



INFORCE MANAGEMENT

A strategic asset

Investor Day
November 20, 2014

Paul EVANS – CEO of AXA UK & Ireland
Member of the AXA Group Executive Committee



TODAY'S KEY MESSAGES

AXA'S INFORCE PORTFOLIO, A STRATEGIC ASSET

DEMONSTRATED EXECUTION CAPACITY

WHAT'S NEXT



AXA's inforce portfolio, a strategic asset

AXA'S INFORCE PORTFOLIO IS A MATERIAL POOL OF VALUE

SOURCES OF VALUE

FY13 data

28 Euro billion
Value In Force

4.3 Euro billion
Expected inforce surplus generation

2.9 Euro billion
Underlying Earnings¹

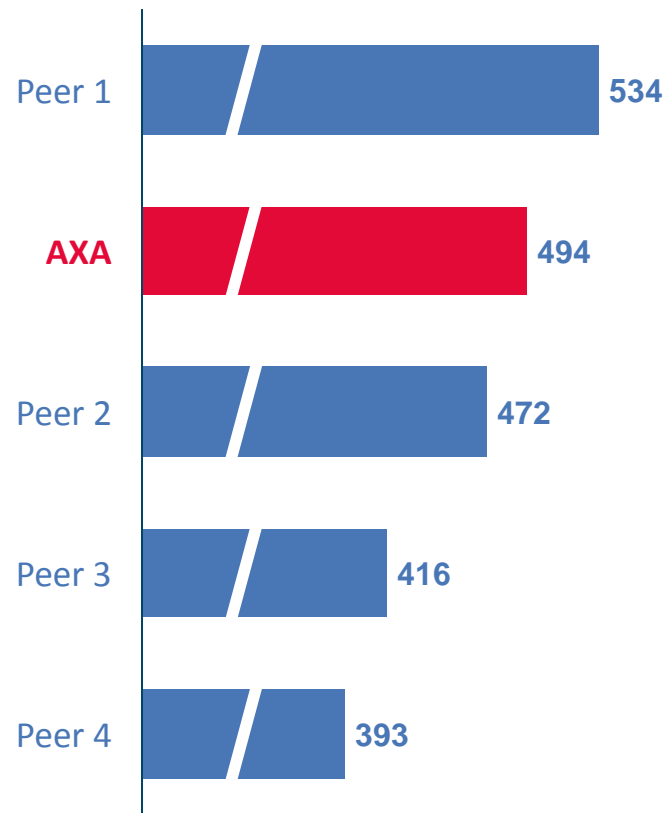
27 Euro billion
Capital allocated

50 million
Customers

#2 INFORCE BOOK

Life & Savings technical reserves²

In Euro billion
As of December 31, 2013



1. L&S 2013 post-tax Underlying Earnings before loadings on new business premiums and acquisition costs and after DAC amortization
2. Worldwide ranking by L&S technical reserves., including Unit-Linked. Source: companies data



ADDRESSING CUSTOMERS' EVOLVING NEEDS THROUGH A WIN-WIN RELATIONSHIP

1980 1995 2013

Constant progression in health expenditures¹
% of GDP



Increase in life expectancy²



Up-sell Protection & Health add-ons to Savings contracts

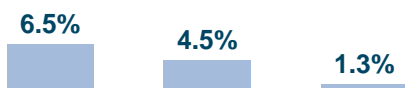
Value for customers

Enhanced benefits in case of illness, dependency, extreme longevity, etc.

Value for shareholders

Higher ROE
Risk diversification
Increased loyalty and equipment rate

Savings accounts return impacted by record low interest rates³



Diversification towards hybrid savings products

Upside potential
Investment diversification & longer investment horizon

Higher ROE
Less capital intensive
Earnings diversification

Continuous technological breakthroughs



New e-services

Multi-access
Simplified procedures

Improved cost efficiency
Legacy systems decommissioning

Flexible solutions to fit customers' needs while optimizing return on equity for shareholders

1. Example of France – Source: DREES
2. Example of Japan – Source: World Bank
3. Example of France – Livret A – Source: French Ministry of Economy



DELIVERING FLEXIBILITY FOR CUSTOMERS

AXA
France

INVESTMENT DIVERSIFICATION

Additional return from holding hybrid vs. pure
G/A Savings products

ca. **260** bps
HIGHER RETURN¹

LIQUIDITY OPTION
GMxB buy-out offer

AXA
US

>13%
TAKE-UP RATE

>30%
TAKE-UP RATE

31%
EQUIP. RATE

AXA
Winterthur

INVESTMENT DIVERSIFICATION

Pilot - Offering upside potential through modern
offers

EXTENDING COVERAGE

Additional Protection & Health coverage as
needs evolve

AXA
Life
Japan

DELIVERING ON AMBITION AXA OBJECTIVES

AMBITION AXA OBJECTIVES

ACHIEVEMENT

**ADDITIONAL
UNDERLYING
EARNINGS
VS. 2010¹**



+€250m

as of 2015E

+€280m

as of 2013

**L&S ADJUSTED
RETURN ON
EQUITY²**



11%

as of 2015E vs. 9% as of 2010

12%

as of 2013

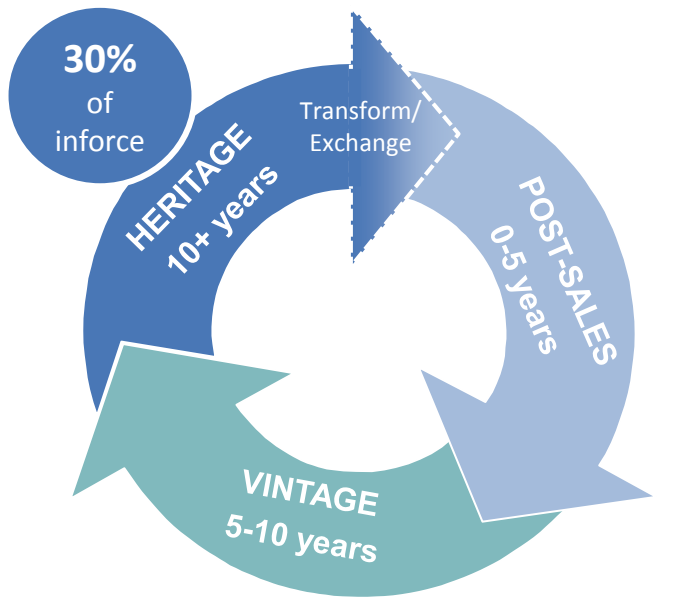
1. Additional yearly recurring underlying earnings from inforce management actions compared to 2010 baseline, not adjusted from the closed MONY portfolio transaction
2. Life & Savings Adjusted Return on Equity, before debt



Demonstrated execution capacity

A SYSTEMATIC REVIEW OF OUR INFORCE PORTFOLIO

A segmented inforce journey...



For certain customers



Increasing gap between purchased cover and current needs

For shareholders



Increasing visibility on books' profitability

... enabling a systematic customized portfolio review

1

FURTHER ENGAGE WITH OUR CUSTOMER BASE

30%

2

ADAPT TO CURRENT FINANCIAL & MARKET ENVIRONMENT

50%

3

TRANSFORM ORGANIZATION, PROCESSES AND IT

20%

4

UNLOCK AND ACCELERATE CASH FLOWS

% contribution to earnings generated by inforce management over 2011-2013

FURTHER ENGAGE WITH OUR CUSTOMER BASE



EARN CUSTOMER LOYALTY

- ➔ **Tied agents** maintain regular relationships with customers
- ➔ Up-selling & cross-selling opportunities
- ➔ Customer satisfaction and loyalty improvement

AXA JAPAN

6.5%

Lapse rate
down 2.6pts

+€23m

Underlying
Earnings



PROMOTE ALTERNATIVE VALUE PROPOSALS

- ➔ Targeting **280,000 inforce clients** holding a traditional savings product since 8+ years
- ➔ Proposing alternative hybrid solutions

AXA BELGIUM

40,000

Opt-in

40%

Unit-Linked
share



OFFER LIQUIDITY

- ➔ Targeting **14,000 clients**
- ➔ Proposing to exchange their GMAB contracts against immediate monetization

AXA MPS ITALY

>60%

Take-up rate

€120m

Reserve relief



SCREEN CUSTOMER NEEDS

- ➔ Targeting **Group Life end customers**
- ➔ Promoting additional individual contribution
- ➔ Upselling additional Protection & Health coverage
- ➔ Started in 2014

AXA FRANCE

+€31m

Revenues

+€1m

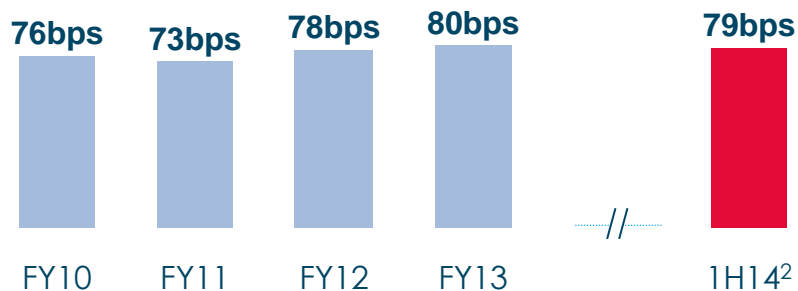
Underlying
Earnings 2014

MAINTAIN PROFITABILITY IN CURRENT ENVIRONMENT

2 ADAPT TO CURRENT FINANCIAL & MARKET ENVIRONMENT

- Proactively adjusted crediting rates in Continental Europe¹ and US, despite heavy commercial pressure
- Strategic decision to balance short-term performance vs. protecting the interests of the client in the long-term
- Disciplined Asset & Liability Management, enabling resilient long term investment income and limited duration mismatch

Maintained a resilient investment margin despite decreasing interest rates



ADJUST EXPENSES TO COMPETITIVE ENVIRONMENT

3

- Identified specific portfolios (i.e. closed books) and performed an in-depth analysis of associated costs and processes
- Decreasing costs through reduction and automation of processes as well as outsourcing solutions

AXA Germany:
a success to be leveraged

Target portfolio: 1.9 million policies /
Euro 15.6 billion reserves
190 FTEs associated
Cost savings expected over 5 years: ca. 40%

Dedicated project team to be deployed
throughout the Group

UNLOCK AND ACCELERATE CASH FLOWS

Euro 1.5 billion remittance to Group holding over 2011-2014E

including the closed MONY portfolio transaction which will contribute Euro 0.6 billion to US internal debt repayment¹



Upon **strategic review**

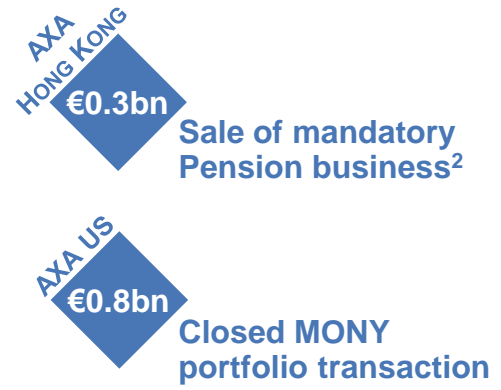
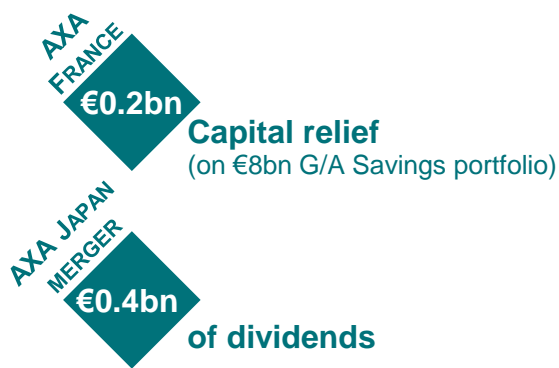
Incl. prioritization & market opportunity



- 1 Further engage with our customer base
- 2 Adapt to current financial & market environment
- 3 Transform organization, processes and IT

- ➔ Review corporate structures and merge entities
- ➔ Structured reinsurance to optimize capital and reserves

- ➔ Systematic yearly scrutiny of eligible blocks
- ➔ Specific assessment framework balancing earnings, expenses, value and capital



1. To be included in the calculation of AXA's remittance ratio
 2. Transaction pending, subject to regulatory approval

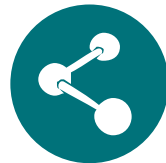


A COMPETITIVE EDGE AND A MORE BALANCED CULTURE BETWEEN INFORCE AND NEW BUSINESS



PEOPLE & GOVERNANCE

- ➔ **More than 200 FTEs** in dedicated inforce management teams throughout the Group
- ➔ **13 entities have nominated a Head of inforce management**, with a shared governance fully aligned with strategic planning process



AXA'S PROPRIETARY NETWORKS

- ➔ **Strong competitive advantage** to foster direct interactions with inforce customers
- ➔ **Low turnover rate** enabling to build long term client relationships



LONG TERM SUSTAINABILITY

- ➔ **Embedding inforce management** in the Global Life & Savings decision making process
- ➔ **A true business enabler**, through mindset transformation and results achieved



REDEFINITION OF OUR INFORCE PORTFOLIO MANAGEMENT SUPPORTING:

IMPROVED CUSTOMER EXPERIENCE

GROWTH

EARNINGS GENERATION

CAPITAL OPTIMIZATION



What's next

AN INITIATIVE STARTED IN 2011 WHICH HAS MORE POTENTIAL

WE ARE READY TO ENTER INTO OUR 3RD PHASE OF MATURITY

PHASE 1
Inforce as a 'project'
2011-2013

- ➔ Inforce Management as a collection of standalone projects
- ➔ Short-term action plans

PHASE 2

Dedicated, but not embedded
2014-2015

- ➔ Dedicated management team operating besides other corporate functions (e.g. legal, finance, operations, etc.)
- ➔ Dedicated KPIs to manage
- ➔ Focusing on specific areas

PHASE 3
Fully Embedded
Beyond 2015

- ➔ Fully embedded within operations with a dedicated inforce P&L and associated strategic plan
- ➔ Full range of inforce actions contemplated and implemented on an ongoing basis

LEVERAGING A UNIQUE PLATFORM...

- ➔ Look-through view of inforce portfolios
- ➔ Common analytic tools enabling local and global benchmarking
- ➔ Yearly in-depth Systematic Portfolio Screening to track areas of improvement

...ALLOWING US TO

- ✓ Find more as we search
- ✓ Diversify type of activities
- ✓ Expand across product lines

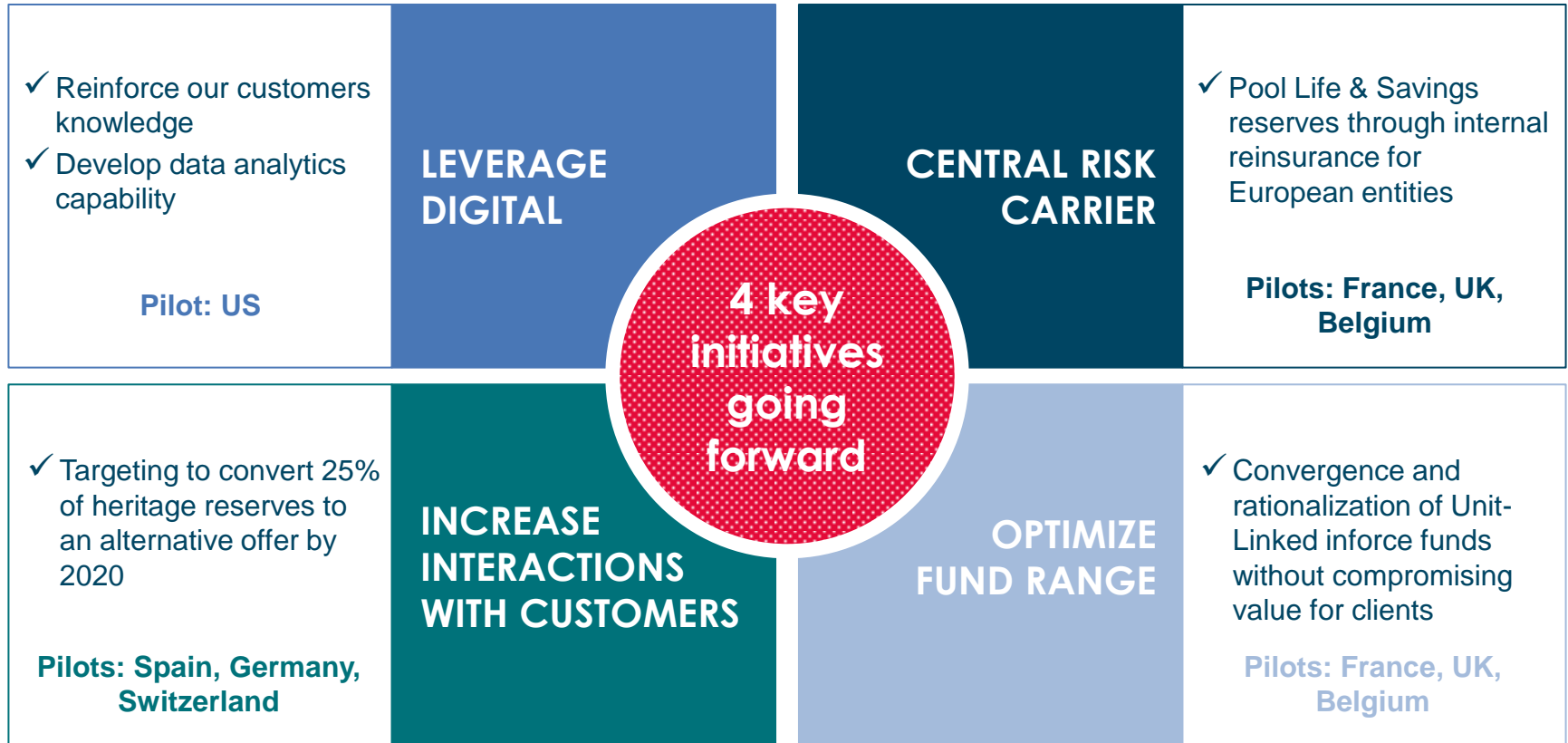
THE MORE WE SEARCH, THE MORE WE FIND



FOSTER CUSTOMER CENTRICITY AND EXPLORE DISRUPTIVE SOLUTIONS

Foster customer centricity

Explore disruptive solutions



CONCLUDING REMARKS

INFORCE MANAGEMENT AT AXA IS...

...an opportunity to better serve customers

...a framework to mitigate risks in old books

...key for earnings resilience and capital efficiency

...a competitive advantage as first mover

INFORCE MANAGEMENT AT AXA WILL...

...increase customers' satisfaction

...be fully embedded in all business lines

...support creating sustainable and flexible new business

...transform deeply AXA's operating model

Appendix

BIOGRAPHY

PAUL EVANS GROUP CEO, AXA UK

- ✓ Paul Evans is Group Chief Executive of AXA UK & Ireland and member of the AXA Group Executive Committee. He has previously held the roles of Chief Financial Officer for AXA UK and Chief Executive of AXA Life UK. Paul is also the sponsor of the Group Inforce initiative.
- ✓ Paul joined AXA in January 2000 following a 13-year career with PricewaterhouseCoopers.
- ✓ Paul is additionally Chairman of the Board of the Association of British Insurers (ABI).