### ***GSE exposure***

- GSEs\*\* exposure mostly related to Euro 1.4 billion agency pools

### ***Monoline exposure***

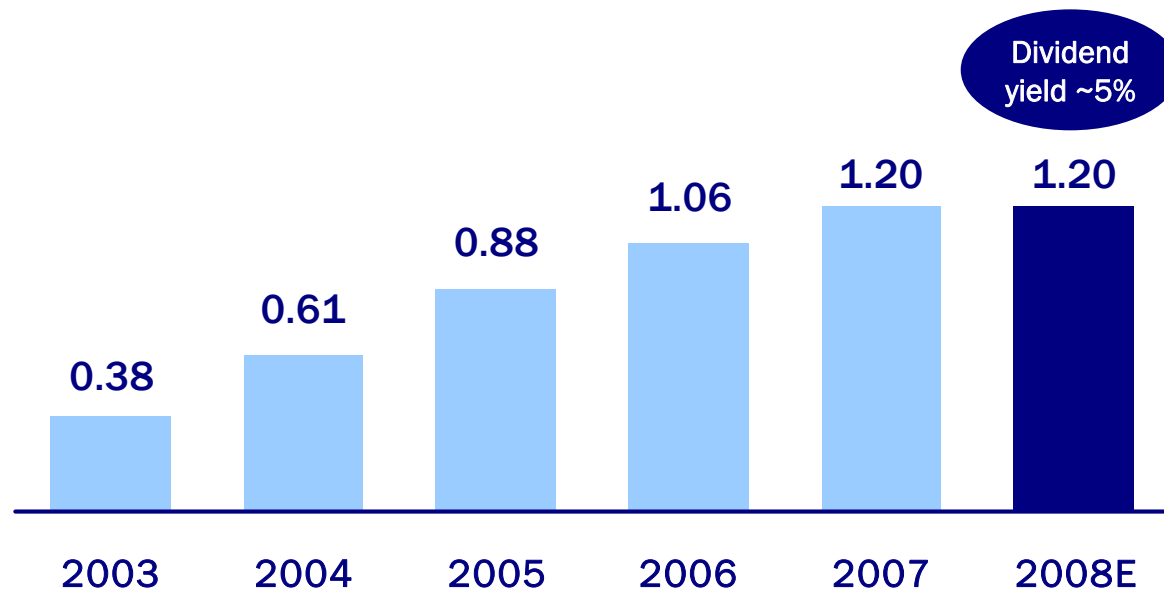
- Monoline exposure primarily related to wrapped bonds in UK with profits funds

\* Net of Policyholders participation & tax but before recovery

\*\* Government Sponsored Enterprise (Freddie Mac, Fannie Mae...)

# A disciplined capital management policy

*Dividend in Euro per share*

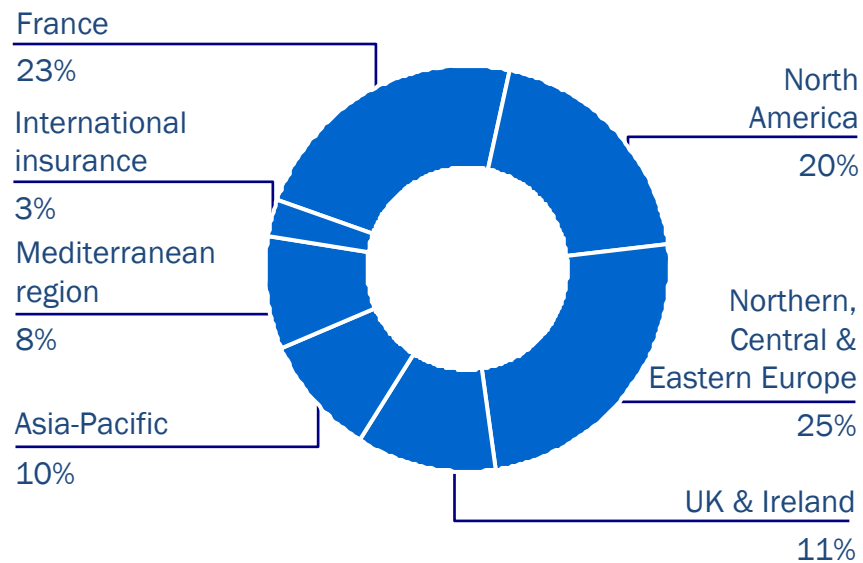


\* Based on a share price of €24.23 as at October 1<sup>st</sup>, 2008

# Increasing benefits of our global platform

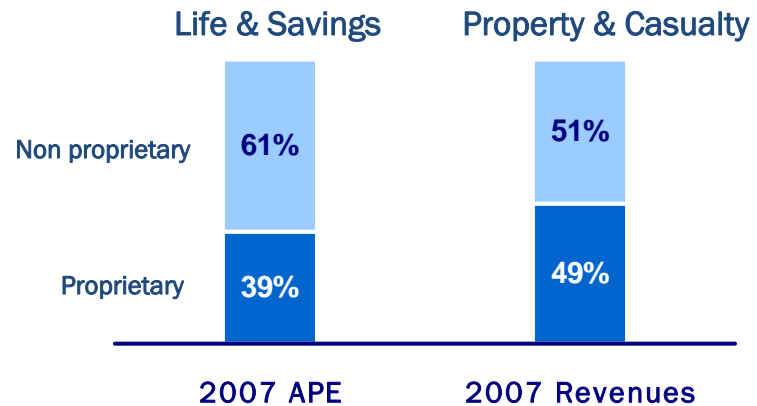
# The strength created by the diversification of our business ...

## Geographic diversification\*

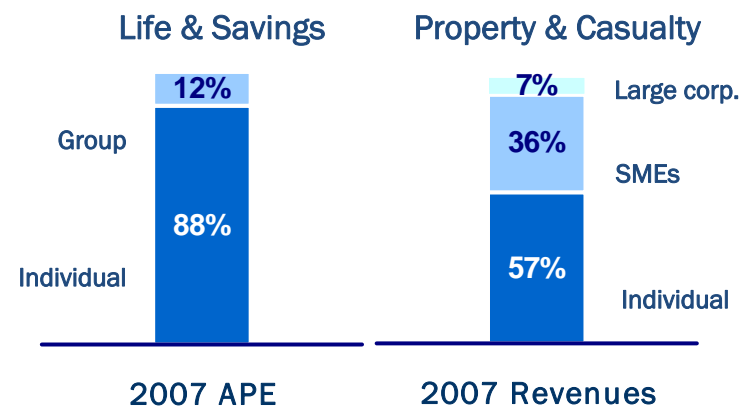


\* FY07 revenues

## Multidistribution strategy

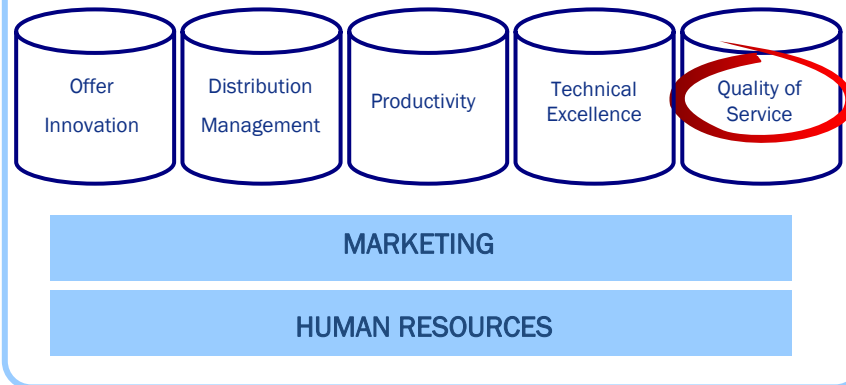


## Client diversification



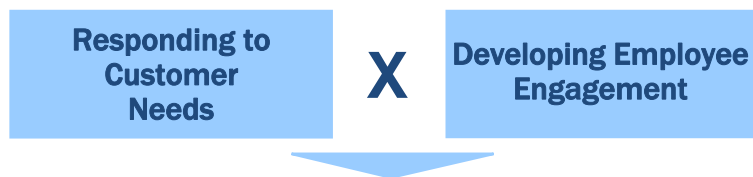
# ... allows us to remain focused on execution and leverage our global platform

## A global platform



## **Quality of service**

- As in any industry, “non quality” leads to higher costs and lower revenues
- Continued focus on...



## 1H08 worldwide Customer programs



Multi access



Welcome and On boarding



Loyalty



Clear Communication



Customer-Facing Behaviors



Service Commitments

# A growth profile

# We are in a long-term growth market



**INCREASING  
LONGEVITY**

+1 quarter every year

**WIDENING  
PENSION GAP**

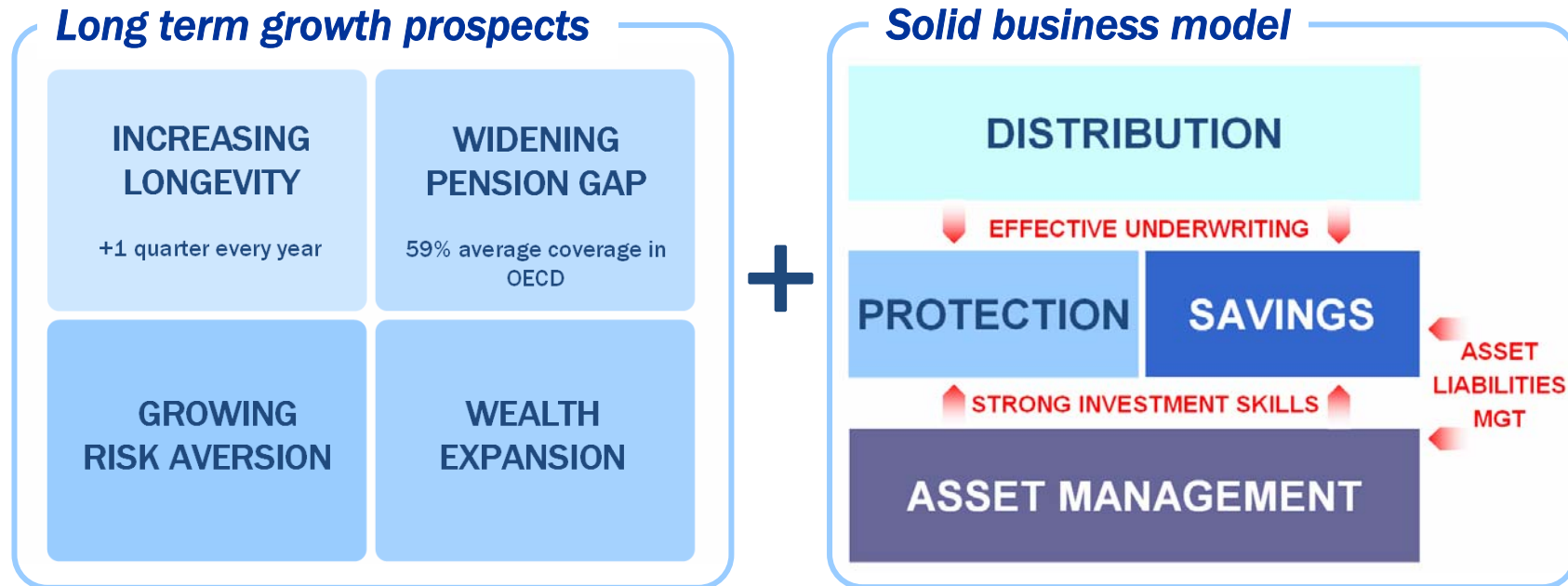
59% average coverage in  
OECD

**GROWING  
RISK AVERSION**

**WEALTH  
EXPANSION**

**AND THE CURRENT ENVIRONMENT INCREASES  
CLIENTS' NEEDS**

# With the ambition to outperform



**We benefit from favorable fundamentals,  
that drive outperformance  
even in a challenging environment**

# Concluding remarks

# The capacity to differentiate

- ✓ A consistent & focused strategy in a volatile economic world
- ✓ A highly disciplined risk & capital management culture
- ✓ Increasing benefits of our global platform
- ✓ A growth profile

**USE THE CIRCUMSTANCES AS AN OPPORTUNITY**

# AXA in figures\*

Revenues

**€94bn**

(up 20%)

Adjusted Earnings

**€6.1bn**

(up 22%)

ROE

**20%**

(up 0.4pt)

Adjusted EPS

**€2.84**

(up 13%)

Dividends per share

**€1.20**

(up 13%)

People

**170,000**

Clients

**67m**

\* FY07