

25 October 2006

AXA ASIA PACIFIC HOLDINGS LIMITED NEW BUSINESS AND FUND FLOWS

AXA Asia Pacific Holdings today announced details of its new business and fund flows for the nine months ended 30 September 2006.

Group Chief Executive, Andrew Penn, said:

“Australia and New Zealand gross and net retail fund flows ¹ were both up strongly – 22.0% to \$5.78bn (nine months ended 30 September 2005 – \$4.74bn) and 93.2% to \$2.19bn (2005 – \$1.13bn) respectively.

“AllianceBernstein also saw strong wholesale and retail sales, although last year included in excess of \$2bn from two large mandates.

“Market behaviour in financial protection remains concerning. We continue to focus on growing our business on a profitable basis.

“Asia continues to perform very well with Hong Kong life new business index up 40.5% to HK\$1.23bn (2005 – HK\$0.88bn), and new business index for the rest of Asia up 39.6% to A\$140.9m on a constant currency basis (2005 – A\$100.9m).

“Total group funds under management was up 14.2% to \$92.03bn (2005 – \$80.56bn).

“We remain committed to our AXA 6 and Asia 6 strategic goals, and I am pleased with this contribution.”

Australia and New Zealand – key points

- **Superannuation gross** inflows up 22.1% to \$2.60bn (2005 – \$2.13bn) and **net** inflows up 59.0% to \$1.07bn (2005 – \$0.67bn) due to strong inflows into our platform personal superannuation products and the \$170m (out of \$220m) transfer from a new ipac equity partner in the second quarter of this year
- **Investment products gross** inflows up 29.2% to \$2.80bn (2005 – \$2.17bn) and **net** inflows up 106.5% to \$1.26bn (2005 – \$0.61bn) due to the continued success of our international equity funds, in particular the Global Equity Value Fund with net inflows of \$822.7m (2005 – \$382.4m)
- **Platform net** inflows up 65.5% to \$1.46bn (2005 – \$0.88bn) due to strong inflows into our Summit and Generations superannuation products and the \$220m transfer from the new ipac equity partner in the second quarter of this year
- **Advice net** inflows up 112.6% to \$541.3m (2005 – \$254.6m) including the contribution from the ipac equity partner transfer. Spicers New Zealand also experienced improved retention rates

¹ Total Australia and New Zealand retail flows (ex AllianceBernstein, cash management trusts and Assure Funds Management)

- **AllianceBernstein gross retail** inflows down 54.0% to \$1.90bn (2005 – \$4.12bn) and **net retail** inflows down 74.4% to \$0.83bn (2005 – \$3.24bn) following an exceptionally strong 2005 helped by two large international equity mandates awarded in the third quarter of 2005 totalling in excess of \$2bn
- **AllianceBernstein gross wholesale** inflows up 10.3% to \$5.49bn (2005 – \$4.97bn) due to increased New Zealand mandates. **Net wholesale** inflows down 34.6% to \$1.75bn (2005 – \$2.67bn) due to client rebalancing activity out of global equities following the strong performance of this asset class
- **AFM net retail** and **net wholesale** outflows continue to be in line with expectations when the business was acquired
- AllianceBernstein inflows for the first nine months of 2005 were exceptionally strong, helped by two large mandates totalling in excess of \$2bn. Consequently, **total gross** inflows (**retail** and **wholesale**) were down 3.5% to \$13.4bn (2005 – \$13.9bn) and **total net** inflows (**retail** and **wholesale**) were down 34.2% to \$4.65bn (2005 – \$7.06bn)
- Excluding flows from AFM and AllianceBernstein retail mandates, **gross retail** inflows were up 22.0% to \$5.78bn (2005 – \$4.74bn). **Net retail** inflows were up 93.2% to \$2.19bn (2005 – \$1.13bn) due to strong inflows into our superannuation and investment products
- **Individual life** new business up 5.7% to \$42.7m (2005 – \$40.4m), whilst **individual income protection** down 1.0% to \$18.9m (2005 – \$19.1m). Growth in new business in Australia was offset by weaker new business in New Zealand
- **Group life** new business down 40.7% to \$11.5m (2005 – \$19.4m) reflecting our strategy to write only profitable business and the impact of one-off pricing increases last year.

Hong Kong – key points

- **New individual life regular** premiums up 33.1% to HK\$869.7m (2005 – HK\$653.2m) driven by strong sales across all our distribution channels – agency, salaried sales force and brokers
- **New non linked individual life regular** premiums up 47.4% to HK\$617.5m (2005 – HK\$418.8m), driven by strong sales from agency and broker channels. **New unit linked regular** premium business up 7.6% to HK\$252.m (2005 – HK\$234.4m) even after a very strong first nine months in 2005, reflecting sustainable increases in productivity from our salaried sales force
- Exceptionally strong growth in **single** premiums, up 158.9% to HK\$1,663.7m (2005 – HK\$642.7m)
- **Individual life single premiums** up 129.5% to HK\$693.5m (2005 – HK\$302.2m) driven by strong inflows into unit linked products from the broker channel
- **Group retirement and investment products** new business index ² up 57.2% to HK\$206.5m (2005 – HK\$131.4m) as a result of a combination of our new unit trust products sold through bank distribution agreements and group retirement sales from brokers and our salaried sales force. This business is volatile quarter to quarter
- **Total life** new business index ³ up 40.5% to HK\$1.23bn (2005 – HK\$0.88bn). Excluding the contribution from ex MLC Hong Kong agents, total new business index was up 28.1%. Encouragingly, following the integration of the ex MLC Hong Kong business, productivity of ex MLC agents has been strong, generating new business index of HK\$108.8m since May

² Regular premiums of HK\$109.5m plus 10% of single premiums of HK\$970.2m

³ Regular premiums + 10% of single premiums

- **Total** premium income up 36.5% to HK\$8.07bn (2005 – HK\$5.91bn).

Asia (ex Hong Kong) – key points

- Strong growth in **Philippines** with new business index up 46.7% due to higher sales of single premium investment products via both our agency and Metrobank bancassurance channels
- New business index in **China** up 81.4% due to strong sales growth through bank alliances, improved agent productivity and continued increase in agent numbers
- Strong growth in **Thailand** with new business index up 39.9% due to improved agent productivity and increased agent and adviser numbers
- **Indonesia** returned to growth, with new business index up 34.4% as a result of improved productivity in our bancassurance channel together with a significant increase in the size of our agency and bank based adviser salesforce. Excluding the contribution from ex MLC Indonesia, total new business index was up 15.6%
- Continued strong growth in **Singapore** with new business index up 32.9% due to strong growth in sales of regular premium protection and single premium investment linked products
- **Total** new business index up 39.6% to A\$140.9m⁴ (2005 – A\$100.9m). **Total** premium income up 19.7% to A\$616.0m⁴ (2005 – A\$514.5m).

Asia wealth management – key points

- **Total** gross inflows into ipac financial planning in Hong Kong and Singapore (“ipac Asia”) up 175.3% to A\$88.1m⁴ (2005 – A\$32.0m) driven by improved adviser productivity
- ipac Asia’s **total** funds under advice up 78.9% to A\$190.5m⁴ (31 December 2005 – A\$106.5m).

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⁴ On a constant currency basis

Australia and New Zealand

Wealth management

(A\$ million)	Gross inflows (9 months ended)			Net inflows (9 months ended)		
	30 Sep 2006	30 Sep 2005	Change	30 Sep 2006	30 Sep 2005	Change
Superannuation	2,597.1	2,126.3	22.1%	1,071.3	673.8	59.0%
Retirement income	381.7	443.2	(13.9)%	(139.2)	(149.4)	6.8%
Investment products	2,800.0	2,167.9	29.2%	1,256.9	608.8	106.5%
Total A&NZ retail flows (ex AllianceBernstein, cash management trusts and AFM)	5,778.8	4,737.4	22.0%	2,189.0	1,133.2	93.2%
AllianceBernstein – retail mandates ¹	1,897.4	4,121.4	(54.0)%	830.4	3,242.7	(74.4)%
Total A&NZ retail flows (ex cash management trusts and AFM)	7,676.2	8,858.8	(13.3)%	3,019.4	4,375.9	(31.0)%
Cash management trusts	50.3	75.3	(33.2)%	6.4	15.0	(57.3)%
AllianceBernstein – wholesale mandates	5,486.5	4,973.7	10.3%	1,748.9	2,673.6	(34.6)%
Total A&NZ flows (ex AFM)	13,213.0	13,907.8	(5.0)%	4,774.7	7,064.5	(32.4)%
AFM – retail ²	71.6	-	n/a	(80.1)	-	n/a
AFM – wholesale mandates ²	133.2	-	n/a	(45.0)	-	n/a
Total A&NZ flows	13,417.8	13,907.8	(3.5)%	4,649.6	7,064.5	(34.2)%

Included in the above:

Platforms	2,758.6	2,206.1	25.0%	1,462.3	883.5	65.5%
Advice	1,170.1	1,013.1	15.5%	541.3	254.6	112.6%

Note:

- (1) All of these mandates are from retail providers. However, some flows may be institutionally sourced. As the flows are via mandates, we do not have a split.
- (2) Represents flows following the acquisition of Bank of New Zealand Investment Management Limited on 31 January 2006, since renamed Assure Funds Management (AFM). These levels of net flows are in line with expectations when this business was acquired.

Included in the figures above are flows that arise through switches from one product to another, such as from a traditional superannuation product to a platform-based superannuation product.

(A\$ million)	Gross inflows (9 months ended)		
	30 Sep 2006	30 Sep 2005	Change
Superannuation	260.9	325.1	(19.7)%
Retirement income	50.2	117.9	(57.4)%
Investment products	39.9	68.7	(41.9)%
AllianceBernstein – retail mandates	-	272.0	(100.0)%
Total intra-group flows	351.0	783.7	(55.2)%
<i>Included in the above:</i>			
Platforms	307.1	454.6	(32.4)%
Advice	165.4	318.0	(48.0)%

Total funds under management and administration at 30 September 2006 was \$80.42bn, up 14.3% (31 December 2005 – \$70.34bn).

Total funds under advice up 24.0% to \$7.79bn (31 December 2005 – \$6.28bn).

Financial protection

(A\$ million)	New business (9 months ended)			Inforce (as at)		
	30 Sep 2006	30 Sep 2005	Change	30 Sep 2006	30 Sep 2005	Change
New regular premiums						
Individual life	42.7	40.4	5.7%	291.2	259.9	12.0%
Individual income protection	18.9	19.1	(1.0)%	201.2	198.5	1.4%
Total individual financial protection	61.6	59.5	3.5%	492.4	458.4	7.4%
Group insurance	11.5	19.4	(40.7)%	133.9	137.5	(2.6)%
Long term risk	2.0	2.3	(13.0)%	82.9	90.0	(7.9)%
Total	75.1	81.2	(7.5)%	709.2	685.9	3.4%
Single premiums	23.8	23.5	1.3%			

Hong Kong

(HK\$ million)	New business (9 months ended)		
	30 Sep 2006	30 Sep 2005	Change
New regular premiums			
Individual life – non-linked	617.5	418.8	47.4%
Individual life – unit linked	252.2	234.4	7.6%
Total individual life	869.7	653.2	33.1%
Group retirement – incl MPF	109.5	97.3	12.5%
Group risk	87.0	62.2	39.9%
Total new regular premiums	1,066.2	812.7	31.2%
Single premiums			
Individual life – incl unit linked	693.5	302.2	129.5%
Group retirement and investment products	970.2	340.5	184.9%
Total single premiums	1,663.7	642.7	158.9%
Total life new business index (“NBI”) ^{1,2}	1,232.6	877.0	40.5%
General insurance (P&C) ³	71.2	80.4	(11.4%)

Note:

- (1) New business index = new regular premiums + 10% of single premiums
- (2) Includes HK\$108.8m contributed from ex MLC Hong Kong agents
- (3) Total premium income; includes HK\$1.0m from ex MLC Hong Kong agents

(HK\$ million)	Inforce regular premiums (as at)		
	30 Sep 2006	30 Sep 2005	Change
Individual life – non-linked	6,626.7	4,914.8	34.8%
Individual life – unit linked	909.5	639.7	42.2%
Total individual life	7,536.2	5,554.5	35.7%
Group retirement – incl MPF	1,458.7	1,273.6	14.5%
Group risk	543.0	424.0	28.1%
Total inforce¹	9,537.9	7,252.1	31.5%

Note:

(1) Includes HK\$1,440.9m contributed from ex MLC Hong Kong business

(HK\$ million)	Total premium income (9 months ended)		
	30 Sep 2006	30 Sep 2005	Change
Individual life – non-linked	4,541.6	3,653.7	24.3%
Individual life – unit linked	1,145.3	657.9	74.1%
Total individual life	5,686.9	4,311.6	31.9%
Group retirement – incl MPF	1,927.2	1,185.3	62.6%
Group risk	386.9	335.5	15.3%
General insurance (P&C)	71.2	80.4	(11.4%)
Total premium income	8,072.2	5,912.8	36.5%

Note:

(1) Includes HK\$584.3m contributed from ex MLC Hong Kong business since May

Total funds under management and administration at 30 September 2006 up 10.8% to HK\$53.2bn⁵, (31 December 2005 – HK\$48.0bn), including HK\$4.9bn contributed by ex MLC Hong Kong business.

Asia (ex Hong Kong)

	New business index ¹ (9 months ended)			Total premium income (9 months ended)		
	30 Sep 2006	30 Sep 2005	Change	30 Sep 2006	30 Sep 2005	Change
China (Rmb m)	54.6	30.1	81.4%	357.2	186.0	92.0%
Philippines (Peso m)	767.3	523.1	46.7%	5,548.8	3,460.1	60.4%
Thailand (Baht m)	1,080.5	772.3	39.9%	2,556.4	1,948.5	31.2%
Indonesia (Rupiah bn) ²	341.4	254.0	34.4%	796.2	1,093.9	(27.2)%
Singapore (Sing\$ m)	28.7	21.6	32.9%	246.6	197.2	25.1%
Total (A\$ m)³	140.9	100.9	39.6%	616.0	514.5	19.7%

Note:

(1) New business index = regular premium sales + 10% of single premium sales

(2) 2006 figures include Rupiah 47.9bn new business index and Rupiah 128.1bn total premium income contributed from ex MLC Indonesia business since 8 May

(3) On a constant currency basis, translated at average exchange rates for the nine months ended 30 September 2006 of A\$/Rmb = 0.16725; A\$/Peso = 0.025886; A\$/Baht = 0.034885; A\$/Rupiah = 0.000147; A\$/Sing\$ = 0.836938. Figures represent 100% share of the businesses

⁵ After HK\$3.2bn investment in MLC Hong Kong and HK\$2.1bn dividends paid to AXA APH

Total funds under management and administration at 30 September 2006 up 37.6% to A\$2.45bn ⁶, (31 December 2005 – A\$1.78bn), including A\$175.0m contributed by ex MLC Indonesia business.

Asia wealth management

(million)	Gross inflows (9 months ended)			Funds under advice (as at)		
	30 Sep 2006	30 Sep 2005	Change	30 Sep 2006	31 Dec 2005	Change
ipac financial planning						
Hong Kong (HK\$)	299.0	95.2	214.1%	677.0	407.7	66.1%
Singapore (Sing\$)	43.4	18.6	133.3%	88.0	43.3	103.2%
Total (A\$) ¹	88.1	32.0	175.3%	190.5	106.5	78.9%

Note:

(1) On a constant currency basis, with gross inflows translated at average exchange rates for the nine months ended 30 September 2006 of A\$/HK\$ = 0.173045; A\$/Sing\$ = 0.836938, and funds under advice translated at 30 September 2006 closing exchange rates of A\$/HK\$ = 0.171477; A\$/Sing\$ = 0.845501

⁶ At respective spot exchange rates