

**CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING  
NATIONAL MUTUAL HOLDINGS LIMITED  
15TH FEBRUARY 2000**

Ladies and gentlemen, before inviting discussions on the financial statements, I would like to make some comments on our past year.

We progressed three major objectives during the year and will continue their development in the current year.

They are:

- Refining our businesses in Australia and New Zealand;
- Expanding our Asian operations; and
- Adopting the AXA brand.

Nevertheless, we acknowledge that we still have some substantial challenges ahead of us.

Overall, it was a satisfying year in total profit terms with improving investment conditions enabling us to increase our profit result substantially to \$302 million. This was a 47 per cent increase on the previous year.

The main driver of this year's profit results was Investment Earnings, which rose to \$146 million, up considerably on the previous year of \$9 million. This is due primarily to improved investment earnings in AXA China Region and the profitable divestment of non-core business holdings in Australia.

Operating Earnings of \$205 million did not meet our expectations and were 8 per cent lower than last year's \$224 million. The main reason for this was the performance of our income protection business in Australia. Les Owen, our new Group Chief Executive, will comment on this later.

Investment and operating earnings were reduced by interest, consolidation adjustments, corporate overheads and tax to produce the overall outcome of \$302 million.

The Net Assets per share, after adding back consolidation adjustments, are 1 per cent lower than last year. This figure includes a reduction of 6 cents per share to allow for the estimated impact of the review of business taxation in Australia.

The value of our Hong Kong business, AXA China Region, fell by \$96 million, or 4 per cent, due to the difficult economic conditions in Hong Kong. These conditions also led to lower new business and higher surrenders than in the previous year.

However, the values of our other major operating subsidiaries were in line with, or higher than, last year.

Shareholders will soon receive the final dividend for the year of 4.5 cents per share, franked to 60 per cent. This brings the dividend for the full year to 9 cents per share. The company will endeavour to maximise the franking element of dividends in the future but the composition of current profit projections indicate that full franking in the future is unlikely.

An important part of our strategy encompasses continuing our expansion in Asia.

One of the highlights was our successful acquisition of the remaining minority interests in AXA China Region, our life insurance company based in Hong Kong. This was a significant investment for the Group and we expect a positive profit contribution from this acquisition this year.

The year brought other developments in the China region when in June we became the first Australian company to participate in writing life insurance business in mainland China. This was through the Group's joint venture in Shanghai, AXA - Minmetals. The

joint venture now has than 800 agents in Shanghai who have started selling policies. We look forward to the long - term development of the joint venture.

As we talked about at last year's Annual General Meeting, we began operations in the Philippines in January, 1999, through a joint venture with Metrobank - the largest commercial bank in the Philippines. This joint venture is progressing well.

We also announced last year that we would be purchasing the AXA Group's life insurance business in Singapore. This transaction was concluded at the end of the business year and now AXA Life Singapore is part of the AXA National Mutual Holdings Group.

All of these developments are in keeping with our planned position in the Asia - Pacific Region and are initiatives which we believe will promote future growth for our company.

Considerable progress has been made to improve the performance of our Australian and New Zealand businesses during the year. Our Insurance businesses have reported solid revenue growth, although our Australian risk insurance products reported losses for the year.

However, it must be said that our results in the superannuation and investment markets have been disappointing. We recorded a reduction in market share and we must improve these elements of our business. Again, Les Owen will comment on our plans to improve performance in these areas.

As I mentioned earlier, our third objective for the year was the introduction of the AXA brand to our markets. We launched this in August, 1999 when our products and services took on the AXA brand and we commenced an intensive marketing and advertising programme. You will have seen some of the advertisements at the start of the Meeting.

As you know, we are asking you, our shareholders, to vote on a proposal to change the name of the Holding company to AXA Asia - Pacific Holdings Limited today.

As I said at last year's Annual General Meeting, the adoption of the AXA brand was strongly supported by the AXA Group and they have provided significant financial resources in support of this development.

Your Board believes that the adoption of the AXA Brand will result in tangible benefits to shareholders in the future.

I am pleased to advise that National Mutual Holdings made a smooth transition into the Year 2000. The Year 2000 Programme delivered all of its key objectives without interruption to our business, or to the services we provide our customers.

Finally, I would like to welcome formally our new Group Chief Executive Les Owen. I am delighted that we have been able to attract an executive of Les Owen's calibre and experience to lead our company in to the immediate future and now invite Les to address the Meeting.