

# SAVINGS & RETIREMENT:

## NEW BUSINESS

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Investor Day  
November 20, 2014

Frédéric DE COURTOIS - CEO, AXA Italy

Joerg ARNOLD - Global Head of Savings & Retirement





# TODAY'S KEY MESSAGES

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LEADING INSURANCE COMPANY IN SAVINGS AND RETIREMENT SPACE WITH COMPREHENSIVE PRODUCT OFFER AND DISTRIBUTION STRENGTH

SUCCESSFULLY TRANSFORMED NEW BUSINESS PRODUCTION WITH A SELECTIVE GROWTH FOCUS

POSITIVE MOMENTUM ON GROWTH OPPORTUNITIES - GROUP PENSION, RETIREMENT AND HIGH GROWTH MARKETS



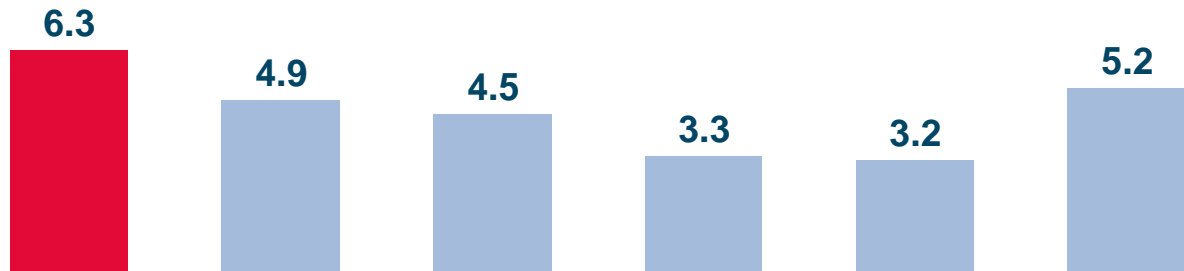
Leading insurance company in Savings  
and Retirement space with  
comprehensive product offer and  
distribution strength

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# LEADING INSURANCE COMPANY IN LIFE & SAVINGS\*

Data as of  
FY13

**APE<sup>1</sup>**  
(in Euro billion)



**NBV  
Margin<sup>1</sup>**

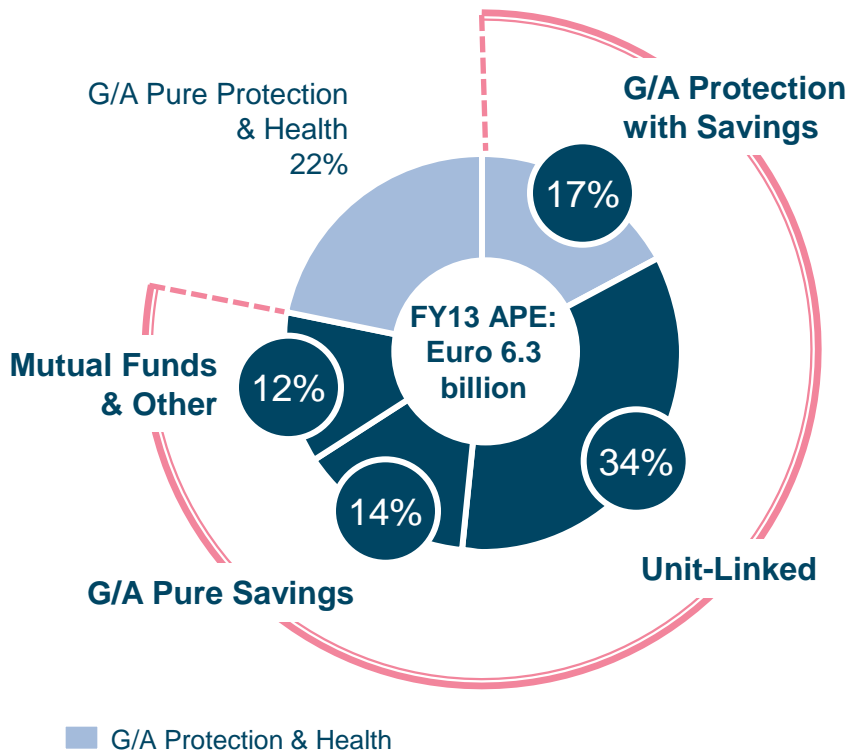


**New business  
internal rate of  
return<sup>2</sup>**

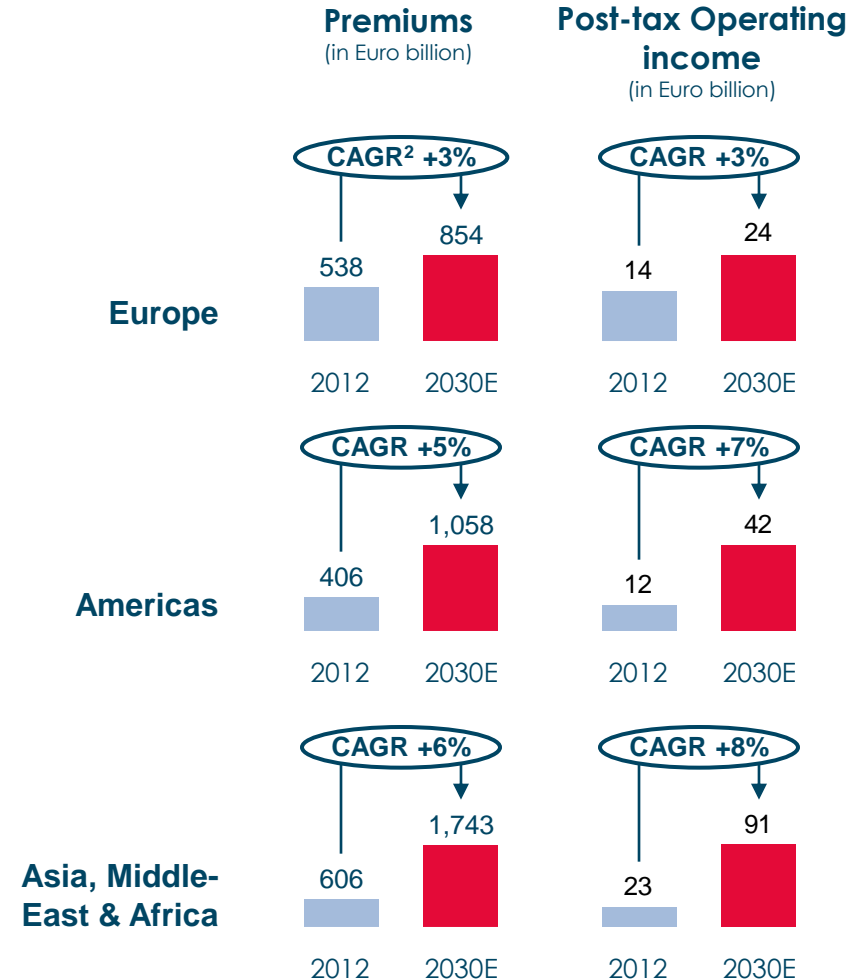


# SAVINGS\* BUSINESS SCOPE AND POTENTIAL

Savings business represents  
78% of AXA FY13 APE...



... with massive market growth potential<sup>1</sup>



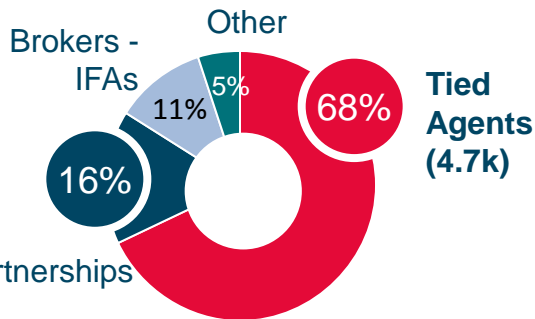
\* G/A Protection with Savings, G/A Savings, GMxB Variable Annuities (VA), Unit Linked incl. non-GMxB VA and Mutual Funds businesses



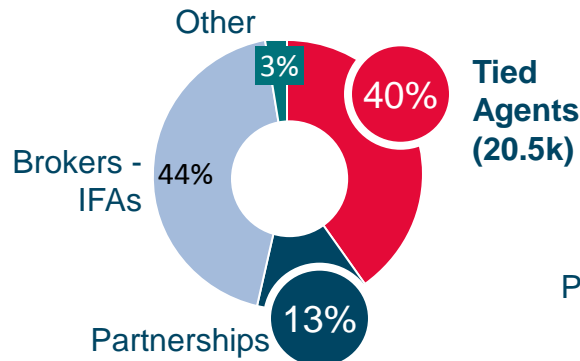
# UNIQUE DISTRIBUTION MIX...

FY13 APE\* by distribution channel

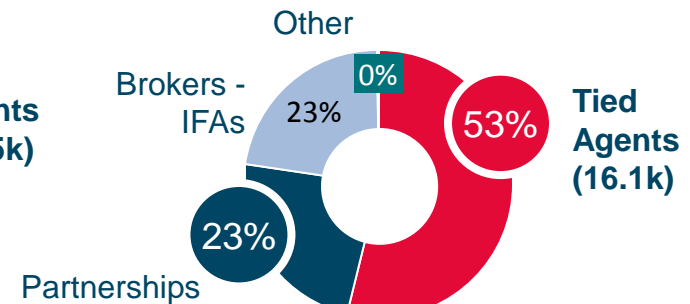
## Americas<sup>1</sup>



## Europe<sup>2</sup>



## Asia<sup>3</sup>, Africa<sup>4</sup> & Middle East<sup>5</sup>



### Significant global proprietary network balanced across all regions

- 94k agents overall of which 41k agents specialized in Savings
- Strong track record of shifting product mix



### Association with top class partners



Enhanced distribution reach through new digital entry points, and a social media linked customer relationship management

# ... AND COMPREHENSIVE PRODUCT OFFER WORLDWIDE...

## Customer needs...

In the current low interest rates environment, traditional investment choices

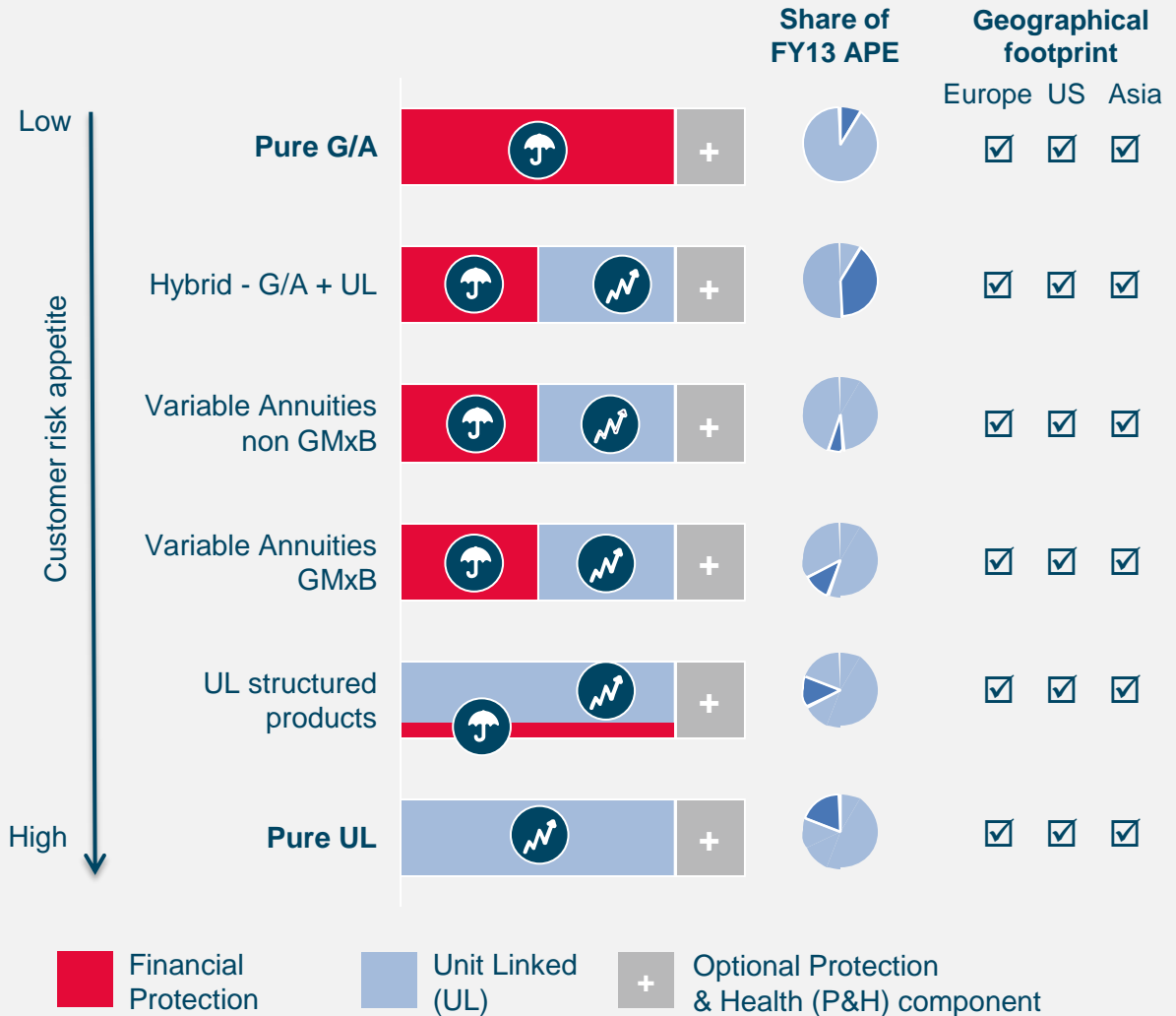


alone are not able to satisfy

customer needs



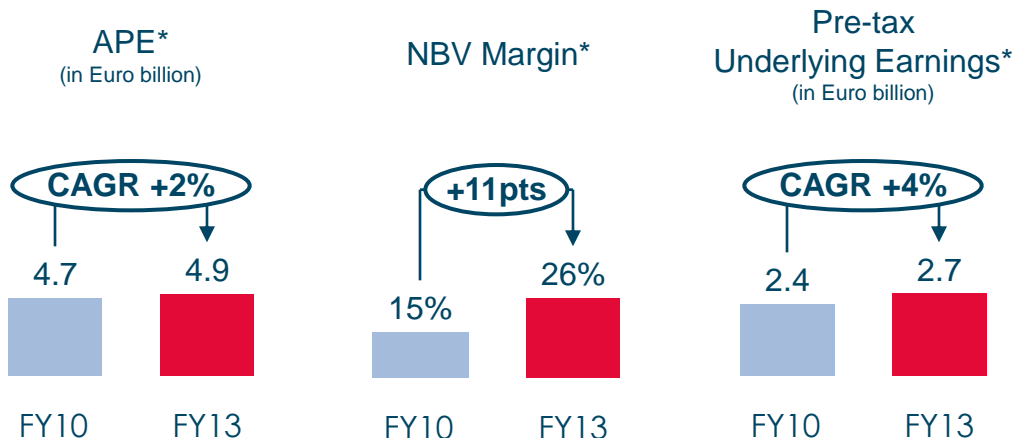
## ... are comprehensively addressed by our wide and well adapted product range across geographies



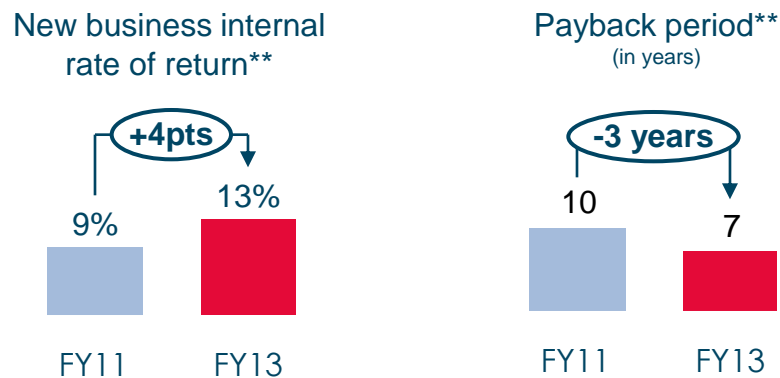


# ... TRANSLATING INTO ROBUST PERFORMANCE IN SAVINGS FOR THE LAST 3 YEARS

→ **Strong profitability improvement...**



→ **... and improved capital efficiency**



\* G/A Protection with Savings, G/A Savings, GMxB Variable Annuities (VA), Unit Linked incl. non-GMxB VA and Mutual Funds businesses

\*\* G/A Savings, GMxB Variable Annuities (VA), Unit Linked incl. non-GMxB VA and Mutual Funds businesses





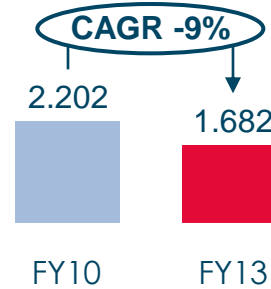
Transformed new business production with a  
focus on selective growth

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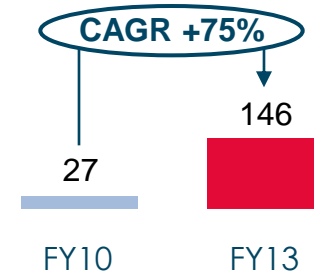
# WE ARE GROWING WHERE WE WANT WHILE IMPROVING PROFITABILITY...

→ Proactively decreasing **G/A Savings** volumes and increasing profitability

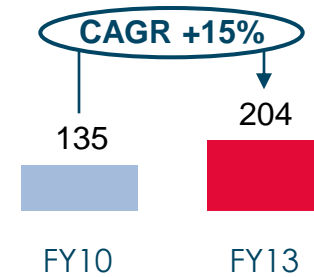
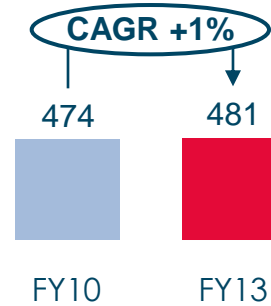
**APE**  
(in Euro million)



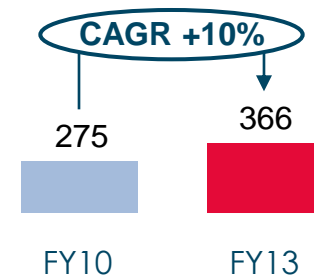
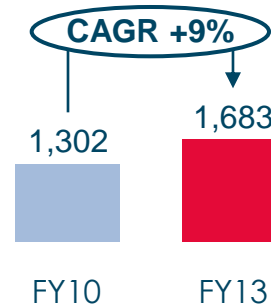
**NBV**  
(in Euro million)



→ Moving to de-risked **GMxB Variable Annuities** while maintaining volumes



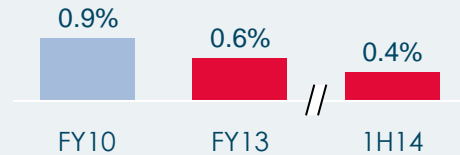
→ Accelerating **Unit Linked\*** sales



# ...THROUGH CONCRETE INITIATIVES

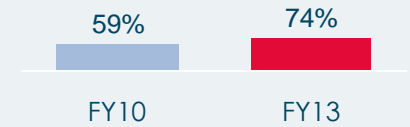
## G/A Savings

✓ Reduced guarantees on new business



✓ Sold mostly as hybrid with UL and/or protection riders

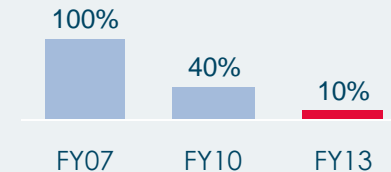
% of G/A + UL hybrid in G/A Savings APE



## GMxB Variable Annuities

- ✓ Re-priced and re-designed new business production in the US
- ✓ New business funds with guarantees are almost exclusively passive
- ✓ Closing business in unprofitable areas

✓ Reduced share of fixed rate guaranteed products in US APE



## Unit Linked\*

- ✓ Externalized and individualized guarantees
- ✓ European hub to promote attractive fund packages focusing on clients' needs

✓ Successful launches of well engineered UL products with protection



Structured Capital Strategies



Valore Performance



Serenite

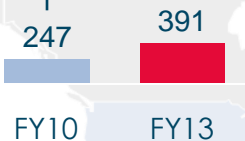
# GROWING WHERE WE WANT – KEY EXAMPLES

## → AMERICAS

### Retirement Cornerstone US

APE (in Euro million)

**CAGR +17%**



**NBV CAGR  
FY10-13 +53%**

NBV margin

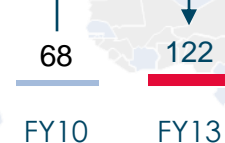


## → EUROPE

### Group Pension France

APE (in Euro million)

**CAGR +22%**



**NBV CAGR  
FY10-13 +69%**

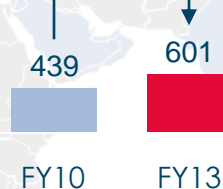
NBV margin



### Unit Linked Europe

APE (in Euro million)

**CAGR +11%**



**NBV CAGR  
FY10-13 +11%**

NBV margin

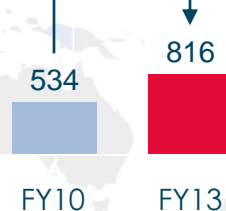


## → ASIA\*

### Total Savings

APE (in Euro million)

**CAGR +16%**



**NBV CAGR  
FY10-13 +18%**

NBV margin





Positive momentum on growth opportunities -  
Group Pension, Retirement and High Growth  
Markets

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# IDENTIFIED GROWTH OPPORTUNITIES...

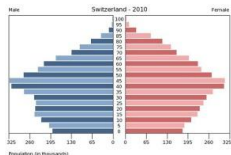
● ● ● *Share of FY13 APE*

From which sub-segments did our FY13 savings business come from?

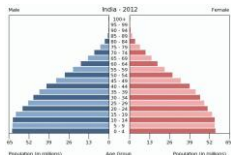
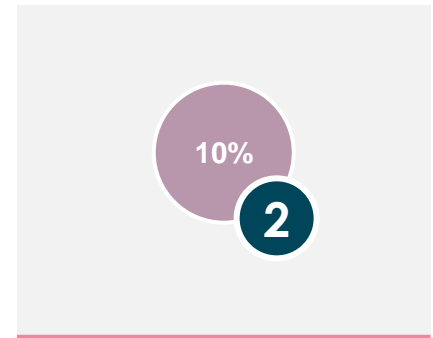
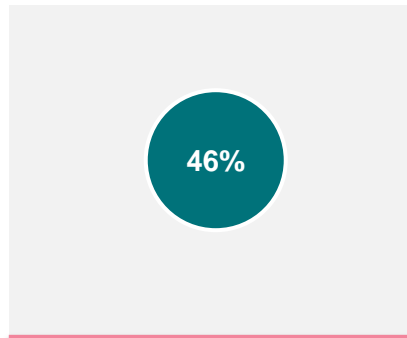
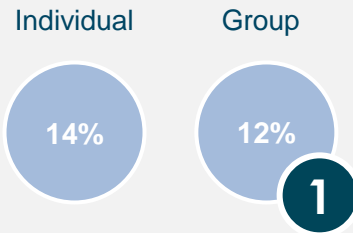


0 year

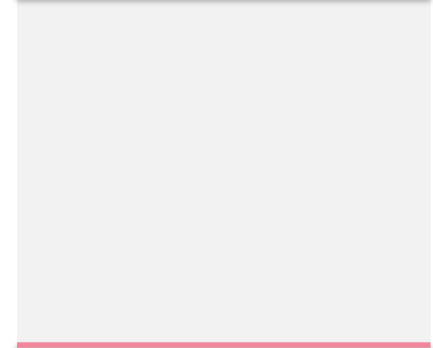
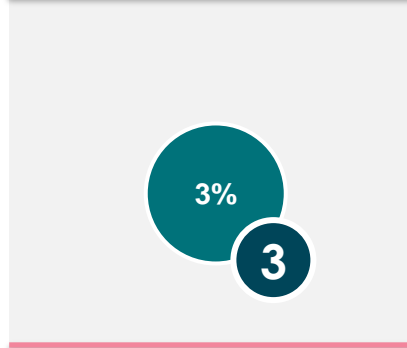
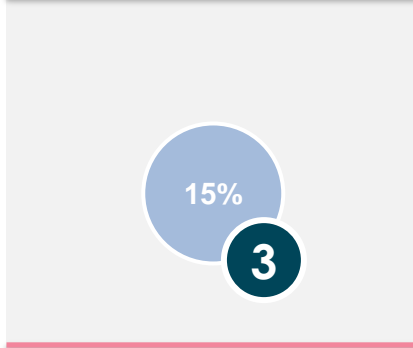
Customer Age →



**Mature markets**



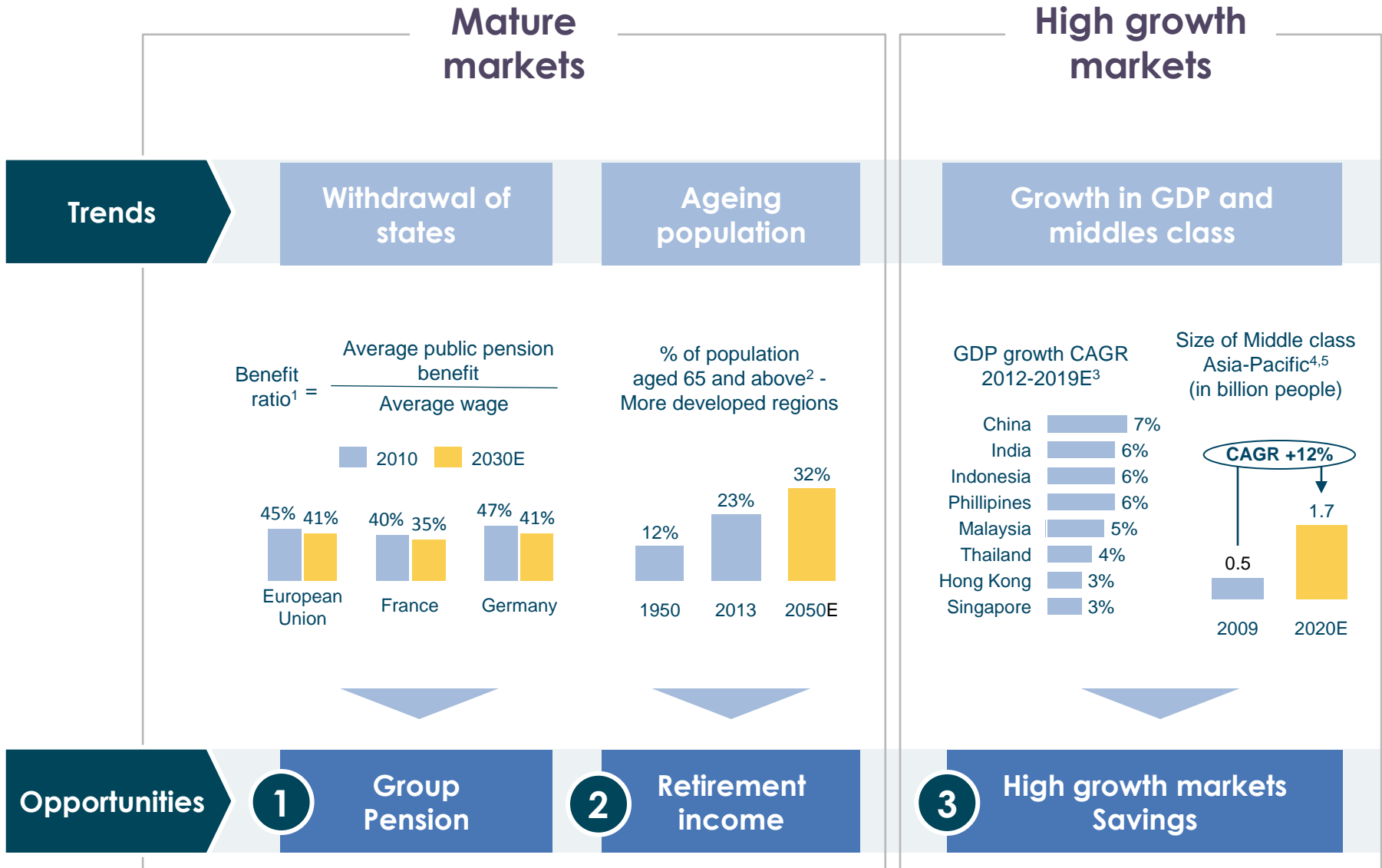
**High growth markets**



**Opportunities**

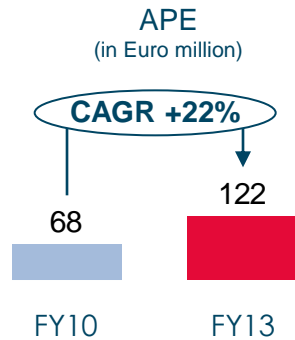


# ... WELL SUPPORTED BY MACRO TRENDS





# OPPORTUNITY I: MATURE MARKETS - GROUP PENSION



## Group Pension - France

GROWTH  
EXAMPLE

- Leading and historical position in France
- High SME market penetration through a strong presence on all business lines
- Ability to offer hybrid solutions with a good risk return profitability

## Selected strategic initiatives



**Targeting multi-national corporations** looking for externalization of pension liabilities and leveraging **corporate specialized agents salesforce** for SME market in France



Continuing to de-emphasize full insurance solutions and **accelerating in semi-autonomous solutions** in Switzerland through pooling solutions with asset management services, risk-reinsurance and pension funds

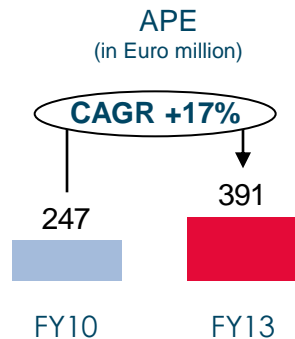


**Leveraging roll-over customers** out of existing group schemes thanks to dedicated salesforce in Belgium



Developing business in Municipal workers and SME through **leveraging our leading position and expertise from educational profession business** in the US

# OPPORTUNITY II: MATURE MARKETS – RETIREMENT INCOME



## Retirement Cornerstone - US

GROWTH  
EXAMPLE

- Innovative and highly flexible product (NBV margin above 40%)
- Retirement dedicated proprietary network
- Strength of existing wholesale model acts as a facilitator for new products
- Identified cross sell potential through 'Mining for diamond' program

## Selected strategic initiatives



**Leveraging retirement expertise** and materialize cross-sell opportunities by driving sales in the US through P&C carriers



**Product innovation** in Belgium (Happy Life and Long Life) by addressing the need for flexible income with the demand for protection riders (death, cancer and dependency)



**Launching Income strategic allocation product for senior citizens** in 1H15 in France enabling additional income through programmed withdrawals from dividends and coupons



**Building partnerships** in Japan with a national tax advisory company to educate customers on business succession planning and inheritance preparation

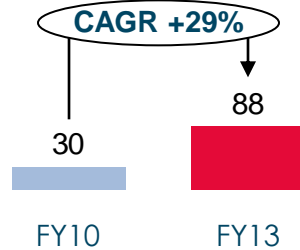


**Providing online tools to educate** retirees and generate leads in Italy by launching the "Pre-visorari" online tool - visited more than 300,000 times in 2014

# OPPORTUNITY III: HIGH GROWTH MARKETS – SAVINGS



APE  
(in Euro million)



## Savings\* business - Thailand

GROWTH  
EXAMPLE

- Bundling with protection & health riders a key differentiator
- Highly successful in proprietary network...
- ... and in bancassurance channel where we have 640 Financial Services Managers serving 1,200 branches of Krungthai

## Selected strategic initiatives



Targeting growing middle class customers in **Thailand** by building digital enablers which makes it easier for customers to engage with us; Increasing numbers of agents, and keep growing in G/A Protection with savings through banking and agency channels



Improving banking channel and agents productivity to grow sales of Unit-Linked Savings with protection in **Indonesia**; Continuing launch of structured UL products designed to meet specific customer needs



Strong digitalization efforts to improve customers' experience, and agents' sales in **Hong Kong**; Ongoing revamp of some of the products to prepare for the upcoming regulatory changes



Continue to increase ICBC branch penetration in **China** while at the same time developing proprietary channels with strong focus on profitability



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LEADING INSURANCE COMPANY IN SAVINGS AND RETIREMENT SPACE WITH COMPREHENSIVE PRODUCT OFFER AND DISTRIBUTION STRENGTH

SUCCESSFULLY TRANSFORMED NEW BUSINESS PRODUCTION WITH A SELECTIVE GROWTH FOCUS

POSITIVE MOMENTUM ON GROWTH OPPORTUNITIES - GROUP PENSION, RETIREMENT AND HIGH GROWTH MARKETS

## Page B5

1. APE and NBV margin (NBV/APE): Based on each company's methodology
  - Allianz APE and NBV as reported in 2013 Embedded Value report;
  - Generali APE and NBV as reported in 2013 Embedded Value report;
  - Zurich APE and NBV as reported in 2013 Annual Report. Exchange rates used 1 USD = 0.7537 EUR;
  - Aviva APE as reported in News Release – 2013 Preliminary result announcement and Value of New Business (net of tax) as reported in 2013 MCEV report. Exchange rates used 1 GBP = 1.1817 EUR;
  - Prudential APE and new business contribution (post tax) as reported in 2013 Annual Report. Exchange rates used 1 GBP = 1.1817 EUR.
2. New business internal rate of return (IRR): Based on each company's methodology
  - Allianz as reported in Analyst presentation FY13 (Simple average of published quarterly IRR for 1Q14 at 11.6%, 2Q14 at 11.5%, 3Q14 at 12.6% and 4Q14 at 11.9%);
  - Generali as reported in 2013 Embedded Value report;
  - Aviva as reported in News Release – 2013 Preliminary result announcement;
  - Prudential as reported in Analyst presentation FY13 (>20% for each geographical area - UK, US and Asia).

## Page B6

1. AXA and McKinsey estimates.
2. Compounded Annual Growth Rate.

## Page B7

1. Americas: US and Mexico.
2. Europe: UK & Ireland, France, Switzerland, Germany, Belgium, Italy, Spain, Poland, Czech Republic, Portugal, Greece, Hungary, Architas Europe, AXA Global Distributors, Family Protect.
3. Asia: Japan, Hong Kong, Thailand, China, Indonesia, Singapore, India, Philippines, Turkey, Morocco.
4. Africa: Morocco.
5. Middle-East: Gulf region.

## Page B15

1. High growth markets for Life & Savings - APE and NBV (on a Group share basis): Morocco, Mexico, Turkey, Singapore, Indonesia, Thailand, Philippines, China, India, Hong Kong, Poland, Czech Republic, Hungary.

## Page B16

1. Source: European Commission 'The 2012 Ageing Report'. Public benefit ratio defined as (Average public pension benefit) / (Average economy wide wage). Average pension benefit defined as (public pension spending) / (number of pensioners). Average wage is defined as (GDP) / (hours worked).
2. Source: United Nations 'World Population Ageing 2013'.
3. Source International Monetary Fund, World Economic Outlook Database, October 2014; GDP defined as Gross Domestic Product, constant prices in national currency.
4. Global middle class defined as households with daily expenditures between \$10 and \$100 per person in purchasing power parity terms. Source: IEMS - Kharas and Gertz, 2010 as quoted in Ernst & Young study 'Hitting the sweet spot'.

# Appendix

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## **FRÉDÉRIC DE COURTOIS** **CEO, AXA ITALY**

- ✓ Frederic is the CEO of AXA Italy and also a member of the AXA Life & Savings Council.
- ✓ He had been previously CEO of AXA Japan & Asia-Pacific and Deputy CEO of AXA Japan Life. Before that he was Deputy CEO of AXA Re.
- ✓ Frederic started his career in 1990 and joined UAP in 1993 which later merged with AXA.

## **JOERG ARNOLD** **GLOBAL HEAD OF SAVINGS & RETIREMENT**

- ✓ Since January 2014, Joerg has been a part of AXA Global Life as the Group Head of Savings and Retirement.
- ✓ He was previously CEO of the AXA subsidiary Deutsche Ärzteversicherung (life insurance company) from 2010 to 2013. Before that he was Chief Sales Officer and member of Executive Committee of Deutsche Ärzteversicherung and AXA Health in Germany.
- ✓ Joerg joined AXA in 1991 through Colonia.