

IFRS Key Principles

January 6, 2005



Be Life Confident

Disclaimer and Cautionary Statements Concerning Forward-looking Statements

- This presentation provides an overview of IFRS principles based on our current understanding. There remains a degree of uncertainty on some key standards and interpretation.
- This presentation contains unaudited figures and information, which are subject to change.
- 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 and can be affected by other factors that could cause actual results and AXA's plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). These risks and uncertainties include, without limitation, the risk of future catastrophic events including possible future terrorist related incidents. Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Référence for the year ended December 31, 2003, for a description of certain important factors, risks and uncertainties that may affect AXA's business. 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.

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1. When AXA met IFRS



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[The Context

- IFRS (International Financial Reporting Standards) were introduced to foster accounting harmonization across the world, which AXA strongly favors
- For the insurance industry, the issue is the two step approach of IFRS, with insurance contracts' valuation being addressed only in phase 2
- The resulting asset/liability mismatch, and thus volatility, will have to be addressed in the meantime

[AXA is well advanced in its conversion to IFRS

- The conversion process started 24 months ago
- Strong governance both at central and local levels
- Strong involvement of staff, both locally and centrally, in the process
- Milestones for the conversion project:
 - ➔ Kick-off: January 2003
 - ➔ AXA IFRS conversion guide: March 2003
 - ➔ First draft of IFRS 2004 Full consolidation: June 2004
 - ➔ Second draft of IFRS 2004 Full consolidation: October 2004
- Finalization of IFRS 2004 Balance Sheet and Income Statement in 2Q05

[IFRS are complex, but the impacts on AXA are actually quite simple

- 2004 Opening Shareholders' equity impact will be around -5%
- Underlying and adjusted earnings' concepts are preserved, but amounts will slightly differ from FGAAP:
 - ➔ Underlying earnings should remain broadly unchanged
 - ➔ Adjusted earnings should benefit from an increased stock of unrealized gains, but are bound to more mechanical impairment rules
- Net Income will benefit from the absence of goodwill amortization
- Phase 1 asset/liability mismatch will induce volatility:
 - ➔ This volatility will be mitigated to a large extent by shadow accounting and invested asset classification
 - ➔ The remaining P&L volatility will impact only net income

2. Overview of IFRS Requirements – Key Principles



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[Simplified view of shareholders' equity components under IFRS

Ordinary capital

Plus: Capital in excess of nominal value

Less: Treasury shares

Plus: Unrealized gains & losses reflected in equity, but not in earnings (“OCI” *)

Plus: Retained earnings brought forward

Plus: IFRS net income for the financial year (“P&L”)

SHAREHOLDERS' EQUITY



* OCI means Other Comprehensive Income, which is a US GAAP term. We will use it for simplification throughout this presentation, even though IFRS only mentions the term “separate component of equity”.

[IFRS Key Principles

- Invested assets and derivatives (IAS 32 & 39)
- Insurance and investment contracts (IFRS 4 & IAS 39)
- Shadow Accounting (IFRS 4)
- Business combinations (IFRS 3)
- Share-based compensation (IFRS 2) & Employee benefits (IAS 19)
- Treasury shares (IAS 2)
- Compound Financial Instruments (IAS 32)

[Invested assets (IAS 32 & 39)

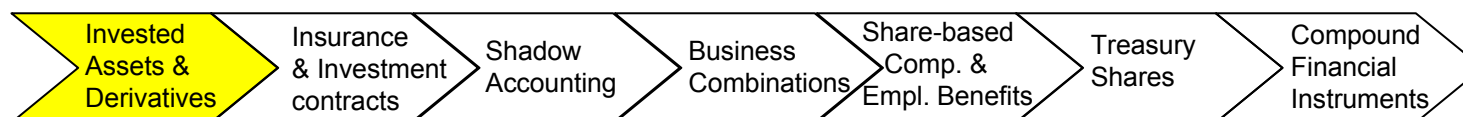
- Balance sheet items subject to potential adjustments

FGAAP - December 31, 2003

(Euro billion)

Goodwill	12.9	Shareholders' Equity, group share	23.4
VBI	2.8	Minority Interests	2.5
Invested Assets	250.5	Subordinated debt	8.5
Separate Account Assets	101.0	Insurance Liabilities, gross*	259.5
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DAC	11.0	Payables from Insurance Activities	8.3
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ASSETS	449.2	LIABILITIES & SH EQUITY	449.2

Note that DAC net of tax, PB and minority interests = Euro 4.8 billion



* Gross of reinsurance.

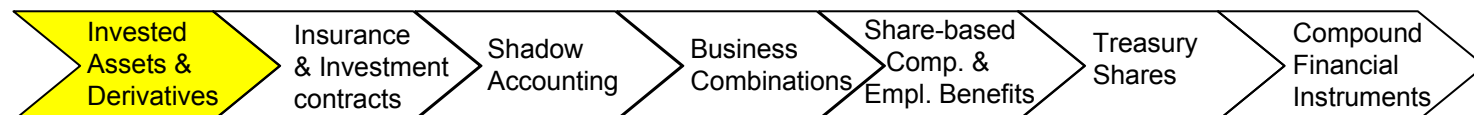
Invested Assets' Classification: mostly fair value

- Under FGAAP: invested assets are measured according to their nature (equity, fixed income,...) and accounted for at historical cost, except assets backing Separate Account and With-Profit liabilities that are accounted for at fair value

- Under IFRS:

	Description	Accounted for at:	Impact of change in Fair Value (excluding impairments):
Real Estate	Properties backing unit-linked or with-profits contracts	Fair Value	In P&L
	Other investment properties	Amortized Cost	NA
Loans & Receivables	Financial assets with fixed or determinable payments that are not quoted in an active market*	Amortized Cost	NA
Held-To-Maturity (HTM)	Tainting rules triggered if asset is sold before maturity, unless it is a permissible sale	Amortized Cost	NA
Trading and "AFSP&L"	Short-term profit taking assets (Trading)	Fair Value	In P&L, mitigated by Shadow Accounting.
	When Fair Value option is selected ("AFSP&L")	Fair Value	In P&L, mitigated by Shadow Accounting.
Available-For-Sale "AFSOci"	For all invested assets not classified in any of the categories above	Fair Value	In OCI, mitigated by Shadow Accounting.

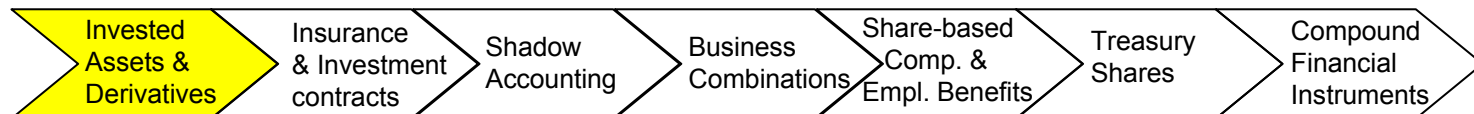
- Impairments for all categories go through P&L, mitigated by shadow accounting



* Other than those classified as held for trading or available for sale

AXA's Invested Assets' Classification

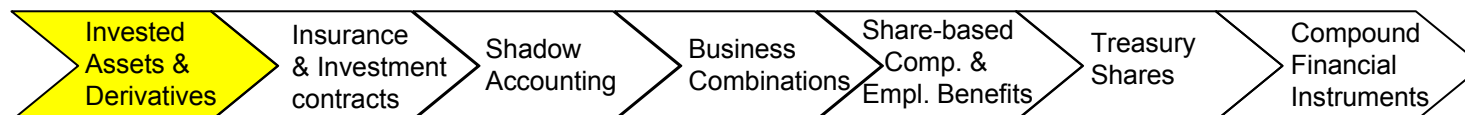
- Amortized cost will be used for:
 - ➔ Real Estate, except when backing unit-linked or with-profits contracts
 - ➔ Loans & Receivables
- Fair Value Option ($AFS_{P\&L}$) will be used for:
 - ➔ Assets backing unit-linked, with-profits or equivalent liabilities
 - ➔ Natural hedging situations (few instances)
 - ➔ Satellite Investment funds underlying assets
- Remaining assets will be classified as AFS_{OCI}



Impairment of Invested Assets: more mechanical application under IFRS

	Fixed Income Securities		Equity Securities		Real Estate	
	FGAAP	IFRS	FGAAP	IFRS	FGAAP	IFRS
Assessment of impairment	<u>Only if triggered by credit event</u> For BIG with unrealized losses: - over 12 mths, or - >20% for more than 6 mths For IG with unrealized losses >20% for more than 6 mths		Unrealized losses: - over 6 mths <u>and</u> - >20%	Unrealized losses: - over 6 mths <u>or</u> - >20%	Unrealized losses >15%	
Amount Impaired based on:	market value		<u>recoverable amount or market value</u>	<u>Market value</u>	Max of independent valuation and DCF, <u>with discount rate:</u> <u>Set at 4.5%</u>	<u>Based on mkt transaction rate</u>
Reversible	Yes		<u>Yes</u>	<u>No</u>	Yes	

- IFRS rules require a retrospective application of impairments, unless impracticable
- AXA IFRS impairment stock will match approximately its US GAAP impairment stock at year-end 2003, at constant scope

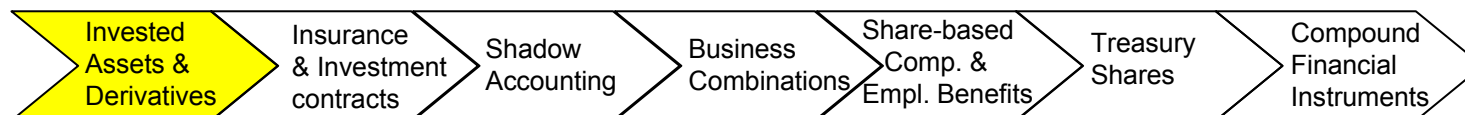


Derivatives and Hedge Accounting – Simplified IFRS impacts

- Derivatives are recorded at fair value on the balance sheet, with changes in fair value flowing through P&L, except if the derivative strategy qualifies for Cash Flow hedge accounting

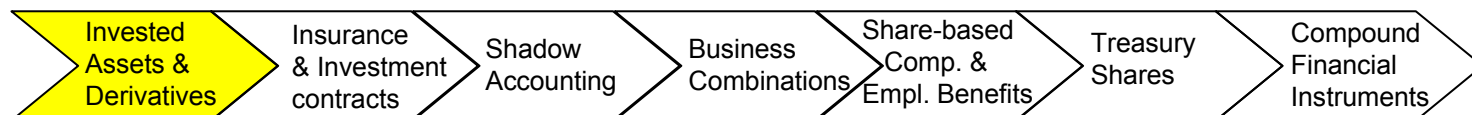
			Accounting matching between derivative and hedged item?
Strategy qualifies for hedge accounting?	Yes	Fair Value Hedge	Yes
		Cash Flow Hedge	Yes for cash flows. Change in fair value of derivative flows through OCI
	No	Natural hedge	Yes
		Considered as Freestanding Derivative	No. Creates some P&L volatility.

- The changes in fair value through P&L will not impact underlying nor adjusted earnings, except for natural hedges of insurance liabilities (e.g., hedging of GMDB/ IB/ WB with futures)
- Proving hedge effectiveness is key in order to apply hedge accounting



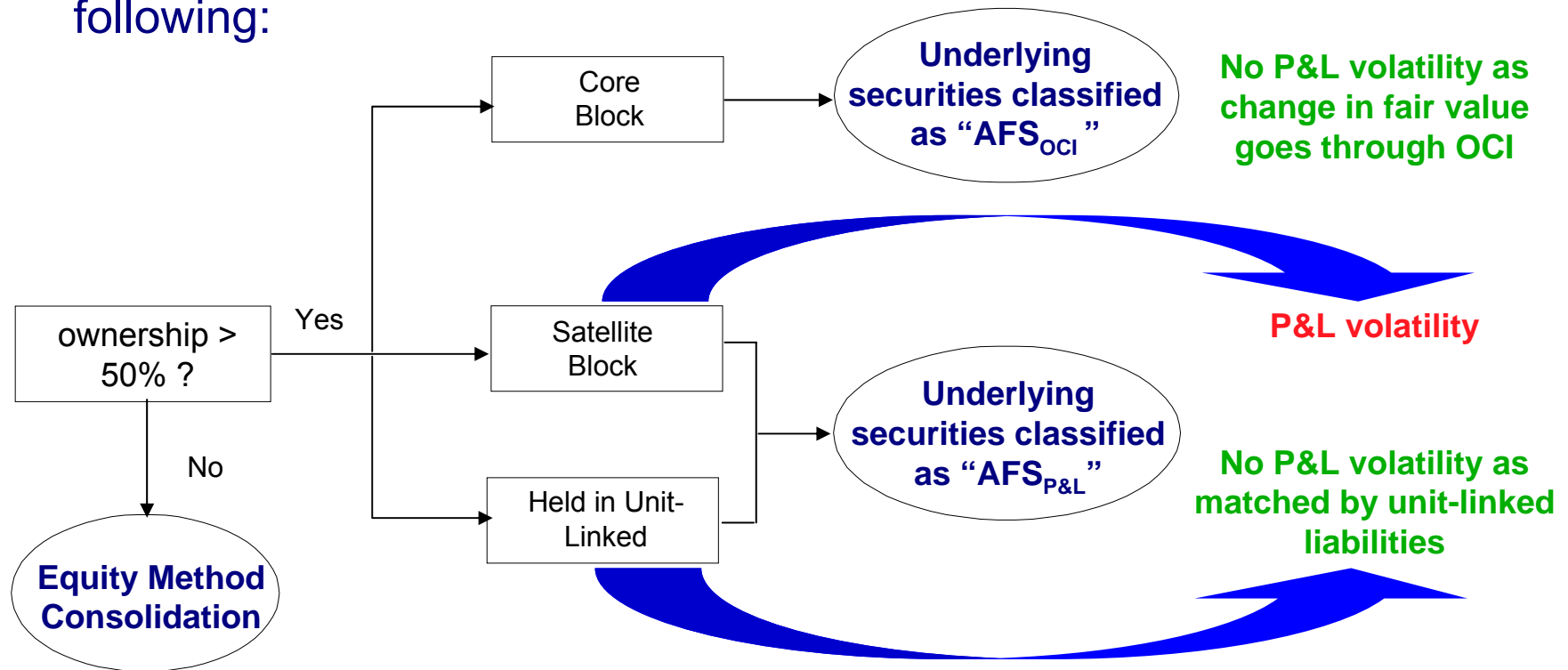
Derivatives and Hedge Accounting – Examples

- Cash Flow Hedge: hedging of duration gaps at AXA France
 - ➔ Strategy: hedge the duration mismatch between assets and liabilities
 - ➔ Derivative: interest rate swaps paying floating and receiving fixed
 - ➔ In FGAAP: no marked to market impact on balance sheet
 - ➔ In IFRS: change in fair value of the swaps flows through OCI
- Freestanding derivative despite economic rationale: hedging of surrender options at AXA France
 - ➔ Strategy: hedge against surrender shock in a case of rising interest rates
 - ➔ Derivative: interest rate caps
 - ➔ In FGAAP: the strategy was eligible for hedge accounting with no marked to market impact on balance sheet
 - ➔ In IFRS: unrealized gains and losses on the derivative flow through P&L



In addition, IFRS require the consolidation of investment funds & real estate entities/funds

- If ownership $\geq 20\%$, the decision tree for investment funds is the following:



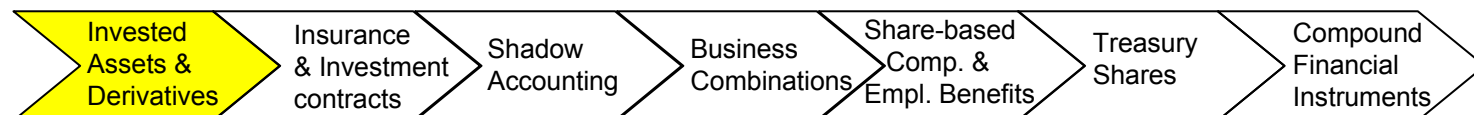
- If ownership < 20%: Not consolidated but accounted for like a direct invested asset under "AFS_{OCI}", except unit-linked and with-profit assets

Summary of IFRS impacts on invested assets and derivatives

For invested assets and derivative treatment, IFRS is very different from FGAAP but close to US GAAP at constant scope in terms of:

- Asset classification, except for Investment Funds exclusively classified in Trading under US GAAP
- Impairment
- Starting impairment stock
- Derivatives and hedge accounting, except for natural hedges

**OVERALL, STRONG POSITIVE IMPACT ON
IFRS 2004 OPENING SHAREHOLDERS' EQUITY**



Insurance & Investment contracts (IFRS 4 & IAS 39)

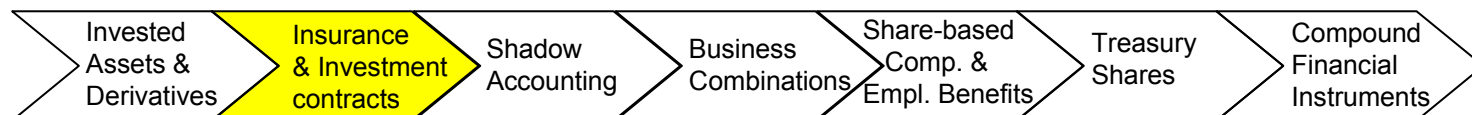
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FGAAP - December 31, 2003

(Euro billion)

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* Gross of reinsurance.

Snapshot of our technical reserves

French GAAP Reserves
December 31, 2003

**IFRS 4
Accounting
under phase 1**

**IAS 39 & 18
Accounting**

96% of
these contracts
are unit-linked

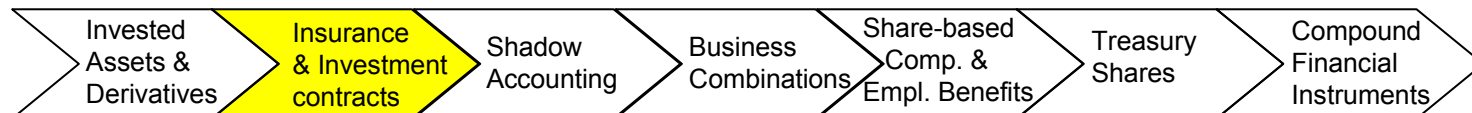
Life: Investment
contracts
w/o DPF
9%

Life:
Investment
contracts
w/ DPF
9%

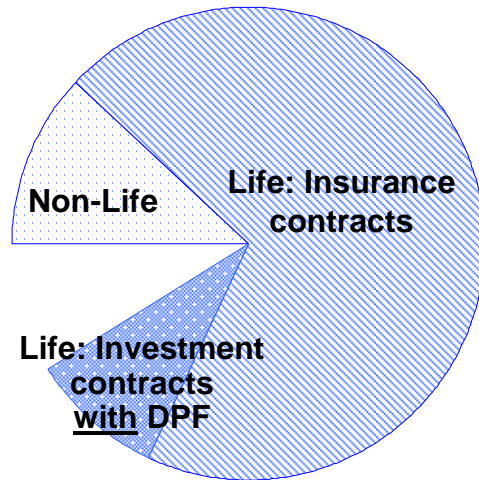
Life: Insurance
contracts
70%

Non-Life
12%

DPF = Discretionary Participation Features



Under phase 1, apply IFRS 4 to both insurance contracts and investment contracts with DPF



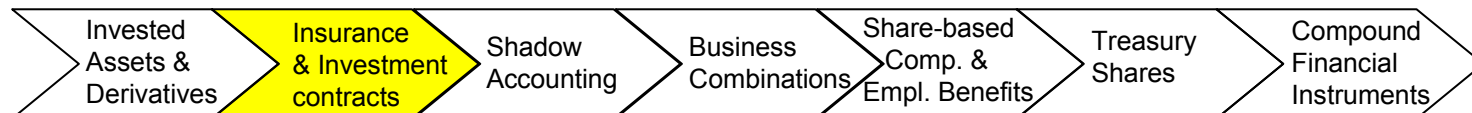
In FGAAP, these contracts represent:

- 91% of reserves
- 94% of gross revenues*

Percentages as of 12/31/03

Under IFRS 4:

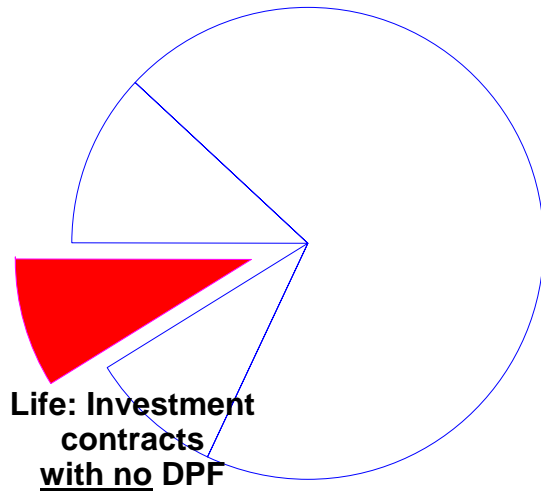
- FGAAP liabilities, Deferred Acquisition Costs (DAC) and Value of Business Inforce (VBI) **are maintained**
- Liabilities are tested for the presence of embedded derivatives: **NOT MATERIAL FOR AXA**
- “Selective unlocking” is allowed, but AXA intends to unlock only hedged GMDB/IB/AB liabilities, so that liabilities move symmetrically with the hedge
- “Shadow accounting” is allowed, and AXA will apply it everywhere it is possible
- P&C and International Insurance’s **equalization reserves are eliminated**: **NET POSITIVE IMPACT ON 2004 IFRS OPENING SHAREHOLDERS’ EQUITY OF EURO 0.3 BN**



* Excluding Asset Management and Other Financial Services.

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For investment contracts with no DPF, apply IAS 39 and IAS 18



In FGAAP, these contracts represent:

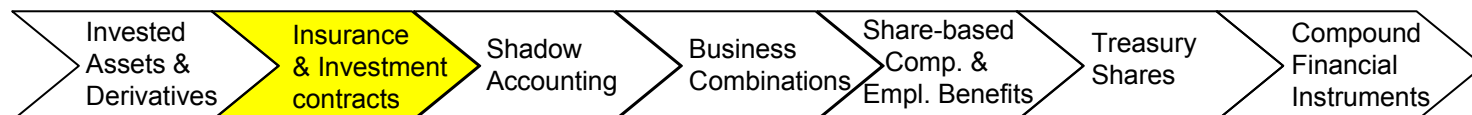
- 9% of reserves
- 6% of gross revenues*
- less than 10% of DAC

All provide Investment Management Services

Percentages as of 12/31/03

Under Phase 1:

- Contracts are subject to deposit accounting with:
 - ➔ Fees & loadings rather than premiums as revenues
- FGAAP liabilities are essentially maintained
- DAC is written off, and partly replaced by Deferred Origination Costs (DOC) for contracts that provide Investment Management Services:
 - ➔ For AXA, all investment contracts with no DPF provide Investment Management Services, and so are entitled to DOC
 - ➔ At least commissions and production/volume bonuses are DOC-able



* Excluding Asset Management and Other Financial Services.

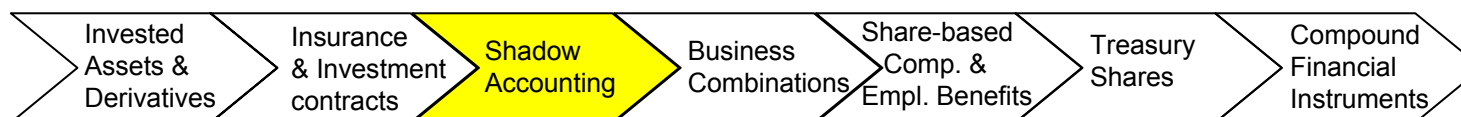
Shadow Accounting

- Balance sheet items subject to potential adjustments

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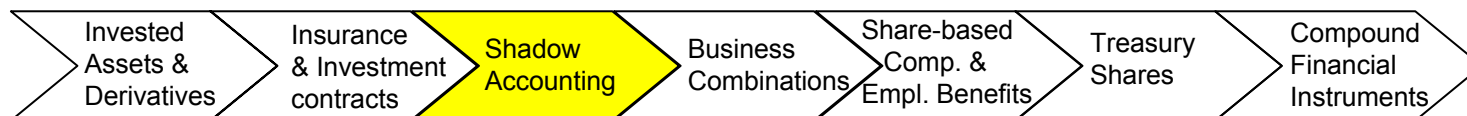
* Gross of reinsurance.

In order to mitigate asset/liability mismatch, IFRS 4 allows “Shadow Accounting”

Shadow Accounting under IFRS is conceptually the same as under US GAAP and refers to adjusting liabilities, DAC and VBI for the impact of recognized unrealized capital gains & losses on invested assets*:

- Liabilities are adjusted for policyholders’ participation in unrealized gains/losses
 - ➔ In case of unrealized losses, the adjustment is capped by the Liability Adequacy Test (LAT, which is conceptually similar to the Loss Recognition Test), in line with ALM studies and local regulatory restrictions.
- DAC & VBI are adjusted to reflect the impact of the unrealized gains & losses, net of policyholders’ participation on Estimated Gross Profits (EGP)
- The changes in assets, liabilities, DAC and VBI will impact Deferred Taxes

Policyholders’ participation rates used for shadow accounting are based on best estimates, broadly in line with our FGAAP NAV calculation.

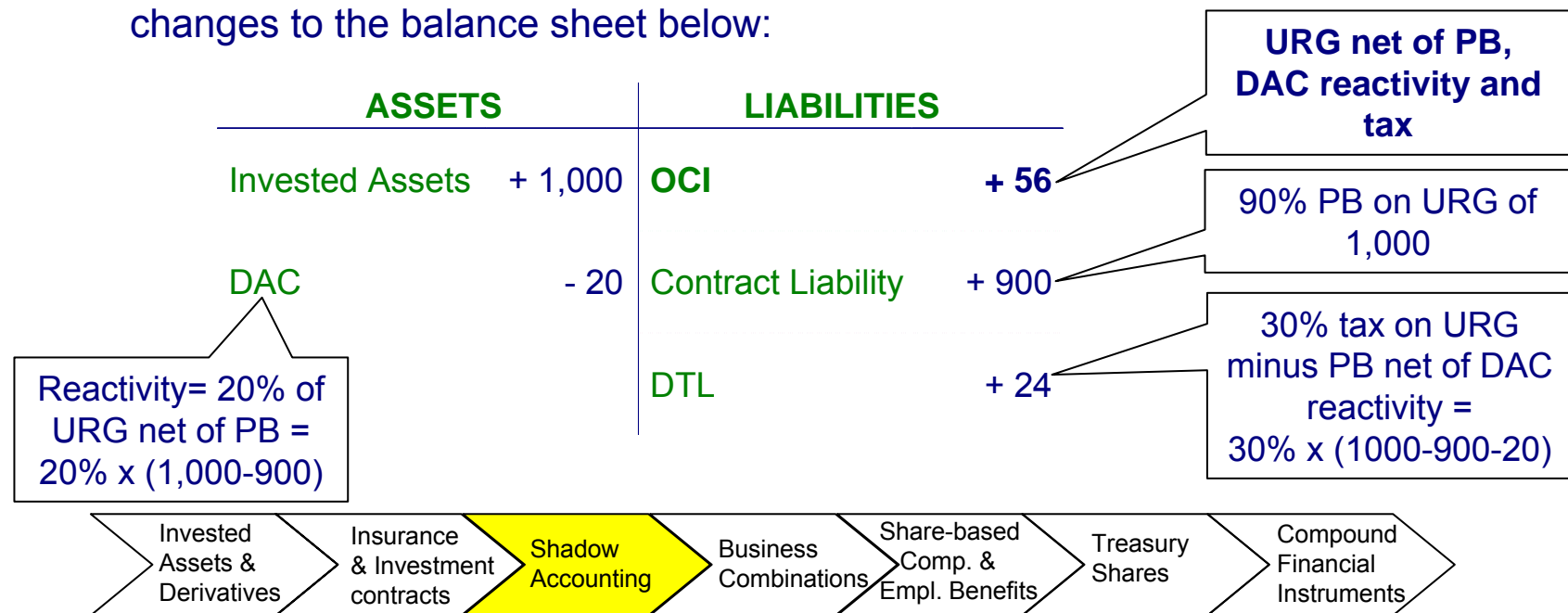


* Be they “AFS_{P&L}”, “AFS_{OCI}” or Trading.

IFRS 4 Contracts

“Shadow Accounting” – Simple Illustration

- Example:
 - ➔ contract with policyholders’ participation rate of 90%
 - ➔ Assets backing contract are classified as “AFS_{OCI}”
 - ➔ Tax = 30%
 - ➔ DAC reactivity = 20% of gains & losses
- Case of assets with unrealized gain of Euro 1,000
 - ➔ If no shadow accounting, the Euro 1,000 flow through OCI (gross of tax)
 - ➔ If shadow accounting, **only Euro 56 flow through OCI**, as shown with the changes to the balance sheet below:



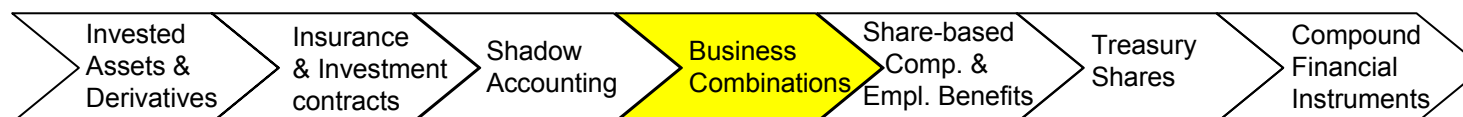
[Business combinations (IFRS 3)

- Balance sheet items subject to potential adjustments

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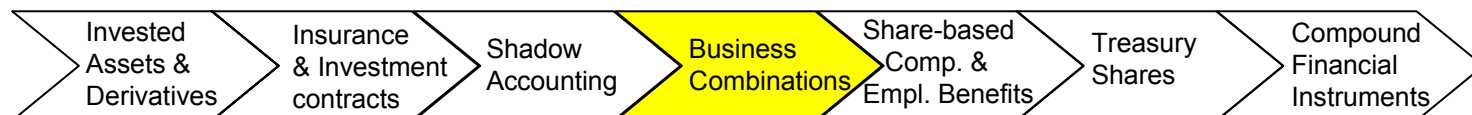
* Gross of reinsurance.

Business combinations

Under IFRS:

- No restatement of past business combinations
- More restrictive conditions to recognizing restructuring provisions
- No more goodwill amortization
- Goodwill subject to impairment testing, at least once a year (IAS 36), as it is already the case in FGAAP and US GAAP
- Goodwill will be booked in the local currency of the acquired entity (IAS 21)
 - ➔ Retroactive adjustment
 - ➔ If the local currency has depreciated against the euro since the acquisition date, this has a negative impact on the capitalized goodwill, but a positive impact on cumulative goodwill amortization
 - ➔ If the local currency has appreciated against the euro, opposite effects

GOODWILL REDUCED BY EURO 1.3 BILLION, due to currency adjustments related to AXA Financial and SLPH minority buyouts



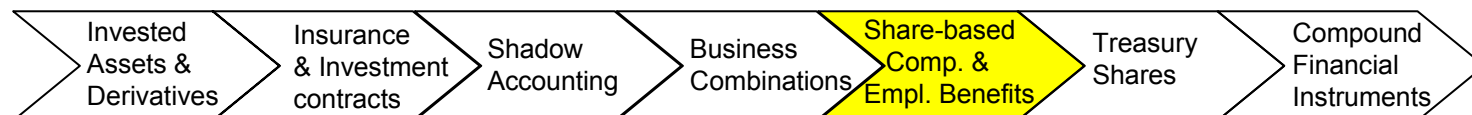
[Share-based compensation (IFRS 2) and Employee Benefits (IAS 19)

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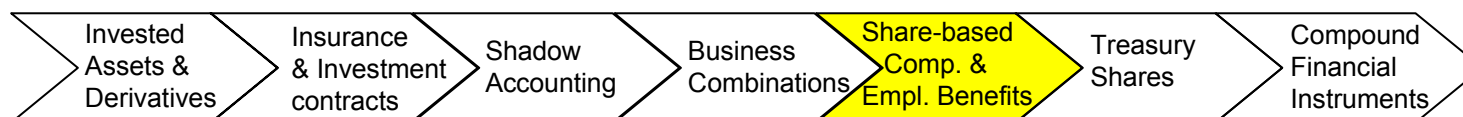
* Gross of reinsurance.

Share-based compensation (IFRS 2)

- AXA's share-based compensation plans are predominantly equity-settled plans and Shareplan, which, under IFRS, have the following impacts:

	Impact on Income statement	Impact on Shareholders' Equity
Shareplan	Expense = fair value of discount offered to employees	None, as the expense flowing through P&L is offset by a contra-account in shareholders' equity
Equity-settled plans	Expense = fair value at grant date accrued over the vesting period	

- Equity-settled plans granted before Nov 7, 2002 are excluded from IFRS scope
- Under FGAAP, there were provisions for some equity-settled plans that need to be released through shareholders' equity upon adoption of IFRS: **NET POSITIVE IMPACT ON IFRS OPENING SHAREHOLDERS' EQUITY OF EURO 0.1 BN**
- Fair value can be based on Black-Scholes or on binomial models, and **will take into account selling restrictions, vesting periods and employee forfeitures**
 - Every year, around 1% of capital is distributed in form of stock options
 - Average employee forfeiture rate is around 20% over the duration of plans



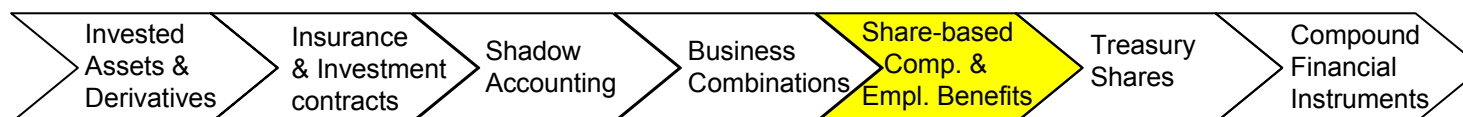
Employee benefits (IAS 19)

- Past actuarial gains & losses are amortized in the opening balance sheet, which is conceptually equivalent to canceling the URL, net of tax, PB and minority interests (in line with our EV treatment of Life & Savings pension benefits)

At 12/31/03 Euro million	Pension Benefits	Other Benefits	Total Employee Benefits
Plan Assets	5,526	8	5,534
Less: Plan Obligations	<u>8,609</u>	<u>524</u>	<u>9,133</u>
Equals: Funding Status	(3,083)	(516)	(3,599)
FGAAP Accounting Status	43	(386)	(343)
Reconciling item from funding to accounting status = Unrecognized Net Loss/Gain (URL)	3,126	130	3,256

EMPLOYEE BENEFITS DEFICIT TO BE INCORPORATED IN THE 2004 IFRS OPENING SHAREHOLDERS' EQUITY FOR APPROX. EURO 2BN (after adjustments for tax, PB and MI)

- Future earnings will benefit from the absence of amortization of past actuarial gains & losses (URL), partly offset by other technical differences



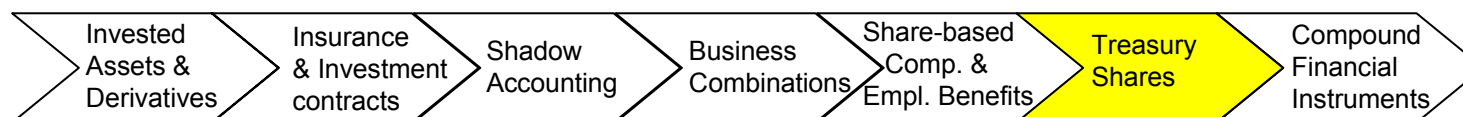
Treasury shares (IAS 2)

- Balance sheet items subject to potential adjustments

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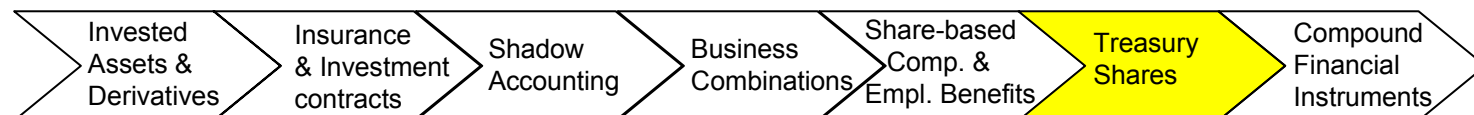


* Gross of reinsurance.

Treasury shares (IAS 2)

- Treasury shares represent a subsidiary's investment in its parent company's ordinary shares or a parent company's investment in its own shares
- According to FGAAP, AXA's treasury shares are accounted for as an investment in equity securities as they are held to be attributed to employees in connection with purchase stock option plans
- Under IFRS, **all** treasury shares have to be netted to equity at cost, **regardless of the economic rationale**

IMPACT ON 2004 IFRS OPENING SHAREHOLDERS' EQUITY OF EURO 0.5 BILLION



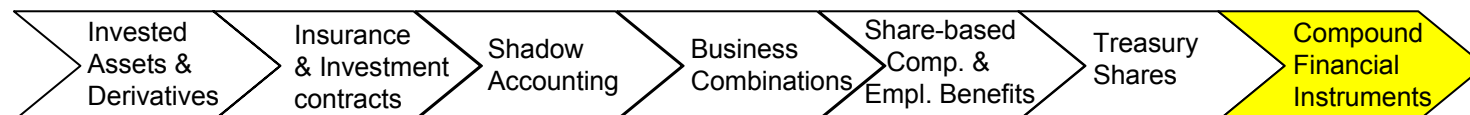
[Compound Financial Instruments (IAS 32)]

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FGAAP - December 31, 2003

(Euro billion)

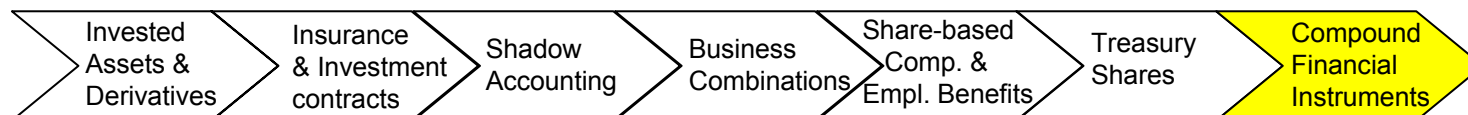
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* Gross of reinsurance.

Compound Financial Instruments (IAS 32)

- A compound financial instrument is a financial instrument issued by the company that includes both a liability and an equity component
 - ➔ Liability component: contractual obligation to deliver cash
 - ➔ Equity component: e.g. option granted to convert the debt instrument into an equity instrument of the company
- Under IFRS, the components are classified separately in the balance sheet:
 - ➔ **Liability component is reported in liabilities** and valued as the present value of the contractually-determined stream of future cash flows, discounted at the then prevailing market interest rate for similar bonds having no conversion rights.
 - ➔ **Equity component is reported in shareholders' equity** and valued as the difference between the proceeds from the compound financial instrument issue and the value of the liability component.
This Equity component value remains unchanged throughout the life of the instrument, unless there has been a conversion or other changes to the terms of the instrument.
- For AXA, this encompasses convertible debts and should result in a **POSITIVE IMPACT ON OPENING IFRS SHAREHOLDERS' EQUITY OF EURO 0.2 BN**



Summary IFRS impacts on 2004 opening shareholders' equity

	---	--	-	+	++	+++
Insurance & Investment Contracts:						
P&C and Int'l Insurance equalization reserves				✓		
DOC & equivalent			✓			
Invested Assets & Scope of consolidation						✓
Derivatives & Hedging				✓		
Share-based Compensation & Employee Benefits	✓					
Business Combinations (goodwill Forex)		✓				
Treasury Shares			✓			
Compound Financial Instruments				✓		

**OVERALL IMPACT ON 2004 OPENING
SHAREHOLDERS' EQUITY WILL BE AROUND -5%**

Questions & Answers



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3. Impact on Key Indicators



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[Key performance indicators will remain largely unchanged

- Underlying Earnings

- ➔ AXA will preserve for Phase 1 the Underlying and Adjusted Earnings concepts, with IFRS related volatility in the Net Income

- New Business Contribution / Embedded Value

- Life margin analysis

- Cash flows

- Cost income ratio

- Combined ratio

- AUM, net inflows

AXA will preserve the underlying earnings concept under IFRS

French GAAP	IFRS
Underlying Earnings	
+ Realized capital gains & losses attributable to shareholders	
+ FGAAP impairments	+ IFRS impairments
Adjusted Earnings	
+ Goodwill amortization	+ Goodwill impairment and similar other intangibles amortization
+ Exceptional operations resulting from change in scope	
	+ Remaining volatility of financial assets (non-qualifying hedges and assets classified as AFS _{P&L}) attributable to shareholders
Net Income	

Underlying earnings will be broadly unchanged

Main differences between IFRS and FGAAP underlying earnings:

- Underlying investment income:
 - ➔ Extension of scope of consolidation: e.g., investment income instead of dividends in FGAAP
- Life & Savings Fees and revenues + Technical margin: not significant
- P&C and International insurance Technical result:
 - ➔ Elimination of equalization reserves
- Expenses:
 - ➔ New definition of Life & Savings deferrable costs (DOC) for investment contracts with no DPF
 - ➔ For employee benefits: no amortization of past actuarial gains & losses and other technical differences
 - ➔ Costs related to share-based compensation
 - ➔ More restrictive rules on provisioning of restructuring costs

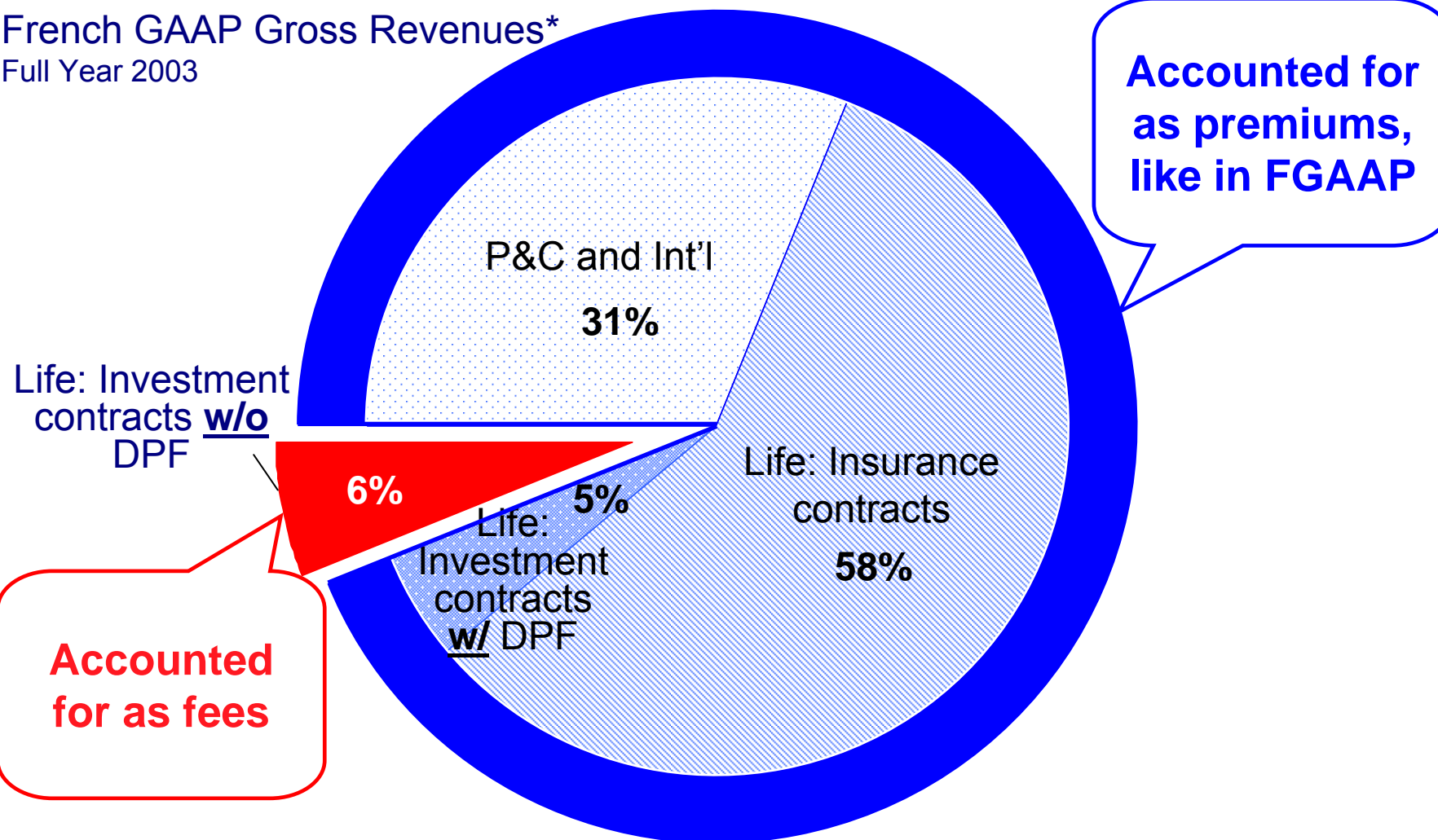
Summary IFRS impacts on underlying earnings

	--	-	=	+	++
Underlying investment income		✓		✓	
Life & Savings fees and revenues + technical margin			✓		
P&C and International Insurance technical result		✓		✓	
Expenses					
DOC instead of DAC for investment contracts w/o DPF		✓			
Employee benefits: no amortization of past actuarial gains & losses					✓
Share-based compensation expenses	✓				
More restrictive rules on provisioning of restructuring costs		✓			

**OVERALL IMPACT ON UNDERLYING EARNINGS
SHOULD BE IMMATERIAL**

IFRS will have a limited impact on our gross insurance revenues

French GAAP Gross Revenues*
Full Year 2003



DPF = Discretionary Participation Features

* Excluding Asset Management and Other Financial Services

Going forward, AXA quarterly reporting will focus on activity indicators

- Life & Savings:
 - ➔ New Business APE
 - ➔ New Business Contribution
- P&C and International Insurance
 - ➔ Gross written premiums
- Asset Management
 - ➔ Fees
 - ➔ Net inflows

[Impact on other key metrics

- European Consolidated Solvency Margin
 - ➔ French regulator not looking at IFRS but still at FGAAP for solvency purposes
 - ➔ Our reported European Consolidated Solvency Margin* is very strong: 213% at June 30, 2004
- Dividend
 - ➔ AXA's dividend capacity is unchanged
- Financial Structure
 - ➔ Overall, not affected
 - ➔ Most meaningful indicator and referential for gearing under IFRS still under review



* Includes a limited fraction of future profits

[4. Impact on Business Model



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IFRS hurdles do not change nor compromise the true economics of our business

The key hurdles of IFRS phase 1 are:

- Assets and liabilities valuation mismatch
- Mutual funds and real estate companies to be consolidated
- Some economic hedging strategies not eligible for hedge accounting
- Return-driven strategies based on entry values remain needed for regulatory and tax purposes

These hurdles do not change nor compromise the true economics of our business:

- Asset allocation philosophy will not change as it is dictated by our ALM
 - ➔ Equity & Real Estate investments are the best hedges against inflation risk
- Long-term liability management will remain unchanged

[Our ALM strategy is driven by sound economic objectives...

- ALM will still aim at maximizing long-term economic value under Economic Capital, Regulatory and Shareholders' constraints
- Global risk-reducing programs implemented through derivatives to hedge embedded options in Life products will be maintained
- Current asset allocation will remain broadly unchanged.

...but IFRS will have a few practical consequences on our day-to-day management

- Favoring of fixed income investment strategies with lower turnover, to be in line with liability duration
- More limited use of Mutual Funds, due to the technical and cost burdens associated with their consolidation
- Complexity related to use of hedging programs through derivatives due to IFRS requirements
- Core/Satellite Approach to drive asset allocation

The core-satellite approach relies upon a clear separation of strategic & tactical investments

Core Investment portfolios

- Investment decisions result from yearly ALM studies
- Investment decisions integrate accounting specifications such as targets for income and realized capital gains/losses
- Average turnover of these investments is low
- In general, underlying securities will be classified as “AFS_{Oci}”

Satellite Investment portfolios

- Tactical asset allocation/active management, with total return objective
- Investment decisions are not limited by accounting or duration constraints, and are complementary to the core portfolio
- Expected return and volatility are closely monitored, as the volatility of the fair value variations of these investments is 100%-reflected in P&L
- Investments mainly through mutual funds consolidated in “AFS_{P&L}” or direct holdings classified as Trading

[On the operational front, IFRS phase 1 induces:

- IT system changes
- Process reengineering

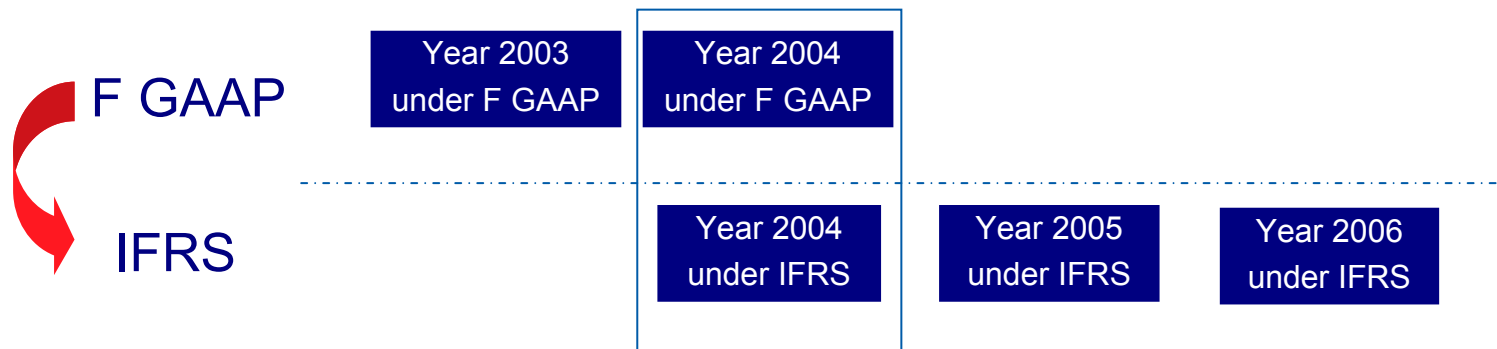
➔ Estimated 2004 cost of phase 1 transition = Euro 30-40m

5. External Communication Plan



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[AMF Requirements for IFRS Conversions



- IFRS applicable as of Jan.1, 2005, with 2004 comparative figures for balance sheet and P&L
- With 2 phases for insurers
- One set of IFRS accounts for both AMF and SEC reporting

[External communication plan

- IFRS 2005 financial disclosures' preliminary calendar (note that all releases will include 2004 comparative figures):
 - ➔ 1Q05 activity indicators: May 3, 2005
 - ➔ 1H05 activity indicators: July 28, 2005
 - ➔ 1H05 earnings:
 - Summary: September 6, 2005
 - Detailed: September 22, 2005
 - ➔ 9M05 activity indicators: November 8, 2005
 - ➔ FY05 activity indicators: end January 2006 (TBC)
 - ➔ FY05 earnings: February 28, 2006 (TBC)
- Additional IFRS communication to the financial community:
 - ➔ 2004 Balance Sheet and Income Statement: June 21, 2005

6. Conclusion



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[Conclusion

In 2004 and compared to FGAAP, under IFRS:

- Opening shareholders' equity should be slightly down
- Underlying earnings should be broadly unchanged
- Adjusted earnings should be up
- Net income should be up

Questions & Answers



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[Appendix



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Glossary

- **AFS_{OCI}**: Available For Sale, with change in fair value flowing through OCI
- **AFS_{P&L}**: Fair Value Option, w/ change in fair value flowing through P&L
- **APE**: Annual Premium Equivalent = 10% single premiums + 100% regular premiums
- **BIG**: Below Investment Grade
- **DAC**: Deferred Acquisition Costs
- **DCF**: Discounted Cash Flows
- **DOC**: Deferred Origination Costs
- **DPF**: Discretionary Participation Features
- **DTL**: Deferred Tax Liabilities
- **EGP**: Estimated Gross Profits
- **EV**: Embedded value
- **GMDB/IB/AB/WB**: Guaranteed Minimum Death/Income/Accumulation/Withdrawal Benefit

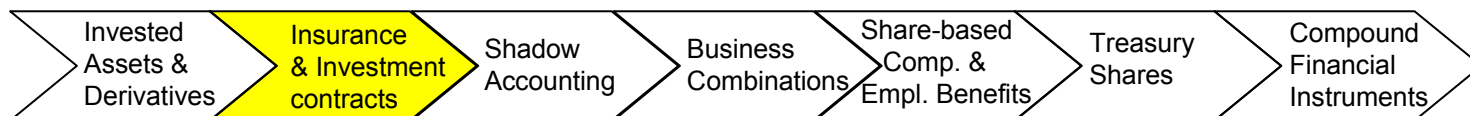
- **HTM**: Held-To-Maturity
- **IAS**: International Accounting Standards
- **IFRS**: International Financial Reporting Standards
- **IG**: Investment Grade
- **KPIs**: Key Performance Indicators
- **MI**: Minority Interests
- **NAV**: Net Asset Value
- **OCI**: Other Comprehensive Income
- **PB**: Policyholder Bonus
- **P&L**: Profit and Loss
- **URG/URL**: Unrealized gains/losses
- **VBI**: Value of Business Inforce

IFRS 4 Contracts

Embedded Derivatives in liabilities

- IFRS requires that liabilities be tested for the presence of embedded derivatives, which could then need to be separated and fair valued through P&L
- An embedded derivative **does not need to be separated nor fair valued** if it meets any one of the conditions below:
 - ➔ It is **explicitly temporarily excluded by IFRS 4 in phase 1** [(e.g. options to surrender an insurance contract for a fixed amount)]
 - ➔ It is **clearly and closely related to the host contract** (e.g., surrender value on traditional whole life, GMWB)
 - ➔ It is **an insurance benefit** (e.g., GMDB, GMIB)

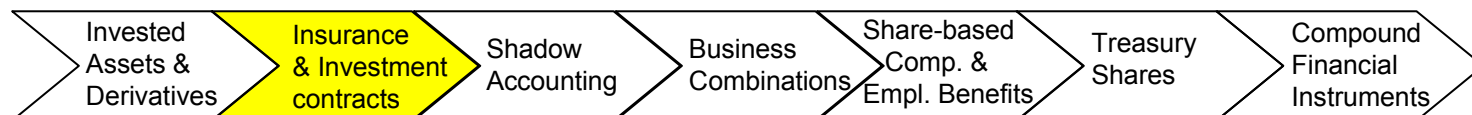
➔ **NOT MATERIAL FOR AXA**



IFRS 4 Contracts

Selective unlocking interest rate approach

- IFRS 4 allows changes in accounting policies for insurance contracts **if they make the financial statements more relevant**
- In general, changes must be made consistently for all similar transactions
- Changes that include reflecting current market interest rates and other current assumptions can be made on a selective basis:
 - ➔ **AXA intends to unlock hedged GMDB/ IB/ AB liabilities, so that liabilities move symmetrically with the hedge**



Example of compound financial instrument: AXA's Subordinated Convertible Debt issued in 2000

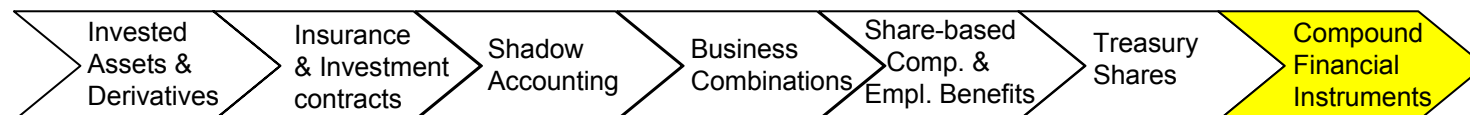
- Date of issue: 02/17/2000
- Maturity: 01/01/2017
- Number of bonds issued = 6,639,463
- Price at issue = Euro 165.5 per bond
- Annual coupon rate = 3.75% of price at issue
- Principal paid at maturity = 162.63% of price at issue, or Euro 269.16 per bond
- Then prevailing market interest rate for similar debt w/o conversion option = 7.06%

Proceeds = Euro 1,099 million

- The Liability component is measured first:

PV of principal per bond (Euro 269.15 due in 17 years)	Euro	83.72
+ PV of coupons per bond (Euro 6.21 pa for 17 years)	Euro	59.72
Value of Liability Component per bond		Euro 143.44
⇒ Value of Liability component for total issue	Euro	952m

- The Equity component is valued as the difference between the proceeds of the issue and the Liability component, or Euro 146m





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