



Strategy Briefing 2004
Hong Kong overview

Mark Pearson, Regional Chief Executive Life

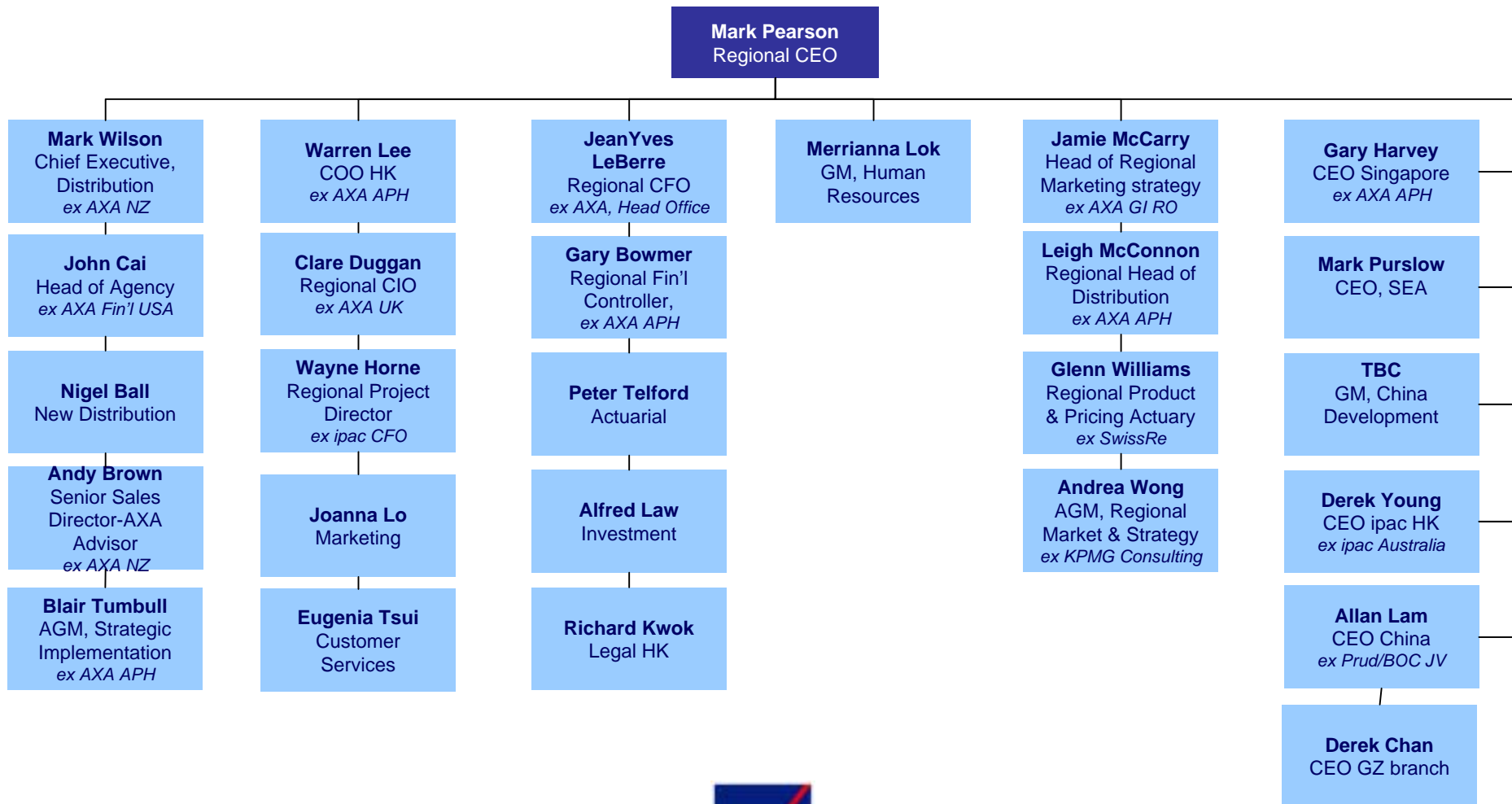


Today's agenda

- Introduction
- Hong Kong overview
- Hong Kong financials
- Agency Blueprint
 - agency office visit
- China overview
- South East Asia / bancassurance opportunities



AXA Asia - introducing the team



Overview of our Hong Kong business

- Established player with a leading position in the Hong Kong market, #3 for inforce business, #5 for new business, with approximately 1 million policyholders
- Profitable business, representing approximately 50% of the profit and value for the AXA APH Group
- Two thirds of the way through our M6 transformation programme to re-position our business to a multi-distribution, multi-product approach
- Our vision is to be a leader in financial protection and wealth management, and this will be achieved through profitable growth in our established market together with the emerging market segments in our economy



Our strategy in Hong Kong

Our transformation strategy continues to focus on profitable growth in our established market whilst building a leader position as the market evolves and new segments emerge

	Market segments		
	Established market	Wealth management	Mainland Chinese visitors
Segment	<ul style="list-style-type: none"> • HK mass market 	<ul style="list-style-type: none"> • HK mass affluent 	<ul style="list-style-type: none"> • Mainland mass affluent travellers
Distribution	<ul style="list-style-type: none"> • Multi channel <ul style="list-style-type: none"> - Agency - Salary advisers - Brokers 	<ul style="list-style-type: none"> • Multi channel <ul style="list-style-type: none"> - Salary advisers - ipac - Brokers 	<ul style="list-style-type: none"> • Multi channel <ul style="list-style-type: none"> - Agency - Salary advisers - Brokers
Offer	<ul style="list-style-type: none"> • Insurance & savings <ul style="list-style-type: none"> - Traditional - Unit linked - Retirement - Employee benefits 	<ul style="list-style-type: none"> • Financial planning & wealth management <ul style="list-style-type: none"> - Single premium - Wealth accumulation - Advice services 	<ul style="list-style-type: none"> • Insurance & savings <ul style="list-style-type: none"> - Traditional - Unit linked



M6 recap

By the end of 2004, AXA Hong Kong aspires to increase Enterprise Value to HK\$23b

M1	M2	M3	M4	M5	M6
Value of business	Premium income	Assets under management	Provider of choice	Employee satisfaction	Value of sales
<ul style="list-style-type: none">• Enterprise Value HK\$23b (before any dividend)	<ul style="list-style-type: none">• Total premium income HK\$10b	<ul style="list-style-type: none">• Total assets under management of HK\$42b	<ul style="list-style-type: none">• #1 brand choice	<ul style="list-style-type: none">• > 30 SCOPE	<ul style="list-style-type: none">• Value of new business HK\$753m



Strategic imperatives

Four workstreams to achieve the strategic imperatives

Strategic imperatives

- Increase the number and productivity of captive advisers
- Align agency pay and practices
- Build profitable new distribution channels
- Strengthen relationship with customers and restore historical discontinuance levels
- Deliver investment margins
- Improve operational efficiency
- Attract, develop and retain top talent

Workstreams

Modernise agency force

Build new channels

Maximise customer value

Achieve operational excellence

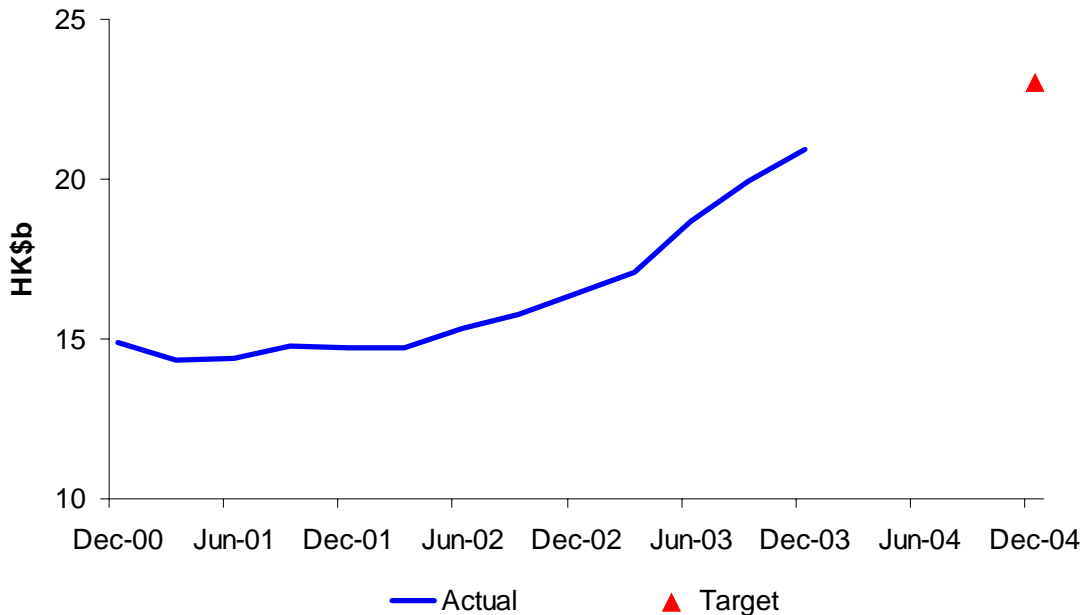




M1 - Enterprise value of HK\$23b

Enterprise value on track towards goal in 2004

M1 Value of business (enterprise value)



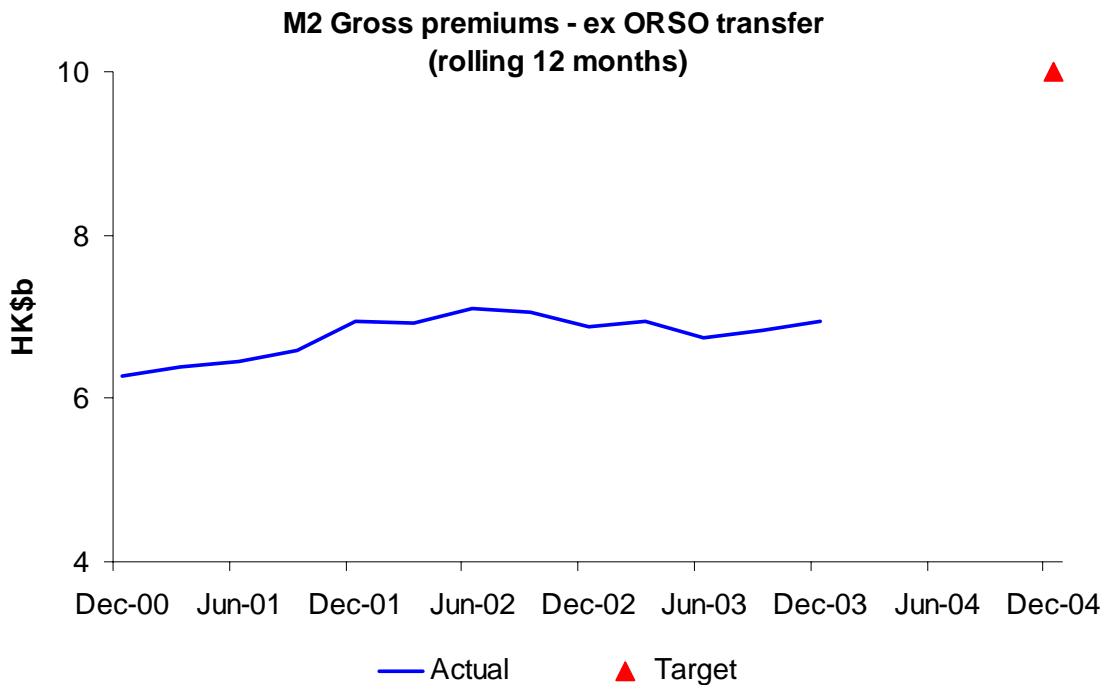
- 33% increase in value of new business
- Persistency continues to improve - consistent with long term assumption
- Mortality experience continues to be favourable
- Already low expense ratios continue to be reduced
- Earned well in excess of 1% spread in 2003





M2 - Gross premiums of HK\$10b

Net funds flow continues to be strong at HK\$3.7b



- Total premium income below target reflecting lower than planned single premium sales
- Partially offset by growth in individual life sales following new product development and diversification of distribution channels
- Increase focus on retirement and single premium sales in 2004

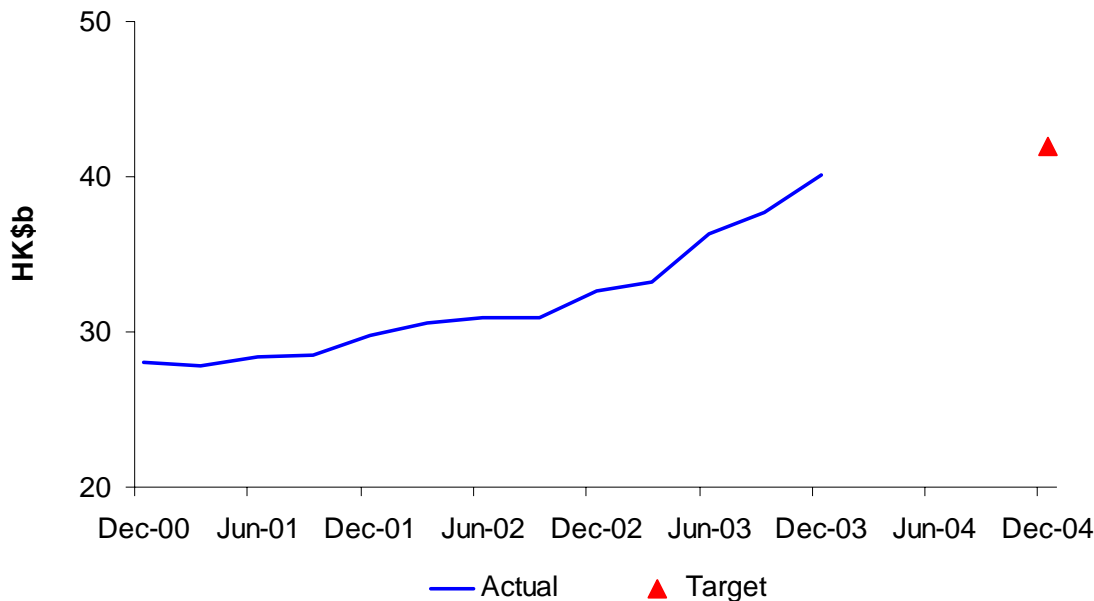




M3 - Total assets under management of HK\$42b

On track to achieve target despite difficult investment markets

M3 Total assets under management (incl. linked)



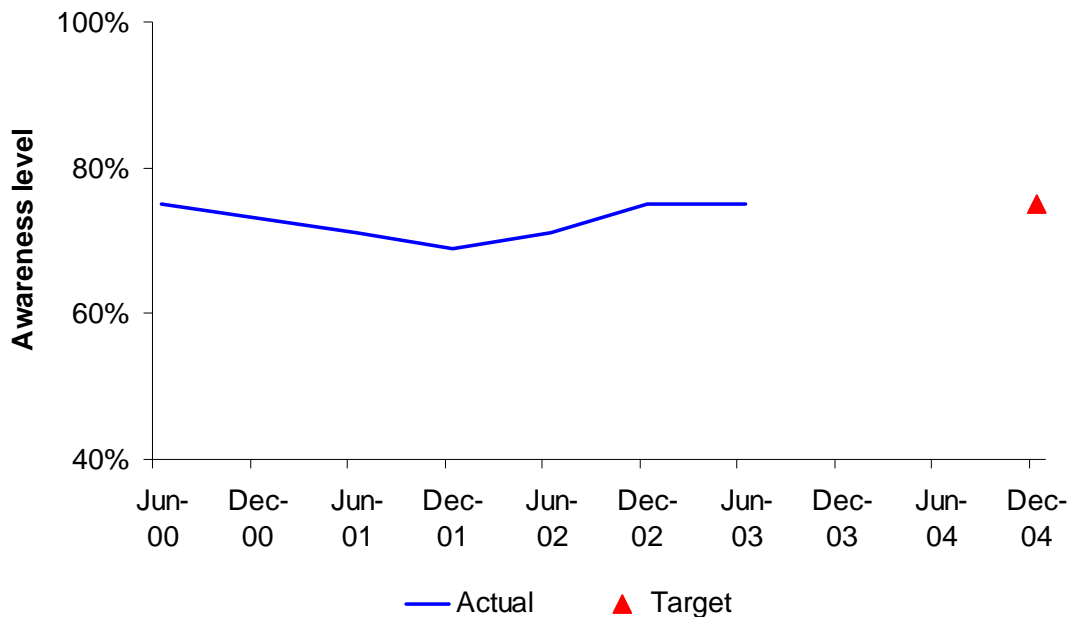
- Well on track to achieve goal, despite difficult investment markets in 2001 & 2002
- Strong recovery in equity markets in second half of 2003
- Strong net funds flow of HK\$3.7bn



M4 - Provider of choice: AXA (Kwok Wei) brand awareness

Excellent brand - platform to support new growth initiatives and maintain margins

M4 Provider of choice - AXA (Kwok Wei) brand awareness



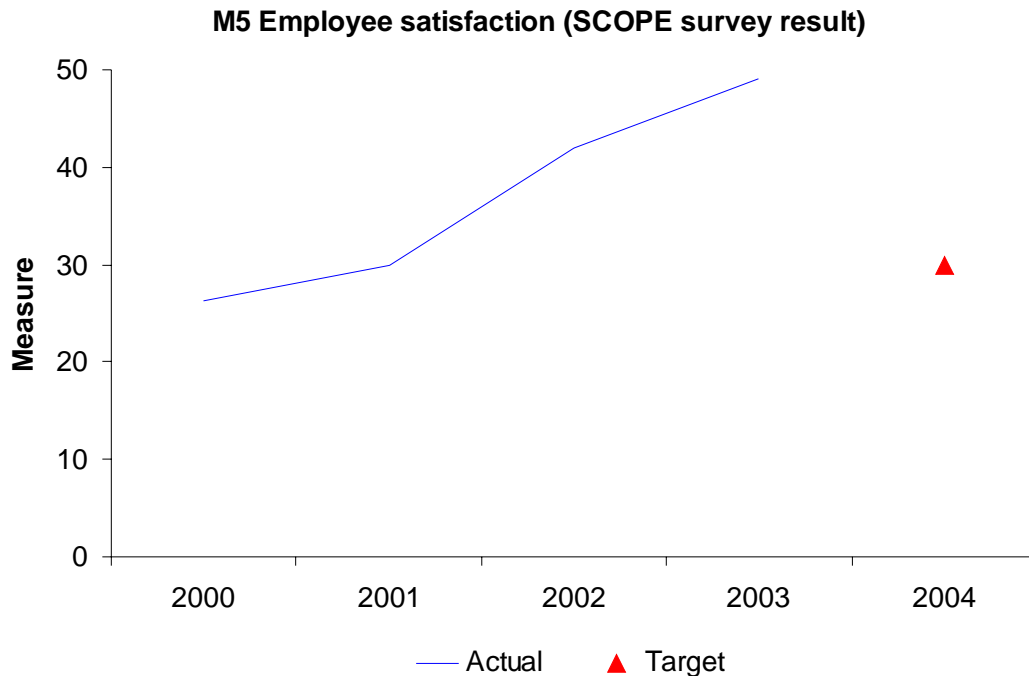
- Brand strength remains very high on all measures
- Surveys show 100% brand recall and 75% unaided brand awareness
- High brand awareness supported by long presence in HK, strong distribution force and press coverage





M5 - Employee satisfaction (>30 SCOPE survey)

AXA performance culture allowing us to attract better staff and retain key staff



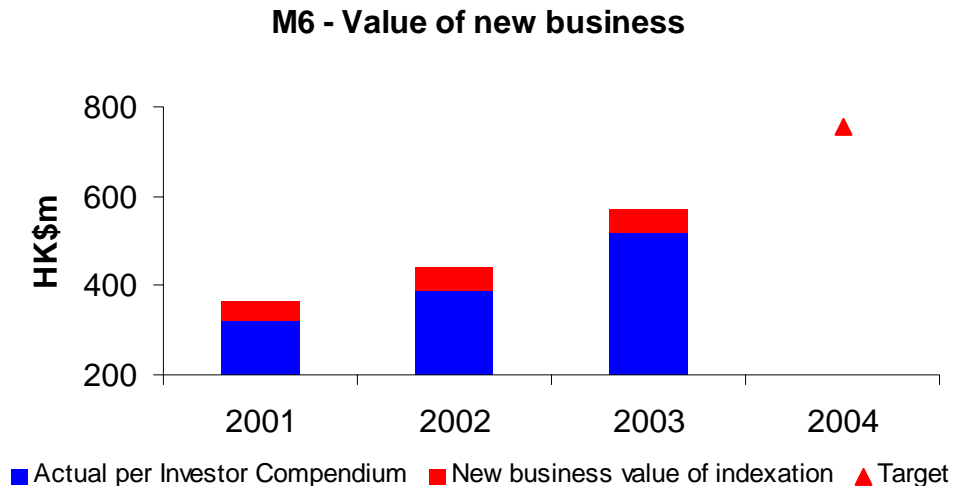
- Overall SCOPE score of 49, compared to target of 30
- Particularly pleasing given headcount reductions and change management processes implemented





M6 - Value of new business of HK\$753m

14% sales growth; 33% growth in value of new business



- Increase in value of new business due to ongoing focus on product profitability, tactical repricing and close management of sales mix
- Value of new business up 33% (26% on a like-for-like economic basis)
- M6 definition has always included indexation

Excludes MPF one-off impact of HK\$57m in 2001



Hong Kong overview

Session agenda

- Strong growth prospects for the Hong Kong market
- AXA's competitive advantages in Hong Kong
- Distribution
- Customer development
- Retirement markets





Strong growth prospects for the Hong Kong market

Joanna Lo - General Manager, Marketing



Strong growth prospects

Savings and deposit rates

One of the world's highest savings and deposit rates makes Hong Kong a very attractive market

GDP, population, savings rate

Country	GDP US\$ billion	GDP per capita (US\$)	Population (million)	Savings % of personal disposable income
USA	10,894	37,460	278	4
Japan	4,229	33,163	127	13
China	1,350	1,051	1,300	14
India	540	505	1,046	26
Australia	436	21,834	19	3
Taiwan	302	13,252	23	18
Indonesia	214	980	218	1
Hong Kong	167	24,163	7	32
Malaysia	100	4,031	23	33
Singapore	95	22,513	3	30
Vietnam	35	438	83	16

Savings rates (savings as a % of GDP) in Asian countries are much higher than the US

Source: Asiaweek; Yahoo Business website - International Finance Centre: Country Fact Sheet

Bank deposits / GDP

Country	Date	Deposit (US\$m)	Population (m)	Deposits / capita	GDP (US\$m)	Deposits / GDP
UK	Dec-00	955,520	60.0	15,925	1,410,246	68%
Germany	Oct-01	2,097,265	82.2	25,514	1,907,250	110%
US	Dec-01	3,166,000	284.5	11,128	39,491,700	8%
Hong Kong	Dec-01	430,385	6.9	62,375	162,454	265%
Taiwan	Dec-01	581,838	22.1	26,328	272,637	213%

Bank deposits per capita in Hong Kong are much higher than the UK, Germany, Taiwan and the US, providing a large wealth management opportunity

Current interest rates for bank cash deposit accounts are close to 0 bps

Source: CEIC, Federal Reserve, Pension Asia



Strong growth prospects

Significant potential in insurance, retirement and retail funds markets

- Hong Kong is still a city of wealth with HK\$3.3 trillion in bank retail deposits, despite past recessions which increased the unemployment rate and inequality of wealth distribution

Financial assets (HK\$m)		Demographics (HK\$)	
Retail deposit	3,300,000	GDP per capita	198,239
Retail investment funds ¹		Deposit per capita	485,000
- Gross sales	152,000	Median monthly income	18,705
- Net sales	25,000		
Retirement (FUM) ²	220,957	Household monthly income > HK\$25,000	755,493 households (36.8% of total households)
- MPF	89,409		
- ORSO	131,548		
Stock market capitalisation ³	5,478,000	Liquid assets > US\$100,000	150,000 - 200,000 ppl
Others			
Retail investment fund penetration		9.5% of total adult population (vs 52% of total US households)	
Retail investment fund as a % of bank deposits		4.6% (vs 80% in US)	

(1) Figures may double count the unit-linked plans investing into the SFC authorized funds. Source: HKIFA

(2) Source: MPFA, as at Dec 03

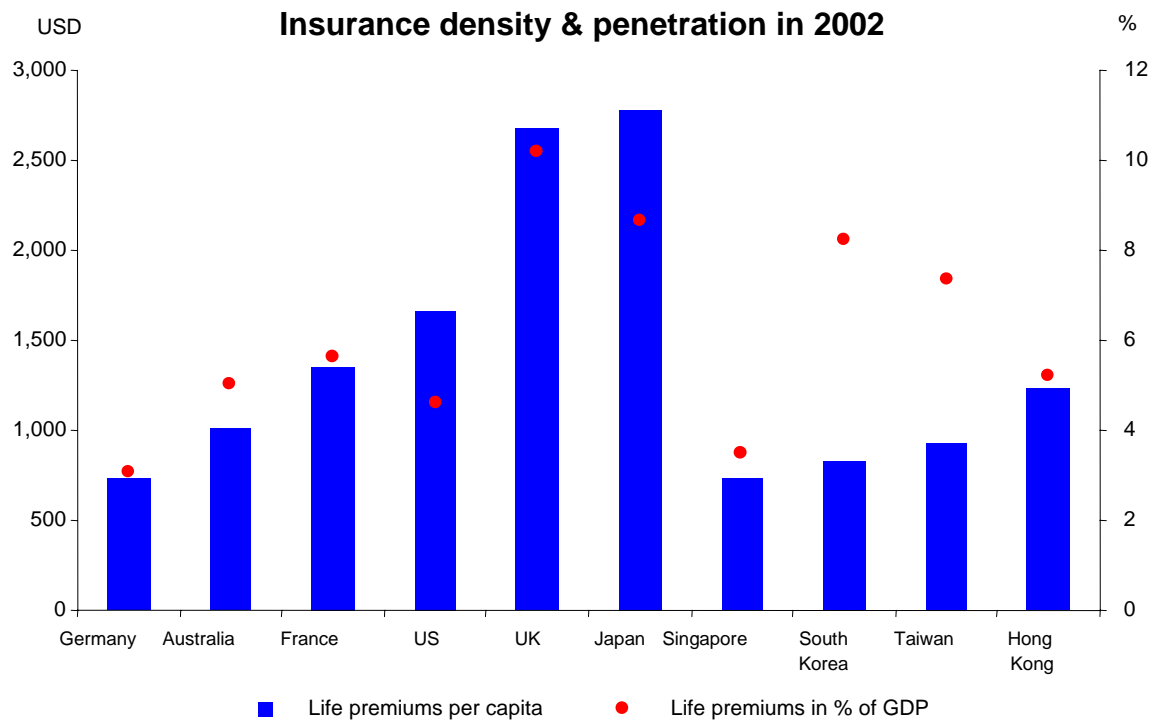
(3) Source: SFC, as at Mar 04



Strong growth prospects

Life insurance premium per capita

Life insurance premium per capita is currently strong, but there is plenty of room for further growth



Source: Swiss Re, sigma No. 8/2003

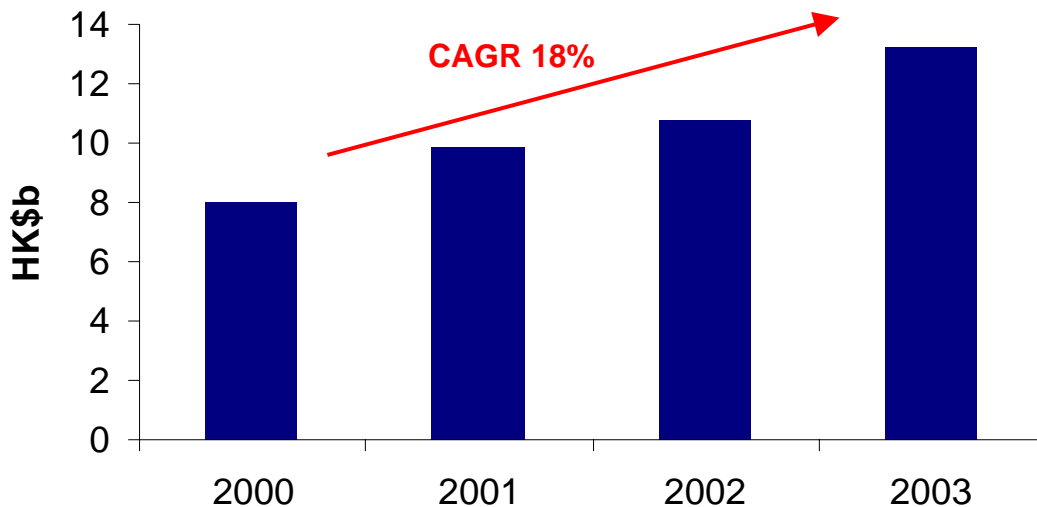


Strong growth prospects

Market growth

A resilient market in challenging circumstances

Individual life new business



- Hong Kong insurance market continues to grow despite the recent challenging economic environment and SARS

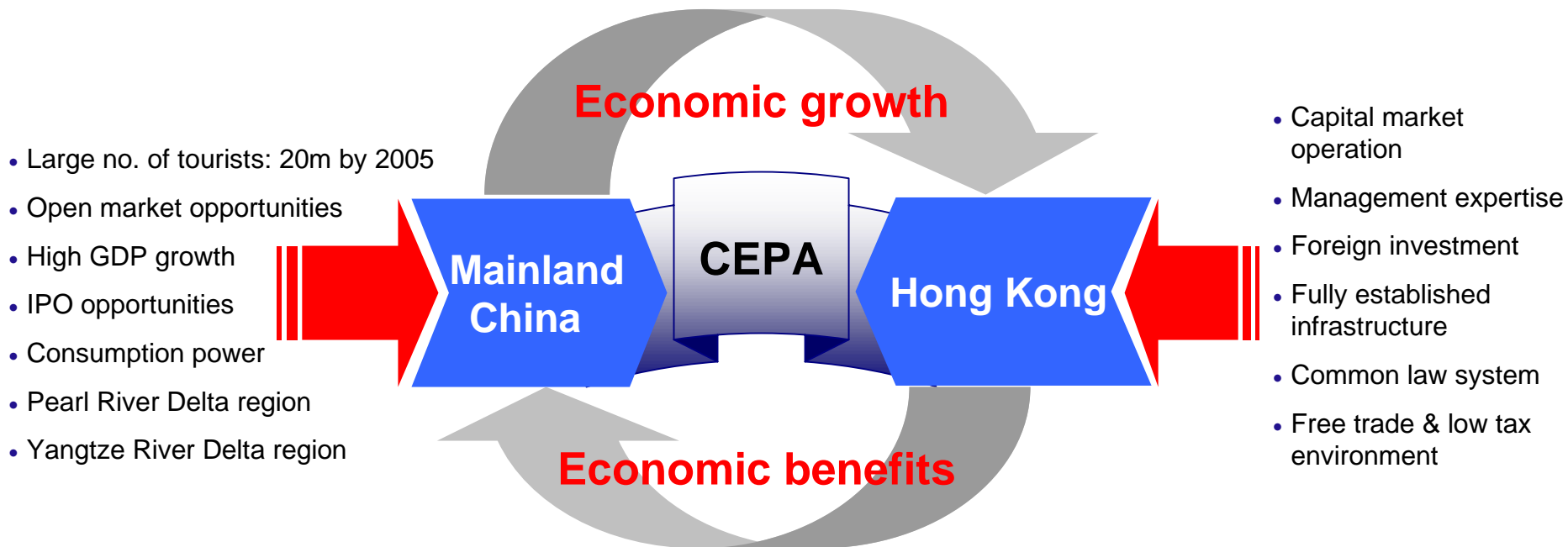
Source: OCI

Statistics are not sanctioned or audited and comparisons with previous years do not fully reflect the true trends in the market place. They contain business which has been internally replaced, business switched from one company to another and banks' high guarantee endowment products. This includes insurance business only and mutual fund business is not included.



Strong growth prospects Growth opportunities - CEPA

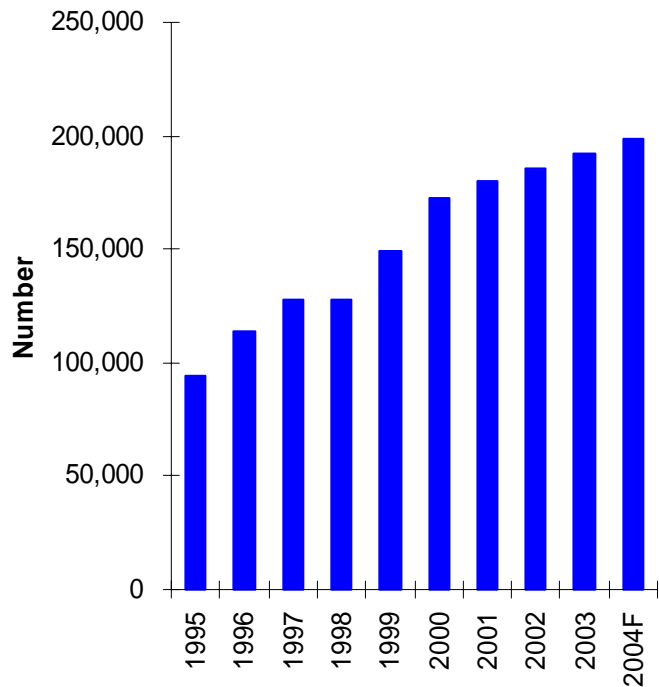
Closer Economic Partnership Agreement (“CEPA”) provides further market growth opportunities



Strong growth prospects

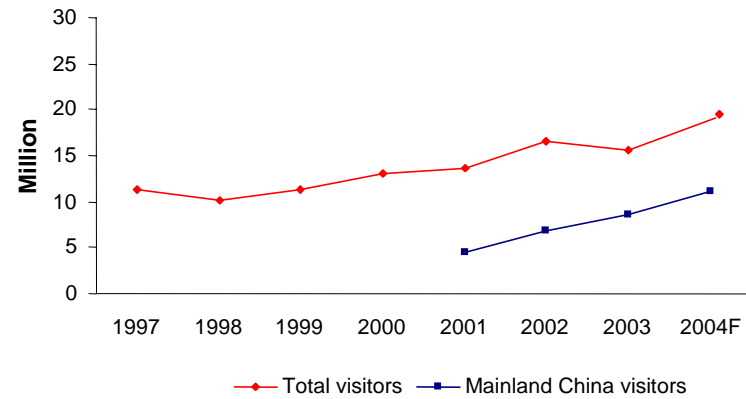
Future growth opportunities in both local HK market and mainland visitor segments

Mass affluent population in HK
(USD100K - 1M)



- The mass affluent local Hong Kong market will look for more sophisticated product offers and services
- The mainland visitors will look for more traditional insurance savings policies
- International brand name is an important selection criteria

Number of visitors to Hong Kong



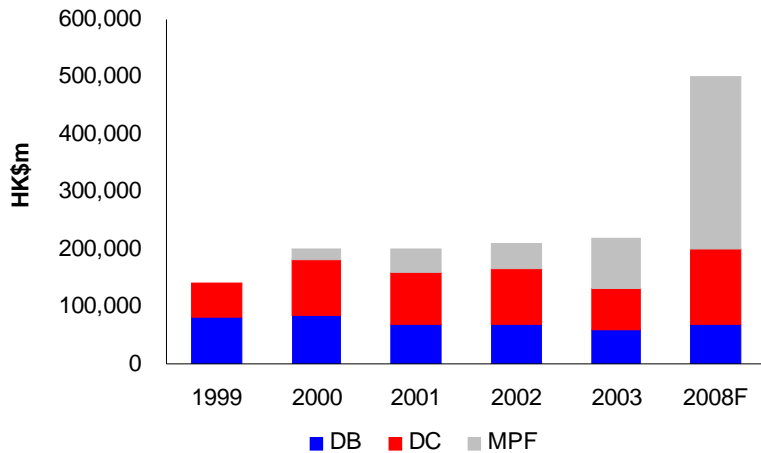
* Estimated figure

Source: HK Tourist Board

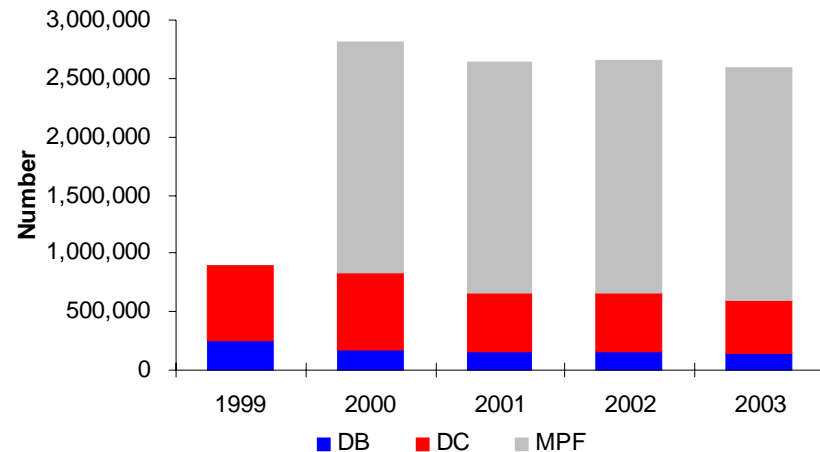
Strong growth prospects

Growth opportunities - retirement savings

HK retirement market - size of assets



HK retirement market - no. of members



Source: Watson Wyatt

- There are 3 segments in the Hong Kong retirement business market - defined benefit (“DB”), defined contribution (“DC”) and MPF
- Currently DB and DC each have a 30% share of the retirement FUM, while MPF has 40%
- DC & MPF markets are forecast to continue to experience significant growth. DB is a shrinking and unprofitable segment - this is a segment that we choose not to participate
- DC & MPF retirement markets give us a net profit factor of 19%

ORSO 2003

FUM	131 bn
Annual Contribution	15 bn

MPF 2003

FUM	89 bn
Annual Contribution	20-25 bn

Source: Watson Wyatt



Strong growth prospects

Market characteristics

Attractive market environment

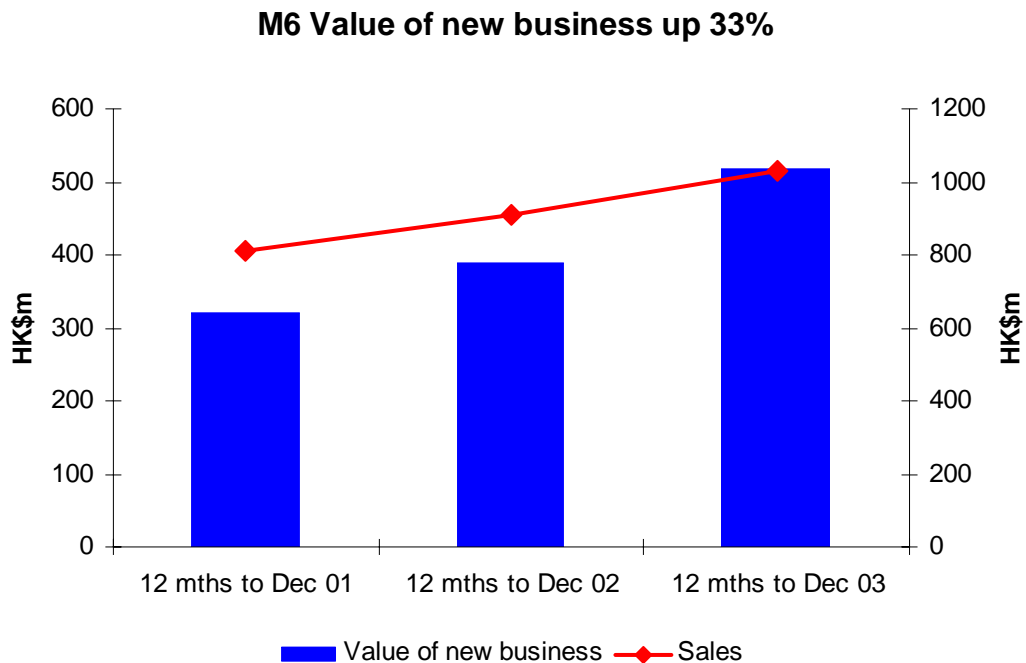
- Relatively low taxation, privately funded mandatory retirement savings
- Free trade
- HK dollar & interest rate remain pegged to US dollar
- Benefit from China's membership in WTO
- Minimal price competition, main players are shareholder owned companies
- Regulation does not control price but focuses on solvency
- Established legal system supports business development
- Continuing education requirements for agents to secure licences
- Wealthy population



Strong growth prospects

Profit margins

Strong new business margins in Asia



- VNB/sales = 56% for AXA Hong Kong in 2003
- Competitors are also achieving high margins in Asia, for example Prudential 41%





AXA's competitive advantages in Hong Kong

Mark Pearson - Regional Chief Executive Officer, Life



Competitive advantages Overview

We have a strong position in the Hong Kong market

Our Vision

A leader in financial protection and wealth management

Overview

Leading provider of life insurance and retirement in Hong Kong

One of the largest agency forces in Hong Kong

1 million policyholders with significant opportunities to cross and up sell

Multi-channel distribution and broad product range

Recognised by 97% of Hong Kong people



Hong Kong market share statistics

Statistics must be used with caution

Warnings:

- Statistics are not sanctioned or audited
- They contain business which has been internally replaced, banks' high guaranteed endowment products, business switched from one company to another after expensive agent poaching and future premium deposits
- Include offshore business around the region for companies that have headquarters in Hong Kong
- 'Top line' sales growth does not always equate to growth in shareholder value

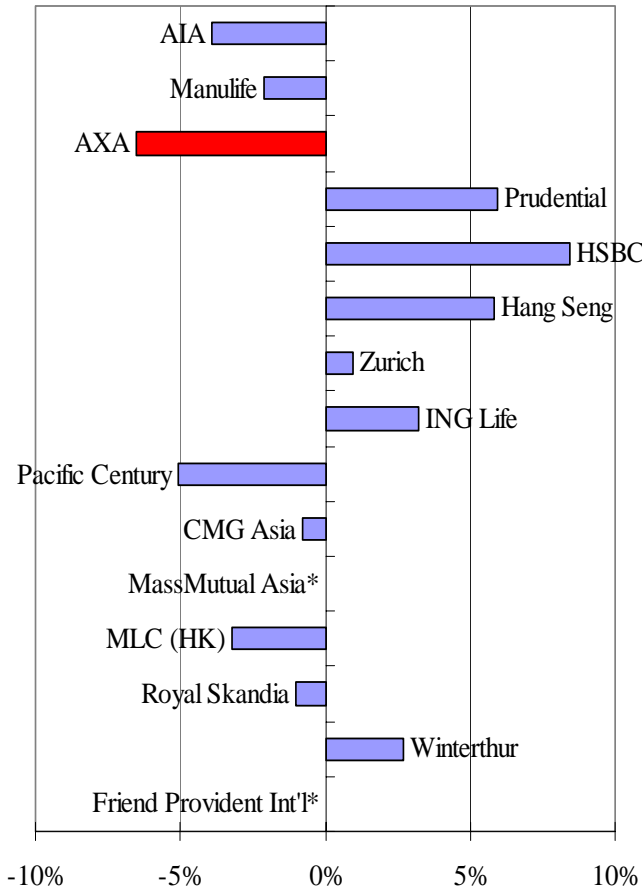


Hong Kong individual life market since Asian crisis

AXA lost market share during 1998-2001 but has repositioned the business and has now returned to growth

NB market share (1998-2003)

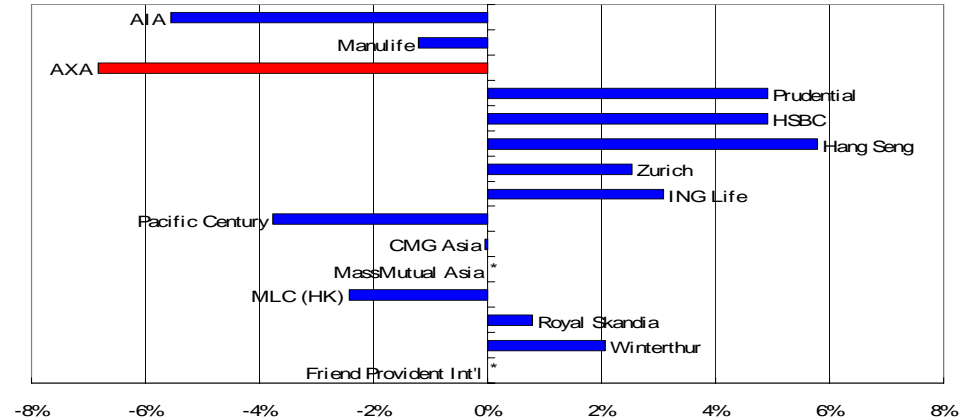
Individual life



Source: Office of the Commissioner of Insurance

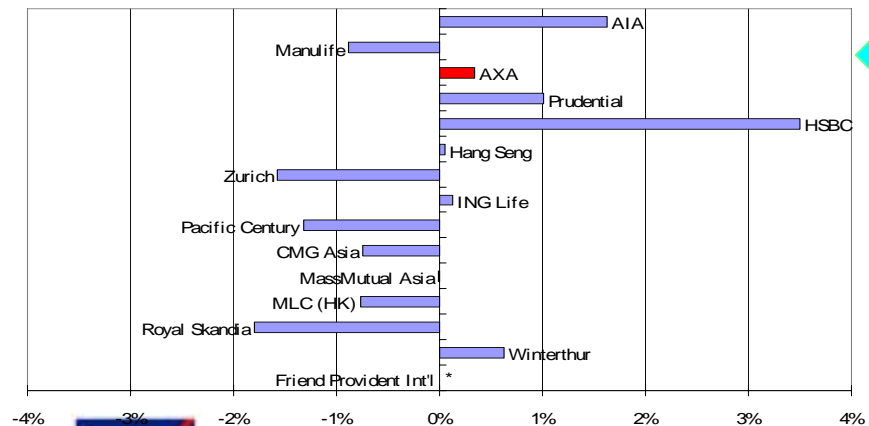
NB market share (1998-2001)

Individual life



NB Market Share (2001-2003)

Individual Life



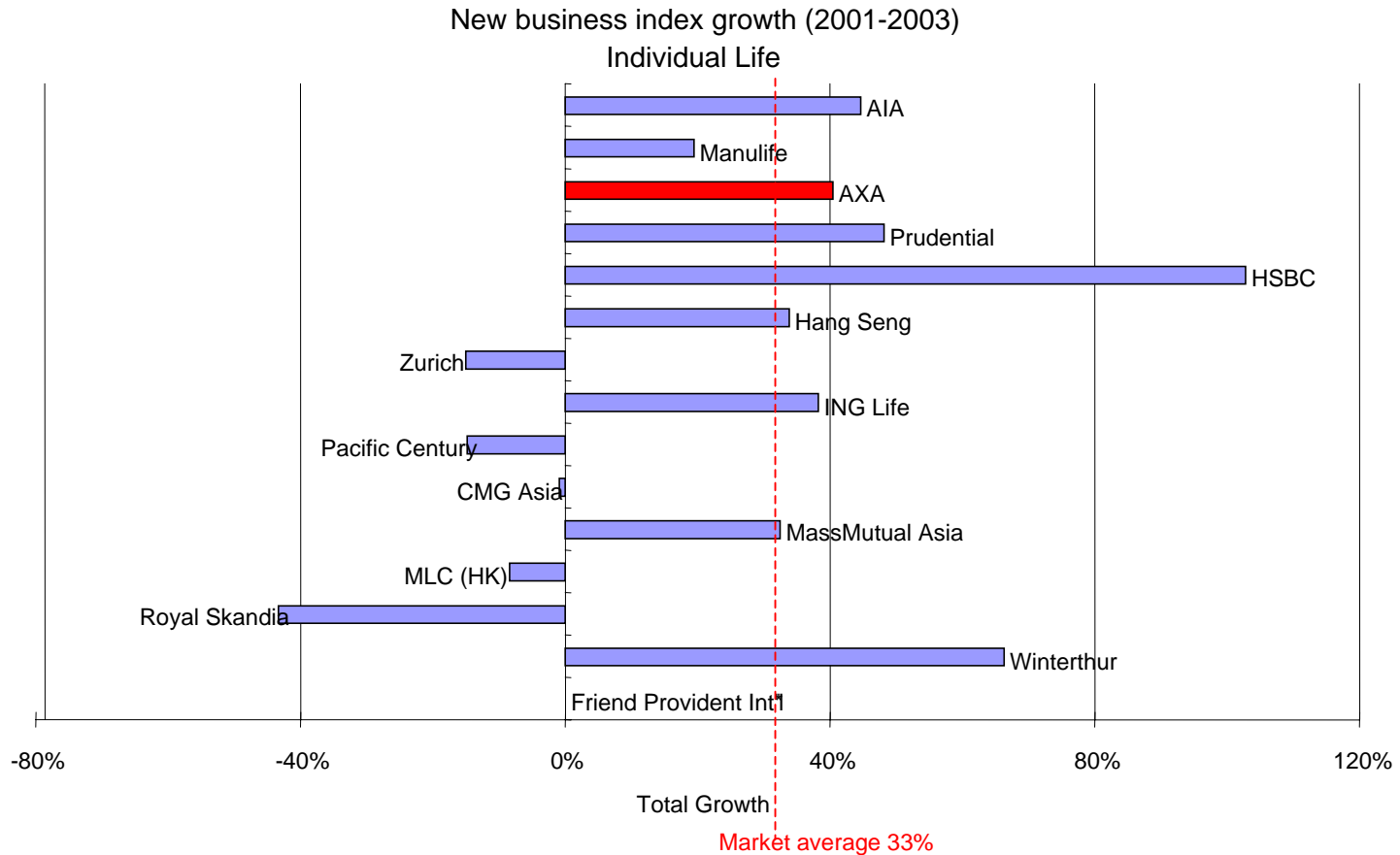
GROWTH



* NB figure of Mass Mutual and Friend Provident Int'l is only available starting from 2001 and 2003 respectively.

Hong Kong market share statistics

AXA's outperformed the market since the launch of M6



Source: Office of the Commissioner of Insurance

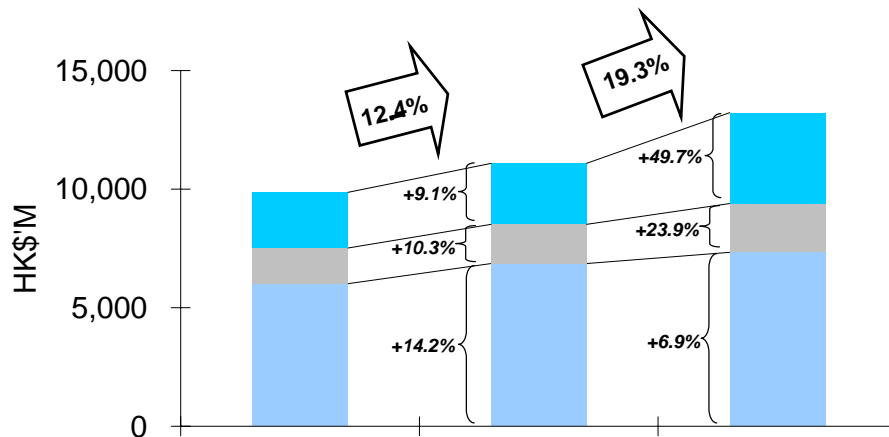


Competitive advantages

Market share

Our multi-distribution capabilities position us well for future growth

New Business by distribution channels



HK\$m	2001		2002		2003	
Bank branch	2,350	24%	2,565	23%	3,841	29%
Broker	1,501	15%	1,656	15%	2,052	29%
Agent	6,011	61%	6,862	62%	7,334	55%
Total	9,862	100%	11,083	100%	13,227	100%

■ Bank branch ■ Broker ■ Agent

- All distribution channels have been growing steadily
- We now have multiple distribution channels - agency, salaried, direct & broker
- Bank branch business is dominated by single premium and guaranteed endowments (indicates replacement of savings deposits)

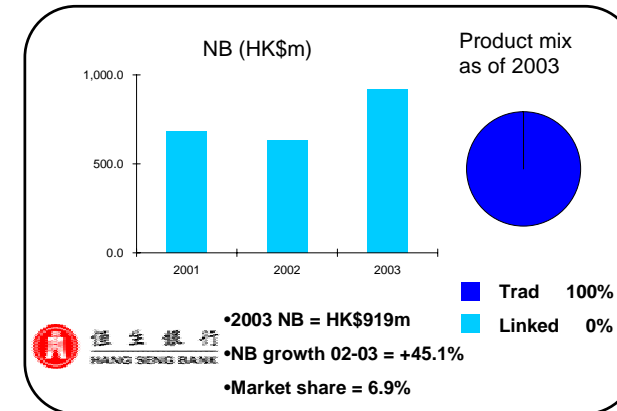
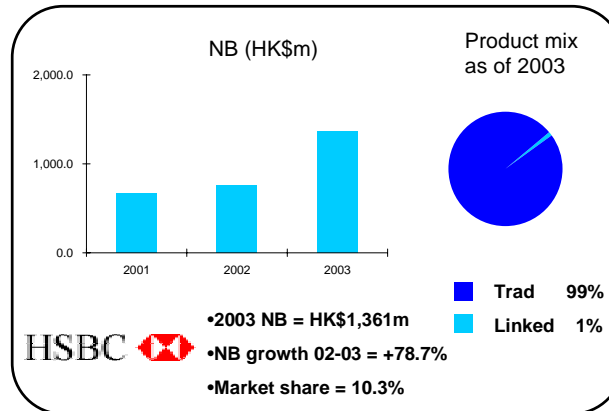
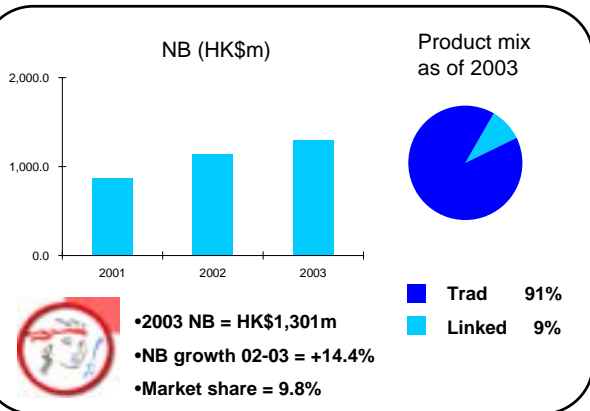
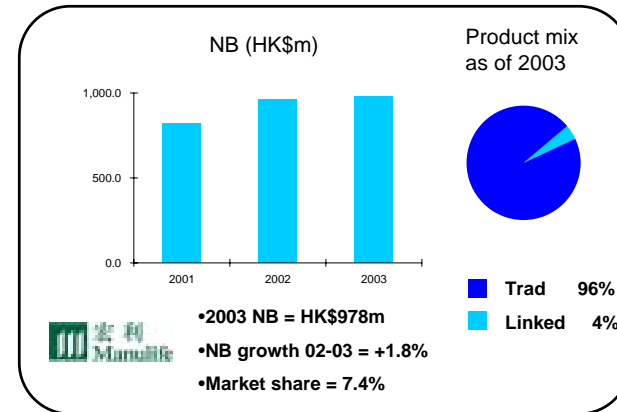
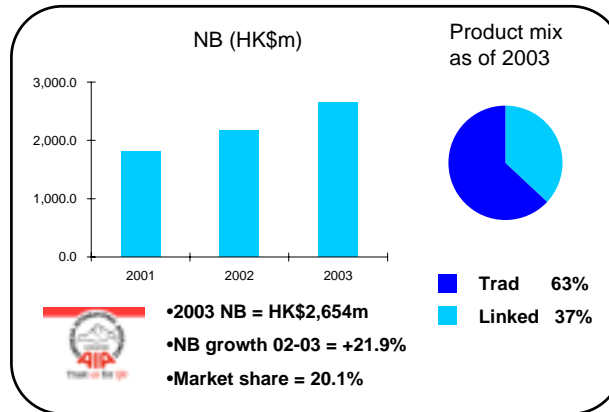
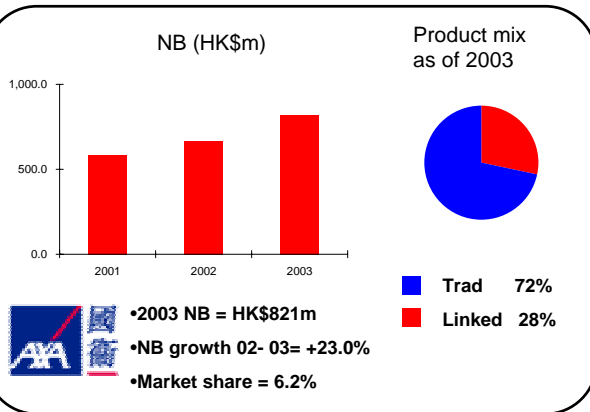
Source: Base data from OCI but channel split is based on AXA estimates, individual life only



Competitive advantages

Growth and product mix

We have strong growth among insurance companies and a product mix more heavily weighted towards unit linked products



AXA has transformed its business through the M6 programme

Profitably growing through multi-channels, multi-products

Successfully diversified distribution

- AXA Advisers - largest salaried sales force in the market
- AXA Phoenix - closer alignment of commissioned agents
- Broker market
- Importing the successful Australian ipac financial planning model

Modernising traditional agency force

- PEAK training differentiation
- HKAB - alignment of pay, emphasize consistent performance and quality business
- Market leading point of sales support

Broadening product range and increasing margins

- Investment linked products - now 28% of new business
- MPF - profitable entry
- Leading the market in closing all high guaranteed lines
- Value focused campaign management



AXA has transformed its business through the M6 programme

Profitably growing through multi-channels, multi-products

Proven change management ability

- Target driven outcome approach
- Leverage off AXA group
- Project management - challenged and changed business processes

Strengthened management team

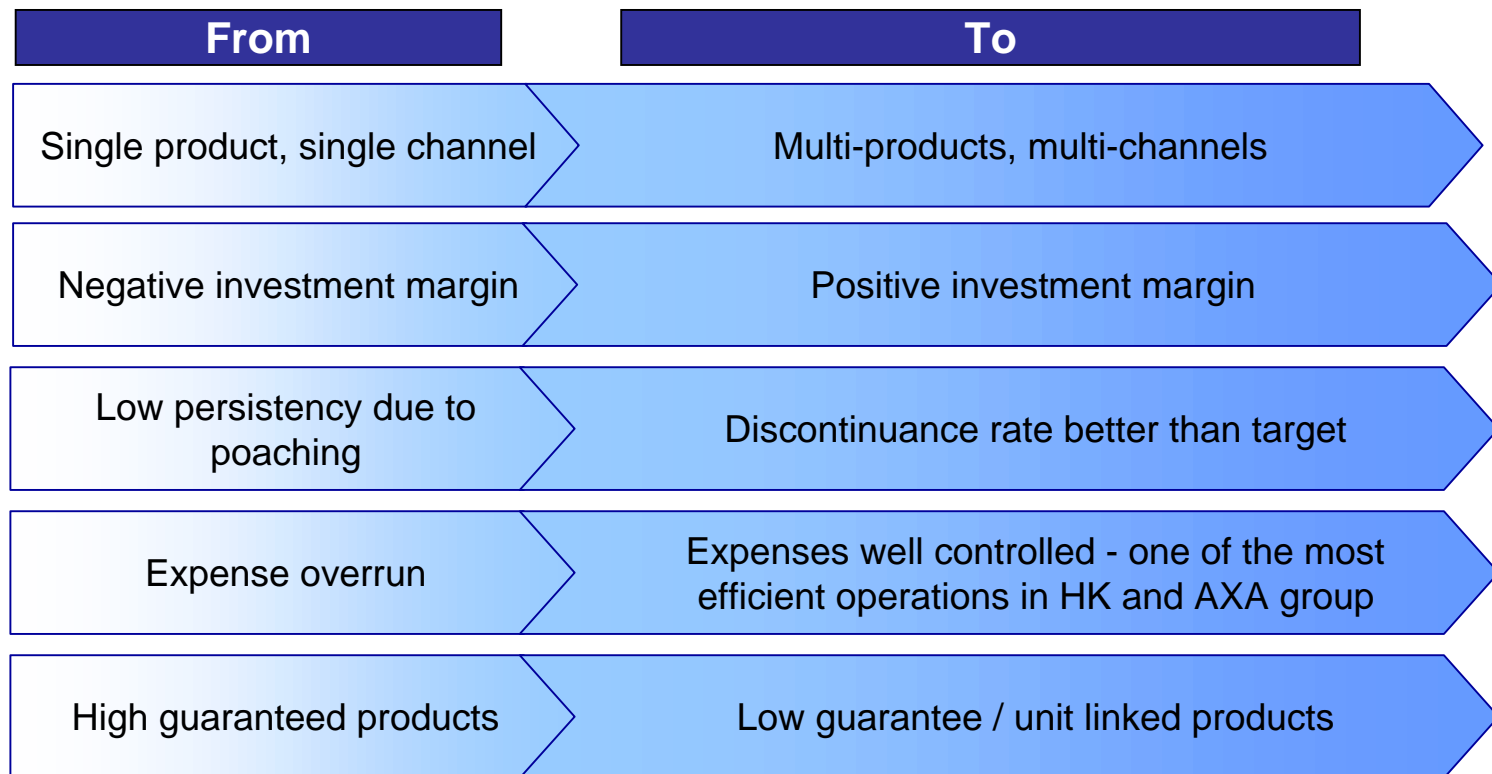
- Secondees from AXA, AXA Financial, AXA UK and AXA APH
- Progressive strategy attracts top talent
- Upskilled middle management team



Competitive advantages

Track record

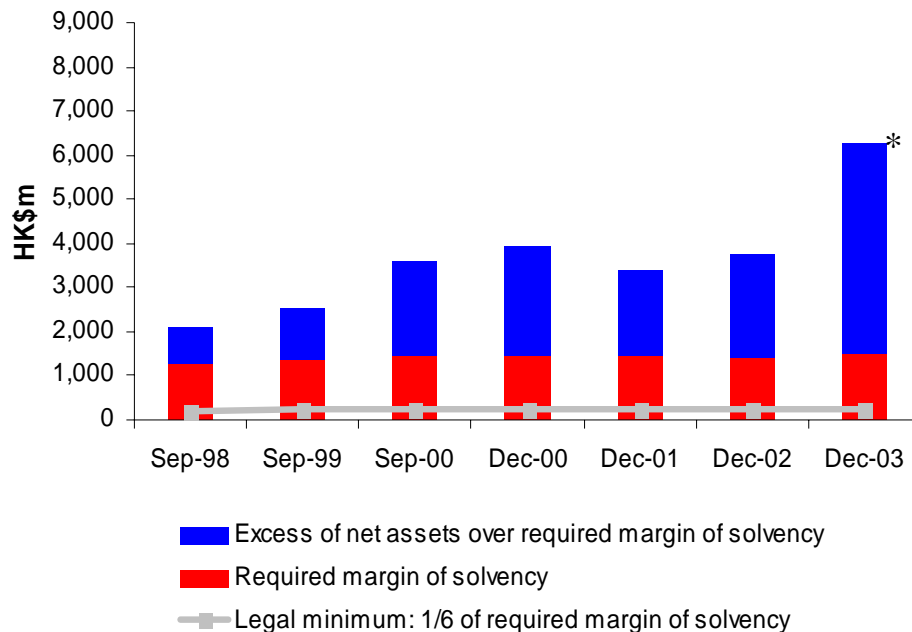
The Hong Kong management team has delivered



Competitive advantages

Capital and solvency

Strong financial position



- Well capitalised at a local level
- Future increases in capital requirements self funded from strong levels of profitability
- Efficiency culture allows re-investment to further develop the business, from within product loadings
- Excess capital likely to be used to repay debt at the AXA APH level

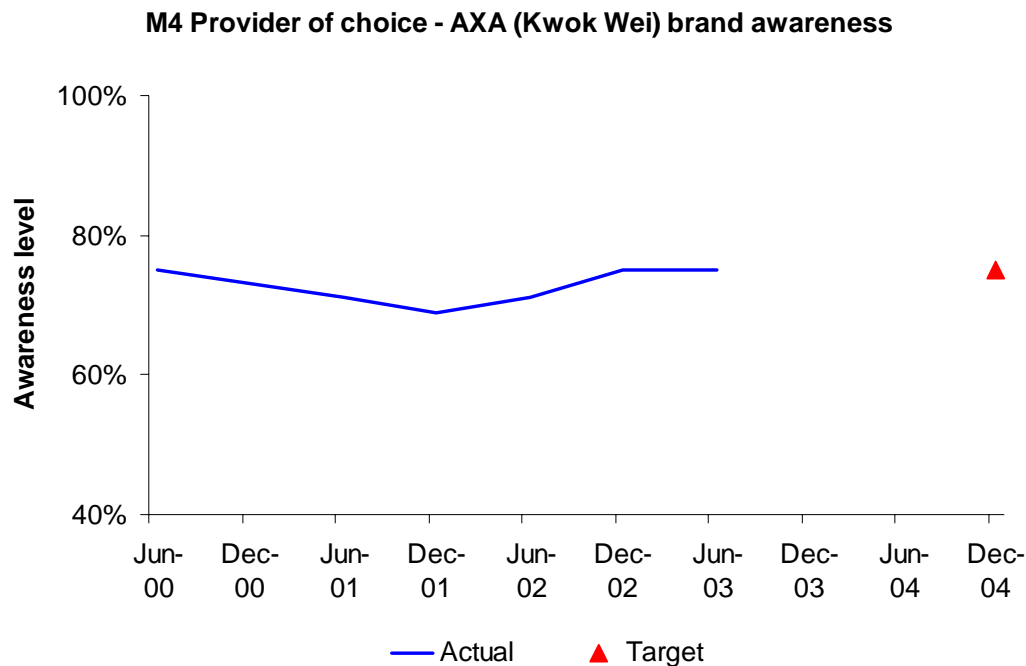
* AXA CR Dec 03 excess of net assets over required margin of solvency allows for the estimated value impact of US bond yields immediately increasing from 4.3% at year end to our long term assumption of 5.2%



Competitive advantages

Brand awareness

Brand strength remains high on all measures



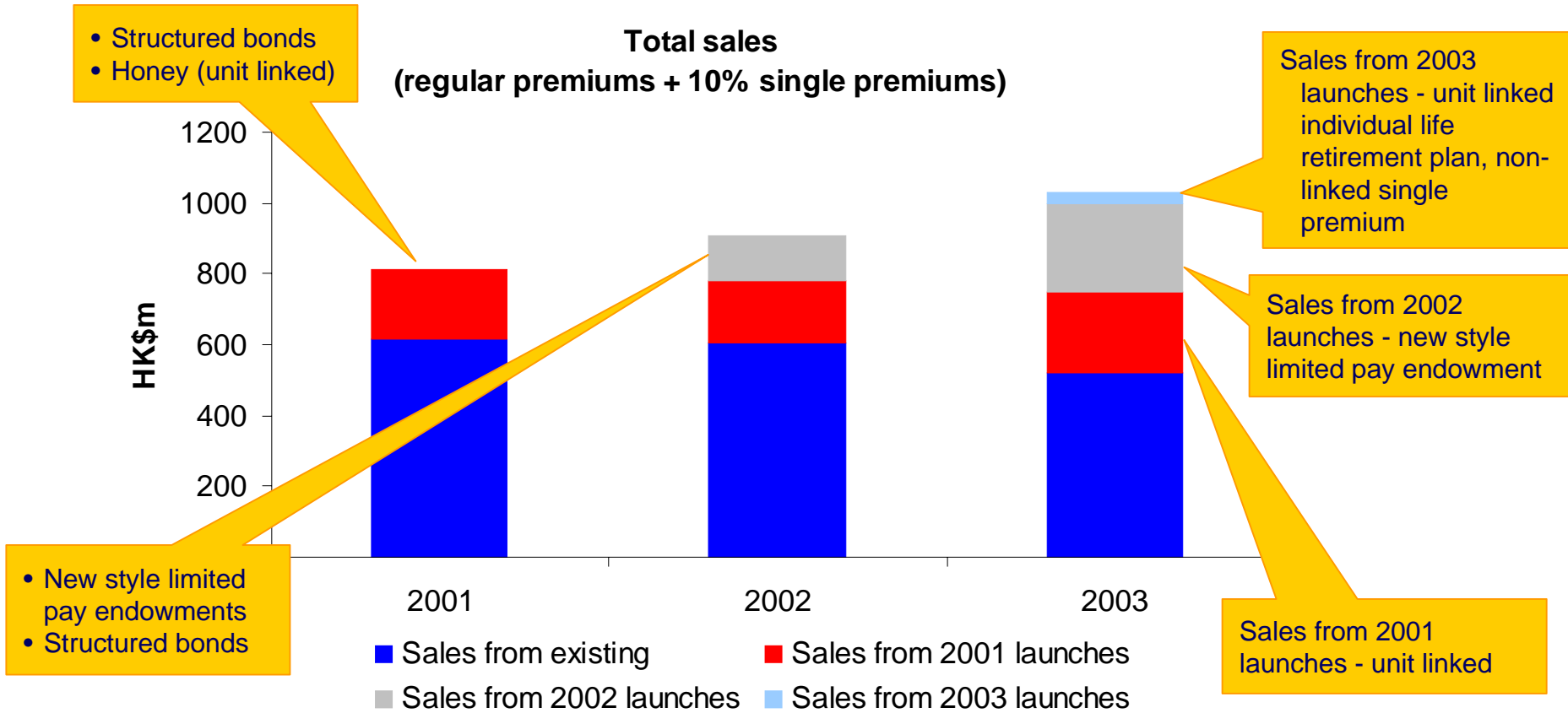
- Surveys show 100% brand recall and 75% unaided brand awareness
- High brand awareness supported by long presence in Hong Kong, strong distribution force and press coverage
- High brand awareness supports customer and distribution growth initiatives, and helps to maintain strong margins



Competitive advantages

Product development

Continued innovation driving value and capital efficiency



Key challenges going forward

- Increased competition from banks
- Growth of our our agency force whilst maintaining strong productivity
- Leverage our large customer base
- Increase our share of the retirement savings market
- Capture a larger share of the single premium investment market
- Differentiate our offer to attract business from mainland Chinese visitors





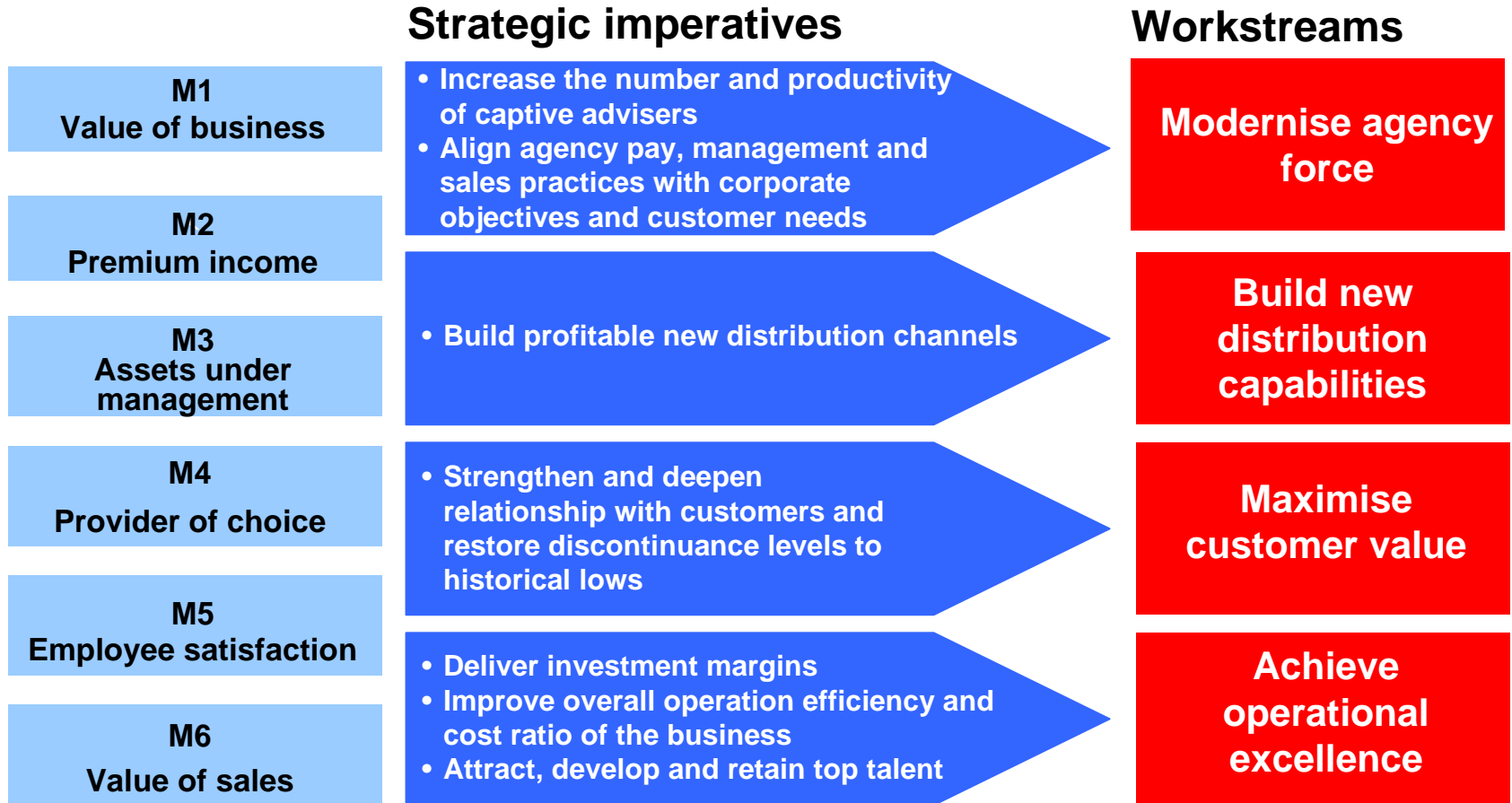
Distribution

Mark Wilson - Chief Executive, Distribution



Distribution

Strategic imperatives strongly aligned with M6 workstreams



Distribution

From single channel to multi-distribution channel

From 2000

To 2003

Modernise agency force

- Aging traditional franchised agency model
- Agency poaching wars

- Professional career agency (HKAB)
- Relative agency stability

Build new distribution capability

- Single product distribution capability
- 6% non agency business in 2000
- Hong Kong local agency management team

- Multiple product distribution capability
- 30% non agency business in 2003
- International multi-distribution team

Maximise customer value

- Growth focus
- Basic point of sales technology

- Value based growth
- Market leading point of sales tools

Achieve operational excellence

- Rudimentary sales based metrics
- Cost conscious culture

- Comprehensive analysis/metrics real time in distribution dashboard
- Cost conscious culture (18% ↓ in direct (non-commission) distribution expenses)



Distribution

Modernise agency force - HK Agency Blueprint

HKAB strongly aligned with shareholder value objectives

From

- Compensation biased to year end
- Compensation consistent with product loadings
- Rudimentary technology support
- Product focussed sales approach
- Narrow life insurance product range
- Recruitment focussed
- Sales based career promotion
- Solid training
- Persistency important to remuneration
- Sales and financial metrics

To

- Compensation rewards consistent performance
- Compensation consistent with product loadings
- Market leading point of sales tools
- Needs based selling approach
- Insurance & wealth management product range
- Recruitment & retention focussed
- Sales plus competency based promotion
- Best practice “PEAK” training
- Persistency critical to remuneration
- Detailed dashboard metrics & analysis

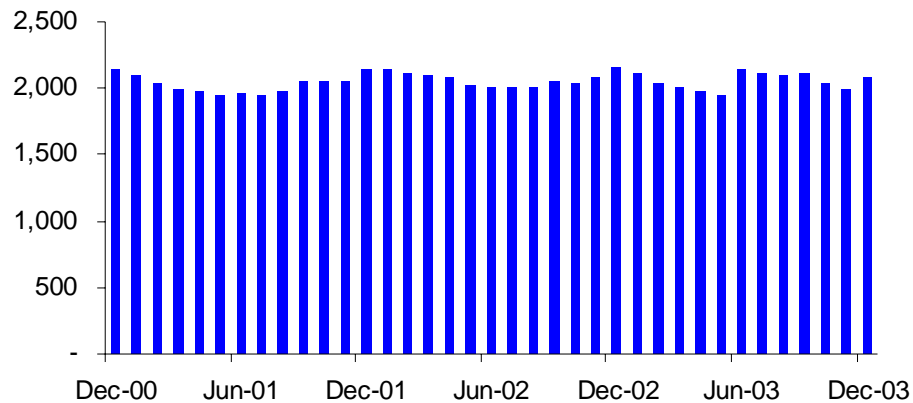


Modernise agency force

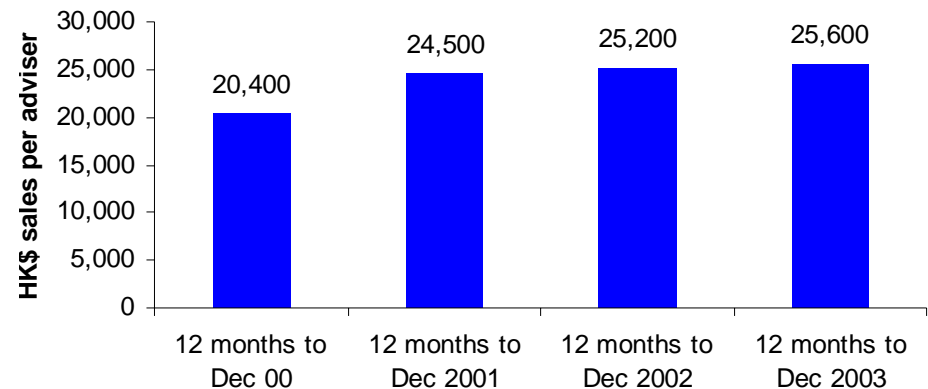
Increased number and productivity of agents

- Agent numbers stabilised following poaching in 2000/2001
- Productivity improved by 1% in 2003 despite the difficult environment due to SARS, a 25% increase compared to 2000

Agent numbers



Average monthly agent productivity



Modernise agency force

Growth and productivity initiatives

M6 targets assume only modest increases in agent numbers together with continued productivity gains

Background

- Growth in tied adviser numbers has recently been coming from AXA Advisers
- Since introduction of the agents qualifying examination, the number of full time commissioned insurance agents in the industry has been declining

Key agent growth initiatives

- HKAB provides an enhanced proposition to recruit and retain agents
- Remuneration for managers biased towards recruitment and retention
- New 60 day training package (PEAK) for new agents
- Targeting Mandarin speaking agents to assist with the mainland visitors market
- Continue with recruitment seminars and existing support packages

Key productivity initiatives

- Sales campaigns to assist new agents, using AXA's existing client base
- Market leading point of sales tools and activity management tools to increase productivity
- Initiatives to penetrate Mainland visitors market
- Improved productivity is highly correlated to improved retention



Distribution

From single channel to multi-distribution channel

From 2000

To 2003

Modernise agency force

- Aging traditional franchised agency model
- Agency poaching wars

- Professional career agency (HKAB)
- Relative agency stability

Build new distribution capability

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- Value based growth
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Achieve operational excellence

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- Cost conscious culture

- Comprehensive analysis/metrics real time in distribution dashboard
- Cost conscious culture (18% ↓ in direct (non-commission) distribution expenses)



Build new distribution capability

Broadened distribution well placed for evolving market

AXA branding Brand offer Non-aligned, independent branding

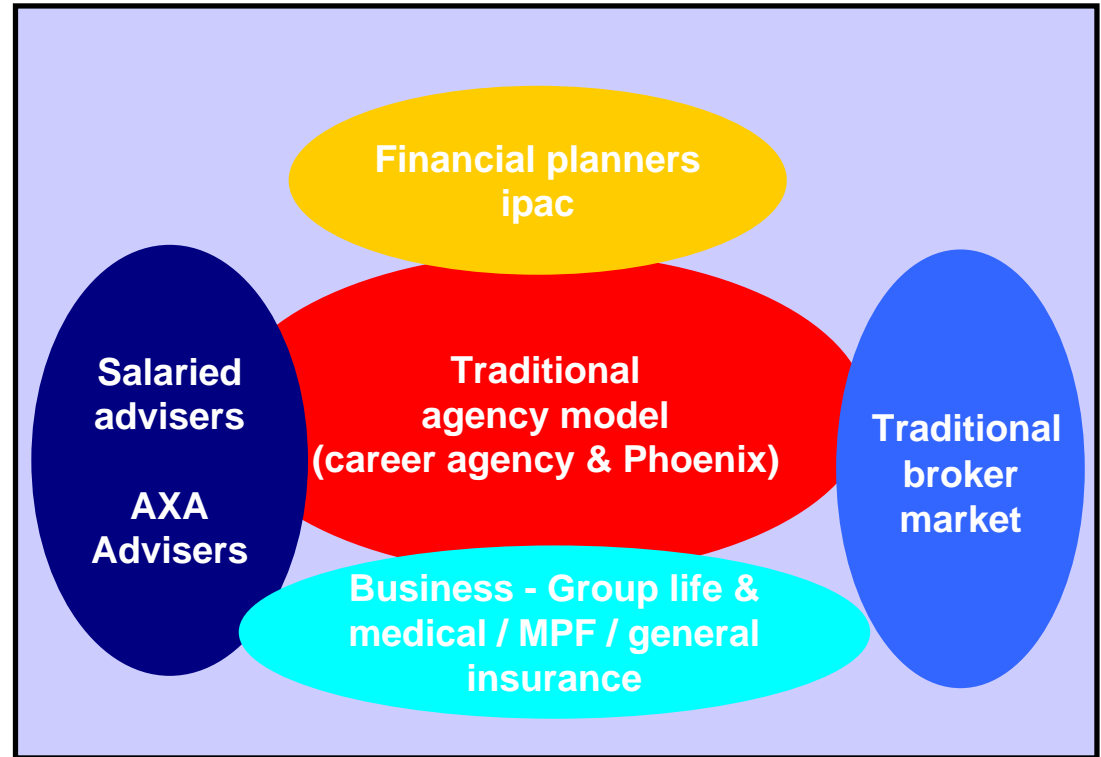
Manufacturer aligned, unique branding

Comprehensive financial planning, broad product choice, tailored client reporting, payment mix of end to end fees

‘The offer’

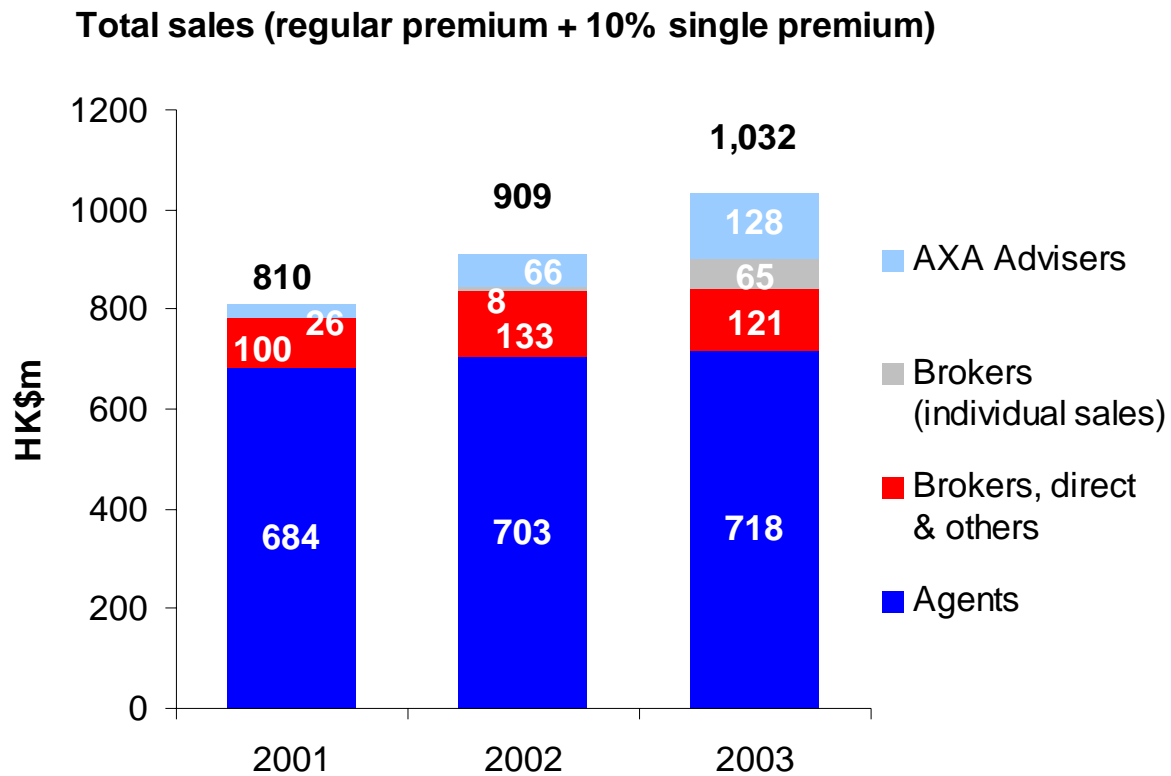
Needs based selling, limited unbundled product offer, standard reporting with annual review, upfront and trail commission options

Product advice, bundled product offer, standardised client reporting, predominantly upfront product commission



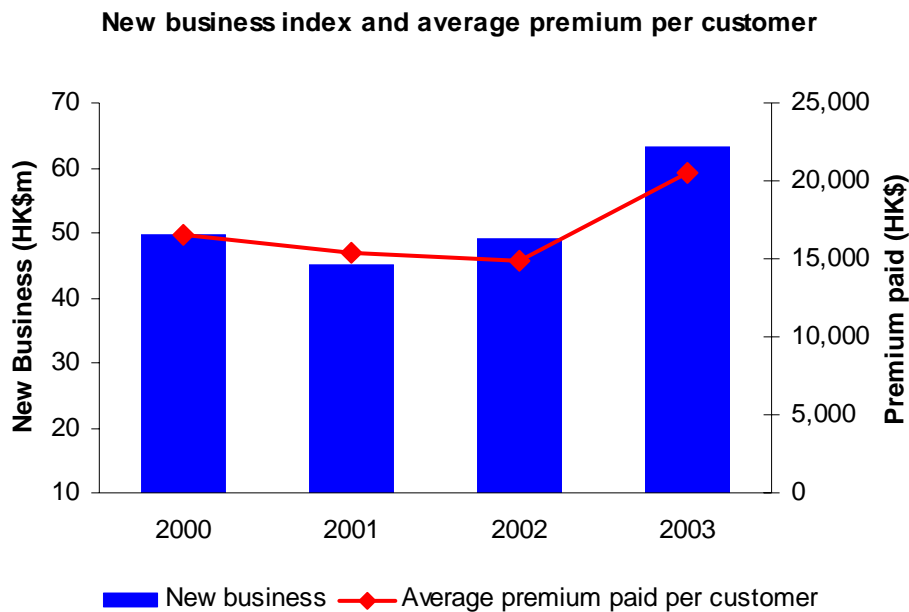
Build new distribution capability Broadened distribution channels

Non-agency channels now account for 30% of total sales



Build new distribution capability Mainland Chinese visitors market

Initial success in growth the mainland Chinese visitors market



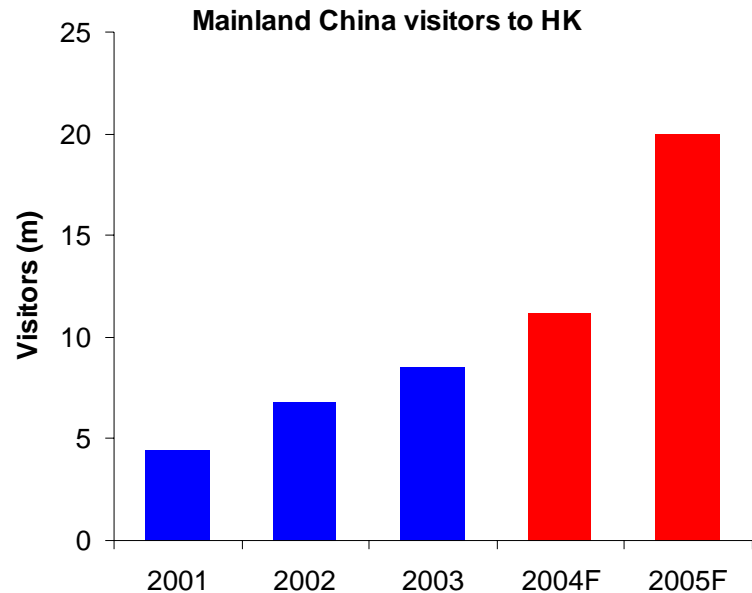
- In 2003 we achieved HK\$60m in NBI from Mainland Chinese visitors to HK market, up 29% from 2002
- We now service approximately 10,000 Mainland Chinese clients with an annualised premium inforce of HK\$170m
- 90% are savings products and 80% of them are in USD
- High quality business - discontinuance rates and mortality better than assumptions



Build new distribution capability

Rapidly growing mainland Chinese visitors market

Strong growth opportunity from CEPA



Source: HK Government Statistics (SCMP Feb 2004)

Mainland Chinese visitors (“MCV”) - our current infrastructure

- Strong governance to ensure full regulatory compliance
- Tailored product packages
- Mandarin speaking agency drawn from mainland immigrants
- Existing broker relationships with specialist MCV market teams
- Underwriting and claims processes developed with reinsurers
- Geographical loadings in place for added protection

New capability

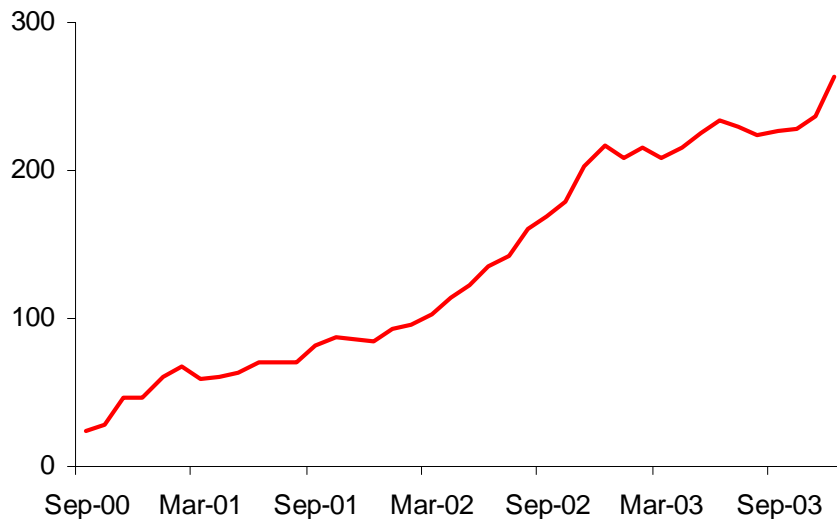
- Expand distribution depth with dedicated teams
- Extensive research completed and ongoing
- Use AXA Adviser’s lead generation model
- Develop strategic partner programs with travel agents, hotels, telecoms, etc to generate prospects
- Administration offer to include RMB account options, credit card transactions and fast turnaround to facilitate 3 days visitors



Build new distribution capability AXA Advisers

AXA Advisers is now at scale and is a significant contributor to shareholder value growth

AXA Adviser numbers

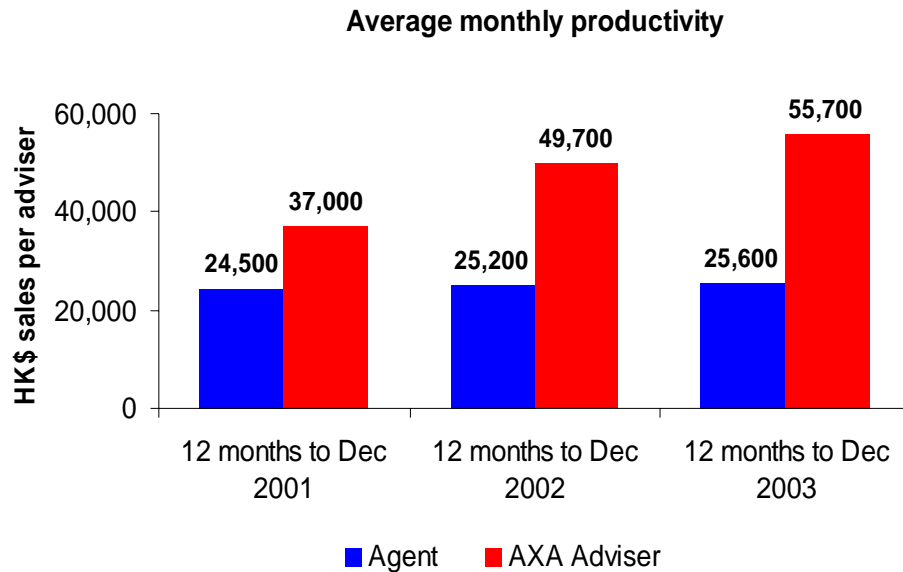


- AXA Advisers are now at a size and scale to not only drive new business volume but, also build significant value for Hong Kong
- Further investment in internal and external lead generation sources to support adviser productivity
- Continue to develop cost efficiencies and scalability opportunities



Build new distribution capability AXA Advisers

AXA Advisers productivity is more than twice that of traditional agents

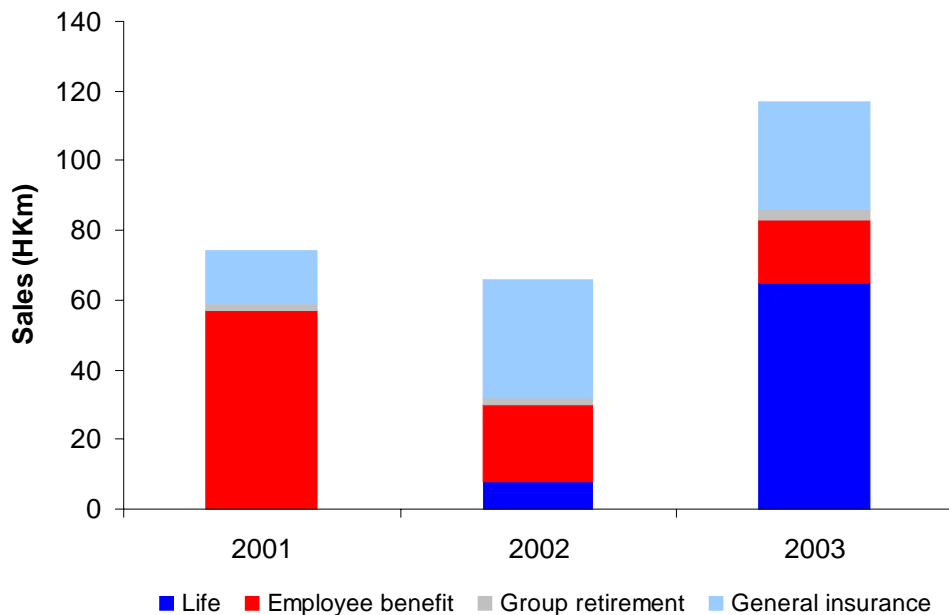


- AXA Advisers - largest insurance based salaried sales force in Hong Kong
- Strong productivity - more than double of traditional agents
- Seek quality alliances to enable growth with more available leads



Build new distribution capability Broker market

Increased penetration of the broker market in targeted segments



- Target profitable segments with selected brokers
- Provide product and services solutions for those IFA/brokers with mainland Chinese visitors business
- Expand product range into wealth management segments leveraging off other AXA companies e.g. ipac, Australia, AXA, Isle of Man



Distribution

From single channel to multi-distribution channel

From 2000

To 2003

Modernise agency force

- Aging traditional franchised agency model
- Agency poaching wars

- Professional career agency (HKAB)
- Relative agency stability

Build new distribution capability

- Single product distribution capability
- 6% non agency business in 2000
- Hong Kong local agency management team

- Multiple product distribution capability
- 30% non agency business in 2003
- International multi-distribution team

Maximise customer value

- **Growth focus**
- **Basic point of sales technology**

- **Value based growth**
- **Market leading point of sales tools**

Achieve operational excellence

- Rudimentary sales based metrics
- Cost conscious culture

- Comprehensive analysis/metrics real time in distribution dashboard
- Cost conscious culture (18% ↓ in direct (non-commission) distribution expenses)

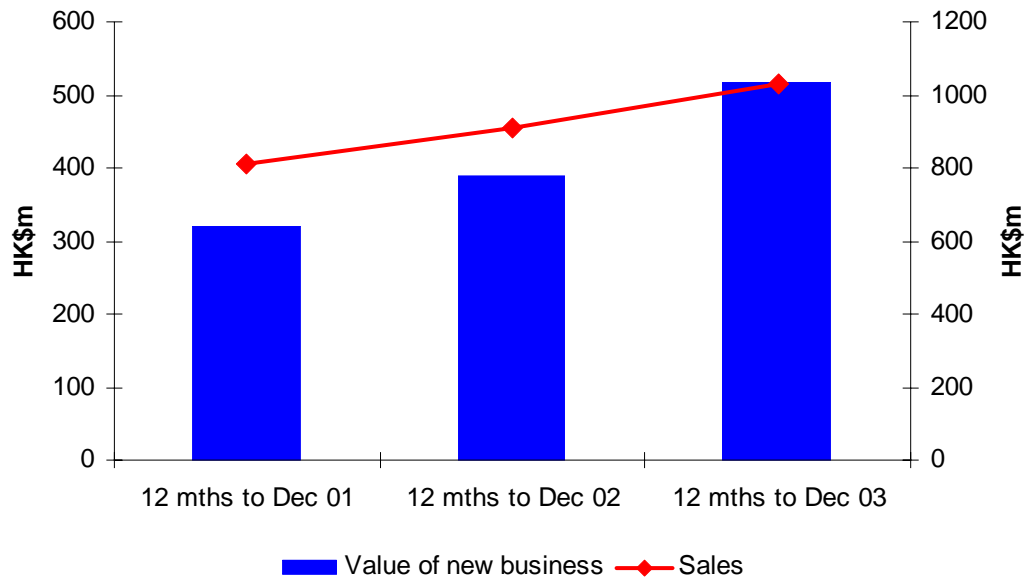


Maximise customer value

Value of new business

Value of new business is growing strongly

M6 Value of new business up 33%



- Strong focus on product profitability
- Continuous profit focus
- Favourable product mix



Maximise customer value

Key factors driving growth in value of new business

Key assumptions for VNB calculations

Pricing assumptions	Actual
Investment return and investment spread	✓
Persistency & lapse assumptions	✓
Claims	✓
Expenses & loadings	✓

- Sales growth
- Key valuation assumption in line with actual results
- On a market value basis, investment margin target of 1% p.a. has been achieved over the last 4 years
- Tactical repricing and close management of sales mix
- Client focused campaigns (e.g. rider campaign)
- Mortality experience continues to be favourable
- Distribution expense loadings in line with assumptions



Maximise customer value Market leading point of sales tools

- State-of-the-art computer sales tools - AXAPlanner
- All-in-one computer programme to support professional advice and productivity
- Includes financial planning plans and needs based presentations, new proposal system, adviser profiles, client fact finders, product information, corporate information and activity management tools
- 1,000 users of AXAPlanner since inception in early 2004
- Software is supported with hardcopy aids



Distribution

From single channel to multi-distribution channel

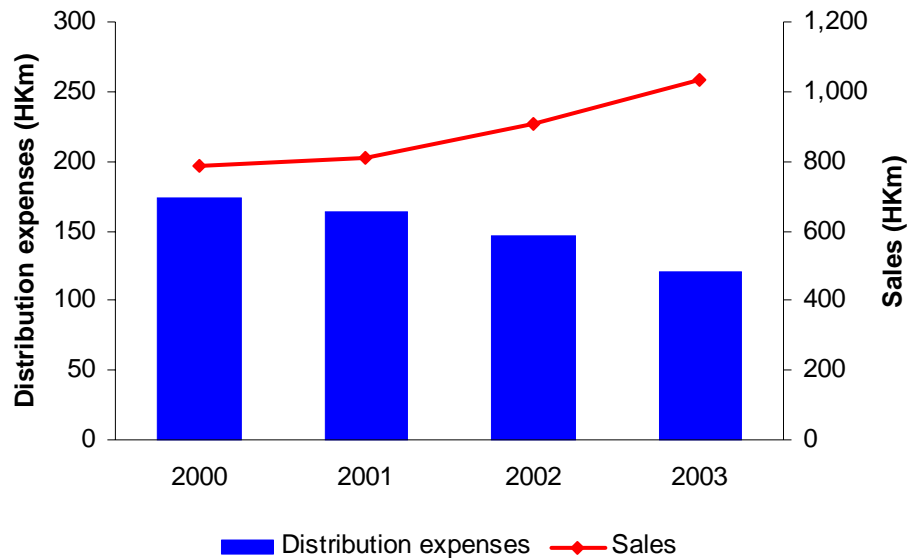
	From 2000	To 2003
Modernise agency force	<ul style="list-style-type: none"> • Aging traditional franchised agency model • Agency poaching wars 	<ul style="list-style-type: none"> • Professional career agency (HKAB) • Relative agency stability
Build new distribution capability	<ul style="list-style-type: none"> • Single product distribution capability • 6% non agency business in 2000 • Hong Kong local agency management team 	<ul style="list-style-type: none"> • Multiple product distribution capability • 30% non agency business in 2003 • International multi-distribution team
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Achieve operational excellence

Distribution expenses

Sales have increased whilst direct (non-commission) distribution expenses have declined



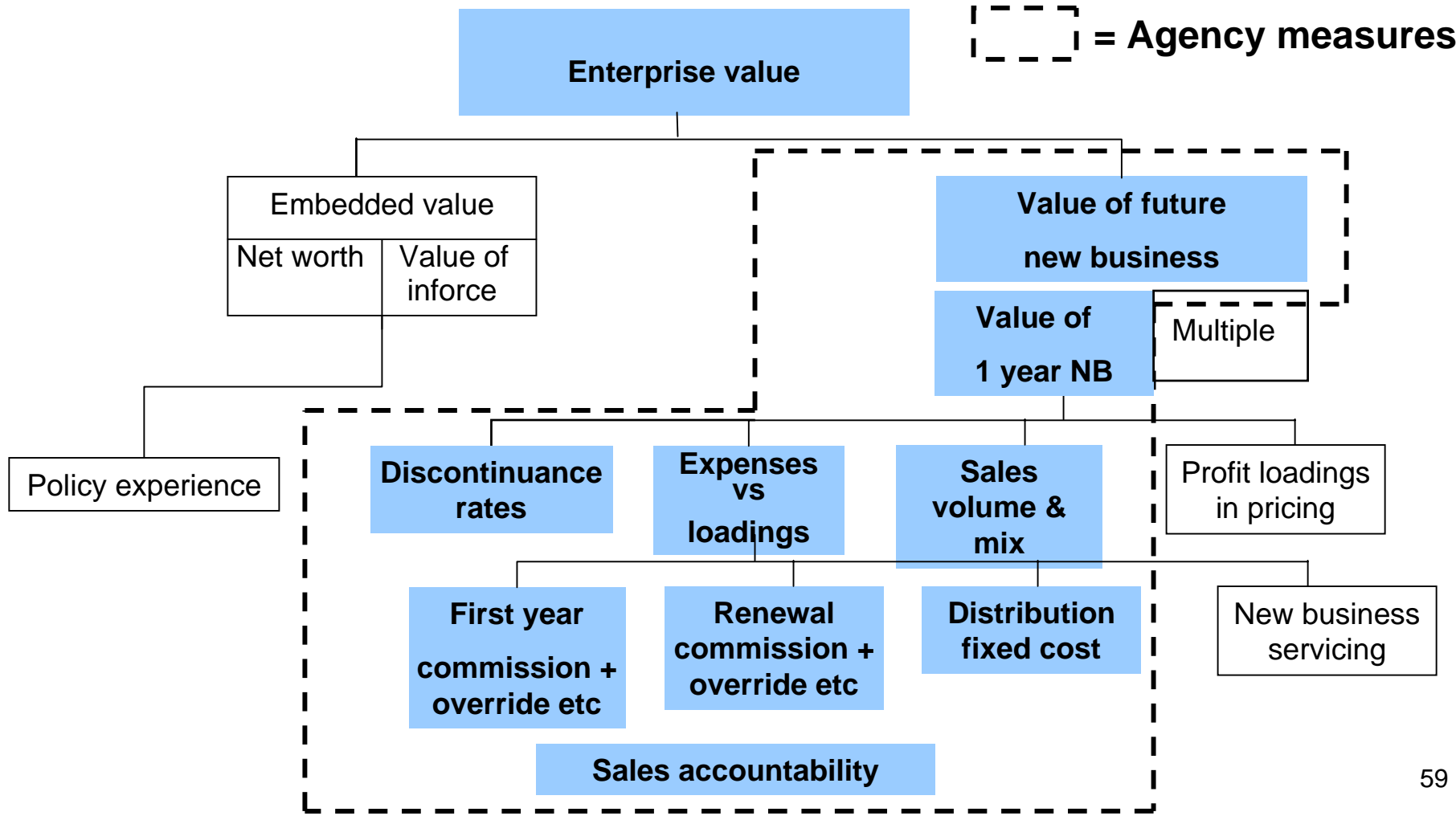
- Close management of non-commission expenses
- Productivity improvements
- New channels built from existing distribution margins and infrastructure
- Savings invested in new initiatives



Achieve operational excellence

A value driven model

Superior tracking and measurement



Other business lines

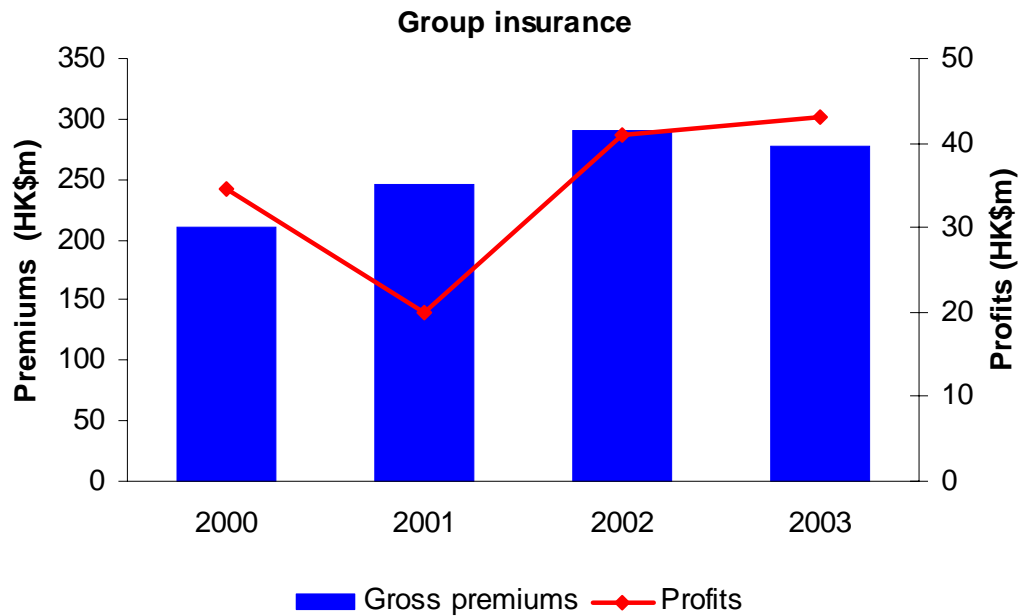
2003 AGAAP operating profit	HK\$m
Life/retirement	734.9
Group insurance	43.2
General insurance	22.2
Total	800.3

- 8% of Hong Kong Operating Earnings came from “Group life & medical, and general insurance business lines





Group life & medical

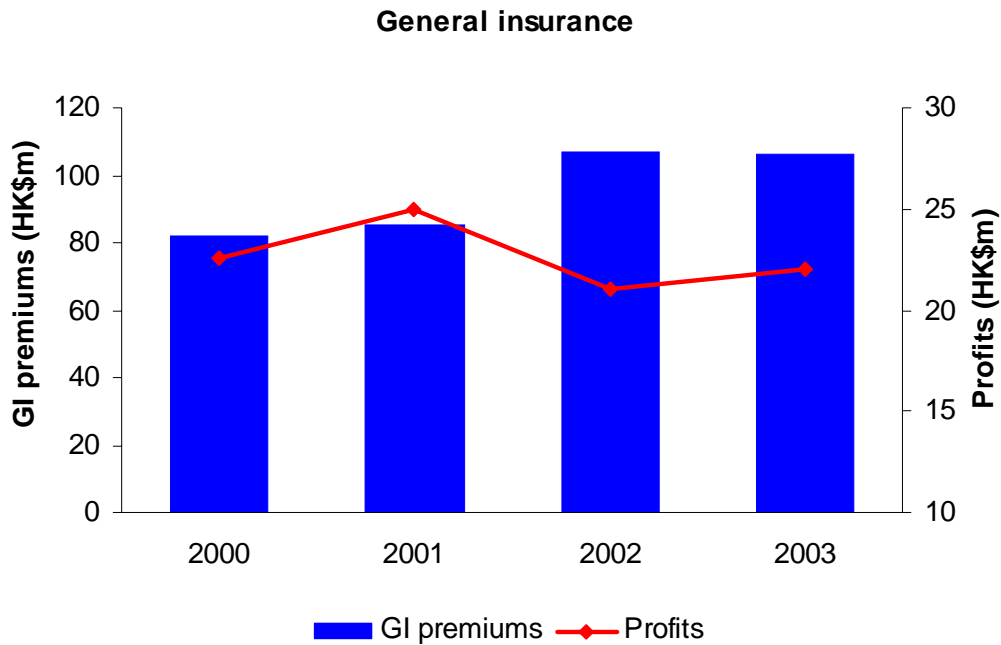


- Quality and selective underwriting
- Good cost control
- “Strong” service record in Hong Kong
- Low combined ratio





General insurance



- Small, profitable business
- Strong technical skills
- Low risk personal lines
- Managed as a profit centre, not for growth



C Distribution summary

- Agency Blueprint and other “modernise agency” initiatives to grow the agency force and further improve productivity
- Continue to drive our successful AXA Advisers salaried sales team
- Grow sales in the broker/IFA market, but with a close focus on profitability levels





Customer development & retirement market

Warren Lee - Chief Operating Officer



Established processes to drive cross-sell and retention

Objective

Maximise value from client relationships through targeted cross-sell and focused retention activities

Opportunity

- Approximately 1 million policyholders
- Uncomplicated systems
- Powerful aligned distributors
- Cross sell opportunity through broadening product offers
- Significant competitive advantage

What has been done

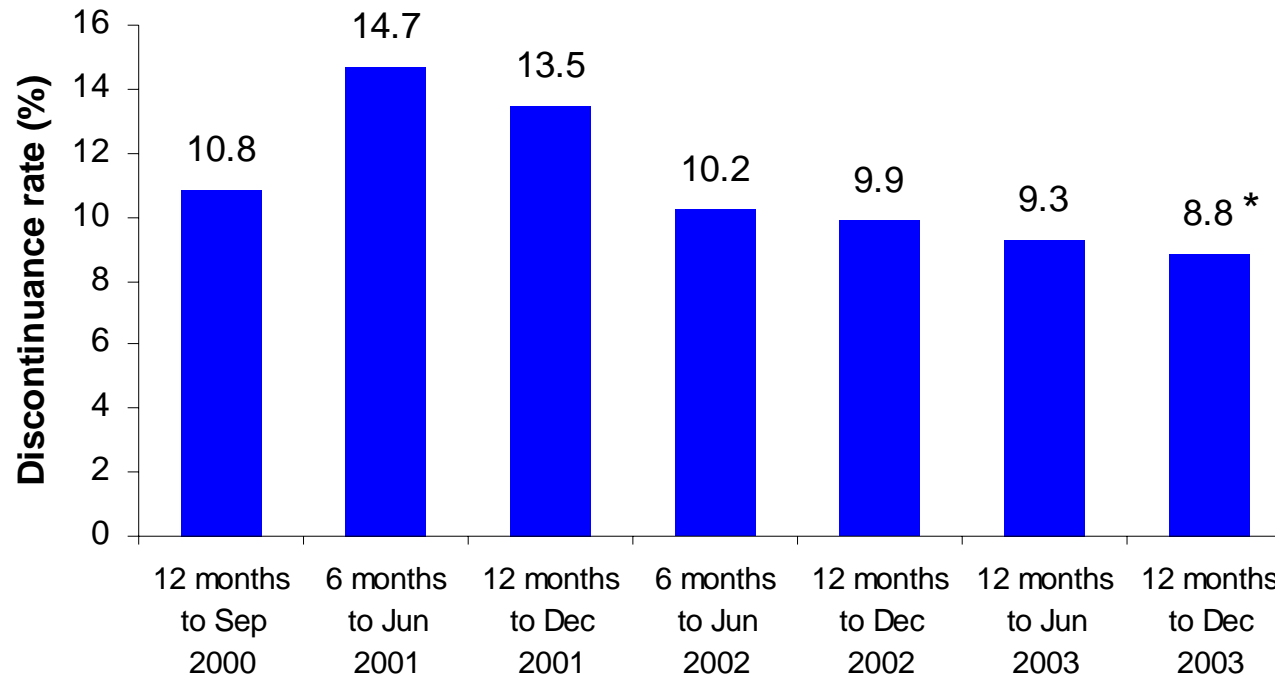
- Dedicated retention team
- Customer care centre for direct clients
- Recruitment of proven marketing customer team
- Targeting models for campaigns giving stronger outcomes
- Sales retention capability in AXA Advisers



Discontinuance rate

Aggregate discontinuance rate now ahead of target level

Life discontinuance rate (annualised)



* 12 months to Feb 04 further reduced to 8.5%

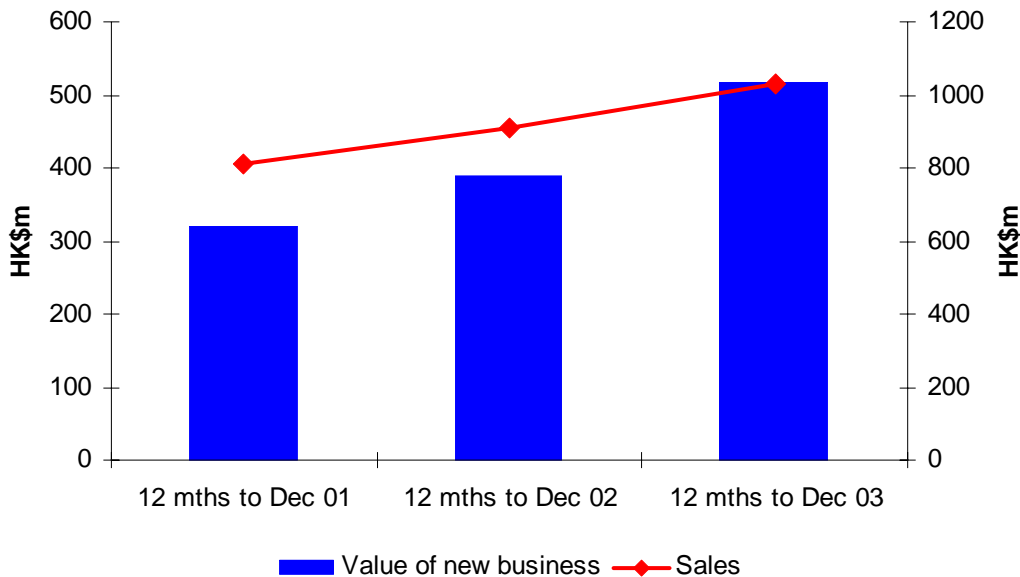


Value of new business

Customer development initiatives driving growth in value of new business

- VNB increase of 33% (26% on a like for like economic basis)

M6 Value of new business up 33%



- 14% sales volume, the other 12% from:
 - Strategic pricing / product development
 - Managing the sales mix
 - Targeted offers & campaigns



C Focus for 2004

Increased focus in 2004 to anticipate customer needs rather than just reacting to customer needs

- Continued focus on existing retention and cross sell activities
- Additional developments in 2004
 - life customer database (developed and implemented)
 - predictive as well as reactive retention strategies
 - advanced targeting models for cross-sell and up-sell
 - constant feed of sales leads and campaigns to distribution



In summary

Continued improvement to maximise the value of our customer base

From 2003

To 2004

**Maximise
customer
value**

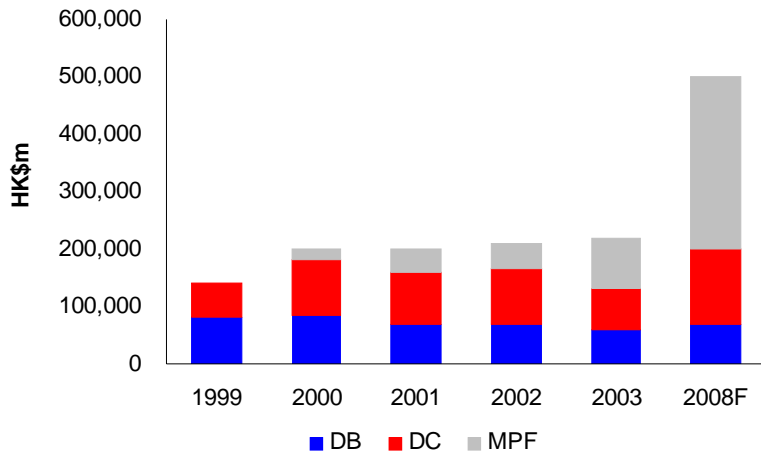
- Customer analysis reactive
- Retention team growing
- Marketing campaigns quarterly
- Basic qualification of sales leads
- Measurement at value, policy and premium level
- Predictive and reactive analysis
- Team size optimal at 30
- Frequency at least monthly
- Highly qualified sales leads
- Value at customer level



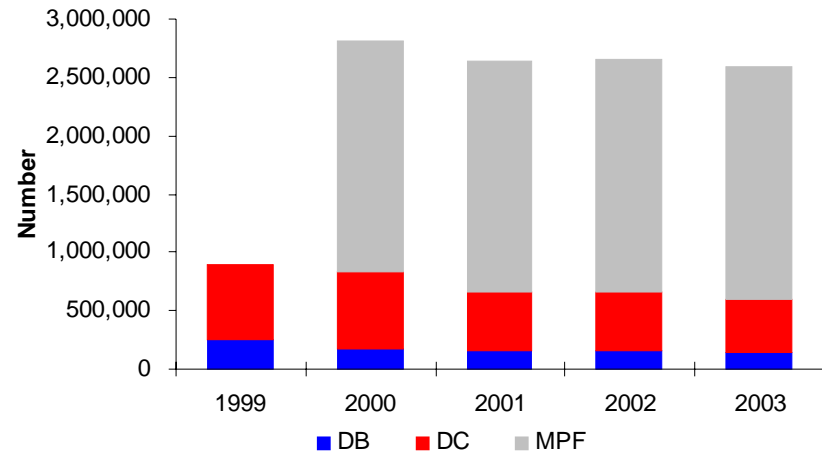
Strong growth prospects

Growth opportunities - retirement savings

HK retirement market - size of assets



HK retirement market - no. of members



Source: Watson Wyatt

- There are 3 segments in the Hong Kong retirement business market - defined benefit (“DB”), defined contribution (“DC”) and MPF
- Currently DB and DC each have a 30% share of the retirement FUM, while MPF has 40%
- DC & MPF markets are forecast to continue to experience significant growth. DB is a shrinking and unprofitable segment - this is a segment that we choose not to participate
- DC & MPF retirement markets give us a net profit factor of 19%

ORSO 2003

FUM	HK\$131b
Annual Contribution	HK\$15b

MPF 2003

FUM	HK\$89b
Annual Contribution	HK\$20-25b

Source: Watson Wyatt



Market position

We are well positioned in the retirement market

- HK\$9b assets under management, 130,000 members
- 5% market share
- Strong customer service capability: customer survey results show that over 95% of our customers are satisfied with our services
- Strong investment performance with 3 of 4 industry comparable funds in the top quartile in 2003

Fund	3 months	1 year	2 years
AXA Growth Fund	1 / 25	6 / 24	5 / 24
AXA Balanced Fund	3 / 37	6 / 37	7 / 37
AXA Stable Fund	4 / 27	9 / 27	12 / 37
AXA Cash Fund	3 / 10	1 / 10	1 / 10





Initiatives to profitably grow our market share

- Looking for growth at scheme and portfolio level
- Expand our ORSO investment offer to include high performing MPF funds
- Expand investment options for retirement market
- More aggressive sales approach
 - strengthening of dedicated team
 - revamp of sales / marketing support
 - leverage service and investment strength to attract the larger clients
- Continue to look at acquisition opportunities in the market



Hong Kong summary

- Hong Kong is a very attractive market for profitable growth
- AXA is well positioned, with a multi-channel, multi-product approach
- Operating results are strong, with good performance in all key value drivers
- Good progress and on track to deliver most of the M6 aspirational targets





Q&A



Disclaimer

The material in this presentation is a summary and update on Group activities and is current at the date of preparation, 29 March 2004. Further details are provided in the Company's full year accounts, Investor Compendium and results announcement released on 24 February 2004, as well as the Company's concise annual report and financial statements released on 12 March 2004. This presentation provides information in summary form and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Further information including historical results and a description of the activities of the Group is available on our website, www.axa-asiapacific.com.au.





Strategy Briefing 2004
Hong Kong overview

Mark Pearson, Regional Chief Executive Life

