

# Full Year 2009 Earnings

February 18, 2010

Press conference

# Cautionary note concerning forward-looking statements

Certain comments 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.

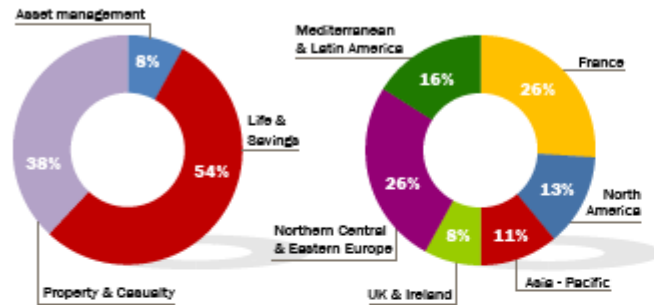
# AXA at a glance

All data as of 31.12.09 unless otherwise specified

## Our Activity

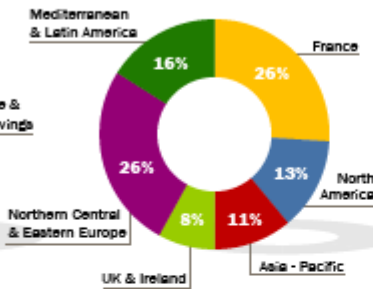
### Business

(In % of 2009 underlying earnings)



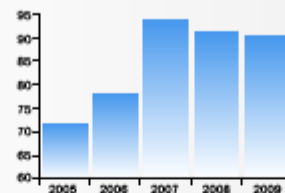
### Geography

(In % of 2009 revenues)



## Key Figures

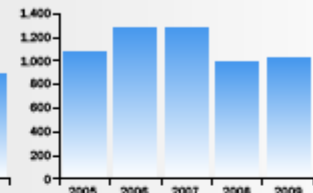
Gross Revenues, EURbn



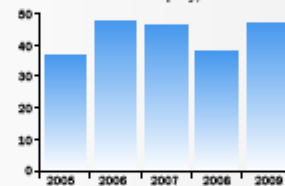
Underlying Earnings, EURbn  
(Non GAAP measure)



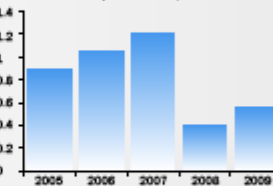
Assets Under Management, EURbn



Shareholder's Equity, EURbn



Dividend per Share, EUR



Market Cap and Share Price



## Our distributors

**50% Proprietary:**  
Tied agents, salaried sales force, direct

**50% Non proprietary:**  
brokers, IFAs, banks, partnerships

Our clients  
**80 million**

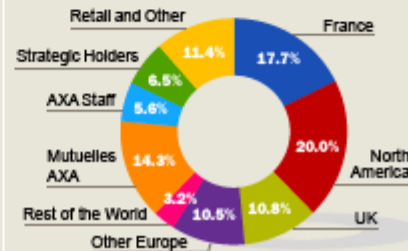
Our people  
**135,000**

## Financial strength rating\*

S&P	AA
Moody's	Aa3
Fitch	AA-

\*As of 31.03.09

## Shareholders\*



\*As of 31.07.09

## Management Board

Henri de Caesries	Chairman
Denis Duverne	Member of the Management Board
François Pierson	CEO France
Christopher Condron	CEO US
Alfred Bouckaert	CEO NORCEE*

\*NORCEE: Northern Central and Eastern Europe

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by Henri de Castries, Chairman of the Management Board
  
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by Denis Duverne, Member of the Management Board
  
-  **2010 outlook** **Page 23**  
by Henri de Castries, Chairman of the Management Board

# Strong 2009 performance in a volatile environment

## Resilient business activity

- ✓ Total revenues: down 3%\* to €90.1 billion
- ✓ Life & Savings: Net inflows of €+8.6 billion & New Business Value up 5% to €1.1 billion

## Solid earnings

- ✓ Underlying earnings: €3.9 billion (vs. €4.0 billion in FY08)
- ✓ Net income: €3.6 billion (vs. €0.9 billion in FY08)

## Increased balance sheet strength

- ✓ Solvency I up 44 pts to 171%
- ✓ Debt gearing down 8 pts to 26%

## Strong rebound in dividend & EV

- ✓ Dividend up 38% to 0.55€ per share
- ✓ Group Embedded Value\*\* up 49% to 13.4€ per share

\* Change is on a comparable basis<sup>(1)</sup>

\*\* Or up 29% to Euro 19.4 per share based on CFO Forum methodology (notably including non life intangibles and perpetual subordinated debt)

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# Revenues

## Resilient vs. FY08

### Revenues by segment

In Euro million	FY08	FY09	%
<i>Life &amp; Savings</i>	57,977	57,620	-4%
<i>Property &amp; Casualty</i>	26,039	26,174	+1%
<i>Asset Management</i>	3,947	3,074	-25%
<i>International Insurance</i>	2,841	2,860	+2%
<i>Banking &amp; Holdings</i>	412	395	-2%
<b>Revenues</b>	<b>91,221</b>	<b>90,124</b>	<b>-3%</b>

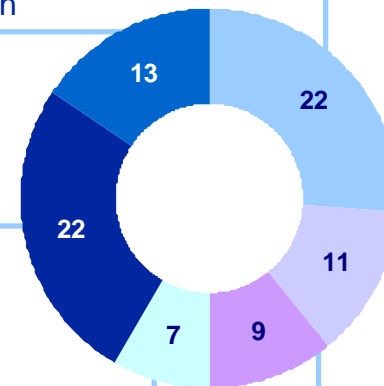
(-1% on a reported basis)

### Insurance revenues\* by region

In Euro billion

Mediterranean & LA region

↗ +13%



France

↗ +11%

North America

↘ -32%

Asia-Pacific (incl. Japan)

↘ -6%

UK & Ireland

↘ -7%

NORCEE

↗ +1%

↗ Changes are on a comparable basis

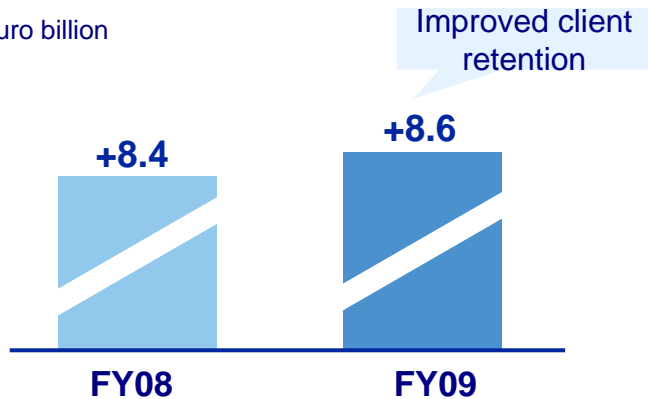
\* Excluding International Insurance, Asset Management, Banking and Holdings

# Net inflows

Strong in insurance, down in Asset Management

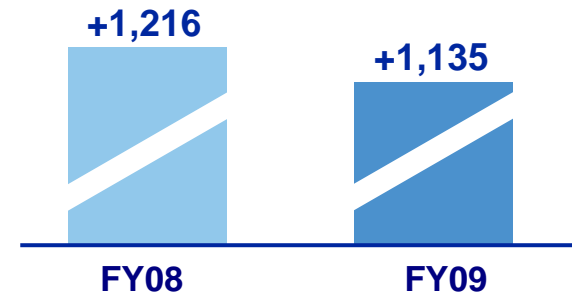
## L&S Net inflows

In Euro billion



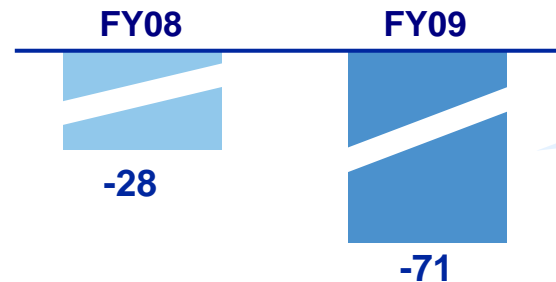
## P&C Net new contracts

In thousand



## Asset Management Net inflows

In Euro billion



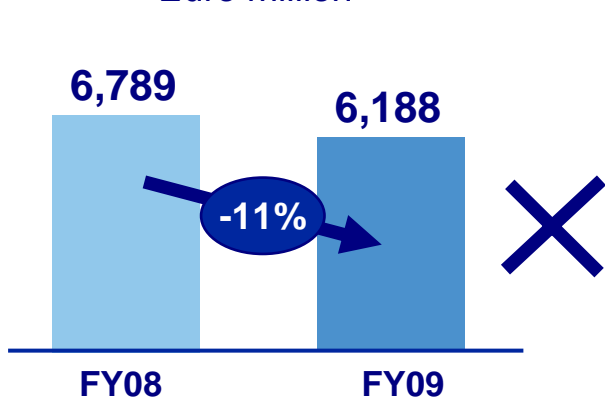
Mainly institutional clients segment at AllianceBernstein following low FY08 investment performance

# Life & Savings New Business Value (NBV)

5% growth

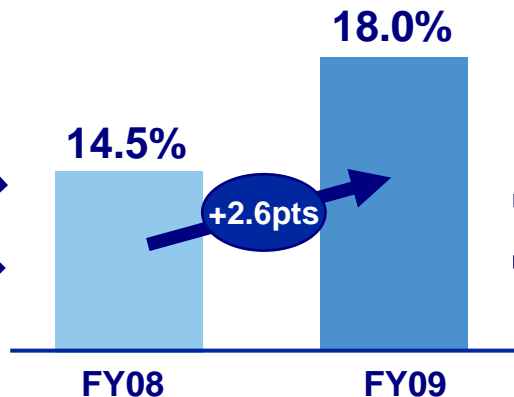
## Annual Premium Equivalent (APE)

Euro million



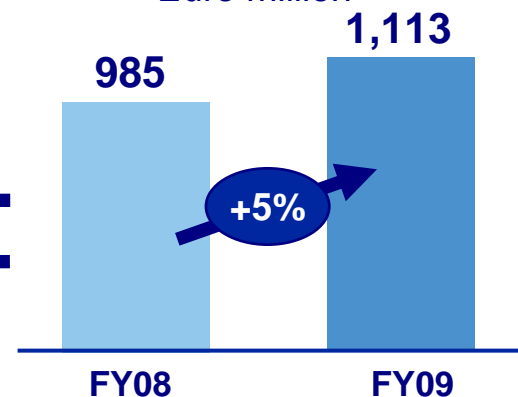
Change is on a comparable basis

## NBV/APE Margin

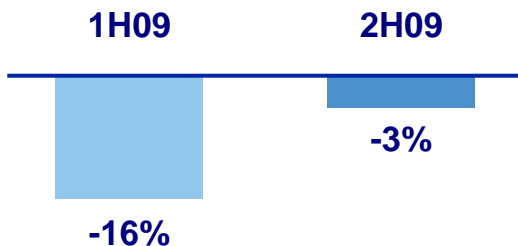


## New Business Value (NBV)

Euro million



### YoY APE evolution



### NBV margin evolution

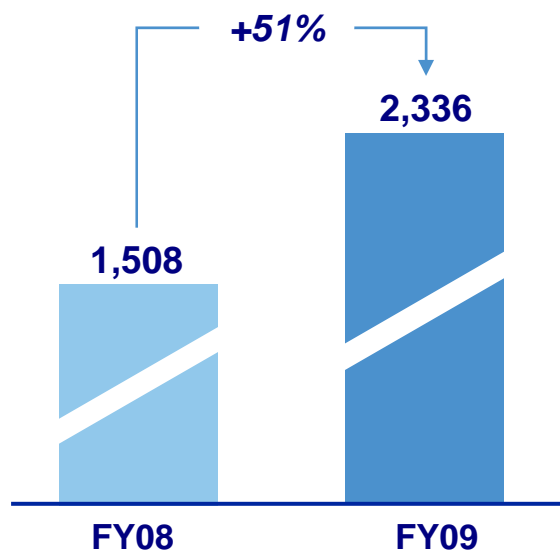
- **+2.1pts business mix improvement** largely attributable to Variable Annuity repricing in the US and higher protection sales in the UK partially offset by lower unit-linked sales notably in France
- **-2.3pts expense deterioration**, mainly unit costs as a result of lower volumes (APE down 11%)
- **+2.0pts favorable market impacts**
- **+0.7pt other**

# Life & Savings Underlying Earnings

Strong rebound primarily due to improved Variable Annuity hedging margin

## L&S Underlying Earnings

In Euro million



Change is on a comparable basis

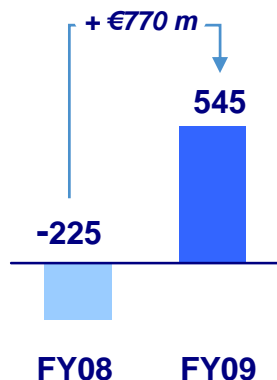
## Key drivers of change in L&S Underlying Earnings

FY09 vs. FY08<sup>(1)</sup>

<p><b>Margin on assets -10%:</b> <i>Decrease in both unit-linked and General account margins</i></p>	<b>€-0.5 billion</b>
<p><b>Technical margin:</b> <i>Improved Variable Annuity hedging margin</i></p>	<b>€+1.9 billion</b>
<p><b>Expenses +5%:</b> <i>Acquisition expenses: +9%, due to increased DAC amortization as a result of increased technical margin</i> <i>Administrative expenses: +2%</i></p>	<b>€-0.4 billion</b>
<p><b>Tax and other</b></p>	<b>€-0.2 billion</b>
	<b>€+0.8 billion</b>

# Focus on the US

## Improvement in Underlying Earnings



- Improved Underlying Earnings mainly due to improved technical margin
- Slightly higher Assets Under Management: **up Euro 9 billion** (to Euro 99 billion)

## Management Actions

- Variable annuity product restructuring including repricing and reduced benefits (response to volatile economic conditions and low interest rates)
- Elimination of no lapse protection rider in Universal Life offering
- Decline in sales: **-35%** vs. FY08
- Improved new business margins: **7.3%** (vs. 4.8% last year)

## Focus on improved GMxB hedge margin

In Euro million (net of tax and DAC)	FY08	FY09
Basis	-247	-21
Volatility	-183	-127
Credit Spreads	-84	63
Interest rates & other	59	73
<b>Total</b>	<b>-455</b>	<b>-12</b>

## 2010 priorities and opportunities

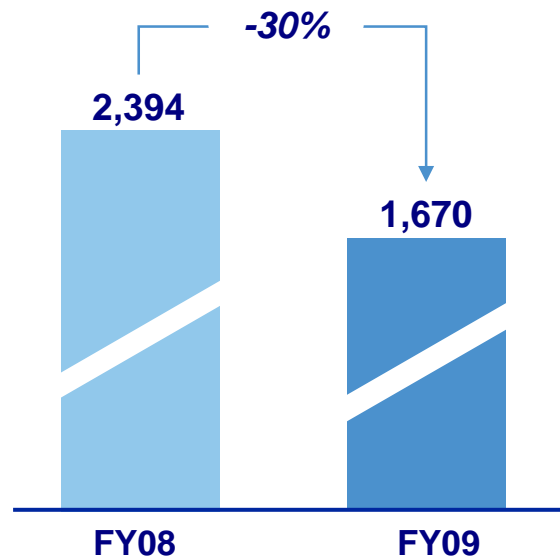
- Expanding and diversifying the product portfolio:
  - Building distribution to deliver a broader range of products to a wider array of clients
  - Launch of Retirement Cornerstone in third-party channels
  - New Universal Life offering
- Optimizing the management of in-force business

# Property & Casualty Underlying Earnings

Decreased profitability in an adverse market cycle

## P&C Underlying Earnings

In Euro million



Change is on a comparable basis

## Key drivers of change in P&C Underlying Earnings

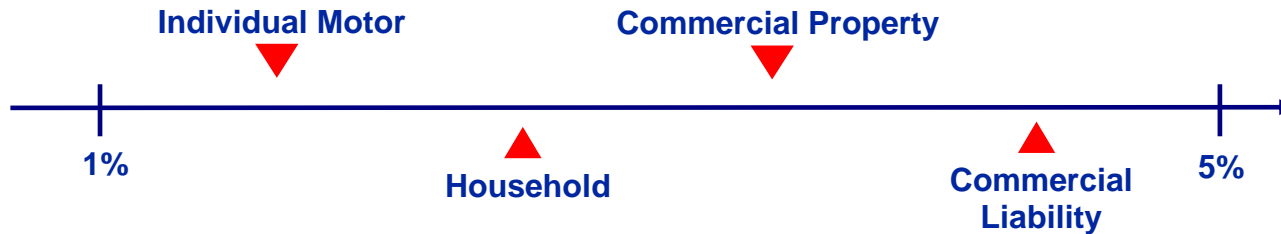
**FY09 vs. FY08**  
(excluding change in scope)

■ Combined ratio up 3.6 pts to 99.0%	
■ Loss ratio +3.7 pts to 70.9%	€0.9 billion
<ul style="list-style-type: none"> <li>▪ Natural events: +1.7 pts</li> <li>▪ CY loss ratio excl. nat. events: +1.7 pts</li> <li>▪ PY reserve developments: +0.3 pt, with reserves ratio flat at 187%</li> </ul>	
■ Expense ratio -0.2 pt to 28.1%	€0.0 billion
■ Investment income	€0.2 billion
■ Tax and other	€+0.4 billion
	€0.7 billion

# Focus on 2010 Property & Casualty prices

## We are increasing average premiums

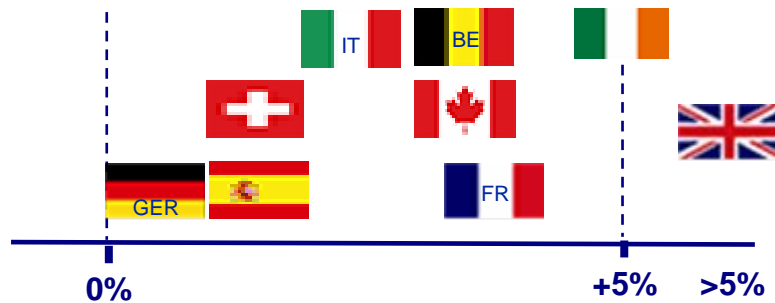
Indicative average premium increase excluding change in mix for 2010  
By business line, in Europe



## Focus on individual motor by country

(35% of total business)

### Average premiums price increase by country<sup>(1)</sup>

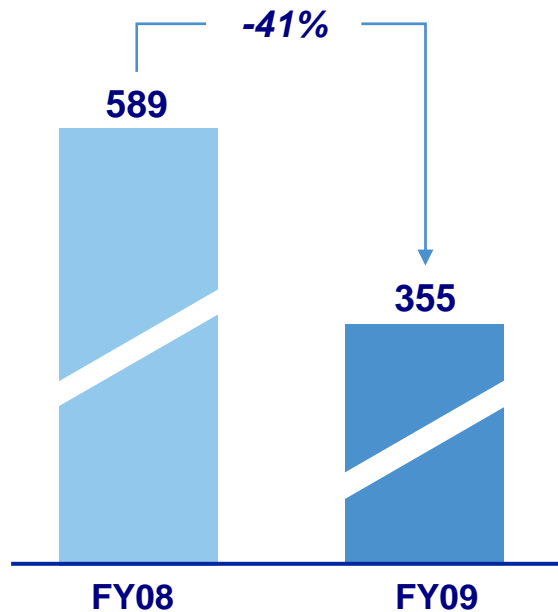


# Asset Management Underlying Earnings

Decreased profitability due to lower average AUM

## Asset Management Underlying Earnings

In Euro million



Change is on a comparable basis

## Key drivers of change in Asset Management Underlying Earnings

FY09 vs. FY08

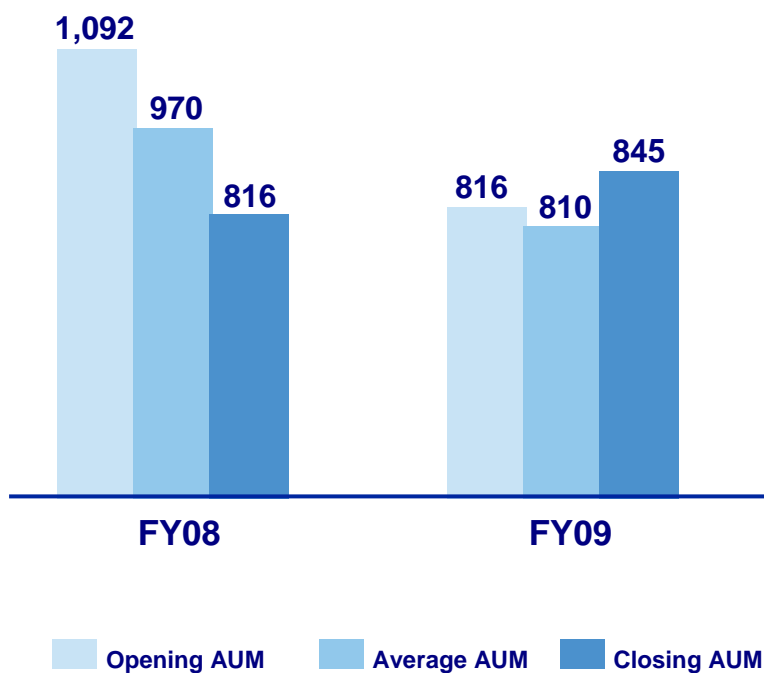
<p><b>Asset Management revenues -25%</b> €1.0 billion</p> <p><i>Mainly lower average assets under management (-18%)</i></p>
<p><b>Expenses -14%</b> €+0.4 billion</p>
<p><b>Tax and other</b> €+0.3 billion</p>
<hr/> <p><b>€0.2 billion</b></p>

Full detail in appendix on pages 19 and 20

# Focus on assets under management

## Average AUM stabilizing

In Euro billion



## Evolution of AUM by Asset manager

In Euro billion	Alliance Bernstein	AXA IM
<b>Opening AuM</b>	<b>331</b>	<b>485</b>
Net inflows	-53	-19
Market appreciation	+77	+31
FX & other	-9	+1
<b>Closing AuM</b>	<b>346</b>	<b>499</b>

## 2010 priorities & opportunities

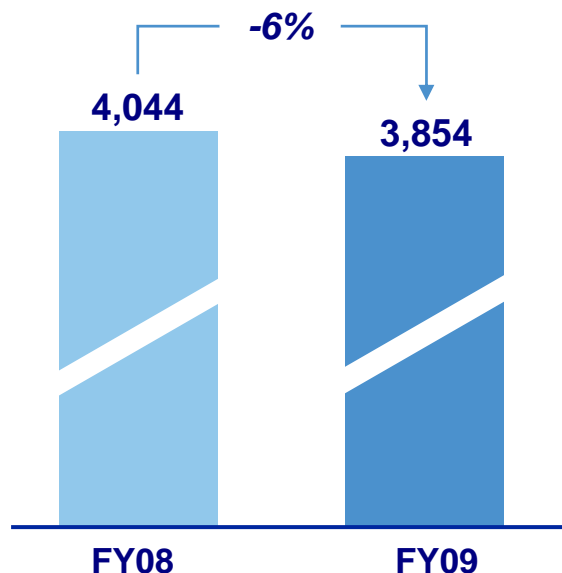
- Addressing client outflows:
  - Confirm strong investment performance at AllianceBernstein and manage performance at AXA IM
  - Broaden client base and leverage other sources of revenues at AllianceBernstein

# Underlying Earnings

Life & Savings recovery mitigated by Property & Casualty and Asset Management

## Underlying Earnings

In Euro million



Change is on a comparable basis

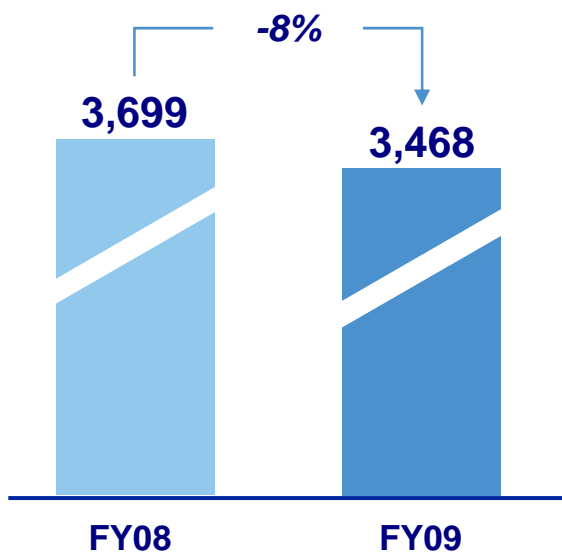
## Underlying earnings by segment

In Euro million	FY08	FY09	%
<i>Life &amp; Savings</i>	1,508	2,336	+51%
<i>Property &amp; Casualty</i>	2,394	1,670	-30%
<i>Asset Management</i>	589	355	-41%
<i>International Insurance</i>	188	286	+54%
<i>Banking</i>	33	(2)	-105%
<i>Holding</i>	(668)	(793)	+18%
<b>Underlying Earnings</b>	<b>4,044</b>	<b>3,854</b>	<b>-6%</b>

# Adjusted Earnings and Net Income

## Adjusted Earnings

In Euro million



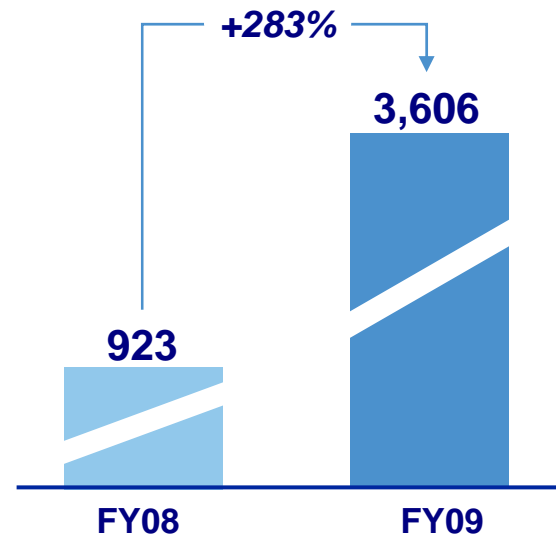
ROE <sup>(1)</sup>	FY08	FY09
	11%	11%

Change is on a comparable basis

➔ Stable net realized capital gains/losses

## Net Income

In Euro million



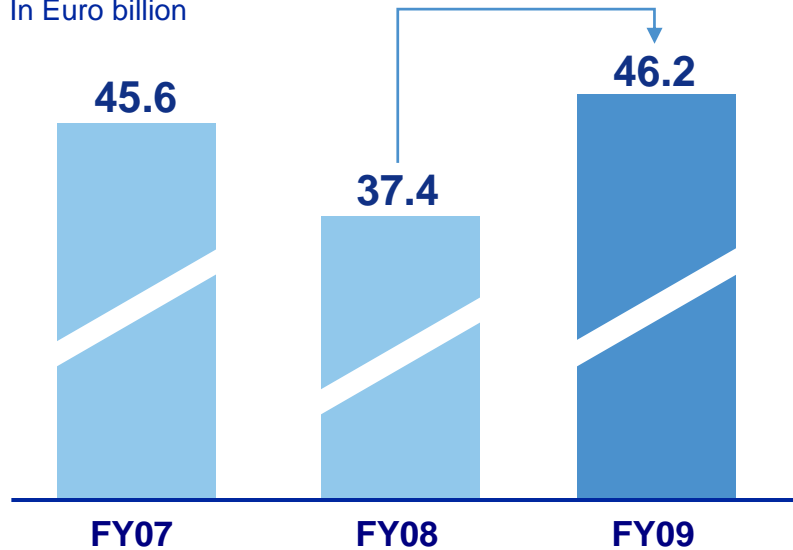
Change is on a comparable basis

➔ Strong rebound driven by improved financial market conditions

# Shareholders' equity up €8.8 billion

## Shareholders' equity

In Euro billion

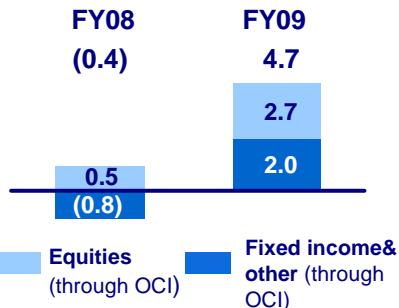


## Key drivers of change in shareholders' equity

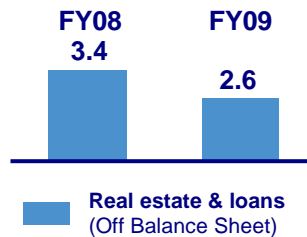
FY09 vs. FY08

- + Variation of unrealized capital gains **€+5.0 billion**
- + Net income for the period **€+3.6 billion**
- + Capital increases **€+2.4 billion**
- 2008 dividend **€0.8 billion**
- Pension deficits **€1.0 billion**

### Balance sheet net unrealized capital gains

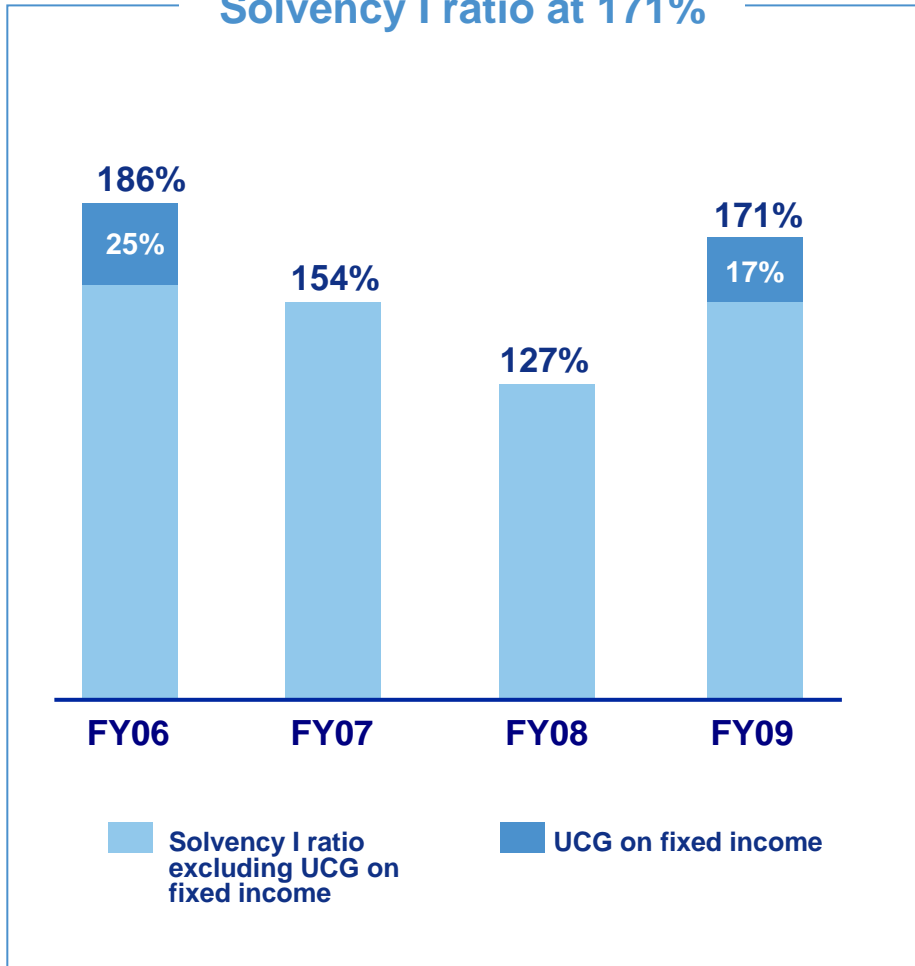


### Off Balance sheet net unrealized capital gains



# Solvency I ratio back to pre-crisis levels

## Solvency I ratio at 171%

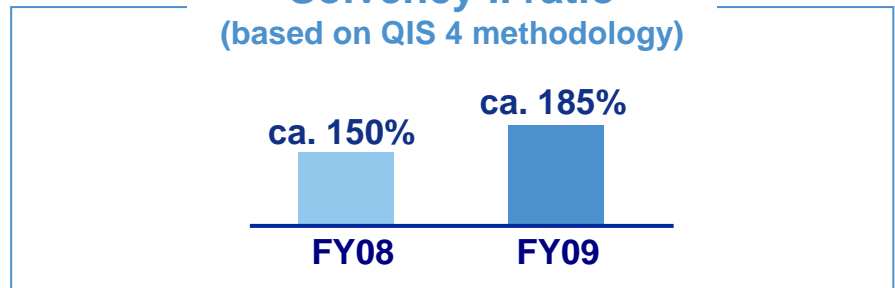


## Key drivers of change in Solvency I

FY09 vs. FY08

- + Underlying earnings +18pts
- + Financial market impact & other +21pts
- + Capital increases\* +11pts
- Proposed 2009 dividend -6pts

## Solvency II ratio (based on QIS 4 methodology)



\* Including rights issue (ca. +9 pts) and employee Shareplan (ca. +2 pts)

# General Account invested assets

## Asset allocation

Invested assets (100%) In Euro billion	FY08	%	FY09	%
<b>Fixed income</b>	<b>300</b>	<b>77%</b>	<b>328</b>	<b>81%</b>
<i>o/w Govies and related</i>	134	34%	154	38%
<i>o/w Corporate bonds</i>	137	35%	146	36%
<i>o/w Asset backed securities</i>	11	3%	10	2%
<i>o/w Mortgage loans &amp; other<sup>(1)</sup></i>	17	4%	17	4%
<b>Cash</b>	<b>32</b>	<b>8%</b>	<b>20</b>	<b>5%</b>
<b>Listed equities</b>	<b>17</b>	<b>4%</b>	<b>17</b>	<b>4%</b>
<b>Real Estate</b>	<b>19</b>	<b>5%</b>	<b>19</b>	<b>5%</b>
<b>Alternative Investments<sup>(2)</sup></b>	<b>11</b>	<b>3%</b>	<b>10</b>	<b>2%</b>
<b>Policy loans</b>	<b>11</b>	<b>3%</b>	<b>10</b>	<b>2%</b>
<b>Total G/A and Bank Assets</b>	<b>390<sup>(3)</sup></b>	<b>100%</b>	<b>403<sup>(3)</sup></b>	<b>100%</b>

### – Changes in asset allocation –

- **Net inflows:** investment in government bonds and corporate bonds
- **Cash position:** decrease due to reinvestment in fixed income assets and impact from lower collateral on Variable Annuity hedges
- **Scope effect:** €5bn of Australia/NZ assets reclassified as held for sale in FY09

# General Account invested assets

## Resilient asset valuation

### In 2H09, asset valuations:

- were stable for Real Estate and Private Equity
- increased for Equity, Corporate Bonds, ABS and Hedge Funds

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### Asset backed securities

- Asset values improvement: 69% of par at FY08, 66% at 1H09 and 70% at FY09

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### Real estate

- Stabilizing value since June 30, 2009, after a negative 6% mark to market in 1H09

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### Alternative investments

- Private Equity: stabilizing value since June 30, 2009, after a negative 13% mark to market in 1H09 (-15% for the year)
- Hedge Funds: positive performance

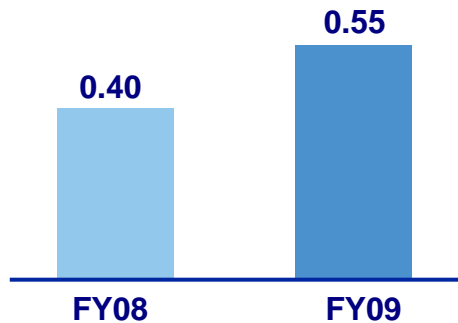
### Recent market concern on government bonds

- Estimated total exposure net of policyholders' participation and tax: €4.0bn for Italy, €3.9bn for Spain, €0.9bn for Portugal, €0.6bn for Greece and €0.2bn for Ireland

# Strong rebound in dividend & Embedded Value

## Dividend per share

In Euro per share



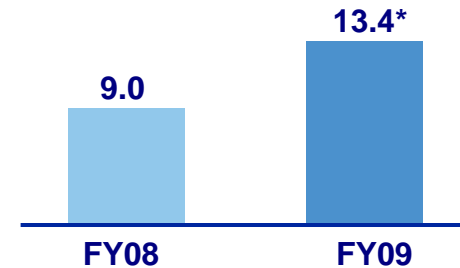
Change is on a comparable basis



Dividend per share increased by 38%

## Group EV per share

In Euro per share



Change is on a comparable basis



Group EV increased by 49%, driven by earnings and improved market conditions

\* Or up 29% to Euro 19.4 Euro per share based on CFO Forum methodology (notably including non life intangibles and perpetual subordinated debt)

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# 2010 environment

A combination of uncertainties and opportunities ...

## An uncertain macroeconomic environment ...

- Stabilizing equity markets?
- Steepness and level of interest rates curve?
- Reduced but still high volatility?

## ... but favorable business trends for the insurance industry

- Increased needs for long term savings products
- Savings rates up in most developed countries
- P&C pricing cycle bottoming up

## A moving regulatory framework...

- Solvency II principles are favorable to the industry
- Calibration still to be refined in a pragmatic way, but encouraging signs from the European Commission

## ... and insurers are not banks

- No distressed capital increase during the crisis for European pure insurance players
- Insurance assets are marked-to-market (no loan books)
- Increased understanding of insurance vs. banking business models

# 2010 environment

... where AXA has the means to differentiate

## Leading brand

- #1 insurance brand worldwide
- Best ranking increase amongst financial service brands
- 3rd most valuable French brand across all sectors

Source: **Interbrand 2009**



## Increased quality of service



## No state support during the crisis

- AXA has maintained its independence throughout the last two crises
- AXA has all latitude to implement its strategy going forward

# 2010 priorities

Optimize margins in all business lines

Optimize margins in all business lines

Increase exposure to high growth markets

Adapt organization to support further growth

## New Business margin

**Life & Savings**

14.5%

FY08

18.0%

FY09

## 2010 priorities

Continue to improve New Business margin while addressing sales momentum in the US

## Combined Ratio

**Property & Casualty**

95.5%

FY08

99.0%

FY09

Improve Combined Ratio through management actions

## Cost-to-income ratio

**Asset Management**

67.3%

FY08

78.4%

FY09

Enhance cost-to-income ratio while improving net flows at AllianceBernstein

# 2010 priorities

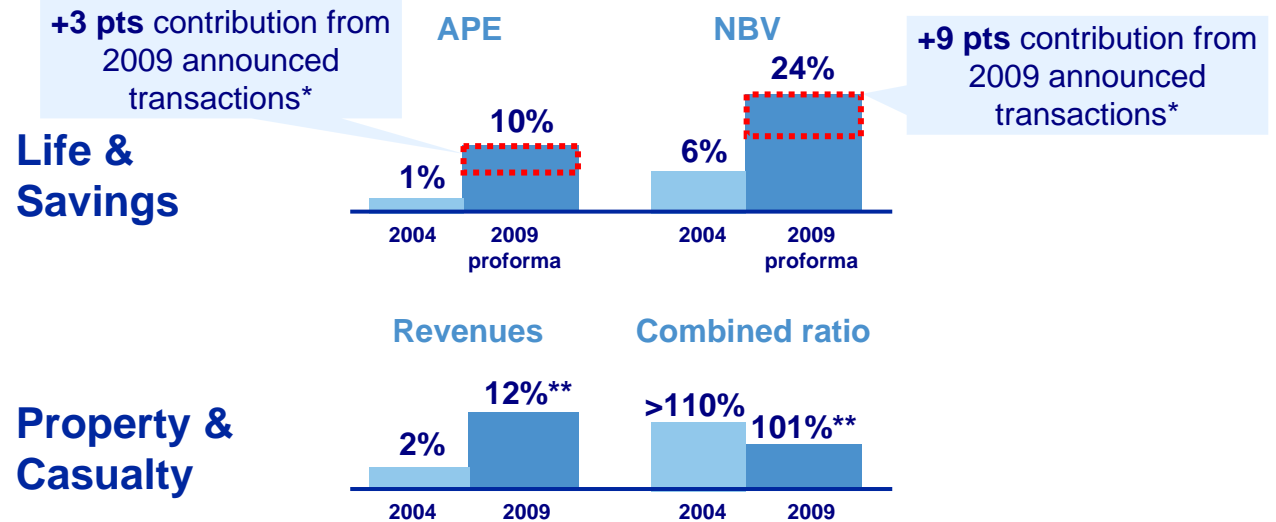
Increase exposure to high growth markets, notably in Asia & CEE

Optimize margins in all business lines

Increase exposure to high growth markets

Adapt organization to support further growth

## High growth markets exposure



## Update on announced transactions

### AXA APH transaction

- Exclusivity with AMP lapsed on February 6, 2010
- Discussions ongoing with NAB
- Terms for the acquisition of Asian business unchanged. Timing uncertain.

### Other transactions

- Minority buyout in Central & Eastern Europe
- Entering the Romanian market (Omniaisig)

\* Minority buyout in Central & Eastern Europe and AXA APH transaction if successful

\*\* Including 36.7% Reso Garantia share accounted in equity method

# 2010 priorities

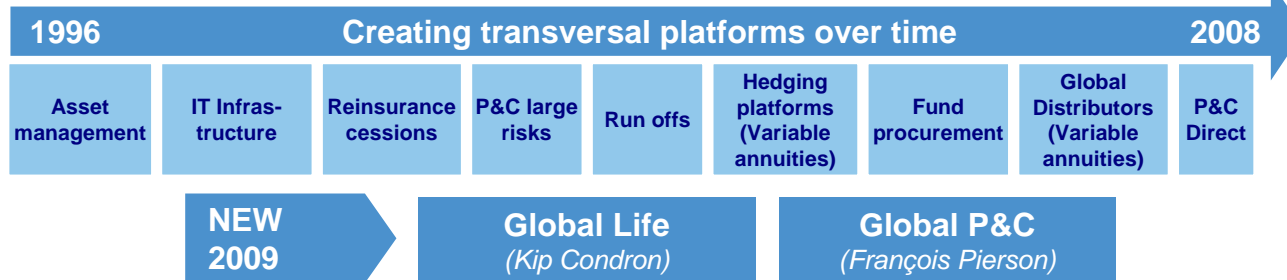
Implement new organization to support further growth

Optimize margins in all business lines

Increase exposure to high growth markets

Adapt organization to support further growth

## Continue to leverage the size of the Group through further convergence



## Adapt governance to changing environment

- Unified Board structure reinforcing the roles and responsibilities of its members and streamlining decision-making process
- Henri de Castries to be President and CEO of the Group, Denis Duverne to join the Board as Deputy CEO
- Governance system with continued strong checks and balances, including a Lead Independent Director

## Continue to attract talent

- Jacques de Vaucleroy (new head of NORCEE region) from ING
- Head of Distribution in Japan from Alico and CEO of Hong-Kong from AIG

# Conclusion

## Confirmation of AXA's business model

### 2009 financial performance

- Resilient activity
- Solid earnings
- Increased balance sheet strength
- Strong rebound in dividend and EV

## AXA has the means to differentiate in the current environment

### AXA's strengths

- Leading brand, increased quality of service, strong market positions and innovative products

### 2010 priorities

- Optimize margins in all business lines
- Increase exposure to high growth markets
- Implement new organization

# Notes

## Page 5

- (1) Change on a comparable basis corresponds to:  
Vs. FY08: at constant FY08 average exchange rates

## Page 10

- (1) On a pro-forma basis for margin and expense component, i.e. restated from the scope impact of AXA Mexico, Genesys in Australia, QF Vita in Italy, SBJ in the UK and Minorities in Turkey, the Forex and the reclassification in France from technical margin to acquisition expenses of charges in the context of contractual changes in Group protection contracts. Full details are provided in the activity report sections related to these countries.

## Page 13

- (1) Gross written premium excluding mix effect

## Page 17

- (1) Return corresponds to adjusted earnings net of interest charges on perpetual debt. Equity corresponds to average shareholders' equity excluding perpetual debt and reserves related to change in fair value

## Page 20

- (1) Mortgage loans & other include individual mortgage and loans (Euro 12 billion of which Euro 10 billion in Germany and Switzerland participating funds) and Agency Pools (Euro 2 billion)  
(2) Mainly hedge funds and private equity  
(3) Total invested assets referenced in page 51 of AXA's financial supplement are Euro 590 billion including notably Euro 155 billion of Unit-Linked contracts, Euro 18 billion of With profits accounts, Euro 7 billion of Holding & other net of cash (mainly related to third party assets consolidated in IFRS), Euro 2 billion derivatives mark-to-market related to balance sheet hedges, Euro 2 billion Paris Re ring fenced assets, Euro 1 billion non looked-through Mutual funds (mainly fixed income), Euro 1 billion of Asian assets

# Definitions

2009 financial statements are subject to completion of audit procedures by AXA's independent auditors.

AXA's FY09 results have been prepared in accordance with IFRS and interpretations applicable and endorsed by the European Commission at December 31, 2009.

Adjusted earnings, underlying earnings, Life & Savings EEV, Group EV and NBV are non-GAAP measures and as such are not audited, may not be comparable to similarly titled measures reported by other companies and should be read together with our GAAP measures. Management uses these non-GAAP measures as key indicators of performance in assessing AXA's various businesses and believes that the presentation of these measures provides useful and important information to shareholders and investors as measures of AXA's financial performance. For a reconciliation of underlying and adjusted earnings to net income see pages 23 and 24 of this presentation.

AXA Life & Savings EEV consists of the following elements: (i) Life & Savings Adjusted Net Asset Value (ANAV) which represents tangible net assets. It is derived by aggregating the local regulatory (statutory) balance sheets of the life companies and reconciled with the Life & Savings IFRS shareholders' equity. (ii) Life & Savings Value of Inforce (VIF) which represents the discounted value of the local regulatory (statutory) profits projected over the entire future duration of existing liabilities.

Life & Savings New Business Value (NBV) is the value of the new business sold during the reporting period. The new business value includes both the initial cost (or strain) to sell new business and the future earnings and return of capital to the shareholder.

AXA Group EV is the sum of Life & Savings EEV and Shareholders' Equity of other businesses