

# Morgan Stanley Conference

April 2, 2009

Henri de Castries  
Chairman of  
AXA's management board

redefining / standards



# Cautionary statements concerning forward-looking statements

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions 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, 2008, 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.

# How is the perfect storm impacting AXA?

**Short term**

**Balance sheet resilience?**

**Medium term**

**Earnings power?**

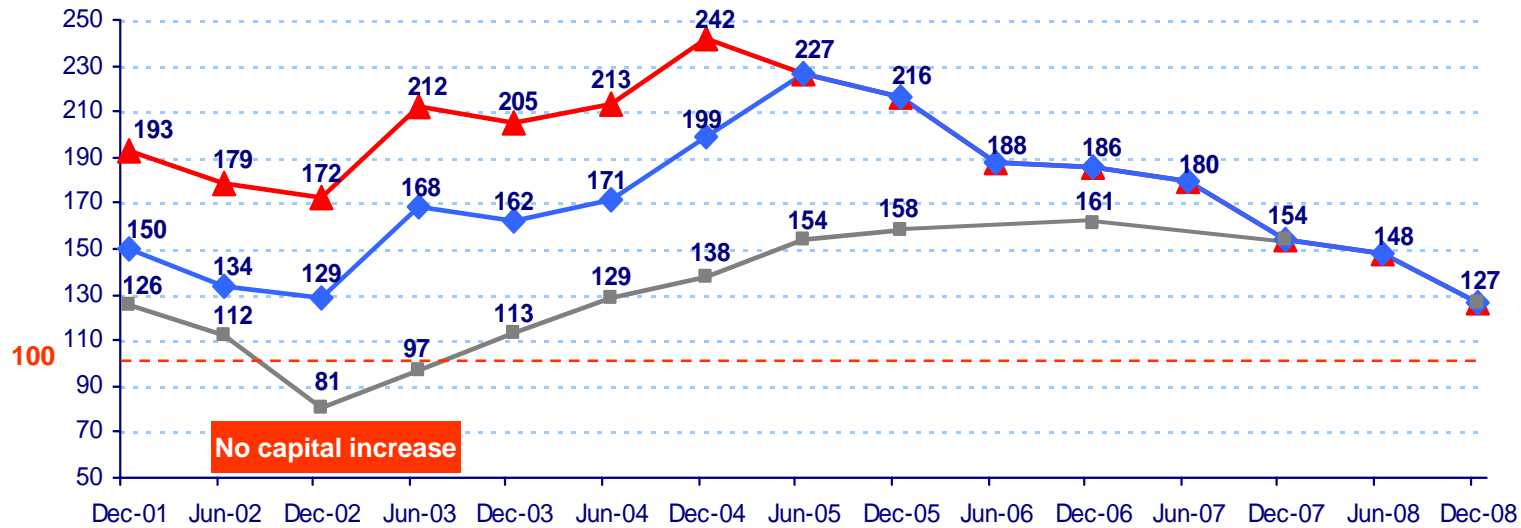
**Long term**

**Growth prospects?**

# Resilient Balance Sheet

# Solvency I

Regulatory target to be above 100%



Underlying earnings

€1.7bn

€4.0bn

Solvency I requirements

€5bn

€2bn

Reported

Adjusted for methodology changes (PVFP, excess reserves and shares of asset management and bank subsidiaries)

Excluding UCG/L on fixed income assets

# Solvency I

Going forward we have the capacity to absorb further shocks

**FY08 Solvency I ratio**  
**127%**

## 2009 Sensitivity analysis on hard items

**Earnings contribution in rebuilding solvency**

**+18\* pts p.a.**

**- 10% Real Estate**

**-6 pts**

**1% default Fixed Income**

**-3 pts**

**- 10% Private Equity**

**-2 pts**

**-20% Equities**

**-6 pts**

**Soft items that could be taken into account by French regulator**

- Excess Subordinated debt
- Excess/Discount reserves

## Intangibles

- No sensitivity to depreciation of intangibles as they are deducted from admissible assets

\*Underlying solvency margin generation based on FY08 experience

# Solvency II

A more consistent and economic framework to come

**Solvency II ratio of 145% (QIS4)**

**Text informally approved April 1st, 2009 (implementation to be confirmed in 2012)**

## **Major achievements vs Solvency I...**

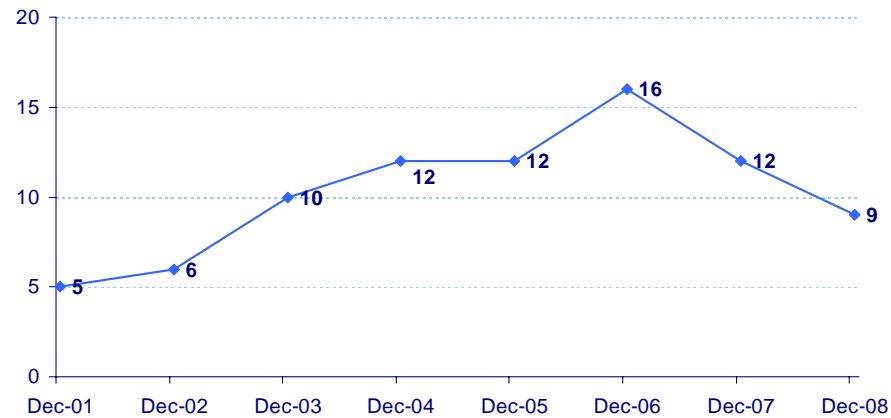
- Economic calculation that includes diversification benefits at the Group level
- Central monitoring to ensure consistency in methodologies in Europe
- Within Solvency II one-year framework, some positive adjustments accounting for the long term characteristics of our business (eg dampener on equities)

**More efficient regulation leading to improved discipline in the market**

# Strong debt and liquidity positions

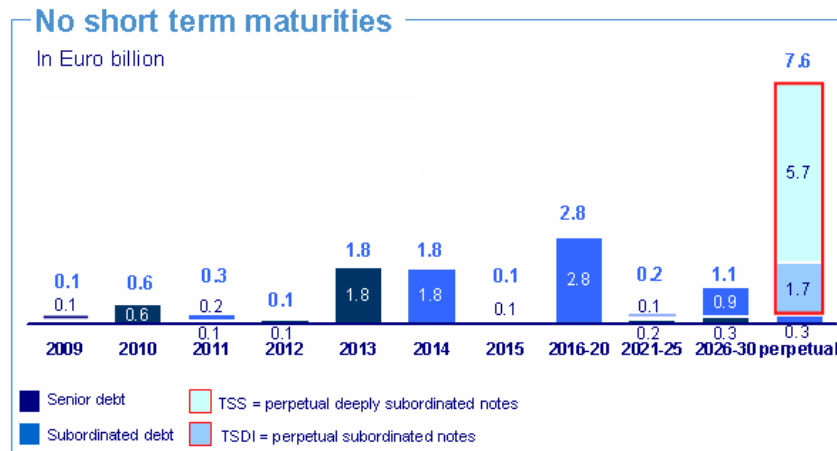
Insurers are not banks: Inverted cash cycle + no refinancing needs

Historical Interest Coverage (AA range)



Debt gearing 35% at FY08

Very strong liquidity



Average cost of debt: ca 5%

# Asset base

## Quality and diversification

Economic view based on market value Euro billion	FY07	%	FY08	%
<b>Fixed income</b>	<b>298</b>	<b>76%</b>	<b>300</b>	<b>77%</b>
<i>o/w Govies</i>	135	34%	134	34%
<i>o/w Corporate bonds</i>	132	33%	137	35%
<i>o/w Asset backed securities</i>	16	4%	11	3%
<i>o/w Mortgage loans &amp; other</i>	15	4%	17	4%
<b>Cash</b>	<b>19</b>	<b>5%</b>	<b>32</b>	<b>8%</b>
<b>Listed equities</b>	<b>37</b>	<b>9%</b>	<b>17</b>	<b>4%</b>
<b>Real Estate</b>	<b>20</b>	<b>5%</b>	<b>19</b>	<b>5%</b>
<b>Alternative Investments</b>	<b>10</b>	<b>3%</b>	<b>11</b>	<b>3%</b>
<b>Policy loans</b>	<b>10</b>	<b>3%</b>	<b>11</b>	<b>3%</b>
<b>Total G/A and Bank Assets</b>	<b>394</b>	<b>100%</b>	<b>390</b>	<b>100%</b>

\* Net of policyholders' participation and tax

### Comments

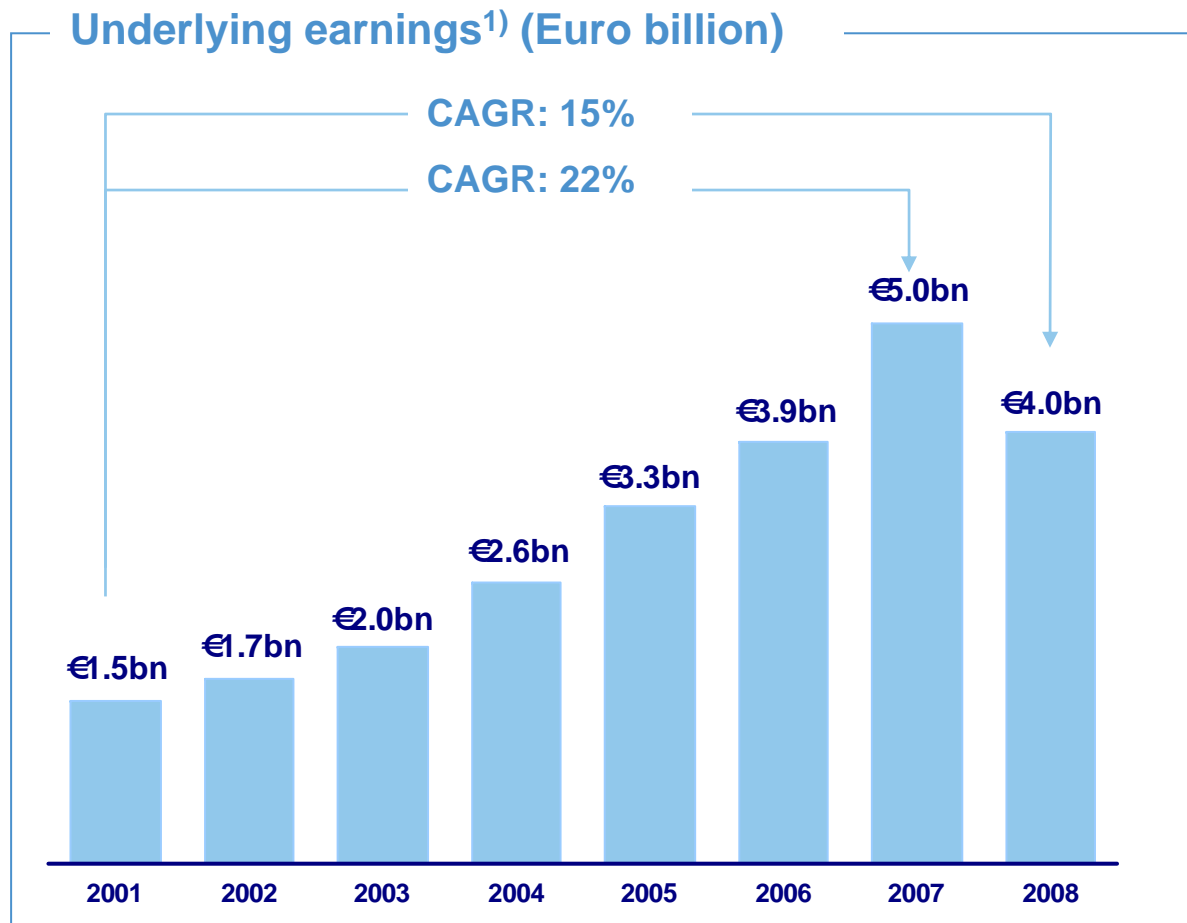
Assets are marked to market:  
Level 3 is not significant  
(3.6% of total assets)

Fixed income portfolio is highly rated:  
Corporate bonds: A+  
ABS: AA

Asset performance: ca 40% belongs to  
policyholders

**Strong earnings power**

# Strong 2008 operating earnings amidst unprecedented financial storm

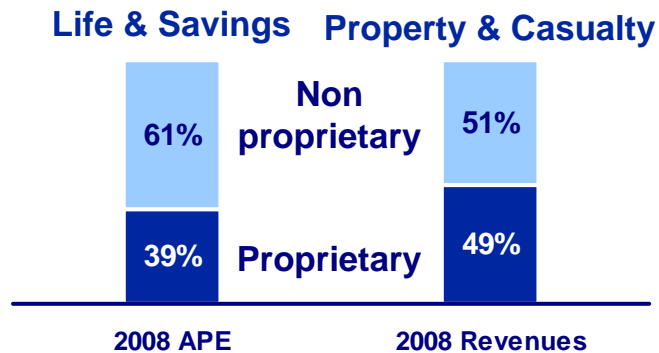


- 2007 was a record year
- 2008 Underlying Earnings above 2006 level

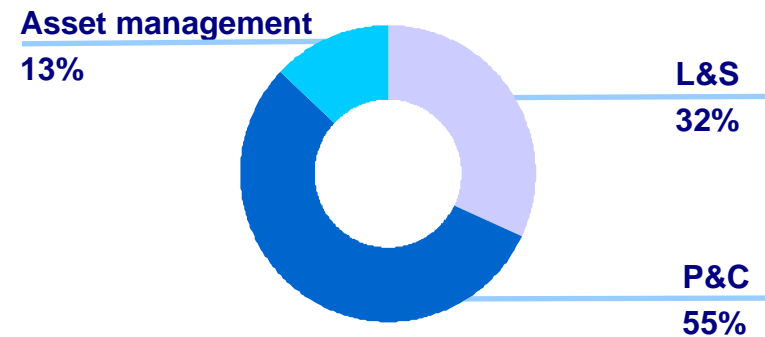
1) IFRS since 2004

# This resilience is supported by strong diversification

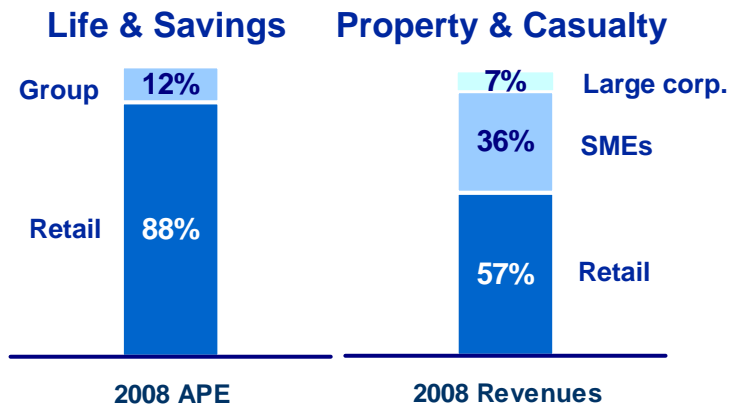
## Distribution



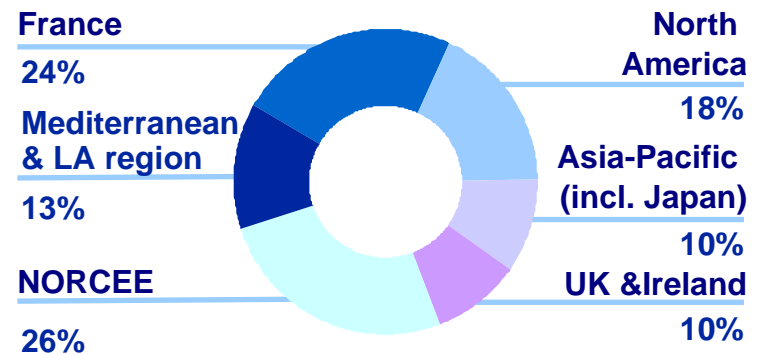
## Business



## Clients: 80 million



## Geography



\* Excluding International Insurance, Asset Management, Banking & Holdings

# In 2009, our balanced profile should allow us to weather the storm

**2008**

**2009**

€1.6bn

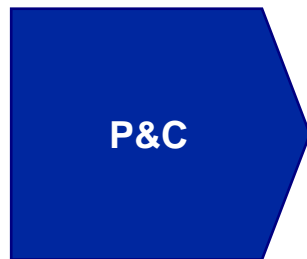


€0.6 billion losses on VA hedging in 2008, but action plan beginning to deliver + €0.1 billion productivity initiatives



Lower starting Unit-linked reserves in 2009: €132 billion (vs. 2008 average reserves of €154 billion)

€2.5bn



End of softening cycle  
Resilient reserving ratio across the cycle  
€0.1 billion savings in claims costs



Recession with potential increase in claims

€0.6bn



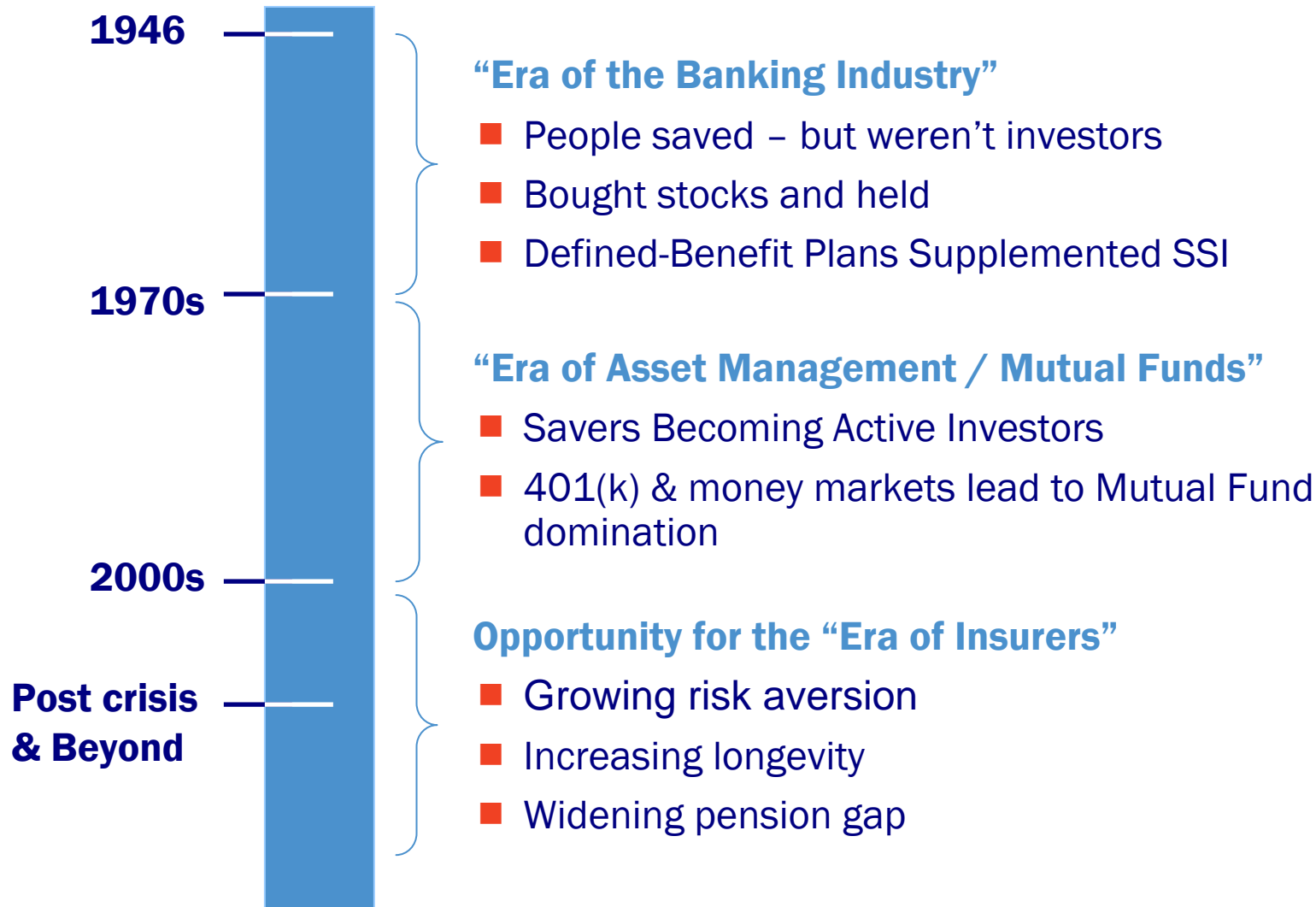
Lower starting Assets Under Management in 2009: €816 billion (vs. 2008 average AuM of €970 billion)



Productivity efforts

# Intact long-term growth prospects

# The Next Era of Financial Services: Insurers

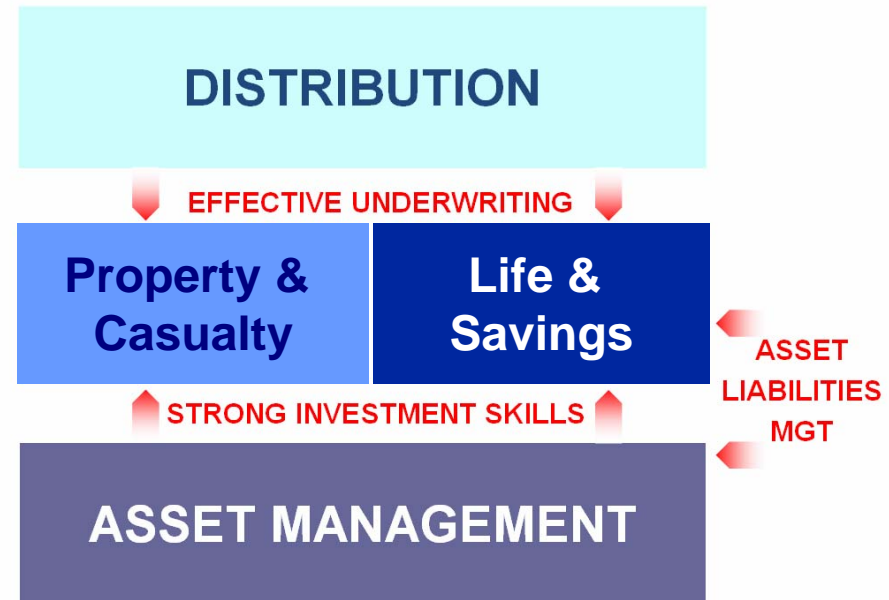


# AXA is a pure insurance player

## AXA is a pure insurance player

- **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**

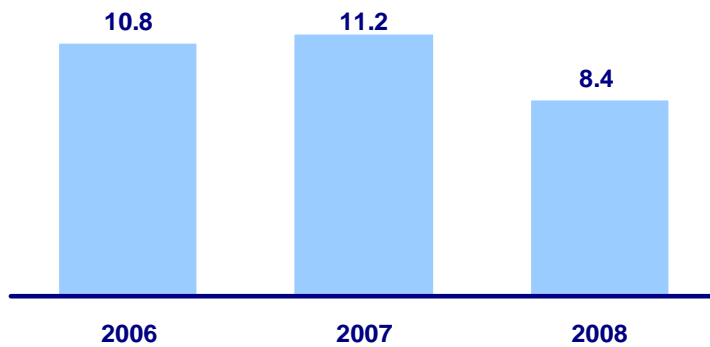
## With a diversified business model



# Client trust makes us confident in the future

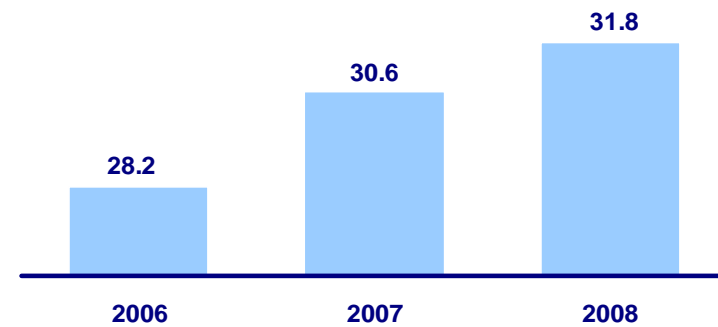
## Positive L&S net inflows

In Euro billion

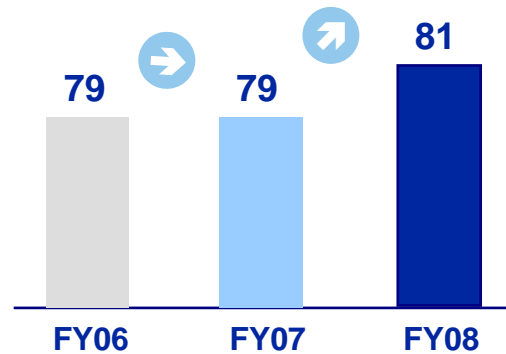


## P&C contracts

In millions of personal contracts



## Customer satisfaction<sup>(1)</sup>



(1) AXA Group Customer satisfaction index

# Conclusion

# We will continue to build on AXA's current strengths in 2009

## Action plan for 2009

-  **No need to raise capital**  **Implement capital management initiatives to optimize Solvency I ratio**
-  **Strong earnings power**  **Privilege profitability over market shares, if necessary**
-  **Intact franchise**  **Continue to improve client service and offer appropriate product range to benefit from growth market**