

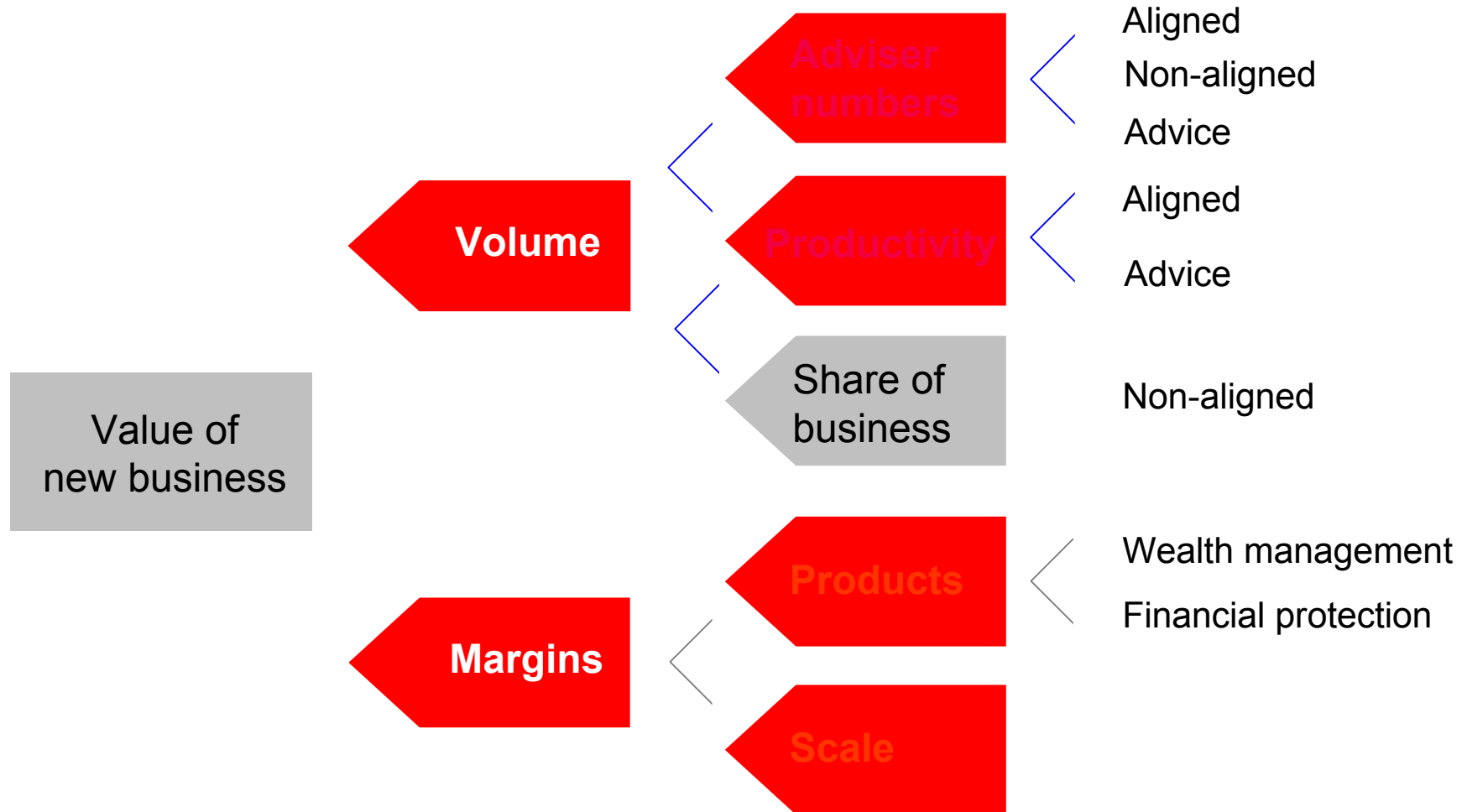
THE AXA "Plan behind the strategy" PLAN.

AXA Asia Pacific Holdings Strategy Briefing 2006
AXA New Zealand

Ralph Stewart - Chief Executive Officer, New Zealand



10 May 2006



Agenda



— Be Life Confident —

- Market dynamics
- Wealth management
- Financial protection
- Managed funds
- Superannuation
- Advice
- Investment management capability
- Summary

Market dynamics

Structural differences



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While the outlook is improving the recent past has been difficult for the New Zealand market. When compared to Australia, there has been a clear lack of structural support for retail savings and investment

	<u>New Zealand</u>	<u>Australia</u>	<u>Challenge</u>	<u>Implications</u>
Superannuation	Minimal savings incentives	Mandatory superannuation	Low growth	Rapid decline in workplace savings
Taxation of investment	Inconsistent	Consistent	Low growth	Growth in direct investment such as property and shares
Product regulation	Minimal	Substantive	} Consumer apathy	Little consumer confidence
Adviser regulation	Minimal	Substantive		

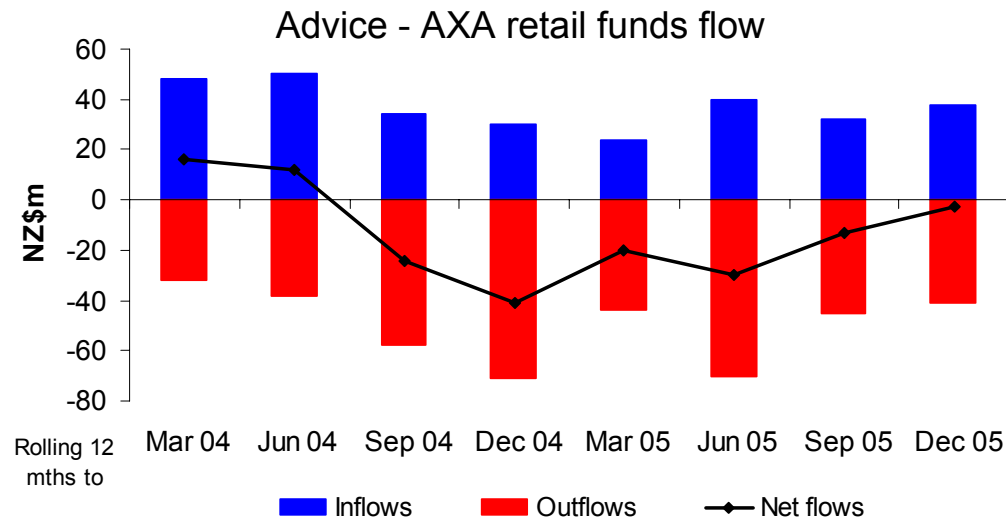
Market dynamics

The market impact on advice

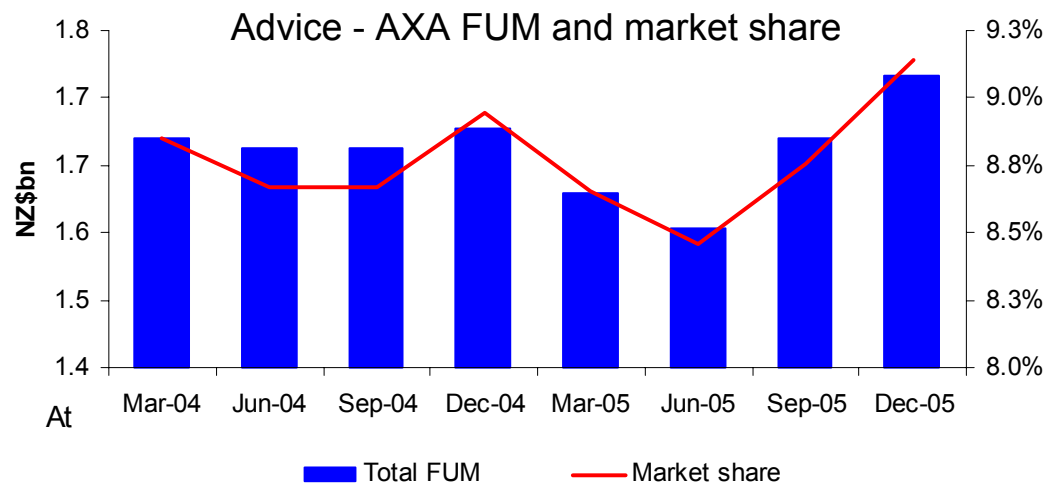


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Our advice business has been impacted by the difficult conditions but performance improved in the second half of 2005 with stronger net flows and growing market share



- Low demand for managed funds and the relative attractiveness of property and direct investment has impacted sales over the last three years



- We have however responded well with stronger investment returns contributing to improving net flows and growing market share

Source: Morningstar / AXA

Market dynamics

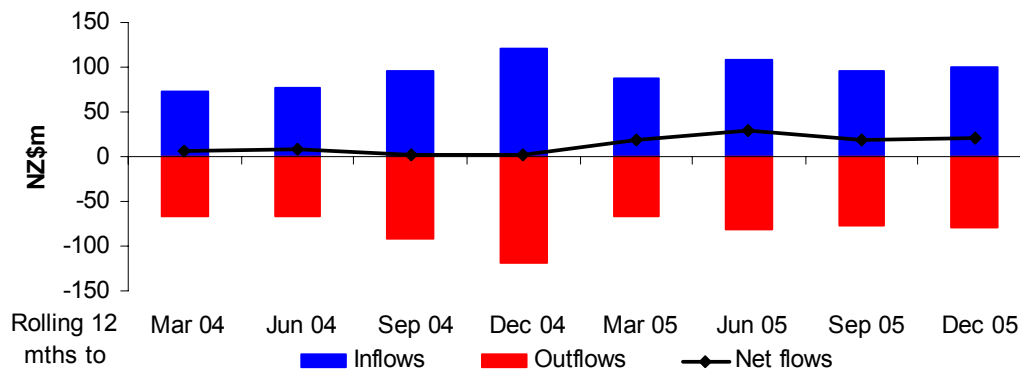
The market impact on retail investment products



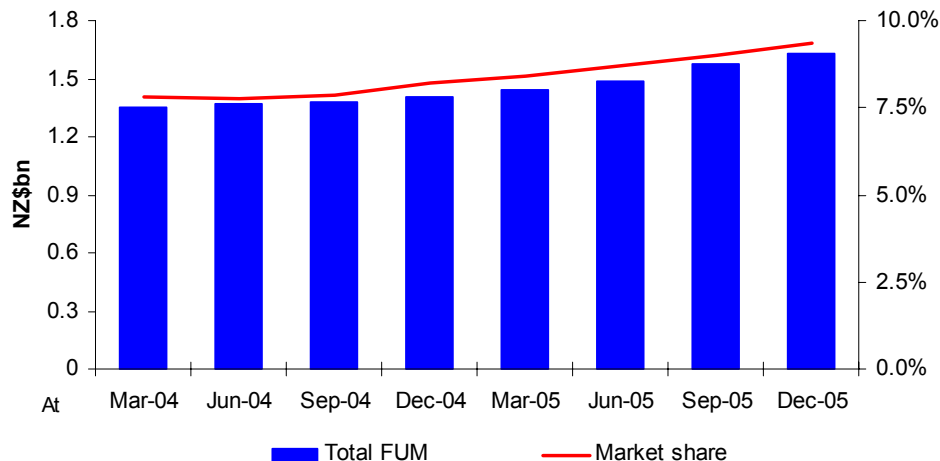
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Retail investment products have been less affected than advice with stand alone funds contributing towards positive net funds flow and improving market share

Investment products - AXA retail funds flow



Investment products - AXA FUM and market share



- Positive net funds flow has been driven by a combination of Mortgage fund sales, mezzanine sales and the launch of a new retail platform in 2003
- AXA PAS, a new retail platform for use by AXA aligned advisers added NZ\$100m in new sales in 2004 and 2005. New mezzanine sales contributed another NZ\$50m in 2005

Source: Morningstar / AXA

Market dynamics

Key developments



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The Government has now moved to address two of the key weaknesses, savings and taxation, with new legislation to come into effect on 1 April 2007. Further work on adviser disclosure and licensing is planned for introduction in 2008

	2004	2005	Today	Description
Savings	Harris report on workplace savings. Launch of State Sector Retirement Savings Scheme (SSRSS)	Budget announcement on national workplace savings initiative in May	KiwiSaver Bill passed and at Select Committee	<ul style="list-style-type: none"> • New universal work place savings scheme effective 1 April 2007 • Not compulsory, but automatic enrolment with option to opt out • NZ\$1,000 initial joining incentive • NZ Treasury forecast 25% of eligible workforce will be “KiwiSavers” by 2013
Taxation	Stobo report on taxation driving awareness for capital gains issues	Recommendations to Government, likely scope known in 2005	Details of changes to the taxation of collective investment vehicles (CIVs) announced	<ul style="list-style-type: none"> • No tax difference between CIVs and direct investment • Australian and NZ investments treated as one market • International investments subject to new comparative value tax regime

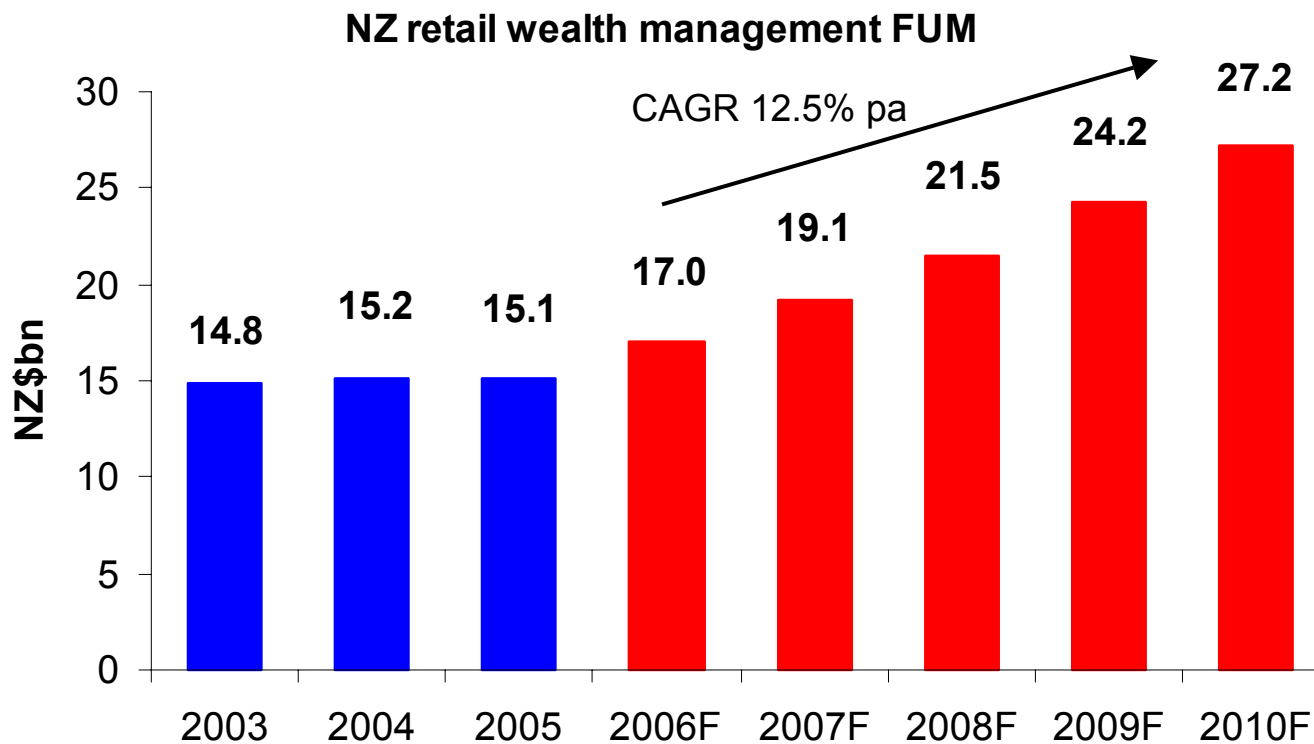
Market dynamics

Forecast market growth - Wealth management



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Removing tax impediments to investing in managed funds and the potential impact of KiwiSaver on retail superannuation contribute to a forecast NZ\$12bn increase in the size of the wealth management market by 2010



Source: Morningstar / AXA

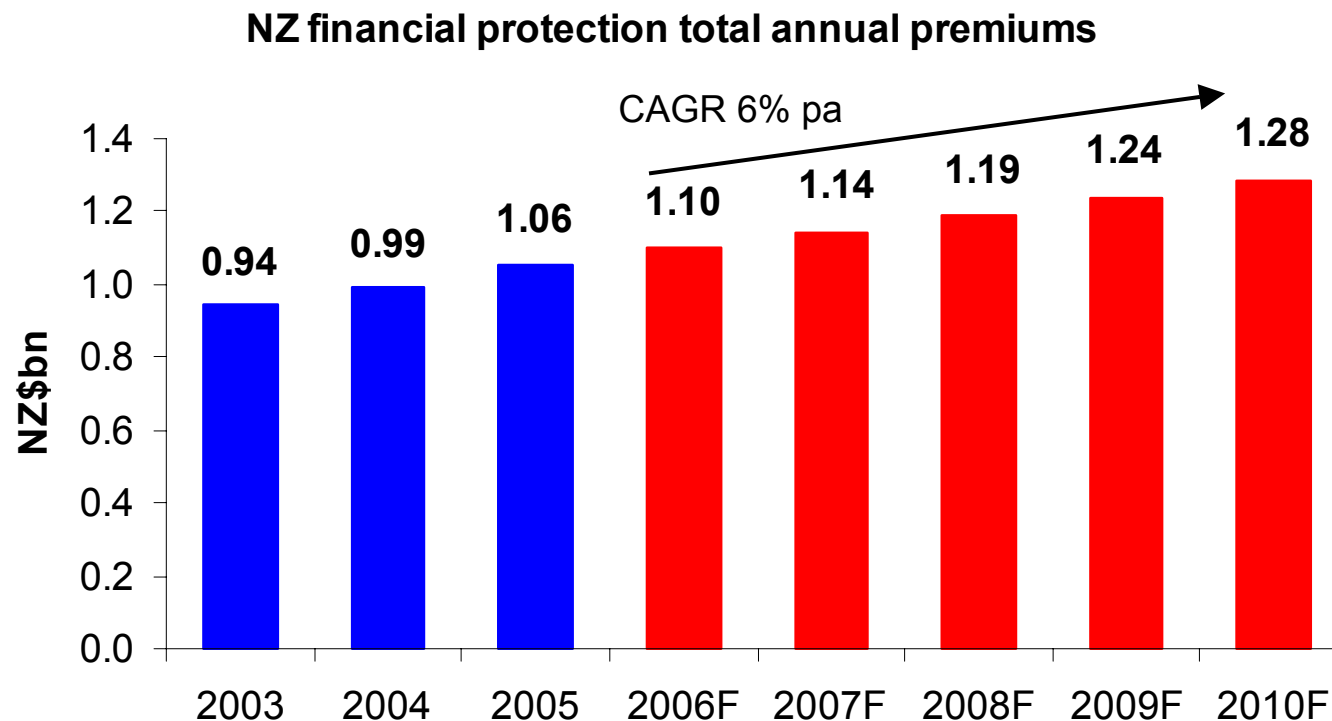
Market dynamics

Forecast market growth - Financial protection



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Proposed new adviser regulation and a greater emphasis on risk in core financial planning will contribute to the financial protection market growing at a forecast rate of 6% pa



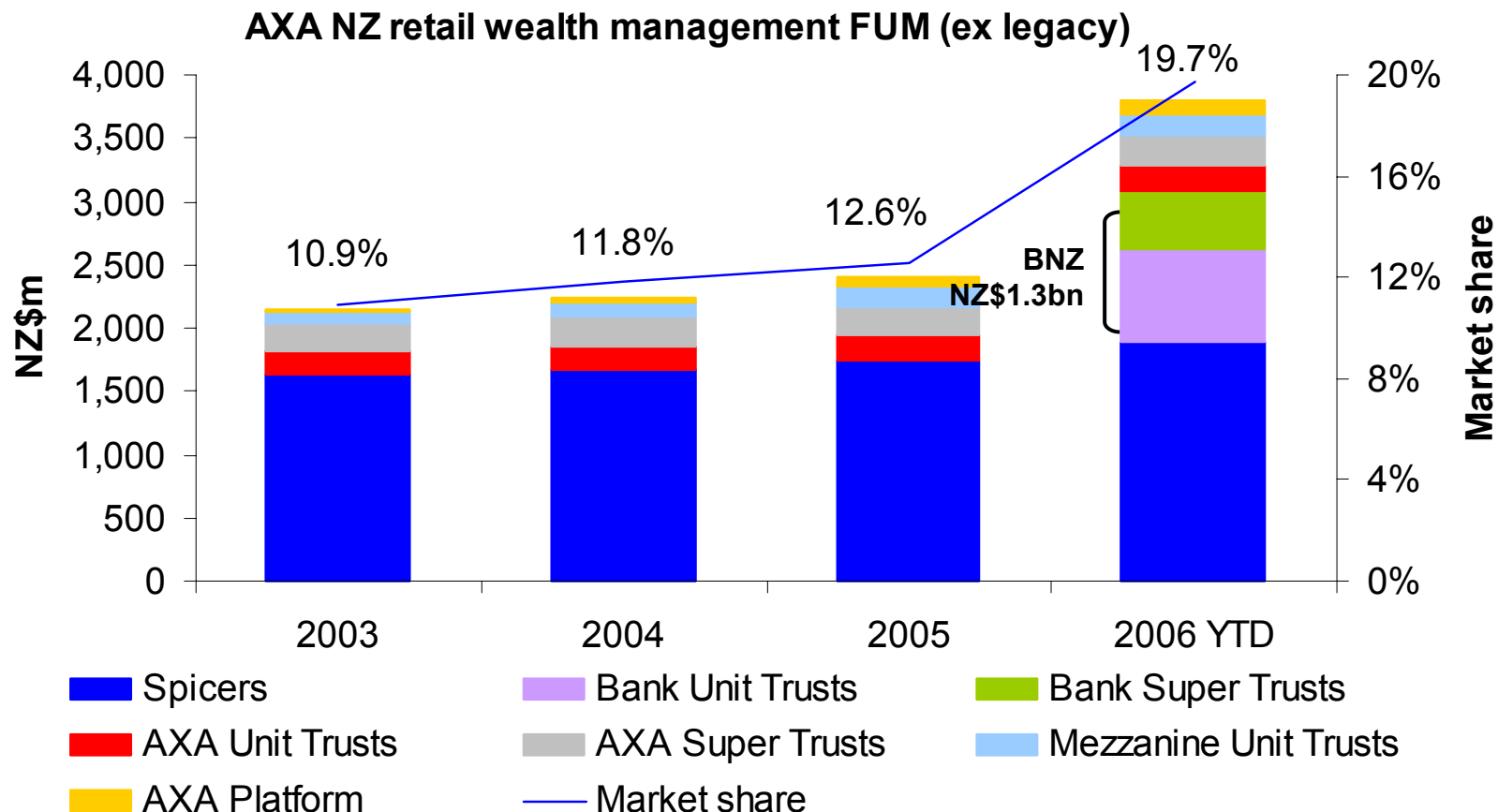
Source: Investment Savings & Insurance Association / AXA

Wealth management Bank of New Zealand Investment Management



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We have substantially increased in size through the acquisition of Bank of New Zealand's managed funds business. With an additional NZ\$1.3bn in retail FUM, retail wealth management market share has increased from 10.9% to 19.7%

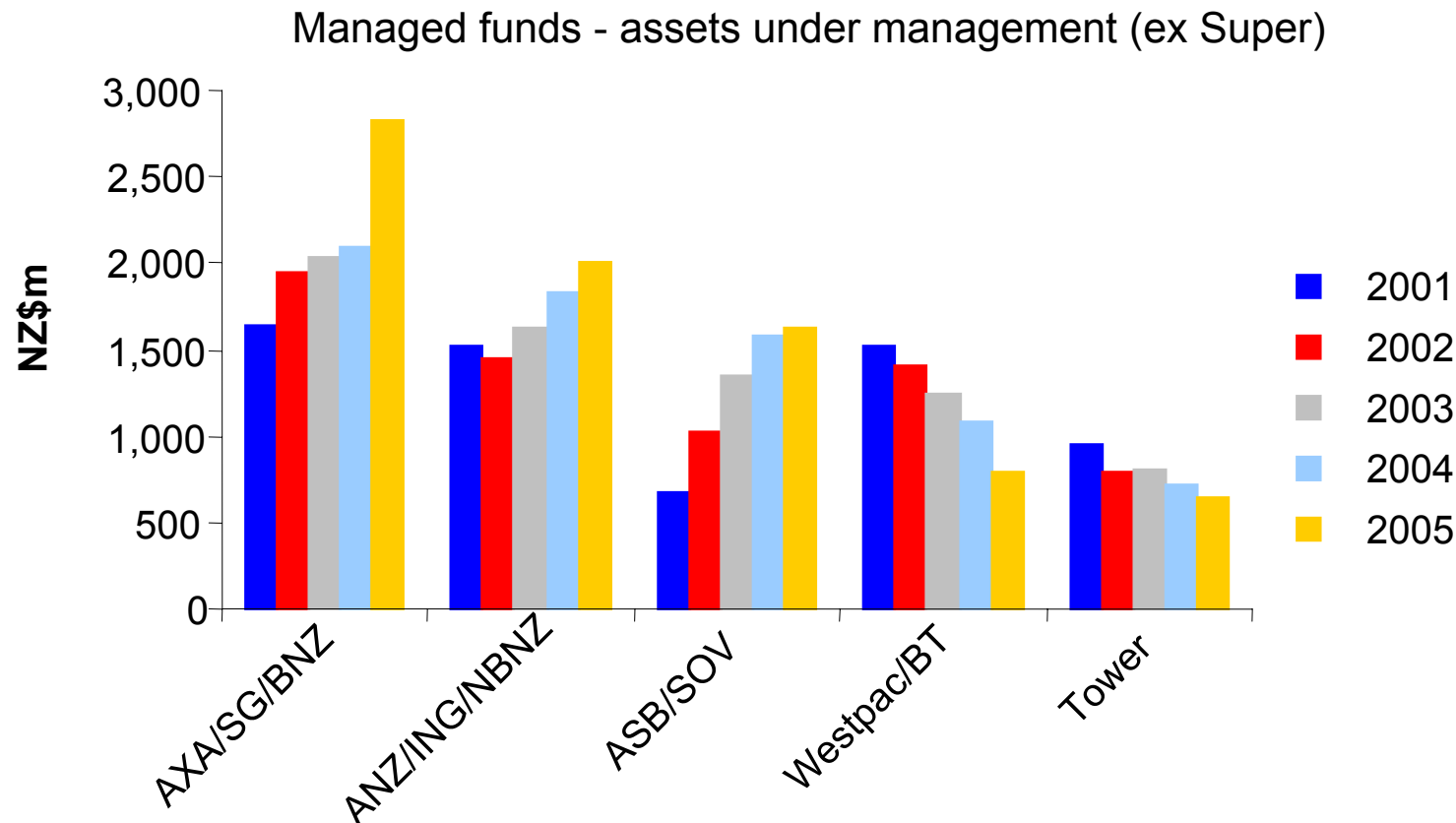


Managed funds New market position



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The addition of BNZIM has added immediate scale and clearly positioned us as the largest provider of managed funds in New Zealand. The acquisition includes exclusive distribution through the bank's 500 branches, 1 million customers and 30 dedicated advisers



Source: Morningstar

Managed funds

Taxation of Collective Investment Vehicles

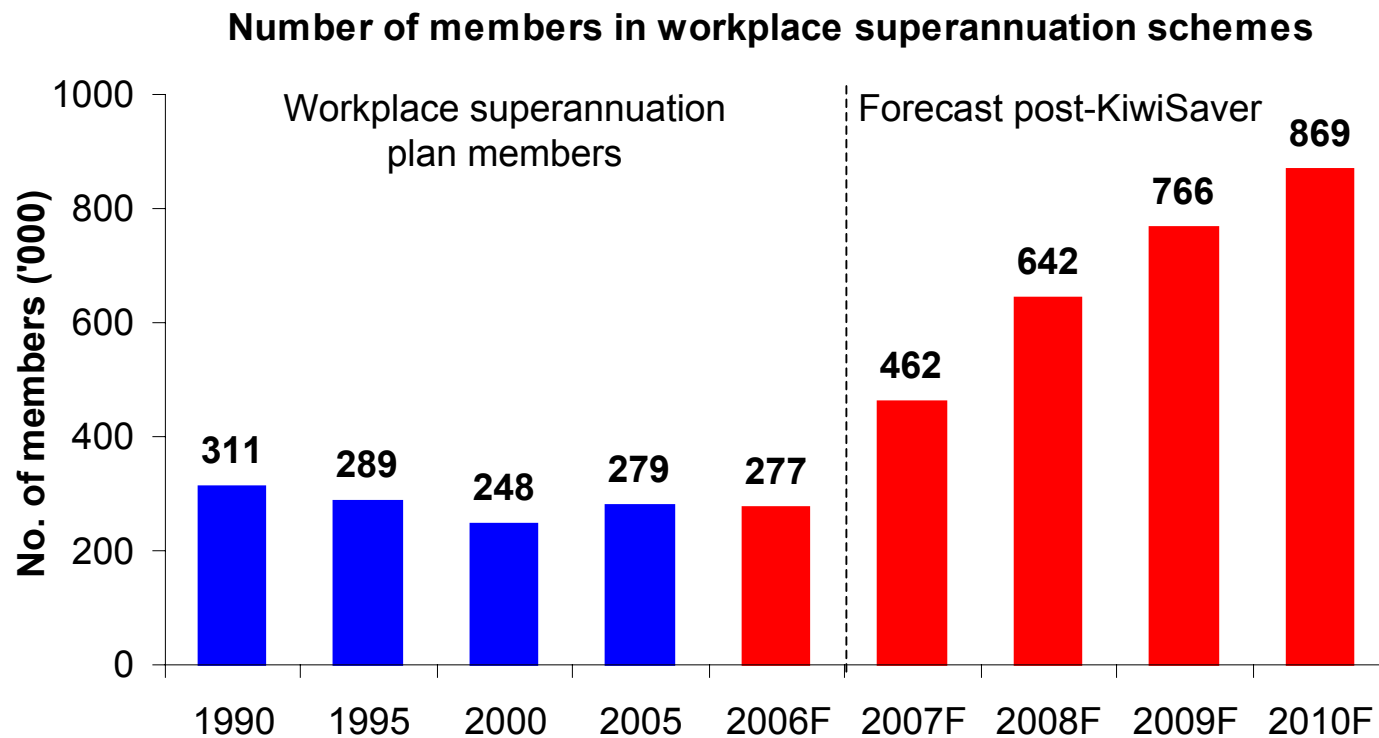


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Our additional bank distribution positions us well to leverage the changes to the taxation of investment vehicles to be implemented in April 2007

	Current	New
Individual invested directly in international equities	<p>8 country "grey list" for whom gains are not taxable</p> <p>Over NZ\$50K full investment is subject to 100% capital gains tax (unrealised)</p> <p>Dividends fully taxable</p> <p>Tax at individual's marginal tax rate</p>	<p>Removal of "grey list"</p> <p>Once above NZ\$50K all unrealised gains taxable to 85% of gain and dividends fully taxable OR</p> <p>Option to cap the taxable income at 5% of investment cost with balance carried forward and taxed on repatriation</p> <p>Tax at individual's marginal tax rate</p>
Individual invested directly in Australian & NZ equities	<p>Capital gains not taxed</p> <p>Dividends fully taxable</p> <p>Tax at individual's marginal tax rate</p>	<p>No change</p>
Individual invested through a fund for international equities	<p>8 country "grey list" for whom gains are not taxable. Other countries 100% capital gains taxed on an unrealised basis</p> <p>Dividends fully taxable</p> <p>Fund pays tax at 33% and individual at marginal tax rate on distribution (tax credit)</p>	<p>All countries other than Aust & NZ capital gains taxed on 85% of gain on unrealised basis</p> <p>Dividends fully taxable</p> <p>Taxed at individual's at marginal tax rate to a maximum of 33%</p>
Individual invested through a fund for Australian & NZ equities	<p>Taxable on 100% of realisation of the gain</p> <p>Dividends fully taxable</p> <p>Fund pays tax at 33% and individual at marginal tax rate on distribution (tax credit)</p>	<p>Capital gains not taxed</p> <p>Dividends fully taxable</p> <p>Taxed at individual's at marginal tax rate to a maximum of 33%</p>

KiwiSaver is expected to arrest the declining trend in workplace savings and increase individual workplace superannuation membership by 600,000 by 2010



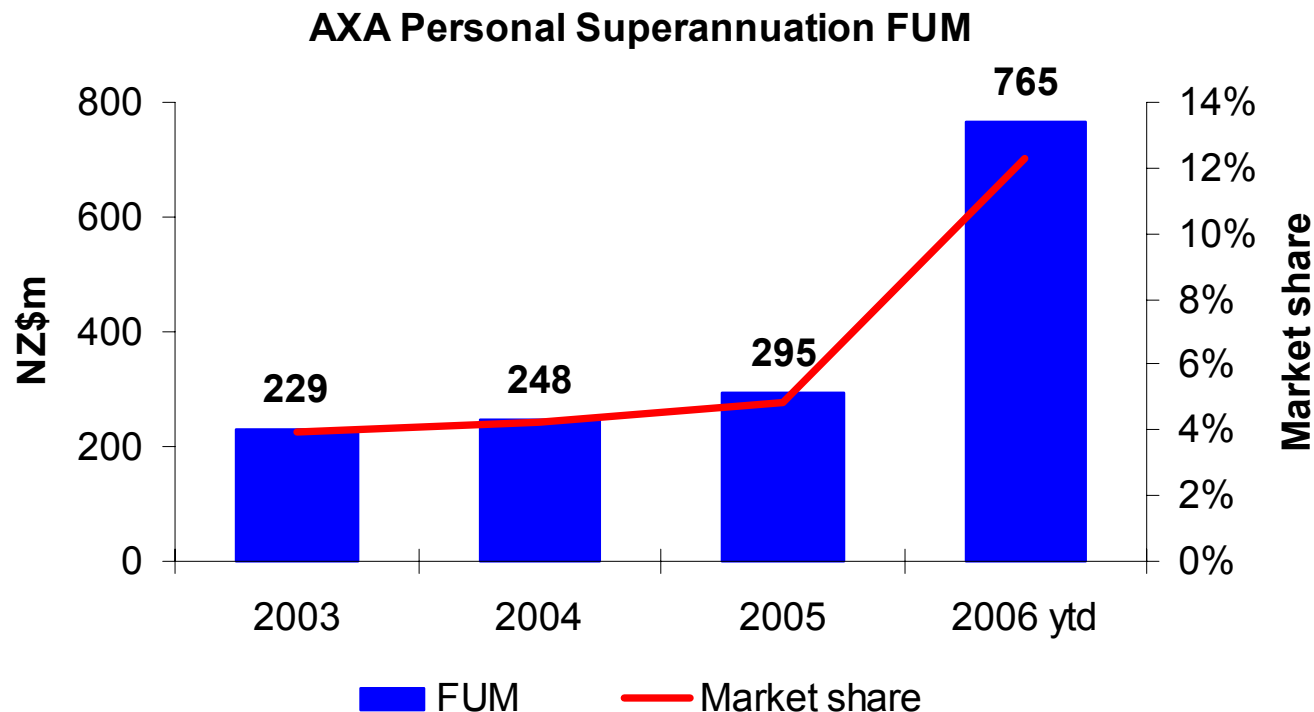
Source: Reserve Bank / DY Consulting

Superannuation Growing market share



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KiwiSaver has followed on from the launch of the SSRSS in 2005 (AXA is one of three providers). The SSRSS history and our new BNZ superannuation funds positions us well to respond to the new savings opportunity



Source: Morningstar / AXA

Advice

A new adviser disclosure regime in 2008



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2008 will see the introduction of a new environment for advice in NZ. The NZ regime will broadly follow Australia and will contribute to improved sales practices, better quality advice and, over time, improved sales

	<u>Current</u>	<u>Proposed</u>	<u>Implications</u>
<u>Tier I December 2006</u>			
• Disclosure	On request	Disclosure mandatory	Improvement in the quality of the sales process - leading to appreciation for the benefits of advice
• Enforcement	Minimal enforcement	Securities Commission enforced	Adviser numbers fall - quality improves, sales lift.
<u>Tier II 2007/2008</u>			
• Regime	Self-regulatory	Co-regulatory	Emphasis on training and fit for purpose - contributing to quality and improved delivery

Advice

Developing the advice proposition



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We operate the largest non bank advisory business in New Zealand - Spicers Wealth Management which operates from 24 sites nationally



Property advocacy
Estate planning
Direct investments
Share broking referrals
Debt management
Insurance



Investments
Cashflow modelling
Lifestyle choices

Current customer value proposition (CVP) 2005

Investments
Cashflow modelling
Lifestyle choices

Future CVP 2006- 2007

- Spicers continues to expand its advice offering, building on the successful ipac model, adding direct investments to model portfolios, risk products, estate planning and debt management
- Future CVP will be consistent with ipac model

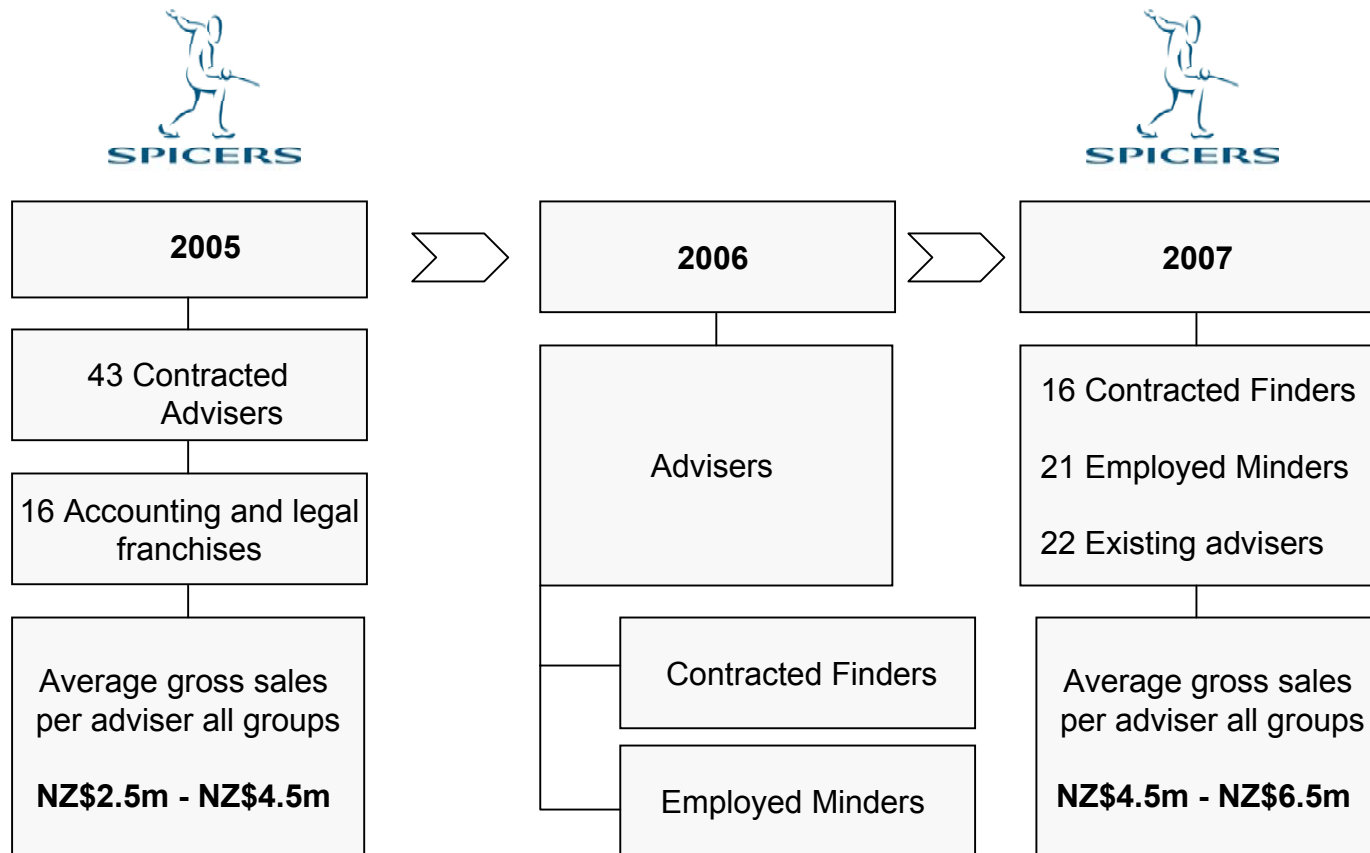
Advice

Developing the advice distribution model



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Spicers have adopted the ipac process of clearly segmenting sales advisers (finders) and support advisers (minders) to drive increasing adviser productivity and a corporatised advice model



Investment management capability



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The Spicers performance track record supports a strong position in the improved managed funds market and underpins the BNZ opportunity where the performance has been less favourable

Mercer NZ Managed Fund Survey - Balanced Funds Returns for periods ended 31 December 2005

Manager/Fund	1 Year Return / (Rank)	2 Years Return pa / (Rank)	3 Years Return pa / (Rank)	5 Years Return pa / (Rank)
Spicers / Arcus	16.5% (1)	14.9% (1)	16.8% (1)	8.4% (1)
BNZ Investment Management	10.7% (10)	10.1% (10)	10.1% (10)	4.5% (10)

- The acquisition of Bank of New Zealand Investment Management and exclusive distribution agreement with the bank, provides scale, leading market share and ongoing distribution through over 500 bank branches nationally
- Introduction of “KiwiSaver” provides an opportunity to build on AXA’s success as a prime provider to the State Sector Retirement Savings Scheme
 - “KiwiSaver” potentially foreshadows a compulsory savings regime in New Zealand
- New investment tax structure repositions managed funds in New Zealand as attractive investment and savings options
- We are well positioned to respond to the managed funds opportunity with the largest retail wealth management business, supported by multiple distribution channels – owned, aligned, independent and bank branch
- AXA New Zealand has grown all areas of its business in 2005 and is progressing well towards achieving its AXA 6 goals by the end of 2007

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“Plan behind the strategy”

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Q&A



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Appendix



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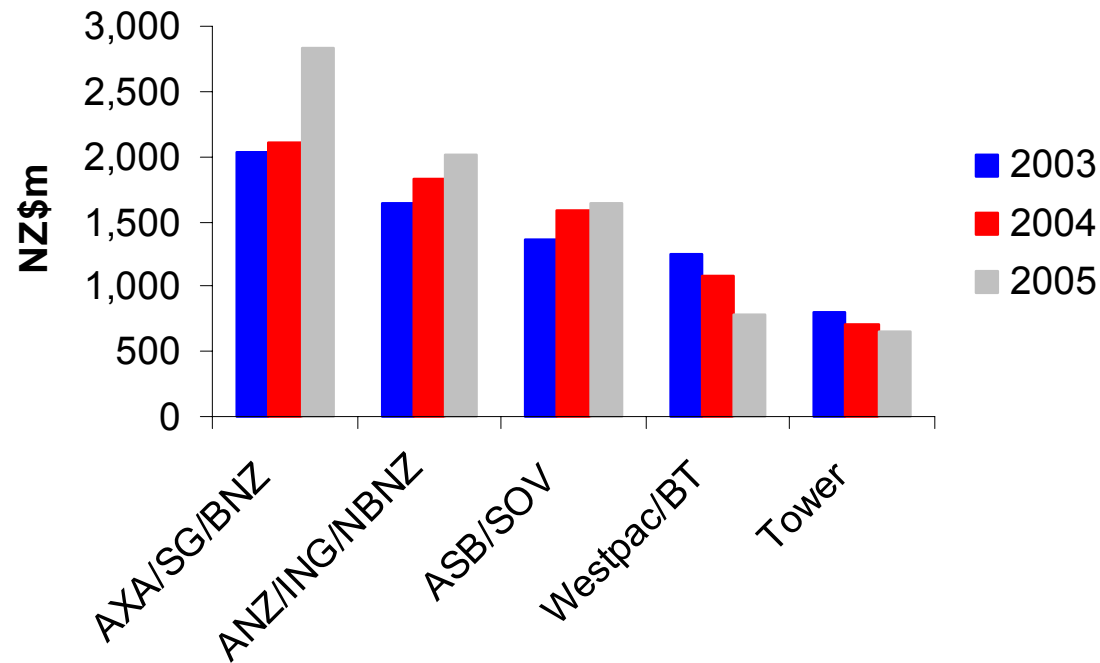
Assets under management



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The recent purchase and exclusive distribution agreement with Bank of New Zealand has had a significant impact on AXA's Wealth Management capability position in New Zealand

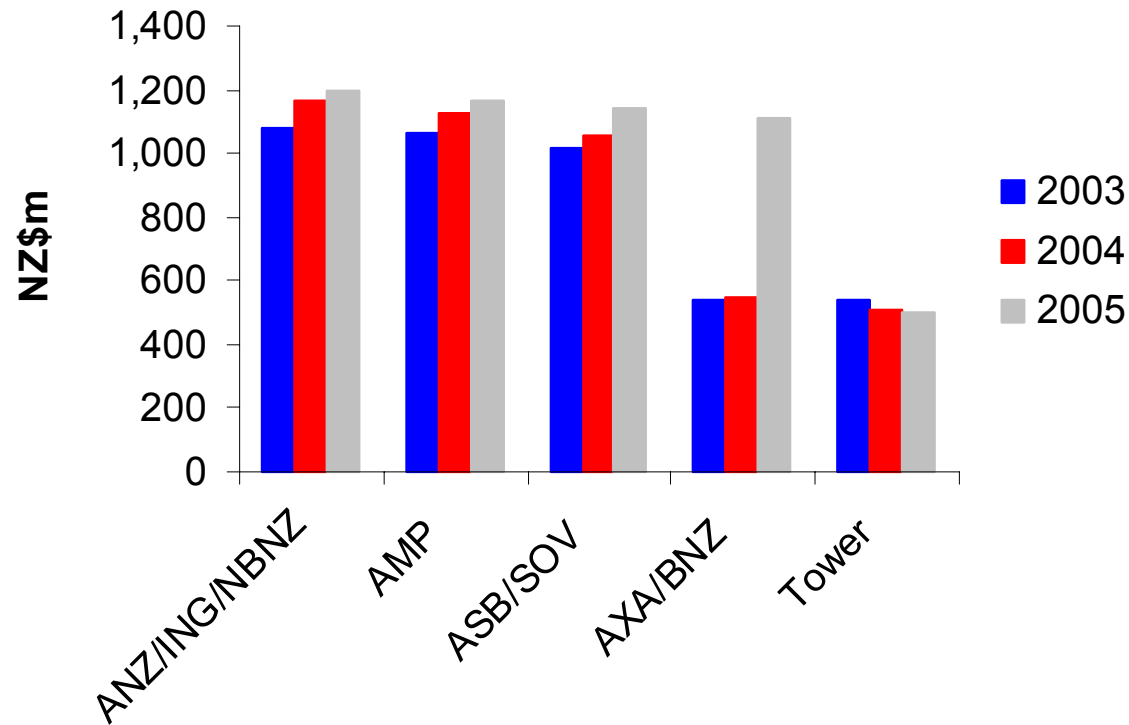
Assets under management (ex super)



Source: Morningstar

A combination of AXA's involvement in the State Sector Retirement Savings Plan and the purchase of the BNZIM superannuation funds have doubled AXA's retail superannuation funds

Superannuation - Funds under management



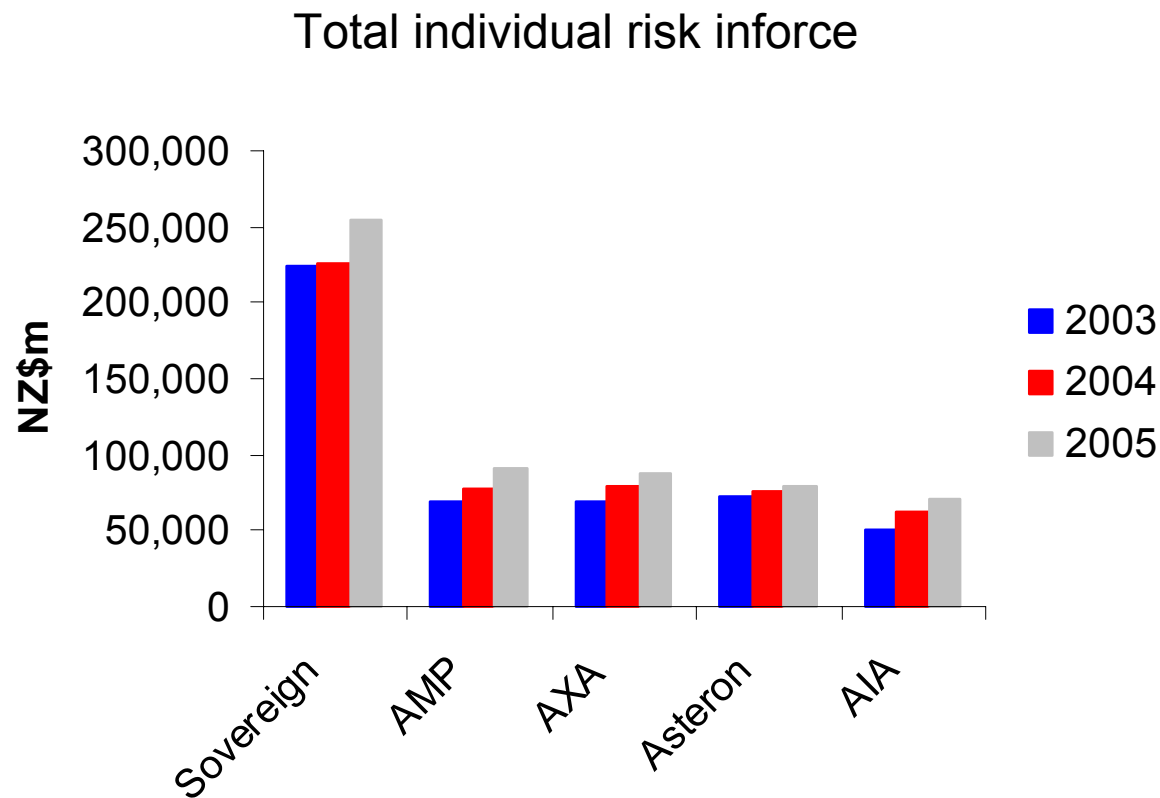
Source: Morningstar

Individual risk - inforce



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AXA in New Zealand has continued to grow its share of annual inforce premium and is ranked third



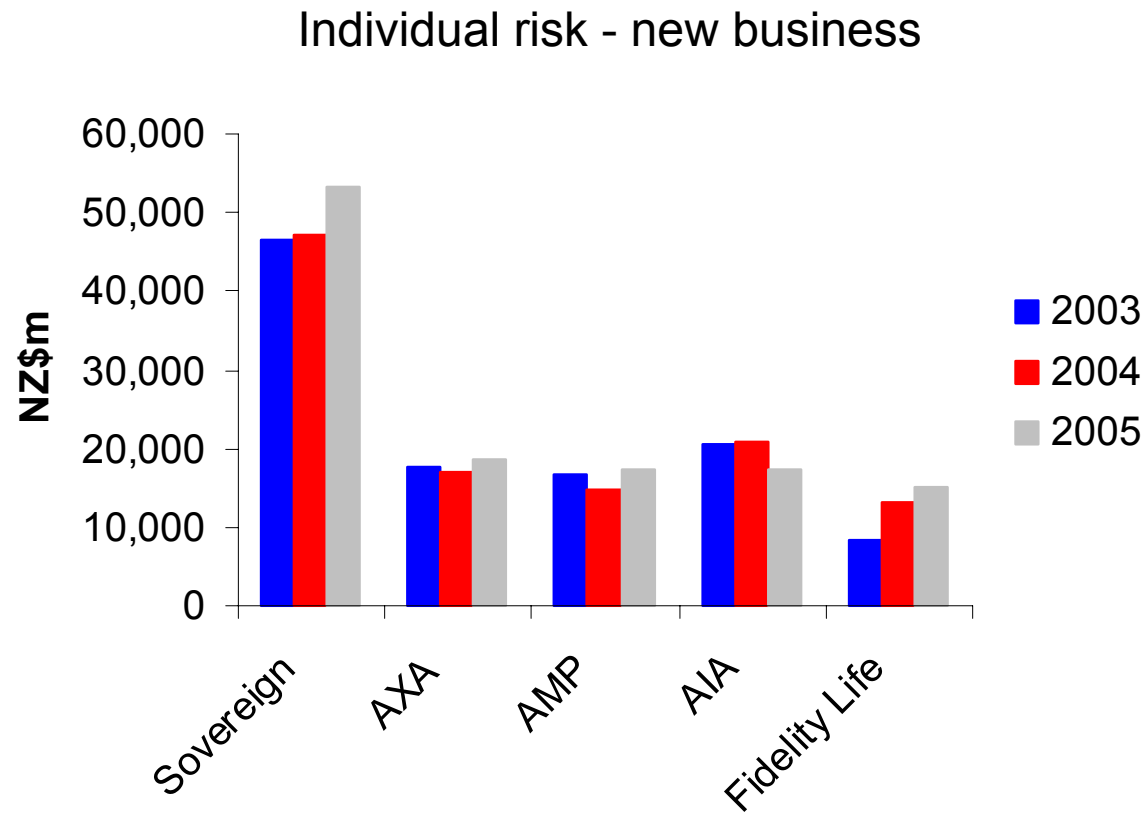
Source: Morningstar

Individual risk - new business



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AXA has increased its share of individual risk new business over the last three years



Source: ISI

Disclaimer



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The material in this presentation is a summary of the historic results of the AXA APH Group and an update on Group activities. It is current at the date of preparation, 10 May 2006.

Further details are provided in the Company's full year accounts, Investor Compendiums and results announcements.

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.axaasiapacific.com.au.

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