



AXA Mediterranean and Latin American Region  
Investor Day - Accumulator<sup>®</sup> Workshop  
Steve Hales, Chief Life & Savings Officer, MLA Region  
Laurent Bourlard, AXA Life Europe Hedging Services  
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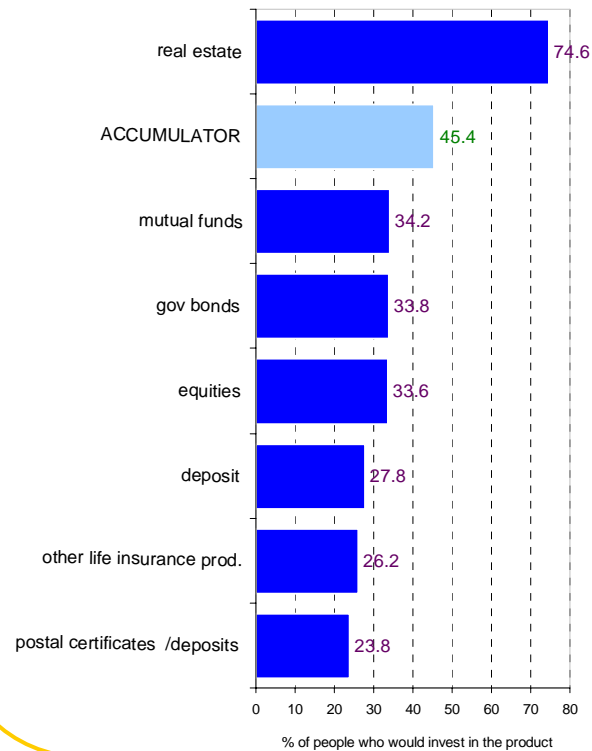
*Be Life Confident*

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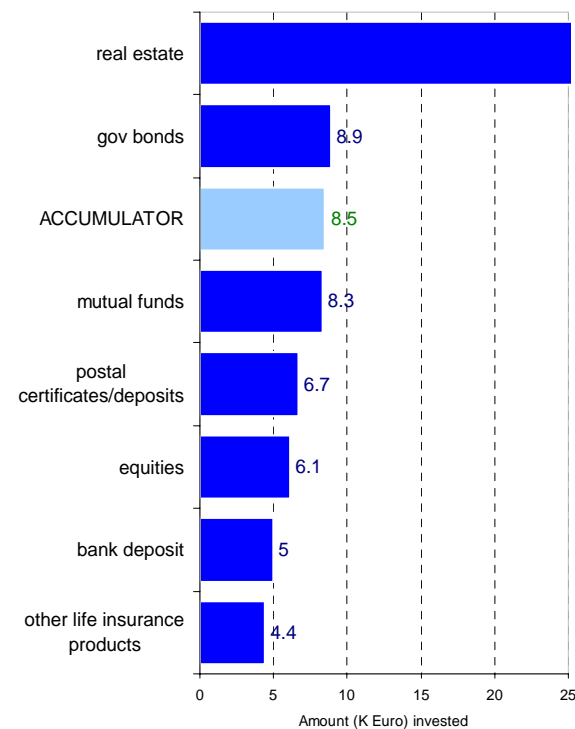
# Accumulator has opened up a new market, which should lead to us gaining higher share of wallet

Encouraging result from 2006/07 market surveys in Italy: If I had €100k, I would invest in...

Frequency of people who would invest in the different products



Share of €100,000 invested in the different products



Source : company data

- ✓ 2nd choice after real estate
- ✓ Preference more than double vs other life insurance products
- ✓ Accumulator is perceived as a financial protection product, allowing us to expand our market beyond traditional life insurance

# Clear, simple overall story: Best Guarantee AND Best Performance in a liquid and transparent product

## Accumulator competitive positioning in Italian savings market

| DISTRIBUTION CHANNEL                | All         | All                          | All          | All             | Banks/FAs            | Banks/FAs       | Banks/FAs        |
|-------------------------------------|-------------|------------------------------|--------------|-----------------|----------------------|-----------------|------------------|
| PRODUCT/FEATURES                    | ACCUMULATOR | Protected Unit linked (CPPI) | Index linked | General Account | Protected GPF (CPPI) | Structured bond | Guaranteed funds |
| Guarantee                           |             |                              |              |                 |                      |                 |                  |
| Flexibility of Guarantee/Protection | (1)         |                              |              |                 |                      |                 |                  |
| Potential performance               |             |                              |              |                 |                      |                 |                  |
| Always fully invested               |             |                              |              |                 |                      |                 |                  |
| Funds allocation flexibility        |             |                              |              |                 |                      |                 |                  |
| Transparency                        |             |                              |              |                 |                      |                 |                  |
| Liquidity                           |             |                              |              |                 |                      |                 |                  |
| Open placing period                 |             |                              |              |                 |                      |                 |                  |
| Cost                                | (2)         |                              |              |                 |                      |                 |                  |

(1) Flexibility of guarantees is only exceeded by general account products (but is combined with higher potential upside)

(2) The guarantee has a cost, in line with savings market acceptance for fee levels

✓ **Accumulator gives much more than existing products since it removes the dilemma currently faced by investors: guarantee OR investment upside with flexibility**

✓ **Existing investment products manage guarantees within the policy, limiting transparency and potential returns: we manage the guarantees on our balance sheet, leaving the client fully invested**

## Client Profile

### **GMAB - Accumulation**

- ▶ **Target ages:** 35-60
- ▶ **Risk adverse:** keen to invest in equities but worried about potential losses
- ▶ **Closer to mass market:** average investment € 15,000

## Objective

To have exposure to investment funds with the security of guarantees

## Value Proposition

- ▶ **Invest in mutual funds (open architecture) with security**
- ▶ Capital Protection
- ▶ Strong upside potential
- ▶ You control your own investment anytime
- ▶ Transparency: you know what you are investing in

## Distributor Profile

- ▶ Agents and IFAs accustomed to sell guaranteed products
- ▶ Not so accustomed to assisting client in monitoring investments

## AXA Spain GMAB (2/2)

### **Accumulation Benefit options**

- ▶ The client is fully invested in the underlying funds, and can switch fund or surrender at any time (surrender value = market value)
- ▶ At the guarantee date, if the fund value is below the guaranteed amount (100% of premium at 5 years), we inject the difference – the client does not have to surrender in order to receive the guarantee

### AXA Seguros GMAB example

#### Fee structure:

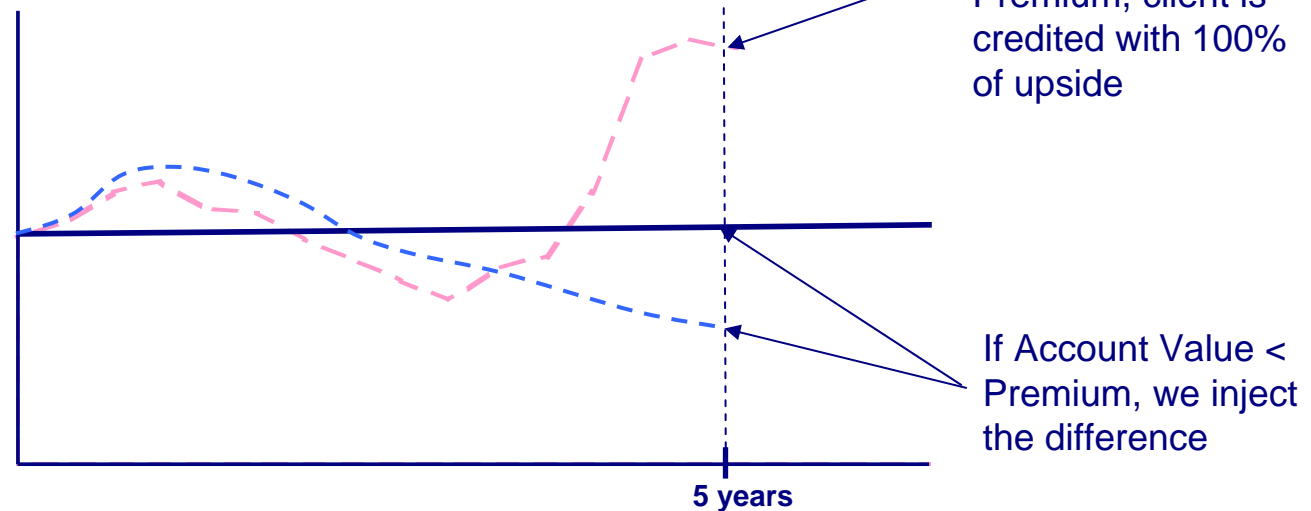
1% initial charge

Total annual charge ~2.5%

*o/w guarantee charge 1.5%*

Annual margin > 100bps

NBV margin >35%



## Client Profile

### **GMWB - Drawdown**

- ▶ **Seniors: 50 +**
- ▶ Interested in equity markets
- ▶ Savers for themselves or relatives, intending to receive a regular income at some point in time
- ▶ **Closer to affluent market:** average investment € 40,000

## Objective

To supplement income either before or after retirement

## Value Proposition

- ▶ **Stay invested in the market (funds in open architecture) and have guaranteed income**
- ▶ Strong upside potential
- ▶ Flexibility
- ▶ Capital is not lost at death like in a traditional annuity

## Distributor Profile

- ▶ Need to be able to advise client at purchase
- ▶ Need to be able to assist customers (e.g., when withdrawal is possible)

## AXA MPS Italy GMWB (2/2)

### Withdrawal Benefit options

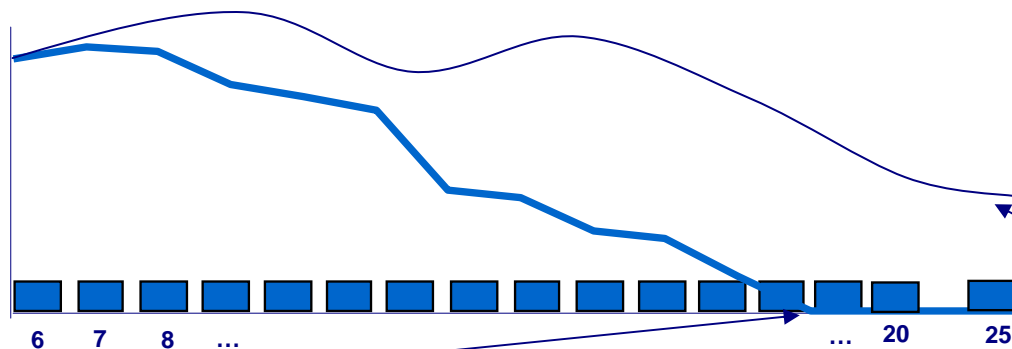
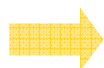
- ▶ The client has the option to receive guaranteed income over 20 years, from any point after the 5th anniversary
- ▶ The minimum income is determined at outset: payment of 110% of premium over the course of 20 years. If the fund value is higher when the option is exercised (at the 5th anniversary, or later if decided by client), the guaranteed income is increased accordingly.
- ▶ If the fund value falls to zero, we continue to pay the guaranteed income; at the end of the 20 years, the client receives any fund value left over
- ▶ The client is invested in the underlying funds at all times, and so can surrender his policy at market value of funds at any moment

### AXA MPS GMWB example

#### Benefits after 5 years :

Maximum  
(account value ;  
110% of premium)

Withdrawal Amount  
Account Value



Account Value falls to  
zero: we continue to  
pay income

#### Fee structure:

3% initial charge

Total annual charge ~2.0%  
o/w guarantee charge 0.7%





Annual margin > 100bps

NBV margin > 35%

Account Value greater  
than zero: client can  
take money out



# The story so far and consolidation plan

| Country  | Launch date       | APE <sup>(1)</sup><br>Q4 07 + Q1 08 | Comments  | Next Steps  |
|--|-------------------|-------------------------------------|---|---|
| Spain       | 12 March 2007     | €5m                                 | First mover in market: currently entered in annual insurance trade body competition of product innovation | <b>Focus on commercial actions:</b><br>Q2: sales training by our US wholesale colleagues on GMWB<br>H2: bring wholesaler resource from US on secondment in order to strengthen Med Region sales support capabilities<br>Q3 2008: coordinated Med Region sales conferences and incentives in order to draw out best practices from each country<br>Q2-Q3: working in AXA Group coordinated working group to further customise bank-distribution oriented offer |
| Italy       | 25 May 2007       | €3m                                 | First mover in market: prize for product innovation (AIFIN Cerchio D'oro)                                 |   |
| AXA MPS     | 15 September 2007 | €9m                                 | Re-use of AXA Italy products allowing launch in 3 months  |   |
| Portugal  | 14 April 2008     |                                     | First mover in market: re-use of Spanish GMAB, allowing full product launch in 9 months                   |   |
| Greece, Mexico, Gulf Region  | TBD               |                                     | Currently undergoing market potential studies   |   |