

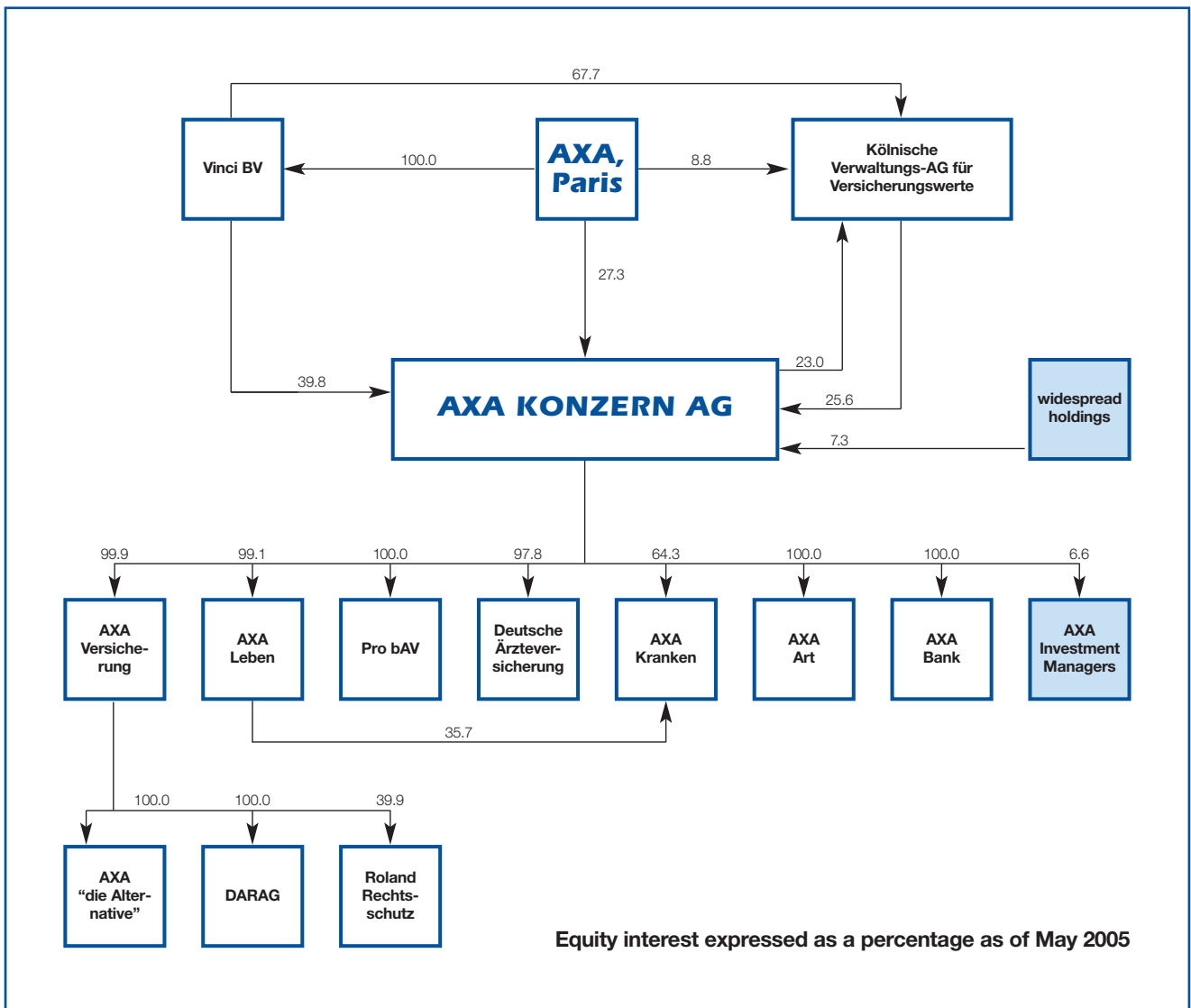


AXA Konzern AG
2004 ANNUAL REPORT



Be Life Confident

Equity interest structure of AXA Konzern AG



The AXA Group in summary

		2004	2003*	+/- %
Consolidated income				
Total income	€ mill.	6,374	6,334	+0.6
Premiums written (gross)	€ mill.	6,306	6,264	+0.7
Property and casualty insurance	€ mill.	2,702	2,685	+0.6
Life insurance	€ mill.	2,608	2,645	-1.4
Health insurance	€ mill.	889	779	+14.1
Assumed	€ mill.	107	156	-31.4
Retention	%	94.4	94.1	+0.3
Income from financial services	€ mill.	67	70	-4.3
Claims and benefits				
Property and casualty insurance				
Claims expenses (net)	€ mill.	1,799	1,687	+6.7
Net combined ratio	%	97.8	95.2	+2.7
Life insurance				
Payments to policyholders	€ mill.	2,668	2,638	+1.1
Change in commitments to policyholders	€ mill.	-299	805	-1,104
Health insurance				
Payments to policyholders	€ mill.	412	376	+9.6
Underwriting provisions				
Total (net)	€ mill.	31,044	30,511	+1.7
thereof:				
Property and casualty insurance	€ mill.	5,145	4,708	+9.3
Life insurance	€ mill.	23,203	23,431	-1.0
Health insurance	€ mill.	2,131	1,788	+19.2
Assumed	€ mill.	564	584	-3.4
Bank business				
Accounts receivable from borrowers	€ mill.	715	733	-2.5
thereof for property loans	€ mill.	467	467	0.0
thereof for private loans	€ mill.	248	266	-6.8
Employees				
Salaried employees		8,196	8,668	-5.4
Freelance sales staff (full time)		2,759	3,138	-12.1

		2004	2003*	+/- %
Investments¹⁾				
Portfolio	€ mill.	34,753	34,743	0.0
Investment result	€ mill.	1,303	1,940	-32.8
Group equity				
	€ mill.	900	1,041	-13.5
Consolidated result				
Consolidated result before taxes on income	€ mill.	21	412	
Consolidated net profit for the year	€ mill.	-68	571	
DVFA/GDV earnings per share		0.40	1.00	
Dividend of AXA Konzern AG²⁾				
Dividend per ordinary share	€	0.57	1.18	
Dividend per preferred share	€	0.63	1.24	
Total dividend	€ mill.	18.1	37.2	

* The figures from 2003 have essentially been adjusted for the disposal of AXA Bausparkasse

¹⁾ Portfolio and result including investments of unit-linked life insurance

²⁾ 2004: recommendation

Recommendation on the appropriation of balance sheet profit of AXA Konzern AG

	2004
Payment of a dividend of € 0.57 per ordinary share, total	14,951,533.20
Payment of a dividend of € 0.63 per preferred share, total	3,150,000.00
Allocated to revenue reserves	86,100,000.00
Profit carried forward	83,032.57
Balance sheet profit	104,284,565.77

€

Be Life Confident

All around the world, we deliver our products and services under a global brand. Combined with our tagline – Be Life Confident – the AXA brand conveys our promise to customers that we will protect them and help them realize their projects at every stage of their lives.



Financial highlights

50 million customers

across the globe have placed their trust in AXA.

112 000 employees and distributors

worldwide working to deliver the right solutions and top quality service to our customers.

17 500 employees

volunteer for their local community.

72.2 billion euros

in consolidated revenues (+2 % on a comparable basis).

869 billion euros

in assets under management
(+16 % at constant exchange rates).

2.7 billion euros

in underlying earnings
(+38 % at constant exchange rates).

2.5 billion euros

in net income, Group share
(+160 % at constant exchange rates).

Our Vision

To help our clients be life confident: it's our vision of the business and how it should be done.

■ Our Business: Financial Protection

Financial Protection involves supporting our clients – individuals as well as small, mid-size and large businesses – throughout their lives by responding to their insurance, protection, retirement savings and estate planning needs.

Aware and proud of our industry's contribution to the economic and social development of the countries in which we are present, we seek to do business responsibly by living up to consistent values and stakeholder commitments throughout the world.

■ Our Ambition

Together, we are working toward the shared ambition of becoming a global leader in our core business of Financial Protection by delivering both high-quality products and high-quality service and performance.

■ Our Values

Team Spirit, Integrity, Innovation, Pragmatism, Professionalism.

Our Commitments

To do business responsibly and build a relationship of trust with our partners.

■ The Community

Act as a responsible corporate citizen by sharing our professional expertise with the community, innovating in the area of employment and sponsoring philanthropic initiatives.

■ Our Clients

Consistently deliver efficient local service and adapted solutions, while adhering to the highest standard of professional conduct.

■ Our Suppliers

Maintain excellent relationships with suppliers by adhering to a set of clearly defined procurement guidelines and promoting ongoing dialogue.

■ Our Shareholders

Achieve operating performance that ranks among the best in the industry. In order to create lasting value, and strive to furnish accurate financial information.

■ The Environment

Contribute to environmental preservation efforts by making available our environmental risk management capability and promoting environmentally sound practices in the workplace.

■ Our Employees

Ensure professional fulfillment by offering a supportive and respectful workplace where people are empowered and the continuous development of competencies is encouraged.

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Foreword by the Chairman of the Board



Dr. Claus-Michael Dill
Chairman of the Board of AXA Konzern AG

Dear shareholders and business partners,

In the year under review the German AXA Group made a further clear step forward in the direction of more growth, thereby continuing the change in trend initiated in 2003. In 2004 we successfully increased new business and premium volume in almost all business areas.

Growth in motor-vehicle insurance is the most prominent. In this line of insurance we have attracted some 200,000 customers over the past two years, enhanced our portfolio to more than 2.2 million policies and increased our market share to 4.7 %. This is quite clearly the success of the interaction between the modules of multi-channel selling, dual product world and the extension of customer relationships in our strategy. The concept of the integrative sale of our products via all marketing channels has proved successful in the same way as the alignment of our product range to a more service-orientated target group on the one hand and a more price-orientated target group on the other.

The pensions segment has also recorded respectable growth in new business. 293,000 new policies – almost 30 % more than in 2003 – represent a record sales volume in the history of the German AXA. We are especially proud of two developments in this context: the sale of particularly promising unit-linked life and annuity insurance by AXA Lebensversicherung rose by 58 % and our “youngest baby”, Pro bAV Pensionskasse launched in 2002, tripled its premium income and increased new business by 70 %, welcoming its 100,000th client at the beginning of 2005.

The course of business of AXA Krankenversicherung was most pleasing once again. With a premium growth of 14 %, the company once again exceeded market growth by more than double. And this despite all the negative signals sent out in the past year towards private health insurance primarily from the political world. Thanks to our advisory expertise we were able to cushion many an uncertainty amongst existing and potential clients.

Last not least, let me say a few words about the industrial and corporate client business in which we rank in the top 3 in Germany. After the successful turnaround this business is now profitable again and premium income rose by 2 %.

Our actions are led by two priorities which we pursue with great continuity aimed at future corporate success. Growth is flanked by profitability and in this area we made distinct progress in the year under review. The underwriting result of our Group improved markedly by € 164 million and is now almost balanced. We further reduced costs by 4.3 % despite additional investments in growth fields. In the past three years we have distinctly boosted productivity by 4 % by increasing the turnover per employee.

But this progress is not enough for us. We wish to lift our profitability to an international level to enable us to give our shareholders an appropriate return on their investment.

In view of the corporate successes outlined above it may not seem clear why the German AXA Group nevertheless closed 2004 with a loss. This has to do with several, in part one-off, effects which in total counterbalanced the substantial improvements achieved in operative business. The once again favourable course of claims in non-life insurance required a high allocation to the claims equalisation reserve. The unrealised losses in the share area, left in the wake of the stock market crisis in the period 2000 to 2003, were reduced by € 733 million in the year under review, and were therefore virtually completely eliminated. All in all, at € 1.9 million, our actuarial reserves are distinctly positive. The tax burden of the German AXA Group also rose by € 248 million by comparison with the previous year. The magnitude of these influences automatically meant that they would not be without impact on the result.

The direction of the German AXA Group for 2005 and the subsequent years is clearly outlined. We will be continuing our growth course and at the same time steering our Group to distinctly more profit. In an environment characterised by economic difficulties the market volume will not become larger. In order to achieve our ambitious growth objectives our enterprise must therefore be better than our competitors. We must offer clients and sales partners something unique: unique service quality, unique support and a competitive price position for our products. The AXA Konzern has launched an initiative across the board aimed at becoming market leader here.

This initiative is coupled with a programme aimed at distinctly increasing corporate profit in the coming years. We know which fine adjustments need to be made to the five forces driving our consolidated result, namely costs, income from investments, net combined ratio in non-life insurance, technical margins in life and health insurance and premium growth. We have set the targets for all five criteria up to 2007 and are convinced that we will achieve them.

Very sincerely yours,



Dr. Claus-Michael Dill
Chairman of the Board
AXA Konzern AG

Supervisory Board

Claas Kleyboldt

Chairman
Cologne

Manfred Weyrich*

Deputy Chairman
Company employee
Overath

Uwe Beckmann*

Company employee
Sarstedt

Alfred Bouckaert

Managing Director of AXA Belgium S.A.
Brussels

Claude Brunet

Group Executive Vice President
Operations of AXA
Paris

Henri de Castries

Chairman of the Management Board
and Chief Executive Officer of AXA
Paris

Harry Clemens*

Executive employee
Cologne

Kurt Döhmel

Chairman of Management of
Deutsche Shell Holding GmbH
Hamburg
since 2 September 2004

Dr. Thomas Fischer

Chairman of the Board of WestLB
Düsseldorf
since 8 July 2004

Dr. Michael Frenzel

Chairman of the Board of TUI AG
Hanover

Peter Freyaldenhoven*

Company employee
Bergisch Gladbach
since 1 January 2005

Christof W. Göldi

Directeur of AXA
Paris
up to 30 August 2004

Pia Heller*

Trade union secretary of ver.di,
Cologne district
Hürth

Robert J. Koehler

Chairman of the Board
of SGL Carbon AG
Wiesbaden
since 8 July 2004

Thierry Langrenoy

Senior Vice President of GIE AXA
Paris
since 20 July 2004

Herbert Mayer*

Company employee
Pfinztal

Dr. Dieter Murmann

Managing Shareholder
of J.P. Sauer & Sohn Maschinenbau
Beteiligungsgesellschaft mbH
Kiel
up to 8 July 2004

Dr. Alfred Freiherr von Oppenheim

Chairman of the Supervisory Board of
Bankhaus Sal. Oppenheim jr. & Cie. KGaA
Cologne
up to 8 July 2004
died on 5 January 2005

Klaus Schütze*

Company employee
Odenthal
up to 31 December 2004

Prof. Dr. Ekkehard Schulz

Chairman of the Board
of ThyssenKrupp AG
Düsseldorf

Jürgen Sengera

Düsseldorf
up to 8 July 2004

Jürgen Stachan*

Trade union secretary of ver.di
Sarstedt

Andreas Thomsen*

Company employee
Oldenburg

Christian Zahn*

Member of the National Trade Union
Board of ver.di
Hamburg

Matthias Zils*

Company employee
Dormagen

* Employee representative

Management Board

Dr. Claus-Michael Dill

Chairman
Group Communication, Group Auditing

Dr. Wulf Böttger

Retail Business, Process
and Quality Management
since 1 August 2004

Frank J. Heberger

Personnel, Legal Affairs, General Admin-
istration, Group Project Management

Dr. Markus Hofmann

Industrial and Corporate Client Business,
Reinsurance, Claims

Dr. Frank W. Keuper

up to 31 July 2004

Noel Richardson

Finances, Controlling,
Accounting, Investments,
Group Development, Taxation

Norbert Rohrig

Information Systems,
Operational Organisation

Dr. Heinz-Peter Roß

Financial Retirement Provisions

Gernot Schlösser

Health Insurance, Doctor's Insurance

Andreas M. Torner

Sales, Marketing

Group Advisory Board

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Lawyer, Member of the Bundestag
Berlin

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Chairman of the Free Association
of German Dentists
Gütersloh

Prof. Dr. Eggert Beileites

President of the Regional Medical
Chamber of Thuringia
Jena

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Co-owner of Bankhaus
Sal. Oppenheim jr. & Cie. KGaA
Cologne

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Chairman of the Board
of MedCon Health Contents AG
Cologne

Dr. Dieter Boeck

Lawyer
Bonn

Prof. Dr. Bruno O. Braun

Chairman of the Board
of TÜV Rheinland Holding AG
Cologne

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Freiherr von und zu Brenken'sche
Verwaltung
Büren/Westphalia

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of Commercial Employers' Liability
Insurance Associations
St. Augustin

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Hamburg

Rüdiger Dollhopf

Chairman of the Supervisory Board
of Rhodia Acetow GmbH
Freiburg/Breisgau

Ludwig Feldrappe

Universal Agent of Bilfinger Berger AG
Mannheim

Dr. Wolfgang Fliess

Member of the Supervisory Board of
KPMG Deutsche Treuhand-Gesellschaft
Frankfurt/Main

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1st Chairman of the Umbrella
Organisation of the Relief Fund
for the German Hospitals
Dresden

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of MLP AG
Heidelberg

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Managing Shareholder
of the Funk Gruppe
President of the Association
of German Insurance Brokers (VDVM)
Hamburg

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Chairman of the German
Armed Forces Association
Bonn

Manfred Gilles

Managing Director of the Free
Association of German Dentists
Bonn

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Member of the Management Board of
Deutsche Apotheker- und Ärztebank eG
Düsseldorf

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Managing Director and Member
of the Board of the Federation
of German Employers' Associations
Berlin

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Chairman of the Board
of Mueller Weingarten AG
Weingarten/Württemberg

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Member of the Management Board of
Deutsche Apotheker- und Ärztebank eG
Düsseldorf

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Managing Director
of PCK Raffinerie GmbH
Schwedt/Oder

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Managing Shareholder
of Peter Jungen Holding GmbH
Cologne

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Central Europe Holding GmbH
Hamburg

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of Deutsche Lufthansa AG
Cologne

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Member of the Management Board
of E.ON AG
Düsseldorf

Holger Lampatz

Maxdata AG
Marl

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Chairman of Management
of Henkel KGaA
Düsseldorf

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Managing Director of the German
Federation of General Practitioners
Cologne

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Essen

Stefan Mercier

Manager of Horbach
Wirtschaftsberatung GmbH
Cologne

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Member of the Management Board
of Ruhrgas AG
Essen

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Director of the Bonn Institute
for Economy and Society (Institut für
Wirtschaft und Gesellschaft Bonn)
Bonn

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Head of Personnel at Linde AG
Wiesbaden

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Chairman of the Expert Group
for the assessment of overall
economic development
Darmstadt

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Chairman of the Management Board
of Brüder Mannesmann AG
Remscheid

Werner Schaurte-Küppers

Managing Shareholder
of Hülskens GmbH & Co. KG
Wesel

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Chairman of the Management Board
of Damp Holding AG
Damp

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Chairman of Management
of Kaefer Isoliertechnik GmbH & Co. KG
Bremen

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Membre du Directoire
of L'Air Liquide S.A.
Paris

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Managing Director of Asecuris
Asset Management KAG mbH
Frankfurt/Main

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Member of the Management Board
of RAG AG
Essen

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Institute for Politics and Public Law
at the University of Munich
Munich

Prof. Dr. Heinrich R. Schradin

Managing Director of the
Institute for Insurance Science
at the University of Cologne
Cologne

Dr. Botho von Schwarzkopf

Managing Director of Pfeifer & Langen
Industrie- und Handels-KG
Cologne

Dr. Klaus Sturany

Member of the Board of RWE AG
Essen

Dr. Hans Tepohl

Personally Liable Partner
of Otto Fuchs KG
Meinerzhagen

Dr. Klaus Trützschler

Member of the Management Board
of Franz Haniel & Cie. GmbH
Duisburg

Dr. Walter Wübben

Managing Shareholder of ABG
Allgemeine Bausträgergesellschaft
mbH & Co. KG
Cologne

Our Strategy: Profitable Growth

In the 2004 business year, the German AXA Group systematically and successfully continued its strategic course with extensive measures. This is primarily reflected in the distinctly improved operative results and the growth in new business. We also continue to examine all measures taken to determine whether they satisfy our strict internal standards in terms of client orientation and profitability in an increasingly dynamic market environment. The measures taken in the year under review in the individual areas of our business and the successes achieved are described in the following.

Client orientation at the centre of our sales activities

The sales division followed on from the excellent results of the previous year, making use, for example, of the sales opportunities in the life insurance line at the end of 2004 before the preferential tax treatment expired. Our customer management unit also implemented a number of additional measures aimed at helping us to assert and further develop our position in the market. Client requirements are placed at the centre of our activities here. We are also profiled with clients and sales partners through top quality advice, comprehensive service and operative excellence.

To secure a high quality and comprehensive advisory service we successfully continued our qualification offensive for our sales staff. By the end of 2004,

898 AXA exclusive intermediaries gained recognition from the Chamber of Industry and Commerce (IHK) as certified advisors for financial services. In addition we support our exclusive intermediaries by means of a PC-based advisory software which similarly places us in a position to meet the requirements on the quality of advice given in accordance with the EU Insurance Mediation Directive.

AXA's multi-channel strategy to interlink sales activities of exclusive and direct sales channels in a common and exclusive client portfolio is at an advanced state of development. Additional business processes can be shown via all channels of contact. In addition, it is now possible to procure further products via direct media so that the AXA exclusive intermediaries are supported in the approach and support of clients by an extension of the direct campaign portfolio. This interaction enables intermediaries with limited time capacity to concentrate on existing clients with high potential.

We work continuously on the further improvement of quality of all business processes in the sales area. In the year under review we launched a comprehensive programme intended to put us in a long-term position to satisfy the minimum requirements of customers, consumers and sales partners alike in all business processes and exceed these requirements through excellent quality and service. Our success shows that we are on the right course: 89% of our end clients assess

our services as absolutely satisfactory. And what is more: 95% of all clients would recommend AXA to friends and acquaintances.

In the area of non-exclusive sales partners we have continued to develop our integration capability in their business processes. In combination with our traditional strengths in providing individual support and highly competent advice to our broker partners, we have been able to increase business successfully in this growth market particularly with the major independent sales companies.

Across all sales channels we will continue to invest in the development and qualification both of our exclusivity organisation and of our very successful broker support organisation in order to further develop our position on the German insurance market.

Pensions: new business profitability increased

In the pensions segment we have systematically pursued our vision which was defined anew in the 2003 reporting year. The core elements of this vision are to create profitable growth, achieve operative excellence and concentrate on products which provide our clients with added value. In 2004 the focus of our activities was placed on increasing the profitability of new business and portfolio. For this purpose we launched a programme throughout the Group at the beginning of the business year covering various projects to identify and implement profit-enhancing

measures and to improve the profit-oriented control instruments. The success of these activities is reflected in a marked rise in new business profitability both for the new business in 2004 and the product range offered from 2005.

The development of the Pro bAV Pensionskasse was also of central importance for our growth objectives in which we focus on the profitable segment of small and medium-sized enterprises. The growth in the pension fund recorded in the year previous continued into 2004 during the course of which the portfolio was more than doubled. In line with the enormous growth of the still young company the organisational, technical and staffing side of the business was pushed forward.

Another main topic in the year under review was the preparation for the changes in the legal and fiscal framework conditions for pension products planned for the start of 2005 through the coming into force of German legislation on the income of the elderly. During the course of the year we developed a new range of unit-linked and conventional products in the German AXA Group in all three segments and prepared the launch for 1 January 2005. In adjusting the products to comply with the new legal provisions we completed the realignment of a product range in the direction of a modular product concept. Due to the flexible option to combine different product modules clients can be offered a product package tailored to suit their individual financial security requirements. Our product range is therefore the ideal complement

to the comprehensive and tailored advice provided by our sales partners which will increasingly gain significance with the introduction of the EU Insurance Mediation Directive. The new product range is accompanied by a revised marketing approach with corresponding sales material.

A further central objective of our vision is to achieve an operative excellence which matches up to the very best on the market. Along these lines we have continued with the consistent development of already implemented technical solutions, such as extensively paperless processing and workflow management, and have also introduced more efficient work organisation. Our efficiency-enhancement activities were put to a hard test at the end of the year under review when new business grew enormously as a result of the restrictions applied to the tax privilege enjoyed by conventional endowment and annuity insurance to take effect on 1 January 2005. Despite new business increasing six-fold in some cases we were able to adhere to the proposal processing guarantees given to the sales partners.

Non-life retail business: successful with multi-channel strategy and dual product range

Core elements of the AXA corporate strategy in non-life retail business are the integrated sale of products across all sales channels (multi-channel strategy) and the dual product world, which was introduced first in motor-vehicle insurance and has now been extended to other lines. The traditional and still successful product line of AXA Versicherung with its comprehensive and above-market-average cover has been joined by the second product line of AXA "die Alternative" Versicherung, which serves the market segment of price-oriented consumers.

This clear strategic alignment not only enables us to meet different customer needs, but also to strengthen our market position as a whole. This applies in particular to the largest branch of our business, namely motor-vehicle insurance. In this segment AXA Versicherung and AXA "die Alternative" increased their joint premium income by 4.4 % to € 947 million. In motor-vehicle third party insurance a growth in premium income of 6.3 % was jointly achieved. The number of insurance policies of both companies rose by 112,000 to more than 2,111,000 policies. Only very few clients moved their motor-vehicle insurance from AXA Versicherung to AXA "die Alternative".

The possibility to choose between two different product philosophies meets with approval not only from clients but also increasingly from our sales partners. We will therefore systematically continue this strategy and further extend the products on offer in the dual product world in future.

In 2004 we also continued the profit-orientated improvement of our policy portfolio in motor-vehicle insurance. Our strict streamlining of unprofitable customer relationships is aimed at stabilising the claims ratio in the medium term both in retail and commercial client business or even to improve it further. With the assistance of constantly optimised pricing criteria we can systematically create customer segments and assign them prices in new business which take adequate account of the risks. In the remaining non-life and liability insurance lines in retail business we work continuously and systematically at streamlining some insurance areas such as house building insurance which is associated across the industry with increasing claims due to aging water pipes.

Competitive advantages in industrial and corporate client business further extended

Our objective in industrial insurance, which recovered further from its most severe crisis in the period under review, continues to be the achievement of profitable underwriting results. Internal risk manage-

ment is attributed an increasing importance in this connection especially since a number of external influences has increased the necessity to achieve positive underwriting results. Examples of this are the late claims made for specific individual risks or liability exposures instigated by new court rulings. Despite these growing demands the anticipated further withdrawal of competitors from industrial and corporate client business has not so far continued.

In 2004 our industrial and corporate client business recorded a positive underwriting result before the change in the claims equalisation reserve for the third time in succession. This shows that the strategic measures taken in the past were successful and have led to a sustained improvement. The positive development strengthens our Group's clear acknowledgement of industrial and corporate client business as a core segment of its activities.

In the past business year we have worked persistently on extending our competitive advantages and services in this business field. We are known for our high level of expertise, our claims prevention and risk management as well as our experience in

underwriting and settlement of major and foreign claims. In 2004 we also started to reshape our corporate business so that as a result of optimised processes we are able to react more quickly to market changes, better meet service standards and therefore align our operations more strongly to client demands.

Optimisation of claims management

Another important step towards implementing the Group strategy consists of successive optimisation of our claims management. Only through active claims management can we satisfy the requirements of our clients for fast processing of their claims whilst securing good claims ratios.

As well as safeguarding availability in the event of a claim for clients, the integration of our sales partners in the claims settlement procedures also enhances our positioning as a service provider. We have also been able to establish partnerships with workshops, thereby further accommodating the service provided to sales partners and clients.

Structure of equity interests further simplified

The German AXA Group further simplified its structure of equity interests in the 2004 business year. In December 2004 Deutsche Ärzteversicherung AG sold its equity interest of 11.6 % in AXA Krankenversicherung to AXA Konzern AG. This means that AXA Konzern AG now has a 64.3 % share in AXA Krankenversicherung.

We already explained two additional changes occurring in the first months of 2004 in the 2003 Annual Report: in March 2004 AXA Versicherung AG sold its equity

interest of 51.3 % in AXA Lebensversicherung to AXA Konzern AG. Since this date AXA Konzern AG has held a direct equity interest of 99.1 % in AXA Lebensversicherung. In April 2004 we sold AXA Bausparkasse AG, Dortmund, up to then a 100 % held subsidiary of the AXA Konzern, to BHW Bausparkasse with retrospective effect to 1 January 2004. At the same time the AXA Konzern entered into a co-operative selling venture with BHW with respect to the sale of building saving agreements. In addition BHW is a product partner of AXA for property finance.

Ratings still excellent

In the first quarter of 2005 the three leading rating agencies confirmed their "Insurance Financial Strength" rating and thus the existing excellent assessments of the core companies of our Group, in particular AXA Versicherung, AXA Lebensversicherung and AXA Krankenversicherung. Standard & Poor's renewed its "AA/stable" rating on 7 February 2005; on 14 February 2005 Moody's renewed its "Aa3" rating and Fitch its "AA" rating on 17 January 2005.

Group Management Report

Economy and Market in 2004

In 2004 the world economy recorded its highest growth of +4.8% for over 20 years. Driven by the booming global economy, the German economy also experienced a certain upswing after a period of stagnation which had lasted almost three years. The gross domestic product increased by 1.6%, although this growth was favoured by a larger number of working days. If the same number of working days as in the year before is taken as a basis, growth would only have been 1.1%. Once again the spark that ignited the revival of economic growth in Germany was provided by exports which rose in the wake of the tremendously dynamic world trade situation. By contrast, private household consumption in Germany continued to be weak.

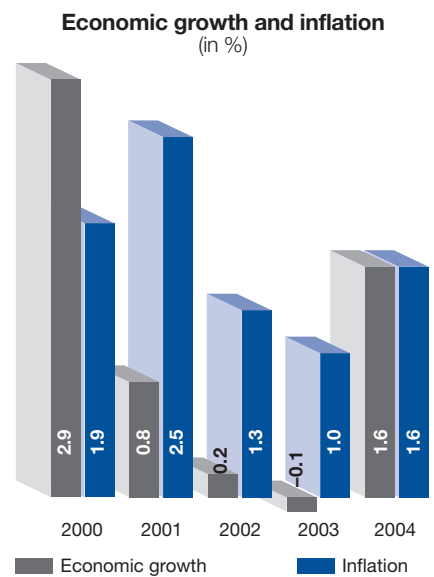
The economic upturn made little impression on the employment market. The number of employed rose to 38.4 million as an annual average in 2004; this is some 128,000 people or 0.3% more than a year before. However, the increase refers almost exclusively to government-supported jobs as a result of the employment market reforms brought about by the so-called "Hartz laws". As in the year before, there were 4.4 million people registered unemployed in 2004 as an annual

average. This corresponds to an unemployment level of 10.8%. As a result of the re-assessment of the unemployment statistics instigated by the Hartz IV reforms, the number of unemployed even rose during the first quarter of 2005 to over 5 million.

Net wages and salaries increased by 1.7% in the year under review. This was primarily attributable to relief from the income tax reform. However, the social insurance contribution rates simultaneously increased by 0.7%. Including other income, which covers income from self-employment and wealth in particular, the nominal available income of private households rose by only 1.5%. At the same time consumer prices increased by 1.6%, primarily triggered by the high oil prices, the effects of the health reform and the rise in tobacco tax. Therefore, private households did not have any more money at their disposal for consumption than in the year before.

The personal-savings ratio, i.e. the relationship of savings to available income, grew further from 10.8% in 2003 to 10.9%. This means that the personal-savings ratio has risen by over 1 percentage point since 2000. In addition to the general job insecurity and the uncertainty surrounding the effects of the most recent

legislative reforms, another factor influencing the increased propensity to save is probably that the necessity to take responsibility for one's own financial security has been pushed to the fore in the face of the problems associated with the state health and pension systems. The creation of private wealth to maintain the standard of living in old age is an important contribution to dealing with demographic problems even if it represents a burden for the economy in the short term.



German insurance industry: premium growth

in %

	2004	2003	2002	2001	2000
Total	+2.9	+4.7	+4.5	+2.8	+3.0
Property and casualty insurance	+1.6	+3.1	+3.6	+2.9	+1.5
Life insurance, pension schemes	+2.6	+5.1	+4.2	+1.9	+3.7
Health insurance	+6.8	+7.2	+6.3	+4.8	+4.3

Source: Gesamtverband der Deutschen Versicherungswirtschaft (Federation of the German Insurance Industry)

Insurance industry with growth of 2.9 % in 2004

Despite the moderate economic climate the German insurance industry continued to stay on growth course in 2004. Premium income of the 455 insurance companies organised in the Federation of the German Insurance Industry (GDV) rose by 2.9 % (2003: 5.5 %). Total income of € 152.3 billion (2003: € 140.0 billion) is contrasted by claims and benefits as well as claims expenditure of € 148.5 billion (2003: € 150.3 billion). This is 1.2 % less than in the year before.

A significant part of the solid growth was attributable to private health insurance which recorded a rise of 6.8 % following 7.2 % in the year before. Of total premium income of € 26.4 billion, € 24.5 billion was attributable to health insurance and € 1.9 billion to nursing insurance. Payments increased at the same time by 4.2 % to € 16.5 billion.

There was only cautious demand for life insurance policies including pension schemes and pension funds in the first months of 2004. The uncertainty surrounding the content of legislation on the income of the elderly introduced on 1 January 2005 will have made a considerable contribution to this situation. Only once the future fiscal regulations were in place, did demand increase at the end of the year under review. With total premium income from new business of € 18.8 billion (+13.5 %) the new business in actual life insurance (excluding pension schemes and pension funds) finally exceeded expectations by far. As a result of the late surge in new business, gross premiums written in life insurance did manage to record a growth of +1.2 % to € 68.4 billion at year-end. The business of the pension schemes almost doubled in 2004 to a premium income of € 1.8 billion so that growth in life insurance (including pension schemes and pension funds) was

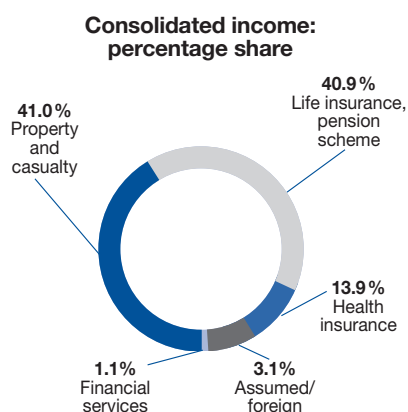
2.6 %. At € 64.3 billion (2003: € 65.2 billion), payments to policyholders remained at a high level.

The growth rates of the property and casualty insurers were more modest in 2004 by comparison with the year before. Their premium volume increased by 1.6 % (2003: 3.3 %) to € 55.3 billion. At the same time claims expenditure was reduced by only 1.5 % to € 39.3 billion. This resulted in a slightly improved net combined ratio of around 91 %, corresponding to an underwriting income of just under € 5 billion (2003: € 3.8 billion).

Business Development of AXA Konzern

Income rises on a comparable basis by 1.4 %

Total income of the German AXA Group amounted to € 6.4 billion in the 2004 business year. This represented growth of € 86 million or 1.4 % on a comparable basis, i.e. without commission income from AXA Bausparkasse sold in the 2004 business year, the renewed effects from the sale of the major account business to AXA Corporate Solutions and the discontinuation of business of the Irish subsidiary.



Growth was essentially carried by AXA Krankenversicherung with a rise in premium income of 14.1 %. In property and casualty insurance we also recorded an increase in premium income of 1.3 % on a comparable basis. This success was primarily achieved by the high rise in new motor-vehicle insurance business written by AXA "die Alternative" Versicherung, whose total premium income grew by 73.1 %. In industrial and corporate client business the premium volume was up by 2.0 % on a comparable basis. By contrast, premium income from life insurance dropped by 1.4 %, the main reasons being a decline in one-off premiums, the reduced share of Deutsche Ärzteversicherung in the reinsurance treaty with the Hamburg Medical Chamber and the numerous policy maturities from strong business years. The new business boom experienced across the industry in the fourth quarter, which led to a record sale of 293,000 policies in total (2003: 227,000 policies) in our Group in 2004, will for the most part first show any impact on premium income in the 2005 business year.

In direct foreign business, which is underwritten by the foreign subsidiaries and branches of AXA Art, the premium volume of € 88 million was below the performance of the previous year at constant exchange rates. The decline in assumed business of 31.2 % primarily results from our decision to discontinue the operations of the Irish subsidiary.

Income from financial services of AXA Bank dropped by 4.1 % to € 67 million. This is largely attributable to a lower volume of new mortgage business.

Consolidated income

in € mill.

	2004	2003	+/- (%)	+/- (%) on a comparable basis
Total gross premium income	6,374	6,334	+0.6	+1.4
German direct				
Property and casualty insurance	2,614	2,590	+0.9	+1.3
Life insurance	2,608	2,645	-1.4	-1.4
Health insurance	889	779	+14.1	+14.1
Foreign direct	88	93	-6.0	-6.0
Assumed (German and foreign)	107	156	-31.2	-10.0
Income from financial services	67	70*	-4.1	-4.1

* Income from financial services adjusted for the sale of AXA Bausparkasse

**Non-life insurance:
claims expenditure of € 1.8 billion**

As expected the unusually low claims expenditure of the previous year was not repeated in property and casualty insurance. At € 1.8 billion, net claims expenditure was 6.7 % higher than in the year before. Thanks to the continuation of our profit-orientated underwriting policy and the systematic streamlining measures of previous years, the level of claims was also satisfactory in the year under review, particularly since there were major claims from natural events such as storm, hail or floods. All in all the higher claims expenditure with only slight growth in premium income in property and casualty insurance of 0.4 % is reflected in a rise in the net combined ratio from 95.2 % in the previous year to 97.8 %.

**Life insurance: payments to
policyholders total € 2.7 billion**

In the year under review the life insurance companies in the Group paid out a total of € 2.7 billion for maturities, marriages and deaths as well as pensions and repurchases, representing a rise of 1.1 % by comparison with 2003. At the same time provisions for payment commitments decreased by 1.2 % to € 24.7 billion. The reason for this is the substantial drop in payment commitments within Deutsche Ärzteversicherung owing to the reduction in the reinsurance treaty with the Hamburg Medical Chamber. For this reason all policyholder payments – benefits paid out plus a growth in payment commitments – increased by 31.2 % to € 2.4 billion.

**Health insurance:
payments increase by +9.5 %**

In 2004 AXA Krankenversicherung made payments of € 441 million (+3.1 %) to clients including allocations to the provisions for outstanding claims. Payments to policyholders increased by 9.5 %; the rise was therefore distinctly below premium growth of 14.0 %. The actuarial reserve increased accordingly by € 273 million to € 1.9 billion.

**Cost reduction programme
permits additional savings
to be made**

Our systematic cost management enabled us to reduce costs within the Group once again in 2004. The administrative costs of our Group adjusted for special effects (excluding investment expenses; after deconsolidation of AXA Bausparkasse after it was sold) was reduced further in the year under review by € 36 million or 4.3 % to € 792 million. This successful approach gave us further room for additional investments in growth fields such as direct sales and the further extension of the business of Pro bAV Pensionskasse. Before adjustment for all special effects the cost reduction compared with the previous year is € 93 million.

The further necessary reduction in staff was achieved without operational terminations in compliance with the “AXA Alliance” agreed in 2001 between company management and employee representatives – and contributed decisively to further cost reductions. With a comparable scope of consolidated companies staff numbers dropped by 472 employees.

With respect to material costs, we were able to use synergy effects within the international AXA Group. In the area of information technology, for example, this happened through the use of favourable global agreements and through process improvements. A further contribution to cost reduction within our Group was also made by the development of a centralised procurement unit. We also achieved further sustainable cost savings through the optimisation of applications development by means of process automation in the operative area and through an optimisation in the use of space in the Group.

Including commissions, which rose in total by 6.8 % to € 893 million, total costs with an adjusted scope of consolidated companies dropped from € 2.0 billion to € 1.9 billion.

Underwriting results of the Group

in € mill.

	2004	2003	+/-
Total	-13	-177	+164
Property and casualty insurance	-155	-213	+58
Life insurance	+99	+21	+78
Health insurance	+43	+15	+28

Underwriting results improved by € 164 million

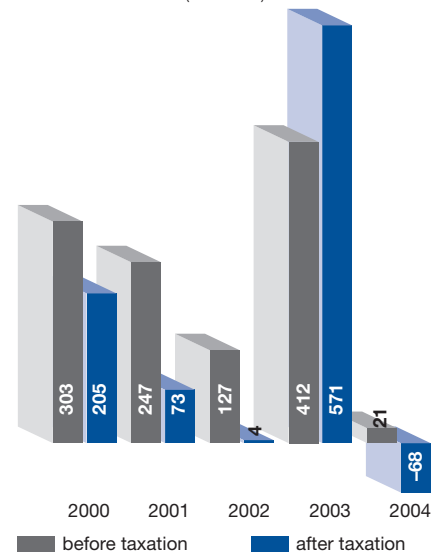
The underwriting result of the German AXA Group in the year under review improved by € 164 million. We achieved this improvement in all three business areas. The steepest increase in the underwriting result by € 78 million to € +99 million was achieved by our life insurance companies. The distinct increase essentially results from a rise in the reinsurance result and a lower depreciation volume in the investment area. In property and casualty insurance claims expenditure increased in 2004 by comparison with the extremely good previous year so that the underwriting result dropped by € 70 million in this segment before allocation to the claims equalisation reserves. After allocation of € 205 million to the claims equalisation reserves it improved by comparison with the previous year by € 58 million to € -155 million. At AXA Krankenversicherung the underwriting result increased by € 28 million to € +43 million due to the decrease in the claims ratio of 4.3 percentage points, the higher investment result and the improved cost situation.

Consolidated result negative for several reasons

Owing to the distinctly improved underwriting results in all business areas and the further reduction in administrative costs, the profitability of the AXA Group in operative business improved substantially in the 2004 business year. Depreciation on shares and equity interests was also lower than in the year before despite the continued reduction of unrealised losses in the share area, which we were even able to completely eliminate at AXA Versicherung. Nevertheless, the consolidated result dropped as expected from € +571 million in the previous year to a loss of € -68 million. This steep decline has several reasons. By comparison with the previous year, taxes on income rose by € 248 million in the Group. By contrast, our Group benefited from an extraordinary tax income of € 126 million which arose at AXA Versicherung particularly through an alignment of claims reserves in the tax and commercial balance sheet. In addition, the fiscal framework conditions for the life and health insurance companies altered substantially in 2004 through the duty to tax

investment income in full and the cancellation of so-called block voting rights. In 2003 the consolidated result scaled unusual heights resulting from revenue from the sale of the share in General Re-CKAG Reinsurance and Investment S.á.r.l. (€ 599 million) and subsidiaries in Austria and Hungary (€ 88 million).

Consolidated net profit for the year
(in € mill.)



The AXA Konzern AG Share

AXA Konzern AG achieves a result of € 208 million

AXA Konzern AG as holding company reports a result of € 208 million for 2004 (2003: € 596 million). The decline is essentially attributable to the one-off effect of the profit of € 463 million achieved from the sale of the share in General Re-CKAG Reinsurance and Investment S.á r.l. in 2003.

Positive DVFA earnings per share

The DVFA earnings per share, calculated according to the method applied by Deutsche Vereinigung für Finanzanalyse und Asset Management (DVFA) and the Gesamtverband der Deutschen Versicherungswirtschaft (GDV), remained positive in the 2004 business year despite the steep

decline in the consolidated result, showing only a slight drop from € 1.00 in the year before to € 0.40. The substantially improved underwriting results achieved by the AXA Konzern both in property and casualty as well as life and health insurance in 2004 made a positive impact on this result. However, this was contrasted by a

substantial rise in tax expenditure. The special effects arising in the previous business year, such as revenue from the sale of the shares in General Re-CKAG Reinsurance and Investment S.á r.l. as well as the subsidiaries in Austria and Hungary, were treated neutrally for the calculation of the earnings per share.

Earnings per share

in €

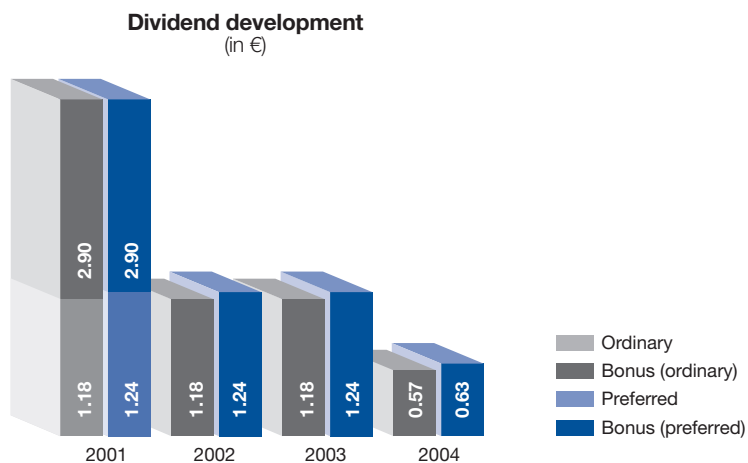
	excluding goodwill amortisation	including goodwill amortisation
2001	2.28	0.55
2002	2.03	-0.50
2003	2.55	1.00
2004	1.40	0.40

Earnings per share (according to DVFA/GDV)

		2004	2003	2002
Consolidated net profit for the year	€ mill.	-67.9	570.7	3.8
Goodwill amortisation	€ mill.	-31.1	-48.4	-78.9
Change in the claims equalisation reserve	€ mill.	123.1	200.2	51.6
Income from the disposal of strategic equity interests	€ mill.	0.0	-677.7	0.0
Other extraordinary factors	€ mill.	-11.7	-14.8	8.1
Adjusted result	€ mill.	12.4	30.0	-15.4
Number of shares	mill. units	31.2	31.2	31.2
Earnings per share	€	0.40	1.00	-0.50

€ 18 million paid out

Management Board and Supervisory Board of AXA Konzern AG recommend to the Annual General Meeting that a dividend of € 0.57 (2003: € 1.18) per ordinary share and € 0.63 (2003: € 1.24) per preferred share be paid for the 2004 business year. This corresponds to a total dividend of € 18 million. € 190 million are to be allocated to other revenue reserves in order to strengthen the equity base.



Key figures of the AXA Konzern AG share

			2004	2003
Dividend/ordinary		€	0.57	1.18
Dividend/preferred		€	0.63	1.24
Year-end prices	Ordinary	€	30.75	28.50
	Preferred	€	31.30	26.60
Highest stock market price	Ordinary	€	36.75	38.80
	Preferred	€	34.00	35.50
Lowest stock market price	Ordinary	€	28.20	11.40
	Preferred	€	26.60	13.40
Number of shares/year-end	Total	Mill. units	31.2	31.2
	Ordinary	Mill. units	26.2	26.2
	Preferred	Mill. units	5.0	5.0
Subscribed capital	Total	Mill. €	79.9	79.9
	Ordinary	Mill. €	67.1	67.1
	Preferred	Mill. €	12.8	12.8
Amount paid out		Mill. €	18.1	37.2

AXA Konzern AG share rises by almost 8 %

The ordinary share of AXA Konzern AG was listed year-end 2004 at € 30.75 (2003: € 28.50). This corresponds to an increase in value of 7.9 % during the course of the year. The value of the preferred share rose distinctly more steeply, closing the year at € 31.30 and representing growth of 17.7 %. In the first months of the current year the prices both of the ordinary and of the preferred shares continued to increase.

AXA increases shareholding to 92.7 %

During the course of 2004 AXA, Paris, increased its directly and indirectly held share in AXA Konzern AG by 1.0 percentage point to 92.7 % of total share capital. Widespread holdings have therefore decreased to 7.3 %. AXA now holds 93.5 % (2003: 93.0 %) in the voting capital of our company.

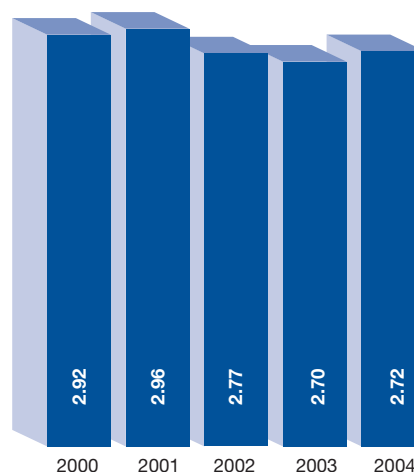
Business Development of the Operative Companies

Property and casualty: 0.9% growth on the German market

Consolidated premium income of the property and casualty insurance companies in the German AXA Group rose by 0.9% to € 2.6 billion in the period under review. A higher volume of new business and additional premiums from existing insurance policies were primarily responsible for this. Despite intensive price competition, AXA "die Alternative" Versicherung operating in the low-price segment continued its strong growth with a rate of increase of 73.1% and premium income of € 121 million. By contrast, the relinquishment of major account business to AXA Corporate Solutions Assurance initiated at the beginning of 2002 had the

effect of reducing premium income once again in direct German business. In addition, the profit-orientated portfolio control, leading in some cases to the relinquishment of non-profitable business relationships, dampened the development of premium income. In direct foreign business, premium income declined further after discontinuation of active business operations of the foreign branches of AXA Versicherung. The decline in assumed reinsurance business is attributable to the fact that we discontinued business operations of the subsidiary Colonia Insurance Ltd. in Ireland. All in all, i.e. including assumed business, the premium income of the property and casualty companies consolidated in the AXA Group dropped slightly to € 2.7 billion in the year under review.

Premium development in property and casualty insurance (in € billion)



AXA Versicherung: high net profit for the year once again

AXA Versicherung AG, our largest property and casualty insurance company by far, recorded a pleasingly high net profit for the year of € 236 million (2003: € 272 million) in the period under review. This renewed good result was achieved by the company although the weak tendency of customers to consume and invest persisted unaltered, thereby burdening the demand for insurance protection. The company's premium income reduced accordingly in the year under review by 1.8 % to € 2.5 billion. Following the unusually low claims expenditure in the year before, which also resulted from the absence of major claims and favourable weather influences, and in

view of the decline in premium income in the period under review, the gross claims ratio rose by 1.8 percentage points to 66.2 %. With an allocation to the claims equalisation reserve of € 176 million, the net underwriting result improved from € -216 million in the year before to € -141 million. Thanks to the renewed good development of costs, the net combined ratio continued to remain below the 100 % mark.

The investment result dropped from € 475 million to € 425 million. The main reasons for this were a lower ordinary investment result due to the absorption of losses of AXA "die Alternative" Versicherung of € 25 million; in addition an amount of € 157 million was received by the company

in the previous year due to a special dividend payment by the equity interest Pluto. The depreciation on investments was € 118 million lower than in the previous year despite the complete elimination of unrealised losses on shares and share funds. At € 329 million, income from the disposal of investments was € 37 million lower than in the year previous. In the year under review the company achieved revenue of € 297 million from the sale of its share in AXA Lebensversicherung to AXA Konzern AG. But this was lower than the € 353 million achieved in the year before from the disposal of shares in the joint venture with General Re, AXA Versicherung, Vienna, and the disposal of real estate.

AXA Versicherung AG

		2004	2003
Gross premiums	€ mill.	2,513	2,558
Change	%	-1.8	-4.1
Retention	%	93.5	92.8
Gross claims ratio	%	66.2	64.4
Gross cost ratio	%	27.9	28.4
Gross combined ratio	%	94.1	92.8
Net combined ratio	%	98.7	95.8
Underwriting result net of reinsurance	€ mill.	-141	-216
Net profit for the year	€ mill.	236	272
Claims equalisation reserve and similar reserves	€ mill.	955	779
Investments	€ mill.	6,565	6,191
Equity	€ mill.	1,116	1,152
Equity ratio	%	47.5	48.5

Premium income of the art insurance business on an international basis

in € mill.

	2004	2003	+/-
AXA Art, Cologne (including foreign branches)	40.3*	37.7*	+6.9
AXA Art, New York	21.3	21.4	-0.5
AXA Art, London	26.1	28.5	-8.4
AXA Art, Paris	15.3	16.0	-4.7
AXA Art, Zürich	6.5	6.8	-4.4
Art insurance business on an international basis	109.5	110.4	-0.8

* After elimination of internal group premium income

AXA Art: distinct growth in Germany

AXA Art Versicherung AG, Cologne, and its foreign branches recorded pleasing premium growth in 2004, whilst premium income of the foreign subsidiaries declined due to more intense competitive conditions and the weak US dollar in particular. Therefore, premium income on an international basis dropped slightly by 0.8% to € 110 million.

The decline in premium income of the foreign subsidiaries, which was largely attributable to exchange rates, could be largely compensated for by the very positive development of AXA Art Versicherung AG, Cologne. This company was able to increase its premium income by 14.9% to € 55 million particularly through the marked growth in the exhibition segment and additional premium from the ongoing portfolio streamlining measures of the multi-cover policy "Casa Arte".

As a result of the continued portfolio streamlining measures in the "Casa Arte" segment and the systematic underwriting policy, AXA Art achieved further improvements in the normal course of claims and in claims frequency. By contrast, the rise in the gross claims ratio in the year under review by 17.7 percentage points to 36.3% was caused by several major claims affecting AXA Art in the year under review

both in Germany and abroad. Therefore, despite a further reduction in the cost ratio, the net combined ratio increased to 91.9% (2003: 84.6%). This led to an underwriting result which, at € 2 million (2003: € 5 million) before a change in the claims equalisation reserve, was lower than in the year before, but nevertheless pleasing. In line with the result transfer agreement which came into force in 2004, AXA Art Versicherung transferred its positive result of € 5.5 million (2003: € 0.5 million) to AXA Konzern AG.

AXA "die Alternative": 73.1 % growth in premium income

AXA "die Alternative" Versicherung, the company operating in the low price segment of the market in motor-vehicle insurance in particular, exceeded its ambitious goals once again in the year under review. The intensive competition, which continues to prevail in this insurance branch, did not prevent the company from increasing its premium income volume by 73.1% to € 121 million. The product range, extended in 2003 to non-life, liability and casualty insurance, contributed to the company's good market position. The claims situation was also pleasing because the gross claims ratio was lowered from 89.3% in the previous year to 84.2%.

DARAG: further reduction of the claims ratio

DARAG Deutsche Versicherungs- und Rückversicherungs-AG, Berlin, successfully continued its consolidation course taken as part of its restructuring concept. This positive development is also reflected in the net profit achieved for the year of € 0.5 million (2003: € 0.3 million). Gross premium income dropped compared with the previous year by 6.4% to € 69 million as a result of new business and premium rises primarily in the lines of industrial fire insurance, technical insurance as well as liability insurance. The pleasing development in claims expenditure in the entire insurance business led to a further reduction in the gross claims ratio to 65.8% (2003: 71.0%). As a result of the systematic continuation of cost management introduced in the previous years the administrative cost ratio could be decreased distinctly and therefore completely compensated for the rise in commission expenditure resulting from the positive development of premiums.

Associated companies

Roland companies

AXA Versicherung AG holds a 39.9% direct participation in the share capital of Roland Rechtsschutz-Versicherungs-AG, Cologne. A further 1.25% is held indirectly by AXA Versicherung AG via the Roland Rechtsschutz Beteiligung GmbH. Due to this both Roland companies are incorporated in the AXA consolidated statements as associated companies. The subsidiaries of Roland Beteiligungsverwaltung GmbH include Jurpartner Rechtsschutz-Versicherung AG, Roland Schutzbrief-Versicherung AG and Roland Assistance GmbH.

For Roland Rechtsschutz-Versicherungs-AG the 2004 business year was generally successful with a 5.1% rise in premium income to € 214 million and renewed

higher new business of € 24 million. Particularly as a result of the employment market and the economic situation, claims payments rose by 11.5% to € 111 million. 36% of claims payments were attributable to employment legal protection agreements alone. The net claims ratio therefore increased by 1.1 percentage points to 63.1%. Despite this distinct rise in payments, the underwriting result worsened slightly to € -3 million.

Due to the higher volume of new business, commissions and thus selling expenses increased. This development was slowed by the successful reduction of the administrative cost ratio by 0.7 percentage points to 13.9%. The net profit for the year of the company was € 8 million (2003: € 11 million).

In Jurpartner Rechtsschutz-Versicherung AG Roland now offers a second brand of favourably priced basic cover for customers who have not in the past taken out a legal protection insurance for reasons of cost. The company is in the development phase and increased its premium income in the year under review by 20.7% to almost € 1 million. Roland Schutzbrief-Versicherung AG also distinctly increased its gross premium income in 2004 by 17.3% to € 17 million. At € 19 million, Roland Assistance GmbH stabilised its revenue at the previous year's level.

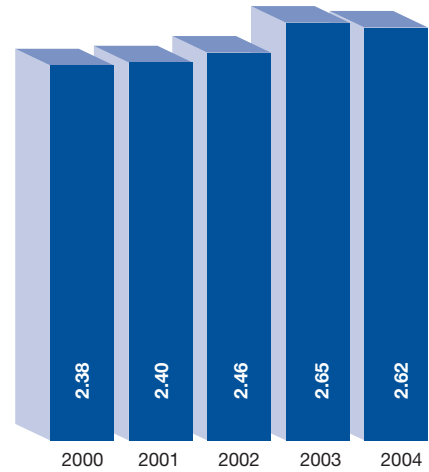
Life insurance: 293,000 new policies

The German life insurance market was greatly influenced in the year under review by legislation on the income of the elderly. Introduced on 1 January 2005, it also massively restricts the fiscal subsidies given to endowment insurance policies. The resultant boom in new business in the last quarter of 2004 was also the reason for record sales totalling 293,000 policies (2003: 227,000 policies) in the pensions segment of the German AXA Group. The rise was particularly distinctive in the new business with the profitable unit-linked life insurance policies, rising by even 58 % at AXA Lebensversicherung. Since a very large part of new business was concluded in the last weeks of 2004 this will first have full

impact on premium volume in the 2005 business year.

All in all the premium income of our life insurers dropped by 1.5 % to € 2.6 billion. There are two main reasons for this: the reduction in the reinsurance treaty of Deutsche Ärzteversicherung with the Hamburg Medical Chamber as of 1 January 2004 as well as the expected distinct decline in one-off premiums of AXA Lebensversicherung following the excellent sales of the year before. By contrast, ordinary premiums of AXA Lebensversicherung developed positively with a growth of 0.8 % as did the premium income of Deutsche Ärzteversicherung in its core business with a rise of 4.7 %. Pro bAV Pensionskasse continued to increase its market share distinctly by more than tripling its premium income.

Premium income of life insurance
(in € billion)



AXA Lebensversicherung AG

		2004	2003
Total premiums*	€ mill.	2,042	2,122
Change	%	-3.8	+7.1
Cancellation ratio	%	6.7	6.0
Administrative cost ratio	%	3.2	3.1
Net return on investment for the current year	%	3.9	3.9
Gross profit for the year	€ mill.	66	44
Allocation rate to provisions for premium refund	%	97.6	100.0
Net profit for the year	€ mill.	1.6	0
Investments	€ mill.	20,099	19,780
Equity	€ mill.	104	104

* Gross premiums written without premiums from provisions for premium refund

**AXA Lebensversicherung:
ordinary premiums +0.8 %**

AXA Lebensversicherung recorded premium income of € 2.0 billion in 2004. This is equal to a decline of 3.8 %. Whilst ordinary premiums increased by 0.8 % due to the strong growth in unit-linked insurance policies, single premiums written dropped distinctly as expected by 38.7 % to € 149 million after an extraordinary rise of 59.0 % in the year before.

New business for regular premium had reached an extremely high level in 2003 due to the dynamic increases following a marked increase in the assessment ceiling in the statutory pension insurance system. As anticipated therefore, it dropped in the year under review by 13.0 % to € 239 million. If these dynamic adjustments are not taken into consideration, regular new business premiums in 2004 rose by 8.3 %. This was primarily attributable to the distinct growth in unit-linked life insurance. The insurance portfolio, measured in terms of sum assured, increased by 5.4 % to € 61.5 billion. In terms of ordinary annual premium it increased slightly by 0.3 % to € 1.9 billion. The cancellation ratio increased from 6.0 % to 6.7 %. We attribute this rise primarily to

the continuing weak economic development and the associated strained income situation of numerous households.

In 2004 payments to policyholders for maturities, repurchases, deaths and marriages as well as annuities amounted to € 2.2 billion. This corresponds to an increase of 1.4 %. The provisions for payment commitments totalled € 20.0 billion (+1.0 %) in the year under review.

The administrative costs declined by 2.2 % to € 65 million due to a continuation of the cost reduction measures. Whilst the administrative cost ratio increased slightly from 3.1 % to 3.2 % in the face of lower premium income, it was still below the anticipated market average of 3.3 %.

Investments without deposits receivable rose in 2004 by 1.6 % to € 20.1 billion. The investment result increased in a generally favourable financial market environment by 2.1 % to € 783 million. The ordinary investment result, favourably affected in the year before by a special effect, dropped by 17.3 % to € 819 million. The extraordinary result improved by € 188 million to € -36.0 million despite the further elimination of unrealised losses in the area of shares. The net return on investment remained constant compared with the previous year at 3.9 %. In order to do justice to the growing life expectancy of the population the company allocated an additional amount of € 104 million to the annuities actuarial reserve.

The gross profit for the year of AXA Lebensversicherung increased from € 45 million in the previous year to € 66 million. The rise essentially results from the higher investment result. Of the gross profit for the year 97.6 % was allocated to the provisions for premium refund. The net profit for the year after taxation was € 1.6 million following a balanced result in the previous year.

Deutsche Ärzteversicherung: 17.4 % growth in new business

The business development of Deutsche Ärzteversicherung AG was decisively influenced by the reduction in the reinsurance treaty with the Hamburg Medical Chamber. The portfolio, measured in terms of ordinary income, dropped by 3.2 % to € 492 million, and in terms of sum insured by 10.1 % to € 15.2 billion. The premium income decreased by 4.5 % to € 481 million. New business also recorded a decline of 6.5 % to € 64 million ordinary income.

By contrast, Deutsche Ärzteversicherung recorded clear growth in its core business. Ordinary premium rose by 6.7 % to € 413 million, the sum insured grew by 9.8 % to € 9.4 billion. These growth rates are higher than the market at 6.1 % and 7.3 % respectively. At 4.7 % to € 402 million,

premium income grew stronger than the market (+1.2 %). New business largely benefited from the boom across the market at the end of the business year, showing an increase of 17.4 % to € 59 million ordinary income despite higher dynamic growth in the previous year.

The total payments to customers for maturities, repurchases, deaths and marriages as well as for annuities, including the corresponding bonuses, amounted to € 468 million and therefore remained around the level of the previous year. By contrast, the provisions for payment commitments to policyholders dropped distinctly by € 575 million due to the reduction in the reinsurance treaty with the Hamburg Medical Chamber. At 2.0 %, the traditionally low cancellation ratio continued to remain considerably below the market

average of 5.5 %. With a decline in premium income, the administrative cost ratio rose from 2.8 % in the previous year to 3.1 %.

As a result of the low interest phase on the capital markets and the reduction in the share in the pension fund of the Hamburg Medical Chamber, the entire investment result dropped by 13.6 % to € 199 million. At 4.1 % the net return on investment remained below the previous year's level of 4.7 %.

Owing to a higher reinsurance result the gross profit for the year of Deutsche Ärzteversicherung increased from € 42 million to € 85 million. Of this figure, 99.5 % was allocated to the provisions for premium refund. The net profit for the year was € 0.4 million.

Deutsche Ärzteversicherung

		2004	2003
Total premiums*	€ mill.	481	504
Change	%	-4.5	+4.2
Cancellation ratio	%	2.0	1.7
Administrative cost ratio	%	3.1	2.8
Net return on investment for the current year	%	4.1	4.7
Gross profit for the year	€ mill.	85	66
Allocation rate to provisions for premium refund	%	99.5	99.8
Net profit for the year	€ mill.	0.4	0.1
Investments	€ mill.	4,595	5,130
Equity	€ mill.	22	17

* Gross premiums written without premiums from provisions for premium refund

Pro bAV Pensionskasse AG

		2004	2003
Total premiums*	€ mill.	92	29
Cancellation ratio	%	2.9	0.5
Administrative cost ratio	%	3.8	3.2
Net return on investments for the current year	%	2.6	1.2
Result of normal business activities	€ mill.	-0.8	-2.4
Investments	€ mill.	86	18
Equity	€ mill.	68	12

* Gross premiums written without premiums from provisions for premium refund

**Pro bAV Pensionskasse:
Premium income tripled**

In 2004 Pro bAV Pensionskasse AG also grew stronger than the market in all aspects. At € 92 million, premium income was more than tripled by comparison with the previous year whilst the market merely recorded a doubling of premium income. Pro bAV therefore recorded a market share of 5.1 % (2003: 3.2 %). At € 76 million the company even recorded growth of 69.8 % in terms of ordinary annual premium. This result was similarly far higher than the market average of 24.2 %. On the one hand, the strong growth is clear evidence that the product range of the Pro bAV

Pensionskasse meets the needs of customers, consisting of a unit-linked annuity insurance with premium guarantee and a conventional annuity insurance, optionally with an occupational disability insurance element. On the other hand it reflects the successful co-operations with other insurance companies which do not have their own pension scheme. In 2004 several syndicate agreements were concluded with other pension schemes through which additional new business will be generated. The number of new agreements grew by 54.8 % to 53,545, thereby distinctly exceeding market growth of 14.6 %. The portfolio, measured in terms of the insured

sum, was more than doubled from € 1.4 billion in the previous year to € 3.3 billion. At € 125 million, the ordinary premium was more than twice that of the previous year. At 2.9 % the cancellation ratio was at a low level.

As a result of the strong growth with corresponding cost burdens Pro bAV still recorded a slightly negative result despite the income from AXA Konzern AG's waiving the repayment of a subordinated loan of € 16 million. This loss of € 0.8 million was balanced out by AXA Konzern AG as part of the control agreement.

Health insurance

Growth double that of the market

With premium growth of 14.0 % to € 893 million, AXA Krankenversicherung AG, a company which has been particularly successful on the market for years, exceeded market growth of 6.8 % by more than double. However, the new business successes of the two previous years could not be repeated. The main cause for this was the increase in the mandatory insurance ceiling at the start of 2003. Extremely high new business growth was recorded in the years before in anticipation of this development coupled with innovative and favourably priced rates.

Payments to policyholders rose by 3.1 % to € 441 million. This rise is attributable in particular to the distinctly higher expenditure for outpatient treatment such as medical services and medicinal products in addition to the normal rise in portfolio. However, since the premiums increased distinctly more steeply than payments to policyholders, the claims ratio – calculated

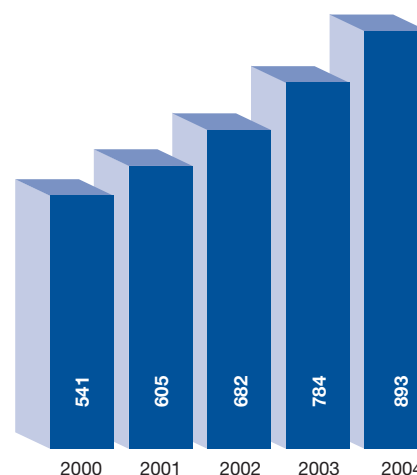
according to the formula of the German Federation of Private Health Insurers – improved by 4.3 percentage points to 70.5 % (2003: 74.8 %).

The administrative costs showed a most pleasing development. The measures initiated within the framework of the Group cost savings programme and further improved productivity in the administrative areas led to an only moderate rise in administrative costs of 4.8 %, which was therefore distinctly below premium growth of 14.0 %. Adjusted for portfolio-dependent administrative commissions, they were even 1.1 % below the figures for the previous year. This caused the administrative cost ratio to drop by 0.2 percentage points to 3.2 %.

Investments rose by 23.4 % to € 2.2 billion. Despite the continued reduction of risks in the investment portfolio by the elimination of unrealised losses in the shares segment, the investment result increased by 189.8 % to € 80 million.

Due to the distinct improvement in the cost situation and the improved investment

**Premium income
AXA Krankenversicherung**
(in € mill.)



result compared with the year before the company's net profit for the year increased from € 2 million in 2003 to € 20 million.

AXA Krankenversicherung AG

		2004	2003
Total premiums*	€ mill.	893	784
Change	%	+14.0	+14.9
Administrative cost ratio	%	3.2	3.4
Claims ratio	%	70.5	74.8
Investments	€ mill.	2,223	1,801
Net return on investments	%	4.0	1.7
Gross margin after taxation	€ mill.	144	11
Surplus appropriation ratio	%	86.1	80.1
Net profit for the year	€ mill.	20	2
Equity	€ mill.	74	46

* Gross premiums written without premiums from provisions for premium refund

Financial services

AXA Bank: positive result recorded for the first time

AXA Bank recorded a positive result of € 2 million for 2004. As an important platform for the bank products offered by the German AXA Group the company greatly strengthened the business field of financial services – an important element of the pensions and asset management of our enterprise – with the other Group companies.

At year-end the loans to customers amounted to € 715 million (2003: € 734 million). They primarily consist of property loans totalling an unaltered € 473 million. The consumer loans extended by the bank rose from € 74 million to € 76 million; at € 172 million, policy loans were lower than in the previous year (€ 193 million). The deposits of the customers are almost exclusively of a short-term nature and at € 106 million were virtually unaltered compared with the previous year.

The profits situation was characterised by a marked reduction in administrative costs. With an increase of € 1 million in the interest result to € 20 million, the result of operative business activities rose distinctly by € 5 million to € 2 million, a positive result for the first time.

AXA Bank AG

		2004	2003
Balance sheet total	€ mill.	856	876
Change	%	-2.3	+1.0
Loans to customers	€ mill.	715	733
Change	%	-2.5	+10.2
Loans to credit institutions	€ mill.	93	99
Equity	€ mill.	66	65
Result of operative business	€ mill.	+1.9	-2.8

Investments: Unrealised Losses Virtually Eliminated

All in all 2004 was a satisfactory year for investors. Both the share and the bond markets recorded growth. However, the world's stock markets in the large economic blocks of America, Asia and Europe developed more moderately than in the year before when they experienced high growth as a reaction to the share crash of the previous period.

The European stock market forms the focal point of the share portfolio of the AXA Group companies. During the course of the year EuroStoxx 50 achieved an increase in value of 6.9% to 2,952 points. The German Share Index (DAX) rose in 2004 by 7.3%, ending the year with 4,256 points. The S & P 500 Index, representative of the American stock market (+9.0%), and the Japanese Nikkei Index (+7.6%) benefited from a positive global economic environment.

There was a strong market demand for shares with stable profit prospects and high dividend yields and these were one of the areas of concentration in the share portfolio of the companies in the German

AXA Group. In view of the rising prices for energy and for raw materials, as well as a weak US dollar exchange rate, particularly in the second half of the year, value shares showing little fluctuation once more performed better than the growth stocks.

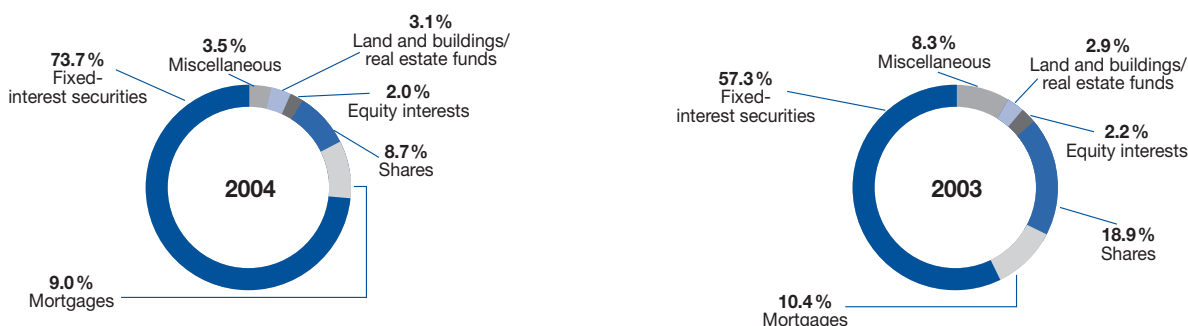
The interest markets in the euro area experienced a surprising development in view of the robust global economy. The interest rate for a 10-year German government bond dropped from 4.3% at the beginning of 2004 to only 3.7% at year-end. On the one hand, this development reflects the only very moderate inflation expectations as well as the weak economic growth in Germany. On the other, many international investors sought an alternative to investment in dollar interest titles, thereby causing the prices of other European government bonds to rise. Company shares, which are assuming an increasing importance in the investments of our Group, developed positively because the risks surcharges reduced as a result of the generally positive economic development.

Focal emphasis of investments

The book value of the consolidated investments of the German AXA Group – including the investments from unit-linked life insurance reported separately (€ 0.5 billion) – was € 34.7 billion at the end of 2004 (2003: € 35.0 billion). Of this figure, € 25.1 billion was attributable to the life insurance companies, € 6.4 billion to the property and casualty insurers, € 2.2 billion to AXA Krankenversicherung, € 0.8 billion to AXA Bank and € 0.2 billion to the holding companies.

The AXA Konzern used the developments of the capital markets in 2004 to realign the portfolios of the Group companies and to adjust them to the altered capital market situation. For this purpose, we reduced the share ratio particularly for the life insurance companies and extended the share of corporate bonds in the portfolio and the term of fixed interest securities.

Investments: breakdown (book values)



Development of investments (book values)

in € mill.

	2004	2003	+/- %
Fixed interest securities and fixed interest securities funds	25,607	20,052	+27.7
Fixed interest securities/bearer bonds	2,556	3,733	-31.5
Loans to affiliated companies	499	580	-14.0
Loans to equity interests	0	16	-99.5
Loans and advance payments	274	23	+1,087.7
Other loans	194	218	-11.0
Fixed interest securities funds	6,624	5,491	+20.6
Registered bonds	8,488	5,464	+55.3
Borrower's note loans	6,972	4,526	+54.0
Mortgages, claims secured by land charges and annuity land charges	3,122	3,651	-14.5
Shares	3,017	6,630	-54.5
Shares	77	85	-9.8
Share funds	2,940	6,545	-55.1
Equity interests	686	764	-10.3
Land and buildings	559	523	+6.8
Real estate funds	527	471	+11.8
Miscellaneous	1,235	2,908	-57.5
Deposits with credit institutions	328	1,741	-81.1
Building saving loans	0	256	-100.0
Other shares	124	278	-55.4
Other investments	231	247	-6.4
Deposit receivables	43	49	-12.3
Unit-linked life insurance	509	337	+50.9
Total	34,753	34,999	-0.7

New investments in the period under review amounted to € 19.0 billion compared with the previous year's figure of € 13.0 billion. This rise is particularly attributable to shifts within the fixed interest securities portfolio. We sold bonds with shorter residual terms and invested instead in securities with longer terms. With a volume of € 16.6 billion, this was the focus of our new investments. The profits achieved from the shifts were used to largely eliminate unrealised losses in the share segment.

We reduced the share portfolio during the course of the year under review in order to further improve the risk position of the companies in our Group, and particularly that of the life insurers. The proportion of shares on a book value basis dropped all in all from 18.9 % to 8.7 % due both to disposals and depreciation in this area. Measured in terms of market values, this ratio dropped from 16.6 % to 8.1 %. However, fixed interest securities (fixed interest securities and fixed interest securities funds) continue to dominate the investment portfolio at 73.7 % (2003: 57.3 %).

Investment result

The overall investment result – i. e. revenue from all investments less expenses – dropped in 2004 by 32 % to € 1.3 billion (2003: € 1.9 billion). Of this figure, € 1.1 billion (2003: € 1.0 billion) was attributable to the life and health insurance companies and € 0.2 billion (2003: € 0.9 billion) to the property and casualty insurance companies as well as other business.

The ordinary investment result dropped from € 1.7 billion to € 1.3 billion. This decline was mainly attributable to lower dividends from profits from special funds and equity interests by comparison with the previous year. By contrast, the lower interest from new investments due to the lower interest rates had a distinctly smaller effect.

The extraordinary investment result was balanced in 2004 (2003: € 0.2 billion). Of the income from the disposal of investments of € 0.5 billion, € 0.3 billion originated from the disposal of fixed interest securities, fixed interest securities funds and mortgages as well as € 0.1 billion from the disposal of shares and share funds. We realised an additional € 0.1 billion from the disposal of affiliated companies and equity interests. Profits were contrasted by disposal losses of € 0.4 billion, the major proportion of which (€ 0.3 billion) was attributable to shares and share funds. Unscheduled depreciation on investments of € 0.2 billion was made which referred predominantly to shares and fixed interest securities funds.

Statutory unrealised values of investments

The market value of the entire portfolio rose in the period under review by € 0.9 billion to € 36.6 billion. The statutory unrealised values, expressed as the difference between the current market value and the book value, amounted to € 1.9 billion (2003: € 0.7 billion) at year-end 2004. This was 5.4 % of the book values. In addition to the more favourable trends in the share and fixed interest securities markets, the reasons for the improvement are to be found in the elimination of unrealised losses in the share segment. At the end of 2004 unrealised losses on shares only accounted for some € 109 million (2003: € 842 million).

As a result of the elimination of unrealised losses in the share segment the statutory unrealised values on the net asset values (shares, equity interests and land and buildings) improved to € +0.4 billion (2003: € -0.1 billion). Also with respect to interest instruments (fixed interest securities and fixed interest securities funds) the statutory unrealised values increased to € 1.3 billion (2003: € 0.6 billion) since the yield of the portfolio was above the market yield on the reporting date. The realisation of these statutory unrealised values is naturally subject to a reinvestment risk.

Investment segments: statutory unrealised values

in € mill.

	Property/ casualty	Life	Health	Holding/ other	Total
Fixed interest securities	193	1,040	111	1	1,345
thereof shown at nominal value	150	921	98	1	1,170
Mortgages	3	118	0	0	121
Shares	5	-50	0	0	-45
Equity interests	32	-9	0	215	238
Land and buildings/real estate funds	65	35	1	65	166
Miscellaneous	2	32	3	0	37
Total	300	1,166	115	281	1,862

Investments: book and market values

in € bill.

	2004			2003
	Book value	Market value	Statutory unrealised values	Statutory unrealised values
Fixed interest securities	25.6	27.0	1.4	0.6
Mortgages	3.1	3.2	0.1	0.2
Shares	3.0	3.0	0	-0.7
Equity interests	0.7	0.9	0.2	0.4
Land and buildings	0.6	0.7	0.1	0.2
Specialised real estate funds	0.5	0.6	0.1	0.0
Miscellaneous	1.2	1.2	0	0.0
Total	34.7	36.6	1.9	0.7

Employees: High Flexibility with the AXA Alliance

8,196 employees, of whom 269 trainees

At the end of 2004, the German AXA Group had a workforce of 8,196 (2003: 8,668) employees. The decline in staffing levels resulted firstly from changes in the scope of consolidated companies, particularly from the disposal of AXA Bausparkasse as at 1 January 2004. Secondly, we continued the necessary reduction in personnel in the 2004 business year with the assistance of the AXA Alliance agreed between management and employee representatives at the end of 2001. With socially acceptable measures, such as making use of fluctuation and early retirement regulations, it was possible to reduce staffing levels once again without operational dismissals. With respect to training, the AXA Group lived up to its social responsibility and provided 269 young people with a traineeship. The constant acceptance quota of 75% therefore provides trainees in the AXA Group with a secure perspective in an ever more competitive employment market. In addition, 149 vocational and scholarship students were given an opportunity in 2004 to acquire practical experience in the German AXA Group, thereby making themselves fit for the employment market.

349 internal job moves

A higher flexibility of employees in moving jobs within our Group was also agreed in the AXA Alliance. In this point in particular the number of internal job moves within the AXA Alliance reached a pleasing record in the 2004 business year following the successes in this area in the business years of 2002 and 2003. In the year under review, 349 (2003: 170) employees changed to a different job within the Group.

2,400 employees move to Holweide

One subject, alongside internal job changes, that "moved" the employees within the truest sense of the word was the move of several branches in the city centre of Cologne to the new extension building of our Group's building complex in Cologne-Holweide, our largest location to date. Thanks to the excellent work of the "Holweide New Building" and "New Castle" project teams and the excellent commitment of the employees concerned, it was

possible to hand over the new building three weeks earlier than planned. Some 2,400 employees therefore moved to the five new administrative buildings and the new media and conference centre on the four Advent weekends. A total of 30,000 m³ of goods was moved to Cologne-Holweide, including 21 km of archives and 1,800 works of art. Comprehensive logistics planning, the installation of the technical infrastructure throughout the night and the extraordinary commitment of numerous helpers and forwarders ensured that all employees were able to work as usual again on Monday morning.

Some 4,400 employees now work at the central location of the German AXA Group in Cologne. Of this figure, 2,671 employees (300 more than envisaged in the original planning) now have their place of work in the new complex completed after a construction period of only two and a half years. The construction costs here were distinctly below plan. The centralisation of the previous 15 locations of the German AXA Group in Cologne enables high savings to be made in direct rents and ancillary rental expenses as well as a reduction of just under 11,600 m³ office space despite a rise of 100 workplaces.

Excellent operative business control

In the 2004 business year it once again became clear that operative business control is one of the greatest strengths of the AXA Konzern. Employees and management made a decisive contribution here.

In the general boom of the year-end business the number of life insurance proposals rose to three times that of the previous year's figures. Despite the greatly increased volume the impressive commitment of employees, some whom had been "borrowed" without problem from other areas to help out, meant that the usual quality of service could be maintained.

This great commitment of the AXA Konzern's employees was also noticeable in the treatment of outstanding holiday in 2004. Through the willingness of the employees not to take the remaining days of holiday into the first months of 2005 as permitted by the collectively bargained agreements, and selective personnel planning in the individual areas of the Group, it was possible to reduce the average number of residual days of holiday per employee by more than 80 %. As a result of this successful approach the cost burden in the year under review similarly sank distinctly.

As a result of this cost reduction, which was borne by management and employees alike, the German AXA Group was not only able to meet, but even to exceed its cost objective for 2004. This made it possible for the suspension of the special payment to employees agreed between management and employee representatives in 2003 to be subsequently granted in the 2004 business year.

Thank you!

Looking back on the 2004 business year it becomes clear that the performance of each and every individual employee in our Group makes a decisive contribution to securing business success. Our sincere thanks are therefore extended to all employees, the works councils and senior executive spokesman committees for the constructive, trusting and above all committed co-operation. If we continue to show our willingness to change, to help shape it together and with commitment, and to face up to the challenges of an increasingly difficult market environment, we will in future be able to benefit from success and positively set ourselves apart from our competitors.

Risks of Future Developments

The German Act on Control and Transparency in the Corporate Area (KonTraG), which came into force in 1998, called upon public stock companies to set up “a monitoring system so that any developments threatening to endanger the existence of the company can be recognised at an early date.” In the following we present our risk situation in accordance with the German Accounting Standards on risk reporting of

insurance companies. We first deal with specific risks of individual Group companies and finally the overall risks from a Group view.

AXA Versicherung AG

The claims ratios and settlement results net of reinsurance developed as follows in the past ten years:

	Claims ratio per business year in % of premiums earned	Settlement result in % of provisions on 1 January
1995	75.5	7.0
1996	77.4	7.7
1997	80.1	7.4
1998	84.1	9.1
1999	90.2	10.9
2000	89.9	4.8
2001	89.8	3.1
2002	86.0	7.9
2003	74.4	6.0
2004	76.0	4.1

By contrast with the unusually low claims expenditure in the previous year we recorded an increased volume of claims and a slight rise in major claims in the 2004 business year despite our strict profit-orientated underwriting policy. This caused the claims ratio to increase by 1.6 percentage points in the year under review.

Other risks: Proceedings were initiated in 2002 against AXA Versicherung AG and

other notable industrial insurers by the Federal Cartel Agency. The enterprises concerned are accused of concerted practices. On 22 March 2005 the Federal Cartel Agency announced an order for AXA Versicherung AG to pay a fine in the two-figure million range against which we have filed an appeal. The provisions created in the 2003 business year for the cartel proceedings are adequately dimensioned.

AXA Lebensversicherung AG Deutsche Ärzteversicherung AG Pro bAV Pensionskasse AG

Biometric risks: The death and invalidation tables set out on pages 63 and 64 in the methods of balance sheet presentation and valuation in this report are essentially used for the calculation of underwriting provisions. With the exception of the portfolio parts mentioned on page 63 with respect to occupational disability and occupational disability supplementary insurance as well as annuity insurance for which suitable increases in the actuarial reserves have been made, the probability tables used are viewed by the Supervisory Authorities and the German Actuaries Association (DAV) as adequate for the calculation of the actuarial reserve. In the opinion of the responsible actuary for the company, they contain adequate safety margins. Nevertheless, the development of mortality in annuity insurance and the development of invalidation probabilities must be analysed constantly. The examinations of mortality in annuity insurance are therefore constantly updated at the DAV under consideration of new data because a continuation of the trend towards rising life expectancy cannot be ruled out. It must furthermore be remembered that the effects of terrorist attacks and natural catastrophes which could endanger the life and health of a large number of people cannot, of course, be given adequate consideration in the graduated life and mortality tables.

Cancellation risk: The determination of the underwriting reserves is made without consideration of the cancellation probabilities. Higher or lower cancellations to a realistic extent would have only a slight influence on the annual results in individual business with the exception of unit-linked life and annuity insurance. In the case of unit-linked life insurance and annuity insurance the life insurance company generates cost contribution margins and profit margins also from the remuneration of administrative fees of the fund companies. These are only adequate if the fund assets develop in line with the calculated portfolio consistency. In the case of a distinctly higher cancellation rate the fund assets may be reduced so that the aspired-to profit margins and cost contribution margins are no longer achieved. However, the business volume of Deutsche Ärzteversicherung is also characterised by a high proportion of collective business with pension schemes for doctors. Starting on 1 January 2004 a gradual reduction in the reinsurance treaty was agreed with the Hamburg Medical Chamber and with the Berliner Ärzteversorgung starting on 1 January 2005. These processes are extraordinary influences and do not contain an increase in the general cancellation risk.

Interest guarantee risk: Both the current net return on investments and the anticipated yield for subsequent years within the framework of corporate planning and

within the meaning of Section 5 (3) of the actuarial reserve ordinance (DeckRV) are above the currently applied technical interest rate of the portfolio. However, the remaining safety margin is lower than in previous years. It must be considered here that at the end of 2004 the capital markets were still at a very low level both with respect to fixed interest securities and the shares. In application of Section 341 b of the German Commercial Code (HGB) investments continue to contain unrealised losses which, however, are distinctly lower than at the end of 2003. If the markets do not recover in the medium term or even deteriorate again, these losses would have to be shown in part at least in the business result. In order to minimise the inherent reinvestment risk the average capital-weighted residual terms of fixed interest securities titles were extended.

Other risks: Arbitration proceedings were brought before the International Chamber of Commerce in Paris by Nationwide Global Holdings Inc., an American insurance company, against AXA Lebensversicherung AG and other companies from the international AXA Group in January 2002 due to the sale of PanEuroLife, Luxembourg. The sale was effected in January 1999. Our share in PanEuroLife was 20 %. Damages are demanded in the proceedings. At this current stage in the proceedings it is still difficult to make a forecast about its outcome.

AXA Krankenversicherung AG

The underwriting risks in health insurance are essentially given due consideration in the insurance cover reviews agreed with the policyholders, according to which a comparison of the calculated and the forecasted claims requirement must be made on an annual basis. If claims develop outside a narrow corridor, the premiums of all insured persons must be adjusted.

Biometric risks: The mortality tables used to calculate the actuarial reserve and other technical calculation factors have been inspected for all tariffs by an independent trustee and presented to the supervisory authorities.

Cancellation risk: The cancellation probabilities applied are based both on own experience and association experience and have been viewed to be adequately cautious by an actuary.

Interest guarantee risk: The technical interest rate was 3.5 %. The interest guarantee risk is viewed to be small given a current net return on investment of 4.0 %.

Remaining companies

Due to the measures taken with respect to the Casa Arte product in terms of underwriting policy and portfolio streamlining, the AXA Art Group assumes that the negative influence on the claims ratio will be extensively eliminated in the 2005 business year as in the previous year.

The risk-adequate underwriting policy established by DARAG Deutsche Versicherungs- und Rückversicherungs-AG, Berlin, in the 2004 business year positively consolidated the underwriting results for the most part. Special attention will continue to be paid to making adequate provisions particularly for unknown claims from previous years. The company has secured against the risk of natural catastrophes in all lines of non-life insurance by separate reinsurance cover. Writedowns on investments have distinctly reduced unrealised losses.

We assume that typical bank risks for AXA Bank AG will continue to play a subordinate role. Precautions against exposure due to an extension of new business and a growing portfolio in the new business year will be increased appropriately. We will respond suitably to the risk of interest rate changes by strict use of the principle of concurrent refinancing.

Risks from the loss of accounts receivable from insurance business

Due accounts receivable from policyholders and intermediaries (without commission not yet earned from unit-linked life and annuity insurance business) amounted to some € 354 million on the reporting date. Some € 58 million of this figure were attributable to accounts receivable which were older than 90 days. By way of risk precaution, accounts receivable from customers and intermediaries were reduced by general bad-debt provisions of some € 26 million.

The reinsurer for our most important mandatory reinsurance treaties is the French Group company AXA Cessions, who retrocedes these treaties partly on the international reinsurance market and partly within the international AXA Group. AXA Cessions assumes the delcredere risk for the "loss" of retrocedants. We work with first-class reinsurers only for treaty reinsurance retroceded via our French Group company AXA Cessions and for directly ceded reinsurance. The foundation for this is provided by a security list checked by AXA Cessions.

Risks from investments

The share and the fixed interest securities markets rose in the 2004 business year and the volatility of individual asset classes receded. In view of a slight weakening in economic growth we expect the capital markets to develop steadily also in 2005. Nevertheless, the risks from investments will continue to be actively managed and adjusted to the respective capital market environment. The elimination of unrealised losses in share funds largely completed in 2004 supports the risk position of our Group and the positive reserves of € +1.9 billion similarly improve the risk situation.

The individual risks are defined as follows: **Market risks:** The financial markets directly or indirectly determine the prices of investments. In order to determine a possible risk scenario, a drop in the price of shares (without equity interests and associated companies), interest products and currencies is simulated. Risks and opportunities are presented in the same way, without the existing value-securing concepts, in order to demonstrate the sensitive nature of our investments. The effects of share market, fixed interest securities market and exchange rate fluctuations are viewed.

The unrealised result of € +1.9 billion at the end of 2004 would alter by the amounts shown on the next page if the prices of shares, fixed interest securities and currencies were to move upwards or downwards to the extent specified.

Share market change	Change in the market value of investments
Rise by 35 %	€ +1,363 mill.
Rise by 20 %	€ + 779 mill.
Rise by 10 %	€ + 388 mill.
Drop by 10 %	€ - 388 mill.
Drop by 20 %	€ - 779 mill.
Drop by 35 %	€ -1,363 mill.

Change in yield on the fixed interest securities market	Change in the market value of investments
Rise by 200 base points	€ -4,026 mill.
Rise by 100 base points	€ -2,013 mill.
Drop by 100 base points	€ +2,013 mill.
Drop by 200 base points	€ +4,026 mill.

Exchange rate change	Change in the market value of investments
Rise by 10 %	€ +309 mill.
Rise by 5 %	€ +146 mill.
Drop by 5 %	€ -133 mill.
Drop by 10 %	€ -253 mill.

Value-securing concepts were implemented on a part of our portfolio in 2004. This has meant that the above described risks were reduced as at year-end 2004. The effect of such concepts will be continuously monitored and adjusted where necessary.

If the negative scenarios described above emerge in whole or in part or exist on the balance sheet reporting date we will take appropriate measures. These will include depreciation on sustainable values of individual investments, the selective sale of individual titles and the optional use of further value-securing concepts in order to secure the portfolio in the short term against further value losses.

Credit standing risks: The credit standing risk covers insolvency, payment defaults and the worsening of the credit standing of debtors or issuers. Credit standing is categorised either with the aid of external agencies or in accordance with uniform internal criteria and is checked by means of continuous control processes. Strict regulations also apply to the awarding of loans as far as credit standing is concerned. Credit risks are broadly spread, individual commitments are subject to regular monitoring. With the aid of our control procedure for interest payments and repayments as well as our reminder procedure we receive a detailed overview of outstanding payments.

Liquidity risks: The risk of inadequate liquidity is counteracted by multi-year planning of all payment flows. A monthly forecast is also made for a rolling 12-month period. In general, attention is paid to the fungibility of individual investments so that we are able to meet the commitments we enter into with policyholders.

For the purpose of efficient portfolio management and control the Group also uses derivative financial instruments. Different aspects of portfolio control are implemented using these instruments: hedging, acquisition preparation and income enhancement. The main aspect in the use of derivative instruments of investments is hedging whereby the economic risk inherent in the portfolio is reduced.

A commitment on the futures and options market and in swap and currency deals is associated with investment risks and transaction costs. These investment risks include the following:

- hedging may prove to be unnecessary;
- the writing of calls and puts commits the company to buy or sell at an unfavourable time;
- the possibility of insolvency or payment default of a counterpart.

These risks have been taken into consideration and simulated in the applied stochastic models (Monte Carlo simulations). The decision on the application of instruments (options, interest and currency swaps etc.) is taken after comprehensive analyses of several alternative strategies and sensitivity calculations as well as after a check of the provider's credit standing. The main advantages of using derivatives are as follows:

- lower costs compared with trading the underlying investment,
- reduction of risk through hedging,
- income enhancement,
- securing of a specific price level,
- very liquid markets (in the case of standardised products),
- fast processing of transactions (in the case of standardised products) and therefore fast reaction times to market changes.

Our Risk Controlling checks and regularly reports on derivative positions and checks the observance of the set limits. The aspects of acquisition preparation and income enhancement are currently pursued to only a limited extent.

All risks described are a constituent element of risk management. The investment committee proposes the investment strategy and the Management Board decides on it. In addition, investment guidelines also apply to all investments. In order to recognise the effects of alternative scenarios, sensitivity and risk analyses are made on the basis of probability calculations. The interaction between origin and use of funds is taken into consideration with the assistance of active/passive control. The supervisory regulations on mixing and spreading are observed exactly.

Operational risks

The main process risks and the security of internal control systems are regularly identified and assessed by our Group Accounts Controlling Department together with the responsible line managers. The resultant key figures provide an important basis for risk-orientated audit planning over several years. Our extensive project portfolio is co-ordinated by Group Project Management.

Summarising presentation of the risk situation

With respect to the major German companies in our Group, the existing equity of € 2.3 billion exceeds the equity necessary to satisfy solvency requirements by € 0.8 billion or 55 %. The so-called adjusted solvency (Group solvency) for 2004 calculated on the basis of the consolidated financial statements shows adequate cover according to the provisional calculations which do not yet need to be submitted. This is particularly due to the inclusion of a subordinated loan and the fungible dormant reserves. Unlike the total equity from the solvency calculations of the individual companies, one factor to be considered in the Group solvency calculation is that the equity interests of AXA Konzern AG have in part been financed by outside borrowing. Another aspect is that goodwill must be deducted as an intangible asset from the consolidated equity.

At the current time no risks are known which could endanger the existence of the German AXA Group. Any loss shown by our main Group companies would be balanced out by AXA Konzern AG within the framework of the control agreements.

Outlook for 2005: Ambitious Growth and Profit Goals

The German AXA Group has set itself ambitious goals for the coming years both with respect to sales growth and results. As a result of the systematic pursuit of the corporate strategy and a programme aimed at creating profitable growth we wish to distinctly extend our position on the market in the coming years and achieve set profitability goals. For the current business year we aspire to premium growth in our Group of 3% and expect the following developments with respect to the most important companies in our Group:

Despite the continuing unfavourable economic outlook we assume that premium growth of **AXA Versicherung AG** will be above the market average in 2005. The main reasons for our estimate are the introduction and further development of innovative products in retail business which are associated with a large number of sales initiatives. In industrial and corporate client business the company expects a continuation of the positive trends and will systematically push ahead with measures already in progress such as the reorganisation of corporate business. All in all we expect an underwriting result for AXA Versicherung to be approximately on par with the previous year's performance.

AXA Art Versicherung AG will also continue its growth course this year through innovation and improvements in different areas and strengthen sales performance with numerous sales support measures. With the assistance of this package of measures the company has set itself a two-figure premium growth goal for 2005.

AXA "die Alternative" Versicherung AG serves the low-price segment as part of the dual product range. We intend to merge the company with AXA Versicherung AG with retrospective effect to 1 January 2005. We will of course maintain the very good price positioning of its products and continue the chosen growth course particularly in motor-vehicle insurance. Further growth impulses are to be expected from the introduction of new "Alternative" rates in the non-life and liability lines in the first half of 2005.

AXA Lebensversicherung AG took early account of the German legislation act on the income of the elderly which came into force at the beginning of 2005 with a new product range and a complete offer in all lines with unit-linked and traditional rates. Despite the new business boom before introduction of the new legislation at the end of 2004, which led to a temporary phase of market saturation, the company expects a slight decline in new business for 2005 with a slight rise in current premium

income. The improvement in policy management, in particular through the conversion of other customer processes to workflow processing, is intended to lead to cost reductions in the administrative area with a simultaneous increase in the service level through shorter reaction times for intermediaries and sales partners. With an improved underwriting result the surplus for 2005 is to distinctly increase again and thus the allocation to the provisions for premium refund in favour of clients provided that the capital markets remain stable.

Following the high level of new business in its core business in 2004 **Deutsche Ärzteversicherung AG** anticipates a drop in the volume of new business in the current business year particularly against the background of the contractual reduction of business with the professional pension schemes. However, the company is generally optimistic that it will achieve a good course of business through an appropriate product range which will in particular take account of the taxation of statutory pensions introduced in 2005. The quality of the exclusive sales organisations with certified advisory methods is also an important element to achieve a positive balance-sheet result once again despite the foreseeable sustained low-interest phase.

The growth of **Pro bAV Pensionskasse AG** was once again distinctly above market average in the 2004 business year. This shows that in addition to a generally good positioning on the market, particularly due to the guarantee of insurance benefits, the products on offer are highly attractive to clients. This positive development is to be continued in 2005 with the introduction of a new product generation with a guaranteed technical interest rate of 2.75% and consideration of a new mortality table. Furthermore, as a name-neutral pension scheme Pro bAV will act as a service and product provider for other insurance companies and achieve further growth through syndicate agreements with other pension schemes.

The products sold by **AXA Krankenversicherung AG** continue to be very successful and the premium adjustment made as at 1 January 2005 was moderate.

The company will therefore in all probability achieve premium growth which is slightly above the market average. However, new business will probably not reach the previous year's level because the distinct rise in the mandatory insurance ceiling will make itself felt.

AXA Bank AG will present itself even more strongly in 2005 as a pensions bank of the AXA Konzern on the German market and place greater emphasis on winning clients and consolidating existing customer relationships. The basis for a more efficient service to clients whilst creating substantial potential for cost savings has been laid by the implementation of the new IT platform for processing client business.

The marked improvements achieved in operative business in the past business year, which are reflected primarily in the improved underwriting results and further cost reductions, will be consolidated and continued in the current year. We are therefore expecting a good operating result comparable with that achieved in 2004. In view of the fact that we virtually eliminated unrealised losses in the area of shares in 2004, we are also expecting a positive consolidated result for the current year on the condition that there are no extraordinary claim events and the capital markets remain stable. We will be preparing the consolidated financial statements for the first time in the 2005 business year according to International Financial Reporting Standards (IFRS).

Cologne, 23 April 2004

The Management Board

Report of the Supervisory Board

In 2004 the Supervisory Board monitored the Management Board in accordance with the tasks bestowed upon it by virtue of the law and articles of the company and accompanied management in an advisory function. It convinced itself on a continuous basis of the correctness of management and was involved in important decisions. The Supervisory Board was informed verbally and in writing by the Management Board by means of quarterly reports and in four meetings of the general business developments of the Group, including those of the important operative companies and of fundamental questions of management in accordance with Section 90 of the German Company Act (AktG).

The business policy aspired to by the Management Board as well as the business and financial situation, the staffing situation as well as the course of business within the Group were discussed in detail during sessions of the Supervisory Board. The Management Board reported to the Supervisory Board on a regular basis on the achievement of plans and objectives of the current business year and the forecast for the future periods.

The further alterations within the framework of the new orientation initiated by the Management Board towards more profit and growth continued to occupy a central position in reporting and deliberations in the Supervisory Board. Detailed reports were given to the Supervisory Board on the investment strategy, the development of the investment results and the effects on solvency. Intensive discussion surrounded subjects such as the effects of German legislation on the income of the elderly and the plans to increase the profitability of life insurance. Additional points of focus included measures to improve the underwriting result, the cost-reduction measures and questions of corporate management and control ("Corporate Governance"). The

individual remuneration of members of the Management Board and of the Supervisory Board in the year under review will now be published, thereby satisfying a further recommendation of the German Corporate Governance Code. In the 2004 business year we examined the efficiency of our activities in the Supervisory Board of the company.

The Supervisory Board also discussed other important processes as well as the respective business and measures which require the consent of the Supervisory Board by virtue of the articles of association or statutory provisions. The chairman of the Supervisory Board was in close contact on a regular basis with the Management Board in the period between the Supervisory Board meetings and in numerous individual discussions with the Management Board and addressed business policy questions as well as the situation and development of the Group and of the operative companies. The Supervisory Board was informed of important matters coming to the knowledge of its chairman in the next meeting.

In addition to the statutory Mediation Committee in accordance with Section 27 (3) of the German Codetermination Act, the Supervisory Board also set up another two committees. The Presidium, consisting of three members, primarily addresses the contractual employment relationships of the members of the Board. The Audit Committee, consisting of five members, is essentially devoted to monitoring the risk management of the Management Board and the control mechanisms of the company, questions concerning the annual financial statements, auditing, as well as the report of the Management Board on the relationships with affiliated companies and lays down the focal areas of emphasis for auditing during the business year. The Presidium of the Supervisory Board held

three meetings in 2004; the Audit Committee met twice in the 2004 business year and reported back to the Supervisory Board on this. The Mediation Committee did not need to be convened.

PwC Deutsche Revision AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the annual financial statements and the management report drawn up by the Management Board for the 2004 business year as well as the consolidated annual financial statements and the management report of the Group for the 2004 business year including the accounts. The auditor gave an unqualified certification. The auditor's reports were available to all members of the Supervisory Board in good time. The auditor discussed the audit results with the Audit Committee and explained them to the Supervisory Board during the meeting to approve the balance sheet and answered questions of the Supervisory Board on 25 May 2005. The instruments developed for the risk management monitoring system and the supplementary measures planned by the Management Board are appropriate in view of the auditor and comply with the statutory requirements pursuant to Section 91 (2) of the German Company Act. The Supervisory Board acknowledged the reports and the additional notes of the auditor.

The Supervisory Board examined the annual financial statements and the report of the Management Board as well as the Management Board's recommendation on the appropriation of profit. The examination provided no reason for objection. The Supervisory Board approves the annual financial statements which thereby become final in accordance with Section 172 of the German Company Act, and concurs with the recommendation on the appropriation of profit. The Supervisory Board similarly examined and approved the consolidated

annual financial statements and the management report of the Group. There was no reason for objection. The Supervisory Board approves the consolidated annual financial statements.

The Supervisory Board similarly inspected the report on the relationships to affiliated companies drawn up by the Management Board pursuant to Section 312 of the German Company Act. The report was available to all members in good time. The Supervisory Board raised no objections to this report.

After inspection of the report of the Management Board on the relationships to affiliated companies in the 2004 business year, the auditor gave the following certification:

"In accordance with our due audit and assessment we hereby certify that

1. the actual statements made in the report are correct,
2. in the legal transactions listed in the report, the performance of the companies was not inappropriately high or disadvantages were compensated,
3. the measures listed in the report provide no reason for any assessment other than that provided by the Management Board."

The Supervisory Board agrees with the assessment of the auditor and in view of the final results of his inspection, raises no objections to the statements of the Management Board made at the end of the report on the relationships to affiliated companies.

In the year under review there were personnel changes to the Management Board and to the Supervisory Board.

At the end of the Annual General Meeting on 8 July 2004 Dr. Dieter Murmann and Dr. h. c. Alfred Freiherr von Oppenheim retired from the Supervisory Board after reaching their 70th birthday in accordance with Article 10 (4) of the articles of associ-

ation of AXA Konzern AG. Dr. Thomas R. Fischer and Mr. Robert J. Koehler were elected to the Supervisory Board on the side of the shareholders during the Annual General Meeting.

At the end of the Annual General Meeting on 8 July 2004 Mr. Jürgen Sengera laid down his Supervisory Board mandate. By way of order on 20 July 2004 the Local Court of Cologne appointed Mr. Thierry Langreny as successor on the side of the shareholders, taking effect on 20 July 2004.

Mr. Christof Göldi laid down his Supervisory Board mandate on 30 August 2004. By way of order of 2 September 2004 the Local Court of Cologne appointed Mr. Kurt Döhmel as successor on the side of the shareholders, taking effect on 2 September 2004.

As at 31 December 2004 Mr. Klaus Schütze retired from the Supervisory Board. By way of order on 20 December 2004 the Local Court appointed Mr. Peter Freyaldenhoven as successor on the side of the employee representatives, taking effect on 1 January 2005.

The Supervisory Board would like to thank all members who retired from the Board in 2004 for their work, in some cases of many years' duration and for their valuable advice. Dr. h.c. Alfred Freiherr von Oppenheim died on 5 January 2005 only a few months after his retirement from the Supervisory Board. The Supervisory Board commended his services in the Supervisory Boards of the AXA Group and its predecessor companies as a constructive and committed advisor of 34 years standing from 1970 to 2004.

Dr. Frank Keuper left the Management Board of his own wish as at 31 July 2004. Dr. Wulf Böttger has been appointed member of the Management Board as at 1 August 2004.

In accordance with the recommendations of the German Corporate Governance

Code we report that Mr. Henri de Castries was prevented from attending three meetings of the Supervisory Board in 2004. The Supervisory Board continues to follow with great interest the developments of the entire industry and the process of systematic further development of the German AXA Group on the basis of the reorientation introduced. The continued successful implementation of the strategy is attributed decisive importance for the future positioning on the German market and the position of the German Group within AXA international.

As Supervisory Board we would like to thank the Management Board and all employees of the holding company, all employees working in the offices and in the sales units of the Group companies, our intermediaries and works councils for their work and commitment.

Cologne, 25 May 2005

For the Supervisory Board

Claas Kleyboldt
Chairman

Report on Corporate Governance

The German Corporate Governance Code was published for the first time in February 2002. Adjustments were made in November 2002 and in May 2003. The Code contains standards for good and responsible corporate management and supervision. Management Board and Supervisory Board have directed much attention to implementing this Code in the enterprise. Management Board and Supervisory Board welcomed the objectives pursued by the Code from the very beginning and acknowledge the recommendations of the Code in principle. The majority of the recommendations in the Code were already being applied as part of responsible corporate management and supervision before it was published. In addition, different measures were taken in the year under review to implement further recommendations of the Code. Our current declaration of compliance of April 2005 is as follows:

1. The recommendations of the German Corporate Governance Code are observed by AXA Konzern AG with the exception of the recommendations listed in point 2.
2. The following recommendations of the German Corporate Governance Code are not applied by the AXA Konzern AG:
 - a) Code, point 3.8:

The agreement on a retention for the members of the Management Board and of the Supervisory Board does not contain the D & O insurance taken out by AXA, Paris, for all AXA Group companies throughout the world. The company believes the agreement of a retention of this nature as an exceptional ruling for the German AXA Group to be neither appropriate nor necessary.

- b) Code, point 5.4.5 (1):

AXA Konzern AG does not believe an additional financial consideration for the membership and the chairmanship in supervisory board committees to be necessary in the remuneration of Supervisory Board members. The remuneration of the Supervisory Board provided for in the articles of association is appropriate in the view of Management Board and Supervisory Board.
- c) Code, point 7.1.1:

AXA Konzern AG draws up a semi-annual report pursuant to Section 40 of the German Stock Exchange Act, but no other interim reports. Management Board and Supervisory Board of AXA Konzern AG are of the opinion that an additional interim report is disproportionate to the organisational and financial expenditure involved. AXA Konzern AG draws up its consolidated financial statements and interim report in accordance with national requirements (German Commercial Code). These also provide the foundation for taxation. Starting with the consolidated financial statements as at 31 December 2005 Management Board and Supervisory Board of AXA Konzern AG will follow the recommendation of the Corporate Governance Code to prepare the consolidated financial statements and interim report under consideration of the internationally recognised accounting standards (IFRS).

- d) Code, point 7.1.2:

Management Board and Supervisory Board of AXA Konzern AG believe that the period recommended by the German Corporate Governance Code of 90 days for the publication of the consolidated annual financial statements and of 45 days for the publication of the interim report to be too short to draw up informative consolidated financial statements and the interim report. The interim reports of AXA Konzern AG will therefore continue to be published within the statutory period of 60 days. The consolidated financial statements of AXA Konzern AG will be drawn up within the statutory period of five months.
3. In addition, Management Board and Supervisory Board of AXA Konzern AG declare that since making last year's statements under Section 161 of the German Company Act in April 2004 the Company has complied with the recommendations of the "Government Committee on the German Corporate Governance Code" with the exception of the deviations specified in this declaration. The individual remuneration of members of the Management Board (point 4.2.4) and members of the Supervisory Board (point 5.4.5 (3)) is disclosed for the first time in the 2004 Annual Report. The complete wording of the statement of compliance is to be found at www.axa.de.

Cologne, 15 April 2005

The Management Board The Supervisory Board

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Consolidated Balance Sheet

at 31 December 2004

ASSETS

in € '000s

	Notes	2004	2003
A. Subscribed capital unpaid		-	-
B. Intangible assets	1		
I. Goodwill		588,875	577,145
II. Miscellaneous intangible assets		<u>12,156</u>	<u>12,088</u>
		601,031	589,233
C. Investments			
I. Land, titles to land and buildings including buildings on leased land	2	558,680	523,320
II. Investments in affiliated companies and equity interests	3		
1. Shares in affiliated companies		172,010	312,857
2. Loans to affiliated companies		498,854	580,191
3. Equity interests in associated companies		22,965	23,153
4. Equity interests		490,721	428,139
5. Loans to companies in which an equity interest is held		<u>77</u>	<u>16,225</u>
		1,184,627	1,360,565
III. Other investments	4		
1. Shares, investment fund shares and other non-fixed interest securities		10,291,591	12,870,130
2. Bearer bonds and other fixed interest securities		2,555,696	3,732,904
3. Mortgage, land charge and annuity charge loans		3,122,272	3,650,580
4. Other loans			
a) Registered bonds		8,488,359	5,464,360
b) Debentures and loans		6,972,032	4,526,149
c) Loans and advance payments on policies		274,459	23,108
d) Other loans		194,296	218,234
5. Bank deposits		328,274	1,740,582
6. Other investments		<u>230,716</u>	<u>246,570</u>
		32,457,695	32,472,617
IV. Deposits in assumed reinsurance business	5	<u>43,063</u>	<u>49,117</u>
		34,244,065	34,405,619
D. Investments for the account and risk of holders of life insurance policies		509,261	337,422
E. Building society loans		0	255,562
F. Accounts receivable	24		
I. Accounts receivable on direct business from			
1. Policyholders	6		
a) with claims due		168,885	174,847
b) with claims not yet due		190,400	154,760
2. Agents	6	<u>223,940</u>	<u>251,811</u>
		583,225	581,418
II. Accounts receivable on reinsurance business		223,903	163,024
III. Other accounts receivable	7	<u>698,551</u>	<u>845,992</u>
		1,505,679	1,590,434
G. Other assets			
I. Tangible assets and inventories	8	15,355	15,366
II. Current accounts with banks, cheques and cash at hand		140,934	342,361
III. Other assets		<u>259,369</u>	<u>256,403</u>
		415,658	614,130
H. Trust assets	9	1,546	89,984
I. Accruals			
I. Accrued interest and rent	10	395,268	407,729
II. Other accruals	11	<u>157,853</u>	<u>147,443</u>
		553,121	555,172
J. Projected tax relief in subsequent business years under Sections 274/306 of the German Commercial Code (HGB)	12	131,858	111,850
		<u>37,962,219</u>	<u>38,549,406</u>

SHAREHOLDERS' EQUITY AND LIABILITIES

in € '000s

	Notes	2004	2003
A. Shareholders' equity			
I. Subscribed capital	13	79,840	79,840
II. Capital reserves		264,199	264,199
III. Revenue reserves	14		
1. Statutory revenue reserves		25	25
2. Other revenue reserves including amount of difference on the assets side: € 35,147,000 (2003: € 40,305,000) and amount of difference on the shareholders' equity and liabilities side: € 1,437,000 (2003: € 35,025,000)		621,259	621,284
IV. Consolidated net profit for the year	15	-67,946	570,672
V. Adjustment item for minority shareholders	16	3,030	3,124
		900,407	1,041,042
B. Subordinated liabilities			
	17	350,000	365,339
C. Underwriting provisions			
I. Unearned premiums	18		
1. Gross		631,047	657,461
2. Less reinsurance ceded		48,056	47,613
		582,991	609,848
II. Actuarial reserve			
1. Gross		24,169,879	24,084,191
2. Less reinsurance ceded		838,622	802,946
		23,331,257	23,281,245
III. Provisions for outstanding claims			
1. Gross		4,633,708	4,779,002
2. Less reinsurance ceded		630,633	952,762
		4,003,075	3,826,240
IV. Provisions for premium refunds			
1. Profit-linked			
a) Gross		1,514,953	1,579,874
b) Less reinsurance ceded		0	0
2. Non-profit-linked			
a) Gross		35,457	27,520
b) Less reinsurance ceded		0	0
		1,550,410	1,607,394
V. Claims equalisation reserve and similar		1,014,946	809,850
VI. Other underwriting provisions			
1. Gross		34,250	35,897
2. Less reinsurance ceded		-17,679	-2,676
		51,929	38,573
		30,534,608	30,173,150
D. Underwriting reserves and provisions of life insurance if investment risk covered by policyholders			
Actuarial reserve		509,261	337,422
E. Building society deposits			
		0	644,937
F. Other provisions			
I. Provisions for pensions and similar liabilities		930,038	926,177
II. Tax provisions		392,194	298,478
III. Provisions for tax payments of subsequent business years	19	15,797	18,362
IV. Miscellaneous provisions	20	510,621	568,510
		1,848,650	1,811,527

in € '000s

	Notes	2004	2003
G. Deposits in reinsurance business ceded		881,785	884,690
H. Other liabilities	25		
I. Accounts payable on direct insurance business with	21		
1. Policyholders		1,726,909	1,813,597
2. Agents		68,705	47,476
		1,795,614	1,861,073
II. Accounts payable on reinsurance business		43,062	57,425
III. Accounts payable to banks	22	301,343	464,103
IV. Other accounts payable	23	775,834	796,589
		2,915,853	3,179,190
I. Trust liabilities	9	1,546	89,984
J. Accruals and deferred income	11	20,109	22,125
		37,962,219	38,549,406

Consolidated Profit and Loss Account

ITEMS

in € '000s

	Notes	2004		2003	
I. Property and casualty underwriting business					
1. Premiums earned net of reinsurance					
a) Gross premiums written	26	2,807,984		2,834,020	
b) Reinsurance premiums ceded		<u>226,078</u>	2,581,906	261,616	<u>2,572,404</u>
c) Change in gross unearned premiums		11,031		20,842	
d) Change in reinsurance share of gross unearned premiums		<u>-1,599</u>	<u>9,432</u>	<u>-14,225</u>	<u>6,617</u>
			2,591,338		2,579,021
2. Interest income from operating business	27		58,146		44,104
3. Other underwriting income net of reinsurance			1,543		4,613
4. Expenses on claims net of reinsurance					
a) Payment on claims					
aa) Gross amount		1,950,656		2,090,272	
ab) Reinsurance quota		<u>350,633</u>	1,600,023	<u>365,550</u>	1,724,722
b) Change in provisions for claims outstanding					
ba) Gross amount		<u>-120,300</u>		<u>-280,092</u>	
bb) Reinsurance quota		<u>-319,620</u>	<u>199,320</u>	<u>-241,891</u>	<u>-38,201</u>
			1,799,343		1,686,521
5. Change in other underwriting provisions net of reinsurance					
a) Net actuarial reserve			-14,272		-22,053
b) Other net underwriting provisions			<u>-1,277</u>	<u>13,627</u>	<u>-8,426</u>
6. Expenses on profit-linked and non-profit-linked premium refunds net of reinsurance			29,959		24,720
7. Expenses on underwriting operations net of reinsurance					
a) Gross operating expenses	28		790,379		808,690
b) Less commissions and bonuses received from reinsurance ceded			<u>54,083</u>	<u>40,880</u>	<u>767,810</u>
8. Other expenses on underwriting operations net of reinsurance			19,428		19,313
9. Subtotal			50,452		120,948
10. Change in claims equalisation reserve and similar provisions			-205,115		-333,929
11. Property and casualty underwriting result net of reinsurance			-154,663		-212,981

in € '000s

	Notes	2004		2003	
II. Life and health underwriting business					
1. Premiums earned net of reinsurance					
a) Gross premiums written	26	3,498,664		3,429,542	
b) Reinsurance premiums ceded		<u>136,198</u>	3,362,466	<u>119,962</u>	3,309,580
c) Change in net unearned premiums			<u>16,065</u>		833
			3,378,531		3,310,413
2. Premiums from gross provisions for premium refunds			104,118		150,090
3. Allocated interest from non-underwriting account	31		1,056,396		1,002,981
4. Non-realised gains from investments			33,555		28,926
5. Other underwriting income net of reinsurance			33,183		26,112
6. Expenses on claims net of reinsurance					
a) Payment on claims					
aa) Gross amount		2,711,456		2,642,003	
ab) Reinsurer quota		<u>97,229</u>	2,614,227	<u>122,587</u>	2,519,416
b) Change in provisions for claims outstanding					
ba) Gross amount		-2,102		45,019	
bb) Reinsurer quota		<u>2,736</u>	-4,838	<u>-1,343</u>	46,362
			2,609,389		2,565,778
7. Change in other underwriting provisions net of reinsurance					
a) Net actuarial reserve					
aa) Gross amount		-977,654		-1,080,828	
ab) Reinsurer quota		<u>33,746</u>	-943,908	<u>-527</u>	-1,081,355
b) Other underwriting provisions net of reinsurance			<u>2,199</u>		-6,316
			-941,709		-1,087,671
8. Expenses on profit-linked and non-profit-linked premium refunds net of reinsurance			271,501		119,430
9. Expenses on underwriting operations net of reinsurance					
a) Operating expenses		547,486		529,065	
b) Administrative expenses		<u>111,169</u>	658,655	<u>107,216</u>	636,281
c) Less commissions and bonuses received from reinsurance ceded			<u>121,714</u>		70,998
			536,941		565,283
10. Non-realised losses from investments			266		331
11. Other underwriting expenditure net of reinsurance			104,472		144,550
12. Life and health underwriting result net of reinsurance			141,505		35,479

in € '000s

	Notes	2004	2003
III. Non-underwriting business			
1. Underwriting result net of reinsurance			
a) in property and casualty insurance business		-154,663	-212,981
b) in life and health insurance business		<u>141,505</u>	<u>35,479</u>
		-13,158	-177,502
2. Income from investments	29	2,092,173	3,401,193
3. Interest income from building society loans	30	0	12,847
4. Expenses on investments	31	822,875	1,502,543
5. Interest charges on building society deposits and savings deposits		63	19,653
6. Interest from underwriting account for property and casualty insurance business		-59,399	-45,406
7. Interest from underwriting account for life and health insurance business		-1,056,396	-1,002,981
8. Other income	32	200,015	176,166
9. Other expenses			
a) from building society and bank business		90,938	88,861
b) miscellaneous	33	<u>220,343</u>	<u>338,475</u>
		311,281	427,336
IV. Consolidated result			
1. Results of ordinary business operations		29,016	414,785
2. Extraordinary income		776	2
3. Extraordinary expenses		4	0
4. Extraordinary results	34	772	2
5. Tax on income and profit		88,938	-158,960
6. Other tax		<u>8,383</u>	<u>2,724</u>
		97,321	-156,236
7. Net loss/profit for the year		-67,533	571,023
8. Profits owing to minority shareholders		426	409
9. Losses attributable to minority shareholders		13	58
10. Consolidated net loss for the year	15	-67,946	570,672

Notes to the Consolidated Financial Statements

Cash flow analysis of the AXA Group

in € million

	2004	2003
1. 1. Operating activities		
Consolidated net profit for the year	-68	571
Depreciation/reinstated depreciation	225	993
Non-realised gains and losses from investments	-33	-29
Profit from the disposal of investments	-518	-1,468
Losses from the disposal of investments	381	325
Reduction in the reinsurance treaty with the Hamburg Medical Chamber	777	
Increase/reduction in underwriting provisions	511	1,419
Change in accounts receivable/accounts payable on re-insurance business	-75	22
Change in deposits/liabilities	3	-20
Increase/reduction of remaining assets and shareholders' equity and liabilities	215	-526
Inflow/outflow of funds from ordinary business activities	1,418	1,287
2. Investment activities		
Incoming payments from the sale of consolidated companies	184	147
Incorporation of Pluto Gesellschaft für Beteiligungswerte mbH, Cologne, in the scope of consolidated companies	-103	0
Change from the reduction in the reinsurance treaty with the Hamburg Medical Chamber	-777	
Incoming payments from the disposal or from mature investments	16,896	12,039
Payments from the acquisition of other investments	-18,852	-11,634
Payments from the acquisition of investments of unit-linked life insurance policies	-172	-140
Other incoming payments and payments	-7	47
Outflow of funds from investment activities	-2,023	459
3. Finance activities		
Inflow of funds from loans	0	350
Outflow of funds from loans	0	-872
Dividends of AXA Konzern AG	-37	-37
of subsidiaries to shareholders outside the Group	-1	-1
Inflow/outflow of funds resulting from finance activities	-38	-560
4. Cash and equivalent at the beginning of the business year	1,619	431
5. Change in cash and equivalent having an effect on liquidity	-1,450	1,188
6. Exchange-rate related changes in cash	-1	-1
7. Cash and equivalent at the end of the business year	168	1,619

The cash flow analysis of the German AXA Group explains the status of cash (deposits as well as credits at banks, cheques and cash in hand less liabilities due to credit institutions) at the beginning and the end of the business year.

In the 2004 business year the reduction in the reinsurance treaty agreed between Deutsche Ärzteversicherung AG and the Hamburg Medical Chamber had an impact on the cash flow analysis. The associated reduction in the underwriting

provisions of € 777 million and correspondingly in the investment portfolio had no effect on payments but is reflected in the cash flow analysis in the inflow of funds from ordinary business activities and in investment activities.

The inflow of funds resulting from operating activities **(1)** increased by € 131 million to € 1,418 million.

The 2004 business year was characterised by high investment activities **(2)** amounting to € 2,831 million.

In addition to the use of funds from ordinary business activities, this high inflow was made possible by disposable cash of € 1,450 million **(5)** held at the beginning of the 2004 business year. Contrary to the previous year, there was no inflow/outflow of funds from loans (2003: € 522 million) **(3)**.

Segment report consolidated balance sheet

in € million

	Property/ casualty	Life	Health	Holding/ other	Consoli- dations	2004	2003	
Assets								
B.	Intangible assets	509	1		91	0	601	589
C.	Investments	7,296	24,780	2,223	3,556	-3,611	34,244	34,406
D.	Investments for the account and risk of holders of life insurance policies		509				509	337
E.	Building society loans						0	256
F.	Accounts receivable	878	654	21	309	-357	1,505	1,590
G.	Other assets	199	200	4	13	0	416	614
H./I./J.	Miscellaneous assets	201	443	42	5	-4	687	757
Total segment assets		9,083	26,587	2,290	3,974	-3,972	37,962	38,549
Shareholders' equity and liabilities								
D.	Underwriting provisions	5,773	22,631	2,131			30,535	30,173
E.	Underwriting reserves and provisions in the area of unit-linked life insurance (gross)		509				509	337
F.	Building society deposits						0	645
G.	Other provisions	1,261	172	42	373	0	1,848	1,811
H.	Deposits in reinsurance business ceded	50	894	1		-63	882	885
B./I.	Other liabilities	283	2,169	43	2,123	-1,352	3,266	3,545
C./J./K.	Special items/ trust liabilities/accruals and deferred income	2	5		15	0	22	112
Total segment shareholders' equity and liabilities		7,369	26,380	2,217	2,511	-1,415	37,062	37,508
						Equity	900	1,041
						Total shareholders' equity and liabilities	37,962	38,549

The individual segments are presented after the internal transactions within the segments have been consolidated but before inter-segmental consolidation. The balance of the segment assets and liabilities does not therefore correspond to the equity of the respective business area.

Segment report consolidated profit and loss account

in € million

	Property/ casualty	Life	Health	Holding/ other	Consoli- dations	2004	2003
Gross premiums written							
– direct	2,703	2,608	889			6,200	6,107
– assumed	106		4		–3	107	157
– from premium refund		83	21			104	150
Total gross premiums	2,809	2,691	914		–3	6,411	6,414
Retention						94 %	94 %
Profit and loss account							
1. Underwriting result							
– Premiums earned net of reinsurance	2,591	2,486	892			5,969	5,889
– Premiums from the gross provisions for premium refund		83	21			104	150
– Interest extracted from the non-underwriting account	58	981	80		–3	1,116	1,050
– Expenses on claims	–1,800	–2,169	–440			–4,409	–4,252
– Change in other net underwriting provisions	–15	–670	–272			–957	–1,096
– Expenses on premium refund	–30	–150	–121			–301	–144
– Operating expenses	–736	–424	–113			–1,273	–1,333
– Non-realised gains/losses from investments		33				33	29
– Balance of other operating expenses/ income net of reinsurance	–17	–69	–4			–90	–137
Subtotal	51	101	43	0	–3	192	156
– Change in claims equalisation reserve and other provisions	–205					–205	–334
Underwriting result net of reinsurance	–154	101	43	0	–3	–13	–178
2. Investment result without unrealised gains/losses	476	981	80	317	–585	1,269	1,914
3. Interest allocated to underwriting business	–59	–981	–80		3	–1,117	–1,051
4. Other expenses/income	–22	–24	–5	–117	49	–119	–273
5. Extraordinary expense						0	0
6. Result before tax	241	77	38	200	–536	20	412
7. Tax on income and profit	8	–75	–17	–4		–88	159
8. Consolidated net profit for the year	249	2	21	196	–536	–68	571
Net return on investments	13.1 %	3.7 %	4.0 %			3.8 %	5.5 %
Operating expenses as % of gross premiums	28.1 %	21.0 %	12.6 %				
Net combined ratio	97.9 %						

A report was not prepared according to geographical regions because foreign business has only little impact on the figures.

Principles of Financial Statement Preparation and Statutory Requirements

The consolidated financial statements and the consolidated management report are based on the provisions of the Insurance Company Balance Sheet Act of 24 June 1994 and have therefore been compiled in accordance with the provisions of the German Commercial Code, the German Company Act, the Ordinance on the Rendering of Accounts of Insurance Companies and directives relating to the rendering of accounts of group companies issued by the Federal Insurance Supervisory Agency (now Federal Agency for Financial Services Supervision).

The financial statements also comply with the prevailing transformation law provided for in EC Directives relating to insurance companies.

The layout of the consolidated financial statements has been extended to include items arising from the special nature of building society business with the objective of facilitating a view of the net worth, financial position and results of the Group. The income and expenses on investments of the consolidated life and health insurance companies are shown in the non-underwriting account. Detailed information is provided in the notes. This statement provides greater transparency in segment reporting.

Any divergent evaluations based on special provisions for insurance companies abroad have been maintained pursuant to Section 308 (2) sentence 2 of the German Commercial Code (HGB). The consolidations comply with the provisions contained in Sections 341 (i) and 341 (j), 300 et seq. of the German Commercial Code (HGB) and with Sections 58 et seq. of the Ordinance on the Rendering of Accounts of Insurance Companies.

Principles of Consolidation

The annual financial statements of the German and foreign subsidiaries included in the consolidated financial statements have been uniformly compiled on the reporting date of AXA Konzern AG's annual financial statements and transformed into financial statements which comply with the methods of presentation and valuation of the German AXA Group.

Equity has been consolidated using the book value method by charging the historical costs against the percentage equity of the subsidiaries at the time of acquisition or on the date of initial consolidation. Differences resulting from purchases of shares in AXA Versicherung AG or AXA Lebensversicherung AG have been offset against revenue reserves with no effect on results.

The amounts of difference calculated for the former Albingia Group acquired in 1999 are shown on the assets side of the balance sheet as goodwill owing to their substantial size and will be gradually offset in principle against revenue reserves over

the next 30 years with no effect on results. The value of goodwill will be checked on an annual basis and possibly written down off-schedule or offset with no effect on results. In addition an interim profit of € 31.5 million arose from the transfer in 2004 of shares in AXA Krankenversicherung AG, hitherto held by Deutsche Ärzteversicherung AG, to AXA Konzern AG. This was not eliminated in application of Section 341j German Commercial Code (HGB), but led to a corresponding increase in goodwill.

The profit payable to and losses attributable to the minority shareholders are shown separately on the balance sheet after the consolidated net profit for the year, leaving the net profits for the year attributable to the Group. The profit payable to and losses attributable to the minority shareholders have been determined in accordance with the relative size of their equity interest in respect of the respective result shown on the restated commercial balance sheet after consolidation measures.

Accounts receivable and payable, inter-company interim results as well as earnings, income and expenses have been eliminated where this had not already been done owing to the insignificance of the business transactions. Interim profits were not eliminated pursuant to Section 341j (2) of the German Commercial Code insofar as these profits led to policyholder claims.

Interim results from associated companies (Section 304 (1) of the German Commercial Code) were not eliminated in accordance with Section 312 (5) of the German Commercial Code since the facts required for an assessment were neither known nor accessible.

All foreign currencies for the foreign subsidiaries incorporated in the consolidated financial statements were translated into euros uniformly at the average exchange rate prevailing on the balance sheet reporting date.

Scope of Consolidated Companies

In addition to AXA Konzern AG, the consolidated annual financial statements include all affiliated subsidiaries which have a noticeable influence on the net worth, financial and profit situation. In accordance with the principle of materiality, smaller insurance and intermediary companies have not been consolidated. Similarly, smaller management and asset management companies have also not been incorporated in the scope of consolidated companies insofar as they have no mentionable influence on the balance sheet figures. Non-affiliated companies, in respect of which the AXA Konzern AG or an affiliated consolidated subsidiary exercise a considerable influence, have been incorporated in the consolidated annual financial statements using the equity method insofar as they were not of subordinate significance for the assessment of the net worth and profit situation.

The scope of consolidated companies changed in 2004 as follows:

AXA Bausparkasse AG, Dortmund, was deconsolidated as at 1 January 2004 due to the sale of the company.

By virtue of the merger of **Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg**, with AXA Konzern AG with retrospective effect to 1 January 2004 the company was no longer incorporated as an independent company.

Nordstern Grundbesitz-, Vermietungs- und Verwaltungsgesellschaft GbR, Cologne, was liquidated in 2004 and deconsolidated as at 31 December 2004. During the 2004 business year essential parts of the private equity portfolio of AXA Versicherung AG and AXA Lebensversicherung AG were transferred to the companies **AXA Alternative Participations SICAV I and SICAV II, Luxembourg**. These companies were therefore incorporated in

the scope of consolidated companies of AXA Konzern AG.

Furthermore, **Pluto Gesellschaft für Beteiligungswerte mbH, Cologne**, was included in the scope of consolidated companies in 2004.

Jurpartner Services Gesellschaft für Rechtsschutz-Schadenregulierung mbH, Cologne, was added to those enterprises incorporated at equity via the Roland group.

A summarising list of shareholdings and the complete scope of consolidated companies is given on the following pages. The complete list of shareholdings in accordance with Section 313 (2) of the German Commercial Code (HGB) is deposited at the Commercial Register of the Local Court of Cologne under registration number 672.

Shareholdings and Scope of Consolidated Companies

1a) Consolidated affiliated companies

	Gross premium income ¹⁾ in € mill.	Equity ²⁾ in € '000s	Net profit for the year ²⁾ in € '000s	Percentage share capital ³⁾ in %
Parent company				
AXA Konzern AG, Cologne		1,377,021	208,418	
Property and casualty insurance companies Germany				
AXA Versicherung AG, Cologne	2,513	1,115,457	236,191	99.86
AXA Art Versicherung AG, Cologne	55	55,386	0	100.00
AXA "die Alternative" Versicherung AG, Cologne	121	33,563	0	100.00
DARAG Deutsche Versicherungs- und Rückversicherungs-AG, Berlin	69	18,497	535	100.00
Property and casualty insurance companies abroad				
Colonia Insurance (Ireland) plc., Dublin	0	60,512	2,228	100.00
AXA Art Insurance Corp., New York	21	21,929	2,520	100.00
AXA Art Insurance Ltd., London	26	12,705	-1,576	100.00
AXA Art d'Assurances S.A., Paris	15	10,219	3,915	99.99
AXA Art Versicherung AG, Zürich	6	11,783	1,912	100.00
Life insurance companies Germany				
AXA Lebensversicherung AG, Cologne	2,042	104,167	1,570	99.14
Deutsche Ärzteversicherung AG, Cologne	481	22,033	400	97.87
Pro bAV Pensionskasse AG, Cologne	92	38,050	0	100.00
Health insurance company, Germany				
AXA Krankenversicherung AG, Cologne	893	73,984	20,000	100.00

1b) Consolidated affiliated companies

Financial service providers, service and holding companies				
AXA Alternative Participations SICAV I, Luxembourg		105,990	147	100.00
AXA Alternative Participations SICAV II, Luxembourg		181,641	-377	100.00
AXA Art Holdings Incorporated, New York		21,905	-11	100.00
AXA Art Services Ltd., London		201	165	100.00
AXA Bank AG, Cologne		66,249	1,771	100.00
AXA Customer Care GmbH, Cologne		663	103	100.00
AXA Nordstern France S.A., Paris		5,787	3,420	100.00
AXA Service AG, Cologne		858	11	100.00
CIMAG-Colonia Immobilien AG, Cologne		1,183	167	100.00
GANYMED Erste Beteiligungsverwaltungs-Gesellschaft mbH & Co. KG, Cologne		98,319	3,209	100.00
GANYMED Zweite Beteiligungsverwaltungs-Gesellschaft mbH & Co. KG, Cologne		63,870	1,415	100.00
Pluto Gesellschaft für Beteiligungswerte mbH, Cologne		112,476	11,012	100.00

¹⁾ Direct and assumed business excluding one-off premiums from the provisions for premium refund

²⁾ In accordance with individual balance sheets drawn up under commercial law and converted using the average rates of exchange on the balance sheet reporting date

³⁾ Directly and indirectly held by AXA Konzern AG before consideration of shares of other shareholders

2. Associated companies

	Gross premium income ¹⁾ in € mill.	Equity ²⁾ in € '000s	Net profit for the year ²⁾ in € '000s	Percentage share capital ³⁾ in %
Roland group:				
Roland Rechtsschutz-Versicherungs-AG, Cologne	214	60,901	7,193	39.88
Roland Schutzbrief-Versicherung AG, Cologne	17	5,875	0	39.88
Roland Beteiligungsverwaltung GmbH, Cologne		22,309	1,158	39.88
Roland Assistance GmbH, Cologne		2,598	279	20.34
Roland ProzessFinanz AG, Cologne		2,756	333	39.88
Roland Italia s.r.l., Milan		172	5	39.88
Assistance Partner Services s.r.l., Milan		29	5	39.88
Durendal Inkasso GmbH, Cologne		100	0	39.88
Jurpartner Rechtsschutz-Versicherung AG, Cologne ⁴⁾	1	4,977	0	39.88
Jurpartner Services Gesellschaft für Rechtsschutz-Schadenregulierung mbH, Cologne		3,036	0	39.88
Truck Assistance International S.A., Lyons ⁵⁾		2,241	679	39.88
Roland Partner Beteiligungsverwaltung GmbH, Cologne		915	44	12.70

3. Non-consolidated companies

Insurance companies				
Deutsche Ärzteversicherung				
Allgemeine Versicherungs-AG, Cologne	9	5,725	2,689	100.00
Other companies				
SVD Versicherungs-Dienst GmbH, Cologne		652	968	100.00

4. Other important equity interests held indirectly via Group companies

Direct or indirect interest in	Corporate purpose	Equity ²⁾ in € '000s	Net profit for the year ²⁾ in € '000s	Percentage share capital ³⁾ in %
Bruckner GmbH & Co. Projektentwicklungs-KG, Augsburg	Real estate company	50,671	2,255	100.00
Phoebus Beteiligungsverwaltungsgesellschaft mbH, Cologne	Holding company	885	14,488	100.00
RWE AG, Essen	Energy and environment	4,981,361	1,243,605	0.29

¹⁾ Direct and assumed business excluding one-off premiums from the provisions for premium refund

²⁾ In accordance with individual balance sheets drawn up under commercial law and converted using the average rates of exchange on the balance sheet reporting date

³⁾ Directly and indirectly held by AXA Konzern AG before consideration of shares of other shareholders

⁴⁾ No net profit for the year stated because a profit transfer agreement exists

⁵⁾ Equity and net profit for the year as of 31 December 2003

Methods of Presentation and Valuation

Assets

The annual financial statements of the AXA Konzern AG and its consolidated German and foreign subsidiaries upon which the consolidated financial statements are based, have been drawn up uniformly in accordance with the methods of presentation and valuation used by AXA Konzern AG.

The **miscellaneous intangible assets** refer to computer software, which, if acquired against payment, is shown on the balance sheet at its purchase cost less scheduled depreciation in line with its normal serviceable life.

The item also contains an amount of difference from capital consolidation which is shown as goodwill and depreciated over a serviceable life of 30 years without having an effect on results.

Land, titles to land, including buildings on leased land are valued at their acquisition or production cost plus dormant reserves allocated within the framework of the initial consolidation and less scheduled and non-scheduled depreciation.

Shares in affiliated companies (not consolidated) and equity interests are shown at their cost of acquisition plus dormant reserves allocated within the framework of the initial consolidation and less necessary depreciation. A lower recognition from the past was written up to the cost of acquisition or the lower fair value if the requirements of Section 280 (1) Sentence 1 of the German Commercial Code were satisfied.

Loans to affiliated companies and companies in which an equity interest is held are carried at their nominal values.

Equity interests in associated companies are shown at equity using the book-value method whereby the uniform valuation methods of AXA Konzern AG were not applied here.

Shares, investment fund shares and other non-fixed interest securities attributable to **fixed assets** are shown in accordance with the regulations governing fixed assets. These regulations state that assets must be written down if a sustained decrease in value is to be expected. In order to assess whether a sustained decrease in value exists two alternative methods may be used:

- the current market value of a security is either permanently more than 20 % below the book value in the six months before the reporting date, or
- if the current market value is below the book value for longer than a business year, it must be determined whether the average price of a security is more than 10 % below the book value during the past twelve months.

As in the year before, we drew up the balance sheet using the first method. Investment shares have been viewed and appropriately valued as independent securities. Impairment losses are reversed pursuant to Section 280 (1) Sentence 1 German Commercial Code (HGB) insofar as a permanent impairment is no longer to be expected in appropriate application of the leading indicators set out by the IDW.

Shares, investment fund shares and other non-fixed interest securities attributable to **current assets** are shown at their purchase price plus dormant reserves allocated within the framework of the initial consolidation or at lower stock market prices; lower valuations from the past were always written up to the purchase price or lower stock market price if the conditions of Section 280 (1) Sentence 1 German Commercial Code (HGB) were satisfied. Where necessary, valuation units were created between securities in the portfolio and corresponding derivative financial instruments.

Bearer bonds and other fixed interest securities attributable to **fixed assets** are shown in accordance with the principle of the lower of cost or market at their purchase price plus dormant reserves allocated within the framework of the initial consolidation.

We assumed a permanent reduction in value of a security if the current market value of a security dropped steeply at year-end due to exchange rate fluctuations, or the rating/financial standing of an issuer worsened considerably.

Bearer bonds and other fixed interest securities attributable to **current assets** are shown at their purchase price plus dormant reserves allocated within the framework of the initial consolidation or at lower stock market prices; lower valuations from the past were always written up to the purchase price or lower stock market price. Where necessary, valuation units were created between securities in the portfolio and corresponding derivative financial instruments.

Mortgage, land charge and annuity charge loans as well as **registered bonds, debentures and loans** are shown at their redemption value or nominal value less repayments except in individual cases in which value adjustments had to be made. Premiums and discounts are shown as deferred income and charges respectively and distributed over the term.

Loans and advanced payments on policies and **other loans** are shown at their nominal value.

Bank deposits and **deposits in assumed reinsurance business** are shown at their nominal value.

Investments for the account and risk of holders of life insurance policies are shown at their current value, applying the principle of prudence.

Accounts receivable on direct business as well as **accounts receivable on reinsurance business** and **other accounts receivable** are shown at their nominal value. Individual sum and lump sum adjustments are carried as assets.

Tangible assets are shown at the cost of acquisition less necessary depreciation in line with their normal serviceable life. **Minor assets** are written off in full in the year of purchase. **Inventories** are shown at the cost of acquisition less necessary depreciation.

Current accounts with banks, cheques and cash at hand, other assets and accrued interest and rents are shown at their nominal value except in individual cases in which value adjustments on interest and rental receivables were necessary. The **projected tax relief in subsequent business years** was formed for the amounts of difference arising from the uniform valuation within the Group, the consolidation affecting profits and the differences between commercial balance sheet and tax balance sheet.

In accordance with the German Accounting Standard No. 10 of the German Standardisation Council (DSR), amounts on the assets and liabilities side of the balance sheet are not offset against each other.

Shareholders' equity and liabilities

Subordinated liabilities are shown at the repayment amount.

Unearned premiums for direct business are determined on an accrual basis. The portions ceded to reinsurers are calculated from gross unearned premiums using the tasks of the reinsurer under consideration of a deduction for non-transferable premium parts. The shares of the reinsurer in the unearned premiums have been determined from the gross figures.

The **actuarial reserve** for life, health and casualty insurance business is calculated on an actuarial basis in accordance with individual agreements with the exception of unit-linked life insurance in accordance with the prospective method and for insurance subject to premium with implied consideration of future costs. Unit-linked life insurance is calculated according to the retrospective method. In respect of the portfolio of occupational disability and occupational disability add-on insurance of the German life insurance companies which were not calculated according to the current tables DAV 1997 I, TI and RI, a comparison is made for the actuarial reserve under consideration of graduated life tables DAV 1997 I, TI and RI. An adjustment requirement for the new business was immediately taken into consideration in the actuarial reserve. As far as the annuity insurance policies of German life insurance companies is concerned which were not calculated according to the graduated life table DAV 1994 R, the actuarial reserve was determined under application of the DAV 1994 R graduated life table. The top-up resulting from the comparison with the original accounting base is made in accordance with the recommendations of

the Federal Supervisory Authority for Insurance Business (now Federal Agency for Financial Services Supervision) (VerBAV 11/1995) and the supplementary business plan approved by the Federal Supervisory Authority. With respect to the existing annuity portfolio, the business plan provides for a comparative calculation using table DAV 2004 R-Bestand and individual capital selection right ratios. Positive differences between comparative reserve were topped up. Acquisition costs covered in accounting terms which have not yet been repaid are allocated to the individual actuarial reserves only insofar as this practice does not produce negative results for the life insurance companies. In the health insurance segment, negative reserves are netted against positive reserves. The actuarial reserve in the life insurance business assumed in reinsurance was created in accordance with the instructions of the reinsurer.

Provisions for outstanding claims entail provisions for known claims, claims incurred but not reported, the annuity reserve and the provisions for claim settlement expenses as well as repurchases and guarantee amounts from casualty insurance with premium reimbursement guarantee. Whilst maintaining principles of prudence these reserves will be valued as realistically as possible. The adequacy of these reserves will be checked by regular actuarial inspections.

When calculating the individual **claim reserves**, claims from recoveries and pre-venues were deducted where it was certain that they would be realised or could be determined without doubt.

The **provisions for claims incurred but not reported** on the date the Claim Register had closed are determined on the basis of empirical values of the previous years. The **annuity reserve** is calculated on an actuarial basis.

The **portions ceded to reinsurers** in the **provisions for outstanding claims** are calculated in accordance with contractual agreements. In underwriting business accepted in reinsurance we followed the instructions of the ceding company.

The **provisions for premium refund** created by the German life insurers are determined in accordance with the provisions of Section 28 (7) of the RechVerV. In this respect term-independent final profit shares for insurance policies not expiring in the subsequent year, as well as term-dependent final profit shares, insofar as dependent on the insured sum entitled to profit-sharing, were determined individually and prospectively. The former were discounted at an interest rate of 7.5 % and the latter at an interest rate of 7.0 %. These interest rates contain appropriate surcharges by way of correction for final profit shares expiring as a result of premature maturities and death. In casualty insurance, provisions for premium refund were formed in accordance with the contractual agreements. The allocation to the provisions for premium refund in health insurance are determined in accordance with the legal ordinance issued pursuant to Section 12c VAG (surplus ordinance). The appropriation of these resources has been permitted by the independent trustee and the appropriation was made according to contractual agreement.

The **claims equalisation reserve and similar reserves** are determined in accordance with Section 341(h) of the German Commercial Code (HGB) in connection with Section 29, Section 30 and the Annex in respect of Section 29 RechVersV.

The calculation of the **reserve for imminent losses** in underwriting business is made on the basis of average underwriting losses over a three-year period under consideration of interest income, residual terms and claims equalisation reserve.

Other underwriting provisions are created in accordance with the statutory provisions, contractual agreements and empirical values from the past.

In the case of the **actuarial reserve in the area of life insurance if investment risk covered by policyholders**, the actuarial capital of each individual unit-linked life insurance is determined according to the principles notified to the Federal Insurance Supervisory Agency (now Federal Agency for Financial Services Supervision) in accordance with Section 13d No. 6 VAG.

The **underwriting provisions of foreign subsidiaries** were taken over in an unaltered form provided that these were based on local insurance-related valuations.

The **pension provisions** are calculated on the basis of the applicable principles of the subsidiaries under consideration of statutory regulations and transferred to the consolidated financial statements unchanged. The new "reference tables of Dr. Klaus Heubeck 1998" provided the basis of calculation for the consolidated German companies.

Reserves are formed for **anniversary bonuses** promised in writing provided that the applicable rights were acquired after 31 December 1992. They are valued in accordance with the partial value method provided for by Section 5 (4) of the German Income Tax Act (EStG) in connection with Section 52 (6) of the German Income Tax Act (EStG) under consideration of a letter written by the Federal Minister of Finance dated 29 October 1993. Other amounts under commercial law principles are allocated to the reserves as determined according to taxation regulations.

Other provisions are valued according to foreseeable requirements.

Deposit liabilities are carried at nominal amount.

All **other liabilities** are carried at their redemption values.

Methods of determining current market value of investments

The disclosure of current market values of investments is made in the consolidated annual financial statements analogous to the provisions of Sections 54 et seq. RechVersV, whereby we additionally publish the current market values of investments which were shown at nominal value. The current market values are basically determined in accordance with the circular M-Tgb. no. 95/96 dated 24 October 1996 of the Federal Association of the German Insurance Industry (Gesamtverband der deutschen Versicherungswirtschaft e.V.). The information is provided as of balance sheet reporting date. The following individual calculation procedures were used:

The **current market values for land, titles to land and buildings including buildings on leased land** were determined in 2004 according to the Valuation Directive and Valuation Ordinance (part of the Federal Building Code, 11 June 1991) and the Valuation Ordinance (dated 6 December 1988).

In the case of **investments in affiliated companies and equity interests**, the financial interests were shown at stock exchange value as of 31 December 2004

less an appropriate deduction. In respect of companies not listed on the stock exchange, the current values were determined on the basis of the discounted cash flow and appraisal value method. In the case of equity interests acquired in the year under review, the purchase costs were taken as current market value. For all remaining equity interests, the total of proportionate equity and, insofar as calculable and recognisable, the portion of statutory unrealised values on capital investments were used as current market value.

The **current market values of shares, investment fund shares and other non-fixed income securities** were determined on the basis of stock exchange prices or repurchase prices as of 31 December 2004 (key date valuation).

In respect of **current market values of bearer bonds and other fixed-interest securities**, the stock exchange prices as of 31 December 2004 were used.

The current market values of **mortgage, land charge and annuity charge loans** were determined in accordance with the yield calculation according to Moosmüller (interest curve as of 31 December 2004). Owing to the short-term nature of **bank deposits** the current market value corresponds to the book value.

Notes to the Consolidated Balance Sheet

Assets

in € '000s

	2003 balance sheet values	Exchange rate fluc- tuations	Addi- tions ¹⁾	Trans- fers	Dispos- als ¹⁾	Write- ups	Depre- ciation	Balance sheet values 2004
1 B. Intangible assets								
I. Goodwill	577,145		31,462				-19,732	588,875
II. Miscellaneous intangible assets	12,088		11,151				-11,083	12,156
Subtotal	589,233		42,613				-30,815	601,031
C. Investments								
2 I. Land, titles to land and buildings including buildings on leased land	523,320		123,712		-45,868		-42,483	558,680
3 II. Investments in affiliated companies and equity interests								
1. Shares in affiliated companies	312,857	208	867,128	-1,375	-1,002,832	2,241	-6,217	172,010
2. Loans to affiliated companies	580,191	-5,214	347,553		-423,676			498,854
3. Equity interests in associated companies	23,153				-188			22,965
4. Equity interests	428,139		381,219	1,350	-308,146	1,302	-13,143	490,721
5. Loans to companies in which an equity interest is held	16,225		8,014		-24,162			77
Subtotal II.	1,360,565	-5,006	1,603,914	-25	-1,759,004	3,543	-19,360	1,184,627
4 III. Other investments								
1. Shares, investment fund shares and other non-fixed interest securities	12,870,130	-1,672	7,216,349	440	-9,655,471	46,344	-184,528	10,291,591
2. Bearer bonds and other fixed-interest securities	3,732,904	-13,512	1,278,056	-415	-2,440,852	497	-983	2,555,696
3. Mortgage, land charge and annuity charge loans	3,650,580		98,306	0	-618,494		-8,121	3,122,272
4. Other loans								
a) Registered bonds	5,464,360		4,621,996	500	-1,598,498		0	8,488,359
b) Debentures and loans	4,526,149	-2,216	3,706,206	-500	-1,255,597	73	-2,083	6,972,032
c) Loans and advance payments on policies	23,108		258,679	0	-7,327			274,459
d) Other loans	218,234		6,375		-30,297		-16	194,296
5. Bank deposits	1,740,582	-238			-1,412,069			328,274
6. Other investments	246,570				-15,854			230,716
Subtotal III.	32,472,617	-17,638	17,185,966	25	-17,034,458	46,914	-195,730	32,457,695
5 IV. Deposits in assumed reinsurance business	49,117	-210	130,950		-136,794			43,063
Total investments	34,405,619	-22,854	19,044,542	0	-18,976,125	50,457	-257,573	34,244,065

¹⁾ Including additions and disposals through changes in the scope of consolidated companies

Of the total depreciation of € 258 million, € 236 million are non-scheduled. Disposals of special reserves having an effect on results and based purely on tax provisions

were not made. There were no write-downs on investments pursuant to Section 281 (2) of the German Commercial Code (HGB).

2-5 C. Investments

in € '000s

	of which life/ health	of which property/ casualty	of which holding/ other	Total	
				2004	2003
I. Land, titles to land and buildings including buildings on leased land	420,981	79,267	58,432	558,680	523,320
II. Investments in affiliated companies and equity interests	769,348	307,999	107,280	1,184,627	1,360,565
III. 1. Shares, investment fund shares and other non-fixed interest securities	7,211,448	3,071,432	8,711	10,291,591	12,870,130
2. Bearer bonds and other non-fixed interest securities	1,676,402	857,051	22,243	2,555,696	3,732,904
3. Mortgage, land charge and annuity-charge loans	2,351,089	55,964	715,219	3,122,272	3,650,580
4. a) Registered bonds	7,538,099	950,260	0	8,488,359	5,464,360
b) Debentures and loans	6,056,519	913,007	2,506	6,972,032	4,526,149
c) Loans and advance payments on policies	273,354	1,105	0	274,459	23,108
d) Other loans	191,570	2,726	0	194,296	218,234
5. Bank deposits	99,850	97,238	131,186	328,274	1,740,582
6. Other investments	230,716	0	0	230,716	246,570
IV. Deposits receivable	197	42,866	0	43,063	49,117
Total	26,819,573	6,378,915	1,045,577	34,244,065	34,405,619

The balance sheet value of the land and buildings used wholly or predominantly by insurance companies themselves amounts to € 16.1 million.

Investments not valued according to the principle of the lower of cost or market

in € '000s

	Life/health		Property/casualty		Total	
	Balance sheet values	Current market values	Balance sheet values	Current market values	Balance sheet values	Current market values
Shares, investment shares and other non-fixed interest bearing securities	7,137,124	7,207,778	3,082,657	3,088,977	10,219,781	10,296,755
Bearer bonds and other fixed-interest bearing securities	1,652,046	1,688,602	745,526	753,001	2,397,572	2,441,603
Total securities	8,789,170	8,896,380	3,828,183	3,841,978	12,617,353	12,738,358
Amount of difference compared with balance sheet value		107,210		13,795		121,005

As of 31 December 2004 investments were allocated to fixed assets whose current market values in property/casualty insurance were € 7.6 million below book value and in life and health insurance € 101.5 million below book value.

Information pursuant to Section 285 no. 18 German Commercial Code (HGB)

in € '000s

	Nominal volumes	Current value	Book value	Balance sheet item
Interest and currency swaps	426,759	31,392		Loans to affiliated companies
Forward exchange dealings	71,915	4,228		Equity interests
Derivative products		114,582	97,178	Registered bonds

The derivative financial instruments were carried as valuation units with the corresponding financial assets. The market values of the derivative financial instruments were determined using valuation methods.

Transactions with derivative financial instruments, structured investments and advance purchases were only conducted within the framework of provisions of supervisory law (BAV circular R 3/2000).

6 F.I. Accounts receivable on direct insurance business

in € '000s

	Life/health	Property/casualty	Total	Total
			2004	2003
Policyholders	309,668	49,617	359,285	329,607
Agents	77,937	146,003	223,940	251,811
Total	387,605	195,620	583,225	581,418

7 F.III. Other accounts receivable

in € '000s

	Total 2004	Total 2003
Accrued interest and rents receivable	39,749	24,538
Tax receivable	248,700	222,759
Accounts receivable from other claims settlements	25,279	47,557
Accounts receivable from investments	22,110	160,171
Accounts receivable from disposals	34,170	6,277
Payment transactions still to be allocated owing to advance account closing dates	13,876	53,081
Accounts receivable from external business	19,202	55,533
Extraordinary fund dividends	7,108	90,477
Accounts receivable from associated companies	106,717	62,570
Accounts receivable from clearing account with reinsurers	107,293	60,630
Remaining other accounts receivable	74,347	62,399
Total	698,551	845,992

8 G. I. Tangible assets and inventories

This item comprises technical equipment and machinery (computers), operating and business fittings, inventories and office material.

9 H. Trust assets

The trust assets from accounts receivable from customers are directly related to the trust liabilities towards banks.

10 I. I. Accrued interest and rent

This includes all interest and rents receivable arising within the period under review but not yet due for payment.

11 I. II. Other accruals/ J. Accruals and deferred income

These items on the assets side contain premiums on other loans attributable to subsequent years amounting to € 154.4 million.

The accruals on the shareholders' equity and liabilities' side contain bonuses attributable to subsequent years arising from mortgages and other loans of € 11.9 million.

12 J. Projected tax relief in subsequent business years in accordance with Section 274/306 of the German Commercial Code (HGB)

19 F. III. Provisions for tax burden in subsequent years in accordance with Section 306 of the German Commercial Code (HGB)

According to DRS (German Accounting Standards), deferred taxes are to be carried in the consolidated balance sheet without being balanced out.

Deferred taxes result from the uniform measurement throughout the Group and from consolidation processes.

The deferred taxes on the assets side of € 130 million result from the discounting of the claims reserves pursuant to the Tax Relief Act of 1999 (€ 79 million).

A further € 31 million of this figure refers to internal transfers (interim profits) and the ban on showing software produced within the Group on the assets side of the balance sheet (€ 6 million) and the different valuations in the commercial balance sheet and tax balance sheet in the property segment (€ 10 million).

The deferred taxes on the liabilities side of the balance sheet of € 14 million result from initial consolidation processes in the property segment (€ 4.5 million) and from the reallocation of special reserves to the revenue reserves (€ 5.6 million). According to the DSRS 10 tax deferrals are to be made.

An additional € 4.5 million refers to the disclosure of undisclosed reserves and € 1 million to the ban on carrying software created by the Group on the assets side of the balance sheet.

Shareholders' equity and liability

A. Shareholders' equity

13 I. Subscribed capital of AXA Konzern AG

II. Capital reserves of AXA Konzern AG

14 III. Revenue reserves

1. Statutory revenue reserves of AXA Konzern AG

2. Other revenue reserves including profits carried forward of AXA Konzern AG and Group companies as well as amounts of difference on the assets and liabilities side netted against each other resulting from capital consolidation and netted goodwill.

Group equity developed as follows for 2003/2004

in € '000s

	Subscribed capital	Capital reserves	Revenue reserves	Consolidated profit	Minority shares	Equity total
Status at 31 December 2002	79,840	264,199	105,579	3,775	3,011	456,404
Allocation to the reserves	–	–	3,775	–3,775	–	–
Dividend paid	–	–	–37,152	–	–537	–37,689
Exchange rate fluctuations	–	–	–4,666	–	13	–4,653
Initial consolidations	–	–	–	–	–	–
Consolidation reversals	–	–	12,291	–	80	12,371
Netting of goodwill	–	–	–19,731	–	–	–19,731
Unrealised profits from securities	–	–	2,980	–	–	2,980
Capitalisation of deferred taxes	–	–	47,040	–	–	47,040
Restructuring of special reserves	–	–	13,816	–	–	13,816
Acquisition of majority equity interests	–	–	–725	–	206	–519
Net profit for the year	–	–	–	570,672	351	571,023
Status at 31 December 2003	79,840	264,199	123,207	570,672	3,124	1,041,042
Allocation to the reserves	–	–	570,672	–570,672	–	–
Dividend paid	–	–	–37,152	–	–480	–37,632
Exchange rate fluctuations	–	–	–1,703	–	–	–1,703
Initial consolidations	–	–	1,437	–	–53	1,384
Consolidation reversals	–	–	–14,260	–	–5	–14,265
Netting of goodwill	–	–	–19,731	–	–	–19,731
Unrealised profits from securities	–	–	–1,056	–	–	–1,056
Acquisition of majority equity interests	–	–	–130	–	31	–99
Net loss for the year	–	–	–	–67,946	413	–67,533
Status at 31 December 2004	79,840	264,199	621,284	–67,946	3,030	900,407

15 IV. The consolidated net loss for the year of € –67.9 million equals the sum total of the results from the individual restated consolidated financial statements including consolidation measures having an effect on results, less profits payable and plus losses attributable to minority shareholders.

16 V. The adjustment item for minority shareholders contains minority interests in the equity of subsidiaries.

17 B. Subordinated liabilities

In order to strengthen Group solvency AXA, Paris, extended an interest-bearing subordinated loan of € 350 million to AXA Germany at the end of 2003.

18 C. Underwriting provisions

in € '000s

	Direct insurance business		Business assumed	Total	
	Life/ health	Property/ casualty		2004	2003
I. Unearned premiums					
Gross	282,804	337,426	10,817	631,047	657,461
Portion ceded in reinsurance	42,477	4,862	717	48,056	47,613
	240,327	332,564	10,100	582,991	609,848
II. Actuarial reserve					
Gross	23,631,466	529,809	8,604	24,169,879	24,084,191
Portion ceded in reinsurance	818,146	-664	21,140	838,622	802,946
	22,813,320	530,473	-12,536	23,331,257	23,281,245
III. Provisions for outstanding claims					
Gross	283,515	3,679,686	670,507	4,633,708	4,779,002
Portion ceded in reinsurance	10,781	461,638	158,214	630,633	952,762
	272,734	3,218,048	512,293	4,003,075	3,826,240
IV. Provisions for premium refunds (profit and non-profit-linked)					
Gross	1,485,441	64,969	0	1,550,410	1,607,394
Portion ceded in reinsurance	0	0	0	0	0
	1,485,441	64,969	0	1,550,410	1,607,394
V. Claims equalisation reserve and similar					
Gross	0	960,450	54,496	1,014,946	809,850
VI. Other underwriting provisions					
Gross	13,160	21,157	-67	34,250	35,897
Portion ceded in reinsurance		-17,679	0	-17,679	-2,676
	13,160	38,836	-67	51,929	38,573
2004					
Gross	25,696,386	5,593,497	744,357	32,034,240	31,973,795
Portion ceded in reinsurance	871,404	448,157	180,071	1,499,632	1,800,645
Total	24,824,982	5,145,340	564,286	30,534,608	30,173,150
2003					
Gross	25,711,788	5,398,667	863,340	31,973,795	
Portion ceded in reinsurance	830,406	690,600	279,639	1,800,645	
Total	24,881,382	4,708,067	583,701	30,173,150	

20 F. IV. Other provisions

in € '000s

	2004	2003
Holiday pay, management bonuses, profit participation	48,780	34,423
Anniversary payments	19,763	19,871
Early retirement payments	5,310	3,773
Social plan provisions	66,660	93,922
Commission claims, compensation, competitions	52,923	52,975
Guarantee provisions and risks of unoccupied buildings	45,822	66,213
Funds for building society collateral	0	17,882
Special risks from pending and forthcoming disputes	88,540	82,468
Interest pursuant to Section 233 AO	52,869	38,902
Payment received but not yet accounted for	33,862	30,571
Reduction – purchase price General Re	35,062	33,974
Miscellaneous	61,030	93,536
Total	510,621	568,510

21 H.I. Accounts payable on direct insurance business

in € '000s

	Life/ health	Property/ casualty	Total 2004	Total 2003
Policyholders	1,634,898	92,011	1,726,909	1,813,597
Agents	37,933	30,772	68,705	47,476
Total	1,672,831	122,783	1,795,614	1,861,073

22 H. III. Accounts payable to banks

Accounts payable to banks primarily include liabilities towards AXA Bank of € 301.2 million. The other amounts relate to temporary transactions as of the balance sheet reporting date.

Accounts payable with a residual term of more than five years exist towards AXA Bank amounting to € 40.3 million.

23 H. IV. Other accounts payable

in € '000s

	2004	2003
Payment transactions not yet allocated as a result of advance accounting dates	77,601	94,194
Social security contributions still to be made	7,579	10,845
Taxes still to be paid	25,109	33,828
Accounts payable - trade	11,156	10,179
Accounts payable from investments/savings deposits	16,387	18,118
Accounts payable for purchase price and settlement liabilities on investments	0	27,224
Other deposit liabilities	0	23,115
Accounts payable to other insurance companies/policyholders	16,399	24,882
Accounts payable from loans and mortgages	459,614	503,508
Accounts payable to affiliated companies	104,005	18,555
Miscellaneous	57,984	32,141
Total	775,834	796,589

With the exception of the accounts payable from loans and mortgages all accounts payable have a residual term of less than one year.

Other information to be provided in accordance with Section 4 of the Ordinance on Rendering of Accounts of Insurance Companies

Accounts receivable and other accounts payable vis-à-vis affiliated companies or companies in which an equity interest is held

in € '000s

	thereof: to affiliated companies		thereof: to companies in which an equity interest is held	
	2004	2003	2004	2003
24 Assets				
Accounts receivable from direct insurance business	422	–	–	–
Accounts receivable from reinsurance business	10,690	54,818	383	255
Other accounts receivable	106,717	62,570	4,404	5,052
25 Shareholders' equity and liabilities				
Accounts payable on direct insurance business	100	–	–	–
Accounts payable on reinsurance business	11,474	10,274	844	1,238
Accounts payable to banks	–	–	–	–
Other liabilities	104,005	18,555	29	26

Notes to the Consolidated Profit and Loss Account

I. and II. Underwriting account

in € '000s

	2004	2003
26 1. Gross premiums written		
a) Breakdown by class of business		
Direct business		
Life	2,608,387	2,645,275
Health	888,978	779,176
Property and casualty		
Motor vehicle	947,102	914,324
Casualty	218,902	220,628
Liability	498,263	505,327
Transport and aviation	112,323	128,268
Fire	164,489	153,281
Other	761,176	760,599
Total direct business	6,199,620	6,106,878
Business assumed	107,028	156,684
Total business	6,306,648	6,263,562

in € '000s

	Germany	Direct business Other EEA states	Direct business Non- EEA states	Business assumed	Total 2004	Total 2003
b) Breakdown by origin						
Life	2,608,387			-3,119	2,605,268	2,645,526
Health	888,978			4,419	893,397	784,015
Property and casualty	2,614,594	60,270	27,391	105,728	2,807,983	2,834,021
Total business	6,111,959	60,270	27,391	107,028	6,306,648	6,263,562

27 I. 3. Interest income from operating business

In gross direct underwriting business, interest income from operating business was calculated on the annuity reserves, premium reserves and provisions for premium refunds. The income from the annuity reserves was calculated at 4 % for annuities registered by 30 June 2000 and at 3.25 %

for annuities registered from 1 July 2000 from the arithmetic mean of the starting and closing amount of the reserves. In casualty insurance with guaranteed premium refunds, interest income from operating business was calculated on the premium reserve and the provisions for premium refunds on the basis of the average projected yield on the companies' investments.

28 I. 7. a) Gross operating expenses

Of the gross operating expenses in property and casualty insurance in the business year, operating expenses accounted for € 367.7 million and administrative expenses for € 422.7 million.

III. Non-underwriting business

in € '000s

	Life/health		Property/casualty/ Other business		Total	
	2004	2003	2004	2003	2004	2003
29 III. 2. Income from investments						
a) Income from equity interests						
aa) in non-consolidated companies	15,072	65,541	31,029	185,693	46,101	251,234
ab) in associated companies	0	0	3,082	3,347	3,082	3,347
b) Income from other investments						
ba) Income from land, titles to land and buildings including buildings on leased land	35,105	48,654	27,631	28,076	62,736	76,730
bb) Income from other investments	1,118,360	1,258,711	293,594	312,526	1,411,954	1,571,237
c) Income from reinstated depreciation	5,374	21,862	45,083	9,231	50,457	31,093
d) Profits from the disposal of investments	444,696	693,481	73,147	774,071	517,843	1,467,552
e) Income from the writing back of special reserves	0	0	0	0	0	0
Total of income from investments	1,618,607	2,088,249	473,566	1,312,944	2,092,173	3,401,193
30 Interest income from building society loans						
	–	–	–	12,847	–	12,847
31 III. 4. Expenses on investments						
a) Expenses on the management of investments, interest expenses and other expenses on investments	53,048	65,093	131,612	98,455	184,660	163,548
b) Amortisation on investments	137,645	775,229	119,928	238,933	257,573	1,014,162
c) Loss from the disposal of investments	371,518	244,946	9,124	79,887	380,642	324,833
d) Expenses on absorption of losses from associated companies	0	0	0	0	0	0
e) Allocation to the special reserves	0	0	0	0	0	0
Total expenses on investments	562,211	1,085,268	260,664	417,275	822,875	1,502,543
31 Subtotal	1,056,396	1,002,981	212,902	908,516	1,269,298	1,911,497
Non-realised profits/losses from investments	33,288	28,595			33,288	28,595
Investment result	1,089,684	1,031,576	212,902	908,516	1,302,586	1,940,092
III. 4. Expenses on investments						
b) b) Amortisation on investments						
Amortisation on real property	33,473	14,970	9,010	5,237	42,483	20,207
Amortisation on equity interests	6,248	44,598	13,112	38,227	19,360	82,825
Amortisation on fixed-interest securities including mortgages	10,262	95,543	940	19,316	11,202	114,859
Amortisation on shares, investment shares and other non-fixed-interest investments	87,662	620,118	96,866	176,153	184,528	796,271
	137,645	775,229	119,928	238,933	257,573	1,014,162

Information in accordance with Section 4 of the Ordinance on the Rendering of Accounts of Insurance Companies

in € '000s

	thereof from affiliated companies		thereof from equity interests	
	2004	2003	2004	2003
Profit and loss account				
Life/health				
Income from equity interests in non-consolidated companies	14,520	64,625	552	916
Income from other investments	0	0	0	0
Property and casualty				
Income from equity interests in non-consolidated companies	18,414	166,961	12,615	7,771
Income from other investments	0	0	0	0

32 III. 8. Other income

in € '000s

	2004	2003
Income from the writing back of reserves	23,334	19,580
Exchange rate profits	2,194	8,247
Other interest and similar income not originating from investments	29,848	36,341
Income from services for other companies	21,811	23,380
Commission for the negotiation of insurance business	32,914	28,256
Income from the writing back of adjustments	6,262	1,922
Income from the sale of the Strasbourg branch	8,257	0
Commission revenue – financial service providers	17,396	33,213
Miscellaneous other income	57,999	25,227
Total	200,015	176,166

33 III. 9. Other expenses

in € '000s

	2004	2003
b) Miscellaneous		
Interest and similar expenses	57,314	57,299
Transfer of interest to pension provisions	48,489	46,095
Other depreciation and adjustments	36,824	28,637
Exchange rate losses	23,453	6,794
Other expenses including on the rendering of services	29,228	56,652
Allocation to provisions for the risk of vacant buildings	17,657	53,917
Foundation Initiative of German Industry	99	106
Miscellaneous expenses	7,279	88,975
Total	220,343	338,475

34 IV. 4. Extraordinary result

The income of € 772,000 refers to the writing back of the removal expenses provision of Colonia Insurance (Ireland) plc., Dublin.

Other Notes and Information

Average number of employees

	2004	2003
Salaried employees	8,252	9,221
of which: office staff	7,428	8,270
sales staff	824	951
Average number of employees in associated companies	810	800
Personnel costs in € '000s		
Wages and salaries	451,333	483,359
Social security payments	73,101	81,084
Expenses for old-age pensions and assistance	37,482	50,409
Total	561,916	614,852

As member of the Pharmaceutical Reinsurance Association, companies within the Group are obliged to assume, proportionate to their share, the payment obligation of any member no longer participating in the pool. There are similar obligations attached to membership in the German Nuclear Reactor Insurance Association and the German Aviation Pool.

Pursuant to Section 5 (10) of the statutes of the deposit guarantee fund, AXA Konzern AG as well as AXA, Paris, provided an indemnity declaration to the Bundesverband deutscher Banken e. V., Berlin, for the AXA Bank AG, Cologne. The indemnity declaration serves to secure against any case of assistance in favour of the Bank if this should prove necessary due to losses incurred. In addition, there is a letter of support amounting to € 17.5 million in connection with the granting of borrowers' note loans.

In addition to providing a non-repayable and non-interest-bearing organisation fund totalling € 50,000 for Pro bAV Pensionskasse AG, AXA Konzern AG has undertaken to provide the amounts necessary for any annual losses occurring in the first seven business years and not covered by withdrawals from the organisation fund. AXA Konzern AG has also undertaken to provide contributions having an effect on liquidity during any year at the request of the

Federal Financial Supervisory Authority (BaFin) or Pro bAV, in order in particular to guarantee the solvency of the company, to cover underwriting liabilities and to satisfy solvency requirements at all times.

As part of the take-over of the share in Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG from Deutsche Ärzteversicherung AG a subsequent payment or purchase price reimbursement was agreed after the 2007 business financial year depending on the results achieved by Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG.

In connection with the control agreements concluded by AXA Konzern AG with its subsidiaries, there are dividend guarantees towards outside shareholders of some € 0.5 million.

In connection with the sale of AXA Immobilien AG in 2001/2002, AXA Konzern AG gave AXA Merkens Fonds GmbH a so-called placement guarantee. This amounts to a maximum of € 250 million and extends beyond the closing date of 31 December 2004 to a fund project with a guarantee to take over non-placed fund shares of some € 20 million. The fee for this placement guarantee is € 255,000 per year. With respect to the fund shares already placed, the transfer agreements contain further guarantee commitments inter alia for taxes, prospectuses, claims of former employees, intermediaries and suppliers. The claims have not been asserted to date.

In order to strengthen the market position of its subsidiary DARAG AG, Berlin, AXA Konzern AG issued guarantees to different brokers. Claims to these guarantees have not been asserted to date and are also not expected in view of the positive development. Guarantees usual for company purchase agreements were assumed in connection with the sale of AXA BauSparkasse AG. Claims to these guarantees have not been asserted to date.

Guarantees usual for company purchase agreements were assumed in connection with the sale of AXA Austria. Claims to these guarantees have not been asserted to date.

Furthermore, subsequent payment obligations amounting to € 463 million exist for equity interests and affiliated companies. Of this figure, € 225 million is attributable to Protektor Lebensversicherungs-AG, € 198 million to investments in private equity funds in which primarily equity interests are held in companies not listed on the stock exchanges, and € 40 million to the real estate fund AXA Real Invest Europa. Since mid 2002 investigations have been in progress against leading industrial insurers in Germany initiated by the Federal Cartel Authority due to alleged concerted practices. On 22 March 2005 AXA Versicherung AG was ordered to pay a fine in the two-figure million euro range to which an objection has been filed. Sufficient provisions have been created for the cartel proceedings.

There were further contingency liabilities of € 460 million (2003: € 378 million) for rental commitments, € 25 million (2003: € 23 million) for leases and € 67 million for irrevocable credit commitments and disbursement commitments for refinancing loans. At the balance-sheet reporting date securities with a nominal value of € 30 million were pledged in favour of an affiliated company as well as an additional € 126 million in connection with the World Trade Center claims. Bank guarantees of € 2 million exist as well as letters of credit from assumed reinsurance of € 17 million (2003: € 7 million).

As already reported in previous years, together with numerous European insurance companies, action was also taken against several companies of our Group in the USA through collective action and requests by the US authorities for compensation for unpaid insurance claims to the victims of the Holocaust. The court dismissed these actions on 8 December 2000.

As part of our social duty we recognise our moral obligations to the Holocaust victims arising from the past. Compensation will be made through the foundation initiative of the German industry "Remembrance, Responsibility and Future" which the German AXA Group has joined with the intention to express the requisite respect for the injustice done to the victims and to restore legal peace.

Remuneration of Management Board and Supervisory Board

The remuneration of the members of the Boards of AXA Konzern AG consists of a fixed and a variable portion. The amount of the fixed portion is below market average. To balance out the below-average fixed salaries the bonuses, i.e. the variable portion of the remuneration, are above market

average. There are no guaranteed bonuses. The variable pay component is intended to create an appropriate performance incentive. This also creates a relationship with the German insurance market and with the philosophy of the international AXA Group. The bonus targets are composed of global AXA objectives (10 %), German AXA Group objectives (40 %) and

personal targets (50 %). In their turn the personal targets consist of quantitative business goals (80 %) and qualitative business and management goals (20 %).

The members of the Management Board of AXA Konzern AG received the following remuneration for their work in the parent company and in the subsidiaries:

in € '000s

	Fixed remuneration 2004	Bonus 2004 (due in 2005)	Cash remuneration 2004
Dr. Claus-Michael Dill	550	819	1,369
Dr. Wulf Böttger*	79	69	148
Frank J. Heberger	250	381	631
Dr. Markus Hofmann	208	284	492
Dr. Frank W. Keuper**	128	100	228
Noel Richardson	235	294	529
Norbert Rohrig	235	279	514
Dr. Heinz-Peter Roß	250	316	566
Gernot Schlösser	235	286	521
Andreas M. Torner	300	315	615

*) Member of the Management Board since 1 August 2004

**) Member of the Management Board to 31 July 2004

The advantages in money's worth composed of non-pecuniary and fringe benefits granted within the scope of overall remuneration (essentially usual insurance benefits and company car arrangements) amounted to € 127,000.

The members of the Management Board of AXA Konzern AG receive no remuneration for Supervisory Board mandates in Group companies.

As of 31 December 2004 provisions for pension commitments to members of the Management Board active on the Management Board on this date amounted to € 2,785,000.

The remuneration outlined below was processed in the annual financial statements for the 2004 business year. Differences with respect to the remuneration presented result from the shift in variable pay phases (setting and payment of bonuses in the subsequent year) and the consideration of provisions.

For the 2004 business year the members of the Management Board of AXA Konzern AG received remuneration totalling € 6,397,000 (2003: € 5,112,000) for their work in the parent company and in the subsidiaries, of which € 2,598,000 (2003: € 2,583,000) was fixed and € 3,799,000 (2003: € 2,583,000) variable pay for the previous year. The share of variable pay in the total remuneration of the Management Board was therefore 59 %.

In addition, the members of the Boards and other executives in the company participate in a global stock option programme ("Long Term Incentive Plan") of AXA, Paris. As part of this programme both stock options and performance units of AXA, Paris, are awarded depending on the result of the respective business year and the scope of individual responsibility and the individual share in the business result.

The options issued in 2004 for the 2003 business year provide for a subscription price of € 17.68 (share price on the balancing sheet reporting date 31 December 2004: € 18.18) per share. The options have a holding period; one third of the option rights awarded to a beneficiary may be exercised from 26 March 2006 / 26 March 2007 / 26 March 2008 respectively. The options are forfeited if they are not exercised by 26 March 2014.

The performance units are awarded in thirds to the beneficiary on 25 March 2005 / 25 March 2006 / 25 March 2007 respectively, whereby the amount depends on the target achievement of the respective national company (AXA Konzern AG) and of AXA, Paris, in the respective previous year. On 25 March 2007 the performance units are settled and the beneficiary is paid an amount resulting from the number of performance units awarded multiplied by the current price of the share of AXA, Paris. If more than 1,000 performance units are issued to one beneficiary, 30 % of the performance units payable are invested in

shares of AXA, Paris, and may only be sold by the beneficiary after two years.

The options issued in 2005 for the 2004 business year provide for a subscription price of € 20.61 (share price on the balance sheet reporting date 31 December 2004: € 18.18) per share. One third of the option rights awarded to a beneficiary may be exercised from 26 March 2007 / 26 March 2008 / 27 March 2009 respectively. The options are forfeited if they are not exercised by 26 March 2015.

The performance units are awarded in thirds to the beneficiary on 25 March 2006 / 25 March 2007 / 25 March 2008

respectively, whereby the amount depends on the target achievement of the respective national company (AXA Konzern AG) and of AXA, Paris, in the respective previous year. The performance units are settled on 25 March 2008. The regulations outlined above otherwise apply.

The remaining details of this programme have been disclosed by AXA, Paris. Since this is a programme offered by AXA, Paris, no expenses are incurred by AXA Konzern AG.

	Award in 2004 for 2003		Award in 2005 for 2004	
	Stock Options	Performance Units	Stock Options	Performance Units
Dr. Claus-Michael Dill	93,500	16,536	37,500	5,000
Dr. Wulf Böttger*	2,290	162	9,750	1,300
Frank J. Heberger	28,035	1,026	8,250	1,100
Dr. Markus Hofmann	21,375	810	14,250	1,900
Dr. Frank W. Keuper**	–	–	–	–
Noel Richardson	28,935	1,026	7,500	1,000
Norbert Rohrig	21,780	648	6,000	800
Dr. Heinz-Peter Roß	21,735	1,026	–	–
Gernot Schlösser	19,935	1,026	7,500	1,000
Andreas M. Torner	18,090	864	9,750	1,300

*) Member of the Management Board since 1 August 2004

**) Member of the Management Board to 31 July 2004

Former members of the Management Board and their surviving dependants received payments totalling € 2,209,000 (2003: € 2,165,000). A total of € 21,806,000 (2003: € 22,428,000) is shown on the shareholders' equity and liabilities side of the balance sheet as at 31 December 2003 for these persons in the form of provisions for old-age pensions and pension rights.

The remuneration for members of the Supervisory Board was determined by the Annual General Meeting and is regulated in Article 15 of the Articles of Association. The remuneration of a member of the Supervisory Board consists of two components: a fixed amount of € 25,000 per business year and a variable, dividend-dependent amount which is calculated as follows: in the case of dividends paid out to the ordinary shareholders exceeding an

amount of 4% of the proportionate share capital of the ordinary shareholders, the member of the Supervisory Board receives an amount of € 1,050 for every additional percent of dividend paid out. The variable dividend-dependent remuneration of a Supervisory Board member may not exceed an amount of € 45,000. The Chairman of the Supervisory Board receives double, the Deputy Chairman one and a half that of the amounts specified.

The members of the Supervisory Board receive the following remuneration for their work in the Supervisory Board of AXA Konzern AG (net remuneration excluding value-added tax stated):

	Fixed remuneration 2004	Variable remuneration 2004**	Total 2004
Claas Kleyboldt (Chairman)	50,000	38,430	88,430
Manfred Weyrich (Deputy Chairman)*	37,500	28,823	66,323
Uwe Beckmann*	25,000	19,215	44,215
Alfred Bouckaert	25,000	19,215	44,215
Claude Brunet	25,000	19,215	44,215
Henri de Castries	25,000	19,215	44,215
Harry Clemens*	25,000	19,215	44,215
Kurt Döhmel (from 2.9.2004)	8,264	6,352	14,616
Dr. Thomas R. Fischer (from 8.7.2004)	11,944	9,181	21,125
Dr. Michael Frenzel	25,000	19,215	44,215
Christof W. Göldi (up to 30.8.2004)	16,667	12,810	29,477
Pia Heller*	25,000	19,215	44,215
Robert J. Koehler (from 8.7.2004)	11,944	9,181	21,125
Thierry Langrenay (from 20.7.2004)	11,181	8,593	19,774
Herbert Mayer*	25,000	19,215	44,215
Dr. Dieter Murmann (up to 8.7.2004)	13,056	10,035	23,090
Dr. h. c. Alfred Freiherr von Oppenheim (up to 8.7.2004)	13,056	10,035	23,090
Klaus Schütze*	25,000	19,215	44,215
Prof. Dr. Dr. Ekkehard D. Schulz	25,000	19,215	44,215
Jürgen Sengera (up to 8.7.2004)	13,056	10,035	23,090
Jürgen Stachan*	25,000	19,215	44,215
Andreas Thomsen*	25,000	19,215	44,215
Christian Zahn*	25,000	19,215	44,215
Matthias Zils*	25,000	19,215	44,215
	536,667	412,482	949,149

* Elected by the employees

** The variable remuneration for 2004 was determined on the basis of the dividend recommended to the Annual General Meeting

In addition Mr. Claas Kleyboldt received remuneration of € 100,000 respectively as chairman of the supervisory boards of AXA Versicherung AG and AXA Lebensversicherung AG (the following information is stated excluding value-added tax). As member of the supervisory board of AXA

Versicherung Messrs. Uwe Beckmann and Herbert Mayer each received remuneration of € 50,000. As member of the supervisory board of AXA Lebensversicherung AG Messrs. Manfred Weyrich and Klaus Schütze each received remuneration of € 50,000 and Mr. Robert J. Köhler of

€ 26,111. As deputy chairman of the supervisory board of AXA Service AG, Mr. Herbert Mayer received remuneration of € 25,500. Mr. Jürgen Stachen received € 17,000 as member of the supervisory board.

The following remuneration of the members of the Supervisory Board of AXA Konzern AG was processed in the annual financial statements in 2004. Differences with respect to the remuneration presented result from the shift in variable pay phases (setting and payment of bonuses in the subsequent year), the consideration of provisions and the incorporation of value-added tax reimbursed to the supervisory boards.

Remuneration for members of the Supervisory Board totalled € 2,758,000 (2003: € 2,368,000) of which € 1,349,000 (2003: € 145,000) was non-performance related and € 1,409,000 (2002: € 2,223,000) performance-related.

Supervisory Board members have loans totalling € 873,000 with interest rates of between 3.2 % and 6.1 %. A total of € 13,000 was repaid in the 2004 business year with repayment rates between 0 % and 1 % plus accrued interest. The terms of the loans are fixed for five and ten years and expire between 2006 and 2018. At year-end loans to members of the Management Board totalled € 681,000. A total of € 39,000 was repaid in the 2004 business year. The interest rates ranged from 5.27 % to 6.64 % with repayment rates of between 6.0 % and 8.5 % plus accrued interest. No liability relations were entered into.

Relationships with related entities

The companies of the German AXA Group maintain various business relationships with related entities. Related entities for the AXA Konzern AG are the parent company AXA, Paris, with its affiliated companies, their affiliated companies as well as their management board and supervisory board members. These business relationships are essentially co-operation agreements, service or function spin-off agreements, loan agreements and reinsurance treaties. The existing agreements have been concluded on usual market terms.

Co-operation agreements exist between AXA Versicherung AG and the operative companies with the exception of AXA Lebensversicherung AG to use the joint sales organisation of AXA Versicherung AG and AXA Lebensversicherung AG. AXA Versicherung derived € 67.4 million (2003: € 58.5 million) from related entities in 2004. AXA Konzern AG achieved revenue of € 46.0 million (2003: € 54.0 million) in the 2004 business year for services provided within the framework of service agreements concluded both with the operative companies in our Group and with the service companies. It procured services for an amount of € 24.5 million (2003: € 28.4 million). Expenses totalling € 12.2 million (2003: € 11.9 million) arose in 2004 from additional service agreements existing with AXA, Paris, and Groupement d'Intérêt Economic AXA, Paris.

Loan relationships to AXA, Paris, exist in the form of a subordinated loan of € 350 million. Interest expenses in this respect for the 2004 business year amount to € 17.2 million (2003: € 0.4 million). An amount of € 280 million (2003: € 260 million) of this subordinated loan was passed on to AXA Lebensversicherung AG and Deutsche Ärzteversicherung AG and

produced interest income of € 14.2 million (2003: € 0.3 million). Interest expenses of € 35.6 million (2003: € 41.2 million) were incurred for other loans amounting to € 955 million (2003: € 582 million) from operative companies. In addition loan agreements exist between AXA Lebensversicherung AG and AXA UK PLC, UK, for £ 283 million, and for US dollar 80 million between AXA Versicherung AG and AXA Investment Managers S.A., Paris. The companies received interest amounting to € 23.6 million (2003: € 12.7 million). A liquidity assistance agreement is in force between the Group companies to balance out short-term liquidity shortfalls. The liquidity assistance attracts interest at usual market rates. AXA Versicherung AG maintains reinsurance relationships with AXA Cessions, Paris, and with AXA Corporate Solutions companies. The premiums from the reinsurance business ceded amounted to € 60.3 million in 2004 (2003: € 67.1 million) to AXA Cessions and to € 27.2 million (2003: € 11.9 million) to AXA Corporate Solutions companies. The premiums from the reinsurance business assumed from AXA Corporate Solutions companies amounted to € 15.3 million (2003: € 9.0 million).

In 2004 AXA Lebensversicherung AG acquired a shares package in RW Holding AG, Düsseldorf, from Phoebus Beteiligungsverwaltungs-Gesellschaft mbH for a purchase price of € 67.6 million. This produced a book profit of € 9.5 million at Phoebus Beteiligungsverwaltungs-Gesellschaft mbH.

The sale of the equity interest in AXA Krankenversicherung of 11.6% held by Deutsche Ärzteversicherung AG to AXA Konzern AG was effected on the basis of an external valuation appraisal at usual market terms.

AXA Konzern AG grants its members of the Supervisory Board and Management Board loans at usual market terms.

Supervisory Board members have loans totalling € 873,000 with interest rates of between 3.2% and 6.1%. A total of € 13,000 was repaid in the 2004 business year with repayment rates between 0% and 1% plus accrued interest. The terms of the loans are fixed for five and ten years and expire between 2006 and 2018. At year-end loans to members of the Management Board totalled € 681,000. A total of € 39,000 was repaid in the 2004 business year. The interest rates ranged from 5.27% to 6.64% with repayment rates of between 6.0% and 8.5% plus accrued interest. No liability relations were entered into.

AXA, Paris, acquired a total of 115,620 ordinary and 189,750 preferred shares in AXA Konzern AG in 2004. In April 2005 Management Board and Supervisory Board submitted the declaration of compliance with the recommendations of the German Corporate Governance Code under Section 161 of the German Company Act (AktG) and made this permanently accessible to shareholders in the Internet.

Cologne, 27 April 2005

AXA Konzern Aktiengesellschaft

The Management Board

Dr. Dill, Dr. Böttger, Heberger, Dr. Hofmann, Richardson, Rohrig, Dr. Roß, Schlösser, Torner

Auditor's Certification¹⁾ for the Consolidated Financial Statements

We have audited the consolidated financial statements (consisting of balance sheet, profit and loss account, notes, cash flow analysis, segment report and equity analysis) and the group management report prepared by AXA Konzern Aktiengesellschaft, Cologne, which is combined with the management report of the company, for the business year from 1 January to 31 December 2004. The preparation of the consolidated financial statements and group management report in accordance with German commercial law, in particular Section 341 et seq. German Commercial Code (HGB) and the RechVersV (special regulations for insurance companies) and supplementary provisions in the articles of incorporation agreement are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code (HGB) in connection with Section k German Commercial Code (HGB) and the generally accepted standards for the audit

of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management

report combined with the management report of the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. On a whole the combined management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Düsseldorf, 9 May 2005

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

D. Fassott
Auditor

ppa. L. Koslowski
Auditor

¹⁾ Voluntary translation. It should be noted that only the German auditor's certification, which is based on the audit of the German version of the company's annual financial statements, is authoritative.

Annual Financial Statements of AXA Konzern AG

Management Report

AXA Konzern AG performs management and control functions within the German AXA Group. It holds direct and indirect majority interests in the following companies in particular:

- AXA Versicherung AG
- AXA Lebensversicherung AG
- Deutsche Ärzteversicherung AG
- Pro bAV Pensionskasse AG
- AXA Krankenversicherung AG
- AXA Art Versicherung AG
- AXA Bank AG

In order to tighten up the equity interest structure the merger with Guardian Royal Exchange Continental Europe Holding GmbH was implemented with retrospective effect to 1 January 2004. Also taking effect on 1 January 2004 AXA Konzern AG took over 51.3 % of the shares in AXA Lebensversicherung AG, i.e. all shares hitherto held by AXA Versicherung AG, for a purchase price of € 336 million. Furthermore, AXA Konzern AG acquired the 11.7 % share held by Deutsche Ärzteversicherung AG in AXA Krankenversicherung AG. The proportionate addition to book value is € 34 million. In the purchase agreement dated 20 January 2004 AXA Konzern AG sold its 66.7 % share and AXA Lebensversicherung AG its 33.3 % share in AXA Bausparkasse AG with retrospective effect to 1 January 2004.

Net profit for the year of € 208 million

Adjusted to allow for the gains achieved in the year before, particularly from the disposal of the joint-venture General Re-CKAG Reinsurance and Investment S.à r.l., the ordinary income from equity interests and other securities of AXA Konzern AG in the 2004 business year remained unaltered at

€ 290 million. Lower income from equity interests of € 11 million was compensated for by higher interest income particularly from the subordinated loans extended to AXA Lebensversicherung AG and Deutsche Ärzteversicherung AG. Interest expenditure rose by € 4 million to € 62 million. This is essentially attributable to the interest on the subordinated loan of € 350 million extended by AXA, Paris, to finance additional shares in AXA Lebensversicherung AG.

Income of € 27 million was generated from the above merger in the 2004 business year; this merger gain results from retained earnings of Guardian Royal Exchange Continental Europe Holding GmbH. For better comparability the previous year's figures have been adjusted to allow for the contribution of the result of the merged intermediate holding company.

Appropriate payment of dividends aspired to for 2005

In the current business year AXA Konzern AG intends to enter into a profit transfer agreement with AXA Versicherung AG which will be presented to the annual general meetings of the two companies. For the case that the profit transfer agreement is registered in the 2005 business year, thereby becoming effective immediately, this will mean that the entire profit will be transferred to AXA Konzern AG. These measures will be explained in the annual general meeting and put up for resolution. Despite a continuing difficult market and economic environment we assume that our life and non-life insurance companies will assert themselves well on the market in 2005. We expect positive effects here for new business and the portfolio through

the introduction of a series of product innovations. The pursuit of a profit-orientated underwriting policy and further cost optimisation measures is reflected in the positive development of the underwriting results in recent years.

Based on a moderate recovery of the capital markets we are therefore expecting a positive result for AXA Konzern AG in 2005, which will make it possible to pay out an appropriate dividend and satisfy the solvency requirements placed on the Group. If subsidiaries of AXA Konzern AG generate losses for the year, for example due to difficult capital market developments, these would have to be balanced out by AXA Konzern AG on the basis of the control agreements. We refer to the statements in the Group management report with respect to the presentation of the risk situation of the company.

Relationships with affiliated companies

According to the circumstances known to us at the time legal transactions were made with affiliated companies, and measures taken or not taken by arrangement of or in the interest of these companies, the company received an appropriate counter-performance for every legal transaction and was not disadvantaged by measures taken or not taken.

Cologne, 27 April 2005

AXA Konzern AG
The Management Board

Balance Sheet

at 31 December 2004

ASSETS

in € '000s

	2004	2003
A. Fixed assets		
I. Intangible assets		
1. Software	43	744
II. Tangible assets		
1. Land, titles to land and buildings including buildings on leased land	4,672	5,204
2. Office equipment	146	220
	4,818	5,424
III. Financial assets		
1. Shares in affiliated companies	2,449,819	1,802,209
2. Loans to affiliated companies	291,797	303,462
3. Equity interests	20,632	20,632
4. Investments held as fixed assets	3,514	5,170
5. Other loans	2,506	2,761
	2,768,268	2,134,234
	2,773,129	2,140,402
B. Current assets		
I. Accounts receivable and other assets:		
1. Due from affiliated companies	254,001	213,013
2. Due from companies in which an equity interest is held	0	6,963
3. Other assets	16,959	14,179
	270,960	234,155
II. Cash in bank accounts	28,075	90,959
	299,035	325,114
C. Accruals	0	495
D. Projected tax relief in subsequent business years under Section 274 (2) of the German Commercial Code	1,293	2,793
	3,073,457	2,468,804

SHAREHOLDERS' EQUITY AND LIABILITIES

in € '000s

	2004	2003
A. Shareholders' equity:		
I. Subscribed capital	79,840	79,840
II. Capital reserves	264,199	264,199
III. Revenue reserves		
1. Statutory reserves	25	25
2. Other revenue reserves (allocation in 2004: € 365,200,000, allocation in 2003: € 298,200,000)	928,673	563,473
IV. Balance sheet profit	104,284	298,219
	1,377,021	1,205,756
B. Provisions:		
1. Provisions for pensions and similar liabilities	123,343	130,942
2. Tax provisions	129,833	95,075
3. Miscellaneous provisions	80,054	48,456
	333,230	274,473
C. Accounts payable:		
1. Accounts payable to affiliated companies	1,355,494	976,607
2. Other accounts payable thereof resulting from taxes: € 277,000 (2003: € 3,516,000) within the framework of social security: € 209,000 (2003: € 250,000)	1,374	4,740
	1,356,868	981,347
D. Accruals and deferred income	6,338	7,228
	3,073,457	2,468,804

Profit and Loss Account

1 January to 31 December 2004

ITEMS

in € '000s

	2004	2003
1. Income from equity interests thereof € 264,766,000 (2003: € 216,493,000) from affiliated companies	268,896	216,493
2. Income from profit transfer agreements	6,091	
3. Income from other securities and loans forming part of financial assets thereof € 15,344,000 (2003: € 1,963,000) from affiliated companies	15,524	2,587
4. Other interest and similar income thereof € 0 (2003: € 70,000) from affiliated companies	869	4,706
5. Other operating income	53,038	525,519
6. Personnel expenses		
a) Salaries	10,617	13,735
b) Social security and expenditure on old-age pensions and support plus group allocation thereof € 9,292,000 (2003: € 6,994,000) for old-age pensions	1,496 <u>9,292</u>	9,154 <u>1,595</u>
	10,788	10,749
	21,405	24,484
7. Depreciation on intangible assets and fixed tangible assets	1,306	1,347
8. Other operating expenses	70,178	36,462
9. Depreciation on financial investments and securities in current assets	37	497
10. Interest and similar expenses thereof € 53,818,000 (2003: € 42,167,000) to affiliated companies	61,575	48,982
11. Expenses from loss absorption thereof € 808,000 (2003: € 41,025,000) from affiliated companies	808	41,025
12. Result from ordinary activities	189,109	596,508
13. Extraordinary income	27,326	0
14. Taxes on income and profit plus group allocation:	1,904 <u>2,050</u>	-56,865 <u>56,890</u>
	3,954	25
15. Other taxes plus group allocation:	63 4,000	81 0
	4,063	0
16. Net profit for the year	208,418	596,402
17. Profit brought forward from the previous year	67	17
18. Allocations to other revenue reserves	104,200	298,200
19. Balance sheet profit	104,285	298,219

Notes

Methods of Balance Sheet Presentation and Valuation

Assets

The annual financial statements and the management report have been compiled in accordance with the regulations contained in the German Commercial Code (HGB) and the German Company Act (AktG). The balance sheet has been drawn up making partial use of the annual results. The object of the reporting company has been taken into consideration in the layout of the annual financial statements. For this reason, and in derogation of Section 275 (2) of the German Commercial Code (HGB), income from equity interests is shown as Item 1, income from result transfer agreements as Item 2, income from other securities and loans forming part of financial assets as Item 3, and other interest and similar income as Item 4 of the profit and loss account.

The intangible assets consisted entirely of computer software. They are shown at historical cost less scheduled depreciation in accordance with the usual duration of use.

Land, titles to land and buildings including buildings on leased land are valued at the cost of acquisition or production and depreciated at the rates permitted by taxation law.

Office equipment was valued at acquisition cost less depreciation for usual duration of use. Minor assets are written off in full in the year of their acquisition.

Shares in affiliated companies and equity interests are shown at their cost of acquisition less unscheduled depreciation in accordance with Section 253 (2) 3 of the German Commercial Code.

Loans to affiliated companies and loans to companies in which an equity interest is held are shown at nominal value.

Securities held as fixed assets are shown at the cost of acquisition, although the lower valuations of the past have been maintained.

Other loans are shown at their nominal value.

Accounts receivable and other assets are shown at their nominal value.

Cash in bank accounts is shown at nominal value.

Accruals are shown on the assets side of the balance sheet at nominal value.

The tax relief for subsequent business years was created to the amount of the projected tax relief.

Shareholders' equity and liabilities

Provisions for pensions are calculated using the partial value method pursuant to Section 6a of the German Income Tax Act (EStG) at an interest rate of 6% on the basis of the tables laid down by Dr. Klaus Heubeck, making allowance for operation-related modifications of the probability of invalidity.

Provisions have been formed for anniversary bonuses using the partial value method provided for by Section 5 (4) of the German Income Tax Act (EStG) in connection with Section 52 (6) of the German Income Tax Act. In calculating the value

only those commitments to employees were included who had worked for the company for at least ten years on the balance sheet date. The provisions of the previous year were modified by the commitments transferred to other companies during the year under review.

Tax provisions and other provisions have been created in accordance with projected requirements.

Liabilities are shown at their repayment amount.

All foreign currency assets and liabilities are subject to the principle of individual valuation. Foreign currency accounts receivable and payable are valued at the exchange rate prevailing on the balance sheet closing date.

Disclosures on non-comparable amounts of previous years pursuant to Section 265 (2) German Commercial Code (HGB)

The previous year's figures are not comparable with those of the current business year in some items due to the merger of Guardian Royal Exchange Continental Europe Holding GmbH to AXA Konzern AG. Effects arise in particular in the shares in affiliated companies. Furthermore, tax provisions have been taken over. The liabilities to affiliated companies contain a loan of AXA Versicherung AG of € 179 million which passed to AXA Konzern AG as a result of the merger. Furthermore, the income from the dividends received from AXA Versicherung AG in the same period increased by the share previously attributable to Guardian Royal Exchange Continental Europe Holding GmbH.

Development of Fixed Assets in the 2004 b

	Acquisition and production costs				31.12. 2004
	1.1. 2004	Additions	Disposals	Transfers	
I. Intangible assets					
1. Software	3,552	–	–	–	3,552
	3,552	–	–	–	3,552
II. Tangible assets					
1. Land and buildings	18,363	–	–	–	18,363
2. Office equipment	1,919	–	–	–	1,919
	20,282	–	–	–	20,282
III. Financial assets:					
1. Shares in affiliated companies	1,853,599	1,384,365	737,137	–	2,500,827
2. Loans to affiliated companies	303,462	20,200	31,865	–	291,797
3. Equity interests	20,632	37	–	–	20,669
4. Investments held as fixed assets	5,384	88	1,959	–	3,513
5. Other loans	2,761	2,506	2,761	–	2,506
	2,185,838	1,407,196	773,722	–	2,819,312
Total fixed assets	2,209,672	1,407,196	773,722	–	2,843,146

business year

in € '000s

1.1.2004	in business year	Depreciation			Book value 31.12.2004	Book value 1.1.2004
		Disposals	Additions	Transfers		
2,808	701	-	-	-	43	744
2,808	701	-	-	-	43	744
13,159	532	-	-	-	4,672	5,204
1,699	73	-	-	-	147	220
14,858	605	-	-	-	4,819	5,424
51,390	-	-	-	-382	2,449,819	1,802,209
-	-	-	-	-	291,797	303,462
-	37	-	-	-	20,632	20,632
214	-	-214	-	-	3,513	5,170
-	-	-	-	-	2,506	2,761
51,604	37	-214	-	-382	2,768,267	2,134,234
69,270	1,343	-214	-	-382	2,733,129	2,140,402

Notes to the Balance Sheet

Assets

The book value of the **land and buildings** dropped from € 5.2 million in the previous year to € 4.7 million. Straight-line depreciation totalling € 532,000 (2002: € 532,000) was made in the period under review.

The additions in **shares in affiliated companies** totalled € 1,384 million in the period under review. Of this figure, € 927 million were attributable to AXA Versicherung AG, Cologne. This is attributable to the merging of Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg, which held a share of 25.6 % in AXA Versicherung AG, with AXA Konzern AG. Furthermore, all shares held by AXA Versicherung AG (51.3 %) in AXA Lebensversicherung AG, Cologne, were taken over at a price of € 335.8 million. In addition, € 56 million were paid into the capital reserves of Pro bAV Pensionskasse AG, Cologne. A purchase price of € 33.6 million was paid to Deutsche Ärzteversicherung AG, Cologne, for the take-over of 676,000 shares in AXA Krankenversicherung AG, Cologne. In order to make use of synergies, the merger of the sales companies Campus Financial Consulting AG, Cologne, as acquiring company, and Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne, was effected in the business year. The new company now operates under the name Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne, and has been carried as an addition with a value of € 20 million plus a subsequent purchase price payment of € 2.3 million. Further additions are attributable to the allocation to the capital reserve of Deutsche Ärzteversicherung AG, Cologne, amounting to € 5 million and of AXA Krankenversicherung AG, Cologne, amounting to € 4.4 million.

The disposals in shares in affiliated companies in the 2004 business year totalled € 737.1 million, of which € 682.6 million referred to Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg, € 20 million to Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne, and € 23.5 million to the sale of AXA Bausparkasse AG, Dortmund. Other disposals referred to Phoebus Beteiligungsverwaltungs-GmbH, Cologne (€ 7.9 million), Pro bAV Pensionsfonds AG, Cologne (€ 3 million), and AXA eSolutions GmbH, Cologne (€ 137,000).

Loans to affiliated companies dropped by comparison with the previous year by € 11.7 million to € 291.8 million. Phoebus Beteiligungsverwaltungs-GmbH, Cologne, repaid the loan of € 2.2 million extended in the year previous. Repayment of the loan to Pro bAV Pensionskasse AG, Cologne, amounting to € 16 million was waived. Furthermore, the loan to Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg, of € 13.7 million was cancelled due to the merger.

In the period under review subordinated loans were extended to Deutsche Ärzteversicherung AG, Cologne, amounting to € 20 million and to Colonia Finanz-Beratungs- und Vermittlungs-Immobilienbeteiligungs-KG "Merkens vier", Cologne, amounting to € 200,000.

The company had **equity interests** totalling € 20.6 million in the year under review. The notes to the consolidated annual financial statements contain a list of the companies in which **major shares are held**. The complete list of shareholdings in accordance with Section 285 (11) of the German Commercial Code (HGB) is deposited at the Commercial Register of the Local Court of Cologne under registration no. 672.

Accounts receivable from affiliated companies of € 254 million (2003: € 213 million) essentially refer to income from equity interests recorded at the same time but not yet due for payment in the 2004 business year. Of this figure, an amount of € 235.8 million was attributable to AXA Versicherung AG, Cologne, an amount of € 6.2 million to AXA Krankenversicherung AG, Cologne, € 4.7 million to Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne, € 1.5 million to AXA Lebensversicherung AG, Cologne, € 1.4 million to AXA Bank AG, Cologne, and € 282,000 to Deutsche Ärzteversicherung AG, Cologne. € 6.1 million refer to accounts receivable from AXA Art Versicherung AG, Cologne, and AXA Service AG, Cologne, from profit transfer agreements. Outstanding amounts from current transfer business are still to be considered in this item.

All receivables have a residual term of less than one year. **Other assets** contain accounts receivable of € 15.7 million for tax receivables.

The projected tax relief in subsequent years under Section 274 (2) of the German Commercial Code (HGB) of € 1.3 million refers to the different measurements of pre-retirement part-time employment provisions and social plan provisions compared with the tax balance sheet.

Shareholders' equity and liabilities

At the end of 2004 the **subscribed capital** remained unaltered at € 79.8 million, divided into 26,230,760 ordinary shares with no nominal value and 5,000,000 preferred shares with no voting right and with no nominal value.

An amount of € 365 million was allocated to **other revenue reserves**, € 261 million of which is attributable to the appropriation of balance sheet profit 2003.

Profit carried forward from the previous year of € 67,000 is included in the balance sheet profit for 2004.

The **pension provisions and similar liabilities** shown on the balance sheet show a minus of € 132,000 owing to the fiscal ban as of 31 December 2004.

Tax provisions increased in the 2004 business year by € 35 million. As a result of the merger of Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg, € 28 million in trade tax was assumed.

Miscellaneous provisions include in particular the sale of the equity interest General Re-CKAG Reinsurance and Investment S.à.r.l, Luxembourg. This item also includes provisions for the assumption of rent commitments of Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne, (previous year: Campus Financial Consulting AG, Düsseldorf) as well as provisions for legal proceedings, interest on

possible back tax arising from external audits, personnel-related provisions and bonuses, remuneration of the Supervisory Board, as well as contributions to the Chamber of Commerce.

Group companies granted **interest-bearing loans** totalling € 132.4 million (2003: € 132.4 million) to finance the shares in Nordstern Allgemeine Versicherungs-AG, Cologne, taken over from UAP in 1995. The new interest-bearing **subordinated loan** totalling € 350 million extended by AXA, Paris, will fall due on 22 December 2018. Of this amount, subordinated loans were granted to AXA Lebensversicherung AG, Cologne (€ 250 million), and Deutsche Ärzteversicherung AG, Cologne (€ 30 million). The repayment of the subordinated loan to Pro bAV Pensionskasse AG, Cologne, of € 16 million was waived. By virtue of the merger with Guardian Royal Exchange Continental Europe Holding GmbH, Hamburg, the company assumed a loan commitment to AXA Versicherung AG, Cologne, of € 179.1 million. Furthermore, AXA Versicherung AG, Cologne, took out a new loan of € 165 million in the business year.

Accounts payable arising from the acceptance of liabilities for service companies' pension provisions and for Deutsche Ärzteversicherung AG, Cologne, came to € 478.8 million (2003: € 449.2 million). Our company has taken on the pension obligations of these companies by way of the liability acceptance scheme. In order to

cover the resultant obligations, our company received funds to the value of the pension provisions for the above mentioned companies. Loan agreements were entered into for an indeterminate period. All **other accounts payable** to affiliated companies and third parties have a residual term of less than one year.

Accruals and deferred income of € 6.3 million result from the purchase of accounts payable of CKA Unternehmensverwaltung und Beteiligungs-GmbH, Cologne.

Notes to the Profit and Loss Account

In 2004, **income from equity interests** increased by € 52.4 million to € 268.9 million. This was achieved with affiliated companies, including an amount of € 235.8 million with AXA Versicherung AG, Cologne, € 7.9 million with AXA Krankenversicherung AG, Cologne, € 7.3 million with Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne, € 5.1 million with AXA Investment Managers, Frankfurt, € 4.1 million with Deutsche Proventus AG, Bremen, € 2.2 million with AXA Lebensversicherung AG, Cologne, € 2.2 million with Kölnische Verwaltungs-AG für Versicherungswerte, Cologne, € 1.8 million with AXA Bank AG, Cologne, € 1.7 million with Phoebus Beteiligungsverwaltungs-GmbH, Cologne, € 620,000 with Deutsche Ärzteversicherung AG, Cologne, and € 238,000 with AXA eSolutions GmbH, Cologne.

The Annual General Meeting of AXA Versicherung AG was postponed to 12 July 2005 due to the extensive reporting required on the intended squeeze-out and on the profit transfer agreement. The same-period collection of dividends is not impaired by the postponement of the Annual General Meeting because the decisive supervisory board meeting of AXA Versicherung AG to approve the balance sheet took place before that of AXA Konzern AG. The company received **income from profit transfer agreements** from AXA Art Versicherung AG, Cologne, (€ 5.5 million) and from AXA Service AG, Cologne, (€ 549,000).

Income from other securities and loans forming part of financial assets increased in the business year by € 12.9 million to € 15.5 million. The following interest income was achieved with affiliated compa-

nies: € 12.3 million with AXA Lebensversicherung AG, Cologne, € 1.5 million with CKA Unternehmensverwaltung und Beteiligungs-GmbH, Cologne, € 1.0 million with Deutsche Ärzteversicherung AG, Cologne, € 550,000 with Pro bAV Pensionskasse AG, Cologne, and € 4,000 with Colonia Finanzberatungs- und Vermittlungs Immobilienbeteiligungs-KG "Merckens vier", Cologne.

As in the year previous, the remaining interest of € 180,000 referred to fixed interest securities and borrower's note loans.

The **miscellaneous other operating income** item essentially refers to income from service agreements of € 46.0 million (2003: € 54.0 million). The position further contains income from the disposal of investments. This refers to the sale of AXA Bausparkasse AG, Dortmund, with a sum of € 1.2 million and Pro bAV Pensionsfonds AG, Cologne, with a sum of € 103,000. Rental income in the year under review totalled € 1.4 million (2003: € 1.4 million).

Personnel expenses amounted to € 21.4 million (2003: € 24.5 million) in 2004.

Expenditure on old-age pensions refers to current pension payments and allocations to the pension provisions.

Depreciation on intangible and fixed tangible assets based on purely fiscal provisions was not made in the period under review. The net profit for the year was not affected by fiscal depreciation.

The services booked under **other operating expenses** amounted to € 24.5 million (2003: € 28.4 million) in the period under review.

The waiving of loan repayment to Pro bAV Pensionskasse AG, Cologne, amounted to € 16 million.

Remuneration for members of the Supervisory Board amounted to € 1.9 million (2003: € 1.7 million). Further expenses referred to business and legal consulting fees of € 1.1 million (2003: € 887,000), travel expenses of € 410,000 (2003: € 634,000) and to the management of property totalling € 435,000 (2003: € 597,000). This figure contains expenses unrelated to the accounting period of € 4,000 (2003: € 87,000). Extraneous services within the Group also arose in the business year of € 280,000 (2003: € 331,000).

Depreciation on financial investments was made to the amount of € 37,000 which referred to Colonia Finanz-Beratungs- und Vermittlungs Immobilienbeteiligungs-KG "Merckens vier", Cologne.

At € 53.8 million (2003: € 42.2 million), **interest expenses** refer to loans received from Group and parent companies. An adjustment to interest of € 4.5 million was made which is expected to be paid in the current arbitration proceedings.

Expenses from loss absorption of € 808,000 resulted from payments to Pro bAV Pensionskasse AG, Cologne, amounting to € 769,000 and to AXA eSolutions GmbH, Cologne, amounting to € 39,000. The extraordinary income of € 27 million refers to the merger gains.

Compulsory Information pursuant to Section 285 No. 10 of the German Commercial Code

Supervisory Board

Claas Kleyboldt

Chairman
Former Chairman of the Management Board of AXA Konzern AG

Supervisory Board mandates:

- AXA Versicherung AG (Chairman)
- AXA Lebensversicherung AG (Chairman)
- AXA Service AG (since 1 January 2005, Chairman since 1 March 2005)
- Kölnische Rückversicherungs-Gesellschaft AG (up to 28 February 2005)
- Hapag Lloyd AG
- Maxdata AG
- Köln Messe GmbH (up to 31 December 2004)
- AXA Art Insurance Limited, United Kingdom
- WestLB International Luxembourg, Luxembourg
- AXA Art Insurance Corporation, USA
- Blue Flame Data Inc., USA

Manfred Weyrich

Deputy chairman
Company employee

Supervisory Board mandate:

- AXA Lebensversicherung AG

Uwe Beckmann

Company employee

Supervisory Board mandate:

- AXA Versicherung AG

Alfred Bouckaert

Managing Director of AXA Belgium S.A.

Supervisory Board mandates:

- AXA Holdings Belgium, Belgium
- AXA Bank Belgium, Belgium
- AXA REIM Belgium, Belgium
- Servis, Belgium
- Servis Life, Belgium
- Banque IPPA & Associés, Luxembourg
- Contere, Luxembourg
- L'ardenne Prévoyante, Belgium
- UAB, Belgium (up to 24 May 2004)
- AXA Luxembourg S.A., Luxembourg
- AXA Assurance Luxembourg S.A., Luxembourg
- AXA Assurances Vie Luxembourg S.A., Luxembourg
- R. B. Investissements S.A. Luxembourg, Luxembourg
- Union des Entreprises de Bruxelles, Belgium
- De Waere N.V., Netherlands
- AXA Nederland B.V., Netherlands
- AXA Verzekeringen B.V., Netherlands
- Viaxis, Belgium
- C.F.C.I.B., Belgium
- Entraide Francaise, Belgium

Claude Brunet

Member of the Management Board of AXA

Supervisory Board mandate:

- GIE AXA Group Solutions, France

Henri de Castries

Chairman of the Management Board of AXA

Supervisory Board mandates:

- FINAXA, France
- AXA Assurances IARD Mutuelle, France
- AXA Assurances Vie Mutuelle, France
- AXA Courtage Assurance Mutuelle, France
- AXA France IARD, France
- AXA France Vie, France
- AXA UK Plc., United Kingdom
- AXA Belgium S.A., Belgium
- AXA Holdings Belgium, Belgium
- Alliance Capital Management Corp, USA
- AXA Equitable Life Insurance Company, USA
- AXA Financial Inc., USA
- AXA America Holdings Inc., USA
- MONY Life Insurance Company, USA
- MONY Life Insurance Company of America, USA

Harry Clemens

Executive employee
No mandates requiring disclosure

Kurt Döhmel

(since 2 September 2004)
Chairman of Management of
Deutsche Shell Holding GmbH
No mandates requiring disclosure

Dr. Thomas R. Fischer

(since 8 July 2004)
Chairman of the Management Board
of WestLB

Supervisory Board mandates:

- RWE AG
(Chairman)
- Audi AG
- DekaBank Deutsche Girozentrale
- Hapag-Lloyd AG
- HSH Nordbank AG
- TUI AG
(up to 26 January 2005)
- WestLB Akademie
Schloß Krickenbeck GmbH
- Amvescap Plc, United Kingdom

Dr. Michael Frenzel

Chairman of the Board of TUI AG

Supervisory Board mandates:

- Continental AG
- Deutsche Bahn AG
(Chairman)
- E.ON Energie AG
- Hapag-Lloyd AG
(Chairman)
- Hapag-Lloyd Flug GmbH
(Chairman)
- ING Bank Deutschland AG
- ING BHF Holding AG
(up to 29 December 2004)
- TUI Deutschland GmbH
(Chairman)
- TUI Beteiligungs AG
(since 1 July 2004, Chairman)
- Volkswagen AG
- Norddeutsche Landesbank
- TUI China Travel Co Ltd., China
(since 16 February 2004)
- Preussag North America Inc., USA

Peter Freyaldenhoven

(since 1 January 2005)
Employee
No mandates requiring disclosure

Christof W. Göldi

(since 30 August 2004)
Directeur International of AXA

Supervisory Board mandates:

- AXA Lebensversicherung AG
(up to 30 August 2004)
- AXA Versicherung AG
(up to 21 February 2005)
- AXA Re, France
(up to 30 June 2004)
- AXA Cessions, France
(up to 30 June 2004)
- AXA Liabilities Managers, France
(up to 30 June 2004)
- Saint Georges Re, France
(up to 30 June 2004)
- AXA Re Finance, France
(up to 30 June 2004)
- Inter Partner Assistance S.A., Belgium
(up to 30 June 2004)
- AXA Compagnie d'Assurances,
Switzerland
(up to 30 June 2004)
- AXA Compagnie d'Assurances
sur la Vie, Switzerland
(up to 30 June 2004)

Pia Heller

Trade union secretary of ver.di
No mandates requiring disclosure

Robert J. Koehler

(since 8 July 2004)
Chairman of the Management Board
of SGL Carbon AG

Supervisory Board mandates:

- Benteler AG
(Chairman)
- Pfeiderer AG
- Heidelberger Druckmaschinen AG
- Wacker Chemie GmbH

Thierry Langreny

(since 20 July 2004)
Directeur of AXA

Supervisory Board mandates:

- AXA Versicherung AG
- AXA Lebensversicherung AG
- AXA Nederland B.V., Netherlands
- AXA Verzekeringen B.V., Netherlands
- AXA Luxembourg S.A., Luxembourg
- AXA Assurances Luxembourg S.A.,
Luxembourg
- AXA Assurances Vie Luxembourg S.A.,
Luxembourg
- AXA Bank Belgium, Belgium
- AXA Belgium, Belgium
- AXA Holdings Belgium, Belgium
- Inter Partner Assistance S.A., Belgium

Herbert Mayer

Company employee

Supervisory Board mandates:

- AXA Service AG
- AXA Versicherung AG

Dr. Dieter Murmann

(up to 8 July 2004)
Chairman of the Advisory Board
of J.P. Sauer & Sohn Maschinenbau
Beteiligungsgesellschaft mbH

Supervisory Board mandate:

- Sauer Zandov a.s.,
Czech Republic

**Dr. h. c. Alfred Freiherr
von Oppenheim**

(up to 8 July 2004)

Chairman of the Supervisory Board
of Sal. Oppenheim jr. & Cie. KGaA

Supervisory Board mandates:

- Bankhaus Sal. Oppenheim jr.
& Cie. KGaA
(Chairman)
- Kölnische Rückversicherungs-
Gesellschaft AG
- RWE Power AG
- Köln Messe GmbH
- Verlag M. DuMont Schauberg
- AXA, France
- Bankhaus Sal. Oppenheim jr.
& Cie. AG, Switzerland
- Sal. Oppenheim jr. & Cie. Luxembourg
S.A., Luxembourg
- Sal. Oppenheim International S.A.,
Luxembourg

Prof. Dr. Ekkehard D. Schulz

Chairman of the Board
of ThyssenKrupp AG

Supervisory Board mandates:

- Commerzbank AG
- Deutsche Bahn AG
- MAN AG
- RAG AG
- ThyssenKrupp Automotive AG
(Chairman)
- ThyssenKrupp Services AG
(Chairman)
- ThyssenKrupp Steel AG
(Chairman)
- ThyssenKrupp Budd Company, USA
- TUI AG

Klaus Schütze

(up to 31 December 2004)

Company employee

Supervisory Board mandate:

- AXA Lebensversicherung AG

Jürgen Sengera

(up to 8 July 2004)

Former Chairman of the Board
of WestLB AG

Supervisory Board mandates:

- Deutsche Post AG
(up to 31 July 2004)
- Ford-Werke AG
(up to 25 June 2004)
- Ford Deutschland Holding GmbH
(up to 18 August 2004)
- Rockwool Beteiligungs GmbH
- Rockwool International A/S,
Denmark

Jürgen Stachan

Trade union secretary of ver.di

Supervisory Board mandate:

- AXA Service AG

Andreas Thomsen

Company Employee

No mandates requiring disclosure

Christian Zahn

Member of the National Board of ver.di

Supervisory Board mandates:

- Wüstenrot & Württembergische
Versicherung AG
- GAGFAH
(Chairman up to 1 September 2004)

Matthias Zils

Company employee

No mandates requiring disclosure

Management Board

Dr. Claus-Michael Dill

Chairman

Supervisory Board mandates:

- AXA Krankenversicherung AG* (Chairman)
- AXA Art Versicherung AG* (Chairman)
- Deutsche Ärzteversicherung AG* (Chairman)
- Bertelsmann AG (since 17 May 2004)
- Kölnische Rückversicherungs-Gesellschaft AG
- Roland Rechtsschutz-Versicherungs-AG (Chairman)
- TÜV Rheinland Holding AG (Chairman)
- AXA Financial Inc., USA
- AXA Equitable Life Insurance Company, USA
- MONY Life Insurance Company, USA (since 8 July 2004)

Dr. Wulf Böttger

Supervisory Board mandate:

- AXA „die Alternative“ Versicherung AG* (since 1 August 2004, Chairman)

Frank J. Heberger

Supervisory Board mandates:

- AXA „die Alternative“ Versicherung AG*
- moderne stadt GmbH
- modernes köln GmbH

Dr. Markus Hofmann

Supervisory Board mandates:

- Deutsche Ärzteversicherung Allgemeine Versicherungs-AG* (since 1 August 2004, Chairman)
- AXA Cessions S.A., France

Dr. Frank W. Keuper

(up to 31 July 2004)

Supervisory Board mandates:

- AXA „die Alternative“ Versicherung AG* (up to 31 July 2004, Chairman)
- Deutsche Ärzteversicherung Allgemeine Versicherungs-AG* (up to 31 July 2004, Chairman)

Noel Richardson

Supervisory Board mandates:

- CIMAG-Colonia Immobilien Gesellschaft* (Chairman)
- Pro bAV Pensionskasse AG* (since 16 January 2005)
- AXA „die Alternative“ Versicherung AG* (since 12 January 2005)
- AXA Immobilien AG
- Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG* (formerly Campus Financial Consulting AG) (up to 4 October 2004)
- Kölnische Verwaltungs-AG für Versicherungswerte (since 15 April 2004)
- West LB RW Holding AG
- Colonia Insurance Plc., Ireland
- Artemis Fine Arts S.A., Luxembourg
- Millenium Partners, USA

Norbert Rohrig

Supervisory Board mandate:

- Plenum AG

Dr. Heinz-Peter Roß

Supervisory Board mandates:

- AXA Bausparkasse AG* (up to 8 June 2004, Chairman)
- AXA Bank AG* (Chairman)
- Pro bAV Pensionskasse AG* (Chairman)
- Protektor Lebensversicherungs-AG (since 1 April 2004)
- AXA Banque, Belgium

Gernot Schlösser

Supervisory Board mandates:

- Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG* (Chairman)
- Lucramount AG* (Chairman)
- Pro bAV Pensionskasse AG* (up to 19 April 2004)
- Deutsche Proventus AG (Chairman)
- Roland Schutzbrief-Versicherung AG
- Damp Holding AG
- APO Asset Management GmbH

Andreas M. Torner

Supervisory Board mandates:

- AXA Bank AG*
- Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG* (formerly Campus Financial Consulting AG) (up to 4 October 2004, Chairman)
- ZSH Vermittlung von Versicherungen und Vermögensanlagen Verwaltungs-GmbH (since 1 March 2005)

* Companies of the German AXA Group within the meaning of Section 100 (2) of the German Company Act

Other Notes and Information

An average of 162 (2003: 231) employees were on the company's payroll in the year under review. The members of the Supervisory Board and of the Management Board are listed on pages 6 and 7 and on pages 95 to 98 of this Report.

The Management Board drew remuneration in 2004 of € 1,823,000 (2003: € 1,576,000) of which € 765,000 (2003: € 698,000) was non-performance related and € 1,058,000 (2003: € 878,000) performance related. The total remuneration for former members of the Board and surviving dependants came to € 1,949,000 (2003: € 1,901,000). As of 31 December 2004, there were provisions for current pensions and pension rights for this group of people amounting to € 19,156,000 (2003: € 19,748,000).

The remuneration for the Supervisory Board totalled € 1,734,000 (2003: € 1,679,000) of which € 623,000 (2003: € 95,000) was non-performance related and € 1,111,000 (2003: 1,584,000) performance related.

There was a control agreement dating back to 1994 with Nordstern Allgemeine Versicherungs-AG which dissolved in 1999 as a result of the merger into AXA Versicherung AG. The appropriateness of compensation and settlement to be paid to the external shareholders of Nordstern Allgemeine Versicherungs-AG is being examined in arbitration proceedings pursuant to Section 306 of the German Company Act. These proceedings are now pending at the Higher Regional Court of Düsseldorf. In additional proceedings several external shareholders have applied for the examina-

tion of the appropriateness of the compensation and settlements to be paid to external shareholders of Deutsche Ärzteversicherung AG in accordance with the control agreement signed in 1997 before the Regional Court of Cologne pursuant to Section 306 of the German Company Act. In November 1999 several external shareholders of former Albingia Versicherungs-AG filed proceedings with regard to the appropriateness of compensation and settlement to be paid to the external shareholders before the Regional Court of Hamburg pursuant to Section 306 of the German Company Act. In 2002 additional proceedings were filed by several external shareholders of AXA Versicherung AG before the Regional Court of Cologne pursuant to Section 306 of the German Company Act with regard to the appropriateness of compensation and settlement to be paid to the external shareholders according to the control agreement concluded in 2000.

In order to strengthen the market position of its subsidiary DARAG AG, Berlin, AXA Konzern AG issued guarantees to different brokers. Claims to these guarantees have not been asserted to date and are also not expected in view of the positive development. Guarantees usual for company purchase agreements were assumed in connection with the sale of AXA Bausparkasse AG. Claims to these guarantees have not been asserted to date.

Shares in Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne, were taken over from Deutsche Ärzteversicherung AG, Cologne, and from Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne. Within the framework of this transaction the possibility of reimbursing the purchase price or subsequent payment after the 2007 or 2008 business year was agreed as dependent on profits achieved.

Pursuant to Section 5 (10) of the statutes of the deposit guarantee fund, AXA Konzern AG, Cologne, as well as AXA, Paris, provided an indemnity declaration to the Bundesverband deutscher Banken e.V., Berlin, for the AXA Bank AG, Cologne. The indemnity declaration serves to secure against any case of assistance in favour of the Bank if this should prove necessary due to losses incurred. A letter of support for € 17.5 million also exists in connection with the extension of borrowers' note loans.

As part of the sale of AXA Immobilien AG in 2001/2002, AXA Konzern AG gave Merckens Fonds GmbH a so-called placement guarantee. This amounts to a maximum of € 250 million and extends beyond the closing date of 31 December 2004 to a fund project with a guarantee to take over non-placed fund shares of some € 20 million. The fee for this placement guarantee is € 255,000 per year. With respect to the fund shares already placed, the agreements contain further guarantee commitments inter alia for taxes, prospectuses, claims of former employees, intermediaries and suppliers. Claims have not been filed to date.

AXA Konzern AG has entered into control agreements with the following companies:

- AXA Versicherung AG, Cologne
- AXA Lebensversicherung AG, Cologne
- AXA Krankenversicherung AG, Cologne
- AXA Service AG, Cologne
- AXA Art Versicherung AG, Cologne
- AXA Bank AG, Cologne
- Deutsche Ärzteversicherung AG, Cologne
- Pro bAV Pensionskasse AG, Cologne
- Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne (new in the 2004 business year)

As a company in majority ownership, AXA Konzern AG is obliged to draw up a report on the relationship with affiliated companies in accordance with Section 312 of the German Company Act (AktG) for the 2004 business year. In this report the Management Board conclusively states that according to the circumstances known at the time legal transactions were made with

affiliated companies, the company received an appropriate counter-performance for every legal transaction and was not disadvantaged by any measures taken. Reference is made to page 85 of the management report in this respect.

AXA, Paris, holds majority shares directly and indirectly via Vinci B.V., Rotterdam, in the share capital of our company. Kölnische Verwaltungs-Aktiengesellschaft für Versicherungswerte, Cologne, similarly holds indirect shares in the share capital of our company. AXA Konzern AG is therefore a company in majority ownership of AXA within the meaning of Section 16 (1) of the German Company Act (AktG).

AXA Konzern AG and its subsidiaries have been included in the consolidated financial statements of AXA, Paris, drawn up for the largest group of companies and deposited at the Local Court of Paris (Greffes du Tribunal de Commerce de Paris) under RSC (Registre du Commerce et des Sociétés) 572 093 920.

Our company's consolidated financial statements are deposited at the Commercial Register of the Local Court of Cologne under the registration no. 672. Management Board and Supervisory Board submitted the declaration of compliance with the recommendations of the German Corporate Governance Code under Section 161 of the German Company Act (AktG) in April 2005 and made this permanently accessible to shareholders in the Internet.

Cologne, 27 April 2005

AXA Konzern AG

The Management Board

Dr. Dill, Dr. Böttger, Heberger, Dr. Hofmann, Richardson, Rohrig, Dr. Roß, Schlösser, Torner

Auditor's Certification¹⁾

We have audited the annual financial statements, together with the bookkeeping system, and the management report of AXA Konzern Aktiengesellschaft, Cologne, which is combined with the management report of the company, for the business year from 1 January to 31 December 2004. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation agreement are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (Handelsgesetzbuch HGB) and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform

the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. On a whole the combined management report provides a suitable understanding of the company's position and suitably presents the risks of future development.

Düsseldorf, 9 May 2005

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

D. Fassott
Auditor

ppa. L. Koslowski
Auditor

¹⁾ Voluntary translation. It should be noted that only the German auditor's certification, which is based on the audit of the German version of the company's annual financial statements, is authoritative.

Glossary

Technical Terms and Definitions

Acquisition costs

Costs incurred by the insurer which arise in the negotiation of new insurance policies or extension of existing insurance policies, in particular selling commission and costs of proposal processing. **The acquisition costs ratio of the life insurers** is the relationship of acquisition costs to total new business premium.

Actuarial reserve

In the case of life and health insurance as well as property and casualty insurance which is operated in the same way as a life insurance, the actuarial reserve represents the cash value of future commitments arising from insurance policies less the cash value of future premium payments.

Adjustment items for the shares of other shareholders

This item covers minority shareholdings in Group equity of shareholders who do not belong to the parent company.

Administrative cost ratio

Relationship between administrative costs and premiums earned.

Allocation rate to the provisions for premium refund

Allocation to the provisions for premium refund in relationship to the gross profit after taxes and before allocation to the provision for premium refund.

Associated companies

are equity interests in companies which are associated with a decisive influence on the business and financial policy of the company. It is assumed that a decisive influence is exercised with a minimum voting right of 20 %. These equity interests are consolidated using the equity method whereby the equity interest book value is updated according to the equity development – also over and above the purchase costs.

Assumed business

Business assumed in reinsurance (active reinsurance).

Cancellation rate

Term applied predominantly in life insurance. It describes the relationship between prematurely terminated policies and average policy portfolio measured in terms of ordinary and annual premium and is an indication of the portfolio resilience and the quality of insurance mediation.

Claims and benefits

Payments from the insurance business in favour of policyholders (life/health).

Claims equalisation reserve

Reserve per insurance line which is only created in property and casualty insurance. It serves to balance out fluctuations in the claims situation in future years. In years with below average claims, amounts are allocated to it which can be taken out in years with above-average claims (period of observation generally 15 years).

Claims expenditure

→ Claims incurred.

Claims incurred

These contain expenses for claims incurred during the business year including costs of claims settlement of previous years as well as the result from the settlement of claims. Added to these is the change in the provisions for claims incurred by the key date but not yet notified (late claims provisions).

Claims ratio

Underwriting term in property and casualty insurance to describe the relationship between claims incurred and gross premiums earned.

Claims reserve

Reserve for commitments from claims already made on the reporting date but not yet settled or not yet registered.

Consolidated income

is composed of the premium income and the income from financial services of the Group.

Consolidated net profit for the year

Net profit for the year of the Group after revaluation and capital consolidation as well as under consideration of other profits owing to and losses attributable to minority shareholders.

Consolidated premium income

Premium income of the Group after elimination of inter-Group reinsurance.

Cost ratio/rate

The cost ratio describes the relationship between gross operating expenses and gross premium earned; the cost rate describes the relationship between gross operating expenses and gross premiums written.

Deferred taxes

Taxes from temporal differences between valuations in commercial and tax balance sheets and due to differences in revaluation during consolidation with an effect on results. These also include deferred tax on tax loss carried forward if it can be used in future.

Deposits in assumed reinsurance

Accounts receivable from assumed reinsurance business. The accounts receivable of the reinsurer from the ceding company from the cash or security deposits are shown here.

Deposits in reinsurance business ceded

Accounts payable from the reinsurance business ceded by an insurance company. They are formed from the cash and security deposits provided by the reinsurer.

Earnings per share (DVFA/GDV result)

Consolidated result per share corrected by special influences which has been determined in accordance with the recommendations of the DVFA Deutsche Vereinigung für Finanzanalyse und Asset Management (German Association for Financial Analysis and Asset Management) and the GDV Gesamtverband der Deutschen Versicherungswirtschaft (National Federation of the German Insurance Industry).

Equity method

Valuation of equity interests in associated companies in the consolidated balance sheet. The equity value is stipulated according to the profit situation and profit appropriation policy of the associated company.

Equity ratio

Equity in relationship to net premiums.

Goodwill

The amount of difference between the purchase price of a company and the value of the individual assets taken over less debts.

Group equity

Equity of all companies in the Group after capital consolidation. This includes subscribed capital, capital and revenue reserves as well as consolidated net profit for the year.

Gross/net in underwriting terminology

Gross means before deduction of reinsurance and net after deduction of reinsurance. Net is a synonym for net of reinsurance. In reinsurance an insurance company (ceding company) passes insurance cover for parts of a risk to a reinsurance company (reinsurer).

Gross profit

Profit for the year of any insurance company before allocations to the provisions for premium refund.

Interest rate for accounting purposes (interest income from underwriting business)

Statutory interest rate to be applied to the actuarial reserve; also applies to provisions for pensions in property and casualty insurance.

Net combined ratio

Total of → claims ratio as percentage of the premiums earned net of reinsurance plus operating expenses net of reinsurance as a percentage of the premiums earned in total in relationship to the premium income net of reinsurance.

Net of reinsurance

After deduction of reinsurance (= net).

Operating expenses

Expenses for the conclusion and administration of insurance policies.

Payment commitments

In life and health insurance, payment commitments are the future payments to policyholders. They contain the actuarial reserve, a reserve for claims outstanding, the accumulated surplus as well as a reserve for premium refund.

Payments

→ Payments to policyholders.

Pensions actuarial reserve

Reserves which property and casualty insurers must form for future liabilities and pensions not yet claimed.

Premiums/premium income

Gross premiums written. All premiums collected in the business year from insurance policies of direct business including subsidiary payments (such as insurance policy fees) and from the business assumed in reinsurance.

Premiums earned. The premiums attributable to the business year under consideration of the change in unearned premiums.

Unearned premiums. These contain that part of premium income which is paid and collected in the business year but refers to the subsequent period.

Ceded reinsurance premiums. Share of premiums received by the reinsurer for the risks assumed in reinsurance. The premiums written net of reinsurance are the result of gross premiums written and premiums ceded in reinsurance.

Provisions for premium refund

Reserve from which a part of profits is paid out to policyholders at a later date.

Provisions for unsettled claims

→ Claims reserve

Retention

Relationship between net premiums written and gross premiums written.

Subordinated liabilities

This item contains liabilities (subordinated loans) which, in the case of liquidation or bankruptcy, are only met after the claims of other creditors.

Surplus appropriation ratio

Allocation to the provisions for premium refund and direct credit in relationship to the gross margin after taxation (in health insurance).

Underwriting account

Part of the profit and loss account of the insurance companies to be classified according to statutory requirements. In the case of composite insurers and reinsurers it must be drawn up for the entire portfolio and for individual insurance branches and classes.

Underwriting provisions/reserves

Summarising term for reserves which directly refer to insurance business or are to be created to safeguard permanent satisfaction of obligations arising from insurance policies. The most important underwriting reserves are → actuarial reserves → provisions for premium refund → claims equalisation reserve and reserve for unsettled claims.

Unit-linked life insurance

In this particular form of life insurance the amount of payment/benefit depends on the development of the value of the assets in a special fund. The investment risk is borne by the investor who has the opportunity to directly participate in the increase in value of the fund, whilst bearing the risk of losses in value.

Underwriting result

Balance from income and expenditure in property and casualty insurance which can be allocated to the insurance business (subtotal) plus the change in the claims equalisation reserve and similar reserves. In life and health insurance it also contains the entire investment result.

Addresses

24-hour customer service: (0 180 3) 55 66 22

GERMANY

Group holding company

AXA Konzern AG

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Property and casualty insurance

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Facsimile: (02 21) 1 48-2 47 70

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Facsimile: (0 30) 4 77 08-1 04

Roland Rechtsschutz- Versicherungs-AG Roland Schutzbrief- Versicherung AG

Deutz-Kalker-Straße 46
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Life insurance

AXA Lebensversicherung AG

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Deutsche Ärzteversicherung AG

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Pension scheme

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Telephone: (02 21) 1 48-3 51 67
Facsimile: (02 21) 1 48-4 43 51 67

Health insurance

AXA Krankenversicherung AG

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Financial services

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Group service companies

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AXA Customer Care GmbH

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AXA Technology Services Germany GmbH

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INTERNATIONAL

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AXA Konzern AG – Financial Calendar for 2005/2006

Annual General Meeting	13 July 2005
Shareholders' letter (interim report for the first six months of 2004)	25 August 2005
Meeting of the Supervisory Board/Shareholders' letter	10 March 2006
Meeting of the Supervisory Board	31 May 2006
Annual General Meeting	20 July 2006

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Ten Year Review of the AXA Group

		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Premium income											
Gross premiums written	€ mill.	6,306	6,264	6,418	6,814	6,616	6,114	5,369	5,626	5,528	5,189
Retention	%	94.4	94.1	90.7	91.0	91.1	90.6	89.9	86.8	85.9	85.4
Property/Casualty	€ mill.	2,702	2,684	2,993	3,246	3,129	2,803	2,513	2,732	2,802	2,691
Life	€ mill.	2,608	2,645	2,580	2,507	2,460	2,349	2,259	2,274	2,160	2,014
Health	€ mill.	889	779	676	597	532	485	440	433	384	341
Assumed	€ mill.	107	156	169	167	200	172	157	188	181	143
Claims and benefits											
Property/Casualty											
Claims expenses (net)	€ mill.	1,799	1,687	1,925	2,429	2,324	1,938	1,565	1,640	1,558	1,486
Net combined ratio	%	69.4	65.4	72.4	84.1	81.9	75.1	70.5	71.5	68.3	68.7
Life											
Payments to policyholders	€ mill.	2,668	2,638	2,431	2,306	2,109	1,839	1,490	1,342	1,326	1,232
Change in payments to policyholders	€ mill.	-299	805	961	1,335	1,636	1,768	1,362	1,304	1,201	1,154
Health											
Payments to policyholders	€ mill.	412	376	337	301	277	254	228	206	174	161
Underwriting provisions											
Total (net)	€ mill.	31,044	30,511	30,042	29,137	27,407	25,700	20,569	19,038	18,058	16,465
thereof:											
Property/Casualty	€ mill.	5,145	4,708	4,807	5,016	4,769	4,764	3,774	3,659	3,623	3,299
Life	€ mill.	23,203	23,431	23,140	22,277	21,047	19,569	15,702	14,441	13,642	12,532
Health	€ mill.	2,131	1,788	1,563	1,388	1,136	968	810	660	550	446
Bank											
Loans extended (property loans)	€ mill.	715	733	585	358	259	-	-	-	-	-
Employees											
Salaried employees		8,196	8,668	9,769	10,035	10,101	10,757	8,621	9,280	10,156	10,092
Freelance sales staff full-time		2,759	3,138	4,615	4,472	4,369	4,896	4,210	3,844	3,793	3,669
Investments	€ mill.	34,753	34,999	35,022	33,884	32,049	30,252	24,389	22,186	20,768	19,031
Group equity	€ mill.	900	1,041	456	640	1,055	1,063	993	922	804	672
Balance sheet total	€ mill.	37,962	38,549	38,416	37,189	36,107	33,666	26,291	24,244	23,022	20,877
Consolidated result											
before taxes on income	€ mill.	21	412	127	247	303	414	268	236	227	207
Consolidated net profit for the year	€ mill.	-68	571	4	73	205	155	151	133	121	107
DVFA earnings per share (new)	€	0.40	1.00	-0.50	0.55	2.76	4.24	4.73			
Earnings per share (new) before goodwill depreciation	€	1.40	2.55	2.03	2.28	4.47	5.78	5.57			
Dividend of AXA Konzern AG											
Ordinary share without tax credit	€	0.57	1.18	1.18	4.08	14.89	3.30	1.64	1.02	0.87	0.72
Preferred share without tax credit	€	0.63	1.24	1.24	4.14	14.94	3.35	1.69	1.07	0.92	0.77
Total dividend	€ mill.	18.1	32.7	32.7	127.7	465.3	103.2	51.3	32.2	27.4	22.6

Previous year figures not adjusted

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