

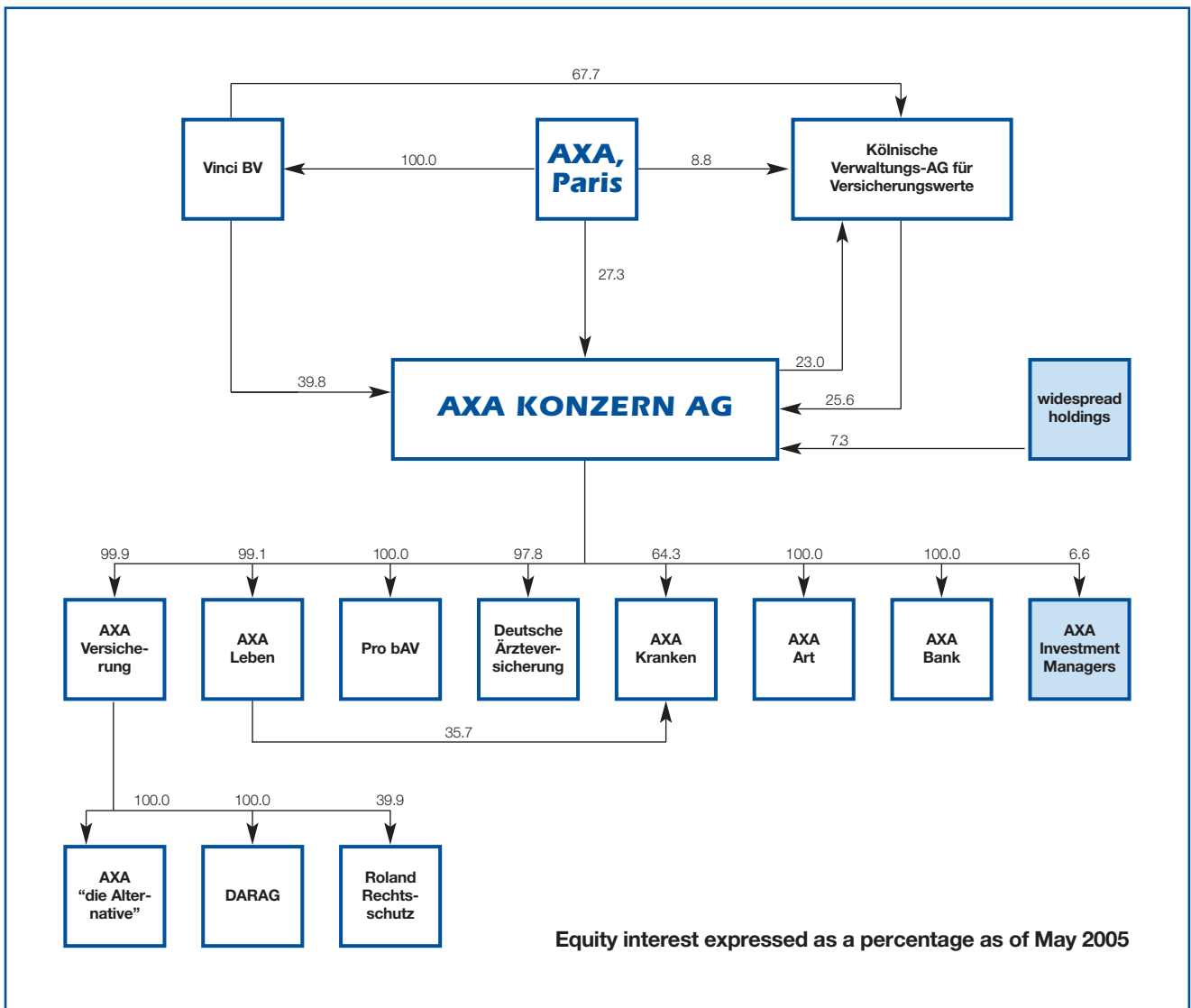


AXA Konzern AG  
**2004** ANNUAL REPORT



Be Life Confident

# Equity interest structure of AXA Konzern AG



# The AXA Group in summary

		2004	2003*	+/- %
<b>Consolidated income</b>				
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
<b>Claims and benefits</b>				
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
<b>Underwriting provisions</b>				
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
<b>Bank business</b>				
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
<b>Employees</b>				
Salaried employees		8,196	8,668	-5.4
Freelance sales staff (full time)		2,759	3,138	-12.1

		2004	2003*	+/- %
<b>Investments<sup>1)</sup></b>				
Portfolio	€ mill.	34,753	34,743	0.0
Investment result	€ mill.	1,303	1,940	-32.8
<b>Group equity</b>				
	€ mill.	900	1,041	-13.5
<b>Consolidated result</b>				
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	
<b>Dividend of AXA Konzern AG<sup>2)</sup></b>				
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

<sup>1)</sup> Portfolio and result including investments of unit-linked life insurance

<sup>2)</sup> 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-of-a-kind, 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 factors 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 Langreny**

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**

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Accounting, Investments,  
Group Development, Taxation

**Norbert Rohrig**

Information Systems,  
Operational Organisation

**Dr. Heinz-Peter Roß**

Financial Retirement Provisions

**Gernot Schlösser**

Health Insurance, Doctors' Insurance

**Andreas M. Torner**

Sales, Marketing

# Group Advisory Board

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Berlin

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Gütersloh

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President of the Regional Medical  
Chamber of Thuringia  
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Sal. Oppenheim jr. & Cie. KGaA  
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Lawyer  
Bonn

**Prof. Dr. Bruno O. Braun**

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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  
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Universal Agent of Bilfinger Berger AG  
Mannheim

**Dr. Wolfgang Fliess**

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

**Christoph Freitag**

1<sup>st</sup> Chairman of the Umbrella  
Organisation of the Relief Fund  
for the German Hospitals  
Dresden

**Gerhard Frieg**

Member of the Management Board  
of MLP AG  
Heidelberg

**Dr. Leberecht Funk**

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

**Bernhard Gertz**

Chairman of the German  
Armed Forces Association  
Bonn

**Manfred Gilles**

Managing Director of the Free  
Association of German Dentists  
Bonn

**Gerhard Gimer**

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Deutsche Apotheker und Ärztebank eG  
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Weingarten/Württemberg

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Managing Shareholder  
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Member of the Management Board  
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Düsseldorf

**Holger Lampatz**

Maxdata AG  
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**Prof. Dr. Ulrich Lehner**

Chairman of Management  
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Managing Director of the German  
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Director of the Bonn Institute  
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Wirtschaft und Gesellschaft Bonn)  
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Head of Personnel at Linde AG  
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for the assessment of overall  
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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

**Dr. Carl Hermann Schleifer**

Chairman of the Management Board  
of Damp Holding AG  
Damp

**Norbert Schmelzle**

Chairman of Management  
of Kaefer Isoliertechnik GmbH & Co. KG  
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Membre du Directoire  
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Asset Management KAG mbH  
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Member of the Management Board  
of RAG AG  
Essen

**Prof. Dr. Rupert Scholz**

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  
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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 Bauträgersgesellschaft  
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 of staff 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 ProbAV 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 staff 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 offer in the dual product world in future.

In 2004 we also continued the profit-oriented 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

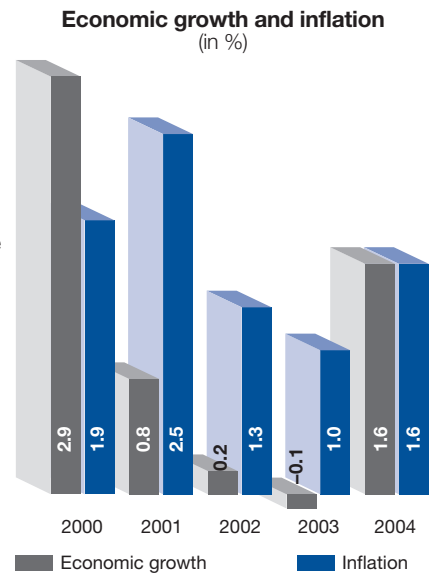
In 2004 the world economy recorded its highest growth of +4.8 % for over 20 years. Driven by the booming global economy, the German economy also experienced a certain upswing after a period of stagnation which had lasted almost three years. The gross domestic product increased by 1.6 %, although this 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

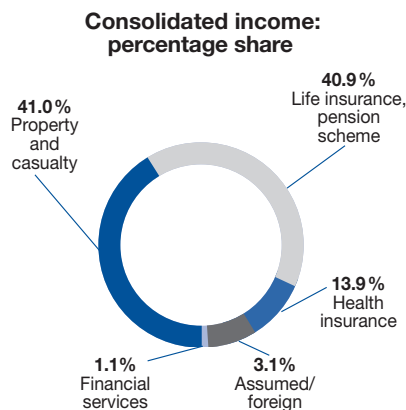
2.6 %. At € 64.3 billion (2003: € 65.2 billion), payments to policyholders remained at a high level.

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**

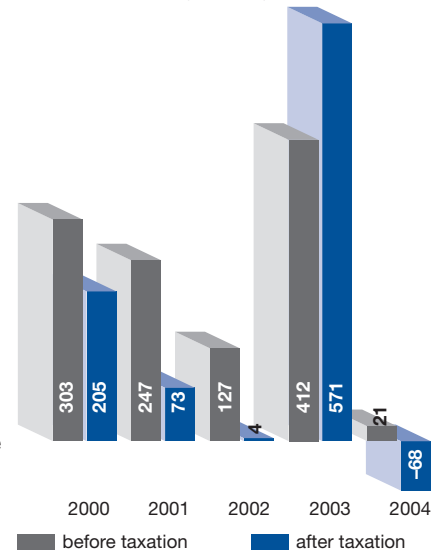
The underwriting result of the German AXA Group in the year under review improved by € 164 million. We achieved this improvement in all three business areas. The steepest increase in the underwriting result by € 78 million to € +99 million was achieved by our life insurance companies. The distinct increase 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.à.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 €

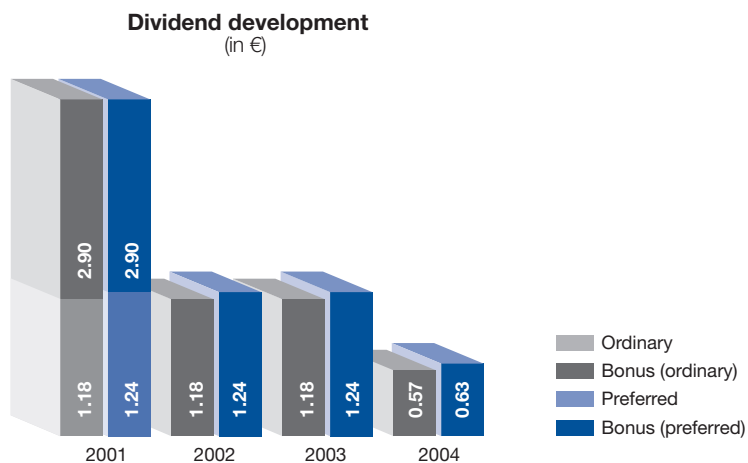
	excluding goodwill amortisation	including goodwill amortisation
2001	2.28	0.55
2002	2.03	-0.50
2003	2.55	1.00
<b>2004</b>	<b>1.40</b>	<b>0.40</b>

## 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.



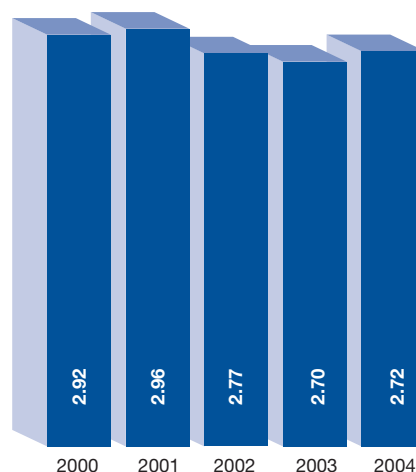
# Business Development of the Operative Companies

## 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 Alter native" 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
<b>Art insurance business on an international basis</b>	<b>109.5</b>	<b>110.4</b>	<b>-0.8</b>

\* 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 Versicherung- 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.

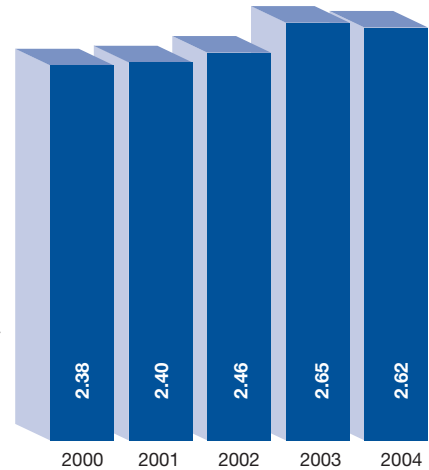
## Life insurance: 293,000 new policies

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 % 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.































































































































































































