AXA BANK EUROPE //

IFRS consolidated annual report 2009

redefining / standards

AXA

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All amounts included in the annual accounts are expressed in thousands of euros unless stated otherwise.

The figures are presented according to absolute values and must therefore be read in function of the description in the relevant section, except in sections where the distinction is to be made between profits (absolute value) and losses (- sign).

CONSOLIDATED
PROFIT-AND-LOSS ACCOUNT

Consolidated profit or loss in '000 EUR	31.12.2009	31.12.2008	Disclosure
CONTINUING OPERATIONS			
Financial & operating income and expenses	**270 176**	**276 369**	
Interest income	1 299 740	2 215 294	
— Cash & cash balances with central banks			
— Financial assets held for trading (if accounted for separately)	500 812	1 123 106	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	7 516	5 829	
— Available-for-sale financial assets	97 966	165 926	
— Loans and receivables (including finance leases)	632 553	765 972	
— Held-to-maturity investments			
— Derivatives - Hedge accounting, interest rate risk	60 859	154 447	
— Other assets	34	14	
(Interest expenses)	1 075 905	1 971 645	
— Deposits from central banks			
— Financial liabilities held for trading (if accounted for separately)	508 232	1 105 352	
— Financial liabilities designated at fair value through profit or loss (if accounted for separately)	582	1 984	
— Financial liabilities measured at amortised cost	439 050	706 611	
Deposits from credit institutions	49 684	109 027	
Deposits from non credit institutions	336 310	540 281	
Debt certificates	32 257	34 435	
Subordinated liabilities	19 345	22 638	
Other financial liabilities	1 454	230	
— Derivatives - Hedge accounting, interest rate risk	128 041	157 698	
— Other liabilities			
Expenses on share capital repayable on demand			
Dividend income	2 545	23 717	
— Financial assets held for trading (if accounted for separately)	12	111	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	1 652	4 688	
— Available-for-sale financial assets	881	18 918	
Fee and commission income	35 966	34 035	6
(Fee and commission expenses)	55 712	42 664	6
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	-13 672	16 040	7
— Available-for-sale financial assets	-17 880	11 863	
— Loans and receivables (including finance leases)	4 994	4 177	
— Held-to-maturity investments			
— Financial liabilities measured at amortised cost	-786		
— Other			
Gains (losses) on financial assets and liabilities held for trading (net)	8 892	-79 969	
— Equity instruments and related derivatives	-2 115	-2 722	
— Interest rate instruments and related derivatives	26 887	-99 315	
— Foreign exchange trading	-16 022	21 138	
— Credit risk instruments and related derivatives	142	930	
— Commodities and related derivatives			
— Other (including hybrid derivatives)			

Consolidated profit or loss

in '000 EUR

	31.12.2009	31.12.2008	Disclosure
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	-1 309	-29 728	8
Gains (losses) from hedge accounting	14 917	105 053	9
Exchange differences , net	24 853	-16 791	
Gains (losses) on derecognition of assets other than held for sale, net	-34	475	
Other operating net income	29 895	22 552	10
Administration costs	**265 731**	**208 367**	
— Staff expenses	117 900	95 801	11
— General and administrative expenses	147 831	112 566	12
Depreciation	**4 940**	**2 787**	
— Property, Plant and Equipment	1 844	1 695	
— Investment Properties			
— Intangible assets (other than goodwill)	3 096	1 092	
Provisions	**-8 115**	**6 845**	
Impairment	**22 099**	**66 920**	**19**
Impairment losses on financial assets not measured at fair value through profit or loss	22 099	61 811	
— Financial assets measured at cost (unquoted equity)			
— Available for sale financial assets	-16 236	52 651	
— Loans and receivables (including finance leases)	38 335	9 160	
— Held to maturity investments			
Impairment on		5 109	
— Property, plant and equipment			
— Investment properties			
— Goodwill			
— Intangible assets (other than goodwill)		5 109	
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
Negative goodwill immediately recognised in profit or loss		2 387	
Share of the profit or loss of associates, [subsidiaries] and joint ventures accounted for using the equity method			
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations			
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**-14 479**	**-6 163**	
Tax expense (income) related to profit or loss from continuing operations	**-4 704**	**312**	**13**
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**-9 775**	**-6 475**	
Total profit or loss after tax from discontinued operations			
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	**-9 775**	**-6 475**	
Profit or loss attributable to minority interest			
NET PROFIT OR LOSS	**-9 775**	**-6 475**	

As regards fluctuations in currency exchange rates, with the exception of those on financial instruments valued at fair value in the profit-and-loss account, an amount of EUR 17 028 075.77 EUR in positive results was included in the aforementioned profit-and-loss account.

In the context of R&D expenses, costs for an amount of EUR 2 723 972.92 were primarily incurred as part of our REEBOC (Re-engineering Back-office Credits) and REBEL (Re-engineering) projects. More particularly for the applications of instalment loans, tax credits and the investment fund project.

Statement of recognised income and expense

in '000 EUR

	31.12.2009	31.12.2008	Disclosure
PROFIT (LOSS) FOR THE YEAR	-9 775	-6 475	
Other recognised income and expense			
Tangible assets			
Intangible assets			
Hedge of net investments in foreign operations (effective portion)			
— Valuation gains/losses taken to equity			
— Transferred to profit or loss			
— Other reclassifications			
Foreign currency translation	-120		
— Translation gains/losses taken to equity	-120		
— Transferred to profit or loss			
— Other reclassifications			
Cash flow hedges (effective portion)	-1 638	10 479	(1)
— Valuation gains/losses taken to equity	-1 638	10 479	
— Transferred to profit or loss			
— Transferred to initial carrying amount of hedged items			
— Other reclassifications			
Available-for-sale financial assets	15 765	95 285	(2)
— Valuation gains/losses taken to equity	13 746	144 102	
— Transferred to profit or loss	-2 019	48 817	
— Other reclassifications			
Non-current assets and disposal groups held for sale			
— Valuation gains/losses taken to equity			
— Transferred to profit or loss			
— Other reclassifications			
Actuarial gains (losses) on defined benefit pension plans	-8 018	265	(3)
Share of other recognised income and expense of entities accounted for using the equity method			
Other items			
Income tax relating to components of other recognised income and expense			
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	-3 786	99 554	
Attributable to equity holders of the parent	-3 786	99 553	
Attributable to minority interest			
Changes in equity relating to prior periods			
Effects of corrections of errors			
— Equity holders of the parent			
— Minority interest			
Effects of changes in accounting policies			
— Equity holders of the parent			
— Minority interest			

Aggregated current and deferred taxes with respect to the items added or credited to the equity (overview in thousands of euros)

in '000 EUR	31.12.2009	31.12.2008
Cash flow hedging		
Gross	-2 468	15 888
Tax	-830	5 409
Net	-1 638	10 479
Financial assets available for sale		
Gross	23 526	144 887
Tax	7 760	49 602
Net	15 766	95 285
Actuarial profits (losses) on committed pension schemes		
Gross	-11 824	401
Tax	-3 806	136
Net	-8 018	265

CONSOLIDATED **BALANCE SHEET**

Consolidated Balance Sheet Statement - Assets in '000 EUR	31.12.2009	31.12.2008	Disclosure
Cash and cash balances with central banks	**151 855**	**299 288**	**14 / 37**
Financial assets held for trading	**1 685 944**	**1 225 200**	**18 / 20**
Financial assets designated at fair value through profit or loss	**65 908**	**119 479**	**16**
Available-for-sale financial assets	**3 664 927**	**3 451 503**	**17**
Loans and receivables (including finance leases)	**20 345 209**	**17 942 544**	**15**
Held-to-maturity investments			
Derivatives - hedge accounting	**9 525**	**36 497**	**20**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**137 100**	**118 891**	
Tangible assets	**41 674**	**19 702**	
— Property, Plant and Equipment	41 674	19 702	24
— Investment property			
Intangible assets	**18 558**	**10 372**	
— Goodwill			
— Other intangible assets	18 558	10 372	23
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)			
Tax assets	**86 146**	**83 788**	
— Current tax assets	2 034	425	
— Deferred tax assets	84 112	83 363	
Other assets	**89 365**	**83 882**	**21**
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**26 296 211**	**23 391 146**	

Consolidated Balance Sheet Statement - Liabilities in '000 EUR	31.12.2009	31.12.2008	Disclosure
Deposits from central banks			
Financial liabilities held for trading	**1 661 497**	**927 738**	**28**
Financial liabilities designated at fair value through profit or loss	**73 851**	**70 242**	**25**
Financial liabilities measured at amortised cost	**18 905 483**	**18 652 226**	
— Deposits from Credit institutions	1 399 829	1 081 418	26
— Deposits from Other than credit institutions	15 465 575	16 020 131	26
— Debt certificates including bonds	971 733	976 409	26
— Subordinated liabilities	401 179	434 400	26 / 27
— Other financial liabilities	667 167	139 868	
Financial liabilities associated with transferred assets	**4 282 580**	**2 126 003**	
Derivatives - hedge accounting	**265 939**	**210 151**	**20**
Fair value changes of the hedged items in a portfolio hedge of interest rate risk			
Provisions	**170 123**	**163 855**	**30**
Tax liabilities	**27 655**	**28 036**	
— Current tax liabilities	27 655	28 036	
— Deferred tax liabilities			
Other liabilities	**54 623**	**390 075**	**29**
Liabilities included in disposal groups classified as held for sale			
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	**25 441 751**	**22 568 326**	

Consolidated Balance Sheet Statement - Equity in '000 EUR	**31.12.2009**	**31.12.2008**	**Disclosure**
Issued capital	**546 318**	**531 250**	
— Paid in capital	546 318	531 250	35
— Unpaid capital which has been called up			
Share premium			
Other Equity			
— Equity component of compound financial instruments			
— Other			
Revaluation reserves and other valuation differences	**-157 393**	**-163 384**	**35**
— Tangible assets			
— Intangible assets			
— Hedge of net investments in foreign operations (effective portion)			
— Foreign currency translation	-120		
— Cash flow hedges (effective portion)	-12 116	-10 479	
— Available for sale financial assets	-144 423	-160 189	
— Non-current assets and disposal groups held for sale			
— Other items	-734	7 284	
Reserves (including retained earnings)	**475 311**	**461 429**	**35**
<Treasury shares>			
Income from current year	**-9 775**	**-6 475**	**35**
<Interim dividends>			
Minority interest			
— Revaluation reserves and other valuation differences			
— Other items			
TOTAL EQUITY	**854 461**	**822 820**	
TOTAL LIABILITIES AND EQUITY	**26 296 211**	**23 391 146**	

OVERVIEW OF CONSOLIDATED EQUITY CHANGES

Sources of equity changes

31.12.2009 – in '000 EUR

	Issued capital			Other Equity		Reserves (including retained earnings)	(Treasury shares)	Income from current year	Interim divi-dends	Minority interests: Other items	Total
	Paid in Capital	Unpaid capital which has been called up	Share pre-mium	Equity component of compound financial instruments	Other equity instruments						
Effects of corrections of errors recognised in accordance with IAS 8											
Effects of changes in accounting policies recognised in accordance with IAS 8											
Opening balance (last year)	**531 250**					**461 429**		**-6 475**			**986 204**
Issuance and redemption of equity instruments											
Issuance of Ordinary Shares											
Issuance of Preference Shares											
Issuance of Warrants for consideration											
Issuance of Options for Consideration											
Exercice of Options, Rights or Warrrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-9 775			-9 775
Issuance of Share Dividends											
Issuance of Non-Cash Dividends											
Issuance of Bonus Shares											
Cash Dividends Declared											
Interim Dividends											
Released to Retained Earnings											
Trading with treasury Shares											
Purchase of Treasury Shares											
Sale of Treasury Shares											
Transfers of Treasury Shares											
Cancellation of Treasury Shares											
Reclasifications											
Reclassification of Financial Instruments from Equity to Liability											
Reclassification of Financial Instruments from Liability to Equity											
Transfers (to) from Retained Earnings											
Transfers from Share Premium											
Other											
Equity Increase (Decrease) Resulting from Business Combination											
Other Increase (Decrease) in Equity	15 068					13 883		6 475			35 426
Closing balance (current year)	**546 318**					**475 312**		**-9 775**			**1 011 855**

Sources of equity changes

31.12.2008 – in '000 EUR

	Issued capital		Reserves (including retained earnings)	Income from current year	Total
	Paid in Capital	Unpaid capital which has been called up			
Effects of corrections of errors recognised in accordance with IAS 8					
Effects of changes in accounting policies recognised in accordance with IAS 8					
Opening balance (last year)	**881 250**		**454 205**	**7 224**	**1 342 679**
Issuance and redemption of equity instruments					
Issuance of Ordinary Shares					
Issuance of Preference Shares					
Issuance of Warrants for consideration					
Issuance of Options for Consideration					
Exercice of Options, Rights or Warrrants					
Expiration of Options or Warrants					
Conversion of Debt to Equity					
Capital Reduction	350 000				350 000
Allocation of profit					
Profit (Loss) Attributable to equity Holders of Parent				-6 475	-6 475
Issuance of Share Dividends					
Issuance of Non-Cash Dividends					
Issuance of Bonus Shares					
Cash Dividends Declared					
Interim Dividends					
Released to Retained Earnings					
Trading with treasury Shares					
Purchase of Treasury Shares					
Sale of Treasury Shares					
Transfers of Treasury Shares					
Cancellation of Treasury Shares					
Reclasifications					
Reclassification of Financial Instruments from Equity to Liability					
Reclassification of Financial Instruments from Liability to Equity					
Transfers (to) from Retained Earnings					
Transfers from Share Premium					
Other					
Equity Increase (Decrease) Resulting from Business Combination					
Other Increase (Decrease) in Equity			7 224	-7 224	
Closing balance (current year)	**531 250**		**461 429**	**-6 475**	**986 204**

CONSOLIDATED
CASH FLOW OVERVIEW

in '000 EUR	31.12.2009	31.12.2008
OPERATING ACTIVITIES		
Net profit (loss)	-9 775	-6 475
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	16 169	-50 253
— (Current and deferred tax income, recognised in income statement)		
— Current and deferred tax expenses, recognised in income statement	-4 704	312
— Minority interests included in group profit or loss		
— Unrealised foreign currency gains and losses	-24 853	-20 525
Investing and financing		
— Depreciation / amortisation	4 940	2 787
— Impairment		5 109
— Provisions net	-8 115	6 845
— Unrealised fair value (gains) losses via P & L, i.e. for investment property, PPE, intangible assets,...		-53 848
— (Gains) Losses on sale of investments, net (i.e. HTM, associates, subsidiaries, tangible assets,...)		50 829
Operating		
— Unrealised gains (losses) from cash flow hedges, net	-1 637	-10 478
— Unrealised gains (losses) from available-for-sale investments, net	15 765	-160 189
— Other adjustments	34 773	128 905
Cash flows from operating profits before changes in operating assets and liabilities	**6 394**	**-56 728**
Increase (Decrease) in working capital (excl. cash & cash equivalents):	62 162	543 530
Increase (decrease) in operating assets (excl. cash & cash equivalents):	2 838 266	1 364 766
— Increase (decrease) in balances with central banks	-163 178	
— Increase (decrease) in loans and receivables	2 402 665	2 258 238
— Increase (decrease) in available-for-sale assets	213 424	-1 057 725
— Increase (decrease) in financial assets held for trading	460 415	153 692
— Increase (decrease) in financial assets designated at fair value through profit or loss	-53 571	-1 026
— Increase (decrease) in asset-derivatives, hedge accounting	-26 972	
— Increase (decrease) in non-current held for sale		
— Increase (decrease) in other assets (definition balance sheet)	5 483	11 587
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	2 900 428	1 908 296
— Increase (decrease) in advances from central banks		
— Increase (decrease) in deposits from credit institutions	318 411	368 710
— Increase (decrease) in deposits (other than credit institutions)	-554 556	1 139 945
— Increase (decrease) in debt certificates (including bonds)	-4 677	
— Increase (decrease) in financial liabilities held for trading	717 674	
— Increase (decrease) in financial liabilities designated at fair value through profit or loss	3 609	98 445
— Increase (decrease) in liability-derivatives, hedge accounting	71 544	4 874
— Increase (decrease) in other financial liabilities	2 683 876	
— Increase (decrease) in other liabilities (definition balance sheet)	-335 453	296 322
Cash flow from operating activities	**68 556**	**486 802**
Income taxes (paid) refunded	**-204**	**4 755**
NET CASH FLOW FROM OPERATING ACTIVITIES	**68 352**	**491 557**

in '000 EUR	31.12.2009	31.12.2008
INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	23 235	16 041
Cash receipts from the sale of tangible assets	32	-5 649
(Cash payments to acquire intangible assets)	11 251	
Cash receipts from the sale of intangible assets		
(Cash payments for the investment in associates, subsidiaries, joint ventures net of cash acquired)		-1 766
Cash receipts from the disposal of associates, subsidiaries, joint ventures net of cash disposed		
(Cash outflow to non-current assets or liabilities held for sale)		
Cash inflow from the non-current assets or liabilities held for sale		
(Cash payments to acquire held-to-maturity investments)		
Cash receipts from the sale of held-to-maturity investments		
(Other cash payments related to investing activities)		
Other cash receipts related to investing activities		250
Net cash flow from investing activities	**-34 454**	**-19 674**
FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities	12 554	2 241
(Cash repayments of subordinated liabilities)	45 774	44 912
(Cash payments to redeem shares or other equity instruments		350 000
Cash proceeds from issuing shares or other equity instruments	15 068	24 455
(Cash payments to acquire treasury shares)		
Cash proceeds from the sale of treasury shares		
Other cash proceeds related to financing activities		
(Other cash payments related to financing activities)		24 599
Net cash flow from financing activities	**-18 152**	**-392 815**
Effect of exchange rate changes on cash and cash equivalents		
NET INCREASE IN CASH AND CASH EQUIVALENTS	**15 746**	**79 068**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**136 107**	**57 041**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**151 853**	**136 109**
Components of cash and cash equivalents:		
— On hand (cash)	130 135	71 094
— Cash balances with central banks	21 718	65 015
— Loans and receivables		
— Held-to-maturity investments		
— Available-for-sale assets		
— Financial assets held for trading		
— Financial assets designated at fair value through profit or loss		
— Other short term, highly liquid investments		
— (Bank overdrafts which are repayable on demand, if integral part of cash management)		
Total cash and cash equivalents at end of the period	**151 853**	**136 109**

in '000 EUR	31.12.2009	31.12.2008
Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by group		
Undrawn borrowing facilities (with breakdown if material)		
Supplemental disclosures of operating cash flow information:		
— Interest income received	1 562 282	959 191
— Dividend income received	893	19 029
— Interest expense paid	-1 281 150	-662 386
Supplemental disclosures of acquisitions/disposals of subsidiaries		
— Total purchase or disposal consideration		
— Portion of purchase or disposal consideration discharged by means of cash or cash equivalents		
— Amount of cash and cash equivalents in the subsidiaries acquired or disposed		
— Amount of assets and liabilities other than cash or cash equivalents in the subsidiaries acquired or disposed of		
Non-cash financing and investing activities		
— Acquisition of assets by assuming directly related liabilities or by means of a finance lease		
— Acquisition of an enterprise by means of an equity issue		
Conversion of debt to equity		

CASH FLOW FROM OPERATING ACTIVITIES

The net incoming cash flow of EUR 68 million is due to:

- The increase in operating liabilities for an amount of EUR 2 900 million primarily consists of an increase of EUR 318 million in deposits of credit institutions and a EUR 717 million increase in the financial liabilities related to operating objectives. The other financial liabilities have increased by EUR 2 683 (of which EUR 2 156 million with regard to repo operations). This is offset by client deposits that have decreased by EUR 555 million and the other operating liabilities by EUR 335 million;
- This is offset by an increase in operating assets of EUR 2 838 million marked by an increase of loans and receivables for an amount of EUR 2 403 million made up as follows: increase in loan portfolio (EUR 3 422 million), decrease in reverse repo activities (EUR 807 million) and drop in the current accounts and short-term accounts (EUR 212 million). The assets available for selling have increased by EUR 213 million and the financial assets maintained for operating objectives have increased by EUR 460 million. There is, furthermore, a decrease in the current accounts at the central banks of EUR 163 million;
- We also recognise a negative cash flow in the investment activities in financial assets for an amount of EUR 86 million caused by an increase in these investments since sales and refunds (EUR 3 087 million) were lower than the new investments (EUR 3 148 million).

CASH FLOW FROM INVESTMENT ACTIVITIES

We recognise a negative cash flow here for an amount of EUR 34 million due to the purchase of tangible assets (EUR 23 million) and intangible fixed assets (EUR 11 million).

CASH FLOW FROM FINANCING ACTIVITIES

This concerns the continuous issue programme of subordinated debts at AXA Bank (EUR 12.5 million), the (early) refund of these debts (EUR 45 million) and the payment of interests on these debts (EUR 15 million).

FUTURE CASH FLOWS

AXA Bank Europe still anticipates a further increase of the credit portfolio, the financing of which is planned through the further sale of the bond portfolio and by attracting savings.

EXPLANATORY NOTES
TO CONSOLIDATED ANNUAL ACCOUNTS

1 / GENERAL

As a result of the creation of a European bank pool within the AXA group, the name AXA Bank Belgium was changed to AXA Bank Europe. This new name became effective after being approved by the General Meeting of 17 April 2008.

The Legal consolidation circle of AXA Bank Europe includes AXA Bank Switzerland, AXA Bank Hungary, AXA Bank Czech Republic, AXA Bank Slovak Republic, AXA Hedging Services Ltd., Royal Street NV and AXA Belgium Finance B.V.

AXA Bank Europe NV, with registered offices in 1170 Brussels, 25 Boulevard du Souverain, is a 100% subsidiary of AXA Holdings Belgium NV. The latter directly owns all shares of AXA Bank Europe. Both belong to the AXA group with as parent company AXA NV established in France.

The best products of AXA Bank Europe in Belgium are I-Plus Welcome, a high-interest savings account for 6 months, short-term loans and, in particular, loans for renovations.

AXA Bank Europe provides a broad range of financial products to individuals and small businesses and has a network of 950 exclusive independent bank agents who also support the sale of AXA Insurance and AXA Investment Managers products. AXA Bank Europe is the sixth bank in Belgium where the four largest banks represent 90% of the market.

The Hungarian branch was integrated into the accounts of AXA Bank Europe on 1 January 2009 on the basis of the accounting model of a “merger through absorption” (as-is integration of the branch’s accounting balance sheet).

Since the merger took place at the beginning of the financial year exactly, only the assets, liabilities (including share equity) and the elements outside the balance sheet are included.

The accounting balance sheets in foreign currencies (HUF, CHF and RON) were converted to euros by using the cross-rates of exchange for the euro (derived from the closing rates on 31 December 2008) valid at the level of the Hungarian branch with the exception of equity capital. The equity capital was converted into euros by using the official euro/HUF exchange rate specified in the resolutions of the merger for the capital increase at the level of AXA Bank Europe due to the merger. The difference due to the conversion of the equity capital because a different rate was used in comparison with the other items of the balance sheet was entered as exchange rate profits in the Reserves of the equity capital section.

2 / BASIS FOR FINANCIAL REPORTING

2.1 / Consolidation principles

2.1.1 / General

AXA Bank Europe currently only has subsidiaries, i.e., companies over which it exercises full control.

Typically, all subsidiaries must be entirely recognised in the consolidation.

As a departure from this principle, AXA Bank Europe has decided, on the basis of the principle of relevance and immateriality, to keep the subsidiaries for which previously a dispensation was obtained by the CBFA, out of the consolidation circle, and also for the application of the consolidated IFRS annual accounts not to completely include them. In this a subsidiary whose total balance during the previous financial year constitutes less than 0.15% of the total balance for AXA Bank Europe, is considered as intangible and is therefore not recognised in the consolidation circle, unless decided otherwise by the Board of Directors.

This implies that the subsidiaries AXA Belgium Finance BV and AXA Hedging Services Limited are fully recognised, such as the SPV Royal Street NV.

2.1.2 / Intergroup entities purchase

With regard to business combinations with other entities of the AXA Group, these entities fall under common control and, thus, these business combinations are not covered by IFRS 3. As such, these company combinations are, therefore, not subject to IFRS 3. AXA Bank Europe applies, in such a case, a method under which the integrated assets and liabilities retain the same book value as the purchased entity. Adjustments are only implemented to achieve harmonisation of accounting rules.

2.2 / Financial instruments - securities

2.2.1 / Fixed-yield securities

Fixed-yield securities are defined as negotiable securities, which generate interest revenue through coupons or interest capitalisation; mortgage certificates also fall under this definition.

The first entry of fixed-yield securities on the balance sheet takes place on the transaction date.

When fixed-yield securities are first entered, they are recognised at their fair value, i.e., their purchase value (including paid accrued interests).

Upon their initial entry, the fixed-yield securities, depending on the options and the rating objective, are assigned to one of the following rating categories:

(i) Assets at fair value held for trading;
(ii) Assets considered as rated at fair value with value changes recognised in the profit-and-loss account;
(iii) Assets held to maturity;
(iv) Loans and receivables;
(v) Assets available for sale.

Typically, the fees related to the transaction must be capitalised with the purchasing value for rating categories (iii), (iv) and (v). Due to the principle of immateriality, the AXA Bank Europe Group has decided to enter it directly in the profit-and-loss account.

(i) Assets at fair value held for trading
Fixed-yield securities are classed as assets held at fair value for trading if they:
— are primarily acquired or entered into with the goal to sell them or buy them back in the short term;
— form part of identified financial instruments that are managed together and for which indications exist of recent, factual patterns of short-term profits.

Even though a change in IAS 39 allows for reclassifications outside of this category under strict conditions, AXA Bank Europe has not made use of this option in 2008 and 2009.

For the determination of net profits and net losses:

— A distinction is made between interest margin and changes in value due to changes in fair value;
— No distinction is made between achieved capital gain or short values and rating gains and losses;
— Changes in value are netted.

(ii) Assets considered as rated at fair value with changes in value recognised in the profit-and-loss account
This classification is used at the AXA Bank Europe Group in the following three circumstances.

1) The classification leads to more relevant information since it eliminates or considerably limits any inconsistency in valuation or entry (accounting mismatch), which would otherwise be created as a result of the valuation of assets or bonds or of the entry of the relevant profits and losses on the basis of various fundamentals. In most cases, this involves fixed-yield securities, which are covered by derivatives, but where it was not opted to apply hedge accounting.
At AXA Bank it involves a bond portfolio, hedged by asset swaps. Typically these bonds would be classed as held for sale whereby the changes in value are deferred in equity.
2) The classification leads to more relevant information since a group of financial assets, i.e., specific categories of investment funds, are managed and their performance evaluated on the basis of their fair value, in accordance with a documented risk management or investment strategy.
3) If it involves structured fixed-yield securities, whereby no close link exists between economic features and risks of the derivative decided in the contract and economic features and risks of the basic contract.

The indication is permitted by paragraph 11A of IAS 39.

This indication is not possible:

— if the derivative(s) embedded in a contract do not lead to a significant change in cash flows, which would otherwise be required by the contract; or
— if such a (composed) hybrid instrument is first considered, whether or not after a quick analysis, it is clear that the separation of the derivative(s) embedded in a contract) is not permitted. For example, the option of the early repayment decided in a loan, which allows the holder to pay off the loan early for approximately its amortised cost.

After the first entry no reclassifications are possible within or outside of this category.

For the determination of the net profits and net losses:

— A distinction is made between profit margin and changes in value due to changes in fair value;
— No distinction is made between achieved capital gain value and short values and evaluation gains and losses.

(iii) Assets held to maturity
In the (rare) event that the AXA Bank Europe Group is authorised by its parent company to use this rating category it involves fixed-yield securities with fixed or determinable payments and a fixed term, which are quoted on an active market and which the AXA Bank Europe Group definitely intends to and is able to hold until maturity.

After the first entry only limited reclassifications are possible outside of this category (disappearance of active market) and subject to approval by the parent company within this category.

(iv) Loans and receivables
This rating category is used if it involves fixed-yield securities with fixed or determinable payments and a fixed term, which are not quoted on an active market and which the AXA Bank Europe Group definitely intends to hold until maturity.

After the first entry no reclassifications are possible within or outside of this category.

Although IAS 39 allows reclassification within this category under specific strict conditions, AXA Bank Europe did not make use of this option in 2008 and 2009.

(v) Assets available for sale
This rating category is used for available-for-sale fixed-yield securities or for fixed-yield securities, which cannot be assigned to one of the above categories.

After the first entry only limited reclassifications are possible outside and inside this category (relation with assets held to maturity) subject to approval of the parent company within this category.

The subsequent rating always takes place as follows:

— For rating categories (i) and (ii) each change between fair value and cost is recognised in the profit-and-loss account, whereby the fair value is the quoted price or, if there is no quoted price, recent price-making for similar securities or a rating technique. The changes in fair value are split in the profit-and-loss account into interest yield and pure fair value changes;
— For rating categories (iii) as well as (iv), the assets are valued at the amortised cost, whereby the interest yield is recognised in the profit-and-loss account on the basis of the actual interest method. In the event of objective proof of non-recoverability the assets are the subject of a special depreciation test related to an individual or collective assessment. The depreciation amount is the difference between the outstanding book value and the cash value of the estimated future cash flows;

— For rating category (v) the securities are valued at fair value, whereby the interest yield in the profit-and-loss account is included on the basis of the actual interest method and whereby each difference between fair value and amortised cost is deferred in equity.

In the event of rating categories (i) and (ii) no depreciation test is carried out.

In the event of rating category (iv) (not quoted fixed-yield securities) the rule of loans and receivables apply, as mentioned in the relevant rating rules for depreciations.

In the event of rating categories (iii) and (v) and if objective proof shows non-recoverability, the securities are the subject of a depreciation test related to an individual assessment.

Typically the market value in itself is not enough of an indication that depreciation has occurred. AXA Bank Europe has decided to follow the rules of the parent company. The amount of the depreciation is based on the real value, whereby the unrealised loss is based on a significant or long-term decrease in fair value of a security compared to its cost. This depreciation is recognised in the profit-and-loss account.

The following principles are applied:

— Fixed-yield securities with an Investment Grade (IG) rating
  - IG with unrealised losses of more than 20% and that exist during a consecutive period of 6 months or more: they are decreased in value, unless it appears after inspection that no credit event has taken place. In this case the loss of value is attributed to, for example, a change in interest rates or other causes;
  - IG with unrealised losses up to 20%: no depreciation or documentation is required, only specific monitoring.

— Fixed-yield securities with a Below Investment Grade (BIG) rating
  - BIG with unrealised losses (regardless of the percentage), which have existed for a period of more than 12 months: they are reduced in value, unless sufficient convincing evidence exists that shows that the loss of value is not related to a credit event;
  - Other BIG with unrealised losses of 20% or more and that have existed during a consecutive period of 6 months or more are revised for any special decrease in value and if necessary decreased in value, unless no credit event has taken place. In that case documentation must be created to prove that the loss of value is not attributable to a credit event.

The listed unrealised losses exclude exchange results, as well as any booked special depreciation.

In the event that an objective indication, such as an improvement in creditworthiness, indicates that the recoverable amount has increased, the special depreciation is retracted through the profit-and-loss account.

If within the rating categories (iii), (iv) and (v) a derivative is embedded in the basic contract, which is not closely related to the economic features and risks of the basic contract, said embedded derivative must typically be split from the basic contract and valued separately as a derivative.

The AXA Bank Europe Group has decided in such cases to value such contracts at fair value with value changes in the profit-and-loss account (see discussion of the relevant category above).

The outbooking of the fixed-yield securities takes place on the expiry date or on the transaction date in the event of a sale. In the latter case the difference between the received payment and the book value on the transaction date (after cross-entry of potential deferred income/costs) is recognised in the profit-and-loss account as a realised capital gain or loss.

2.2.2 / Non-fixed-yield securities

Non-fixed-yield securities are defined as shares, as well as no-par value shares in investment companies (joint investment funds, money market funds, hedge funds).

Non-fixed-yield securities are first disclosed in the balance sheet takes place on the transaction date.

They are recognised at their fair value, i.e., their purchase value.

When first disclosed, non-fixed-yield securities, are assigned to one of the following rating categories, depending on the possibility and the rating objective:
(i) Assets at fair value held for trading
(ii) Assets considered as valued at fair value with value changes recognised in the profit-and-loss account
(iii) Assets available for sale.

Typically, for rating category (iii) the fees related to the transaction must be capitalised on first disclosure at purchase value. Due to the principle of immateriality the AXA Bank Europe Group decided to directly include these in the profit-and-loss account.

(i) Assets at fair value held for trading

Non-fixed-yield securities are classed as assets at fair value held for trading if they:

— are primarily acquired or entered into with the purpose of being sold or bought back in the short term;
— form part of identified financial instruments that are jointly managed and for which indications exist of a recent, actual pattern of short-term profit taking.

Although a change in IAS 39 allows reclassifications outside of this category under specific and strict conditions, AXA Bank Europe did not make use of this option in 2008 and 2009.

For the determination of net profits and net losses:

— A distinction is made between interest margin, received dividends and value changes due to changes in fair value;
— A distinction is made between realised capital gain and short values and rating evaluation gains and losses;
— Value changes are netted.

(ii) Assets considered as valued at fair value with value changes recognised in the profit-and-loss account

This classification is used at the AXA Bank Europe Group in the following three cases:

1) The classification leads to more relevant information since it eliminates or considerably limits any inconsistency in the rating or entry (accounting mismatch), which would otherwise be created from the rating of assets or liabilities or from the entry of the relevant profits and losses on the basis of various foundations. In most cases it involves non-fixed-yield securities, which are covered by derivatives, but whereby it was not decided to apply hedge accounting.
2) The classification leads to more relevant information because a

group of financial assets, i.e., specific categories of investment funds are managed and its performance evaluated on the basis of the fair value, in accordance with a documented risk management or investment strategy.

3) The indication is permitted under paragraph 11A of IAS 39, involving non-fixed-yield securities, which include one or more derivatives and
   - whereby the derivative(s) determined in a contract do not lead to a major change in cash flows, which would otherwise be required by the contract or
   - whereby, after a swift or no analysis, when a similar hybrid (composed) instrument is considered for the first time, it is clear that the separation of the derivative(s) embedded in a contract is not permitted.

Following initial disclosure no reclassifications are possible within or outside this category.

For the determination of the net profits and net losses:

— a distinction is made between interest margin, received dividends and value changes due to changes in fair value;
— no distinction is made between capital gains losses and rating profits and losses.

(iii) Assets available for sale

This rating category is used for the sale of available non-fixed-yield securities or for non-fixed-yield securities, which could not be assigned to one of the above categories.

Although a change in IAS 39 allows reclassifications outside of this category under specific and strict conditions, AXA Bank Europe did not make use of this option in 2008 and 2009.

Following the initial disclosure no reclassifications are possible within or outside of this category.

The subsequent rating takes place as follows:

— For rating categories (i) and (ii) each change between fair value and cost is recognised in the profit-and-loss account, whereby the fair value represents the quoted prices or, if there is no quoted price, recent price makings for similar securities or a rating technique.
— For rating category (iii) the securities are valued at fair value, whereby any difference between fair value and cost is deferred in the equity.

In the case of rating categories (i) and (ii), no depreciation test is carried out.

In the case of rating category (iii) and if objective indications are available of non-recoverability, the securities are subjected to a depreciation test related to an individual assessment. The depreciation amount is based on the market value, countervalue in euros, whereby the unrealised loss is confirmed by a significant or long-term decrease in fair value of a security compared to its cost.

Regarding this individual assessment of the major or long-term decreases in value the following rules are applied as imposed by the parent company:

— unrealised losses of 20% or more; or
— unrealised losses for a consecutive period of more than 6 months.

The accrued unrealised loss (including exchange results) is transferred from the equity and is recognised in the profit-and-loss account as cost for special depreciation (realised loss).
Once a special depreciation for non-fixed yield securities has become permanent at the end of a period, it will never be taken back; the cost is adjusted from the date of the special depreciation to the decreased amount (regardless of the scope of reason for the depreciation) and at the same time becomes the new cost for a potential subsequent further depreciation. Every additional depreciation is immediately entered in the profit and loss account.
If it is not possible to determine a share's fair value, it is only valued at cost. In connection to the depreciation test the rules for non-fixed-yield securities remain in full force.

If within rating category (iii) derivatives are embedded in the basic contract, which are not closely connected to the economic features and risks of the basic contract, this embedded derivative must typically be split from the basic contract and valued separately as a derivative.

The AXA Bank Europe Group has decided, in such cases, to assess these contracts at fair value with value changes in the profit-and-loss account (see discussion of relevant category above).

The dividends are recognised in the income at the time the company secures the right to collect dividends.

The outbooking of the non-fixed-yield securities takes place in the event of a sale on the transaction date. On this date the difference between the received payment and the book value (after cross-entering any deferred income/expenses) is recognised in the profit-and-loss account as a realised capital gain or loss.

2.3 / Financial instruments - credits and receivables

2.3.1 / Credits and receivables with normal trends

The credits granted by the company to its clients are recognised at fair value in the balance sheet on the date they are made available. They are assigned to rating category "Loans and receivables" with rating at depreciated cost.

Within this category there are at this time no derivatives embedded in basic contracts, which are not closely related to the economic features and risks of the basic contract and consequently must be split from the basic contract and valued separately as a derivative.
Should this still be the case, such contracts will be fully valued at fair value through the profit-and-loss account (see description of relevant category under fixed-yield securities).

Typically for the initial entry all incremental transaction fees and received payments must be added and/or deducted from the initial fair value. Due to the principle of immateriality, as well as the commission option with the related direct internal acquisition expenses within IAS 18, AXA Bank Europe has decided not to deduct the charged file expenses on first entry and therefore directly recognise them in the profit-and-loss account.

The acquisition commissions, however, will be capitalised (added to the acquisition price) in credit files.

The accrued interests are recognised in the profit-and-loss account on the basis of the actual interest.

The actual interest rate is the interest that exactly discounts the future contractually specified cash flows until maturity to the acquisition value, taken into account the above capitalised acquisition expenses.

The aforementioned acquisition expenses are therefore amortised within the interest income over the contractual term.

The amortisation of the credits takes place on the expiry date or earlier in the event of a full or partial early repayment. If in the latter case, there is no reinvestment in a new credit, the received reinvestment payments are booked as realised capital gains. Not yet amortised assigned acquisition expenses are in such cases outbooked in the profit-and-loss account in proportion to the amount repaid.

For the determination of the net profits and net losses:

- A distinction is made between interest margin and realised capital gains and losses;
- The results are not netted.

2.3.2 / Credits and receivables – problem files

From the time there is an objective indication of non-recoverability, the credit claim is subject to a depreciation test.

AXA Bank Europe makes use of a separate provision account, which reflects the special depreciation, undergone by the underlying financial asset as a result of credit losses. This provision account also takes into account the impact of the time value.

Negative differences between the calculated recoverable amounts and the book value are recognised in the profit-and-loss account as a depreciation loss.

The recoverable amount takes into account the time value of the funds, whereby the expected cash flows are updated at the contract's original actual interest rate. Each decrease in provision due to the time value is recognised in the profit-and-loss account as interest yield.

Each increase due to a downswing is recognised through the addition accounts for depreciation in the profit-and-loss account.

Each decrease due to objective indicators that show that the recoverable amount increases as a result of an improvement in the assessed recoverable cash flows is accounted for through the write-back accounts of depreciations and provisions on the profit-and-loss account, however, it will never lead to an amortised cost, which would be higher than the amortised cost if no depreciation had taken place.

After special depreciation was booked the interest yield is recognised in the profit-and-loss account on the basis of the actual interest of the underlying contracts.

The provisions are directly booked against the receivables if there is no possibility of recovery.

Credits that are the subject of renegotiated terms do not exist.

The following rules apply to **housing credits, investment credits and commercial accounts** (**including cash credits**):

The company combines collective and individual rating.

The individual rating is applied in two cases:

1. As soon as the uncertain trend status is determined, depreciation is booked on the basis of observation data from the past. This depreciation is calculated individually on a statistical basis, taking into account the observed losses from the past and the probability of a return to the normal trend status or the transition to a questionable and uncollectable status.
2. From the uncollectable and questionable status the file is individually monitored and depreciation is booked taking into account the development of the file and in particular the guarantees. These files are still valued on an individual basis, even if the guarantees are adequate. Each depreciation is booked individually per file.

The normal trend portfolio is valued on a collective basis using latent indicators (the "losses incurred but not yet reported" model) and the company's expertise.

The following rules apply to **instalment loans**:

The company combines collective and individual ratings.

Individual rating is applied in two cases:

1. As soon as the uncertain trend status is determined, depreciation is booked on the basis of observation data from the past. This depreciation is calculated individually on the basis of statistics, which take into account the probability of a return to the normal trend status or a transition to the questionable and uncollectable status, as well as on the basis of the aforementioned model and the company's experience.
2. From the questionable and uncollectable status an individual rating is applied, which still takes into account the aforementioned statistical approach.

The files are monitored individually and any remaining outstanding claims against the client are recognised as losses after final examination.

The normal trend portfolio is valued on a collective basis using latent indicators (see above model) and the company's expertise.

For **private current accounts and the budget + accounts** the following rules apply:

The company combines collective and individual ratings.

The individual rating is applied in two cases:

1. In the uncertain trend status depreciation is booked on the basis of observation data from the past. This depreciation is calculated individually based on statistics, taking into account the observed losses from the past and the likelihood of a return to a normal trend status of a transition to the questionable and uncollectable status.
2. From the uncollectable and questionable status the bank proceeds to an individual rating on the basis of the history of its observations and its expertise. The depreciation is booked individually, per file.

The portfolio with the normal trend status is valued on a collective basis by means of latent indicators (see above model) and the company's expertise.

For the determination of net profits and net losses:

— A distinction is made between interest margin and realised capital gains and losses;
— Results are not netted.

2.4 / Treasury

2.4.1 / Regular interbank investments and interbank deposits

The interbank investments and interbank deposits are initially recognised in the balance sheet on the date of availability and this at fair value (i.e., the value at which the funds were provided or obtained).

The interest rate yield and the interest rate expenses are recognised pro rata temporis in the profit-and-loss account by making use of the actual interest method.

Amortisation takes place on the expiry date.

2.4.2 / Structured placements and structured deposits

Structured placements and deposits are understood to mean placements and deposits that include derivatives embedded in the contract.

If the derivatives embedded in the contract due to the close connection between the economic features and the risks do not have to be separated from the basic contract, the same rating rules apply as mentioned above for regular interbank placements and deposits.

In the other case, AXA Bank Europe Group has decided to consider them as valued at fair value, accounting for the value changes in the profit-and-loss account.

This allocation is permitted by paragraph 11A of IAS 39 involving placements and deposits containing one or more embedded derivatives, unless:

— the derivatives embedded in a contract do not lead to a significant change in cash flow, which would otherwise be required by the contract; or
— it is clear, after a swift or no analysis, if a similar hybrid (composite) instrument is considered for the first time, that the splitting of the derivative(s) embedded in a contract is not permitted, such as an early redemption option embedded in a loan allowing the holder to redeem the loan early for approximately its amortised cost.

Such placements and deposits are initially recognised at fair value in the balance sheet on the date they become available.

Subsequently the changes in fair value are recognised in the profit-and-loss account, but split into interest rate margin and a pure difference compared to the fair value. Changes in fair value take into account the effect of the change on the issuer's creditworthiness (AXA Bank Europe for securities).

Typically day 1 changes in fair value are to be deferred if the fair value was established on the basis of non-observable prices. This change must be written off over the term of the underlying instrument or until such time that observable prices are available. Due to the intangible nature of the relevant amounts, no day 1 changes in fair value have been deferred until the end of 2008. If tangible, day 1 changes in the fair value are deferred. This adjustment will then be written off over the duration of the underlying instrument or until the observable prices become available.

Amortisation takes place on the due date or on the date of availability in the event of early repayment. In the latter situation the difference between the received/paid commission and the book value is recognised in the profit-and-loss account as a realised capital gains or loss.

2.4.3 / Derivatives

2.4.3.1 / Embedded derivatives

Derivatives embedded in basic contracts, which are valued at fair value and whereby the fair value differences are recognised in the profit-and-loss account, are not separated.

2.4.3.2 / Other derivatives

All other derivatives are recognised in the balance sheet for their fair value on the conclusion date.

Changes in fair value are recognised directly in the profit-and-loss account, except for hedge accounting (see 2.4.4).

2.4.4 / Hedge accounting

The following types of hedges are possible:

— Portfolio Interest Rate Fair Value hedge is a relationship between derivatives and underlying financial instruments documented in a fair value hedge of the interest risk of the underlying hedged instrument. Periodic checks are made to see whether the hedge is still efficient (prospective and retrospective testing).
During each efficient period, the fair value change relating to the hedged risk of a reference amount is booked on the underlying financial instruments. As from July 2009, the then existing hedge accounting relationship was replaced by a new model with the intention of strengthening the efficiency of the relationship. The accumulated value change that existed at the end of June is written off through the profit-and-loss account based on the remaining term of the involved derivatives. In the old model, the entered fair value change with regard to the hedged risk is not written off. This fair value change is written off through the profit-and-loss account on the basis of the remaining term of the relevant derivatives; the fair value difference of the derivatives is recognised directly in the profit-and-loss account.
During each non-efficient period no fair value change is booked on the underlying financial instruments; the fair value change of the relevant derivatives is directly recognised in the profit-and-loss account.
— Micro Fair Value hedge is a relationship between derivatives and underlying financial instruments documented in a fair value hedge of one or more financial risks of the underlying hedged instrument. It is checked periodically whether the hedge is still efficient (prospective and retrospective testing).
During each efficient period the fair value change relating to the hedged risk is booked with the financial instrument, whereby this value change is accounted for in the profit-and-loss account; the fair value change of the relevant derivatives is recognised directly in the profit-and-loss account.
Once the hedge ceases to be efficient it is terminated and the value adjustments are written off in the event of debt instruments over the remaining term of the instrument by adjusting the actual interest.

— Cash Flow hedge is a relationship between derivatives and underlying financial instruments documented in a hedge of future cash flows of the underlying hedged instrument. It is checked periodically whether the hedge is still efficient (prospective and retrospective testing).
During each efficient period the efficient portion of the fair value change of the hedging instrument (derivative) is deferred in the equity and the non-efficient portion is recognised in the profit-and-loss account.
Once the hedge ceases to be efficient it is terminated. The deferred value changes remain deferred in the equity until the time that the expected future transaction takes place, after which it will be accounted for symmetrically with the hedged risk in the profit-and-loss account.

2.4.5 / Repos and reverse repos

All repos and reverse repos satisfy the condition for being considered as financing transactions.

When entering reverse repos in the balance sheet the monies paid are booked as a placement with pledging of securities.

The rating rules are the same as those applied to regular interbank placements (see 4.1).

If, however, the underlying securities are sold, a liability is expressed in respect of the creditor of the collateral, which is valued at fair value.

Amortisation takes place on the due date.

When recognising repos in the balance sheet the monies received are recognised as borrowings with securities collateral.

The rating rules are those applicable to regular interbank borrowings (deposits) (see 2.4.1).

For accounting purposes, the securities used as collateral under a repo are retained in the underlying securities portfolio. No accounting transfer takes place to another line item.

Amortisation takes place on the due date.

2.4.6 / Securities placements and borrowings

The borrowing of securities is not coupled with accounting registration in the balance sheet.
When the borrowed security is sold, the same rules apply as for a reverse repo (see 2.4.5).

Securities placements also are not coupled with accounting registration in the balance sheet, as the securities, which were lent remain in the underlying securities portfolio for accounting purposes. There is no accounting transfer to another line.

2.4.7 / General

For the determination of net profits and net losses:

— A distinction is made between interest margin and realised capital gain and short values;
— The results are not netted.

2.5 / Income from fee business and financial guarantees

2.5.1 / Income from fee business

A distinction is made between two types of commissions and their entry in the profit-and-loss account takes place as follows:

— Commissions received for services are recognised on a pro-rated basis over the term of the services. Examples are reservation commissions for non-recognised credit line amounts, received from safe deposit boxes and management commissions;
— Commissions received for the performance of a specific task are recognised at the time the task is performed. Examples are commissions for the purchase and sale of securities and money transfers.

2.5.2 / Provided financial guarantees

The initial entry of provided financial guarantees in the balance sheet takes place on the contract date. It takes place at fair value, which typically corresponds to the received commission for the provision of the financial guarantee. If the received premium does not correspond to market practices, the difference with the fair value is included directly in the profit-and-loss account.

For the present, the received premium is amortised pro rata temporis over the term of the contract. This takes place on a per-contract basis.

Subsequently it is checked (on the portfolio basis) whether a provision is to be created for potential or certain execution. This provision is discounted if the impact is tangible.

Amortisation takes place or in the event of execution the provided guarantee will be booked for the guaranteed amount, which was built up through the provision.

2.6 / Equity

The rating of the equity components takes place at cost.

Treasury shares are deducted from the equity at purchase price, including directly assignable incremental transaction expenses.

Dividends are deducted from the equity when they become due.

2.7 / Financial liabilities and bank deposits

Operational debts are recognised in the balance sheet on the date they become available. They are assigned to the "Deposits and debts" rating category and valued at amortised cost.

Deposits and deposit certificates are initially recognised in the balance sheet at fair value (i.e., the amount of the secured financing), and this on the date they become available. They are also assigned to the “Deposits and debts” rating category and valued at amortised cost.

In the event of structured deposits, whereby the embedded derivatives are closely related to the economic features and risks of the basic contract, they do not have to be separated.

In the event of structured deposits, whereby the embedded derivatives are not closely related to the economic features and risks of the basic contract, they do have to be separated in accordance with paragraph 11 of IAS 39.

Paragraph 11A of IAS 39 allows that in such a case the entity can decide to value the entire contract at fair value with hedge accounting in the profit-and-loss account (see 2.4.3.1).

On each balance sheet date interest accrued during the period is recognised in the profit-and-loss account on the basis of actual return.

The actual interest rate is the interest that exactly discounts the future contractually specified cash flows until maturity, to the purchase price, taking into account premiums, discounts and impact of step-up and step-down coupons.

The acquisition commissions related to deposit certificates are not amortised on an individual basis through the actual interest rate, but debited monthly in the form of an outstanding debt commission (which does not differ materially from the approach to the actual interest rate per individual transaction) and spread over the contractual term as interest expenses.

Deposits and deposit certificates are amortised on the expiry date or earlier in the event of early repayment. In the latter case the difference between the paid commission (deducting any penalties) and the amortised cost outstanding at the time of repayment is recognised in the profit-and-loss account as a realised capital gain or loss.

For the determination of the net profits and net losses:

— A distinction is made between interest margin and realised capital gain and loss;
— The results are not netted.

2.8 / Conversion and currency rate differences

The presentation currency of the AXA Bank Europe Group is the euro. The functional currency is the euro for the head office and branches located in the eurozone. Currently, the local currency is used as the functional currency for the branches that are located outside the eurozone.

2.8.1 / Establishment of functional currency

The functional currency for a branch that is located outside the eurozone is fixed on the basis of the primary economic environment in which an entity operates. This is typically the primary environment in which it generates and issues funds. Hereby account is taken of the following factors:

(a) The currency: (i) which is primarily decisive in the sales price of goods and services, and (ii) of the country from which the competition and regulations primarily determine the sales price of its goods and services.
(b) The currency, which is primarily decisive in labour and material costs, and other costs for the delivery of goods and the provision of services.

2.8.2 / Conversion of a functional currency into a presentation currency

The results and financial status of a foreign branch of which the functional currency is not the euro, are converted into euros on the following basis:

(a) Assets and liabilities are converted for each presented balance sheet (i.e., including comparative figures) at the closing rate on that balance date.
(b) Profits and losses are converted for each profit-end-loss account (i.e., including comparative figures) at an average exchange rate.
(c) All resulting currency rate differences are recognised as a separate equity component.

2.8.3 / Conversion of monetary components into functional currency

Monetary components are retained currency units as well as assets and liabilities, which must be received or paid in a fixed or to be determined number of currency units, primarily involving fixed-yield securities, loans and receivables and deposits and debts.

Typically all non-fixed-yield securities are considered to be non-monetary components. However, the AXA Bank Europe Group also considers to be monetary, any shares available for sale with funding in the same currency and for which there is a highly active market, whereby the sales price can be permanently fixed.

When recognised in the balance sheet monetary components in foreign currencies are converted into euros at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

Each month a monetary rating process takes place on the basis of the balance, whereby the total outstanding monetary balance in foreign currency is converted at the closing rate. All positive and negative differences are recognised in the profit-and-loss account, regardless of the rating category to which the monetary components belong.

At amortisation monetary components in foreign currency are converted into euros at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

2.8.4 / Conversion of non-monetary components into functional currency

Non-monetary components are components other than monetary ones. This primarily involves non-fixed-yield securities.

When recognised in the balance sheet, non-monetary components in foreign currency are converted into euros at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

The periodic non-monetary rerating process differs depending on the rating category:

a) For non-monetary components valued at cost, once the conversion into euros has taken place, this value in euros is maintained until removed from the balance sheet.
b) For non-monetary components belonging to rating categories “Assets and liabilities at fair value for trading” or “following option taken by the company” a periodic rerating applies of the fair value, which consists of two components: fair value difference and exchange results. Both components are recognised in the profit-and-loss account.
c) For non-monetary components belonging to the rating category “Available-for-sale assets” a periodic rerating of the fair value also applies, which consists of two components: fair value difference and exchange results. Both components are deferred in the equity. If a negative rating must be booked as a depreciation, both components will be booked from the equity and transferred to the profit-and-loss account.

During amortisation non-monetary components in foreign currencies are converted into euros at the current rate of exchange on the transaction date or the spot price of the underlying exchange transaction.

2.9 / Contingent rights and liabilities and provisions

2.9.1 / Contingent rights and liabilities

Contingent rights (assets) are not recognised in the balance sheet; they are included in the disclosure if an influx of economic benefits is likely.

Contingent liabilities are not recognised in the balance sheet; they are included in the disclosure, unless the possibility of an outflow of means including economic advantages is very unlikely.

2.9.2 / Provisions
Provisions are only created if an existing liability exists as a result of an event in the past, which can be reliably assessed and of which the expense is more likely than not.

The existing liability can be legally enforceable or be an actual liability.

Provisions are recognised for their best assessment, taken into account the risks and uncertainties and any future events; they are discounted if the impact of the time value is tangible.

Compensation to be received in connection with the creative provisions is booked as assets.

On each balance sheet date provisions are revised and adjusted, either to take into account the time value (developed through financial expenses), or to increase it (in the event of a shortage in provisions) or to take it back (in the event of surplus provisions).

The provision will only be used for the expenditure for which it was created.

2.10 / Staff expenses
Staff expenses are debited in the year in which the services were provided.

For short-term staff expenses, which are paid within one year of closing date such as salaries, social security payments, sick leave, holiday pay and bonuses, provisions are created that are not discounted.

For long-term staff expenses not including benefit plans, such as career breaks, bonuses for 25/35 years of service, bonuses or other remuneration, only paid more than one near following the closing date, the calculation of cash value of gross liabilities applies; the actuarial differences as a result of the periodic revision of valuations and assumptions are recognised directly in the profit-and-loss account.

At AXA, benefit plans fall under the defined benefit regulations.

The amount recognised as a net liability on the basis of defined benefit rights consists of the net total of the following amounts:

(a) Cash value of gross liability on the basis of allocated pension rights on the balance sheet date, whereby the "projected unit credit" method is used;
(b) Less any not-yet-recognised pension expenses for elapsed service time;
(c) Less the fair value on the balance sheet date of any fund investments from which the liabilities must be settled directly.

The aforementioned fund investments can involve both assets and insurance contracts.

Assumptions and valuations are periodically revised and adjusted. AXA Bank Europe has decided to defer actuarial differences in the equity.

Profits or losses on the major curtailment or settlement of an allocated pension regulation are recognised at the time the curtailment or settlement takes place.

Redundancy payments, including early retirement, are only recognised as soon as they have legal effect with regard to third parties. Discounting is also applied if the payment is more than one year from the balance sheet date.

2.11 / Tax on profits

2.11.1 / Current taxes
Taxes owed and refundable over the reporting period relating to current and previous periods are recognised as a liability, inasmuch as they have not yet been paid.

If the amount already paid, with respect to current and previous periods, is greater than the amount owed for these periods, the balance is recognised as an asset.

2.11.2 / Deferred taxes
Deferred tax debts are booked in the balance sheet for all temporarily taxable differences. They are created:

— Through the profit-and-loss account if the underlying temporary difference is also recognised through the profit-and-loss account
— Through equity if the underlying temporary difference is also recognised through equity

Deferred tax assets related to fiscally transferable losses or transferable tax credit are only booked in the balance sheet if the temporarily deductible differences actually will be able to be settled in compliance with local tax legislation.

Other deferred tax liabilities are always booked in the balance sheet since it is assumed that these temporary refundable differences will always be able to be actually refunded.

If it subsequently appears from a periodic closure that the deferred tax liabilities can no longer be refunded, a value correction is booked for the non-recoverable amount. This value correction is revised periodically and the value correction is potentially withdrawn in full or in part if new data is available with respect to refundability.

For accounting purposes payment takes place between deferred tax assets and deferred tax liabilities only inasmuch as the nature of the tax expense and the expiry date are similar for each fiscal entity.

For presentation purposes, payment between deferred tax assets and deferred tax liabilities takes place per fiscal entity.

The outstanding balance of the deferred tax assets or deferred tax liabilities is periodically revalued to take into account the changes in tax rates and/or tax legislation of the fiscal entity.

Assets or liabilities as a result of tax on profits are not discounted.

2.12 / Tangible and intangible fixed assets

2.12.1 / Tangible fixed assets
There is no capitalisation of tangible fixed assets secured under an operating lease and rental expenses are debited on a linear basis and included in the profit-and-loss account over the term of the lease.
The initial entry of the tangible fixed asset obtained under a financial lease takes place for the lower of the fair and cash value of the minimum lease payments. Initially directly assignable expenses related to the acquisition are also capitalised. Financing expenses are recognised in the profit-and-loss account on the basis of the implicit interest.

The initial entry of purchased tangible fixed assets takes place at purchase value plus the additional assignable expenses and the directly assignable transaction expenses. Financing expenses during the construction period are capitalised, if tangible.

Subsequent rating takes place at amortised cost, which takes into account depreciation and a periodic depreciation test.

For the depreciation, account is taken of the residual value and the useful economic service life. Typically for the depreciation of buildings account must be taken of the “component approach”. Due to the principle of immateriality on the one hand and in order to on the other hand also take into account the imposed rating rules of the parent company, AXA Bank Europe has decided not to apply the splitting into components for the time being.

For the depreciation test, on each reporting date, for buildings and land, the cost after deduction of the booked depreciation, is compared with the estimated value determined on the basis of an independent survey:

- If the unrealised loss is less than 15%, no special depreciation is booked.
- If the unrealised loss is more than 15% the “discounted future cash flows” method is applied.

If the value based on the discounted future cash flows is lower than the book value, a special depreciation is booked for an amount equal to the difference between:

- net book value;
- highest of the independent surveys and value based on discounted future cash flows.

After a loss is booked for special depreciation for a building, its outstanding depreciation table is adjusted.

If subsequently, the independent survey is more than 15% higher than the net book value, the special allowance is taken back for an amount corresponding to the difference between:

- the net book value;
- the lowest of the independent surveys and the cost after deducting the booked depreciation (calculated on the basis of the existing depreciation table for depreciations), maximum for the amount of the previously booked value correction.

Subsequently the outstanding depreciation table is revised.

Tangible fixed assets held for sale are valued at the lowest book value (cost minus previously booked depreciations) and the fair value minus sales expenses.

Such tangible fixed assets are no longer amortised and are presented separately on the balance sheet.

The linear depreciation method is used.

Depreciation booked during the financial year:

Assets		Depreciation percentage	
	L Method (linear)	Capital Min. – Max.	Additional expenses Min. – Max.
Land for own use	N/A		
Buildings for own use	L	3%	100%
Building design	L	10%	
IT equipment	L	20%	
Furniture, facilities	L	10%	
Non-IT machines & rolling equipment	L	20%	

INDEX DESCRIPTION OF CLASSIFICATIONS IN IFRS

Assets and liabilities at fair value held for trading:
Includes assets and liabilities with a view to short-term gains, as well as all derivatives, unless they were identified as efficient hedge derivatives; the changes in fair value are recognised in the profit-and-loss account.

Assets and liabilities at fair value as a result of option taken by company:
Includes related assets and liabilities, valued at fair value, in order to prevent or limit an accounting mismatch; this rating also applies to financial instruments with embedded derivatives; the changes in fair value are recognised in the profit-and-loss account.

Assets held until maturity:
All non-derived financial assets with a fixed maturity date and fixed or definable payments whereby the intention exists, as well as the financial possibility to be held until maturity; they are valued at amortised cost.

Loans and receivables:
All non-derived financial assets with fixed or definable payments that are not quoted in an active market; they are valued at amortised cost.

Assets available for sale:
All non-derived financial assets that do not belong to one of the other categories; they are valued at fair value whereby all fair value fluctuations are recognised in the equity until realisation of the assets or until the time that depreciation occurs. In that case the cumulative rerating results are recognised in the profit-and-loss account.

Deposits and liabilities:
All non-derived financial liabilities that do not belong to one of the previous categories; they are valued at amortised cost.

2.12.2 / Intangible fixed assets
Set-up expenses are debited immediately, unless they can be related as transaction cost to an asset or liability.

Purchased intangible assets, which satisfy entry criteria (future economic advantages and reliable measurement) and of which the service life exceeds a year, are capitalised at purchase value, including additional expenses and directly assignable transaction expenses. Software for which an annual license is paid is not capitalised.

The intangible assets are fully amortised and spread linearly across their economic term.

In the event of internally generated software, an intangible asset resulting from the development (or out of the development phase of an internal project) is recognised if and only if all points below can be shown:

(a) Technical feasibility to complete the intangible asset, so as to make it available for use
(b) Intention to complete and use the intangible asset
(c) Capacity to use the intangible asset
(d) How the intangible asset is likely to generate future economic benefits
(e) Availability of adequate technical, financial and other means to complete the development and use the intangible asset
(f) Capacity to reliably evaluate expenses assignable to the intangible asset during its development

Costs that do not meet this as well as costs of research are not capitalised.

- Research phase: activities aimed at obtaining new knowledge; the search for applications of research findings or other knowledge; the search for alternatives for materials, devices, products, processes, systems or services; formulation, design, evaluation and final selection of possible alternatives for new or improved materials, devices, products, processes, systems or services.
- Development phase: the design, construction and testing of pre-production or pre-use prototypes and models; the design of tools, jigs, moulds, and dies involving new technology; design, construction and operation of a pilot plant that is not of a scale economically feasible for commercial production; the design, construction and testing of a chosen alternative for new or improved materials, devices, products, systems, processes or services.

The linear depreciation method is used, at 20% per year.

Depreciation booked during the financial year:

Assets

		Depreciation percentage	
	L Method (linear)	Capital Min. – Max.	Additional expenses Min. – Max.
Set-up expenses entered in the profit-end-loss account in the financial year in which they were spent			
Software for own use, purchased from third parties	L	20%	
Software internally developed	L	20%	

2.13 / Other assets and liabilities
Non-operational debtors and creditors are recognised in the balance sheet on the date they become available.

Other assets are recognised at the nominal value of the claim less any depreciation.

Other liabilities are recognised at the nominal value of the debt.

2.14 / Information to be provided

2.14.1 / Events after balance sheet date
Events after the balance sheet date that show circumstances that existed on the balance sheet date (for example, additional information about already-made estimates), will require an adjustment to the annual accounts, if tangible.

Events after the balance sheet date that show circumstances that were created after the balance sheet date (for example, evolution of the dollar or the fair value of securities), will not require an adjustment to the balance sheet, the profit-and-loss account, the changes in equity or cash flow statement. However, if tangible, information is provided on the nature and estimated financial impact in order to prevent the annual accounts from being misleading.

2.14.2 / Interim financial reporting
There is no specific interim financial reporting; the company only publishes its figures annually.

2.14.3 / Changes in the valuations and rating policies
If it is difficult to decide whether it involves a change in assessment or a change in rating policy, in accordance with the application of paragraph 35 within IAS 8, an assessment change is chosen.

A change in estimate is applied prospectively. Inasmuch as a change in estimate leads to changes in assets and liabilities, or relate to a component of the equity, this change is settled in the period in which the change has taken place, by changing the book value of the relevant asset, the relevant liability or the relevant component of the equity.

Any change in the rating policy must be applied retroactively.

If it is not practically feasible to determine the period-specific consequences of a change in a financial reporting policy on comparative information for one or more previous reporting periods, the new financial reporting policy is applied on the book value of assets and liabilities from the start of the earliest period (the earliest period can be the reporting period) for which retroactive application is possible. For this period, the initial balance for each relevant component of the equity is adjusted accordingly.

If it is not practically feasible to determine the cumulative effect, at the beginning of the reporting period, of the application of a new accounting policy on all previous reporting periods, the comparative information is adjusted to apply the new financial reporting policy prospectively from the earliest time at which it is practically feasible.

In such cases additional relevant documentation is provided in the explanatory notes.

As a departure from point 2.8 above, as at 31 December 2008, for operational reasons, the euro was still used as the functional currency for the Swiss subsidiary. The impact on the figures is not tangible and in 2009 the switch will be made to the Swiss franc.

3 / APPLICATION OF IFRS BY AXA BANK EUROPE

AXA Bank's consolidated annual accounts were drawn up in compliance with IFRS – including the International Accounting Standards (IAS) and Interpretations - at 31 December 2009 as accepted within the European Union.
Accounting policies that are not specifically mentioned comply with the IFRS as accepted within the European Union.

The following subsidiaries were not recognised in the consolidation circle during the financial year 2008 given their negligible significance (see more about this under item 2.1 with respect to consolidation principles):

— Mofico nv;
— Beran nv;
— Sofifo sarl;
— Imopole sa;
— Société Foncière de l'Hexagone sarl.

Further information with respect to these companies was included under item 23 Investments in associated associates, subsidiaries and joint ventures.

No changes were made in 2008 and 2009 to the classification of financial assets.

3.1 / Application dates

The following new or reviewed standards apply as from 2009.

New standard

IFRS 8 (Operational Segments) replaces IAS 14 (Segmented Information) but does not apply to AXA Bank Europe.

Reviewed standards

— IFRS 1 (First-time Adoption of International Financial Reporting Standards) but does not apply to AXA Bank Europe.
— IFRS 3 (Business Combinations) does not have an impact on the figures for 2009 because the business combination with regard to 2009 is related to entities under joint control and they do not fall under IFRS 3.
— IAS 1 (Presentation of Financial Statements). The changes were already applied at an early moment in 2008 as published in the financial statements of 2008.
— IAS 23 (Borrowing Costs) but does not apply to AXA Bank Europe.
— IAS 27 (Consolidated and Separate Financial Statements). The changes, however, have no impact on the figures for 2009.
— IFRS 7 (Financial Instruments: Disclosures). The required adjustments have been implemented in the relevant annex.

IFRS 2

The amendment to IFRS 2 – Share-based Payment, published on 17 January 2008, clarifies that "vesting conditions" only concern service conditions and performance conditions. Other properties of a share-based payment are not "vesting conditions". The amendment also specifies that all cancelations by the entity and by other parties are treated the same way from an accounting perspective.

Amendments about the interpretations published and introduced on 1 January 2009.

— IFRIC 15, Agreements for the Construction of Real Estate, published on 3 July 2008, refers to the accountancy of revenue and related costs by entities that themselves construct real estate or have it constructed by subcontractors. IFRIC 15 provides guidelines with regard to determining whether a contract for constructing real estate belongs to the area of application of IAS 11, Construction Contracts, or IAS 18, Revenue, and when construction revenue needs to be recognised.
— IFRIC 16, Hedges of a Net Investment in a Foreign Operation, published on 3 July 2008, provides guidelines to an entity who hedges currency risks that are created by net investments in foreign operations and who wishes to be eligible for hedge accounting in agreement with IAS 39. IFRIC 16 does not refer to other types of hedge accounting. The interpretation provides guidelines when identifying currency risks that are eligible for hedge accounting and where within a group the hedge instrument can be kept. The guidelines must be used prospectively with regard to transactions and hedging schemes after the introduction date.
— The amendments to IFRIC 9 and IAS39 about embedded derivatives, published on 12 March 2009, clarify that all embedded derivates must be assessed when reclassifying a financial asset from the category "to fair value through profits and losses" and that this should, if required, be accounted for separately in the financial statements. The Group is not implementing any reclassification of financial assets such as allowed in accordance with the amendments of IAS39 published in 2008.

IFRS provides the option to apply specific standards early.

The amended versions of IFRS 3 (business combinations) and IAS 27 (consolidated annual accounts and simplified annual accounts) were not applied earlier at 31st December 2008 (application date 1 July 2009).

INFRIC Interpretations 13 (loyalty programmes) and 16 (hedges of net investment in a foreign operation) do not apply to AXA Bank activities at this time.

IFRIC Interpretation 14 (limit on a defined benefit asset, minimum funding requirements and their interaction) were not applied early as of 1 January 2008.

Changes in the presentation as a result of adjustments in the IAS 1 standard (presentation of the annual accounts) was applied early as of 1 January 2008.

The November 2008 changes with respect to the IAS 39 standards (financial instruments: recognition and measurement) and IFRS 7 (financial instruments: disclosures) are applied as of 1 July 2008. However, the reclassification option was not used.

The amended version of IAS 23 (financing expenses) and IFRIC Interpretations 15 (agreements for the construction of real estate) and 17 (distributions of non-cash assets), and also IFRS 8 (operational segments), do not apply to AXA Bank Europe activities.

4 / RISK MANAGEMENT

4.1 / Strategy

In the past years the bank evolved from a retail bank structure, in which the commercial liabilities surplus on commercial assets was invested in treasury bills, into a bank that pursues greater asset diversification. The pure treasury bills portfolio was partially substituted throughout the years by credit spread bills and recently evolved into more structured investments. These portfolios furthermore benefit from the funding facilities offered by the repo and tripartite repo market.

The expansion of the bank towards the foreign branches was included in the administration during the course of 2009. A transparent funds transfer policy and inclusion of the branches including the related expansion to other currencies for commercial objectives were included in the ALCO (Assets and Liabilities Committee that meets twice a month).

The financial derivatives are used for both the hedging of specific balance sheet risks, such as, for example, the housing credit portfolio, and for specific structured liability products sold to the clients. Instruments such as swaps, swaptions, caps and structured swaps are routinely used here. These hedging strategies are the subject of ALCO decisions.

Derived instruments are also used, which fit into what is referred to as dynamic treasury management. These portfolios are managed and monitored in the trading hall. Their general limits framework as approved by the management committee is monitored on a daily basis by a risk management team.

4.2 / Management

The management of the various risks at AXA Bank Europe is described in the general risk management charter and in the various risk charters, in which the role and responsibility of the various departments and bodies are described as is the organisation of risk management.

For example, there is an ALCO for the interest and liquidity risk and a credit committee for the counterparty risk.

These risk charters were validated by the bank's management committee.

In addition the various risks are regularly reported to various ad-hoc committees.

4.3 / Credit risk

AXA Bank Europe's core activities consist in the provision of savings and investment products and credits to retail, independent contractors and small enterprises (retail business). Retail activity also represents the largest portfolio in terms of the balance sheet.

BASEL II

The capital that banks must retain as a buffer for unexpected losses is based on the Basel capital accord dating back to 1988. In June 2004 the final text of the new capital accord – referred to as Basel II – was presented. In September 2005 the European Parliament approved the Capital Requirement Directive, which is a translation of the Basel capital accord into European legislation. This currently forms the basis for national legislation in Member States.
The new capital accord aims to create more risk-sensitive capital requirements, under which banks under strict conditions, make use of internal risk appraisal systems for the calculation of the minimum capital to be retained. AXA Bank Europe has actively prepared for these updated regulations.
With respect to credit risk, AXA Bank Europe has submitted a request to apply the Internal Rating Based Approach to its retail portfolio. To this end AXA Bank Europe has developed internal scoring models, which exception for the calculation of the minimum capital requirements, are also deployed in the acceptance and management of credits. The credit risk of the investment portfolio with the exception of the mortgage backed securitisation positions that are being approached in accordance with IRB will follow the Standardised Approach (SA), as will the market risk. Operating risk follows the Basic Indicator Approach (BIA).
The credit risk is being calculated in accordance with SA for the branches. Since the Hungarian branch has retail credit activities, it will probably switch to IRB in the course of 2011.

PRODUCT APPROVAL PROCESS

In order to ensure that commercial pressure does not lead to hasty analysis of the product marketing mix, a Product Approval Process was launched. This ensures that the risks resulting from the launch of a new product on the market are correctly assessed and checked.

In practical terms, the following points are analysed, among others: accounting and operating processing, ALM management, profitability, legal and fiscal aspects, compliance.

This process results in a recommendation from Risk Management.

The majority of the bank's credit risk results from this business. Credit risk also exists in items off the balance sheet account, such as credit lines.

Funding for the collection of savings exceeds the options for profitable reinvestment in retail activities. Hence the investment portfolio.

This investment portfolio was primarily made up of high-quality bonds such as government bonds, financial institution floating rate notes and asset backed securities with an AAA rating.
The financial crisis has mainly had 2 consequences:

— A weakening of the liquidity of bonds of financial institutions and ABS. The total liquidity of AXA Bank Europe, however, has never been at risk due to a strict liquidity management.
— Downgrading of some bonds. If these bonds had excellent ratings initially, the downgrading has had a limited impact on the depreciations: AXA Bank Europe has realised depreciations for ten CDOs and financial institutions in 2008 and a few in 2009 but the rest of the ABS portfolio remained very stable with regard to quality.

4.3.1 / Retail credit risk

Credit risk Belgium
This is understood to mean the risk of a debtor defaulting in full or in part or their position worsening, with negative consequences for the results and/or capital position.

Retail credits come in various forms of credit risk. Among this mortgage financing, with a share of approximately 82% in terms of outstanding balance, is by far the most important.

Given the good cover and low chances of default of this financing, the risk profile of the total credit portfolio is very low. For example, at the end of 2009, the dispute rate was 0.69% (0.63% at the end of 2008), the level of provision 0.34% (0.29% at the end of 2008) and the net loss EUR 13.6 million (EUR -4.0 million in 2008).

Retail credits are accepted on the basis of a set of acceptance standards and policy rules. The acquisition scoring models developed in the framework of Basel II play a supporting role here.

An essential component of the credit risk policy is represented by the bank debt recovery department, which takes measures to minimise the bank's risk, depending on the nature and seriousness of the problem. In addition the department determines the depreciations to be created per quarter.

Credit risk for Hungary
In Hungary, at the end of 2009, the dispute rate was 4.37% (0.91% in 2008), the level of provision 2.15% (0.73% in 2008) and the net loss EUR -18.5 million (EUR -6.1 million in 2008). The increase in this risk profile is due to the financial crisis that was more severe in Eastern Europe.

Economic capital
One of the most important parameters for risk management is "economic capital", which is the capital required to absorb the economic risks for all activities within a time period of one year. AXA Bank Europe uses a 99.9% confidence Level.

The current model has been in existence since 2009. A model for the Hungarian branch was developed and approved during the course of 2009.

The economic capital of retail credits retail represents 7.3% of the bank's total economic capital for correlation.

The economic capital of credits related to retail in Belgium amounted to 9.42% of the total economic capital of the bank for correlation and that of Hungary amounted to 17.93%.

4.3.2 / Credit risk of the investment portfolio
As described in 4.1 "Strategy", the pure treasury bills portfolio was partially substituted throughout the years by credit spread paper and more structured investments. The development of this activity was coupled with the creation of a strict Limits framework as regards credit quality and stringent Approval Process for each investment (except for treasury bills).

LIMITS FRAMEWORK

Treasury bills and semi-public issues:
Only in OECD countries with a minimum rating of BBB+

Financial Institutions:
Minimum AXA rating of A- and maximum amount at maturity linked to rating

Credit Spread Portfolio:
High-quality Asset Backed Securities and Mortgage Backed Securities (only Senior Tranches, mostly AAA)

APPROVAL PROCESS

Each investment in the Credit Spread Portfolio must be submitted and approved by the Credit Committee.

Breakdown according to category of risk positions in mio EUR	**Credit assessment**	**31.12.2009**	**Risk position 31.12.2009**	**31.12.2008**	**Risk position 31.12.2008**
Central government	>=<AA>		1 416.9		1 356.0
	<A>		41.0		9.0
	<A-		109.1		10.0
	Total	**48.41%**	**1 567.0**	**41.19%**	**1 375.0**
Local government	>=<AA>		–		–
	<A>		–		–
	Total	**0.00%**	**–**	**0.00%**	**–**
Entities governed by public law	AAA	0.42%	13.6	0.00%	–
Financial institutions	>=<AA>		117.7		196.0
	<A>		178.2		302.0
	<BBB>		33.4		17.0
	CC (Ijsland)		0.1		1.0
	Total	**10.18%**	**329.4**	**15.46%**	**516.0**
Businesses	**Total**	**3.72%**	**120.4**	**0.00%**	**–**
Collective investment institutions	**Total**	**0.00%**	**–**	**0.00%**	**–**
Structured products	AAA		939.8		1 422.0
	AA		187.2		23.0
	A		43.6		
	<A-		32.8		
	Geen		2.9		2.0
	Total	**37.27%**	**1 206.3**	**43.35%**	**1 447.0**
TOTAL		**100%**	**3 236.7**	**100%**	**3 338.0**

4.3.3 / Counterparty risk of trading hall activity

The banks that are the counterparty for the trading hall as regards Treasury and Derivatives activity are selected on the basis of their external ratings by three rating agencies (Fitch, Moody's and Standard & Poor's). They must have a minimum AXA rating of A-. For all long-term derivatives a Collateral Settlement Agreement is required.

4.4 / Concentration risk

Geographically, the trading hall's credit risk is mostly limited to countries that are members of the OECD and EEC countries.
The activity of the trading hall is by its very nature targeted at the financial sector. Business relations with Corporate clients are very limited.

Country risk in mio EUR	**31.12.2009**	**Risk position 31.12.2009**	**31.12.2008**	**Risk position 31.12.2008**
EU	89.96%	4 150.0	91.52%	5 209.0
New EU	1.74%	129.0	4.28%	372.0
OESO non-EEC	8.29%	613.0	3.94%	342.0
Other (KY)	0.00%	0.0	0.26%	23.0
TOTAAL	**100.00%**	**4 892.0**	**100.00%**	**5 946.0**

The difference between the disclosure with regard to the portfolio and the disclosure with regard to the country risk concerns the products linked to "treasury and brokerage". The following are included in the products of T&B: repos and tripartite repos activities (with a risk weight of 2% and 10%, respectively), Derivatives such as IRS, swaptions, Cap and Floors, FX & Forwards FX, TBill (210 million Belgian Tbills and 50 million Greek Tbills). The minimum rating for treasury and derivative bank other parties is A-.

Overview of the balance sheet per geographical area:

Status as at 31 December 2009

Consolidated Balance Sheet Statement - Assets

31.12.2009 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and cash balances with central banks	151 855	115 579	7 054	29 222
Financial assets held for trading	1 685 944	11 343	888 604	785 997
Financial assets designated at fair value through profit or loss	65 908		47 082	18 826
Available-for-sale financial assets	3 664 927	604 679	2 382 284	677 964
Loans and receivables (including finance leases)	20 345 209	15 424 627	2 883 324	2 037 258
Held-to-maturity investments				
Derivatives - hedge accounting	9 525	554	3 296	5 675
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100	137 100		
Tangible assets	41 674	40 852	26	796
— Property, Plant and Equipment	41 674	40 852	26	796
— Investment property				
Intangible assets	18 558	12 596	87	5 875
— Goodwill				
— Other intangible assets	18 558	12 596	87	5 875
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)				
Tax assets	86 146	84 135	317	1 694
— Current tax assets	2 034	340		1 694
— Deferred tax assets	84 112	83 795	317	
Other assets	89 365	84 687	1 605	3 073
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**26 296 211**	**16 516 152**	**6 213 679**	**3 566 380**

Consolidated Balance Sheet Statement - Liabilities

31.12.2009 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	1 661 497	1 012	879 914	780 571
Financial liabilities designated at fair value through profit or loss	73 851		73 851	
Financial liabilities measured at amortised cost	18 905 483	14 454 972	3 077 347	1 373 164
— Deposits from Credit institutions	1 399 829	573 042	663 552	163 235
— Deposits from Other than credit institutions	15 465 575	12 516 925	2 409 339	539 311
— Debt certificates including bonds	971 733	828 108	1 176	142 449
— Subordinated liabilities	401 179	400 551	419	209
— Other financial liabilities	667 167	136 346	2 861	527 960
Financial liabilities associated with transferred assets	4 282 580	2 235 315	988 918	1 058 347
Derivatives - hedge accounting	265 939	36 887	72 876	156 176
Fair value changes of the hedged items in a portfolio hedge of interest rate risk				
Provisions	170 123	169 325	723	75
Tax liabilities	27 655	27 655		
— Current tax liabilities	27 655	27 655		
— Deferred tax liabilities				
Other liabilities	54 622	44 204	5 346	5 072
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	**25 441 750**	**16 969 370**	**5 098 975**	**3 373 405**

Consolidated Balance Sheet Statement - Equity

31.12.2009 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Issued capital	546 318	546 318		
— Paid in capital	546 318	546 318		
— Unpaid capital which has been called up				
Share premium				
Other Equity				
— Equity component of compound financial instruments				
— Other				
Revaluation reserves and other valuation differences	-157 393	52 337	-173 141	-36 589
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	-120	-120		
— Cash flow hedges (effective portion)	-12 116	-12 116		
— Available for sale financial assets	-144 423	65 307	-173 141	-36 589
— Non-current assets and disposal groups held for sale				
— Other items	-734	-734		
Reserves (including retained earnings)	475 311	477 264	-2 237	284
<Treasury shares>				
Income from current year	-9 775	-9 775		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**854 461**	**1 066 144**	**-175 378**	**-36 305**
TOTAL LIABILITIES AND EQUITY	**26 296 211**	**18 035 514**	**4 923 597**	**3 337 100**

Status as at 31 December 2008

Consolidated Balance Sheet Statement - Assets

31.12.2008 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and cash balances with central banks	299 288	277 847	7 929	13 512
Financial assets held for trading	1 225 200	314 810	883 652	26 738
Financial assets designated at fair value through profit or loss	119 479		83 799	35 680
Available-for-sale financial assets	3 451 503	466 048	2 526 168	459 287
Loans and receivables (including finance leases)	17 942 544	15 421 430	1 590 064	931 050
Held-to-maturity investments				
Derivatives - hedge accounting	36 497	2 928	15 574	17 995
Fair value changes of the hedged items in portfolio hedge of interest rate risk	118 891	118 891		
Tangible assets	19 702	19 583	119	
— Property, Plant and Equipment	19 702	19 583	119	
— Investment property				
Intangible assets	10 372	9 458	609	305
— Goodwill				
— Other intangible assets	10 372	9 458	609	305
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)				
Tax assets	83 788	83 788		
— Current tax assets	425	425		
— Deferred tax assets	83 363	83 363		
Other assets	83 882	82 736	1 146	
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**23 391 146**	**16 797 519**	**5 109 060**	**1 484 567**

Consolidated Balance Sheet Statement - Liabilities

31.12.2008 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	927 738	53 243	801 171	73 324
Financial liabilities designated at fair value through profit or loss	70 242		70 242	
Financial liabilities measured at amortised cost	18 652 226	13 687 615	4 860 758	103 853
— Deposits from Credit institutions	1 081 418	259 036	793 609	28 773
— Deposits from Other than credit institutions	16 020 131	11 918 881	4 038 956	62 294
— Debt certificates including bonds	976 409	974 819	1 153	437
— Subordinated liabilities	434 400	408 810	25 498	92
— Other financial liabilities	139 868	126 069	1 542	12 257
Financial liabilities associated with transferred assets	2 126 003	1 036 712	1 026 820	62 471
Derivatives - hedge accounting	210 151	91 222	32 183	86 746
Fair value changes of the hedged items in a portfolio hedge of interest rate risk				
Provisions	163 855	159 919	824	3 112
Tax liabilities	28 036	28 036		
— Current tax liabilities	28 036	28 036		
— Deferred tax liabilities				
Other liabilities	390 075	386 504	3 571	
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	**22 568 326**	**15 443 251**	**6 795 569**	**329 506**

Consolidated Balance Sheet Statement - Equity

31.12.2008 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Issued capital	531 250	531 250		
— Paid in capital	531 250	531 250		
— Unpaid capital which has been called up				
Share premium				
Other Equity				
— Equity component of compound financial instruments				
— Other				
Revaluation reserves and other valuation differences	-163 384	-11 278	-104 928	-47 178
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation				
— Cash flow hedges (effective portion)	-10 479	-10 479		
— Available for sale financial assets	-160 189	-8 083	-104 928	-47 178
— Non-current assets and disposal groups held for sale				
— Other items	7 284	7 284		
Reserves (including retained earnings)	461 429	461 429		
<Treasury shares>				
Income from current year	-6 475	-6 475		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**822 820**	**974 926**	**-104 928**	**-47 178**
TOTAL LIABILITIES AND EQUITY	**23 391 146**	**16 418 177**	**6 690 641**	**282 328**

In order to complement the risk concentration, below is a table providing the counterparty risks, expressed in thousands of EUR.

Large exposures against counterparties 2009

Name	Country of origin	Claims and fixed income securities	Derivatives	Guaranteed part or part for which impairments and provisions have been made	Gross total of direct + indirect risks	Total risks, i.e. after weighting: Of which outside tradingbook	Total risks, i.e. after weighting: Total
AXA GROUP	FR	4 501 154		3 538 817	962 336	74 548	962 336
BARCLAYS BANK	GB	55 751	58 813		114 564	2 493	22 313
CITY BANK	GB		25 722		25 722	170	5 144
COMMERZBANK	DE	805 056		800 000	5 056	1 011	1 011
CREDIT SUISSE FIRST BOSTON	GB	550 000		550 000			
ROYAL BANK OF SCOTLAND	GB	50 601	16 574		67 176	2 857	13 435
DEXIA	BE	369 799		369 797	2	0	0

4.5 / Market risk

The trading hall works with a strict limit framework, approved by the management committee.

This framework is based on sensitivity analyses and Value-at-Risk, both monitored by the Risk Management Team on a daily and "intraday" basis.

The economic capital of the market risk represents 0.99% of the bank's total economic capital for correlation.

Status as at 31 December 2009

Consolidated Balance Sheet Statement - Assets
31.12.2009 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Cash and cash balances with central banks	151 855				
Financial assets held for trading	1 685 944				
Financial assets designated at fair value through profit or loss	65 908	-29 432	33 922		
Available-for-sale financial assets	3 664 927	-88 071	99 028	232	-232
Loans and receivables (including finance leases)	20 345 209	-958 465	1 011 407		
Held-to-maturity investments					
Derivatives - hedge accounting	9 525				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100				
Tangible assets	41 674				
— Property, Plant and Equipment	41 674				
— Investment property					
Intangible assets	18 558				
— Goodwill					
— Other intangible assets	18 558				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)					
Tax assets	86 146				
— Current tax assets	2 034				
— Deferred tax assets	84 112				
Other assets	89 365				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	**26 296 211**	**-1 075 968**	**1 144 357**	**232**	**-232**

Consolidated Balance Sheet Statement - Liabilities 31.12.2009 – in '000 EUR	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Deposits from central banks					
Financial liabilities held for trading	1 661 497	-29 280	33 921		
Financial liabilities designated at fair value through profit or loss	73 851	-3 190	3 404		
Financial liabilities measured at amortised cost	18 905 483	-680 488	688 899		
— Deposits from Credit institutions	1 399 829	-2 851	2 163		
— Deposits from Other than credit institutions	15 465 575	-649 663	657 462		
— Debt certificates including bonds	971 733	-11 346	11 614		
— Subordinated liabilities	401 179	-16 628	17 660		
— Other financial liabilities	667 167				
Financial liabilities associated with transferred assets	4 282 580	-4 659	3 661		
Derivatives - hedge accounting	265 939	-156 417	154 599		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk					
Provisions	170 123				
Tax liabilities	27 655				
— Current tax liabilities	27 655				
— Deferred tax liabilities					
Other liabilities	54 622	-8 561	8 133		
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	**25 441 750**	**-882 595**	**892 617**		

Status as at 31 December 2008

Consolidated Balance Sheet Statement - Assets 31.12.2008 – in '000 EUR	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Cash and cash balances with central banks	299 288	-4	4		
Financial assets held for trading	1 225 200				
Financial assets designated at fair value through profit or loss	119 479	-21 053	24 867		
Available-for-sale financial assets	3 451 503	-85 209	97 011	267	-267
Loans and receivables (including finance leases)	17 942 544	-437 444	484 350		
Held-to-maturity investments					
Derivatives - hedge accounting	36 497				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	118 891				
Tangible assets	19 702				
— Property, Plant and Equipment	19 702				
— Investment property					
Intangible assets	10 372				
— Goodwill					
— Other intangible assets	10 372				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)					
Tax assets	83 788	184 806	-206 057		
— Current tax assets	425				
— Deferred tax assets	83 363	184 806	-206 057		
Other assets	83 882				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	**23 391 146**	**-358 904**	**400 175**	**267**	**-267**

Consolidated Balance Sheet Statement - Liabilities

31.12.2008 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk : +100bp	Sensitivity Interest rate risk : -100bp	Sensitivity Price risk : +10%	Sensitivity Price risk : -10%
Deposits from central banks					
Financial liabilities held for trading	927 738	-21 747	25 561		
Financial liabilities designated at fair value through profit or loss	70 242	-313	316		
Financial liabilities measured at amortised cost	18 652 226	-217 973	230 149		
— Deposits from Credit institutions	1 081 418	-4 894	4 916		
— Deposits from Other than credit institutions	16 020 131	-178 776	189 102		
— Debt certificates including bonds	976 409	-15 605	16 166		
— Subordinated liabilities	434 400	-18 698	19 965		
— Other financial liabilities	139 868				
Financial liabilities associated with transferred assets	2 126 003	-1 168	1 171		
Derivatives - hedge accounting	210 151	-90 054	97 421		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk					
Provisions	163 855				
Tax liabilities	28 036	112 594	-120 535		
— Current tax liabilities	28 036				
— Deferred tax liabilities		112 594	-120 535		
Other liabilities	390 075				
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	**22 568 326**	**-218 661**	**234 083**		

The interest sensitivity of the derivative portfolio was made net and entered with the liabilities. It was also used under Derivatives for hedging.

Sensitivity is not being specified for the derivatives used to hedge with regard to the assets.

AXA Bank Europe Solvency Indicator (S.I.): expresses the sensitivity of the market value of AXA Bank Europe on an upward parallel rate shift of the yield curve with 100 basis points.

In the case of a positive gap position (longer assets than liabilities) the solvency indicator quantifies the loss of market value of AXA Bank Europe.

4.6 / Currency risk

Status as at 31 December 2009

Consolidated Balance Sheet Statement - Assets 31.12.2009 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**CZK**	**Other**
Cash and cash balances with central banks	151 855	129 539	317	125	4 634	17 153	41	46
Financial assets held for trading	1 685 944	1 575 110	6 568		645	642		102 979
Financial assets designated at fair value through profit or loss	65 908	62 377	3 531					
Available-for-sale financial assets	3 664 927	3 195 307	66 952	122 426		276 578		3 664
Loans and receivables (including finance leases)	20 345 209	18 036 634	48 190	43 249	843 728	1 334 526	18 461	20 421
Held-to-maturity investments								
Derivatives - hedge accounting	9 525	9 525						
Fair value changes of the hedged items in portfolio hedge of interest rate risk	137 100	137 100						
Tangible assets	41 674	40 877				661	136	
— Property, Plant and Equipment	41 674	40 877				661	136	
— Investment property								
Intangible assets	18 558	17 467			257		834	
— Goodwill								
— Other intangible assets	18 558	17 467			257		834	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)								
Tax assets	86 146	83 721				2 425		
— Current tax assets	2 034	340				1 694		
— Deferred tax assets	84 112	83 381				731		
Other assets	89 365	86 411			1 822	947	185	
Non-current assets and disposal groups classified as held for sale								
TOTAL ASSETS	**26 296 211**	**23 374 068**	**125 558**	**165 800**	**851 086**	**1 632 932**	**19 657**	**127 110**

Consolidated Balance Sheet Statement - Liabilities 31.12.2009 – in '000 EUR	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	Other
Deposits from central banks								
Financial liabilities held for trading	1 661 497	1 552 253	6 661		645			101 938
Financial liabilities designated at fair value through profit or loss	73 851	73 851						
Financial liabilities measured at amortised cost	18 905 482	16 635 314	140 569	20 804	465 020	1 578 283	11 490	54 002
— Deposits from Credit institutions	1 399 828	379 011	7 559	11 622	265 006	718 993		17 637
— Deposits from Other than credit institutions	15 465 575	14 745 873	132 755	8 609	197 709	333 782	11 490	35 357
— Debt certificates including bonds	971 733	971 733						
— Subordinated liabilities	401 179	401 179						
— Other financial liabilities	667 167	137 518	255	573	2 305	525 508		1 008
Financial liabilities associated with transferred assets	4 282 580	4 282 580						
Derivatives - hedge accounting	265 939	265 939						
Fair value changes of the hedged items in a portfolio hedge of interest rate risk								
Provisions	170 123	169 768			280	75		
Tax liabilities	27 655	27 655						
— Current tax liabilities	27 655	27 655						
— Deferred tax liabilities								
Other liabilities	54 623	46 555	478	2	1 651	4 759	1 178	
Liabilities included in disposal groups classified as held for sale								
Share capital repayable on demand (e.g. cooperative shares)								
TOTAL LIABILITIES	**25 441 750**	**23 053 915**	**147 708**	**20 806**	**467 596**	**1 583 117**	**12 668**	**155 940**

Consolidated Balance Sheet Statement -Equity

31.12.2009 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	Other
Issued capital	546 318	546 318						
— Paid in capital	546 318	546 318						
— Unpaid capital which has been called up								
Share premium								
Other Equity								
— Equity component of compound financial instruments								
Other								
Revaluation reserves and other valuation differences	-157 393	-128 559	-5 011	-22 448	-812	-299		-264
— Tangible assets								
— Intangible assets								
— Hedge of net investments in foreign operations (effective portion)								
— Foreign currency translation	-120	81			-193	-8		
— Cash flow hedges (effective portion)	-12 116	-12 116						
— Available for sale financial assets	-144 423	-116 409	-5 011	-22 448		-291		-264
— Non-current assets and disposal groups held for sale								
— Other items	-734	-115			-619			
Reserves (including retained earnings)	475 312	480 851	-6 162	-30	-2 586	3 232		7
<Treasury shares>								
Income from current year	-9 775	4 358			-10 934	-211	-2 988	
<Interim dividends>								
Minority interest								
— Revaluation reserves and other valuation differences								
— Other items								
TOTAL EQUITY	**854 462**	**902 968**	**-11 173**	**-22 478**	**-14 332**	**2 722**	**-2 988**	**-257**
TOTAL LIABILITIES AND EQUITY	**26 296 211**	**23 956 882**	**136 535**	**-1 672**	**453 264**	**1 585 839**	**9 680**	**155 683**

Status as at 31 December 2008

Consolidated Balance Sheet Statement - Assets

31.12.2008 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	Other
Cash and cash balances with central banks	299 288	294 466	400	136	4 224	62
Financial assets held for trading	1 225 200	1 193 436	29 540		2 224	
Financial assets designated at fair value through profit or loss	119 479	114 455	5 024			
Available-for-sale financial assets	3 451 503	3 250 270	70 155	127 404		3 674
Loans and receivables (including finance leases)	17 942 544	17 534 748	15 611	627	372 564	18 994
Held-to-maturity investments						
Derivatives - hedge accounting	36 497	36 497				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	118 891	118 891				
Tangible assets	19 702	19 702				
— Property, Plant and Equipment	19 702	19 702				
— Investment property						
Intangible assets	10 372	10 067			305	
— Goodwill						
— Other intangible assets	10 372	10 067			305	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)						
Tax assets	83 788	83 774			14	
— Current tax assets	425	425				
— Deferred tax assets	83 363	83 349			14	
Other assets	83 882	83 581	-1	310	-11	3
Non-current assets and disposal groups classified as held for sale						
TOTAL ASSETS	**23 391 146**	**22 739 887**	**120 729**	**128 477**	**379 320**	**22 733**

Geconsolideerde Balans - Verplichtingen 31.12.2008 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**Other**
Deposits from central banks						
Financial liabilities held for trading	927 738	896 013	29 501		2 224	
Financial liabilities designated at fair value through profit or loss	70 242	70 242				
Financial liabilities measured at amortised cost	18 652 226	18 349 136	107 718	159 654	12 551	23 167
— Deposits from Credit institutions	1 081 418	1 004 514	4 844	63 473	8 538	49
— Deposits from Other than credit institutions	16 020 131	15 806 334	95 178	95 096	811	22 712
— Debt certificates including bonds	976 409	976 409				
— Subordinated liabilities	434 400	434 400				
— Other financial liabilities	139 868	127 479	7 696	1 085	3 202	406
Financial liabilities associated with transferred assets	2 126 003	2 126 003				
Derivatives - hedge accounting	210 151	210 151				
Fair value changes of the hedged items in a portfolio hedge of interest rate risk						
Provisions	163 855	160 743			3 112	
Tax liabilities	28 036	28 036				
— Current tax liabilities	28 036	28 036				
— Deferred tax liabilities						
Other liabilities	390 075	388 616	-1		1 460	
Liabilities included in disposal groups classified as held for sale						
Share capital repayable on demand (e.g. cooperative shares)						
TOTAL LIABILITIES	**22 568 326**	**22 228 940**	**137 218**	**159 654**	**19 347**	**23 167**

Consolidated Balance Sheet Statement - Equity 31.12.2008 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**Other**
Issued capital	531 250	531 250				
— Paid in capital	531 250	531 250				
— Unpaid capital which has been called up						
Share premium						
Other Equity						
— Equity component of compound financial instruments						
— Other						
Revaluation reserves and other valuation differences	-163 384	-127 799	-6 137	-29 166		-282
— Tangible assets						
— Intangible assets						
— Hedge of net investments in foreign operations (effective portion)						
— Foreign currency translation						
— Cash flow hedges (effective portion)	-10 479	-10 479				
— Available for sale financial assets	-160 189	-124 604	-6 137	-29 166		-282
— Non-current assets and disposal groups held for sale						
— Other items	7 284	7 284				
Reserves (including retained earnings)	461 429	470 209	-6 163	-30	-2 586	-1
<Treasury shares>						
Income from current year	-6 475	16 705			-23 180	
<Interim dividends>						
Minority interest						
— Revaluation reserves and other valuation differences						
— Other items						
TOTAL EQUITY	**822 820**	**890 365**	**-12 300**	**-29 196**	**-25 766**	**-283**
TOTAL LIABILITIES AND EQUITY	**23 391 146**	**23 119 305**	**124 918**	**130 458**	**-6 419**	**22 884**

4.7 / Cash flow and Fair Value Interest Rate risk

Description

Cash flow interest risks and fair value interest risks occur with interest fluctuations on the financial markets. Interest rate risk is the sensitivity of the bank to adverse movements in interest rates. Accepting and managing this risk belongs to a bank's normal management activities. Interest rate risk comes in many forms such as repricing risk, yield curve risk, base risk and optionality. It impacts the bank's income as well as its value.

On the asset side we note the following main headings:

— Housing credits, including the securitised portfolio, for approximately EUR 10.1 billion to be split into 46% fixed, 29% annual interest rate revision and lastly, 25% mainly five-year variable formulas.
— Other forms of credit are of the personal loan and investment credit type.
— The bond portfolio with fixed interest for EUR 1.2 billion covers the entire yield curve and can be split into the following buckets:
  • 13% less than 3 years;
  • 37% 3 to 7 years;
  • 50% more than 7 years.
— The credit spread portfolio for EUR 1.9 billion is of the variable interest type and is therefore short-funded.

On the liabilities side we note the following main balance sheet items:

— Savings account for EUR 9.7 billion with a modelised duration approach of approximately 1 year.
— The savings certificate/forward account portfolio with fixed interest and retail clients totalled approximately EUR 2.6 billion by December 2009.
— Treasury funding (including institutional clients) totalled EUR 8.2 billion by end December 2009.

Derived instruments such as swaps, futures and swaptions were used primarily to reduce the interest rate risk profile outlined above.

MEASURING INSTRUMENTS

Static analysis

Gap Analysis
Gaps express a difference between assets and liabilities that are repriced or expire.
Off-balance sheet products are considered as the combination of an investment and a loan.

Sensitivity analysis
Measures the impact of unfavourable interest movements on the bank's economy value. This analysis is based on the duration analysis.

Value-at-Risk (V@R)
Integrates the probability of interest movements into the sensitivity analysis.
The applied probability is 99.9%.

Dynamic analysis – scenarios
The dynamic analysis integrates expected future production figures into the analysis, verifying how the interest risk position will be impacted in the future.

Solvency indicator
In order to quantify cash flow interest risks and fair value interest risks, AXA Bank Europe developed an indicator referred to as "solvency indicator" within the group. This indicator calculates a sensitivity of the market value of the cash flows for interest fluctuations in the financial markets. The methodological development of the indicator is based on market value, convexity and duration of each balance sheet line. This indicator express is an absolute terms the impact of an adverse interest movement of 1% on the bank's economic value.

In relative terms this impact is related to the bank's equity (tier 1 and tier 2). This relative indicator is a major control instrument for the ALCO for the bank's interest rate risk management. By the end of December 2008 this indicator stood at 71.14% of its allowed limit (24% of equity), compared to 35.37% at the end of 2006.

Economic capital
Economic capital is the equity amount required to reduce the probability of the bank becoming insolvent to an acceptable level.

The economic capital represents 54.64% of the bank's total economic capital for correlation.

Solvency indicator in mio EUR	**31.12.2009**	**31.12.2008**
Absolute	312.4	212.2
Relative	23.84%	16.34%

31.12.2009 Total positions (all currencies) in mio EUR	**Amount**	**Solvency Indicator**
Commercial banks		**-264.0**
Belgium		-265.8
— Assets	12 245.8	-551.6
— Liabilities	-13 524.9	153.1
— Off-balance	1 328.0	132.7
Hungary		0.3
— Assets	1 020.8	-6.5
— Liabilities	-675.3	6.8
Switserland		1.5
— Liabilities	-189.0	1.5
Investment bank		**-49.8**
— Assets	3 134.9	-117.0
— Liabilities	0.0	0.0
— Off-balance	-1 098.0	67.2
Treasury bank		**1.4**
— Assets	6 613.0	-6.5
— Liabilities	-8 399.3	7.5
— Off-balance	-357.9	0.4
TOTAL		**-312.4**

4.8 / Liquidity risk

Funding liquidity risk is the risk that the bank will not be able to adequately satisfy both expected and unexpected current and future cash flows without compromising daily transactions or the bank's financial status.

Market liquidity risk is the risk that the bank is unable to easily compensate for or eliminate a position at normal market price due to insufficient market depth or a disruption in the market.

AXA Bank Europe pays considerable attention to minimising this risk. AXA Bank Europe has a profile of shorter-term funding than the outstanding assets. The required attraction of liquidities is provided within the trading hall under the watchful eye of risk management and the biweekly ALCO. Funding sources are extensive and interbank and institutional funding is used as well as repos and tripartite repos.

The bank's liquidity risk policy consists or will consist of the following components, among others:

- The daily liquidity position per treasurer is determined in accordance with guidelines in the Liquidity Risk Charter. The instruments and techniques that can be used are the same as those for the Interest Rate risk;
- Acutely difficult situations must be carefully prepared since there is little opportunity for analysis when they occur;
- Adequate liquidity risk policy is proactive with a longer-term vision and takes into account: Strategy A/L alterations, Back-up liquidity, Asset Securitisation Programmes.

These topics are the responsibility of the ALCO and are regularly discussed in that forum.

All solutions are closely monitored.

The risk is measured by means of various scenarios – stress tests.

The liquidity gaps in the first three months are as follows (EUR positions before solutions in millions of euros):

Total Bank	31.12.2009	31.12.2008
Liquidity consumption (1)	16 115.9	18 244.0
Liquidity resources (2)	15 626.6	16 560.0
Liquidity surplus (+) /shortage (-) of the treasury bank (3)	5 252.4	5 589.0
Total BLE-I = 1/(2+3)	**77.2%**	**82.4%**
Total BLE-i - no stress	**77.2%**	**82.4%**
Stress 1 = 10% instant withdrawal of savings + 10% incr. of last estim runoff + stress on repo capacity + 40% stress on CIFP	83.6	91.0
Stress 2 = Stress 1 with 33% instant withdrawal of savings instead of 10%	94.6	101.6
Need for stable funding in order to bring No Stress BE-i to 100%	-4 763.1	-3 905.0
Need for stable funding in order to bring Stress 1 BE-i to 100%	-3 151.1	-1 568.0
Need for stable funding in order to bring Stress 2 BE-i to 100%	-915.1	456.0

The following tables provide the term analysis for the respective assets/liabilities components.
The lack of liquidity can be completely resolved through securities eligible to the ECB or through repo operations.
Collateral Management takes place for OTC Derivatives and repos.

To mitigate the counterparty risk, AXA Bank Europe has signed legal framework contracts with counterparties, GMRA within the framework of repos and ISDA/CSA within the framework of OTC derived products. For each counterparty/framework contract, the global exposure is examined that we have when compared to this counterparty each day. Global exposure means that the market value of all deals with this counterparty (who falls under that framework agreement) +/- provide or receive collateral. Should exposure remain with regard to this counterparty, a related margin call is done so that we no longer are exposed for that day with regard to the counterparty.

Status as at 31 December 2009

Cash inflows (not cumulative)

31.12.2009 – in '000 EUR

Cash inflows (not cumulative) 31.12.2009 – in '000 EUR	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	< 5 years	Other
Scheduled cash inflows related to credit without liquid financial assets as collateral							
Central governments							
Credit institutions	571 780	129 315	82 883	137 332	20 825	5 000	899 785
Non credit institutions (local governments, multilateral development banks, public sector entities...)	357	716	985	1 096	2 389	14 640	37 977
Private sector - other wholesale							
Private sector - other	29 923	40 933	108 217	163 504	321 451	2 055 407	5 924 271
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	9 412	13 142	35 097	51 878	106 622	555 046	56 232 079
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	174	513	1 655	2 380	5 115	55 140	5 232 079
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Planned and potential net cash inflows related to derivatives instruments (excl. credit derivatives)							
Contractual foreseen cash inflows							
— Derivatives on currency							
— Derivatives on interest	1 006	333 407	61 534	17 796	32 695		
— Other derivatives							
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest							
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash					4 418 570		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)							
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**357 231**					**84 403**	**1 989 401**

Cash outflows (not cumulative) 31.12.2009 – in '000 EUR	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	< 5 years	Other
Scheduled cash outflows related to financing without liquid financial assets as collateral							
Deposits and customer saving certificates							
— Central governments	-3 642	-28 380	-1		-3	-4 800	
— Credit institutions	-1 488 283	-313 330	-82 857	-56 874	-1 848	-2 989	-1 286
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	-2 215 078	-296 692	-270 066	-276 311	-11 048	-5 140	-3 093
— Private sector - other wholesale							
— Private sector - other							
Current accounts / overnight deposits	-2 019 342						
Regulated deposits	-9 022 584						
Other deposits	-579 982	-263 790	-210 946	-95 532	-98 754	-443 202	-13 228
Customer saving certificates	-14 869	-16 702	-43 667	-71 810	-140 989	-373 808	-228
Debt certificates (issued by entity)	-209 986	-1 807	-2 873	-3 807	-13 708	-86 105	-48 525
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	-174	-513	-1 655	-2 380	-5 115	-55 140	-5 232 079
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	-9 412	-13 142	-35 097	-51 878	-106 622	-555 046	-2 460 140
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Contractual foreseen cash outflows							
— Derivatives on interest	-2 364	-329 225	-68 884	-49 710	-92 211		
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash							
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)					-4 418 570		
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other	**-2 818 972**	**-31 196**			**38**	**80 224**	**5 706 024**

Status as at 31 December 2008

Cash inflows (not cumulative) 31.12.2008 – in '000 EUR	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	Other
Scheduled cash inflows related to credit without liquid financial assets as collateral						
Central governments						
Credit institutions	326 689	403 030	23 569	390 357	160 054	25 000
Non credit institutions (local governments, multilateral development banks, public sector entities…)	95	894	1 373	1 467	2 601	51 703
Private sector - other wholesale						
Private sector - other	18 584	32 048	99 316	146 222	291 822	9 591 436
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)						
Cash	1 054 699	1 233 164	682 677	45 987	91 635	1 030 267
Liquid securities and loans						
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB						
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	649 832	1 111 635	359 381			
— Realisable securities through a sale transaction						
— Potential reusable received securities as collateral						
Planned and potential net cash inflows related to derivatives instruments (excl. credit derivatives)						
Contractual foreseen net cash inflows						
— Derivatives on currency						
— Derivatives on interest						
— Other derivatives						
Maximum additional net cash inflows						
— Derivatives on currency						
— Derivatives on interest						
— Other derivatives						
Scheduled cash inflows due to related parties (cf. IAS 24.9)						
Cash	289 205	1 505 870	369 088			
Liquid securities and loans						
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB						
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)						
— Realisable securities through a sale transaction						
— Potential reusable received securities as collateral						
Other	210 834	21 662	79 113	303 936	294 018	4 612 731

Cash outflows (not cumulative) 31.12.2008 – in '000 EUR	< 1 week	< 1 month	< 3 months	< 6 months	< 12 months	Other
Scheduled cash outflows related to financing without liquid financial assets as collateral						
Deposits and customer saving certificates						
— Central governments	4 486	103 864	1 013		457	88
— Credit institutions	441 978	170 726	128 900	167 393	168 456	3 934
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	3 016 456	1 646 764	242 039	462 861	217 963	84 344
— Private sector - other wholesale						
— Private sector - other						
Current accounts / overnight deposits	1 217 693					
Regulated deposits	7 359 513					
Other deposits	424 509	398 114	315 212	285 229	443 100	184 537
Customer saving certificates	13 828	17 655	35 227	51 562	106 956	548 311
Debt certificates (issued by entity)	205 929	17 854	10 934	4 502	10 356	173 680
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)						
Cash	649 832	1 111 635	359 381			
Liquid securities and loans						
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB						
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	1 054 699	1 233 164	682 677	45 987	91 635	
— Realisable securities through a sale transaction						
— Potential reusable received securities as collateral						
Scheduled cash outflows due to related parties (cf. IAS 24.9)						
Cash						
Liquid securities and loans						
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB						
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	289 205	1 505 870	369 088			
— Realisable securities through a sale transaction						
— Potential reusable received securities as collateral						
Other	36 688	375 569				1 348 798

4.9 / Fair value of financial assets and liabilities

4.9.1 / Fair value in relation to retail activity

Fair value hedges

In order to clarify the close link between fixed housing credits and their associated hedges through payor swaps in accounting reporting, a fair value hedge model is used that was developed specially for this purpose.

Fair value calculation

Commercial cash flows are subjected to the swap curve for the fair value calculation. In this calculation all cash flows known today per type of balance sheet line are subjected to a commercial spread. For products without known cash flows, such as, for example, savings and current accounts, the book value is taken as the market value due to their directly demandable nature. Financial products are valued at normal market principles.

The fair value of retail credits (housing credits/investment credits/instalment credits) is calculated in a number of steps:

- First the credits' future cash flows are calculated on the basis of their features (interest rate, frequency of repayment, etc.).
- These cash flows are subsequently adjusted in order to take into account early repayments (4% on an annual basis for housing and investment credits; 10% on an annual basis for instalment loans).
- Lastly, the (adjusted) cash flows are discounted on the basis of the IRS curve. The IRS curve Is increased by a cost spread in order to take into account expenses for the management of the credit portfolios. For 2009 the cost spread represents 0.21% for housing credits, 0.32% for investment credits and 0.58% for personal loans.

4.9.2 / Fair value with respect to financing activities (treasury)

The fair value of financial instruments of level 1 is determined on the basis of market prices in an active market.

If the market for a specific instrument is not active or market prices are not or not regularly available, rating techniques are used based on the updated value of future cash flows and the price determination of option models for financial instruments of level 2. These rating techniques make use of market data such as interest curves and volatility data. In some cases we make use of external prices provided by a reliable intermediary. These prices are then subject to a internal validation or we value these instruments by means of internal rating techniques.

The following components are included:

Assets

Receivables from other bankers

Receivables from other bankers include interbank investments and reverse repo transactions.

The estimated fair value is based on discounted cash flows at current market conditions.

Loans and receivables from clients

These loans and receivables are recognised for their net book value, after depreciation. The estimated fair value of loans and receivables represents the discounted amount of the future expected cash flows. These expected cash flows are discounted in accordance with current market conditions, thus determining the fair value.

Liabilities

Deposits and borrowings

The estimated fair value of fixed-yield deposits, repo transactions and other fixed-yield borrowings without quoted market price is based on discounted cash flows at current market conditions.

Issued debt instruments

For issued certificates of deposit a discounted cash flow model is used based on a current yield curve applicable to the remaining term of the instrument until the expiry date.

Overview of assets and liabilities expressed at fair value

Below we show an overview of the assets and liabilities of AXA Bank Europe expressed at fair value.

Assets / Liabilities 31.12.2009 – in '000 EUR	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Level 1	Level 2	Level 3	Of which: amount recognised in P&L using a valuation technique during the period(level 3) (1)
Financial assets held for trading		1 685 944	18 880	1 565 549	100 516	100 516
Financial assets designated at fair value through profit or loss		65 908	21 418	42 176	2 314	957
Available-for-sale financial assets		3 664 927	1 977 895	1 671 411	15 620	-2 231
Loans and receivables	20 345 209	20 313 363				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		1 661 498	13 077	1 549 149	99 271	99 271
Financial liabilities designated at fair value through profit or loss		73 851		73 851		
Financial liabilities at amortised cost	18 905 484	18 925 238				
Other financial liabilities	54 623	54 623				

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

The financial assets kept for business objectives of level 3 as well as the financial liabilities kept for business objectives of level 3 concern total return swaps. The non-observable element in the valuation concerns the value determination of the dividend on the return side. (The interest side is valued based on yield curves that currently consists of the valuation provided that the net present value is calculated.) Should the total return swaps be back-to-back with regard to each other, the sensitivity impact on the total return swap of the asset is neutralised by the sensitivity impact on the total return swap of the liability.

With regard to the financial assets valued using a fair value with processing of value changes in the profit-and-loss account, the non-observable parameter is the recoverability. If the recoveries should drop by 10% (sensitivity calculated when the timing and discount rate remain the same), this will have a negative impact of EUR 231 000. If the recoveries would rise by 10%, this will have a positive impact of EUR 231 000.

With regard to financial assets available for selling, this refers in part to shares for which observable prices are not available and CDOs/MBS where the observable factor is the recoverability.

In the case of the shares, the price drop of 10% will have a negative impact of EUR 691 000 and a price rise of 10% will have a positive impact of EUR 691 000.

In the case of the CDOs/MBS: if the recoveries should drop by 10% (sensitivity calculated when the timing and discount rate remain the same), this will have a negative impact of EUR 875 000. If the recoveries should rise by 10%, this will have a positive impact of EUR 875 000.

FV level 3 invested assets (liabilities) - Roll forward and P&L impact

31.12.2009 – in '000 EUR

	FV Level 3 OPENING BALANCE (*)	(a) Net unrealized gains and losses included in: the P&L	OCI	(b) Purchases, Sales and Settlements	(c) Net transfers in and out of Level 3	FV Level 3 CLOSING BALANCE	Level 3 Total corresponding P&L impact for the period
Available for Sale Financial Assets (7120)	66 361 981.75	-3 893 598.30	268 279.72	-4 643 779.84	-42 472 850.34	15 620 032.99	-2 231 162.49
Financial Assets designated at fair value through profit or loss (7110)	1 356 780.56	957 221.20				2 314 001.76	957 221.20
Financial assets held for trading (7100)	1 600.85	229 768 014.54		-129 254 071.08		100 515 544.31	100 515 544.31
Financial liabilities held for trading (7160)	0.00	-228 517 487.73		129 246 104.26		-99 271 383.46	-99 271 383.46
TOTAL OF LEVEL 3 INVESTED ASSETS (LIABILITIES) DISCLOSED IN THIS SCHEDULE	**67 720 363.16**	**-1 685 850.29**	**268 279.72**	**-4 651 746.66**	**-42 472 850.34**	**19 178 195.60**	**-29 780.44**

(*) The initial balance sheet also includes the changes in the application area because of the introduction of the level 1, 2 and 3 changes in relation to IFRS 7.

(a) Corresponds to net realized and unrealized gains and losses account in the P&L and OCI of the period and arising from investments classified as level 3 at opening date (including forex impact).

(b) Purchases, Sales and Settlements in the period relating to investments classified as level 3 at the opening date.

(c) Transfers in: corresponds to investments bought in the period and classified as level 3 at closing date or investments classified as level 1 of 2 at opening and now classified as level 3. Transfers out correspond to investments classified as level 3 at opening and still held at closing but classified as level 1 or level 2

Assets / Liabilities

31.12.2008 – in '000 EUR

	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Of which determined based on market data	Of which determined using valuation technique based on market data	Of which determined using valuation technique not based on market data	Of which: amount recognised in P&L using a valuation technique during the period (1)
Financial assets held for trading		**1 225 200**				
Financial assets designated at fair value through profit or loss		**119 479**				
Available-for-sale financial assets		**3 451 503**	**1 565 598**	**1 713 537**	**172 367**	**54 350**
Loans and receivables	**17 942 544**	**17 888 244**				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		**927 738**		**927 737**		
Financial liabilities designated at fair value through profit or loss		**70 242**		**70 242**		
Financial liabilities at amortised cost	**18 652 226**	**18 596 587**				
Other financial liabilities	**390 075**	**390 075**				

(1) Only applied if such valuation technique is based on assumptions that are not supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and not based on available observable market data.

In 2009 there was a shift of EUR 106 180 247.04 from level 2 to level 1 for the financial assets available for selling. This refers to FRNs regarding which the bid/ask spread had dropped below a specific level.

Due to the illiquidity of most of the types of assets we have invested in, some valuation techniques have been developed within AXA Bank Europe and AXA IM. Those are applied on bonds for which no reliable market prices reflecting their fair value are found, this taking into account a decision tree aiming at giving the priority to observable market data rather than pure internal assumptions.

Valuation technique based on market data:

The large majority of the positions classified under this point are valuated using mark to model prices calculated by AXA IM. The base is always the mark to market which is corrected in order to eliminate the liquidity premium it contains.

The remaining part is priced using some prices found in Bloomberg, Reuters or communicated by counterparties after being checked in order to assess their reliability.

Valuation technique which are not based on market data:

This category contains positions for which we have used our internal valuation model which is using an estimation of the WAL (Weighted Average Life) of the positions together with generic spread reflecting the current market conditions.

Furthermore, some very illiquid synthetic CDO for which we receive validated counterparty prices are classified under this category as we made the assessment that those prices are calculated without making use of a majority of market data

4.9.3 / Day one profits

AXA Bank Europe has deferred a “day one profit” with regard to a CDO for an amount of EUR 474 685.55 as on 31 December 2009. This amount will be written off in 2010.

4.10 / Capital management

At AXA Bank Europe, capital management goes beyond the simple management of equity. The main objectives are the following:

- — Compliance with capital requirements imposed by the supervisor
- — Safeguarding of interests of shareholders, clients and foreign capital
- — Maintenance of a sound capital foundation to support the development of its activities
- — Guarantee that the available capital is sufficient to meet the bank’s capital requirements, on the basis of the underlying corporate strategy.

Each month AXA Bank Europe submits a “forecast” of its capital requirements to ALCO (Assets & Liabilities Committee), for the current year, the following year as well as the long term, on a corporate and consolidated basis. This measure allows the implementation of adjustments in a timely manner.

In practice, AXA Bank Europe is also affected by the EU’s solvency requirements. These European regulations have been included in Belgian legislation and the CBFA monitors compliance. The required information is transmitted on a quarterly basis.

The supervisor requires that each bank apply a minimum solvency ratio of 8%, defined as the relationship between statutory capital and the weighted risk volume.

The statutory capital is broken down into three tiers:

- — Tier 1 capital: share and reserve capital including reinvested earnings. Affected provisions, overfunding of pension commitments and unrealised depreciation of the fixed available-for-sale income portfolio are deducted.
- — Tier 2 capital: subordinated loans, perpetual subordinated debts and unrealised surplus values of the fixed available-for-sale income portfolio.
- — Tier 3 capital only to cover market risk.

Participations are deducted from tier 1, 2 and 3 capital in order to reach the statutory capital for solvency purposes (50% Tier 1, 50% Tier 2).

The regulatory capital differs depending on the approach to credit risk. If the Internal Ratings-Based (IRB) approach is applied, a distinction must be made between IRB provisions and IRB estimates of anticipated liabilities. A surplus of provisions may be included in the Tier 1 capital. A shortage of provisions must be deducted from the regulatory capital (50% Tier 1, 50% Tier 2).

The weighted risk volume for the Belgium retail credit portfolio credit risk is determined according to the IRB. The necessary models were developed to this end. Securitisation positions (mortgage backed) are also processed according to the IRB approach.

The Standard Approach (SA) is applied on the remaining assets, primarily the investment portfolio, which is determined by means of risk weighting, which differ depending on the credit assessment, the category and nature of each asset and counterparty, taking into account credit protection and guarantees.

When the internal models of the Hungarian branch have been developed and validated completely, it will switch to the IRB. The implementation will take place in 2011.

As of 01 January 2009, the merger took place with AXA Bank Hungary that was immediately converted into a branch. The primary activity that we can see on the balance sheet consists of credit granting to private individuals and also a limited number of securities being in the portfolio. These activities will be financed from head office as from the start of this year.

Within the framework of equity capital legislation and the capital requirements that arise from this, this means there will be mainly an impact on the credit risk and only to a very limited degree on the market risk and the operational risk. On the other hand, the merger also leads to a capital increase due to the incorporation of the capital of the Hungarian bank.

For off-balance items, depending on their nature, a conversion factor is applied, after which they are processed in a similar manner.

The market risk is determined according to the SA.

The requirement for operational risk follows the BIA (basic indicator approach).

In order to evaluate to what extent the capital is sufficient, account is also taken of the economic risks linked to subordinated activities, which are valued on the basis of the economic capital. The impact of the diversification between the various risk types must be taken into account in the calculation of the economic capital. A quarterly report is provided to the Management Committee.

To be noted is the fact that as of December 2008 the weighted risk volume is calculated according to the Basel II, IRB method.

Compared to the previous financial year, the Basel II ratio according to the Basel I method was 14.74%.

in '000 EUR	31.12.2009	31.12.2008
Tier 1 capital		
Paid in capital	546 318	531 250
Reserves including retained earnings	485 831	457 490
minus: loss of financial year	-9 775	-6 475
minus: charges foreseen for which no provisions where composed		
minus: overfunding pension commitments provisions		-1 790
minus: adjustment reserves pursuant to revaluation of cash flow hedges	-12 116	-10 479
minus: valuation differences in FVO financial liabilities (own credit risk)	-3 962	
Total tier 1 capital	**1 006 295**	**969 996**
Tier 2 capital		
Positive fair value revaluation reserve on available for sale equities	614	19
Perpetuel subordinated debts	178 090	174 034
Subordinated debts	157 032	178 349
Total tier 2 capital	**335 736**	**352 402**
minus: participations		-866
minus: subordinated advances on participations		-2 500
minus: IRB provision shortfall (-)	-33 296	-20 677
net trading book profits	2 383	
TOTAL CAPITAL	**1 311 118**	**1 298 355**
TOTAL WEIGHTED RISK VOLUME	**4 999 646**	**2 962 996**
BASEL RATIO	**26.22**	**43.82**

5 / USE OF ESTIMATES WHEN APPLYING RATING RULES

AXA Bank Europe uses estimates and assumptions when drawing up its annual accounts on the basis of IFRS. These estimates and assumptions are continuously tested and are based on the experience from the past and other factors, among which an acceptable assessment of future events based on currently known conditions.

Estimates and assessments take place primarily in the following areas:

— Estimation of the realisable value for depreciations and this for:
  - Financial instruments - securities;
  - Financial instruments - credits;
  - Tangible fixed assets.

— Determination of the fair value of non-quoted financial instruments.
  The fair value of financial instruments not quoted on a active market is determined by means of the use of rating techniques. Where these rating techniques (e.g., models) are used, they are checked and validated periodically. All models are also validated before they are applied and adjusted in order to always include the latest data and comparable market data. For more information, please to the point 4.9 Fair value of financial assets and liabilities.

— Determination of the expected service life and residual value of tangible fixed assets and intangible assets.

— Actuarial assumptions relating to the rating of pension liabilities and pension assets (see more about this under section 33 Post-employment benefits and other long-term staff expenses).

— Estimation of existing liabilities resulting from events in the past when recognising provisions.

For a detailed description about the working method used in these valuations we refer to Section 2. Financial reporting policies.

6 / COMMISSION PAYMENTS

Fee and commission income and expenses

in '000 EUR

Fee and commission income and expenses	31.12.2009	31.12.2008
Fee and commission income		
Securities	16 307	18 830
— Issued	16 307	18 830
— Transfer orders		
— Other		
Clearing and settlement		
Trust and fiduciary activities	1 188	1 231
— Asset management		
— Custody	1 188	1 231
— Other fiduciary transactions		
Loan commitments	365	2 025
Payment services	11 773	7 981
Structured finance		
Servicing fees from securitization activities		
Other	6 333	3 968
TOTAL	**35 966**	**34 035**
Fee and commission expenses		
Commissions to agents (acquisition costs)	42 995	35 428
Custody		
Clearing and settlement	10	
Servicing fees for securitization activities		
Other	12 707	7 236
TOTAL	**55 712**	**42 664**

7 / REALISED GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Realised gains (losses) on financial assets and liabilities not measured at fair value through profit or loss

31.12.2009 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	2 970	20 850	-17 880
Loans and receivables (including finance leases)	4 994		4 994
Held-to-maturity investments			
Financial liabilities measured at amortised cost		786	-786
Other			
TOTAL	**7 964**	**21 636**	**-13 672**

Realised gains (losses) on financial assets and liabilities not measured at fair value through profit or loss

31.12.2008 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	21 754	9 891	11 863
Loans and receivables (including finance leases)	4 177		4 177
Held-to-maturity investments			
Financial liabilities measured at amortised cost			
Other			
TOTAL	**25 931**	**9 891**	**16 040**

8 / PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Gains (losses) on financial assets and liabilities designated at fair value through profit or loss

31.12.2009 – in '000 EUR

	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	16 334	10 865	5 469
Financial liabilities designated at fair value through profit or loss	6 778	13 556	-6 778
TOTAL	**23 112**	**24 421**	**-1 309**

Gains (losses) on financial assets and liabilities designated at fair value through profit or loss

31.12.2008 – in '000 EUR

	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss		36 025	-36 025
Financial liabilities designated at fair value through profit or loss	12 614	6 317	6 297
TOTAL	**12 614**	**42 342**	**-29 728**

9 / PROFITS (LOSSES) FROM HEDGE ACCOUNTING

Gains (losses) from hedge accounting

31.12.2009 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	697	616	81
— Fair value changes of the hedged item attributable to the hedged risk	697		697
— Fair value changes of the hedging derivatives (Including discontinuation)		616	-616
Cash flow hedges			
— Fair value changes of the hedging derivatives - ineffective portion			
Hedges of net investments in a foreign operation			
— Fair value changes of the hedging derivatives - ineffective portion			
Fair value hedge of interest rate risk	49 624	34 788	14 836
— Fair value changes of the hedged item	49 624		49 624
— Fair value changes of the hedging derivatives		34 788	-34 788
Cash flow hedge of interest rate risk			
— Fair value changes of the hedging instrument - ineffective portion			
Discontinuation of hedge accounting in the case of a cash flow hedge			
TOTAL	**50 321**	**35 404**	**14 917**

Gains (losses) from hedge accounting

31.12.2008 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	94 360	18 350	76 010
— Fair value changes of the hedged item attributable to the hedged risk	93 713		93 713
— Fair value changes of the hedging derivatives (Including discontinuation)	647	18 350	-17 703
Cash flow hedges			
— Fair value changes of the hedging derivatives - ineffective portion			
Hedges of net investments in a foreign operation			
— Fair value changes of the hedging derivatives - ineffective portion			
Fair value hedge of interest rate risk	98 436	69 393	29 043
— Fair value changes of the hedged item		69 393	-69 393
— Fair value changes of the hedging derivatives	98 436		98 436
Cash flow hedge of interest rate risk			
— Fair value changes of the hedging instrument - ineffective portion			
Discontinuation of hedge accounting in the case of a cash flow hedge			
TOTAL	**192 796**	**87 743**	**105 053**

Including the amortization of the fair value change of the hedged position.

10 / OTHER OPERATING INCOME AND EXPENSES

in '000 EUR	31.12.2009	31.12.2008
INCOME	**35 777**	**26 870**
Tangible assets measured using the revaluation model		
Investment property		
— Rental income from investment property		
— Cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used		
— Other income related to investment property		
Operating leases		
Other	35 777	26 870
EXPENSES	**5 882**	**4 317**
Tangible assets measured using the revaluation model		
Investment property		
— Direct operating expenses (including repair and maintenance) arising from investment property that generated rental income during the period		
— Direct operating expenses (including repair and maintenance) arising from investment property that did not generated rental income during the period		
— Cumulative change in fair value recognized in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used		
Operating leases	5 018	3 507
Other	864	810
TOTAL	**29 895**	**22 553**

11 / STAFF EXPENSES

in '000 EUR	31.12.2009	31.12.2008
Wages and salaries	79 299	67 728
Social security charges	35 679	26 797
Pension and similar expenses	1 016	1 136
Share based payments		
Other	1 907	140
TOTAL	**117 901**	**95 801**

12 / GENERAL AND ADMINISTRATIVE EXPENSES

in '000 EUR	31.12.2009	31.12.2008
Marketing expenses	7 666	1 335
Professional fees	23 278	11 161
IT expenses	10 021	8 334
Rents to pay or to receive	-1 833	-1 626
Other	108 699	93 362
TOTAL	**147 831**	**112 566**

13 / TAX EXPENSES (CURRENT AND DEFERRED TAXES)

AXA Bank Europe makes use of the notional interest deduction.

The notional interest deduction represents a fundamental change in the calculation structure of corporate taxes applicable from 2007 fiscal year.

The aim of this measure is to promote equity and to attract capital-intensive investments as well as to remain open to Belgian Coordination Centres.

The reduction of the notional interest reduces the taxable base on which the corporate taxes are calculated.

The national interest deduction is the company's equity to which a number of corrections are applied such as the deduction of the fiscal net value at the end of the previous taxable period for specific financial fixed assets.

After the determination of the national interest deduction the percentage of the deduction is calculated. This percentage represents the average of the monthly published reference indexes for linear bonds over 10 years, every two years before the relevant tax year.

If insufficient profit remains to fully apply the deduction of notional interest, the undeducted portion can be transferred for seven consecutive years.

For fiscal year 2010 the notional interest deduction amounts to EUR 40.7 million (without taking into account the transferred balance from fiscal years 2008 and 2009) and was completely transferred.

Of the transferred amount for fiscal year 2009 no deferred tax claim was booked on the basis of the budget exercises carried out by management for the coming years.

Law of 22 June 2005, published in the Belgian Official Gazette of 30 June 2005. Its implementing order was approved on 17 September 2005 and published in the Belgian Official Gazette of 3 October 2005.

The law of 22 June 2005 was further improved by Article 115 of the law of 23 December 2005 on the Generation pact, published in the Belgian Official Gazette of 30 December 2005.

Reconciliation of statutory tax to effective tax

31.12.2009 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-4 921	
— 1.1. Net profit before taxes	-14 479	
— 1.2. Statutory tax rate		33.99%
2. Tax effect of rates in other jurisdictions	3 250	
3. Tax effect of non taxable revenues	2 078	
4. Tax effect of non tax deductible expenses	2 682	
5. Tax effect of utilisation of previously unrecognised tax losses		
6. Tax effect on tax benefit not previously recognised in profit or loss		
7. Tax effect from reassessment of unrecognised deferred tax assets	3 652	
8. Tax effect of change in tax rates		
9. Tax effect from under or over provisions in prior periods		
10. Other increase (decrease) in statutory tax charge	15	
11. Tax expense using effective rate	-4 704	
— 11.1. Net profit before taxes	-14 479	
— 11.2. Effective tax rate		32.49%

Reconciliation of statutory tax to effective tax

31.12.2008 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-2 095	
— 1.1. Net profit before taxes	-6 163	
— 1.2. Statutory tax rate		33.99%
2. Tax effect of rates in other jurisdictions	2 660	
3. Tax effect of non taxable revenues	3 968	
4. Tax effect of non tax deductible expenses	5 437	
5. Tax effect of utilisation of previously unrecognised tax losses	3 476	
6. Tax effect on tax benefit not previously recognised in profit or loss		
7. Tax effect from reassessment of unrecognised deferred tax assets	-1 663	
8. Tax effect of change in tax rates		
9. Tax effect from under or over provisions in prior periods	3	
10. Other increase (decrease) in statutory tax charge	88	
11. Tax expense using effective rate	312	
— 11.1. Net profit before taxes	-6 163	
— 11.2. Effective tax rate		-5.06%

The tax claims recognised in the AXA Bank Europe books involve taxable reserves and provisions as well as tax claims on temporary differences due to IFRS re-effects and a part on the notional interest deduction. The largest part refers to the tax claims with regard to the upward/downward value adjustment to a fair value of the security portfolio with regard to these temporary differences where, currently, it is being assumed that the largest part of these securities will be kept up to their maturity date. The prospects are of such a nature based on the budgeting carried out by management that problems are not being expected with regard to the recoverability of these claims.

Income tax expense (income), current and deferred in '000 EUR	2009	2008
Current income tax expense, net	-99	541
Deferred tax expense, net	-4 605	-229

AXA Bank Europe has tax-free reserves in its equity capital (for an amount of EUR 236 396 176.95) regarding which deferred tax (for EUR 80 351 060.55) was calculated. Should these reserves be paid out, they would be taxed. As long as the bank is a going concern, these reserves are required as part of the equity capital for the operations of the bank and there is no intention to pay them out.

14 / CASH FROM AND WITH CENTRAL BANKS

in '000 EUR	31.12.2009	31.12.2008
Current accounts with central banks	82 777	65 015
— Available credit balances with central banks	82 777	65 015
Compulsory reserves with central banks	37	162 646
TOTAL	**82 814**	**227 661**

To be noted that this section includes EUR 271 375.38 in accrued interests.

15 / LOANS AND RECEIVABLES

Counterparty breakdown 31.12.2009 – in '000 EUR	Unimpaired assets	Impaired assets (total carrying amount)	Allowances for individually assessed financial assets	Allowances for collectively assessed financial assets	Total net carrying amount
Debts instruments issued by					
— Central governments					
— Credit institutions					
— Non credit institutions					
— Corporate					
— Retail					
Loans & advances to	20 265 936	205 972	115 210	11 490	20 345 209
— Central governments					
— Credit institutions	2 071 423				2 071 423
— Non credit institutions	4 634 183	1 203	856		4 634 531
— Corporate	881 103	62 591	53 029		890 665
— Retail	12 679 227	142 178	61 325	11 490	12 748 590
Accrued income (if accounted for separately)					
TOTAL	**20 265 936**	**205 972**	**115 210**	**11 490**	**20 345 209**

Counterparty breakdown

31.12.2008 – in '000 EUR

Counterparty breakdown	Unimpaired assets	Impaired assets (total carrying amount)	Allowances for individually assessed financial assets	Allowances for collectively assessed financial assets	Total net carrying amount
Debts instruments issued by					
— Central governments					
— Credit institutions					
— Non credit institutions					
— Corporate					
— Retail					
Loans & advances to	17 919 436	115 160	84 446	7 606	17 942 544
— Central governments	111				111
— Credit institutions	3 090 530				3 090 530
— Non credit institutions	3 644 330	1 309	904		3 644 735
— Corporate	401 923	73 959	58 919		416 963
— Retail	10 782 542	39 892	24 623	7 606	10 790 205
Accrued income (if accounted for separately)					
TOTAL	**17 919 436**	**115 160**	**84 446**	**7 606**	**17 942 544**

Loans and advances to other than credit institutions

31.12.2009 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		4 418 570		
Consumer Credit		4 971	5 061	816 409
Mortgage loans		46 969	1 055	10 528 593
Term loans		159 038	855 412	1 027 375
Current accounts		2 215	28 970	28 864
Other		2 767	167	347 349
TOTAL		**4 634 530**	**890 665**	**12 748 590**

Loans and advances to other than credit institutions

31.12.2008 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		2 180 129		
Consumer Credit		6 039	7 217	801 353
Mortgage loans		94 524	57 285	9 331 339
Term loans		1 212 798	330 486	565 461
Current accounts		2 799	21 935	27 996
Other		148 446	40	64 168
TOTAL		**3 644 735**	**416 963**	**10 790 317**

16 / FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Counterparty breakdown

31.12.2009 – in '000 EUR

	Total (carrying amount)
Equity instruments	2 887
— Quoted	2 887
— Unquoted but FV determinable	
Debt instruments issued by	63 021
— Central governments	
— Credit institutions	39 062
— Non credit institutions	23 315
— Corporate	644
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	**65 908**

Counterparty breakdown

31.12.2008 – in '000 EUR

	Total (carrying amount)
Equity instruments	24 317
— Quoted	24 317
— Unquoted but FV determinable	
Debt instruments issued by	95 162
— Central governments	
— Credit institutions	64 485
— Non credit institutions	30 129
— Corporate	548
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	**119 479**

17 / AVAILABLE-FOR-SALE FINANCIAL ASSETS

Counterparty breakdown 31.12.2009 – in '000 EUR	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	5 518	4 322	9 840	3 415
— Quoted	121	2 931	3 052	2 178
— Unquoted but FV determinable	5 397	1 391	6 788	1 237
— Equity instruments at cost				
Debt instruments issued by	3 649 640	5 447	3 655 086	45 803
— Central governments	1 866 043		1 866 043	
— Credit institutions	475 140	76	475 216	4 092
— Non credit institutions	1 168 556	5 371	1 173 927	41 711
— Corporate	139 901		139 901	
— Retail				
Loans & advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	**3 655 158**	**9 769**	**3 664 926**	**49 218**

Counterparty breakdown 31.12.2008 – in '000 EUR	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	6 246	3 238	9 484	4 862
— Quoted	52	2 668	2 720	3 625
— Unquoted but FV determinable	6 194	570	6 764	1 237
— Equity instruments at cost				
Debt instruments issued by	3 439 551	2 468	3 442 019	61 355
— Central governments	1 548 023		1 548 023	
— Credit institutions	434 411	617	435 028	16 076
— Non credit institutions	1 436 485	1 851	1 438 336	45 279
— Corporate	20 632		20 632	
— Retail				
Loans & advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	**3 445 797**	**5 706**	**3 451 503**	**66 217**

18 / FINANCIAL ASSETS HELD FOR TRADING

Counterparty breakdown 31.12.2009 – in '000 EUR	Carrying amount
Derivatives held for trading	1 685 314
Equity instruments	628
— Quoted	1
— Unquoted but FV determinable	627
— Equity instruments at cost	
Debt instruments issued by	2
— Central governments	
— Credit institutions	
— Non credit institutions	2
— Corporate	
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	**1 685 944**

Counterparty breakdown 31.12.2008 – in '000 EUR	Carrying amount
Derivatives held for trading	930 567
Equity instruments	556
— Quoted	556
— Unquoted but FV determinable	
— Equity instruments at cost	
Debt instruments issued by	294 077
— Central governments	293 022
— Credit institutions	
— Non credit institutions	1 055
— Corporate	
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	**1 225 200**

19 / IMPAIRMENTS

31.12.2009 – in '000 EUR	Past due ≤ 90 days	Past due > 90 days & ≤ 180 days	Past due > 180 days & ≤ 1 year	Past due > 1 year	Net carrying amount of the impaired assets	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collateral and other credit enhancements received as security for the related impaired and past due assets
Equity instruments					4 322	3 415		
— Quoted					2 931	2 178		
— Unquoted but FV determinable					1 391	1 237		
— Equity instruments at cost								
Debt instruments					5 446	45 803		
— Central governments								
— Credit institutions					75	4 092		
— Non credit institutions					5 371	41 711		
— Corporate								
— Retail								
Loans & advances	908 022	1 212	322	464	90 763	115 211		
— Central governments	123							
— Credit institutions								
— Non credit institutions	18 804			1	347	856		
— Corporate	70 562	398	148	63	9 563	53 029		
— Retail	818 533	814	174	400	80 853	61 326		
Bills & own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	112 325	86			16 825	9 529		
Mortgage loans	676 686	575			35 851	16 635		
Term loans	22 406				24 943	27 888		
Current accounts	7 115	153	174	400	3 234	7 274		
Other	1							
Andere financiële activa					998	3 519		
TOTAL	**908 022**	**1 212**	**322**	**464**	**101 529**	**167 948**		
Allowances for incurred but not reported losses on financial assets							11 490	
Non specifically attributable collaterals								

31.12.2008 – in '000 EUR	Past due ≤ 90 days	Past due > 90 days & ≤ 180 days	Past due > 180 days & ≤ 1 year	Past due > 1 year	Net carrying amount of the impaired assets	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collateral and other credit enhancements received as security for the related impaired and past due assets
Equity instruments					3 238	4 862		
— Quoted					2 668	3 625		
— Unquoted but FV determinable					570	1 237		
— Equity instruments at cost								
Debt instruments					2 467	61 355		
— Central governments								
— Credit institutions					616	16 076		
— Non credit institutions					1 851	45 279		
— Corporate								
— Retail								
Loans & advances	1 990 922	322	419	351	55 873	84 447		
— Central governments								
— Credit institutions								
— Non credit institutions	38 894			1	404	904		
— Corporate	137 904	135	99	15	15 040	58 919		
— Retail	1 814 124	187	320	335	40 429	24 624		
Bills & own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	123 605	1			18 637	6 522		
Mortgage loans	1 631 412		197		24 499	7 607		
Term loans	50 961	10	1		-5 957	3 583		
Current accounts	8 146	176	122	335	3 250	6 912		
Other								
Other financial assets					2 146	2 408		
TOTAL	**1 990 922**	**322**	**419**	**351**	**63 724**	**153 072**		
Allowances for incurred but not reported losses on financial assets							7 606	
Non specifically attributable collaterals								

Overview of impairment

31.12.2009 – in '000 EUR

	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	55 332	33 233	22 099
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	3 441	19 677	-16 236
— Loans and receivables measured at amortized cost (including finance leases)	51 891	13 556	38 335
— Held to maturity investments measured at amortized cost			
Impairment on			
— Property, plant and equipment			
— Investment properties			
— Intangible assets			
Goodwill			
Other			
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
TOTAL	**55 332**	**33 233**	**22 099**
Interest income on impaired financial assets accrued in accordance with IAS 39			122

Credit exposure

31.12.2009 – in '000 EUR

	Maximum credit exposure
Equity	13 355
Debt instruments	3 718 109
Loans & advances	21 173 006
Derivatives	1 694 840
Other	89 365
TOTAL	**26 688 675**

Allowances movements for credit losses

31.12.2009 – in '000 EUR

	Opening balance	Write-down taken against the allowance	Amounts set aside for estimated probable loan losses	Amounts reversed for estimated probable loan losses	Other adjustments	Transfers between allowances	Closing balance	Recoveries directly recognized in profit or loss	Charge-offs directly recognized in profit or loss
Specific allowances for individually assessed financial assets and Specific allowances for collectively assessed financial assets	153 073		52 100	32 160	-5 066		167 947		18 784
Allowances for incurred but not reported losses on financial assets	7 605		2 639	1 073	2 319		11 490		
TOTAL	**160 678**		**54 739**	**33 233**	**-2 747**		**179 437**		**18 784**

Overview of impairment 31.12.2008 – in '000 EUR	**Additions**	**Reversals**	**Total**
Impairment losses on financial assets not measured at fair value through profit or loss	83 549	21 738	61 811
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	61 914	9 263	52 651
— Loans and receivables measured at amortized cost (including finance leases)	21 635	12 475	9 160
— Held to maturity investments measured at amortized cost			
Impairment on	5 109		5 109
— Property, plant and equipment			
— Investment properties			
— Intangible assets	5 109		5 109
Goodwill			
Other	5 109		5 109
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
TOTAL	**88 658**	**21 738**	**66 920**
Interest income on impaired financial assets accrued in accordance with IAS 39			

Credit exposure 31.12.2008 – in '000 EUR	**Maximum credit exposure**
Equity	34 355
Debt instruments	3 831 258
Loans & advances	18 335 168
Derivatives	967 394
Other	83 882
TOTAL	**23 252 057**
Carrying amount of financial assets pledged as collateral for	3 486 426
— Liabilities	3 469 824
— Contingent liabilities	16 602

Allowances movements for credit losses 31.12.2008 – in '000 EUR	**Opening balance**	**Write-down taken against the allowance**	**Amounts set aside for estimated probable loan losses**	**Amounts reversed for estimated probable loan losses**	**Other adjustments**	**Transfers between allowances**	**Closing balance**	**Recoveries directly recognized in profit or loss**	**Charge-offs directly recognized in profit or loss**
Specific allowances for individually assessed financial assets and Specific allowances for collectively assessed financial assets	100 457		85 247	21 320	-11 311		153 073		6 601
Allowances for incurred but not reported losses on financial assets	7 313		711	418			7 606		
TOTAL	**107 770**		**85 958**	**21 738**	**-11 311**		**160 679**		**6 601**

For the rules used with respect to the booking of impairment we refer to points 2.2 and 2.3 above.

Received collateral

AXA Bank Belgium does not own collateral, which it is permitted to sell or repledge in the absence of default by the debtor, except for:

— Collateral received as part of repo/reverse repo transactions;
— Collateral received as part of a number of derivative transactions;
— Collateral received with respect to collaterised deposits.

They are regularly reused as security within the framework of repo transactions or in the framework of the monetary policy of ECB (security used for tender or intraday credit granting).

Should an opposing party remain in default, we will be the legal owner of those securities and we will be entitled (due to the ISDA and GMRA contracts concluded with these counterparties) to convert them into cash and not to be dependent on a defaulting opposing party.

Retail guarantees

Guarantees for housing credits

The credit must be fully guaranteed by a mortgage (subscription or mandate) on real property (full property). The property must be normally marketable.

Property guarantees are legally required! The mortgage guarantees to be established can be reused in the context of potential subsequent housing credits.

All guarantees complementing mortgage guarantees must be established before the mortgage is fixed (therefore look out for additional movable guarantees!)

For a bridging loan in theory a mortgage mandate is established on both the property to be bought and the property to be sold.

Guarantees for personal credits

These guarantees are the following:

— **Real:** relate to a property, movable or immovable, with an intrinsic value;
— **Personal:** consist of a right to lay a claim against a person;
— **Moral:** grant no implementation method to the bank and rely on the honesty of those that have issued them.

Below you will find a list of guarantees that are used regularly for professional credits at AXA Bank Europe.

Real guarantees

— Mortgage and mortgage subscription
— Authentic collateral assignment of business;
— Subrogation to the benefit of the seller of real estate;
— Collateral assignment of securities;
— Collateral assignment of account balance;
— Transfer of all "traditional life insurance" rights;
— Transfer of all insurance policy rights Section 21, 23;
— Transfer of loan.

Personal or moral guarantees

— Security;
— Mortgage mandate;
— Irrevocable commitment by a third party.

Guarantees for instalment loans

For consumer credits only one type of guarantee is used:

Transfer of debt collection or act of relinquishment of wages and other income.

Treasury and derivatives guarantees

At this time only guarantees are received at AXA Bank Europe in the framework of either repos, or derivatives, in function of the fluctuation of the market value of the deals.

In the framework of the “Global master repurchase agreement”, (GMRA) AXA Bank Europe only accepts government bonds. Since August 2007, however, we have concluded one GMRA with AXA IM in which we also accepted “non-governmental” paper. A condition for us to accept is that the relevant paper is accepted by the ECB as collateral.

In repo activities we distinguished to types of collateral: on the one hand the collateral received at the time a new deal is concluded; on the other hand the collateral asked during the term of the deals in function of the fluctuation of the market value of the initially provided collateral. For French counterparties this additional collateral will always be settled in cash (at EONIA commission). This in contrast, however, to the time of the deal initiation when only securities are accepted as collateral. We also have tripartite repo activities whereby Clearstream ensures that we receive sufficient collateral at all times from our counterparties insofar as said collateral is included in our “collateral basket”.

In derivatives activities currently the general rule applies that collateral is actively requested. For said collateral only cash (at Eonia compensation) and Belgian, German, French and British government bonds will be considered with a residual term of at least one year and at the most 10 years. An exception to this rule is the American counterparties. For these counterparties, American securities will also be accepted in CSAs with a minimum term of one year and a maximum term of 10 years. For 1 counterparty, AXA Reinsurance Ireland, we also accept government bonds in Japanese yen.

20 / DERIVATIVES

Derivatives are understood to mean swaps, futures and options contracts. Their value is derived from underlying interest rates, currency exchange rates, the price of goods or share rates for all types of derivatives.

As part of its banking activity AXA Bank Europe makes use of the following derived financial instruments classed in accordance with the possible classifications under IFRS.

Fair value hedge

AXA Bank Europe uses interest rate swaps with a view to covering the change in fair value of the mortgage portfolio following interest fluctuations as well as the difference in interest position between mortgage credits (based on long-term interest) and the financing used (short-term interest).
For a part of the fixed housing credit portfolio the "fair value hedge" model is used. This model has been applied since 1 April 2005. From July 2009, the then existing hedge accounting relationship was replaced by a new model to strengthen the efficiency of the relationship. A fair value hedge is a relationship between derivatives and underlying financial instruments documented in a fair value hedge of the underlying covered instrument. It is periodically checked whether the hedge is still efficient (prospective and retrospective testing). If the model is efficient, the rating result with respect to the covered portion of the fixed housing credit portfolio is recognised in the profit-and-loss account just like the fair value difference of the relevant derivatives.
Asset swaps: a number of bond positions are covered individually with an interest rate swap. If the fair value hedge can be shown, the rating result with respect to the bond's interest risk is also recognised in the profit-and-loss account.
The change in actual value of the covered risk is written off, with, among others, an improvement in this method in 2007, which leads to a difference in value adjustment between the covered risk and the derivative.

Cash-Flow hedge

This strategy includes the coverage of floating liabilities which will end in 2018. It involves a strict micro-hedge construction aimed at insuring the bank regarding flows to be paid.

Fair value option

The fair value option is applied in a number of cases:

— The "fair value option" is applied for asset swaps under IFRS in some portfolios, whereby the economically related instruments, in case the bonds are also recognised at fair value in the balance sheet accounting for the rating result in the profit-and-loss account. Here an internal model is used based on discounted future cash flows.
— The "fair value option" is also applied to structured deposits, hedged with equity swaps, which are faced with the issue of EMTNs. This takes place in accordance with the principle of close economic correlation between both since the use of these instruments fits into the management of a maximum risk position. The determination of the fair values takes place on the basis of prices obtained from reliable market participants. These prices obtained externally are validated internally.
— Some funds in the investment portfolio are booked according to the fair value option.
— Investments in structured notes (embedded derivatives not closely related) also fall under the "fair value option".

Freestanding derivatives

Macro-hedge activity

In order to further cover the mortgage portfolio more complex interest rate swaps, caps and swaptions are used. This is a macro-hedge, which is accounted for under IFRS as a freestanding trading instrument.

The same applies to the use of interest rate swaps and swaptions in the context of ALM management.

Trading activity

We also find interest rate swaps, total return swaps, FX swaps, FRAs, futures and share options in the **trading portfolio**.

Derivatives held for trading.

By nature 31.12.2009 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Interest rate	Option / Cap / Floor / Collar / Swaption	8 744 966	170 071	145 616
	IRS	40 786 118	1 395 831	1 403 533
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other	3 730 751	100 514	99 271
Currency (FX)	FX forward	1 515 526	18 253	13 077
	FX future			
	Cross currency swap			
	FX option	448 326	645	
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
Accrued income / expenses (if accounted for separately)				
TOTAL		**55 225 687**	**1 685 314**	**1 661 497**

By nature 31.12.2008 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Interest rate	Option / Cap / Floor / Collar / Swaption	3 275 049	4 585	
	IRS	5 860 482	104 612	126 484
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other	3 582 418	759 753	758 678
Currency (FX)	FX forward	351 955	59 393	40 352
	FX future			
	Cross currency swap			
	FX option	303 409	2 224	2 224
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
Accrued income / expenses (if accounted for separately)				
TOTAL		**13 373 313**	**930 567**	**927 738**

Derivatives – administrative procession of the hedge transaction (micro hedging).

By type of risk 31.12.2009 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	3 413	37 026	857 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL		**3 413**	**37 026**	**857 000**
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	16	28 436	200 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL		**16**	**28 436**	**200 000**
Hedges of a net investment in a foreign operation				
TOTAL		**3 429**	**65 462**	**1 057 000**

By type of risk 31.12.2008 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	2 796	194 394	3 199 500
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL		**2 796**	**194 394**	**3 199 500**
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS		15 757	200 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other			
Currency (FX)	FX forward			
	FX future			
	Cross currency swap			
	FX option			
	FX forward rate agreement			
	Other			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Other			
Commodity				
Other				
TOTAL			**15 757**	**200 000**
Hedges of a net investment in a foreign operation				
TOTAL		**2 796**	**210 151**	**3 399 500**

Hedging of the interest risk of a portfolio (macro hedging).

Portfolio hedge of interest rate risk 31.12.2009 – in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges	6 096	200 477	2 237 000
Cash flow hedges			

Portfolio hedge of interest rate risk 31.12.2008 – in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges	33 701		2 482 000
Cash flow hedges			

Disclosure on "gain and losses" on existing cash flow hedges	Carrying amount CFH derivative	Unrealized Gains/Losses - During the period	Cumulative Unrealized Gains/Losses	Release from equity (CFH) to P&L
Cash flow hedges - Assets				
Cash flow hedges - Liabilities				
CASH FLOW HEDGES - INTEREST RATE CONTRACTS - LIABILITIES				
CF hedges - Interest rate contracts - OTC - Swaps - Liabilities	-6 740	-2 599	-2 269	2 599

CFH derivate book value = Revenue of the swap in 2009.

Non-realised profits/losses – During the reporting period = Variation of the clean Fair Value (*) of the swap in 2009.

(*) Fair value excluding the non-realisable part of the interest that applied

Accumulated non-realised profits/losses = Variation of the clean Fair Value of the swap since the introduction of the hedge model.

Release form equity capital (CFH) to W&V = Hedge accounting operation in W&V in 2009

Disclosure on the periods when the hedged transaction's cashflows occur	RMM0-1 (Less than 1 month Maturity)	RMM1-3 (1-3 months Maturity)	RMM3-12 (3-12 months Maturity)	RMY 1-5 (1-5 years Maturity)	RMY5 (Over 5 years Residual)
Cash flow hedges - Assets					
Cash flow hedges - Liabilities		191			
CASH FLOW HEDGES - INTEREST RATE CONTRACTS - LIABILITIES					
CF hedges - Interest rate contracts - OTC - Swaps - Liabilities		191			

The future outgoing cash flows that result from the financing of the credits by the bank are hedged on a quarterly basis. This financing is carried out every three months with an external counterparty.

The amount specified on this page matches the next cash flow issued in March 2010.

21 / OTHER ASSETS

Carrying amount in '000 EUR	**31.12.2009**	**31.12.2008**
Employee benefits	72 012	69 445
Servicing assets for servicing rights		
Prepaid charges	4 685	2 410
Accrued income (other than interest income from financial assets)	4 732	5 317
Precious metals, goods and commodities		
Other advances	2 716	2 717
Other	5 220	3 993
TOTAL	**89 365**	**83 882**

22 / INVESTMENTS IN ASSOCIATED COMPANIES, SUBSIDIARIES AND JOINT VENTURES

AXA Bank Europe has the following limited number of subsidiaries:

— AXA Belgium Finance bv (NL);
— Mofico nv;
— Beran nv;
— Sofifo sarl (FR);
— Imopole sa (FR);
— Société Foncière de l'Hexagone sarl (FR);
— AXA Hedging Services Limited.

AXA Bank Europe holds participation up to 10% in the SPV Royal Street.

In addition, it also holds a 20% stake in Brand & Licence Company. Alongside AXA Bank Europe, four other banks, each own 20% in this company. The firm aims to manage and license intellectual property rights, whether or not related to payment schemes with cards and all other related transactions.

Each shareholder is, for each 20% tranche of shares held, entitled to one director and the decisions by the Board of Directors must be made by 4/5 majority. Because of its low materiality, this company is not included in the consolidation scope.

AXA Belgium Finance bv was included in the consolidation circle. This is a Dutch private limited company, which issues securities and other debt instruments on the Luxembourg securities market.

Changes in the consolidation circle during the financial year 2009:

— Ella Bank was taken over by a merger in 2009 and, next, transformed into a branch.
— Branches were also established in Slovakia and the Czech Republic in 2009.
— Upar NV was taken over by AXA Bank Europe through a merger through absorption on 22 July 2009.

Entity 31.12.2009 – in '000 EUR	**Accumulated equity interest (%)**	**Assets**	**Liabilities**	**Profit or loss**	**Reporting date**
Accounted for by using equity method:					
ALEHS	100.00%	10 940	7 293	-1 186	31.12.09
AXA Belgium finance	100.00%	106 890	104 046	51	31.12.09
Royal Street sic	10.00%	2 729 449	2 710 491	20	31.12.09

Entity 31.12.2009 – in '000 EUR	**Accumulated equity interest (%)**	**Assets**	**Liabilities**	**Profit or loss**	**Reporting date**
Not accounted for by using equity method:					
Beran	100.00%	2 153	13	-34	31.12.09
Brand & Licence cy	20.00%	151	21	25	31.12.08
Hexagone	100.00%	20	10 154	-113	31.12.09
Imopole	99.40%	12	9 113	-154	31.12.09
Mofico	100.00%	8 404	3 491	498	31.12.09
Sofifo	100.00%	24	26 643	-399	31.12.09

Explanatory notes about these companies and planned actions for further simplification of the structure of the AXA Bank Europe group

Motor Finance Company

Is the vehicle within which investments in self-banking devices are housed, which are leased to agents.

Beran

On 22 January 2008 Beran NV bought the residual rights and the ground lease for the real estate located in Berchem, 214 Grote Steenweg, resulting in the termination of co-ownership with Fortis.

Sofifo, Société Foncière de L'Hexagone, Imopole (France)

Concerns the participation of AXA Bank Europe in three French real estate subsidiaries without any activity and of which the liquidation will be implemented once the ongoing legal proceedings have been completed.

23 / GOODWILL AND OTHER INTANGIBLE FIXED ASSETS

AXA Bank Europe currently has no goodwill.

During 2009 an amount of EUR 2 927 365.10 was capitalised as part of a new banking application for the bank in Belgium. In addition, as a result of the replacement of software in the branch in the Czech Republic, EUR 5 617 982.07 was invested and, as a result of the replacement of software in the branch in Slovakia, EUR 2 610 207.02 was invested.

Intangible assets accounted for by using the cost model 31.12.2009 – in '000 EUR	Goodwill	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance			**10 033**		**339**	**10 372**
Additions from internal development						
Additions from separate acquisition			11 250			11 250
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized			2 784		311	3 095
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss						
Impairment reversed in profit or loss						
Foreign currency translation effects			31			31
Other movements						
Ending balance			**18 530**		**28**	**18 558**
Amortization financial year			2 784		311	
Amortization previous year			1 149		690	
Cumulated Amortization			**3 934**		**1 001**	
Recoverable amount						
Gross amount of impairment of goodwill						
Accumulated impairment of goodwill						
Assets held under a finance lease						
Assets subject to an operating lease						

Intangible assets accounted for by using the cost model 31.12.2008 – in '000 EUR	**Goodwill**	**Internally developed software**	**Acquired software**	**Other internally developed intangible assets**	**Other intangible assets**	**Total carrying amount**
Opening balance			**4 654**			**4 654**
Additions from internal development						
Additions from separate acquisition			11 025			11 025
Adjustments from business combinations			384		760	1 144
Retirement & disposals					250	250
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized			921		171	1 092
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss			5 109			5 109
Impairment reversed in profit or loss						
Foreign currency translation effects						
Other movements						
Ending balance			**10 033**		**339**	**10 372**
Amortization financial year			921		171	
Amortization previous year			228		519	
Cumulated Amortization			**1 149**		**690**	
Recoverable amount						
Gross amount of impairment of goodwill						
Accumulated impairment of goodwill						
Assets held under a finance lease						
Assets subject to an operating lease						

24 / TANGIBLE FIXED ASSETS

Status as at 31 December 2009

PPE measured after recognition using the revaluation model 31.12.2009 – in '000 EUR	**Owner-occupied land and building**	**IT equipment**	**Office equipment**	**Other equipment (including cars)**	**Total carrying amount**
Opening balance	**16 646**	**736**	**1 096**	**1 224**	**19 703**
Additions	21 876	239	808	311	23 234
Acquisition through business combinations		39	6	548	593
Disposals				24	24
Disposals through business combinations					
Depreciation	993	389	266	196	1 844
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects				25	25
Transfers					
— To and from non-current assets held for sale					
— To and from investment property		x	x		
Other changes	-8			-4	-12
Closing balance	**37 521**	**625**	**1 644**	**1 884**	**41 674**
Accumulated depreciation	**17 111**	**3 092**	**3 729**	**1 468**	**25 400**
Financial year	**993**	**389**	**266**	**196**	**1 844**
Previous year	**16 118**	**2 703**	**3 462**	**1 272**	**23 555**
— Assets held under a finance lease					
— Assets subject to operating lease	x				

Status as at 31 December 2008

PPE measured after recognition using the cost model 31.12.2008 – in '000 EUR	**Owner-occupied land and building**	**IT equipment**	**Office equipment**	**Other equipment (including cars)**	**Total carrying amount**
Opening balance	**1 086**	**1 156**	**1 685**	**1 307**	**5 234**
Additions	14 467	92	1 450	12	16 021
Acquisition through business combinations		95		46	141
Disposals					
Disposals through business combinations					
Depreciation	647	608	298	141	1 694
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects					
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes	1 740		-1 740		
Closing balance	**16 646**	**735**	**1 097**	**1 224**	**19 702**
Accumulated depreciation	**16 117**	**2 703**	**3 462**	**1 218**	**23 501**
Financial year	**647**	**608**	**298**	**141**	**1 694**
Previous year	**15 470**	**2 095**	**3 163**	**1 077**	**21 806**
— Assets held under a finance lease					
— Assets subject to operating lease					

The investments in 2008 and 2009 in sites and buildings for our use concern the investments in the company's building in Antwerp Berchem.

The disposals of other materials concern the sale of cars at the Hungarian branch.

25 / FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

In the debt certificates we find an issue programme started in 2006 of EMTNs (European Medium Term Note) through AXA Belgium Finance. Here, AXA Bank Europe opted for the so-called fair value option and has therefore recognised these issues at fair value in the balance sheet.

As at 31 December 2009 this fair value totalled EUR 74 204 760.96 and the nominal amount to be repaid was EUR 78 035 000.00.

The share of own credit risk in the amount of the fair value had a positive impact and resulted in a decrease in fair value on liabilities of EUR 1 504 807.82.

Up to 2008, the share of our own credit risk on the fair value was calculated based on the margin applied by AXA Bank Europe on the retail issues. Since there were no issues in 2009, this was calculated based on the Credit Default Swap on AXA N.V.

The new method calculates the difference between the spread of the Credit Default Swap on AXA N.V. when the issue takes place for the same duration and the spread of the Credit Default Swap on AXA N.V. on conclusion based on the remaining duration.

This difference leads to the determination of cash flows on each coupon date that are updated to finally determine the share of our own credit risk for each issue.

This new method applied to the existing issues at the end of 2008 leads to a credit risk share of EUR 6 888 617.36 while the method that was applied by AXA Bank Europe at the time amounted to EUR 5 467 062.64.

Counterparty breakdown

31.12.2009 – in '000 EUR

	Carrying amount	Amount of cumulative change in fair values attributable to changes in credit risk	Difference between the carrying amount and the amount contractually required to pay at maturity
Deposits from credit institutions			
— Current accounts / overnight deposits			
— Deposits with agreed maturity			
— Deposits redeemable at notice			
— Other deposits			
Deposits (other than from credit institutions)	2 200		
— Current accounts / overnight deposits			
— Deposits with agreed maturity	2 200		
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	71 651	1 505	7 121
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	71 651	1 505	7 121
Convertible			
Non-convertible	71 651	1 505	7 121
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**73 851**	**1 505**	**7 121**

Counterparty breakdown

31.12.2008 – in '000 EUR

	Carrying amount	Amount of cumulative change in fair values attributable to changes in credit risk	Difference between the carrying amount and the amount contractually required to pay at maturity
Deposits from credit institutions			
— Current accounts / overnight deposits			
— Deposits with agreed maturity			
— Deposits redeemable at notice			
— Other deposits			
Deposits (other than from credit institutions)	2 200		
— Current accounts / overnight deposits			
— Deposits with agreed maturity	2 200		
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	68 042		
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	68 042		
Convertible			
Non-convertible	68 042		
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	70 242		

26 / DEPOSITS

Counterparty breakdown
31.12.2009 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					1 399 829
— Current accounts / overnight deposits					3 669
— Deposits with agreed maturity					1 395 982
— Deposits redeemable at notice					
— Other deposits					178
Deposits (other than from credit institutions)	102 889	2 868 556	1 400 049	11 094 081	15 465 575
— Current accounts / overnight deposits	12 401	125 231	717 657	1 247 901	2 103 190
— Deposits with agreed maturity	90 307	2 712 425	601 737	799 196	4 203 665
— Deposits redeemable at notice					
— Other deposits	181	30 900	80 655	9 046 984	9 158 720
Special deposits	104	131	79 127	5 536	84 898
Regulated deposits	77	30 769	1 528	9 041 448	9 073 822
Mortgages related deposits					
Other deposits					
Deposit guarantee system					
Debt certificates (including bonds)					971 733
— Certificates of deposits					142 099
— Customer saving certificates (also when dematerialised)					829 634
— Bonds					
Convertible					
Non-convertible					
— Other					
Subordinated liabilities					401 179
Other financial liabilities					667 167
Accrued expenses (if accounted for separately)					
TOTAL					**18 905 483**

Counterparty breakdown
31.12.2008 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					1 081 418
— Current accounts / overnight deposits					5 260
— Deposits with agreed maturity					1 076 158
— Deposits redeemable at notice					
— Other deposits					
Deposits (other than from credit institutions)	129 418	4 960 947	1 496 811	9 432 955	16 020 131
— Current accounts / overnight deposits	3 044	110 700	381 031	736 949	1 231 724
— Deposits with agreed maturity	126 285	4 819 238	1 028 291	1 330 542	7 304 356
— Deposits redeemable at notice					
— Other deposits	89	31 009	87 489	7 365 464	7 484 051
Special deposits	37	4 275	72 192	2 798	79 302
Regulated deposits	52	26 734	15 297	7 362 666	7 404 749
Mortgages related deposits					
Other deposits					
Deposit guarantee system					
Debt certificates (including bonds)					976 409
— Certificates of deposits					
— Customer saving certificates (also when dematerialised)					976 409
— Bonds					
Convertible					
Non-convertible					
— Other					
Subordinated liabilities					434 400
Other financial liabilities					139 868
Accrued expenses (if accounted for separately)					
TOTAL					**18 652 226**

27 / SUBORDINATED LIABILITIES

Maturity date 31.12.2009 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		22 725	24 960	
Current year +2		10 845		
Current year +3		17 995		
Current year +4		28 622		
Current year +5		30 851		
Current year +6		22 960		
Current year +7		10 179		
Current year +8		46 175		
Current year +9		1 685		
Current year +10		1 478		
More than current year +10				
Perpetuals		182 704		
TOTAL		**376 219**	**24 960**	

Maturity date 31.12.2008 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		44 867		
Current year +2		22 881	24 931	
Current year +3		10 870		
Current year +4		18 036		
Current year +5		28 688		
Current year +6		30 921		
Current year +7		23 012		
Current year +8		10 202		
Current year +9		7 296		
Current year +10		988		
More than current year +10		16		
Perpetuals		211 692		
TOTAL		**409 469**	**24 931**	

28 / FINANCIAL LIABILITIES HELD FOR TRADING

Counterparty breakdown

31.12.2009 – in '000 EUR

	Carrying amount
Deposits from credit institutions	
— Current accounts / overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Derivatives held for trading	1 661 497
Short positions	
— In equity instruments	
— In fixed income instruments	
Deposits (other than from credit institutions)	
— Current accounts / overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Debt certificates (including bonds)	
— Certificates of deposits	
— Customer saving certificates (also when dematerialised)	
— Bonds	
Convertible	
Non-convertible	
— Other	
Other financial liabilities	
Accrued expenses (if accounted for separately)	
TOTAL	**1 661 497**

Counterparty breakdown

31.12.2008 – in '000 EUR

	Carrying amount
Deposits from credit institutions	
— Current accounts / overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Derivatives held for trading	927 738
Short positions	
— In equity instruments	
— In fixed income instruments	
Deposits (other than from credit institutions)	
— Current accounts / overnight deposits	
— Deposits with agreed maturity	
— Deposits redeemable at notice	
— Other deposits	
Debt certificates (including bonds)	
— Certificates of deposits	
— Customer saving certificates (also when dematerialised)	
— Bonds	
Convertible	
Non-convertible	
— Other	
Other financial liabilities	
Accrued expenses (if accounted for separately)	
TOTAL	**927 738**

29 / OTHER LIABILITIES

Carrying amount in '000 EUR	**31.12.2009**	**31.12.2008**
Employee benefits		
Social security charges	26 219	24 485
Servicing liabilities for servicing rights		
Leasing liabilities		
Accrued charges (other than from interest expenses on financial liabilities)	9 241	353 020
Income received in advance	1 912	2 160
Other debts	16 695	10 372
Other	555	38
TOTAL	**54 622**	**390 075**

30 / PROVISIONS

31.12.2009 – in '000 EUR	Re-structuring	Provisions for Tax litigation	Pending legal issues	Pensions and other post retirement benefit obligations	Loan commitments and guarantees	Onerous contracts	Other provisions	Total
Opening balance	**1 009**	**33 876**	**2 628**	**116 458**	**3 300**		**6 584**	**163 855**
Additions	10		392	3 998	15		2 644	7 059
Amounts used			196	2 230	1		1 903	4 330
Unused amounts reversed during the period	288		96	9 233	30		1 197	10 844
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences							-74	-74
Other movements			-364	16 298	372		-1 849	14 457
Closing balance	**731**	**33 876**	**2 364**	**125 291**	**3 656**		**4 205**	**170 123**

31.12.2008 – in '000 EUR	Re-structuring	Provisions for Tax litigation	Pending legal issues	Pensions and other post retirement benefit obligations	Loan commitments and guarantees	Onerous contracts	Other provisions	Total
Opening balance	**1 882**	**33 876**	**3 342**	**105 150**	**3 300**	**240**	**3 062**	**150 852**
Additions	141		80	10 962			2 799	13 982
Amounts used			145	210				355
Unused amounts reversed during the period	1 014		649	4 940			178	6 781
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences							56	56
Other movements				5 496		-240	845	6 101
Closing balance	**1 009**	**33 876**	**2 628**	**116 458**	**3 300**		**6 584**	**163 855**

Below are some clarifications about the major components in these provisions at AXA Bank Europe.

Reorganisation

The social liabilities resulting from commitments made by ANHYP prior to its merger with IPPA, which created AXA Bank. This involves individual arrangements that run until 2018 at the latest but for which the largest amount will be recognised in the period 2007-2009. In 2009 there was a release of EUR 287 858.86.

Ongoing legal disputes

This includes a provision for disputes involving agents and former agents (EUR 2 338 920.32). It primarily concerns disputes following instances of fraud. One important dispute arose in 2009: for EUR 367 567.04.

In addition there is a provision for disputes with clients or third parties as a result of the credits extended by the bank (EUR 26 137.50). No major new disputes arose in 2009 and EUR 86 868.00 was used and EUR 58 022.00 was released.

Lastly, it includes the provision for claims by clients or third parties as part of the credit granted by the bank for EUR 363 881.77 that was moved to the "Other provisions" category.

Predictions vary about the period of settlement of these disputes and are sometimes difficult to estimate.

Provisions for tax disputes

This section includes provisions as part of additional taxes charged to the bank, which are contested by the bank. In this context a number of clients claimed compensation from the bank, for which provisions were also recognised.

In the short term no major development is expected in these cases.

Pensions and other benefit liabilities on the basis of allocated pension schemes

The majority involves the provision as part of IAS19 (EUR 94 203 712.95). For further details we refer to the Section "Post-employment benefits and other long-term expenses".

Here the collective scheme is also recognised with respect to the social liabilities referred to under "Reorganisation" (EUR 1 343 593.27). These will expire at the latest by 2011.

During the financial year 2009 new provisions were created (EUR 2 776 194.23) with respect to exit regulations created as a result of the merger with Winterthur, including a release of EUR 7 442 208.37, increasing the provision to EUR 24 549 277.97 as at 31 December 2009. The provisions are included in the CLA of 7 May 2007. Since employees aged 50 and over (who meet the criteria) are able to benefit from this regulation, this item will continue to exist for 10 years.

There is, furthermore, one more provision for EUR 2 450 834.87 as on 31 December 2009 for paying time credit. EUR 1 123 638.78 of this was added and EUR 692 925.70 was released.

Loan and guarantee liabilities

Involves guarantees provided in 1999 to the purchaser of a large real estate credit portfolio on the part of the bank.
One claim is still pending. A provision of EUR 3 300 000 was created to cover this risk.

Other provisions

Primarily involves a provision as part of stock monitoring reconciliation of bearer bonds (EUR 1 477 804.79).

In addition to an amount of EUR 349 491.52 for the provision for compensation claims from clients or third parties by virtue of the credit operations performed by the bank.

In 2009, the provision for disputes amounting to EUR 3 112 480.10 at the Swiss branch was used for EUR 1 899 238.90 and the balance was taken back.

31 / CONTINGENT LIABILITIES & ENCUMBERED ASSETS

Off-balance sheet commitments - Notional Amounts in '000 EUR	**31.12.2009**	**31.12.2008**
Loan commitments	-18 981 988	-15 530 888
— Given	888 844	909 601
— Received	19 870 832	16 440 489
Financial guarantees	-2 075 561	-1 886 498
— Given	32 200	32 675
— Guarantees received	2 107 761	1 919 173
— Credit derivatives received		
Other commitments (e.g. note issuance facilities, revolving underwriting facilities...)	5 074 656	4 268 731
— Given to another counterparty	5 674 200	4 424 566
— Received from another counterparty	599 544	155 835

By virtue of its off-balance sheet liabilities AXA Bank Europe has three types of liabilities:

— Liabilities due to loans
— Financial guaranties
— Other liabilities primarily consisting of assets issued as guarantees as part of the bank's repo activity.

Below we will discuss this in further detail:

Liabilities due to loans
For the granted liabilities this involves commitments to retail clients (EUR 889 million) of which:

— EUR 381 million relates to credit offers (not yet signed by the client);
— EUR 147 million relates to credit lines on current accounts;
— EUR 360 million relates to the still available client margin on the credit lines granted by the bank. AXA Kereskedelmi Bank Zártkörüen totalling EUR 380 million.

The risk here is very limited given the diversification of the portfolio and primarily the fact that the credits provided are themselves guaranteed by the client. These can be found under received liabilities, for the most part intangible guarantees (EUR 17 336 million).

Financial guarantees
Here we find EUR 2 108 million in received personal guarantees as part of personal as well as professional credits.

Other liabilities
This primarily involves the assets given by the bank as guarantee in the framework of its repo activity (EUR 5 640 million) and compulsory collateral in favour of the National Bank as part of its banking activities (EUR 34 million).

Encumbered assets
The only encumbered assets are the securities given in repo (also see item 40).

32 / POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM STAFF EXPENSES

Pension commitments
The entire bank population is managed by four plans, each in the form of a committed pension scheme:

— Existing ANHYP plan prior to 1 July 1983;
— Existing ANHYP plan after 1 July 1983 (pension fund);
— Existing IPPA plan;
— New AXA Bank plan.

As a reminder: at the time of the introduction of a new plan those employees still working for the company had the choice between staying with their existing plan or enrolling in the new plan, which explains the existence of these four plans.

The assets included in the plans represent, with the exception of the pension fund below, the reserves of the group insurance taken out with AXA Europe.

The forecasted long-term return of this type of asset is a guaranteed interest of 3.25% (or 4.75% for premiums paid before 1999) + profit sharing.

In the long term we expect an average return of 4.50% for the coming years.

The choice of 4.50% matches the expected yield in the long term of the hedging assets, that is, (primarily) the contracts for group insurances. This figure consists of the interest assured by the insurer (3.25% or 4.75% depending on the issue date of the contracts) increased by the expected profit share of the insurer and with discounts due to concessions.

Since this concerns a hypothesis in the long term, this hypothesis does not have to be changed each year. Should it however emerge that year-after-year this yield is no longer systematically attained (which would mean that there are systematic actuarial losses on the assets), it would be better to correct this hypothesis for the future.

From a historical perspective, should we examine the history of the "gains and losses on assets" of the last years for all group insurance plans for AXA staff in Belgium jointly, there is again nothing that points to the fair yield significantly deviating from 4.50%.
With regard to the pension fund of the Bank, the same hypothesis was selected to ensure uniformity. Since the pension fund will be consolidated soon as far as I am aware to create the group insurances, this hypothesis continues to be plausible for the future.

The breakdown of assets with respect to the ANHYP pension fund is split into 81.28% cash and 18.72% Opportunities Hedge Funds. Here too we maintain a long-term yield of 4.50%.

Existing ANHYP plan before 1 July 1983:
Managed in the form of group insurance.
— Plan of the "goal to be reached" type;
— Capital = (N/60 x T – N/40 x F) x 8.15;
— Where N = number of service years (YY;MM) to age 65;
— T = Salary without ceiling;
— F = fixed sum;
— Financing only through bonuses by means of successive one-off premiums.

Existing ANHYP plan as of 1 July 1983:
Managed in the form of a pension fund.
— Plan of the "goal to be reached" type
— Capital at age 65 equals: N/40 x (1.5 T_1 + 7 T_2)
where:
- N = number of service years (YY;MM) to age 65
- T_1 = salary bracket with ceiling
- T_2 = salary bracket above ceiling and limited to a second ceiling

— Mixed financing contribution/bonus in annual premiums.
Contribution is fixed at 0.5% T1 + 5% T2.
The contribution is paid to the pension fund.

Retirement pension funds ANHYP - Defined benefit plans in '000 EUR	31.12.2009	31.12.2008
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	669	452
— 1.1.1. Present value of wholly or partially funded	1 830	1 460
— 1.1.2. (-) Fair value, defined benefit plan assets	1 161	1 008
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	1 161	1 008
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**669**	**452**
2. Expense recognised in profit or loss, total	**76**	**69**
2.1. Current service cost	36	36
2.2. Interest cost	86	77
2.3. (-) Expected return on plan assets	-46	-44
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets	38	16
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-151	-409
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	1 460	1 402
3.2. (-) Benefits paid		
3.3. Current service cost	36	36
3.4. Interest cost	86	77
3.5. Actuarial gains and losses, total	249	-55
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants		
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	1 831	1 460
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	5.00%	5.90%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		

ANHYP retirement pension fund:

The connection relating to these investments between the beginning and the end of the financial year looks like this:

in '000 EUR	31.12.2009	31.12.2008
Fair value of investments (beginning of financial year)	1 008	945
Income from investments	38	16
Contribution by employer	115	47
Contribution by employee	0	0
Paid benefits during year	1 161	1 008

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics

	2009
Actives - count	24
Actives - average age	53
Actives - average service	33
Actives - average annual salary	51
Deferred - count	21
Deferred - average age	55
Deferred - average annual pension	2
Retirees - count	
Retirees - average age	
Retirees - average annual pension	

Assumptions

	2009	2008
Discount rate	5.0%	5.9%
Salary increase rate	3.5%	3.5%
Rate of inflation	2.0%	2.0%
Medical inflation rate		
Pension indexation rate	2.0%	2.0%
Expected return on Plan Assets for N+1 expense (as a percentage)		
Expected return on Separate Assets for N+1 expense (as a percentage)		
Valuation date of the latest complete valuation (YYYYMMDD)	*31/12/08*	*31/12/07*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/10*	*31/12/09*
Expected Average remaining service Life/EARSL	*11*	

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (1) (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**1 460**		**1 007**	**1 007**
Value at beginning of year	1 460		1 008	1 008
Service Cost	36			
Employee Contributions				
Interest Cost	86			
Expected Return on Assets (net of investment tax if any)			46	46
Actuarial Loss/Gain due to Experience	93		-8	-8
Actuarial Loss/Gain due to Change in Assumptions	155			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			115	115
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)				
Benefits paid from Separate Assets (enter as negative)				
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**1 830**		**1 161**	**1 161**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2008 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**1 460**			**-408**	**1 460**		
Value at beginning of year	1 460			-408	1 460		
Service Cost	36				36	36	47
Employee Contributions							
Interest Cost	86				86	86	93
Expected Return on Assets (net of investment tax if any)						-46	-54
Actuarial Loss/Gain due to Experience	93			102	93	-1	
Actuarial Loss/Gain due to Change in Assumptions	155			156	155		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)							
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**1 830**			**-151**	**1 830**	**75**	**86**

Sensitivity analysis	2009
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-6.41%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.32%
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.54%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-6.96%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	9.91%
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	4.01%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2009
Estimated future benefits paid - year N+1	16
Estimated future benefits paid - year N+2	19
Estimated future benefits paid - year N+3	19
Estimated future benefits paid - year N+4	19
Estimated future benefits paid - year N+5	84
Cumulative estimated future benefits paid - From year N+6 to year N+10	1 104

	2010
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	52

Historical overview	2010	2009	2008	2007	2006	2005
Defined benefit obligation		1 830.30	1 459.75	1 401.93	2 456.80	2 658.30
Fair value assets		1 160.98	1 007.94	945.49	1 578.15	1 578.87
Surplus or deficit		669.32	451.82	456.44	878.65	1 079.43
Actuarial gain/loss		93.38	4.67			
Gain/loss due to change in assumptions		155.87	-60.16			
Contributions in next year:						
— by the employer	51.70					
— by the employee	0.00					

Pension funds ANHYP - Defined benefit plans

in '000 EUR

Pension funds ANHYP - Defined benefit plans	31.12.2009	31.12.2008
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	455	-1 790
— 1.1.1. Present value of wholly or partially funded	12 006	10 813
— 1.1.2. (-) Fair value, defined benefit plan assets	11 551	12 603
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	11 551	12 603
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**455**	**-1 790**
2. Expense recognised in profit or loss, total	**192**	**71**
2.1. Current service cost	129	124
2.2. Interest cost	610	593
2.3. (-) Expected return on plan assets	-547	-646
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets	44	-1 722
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-161	-2 303
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	10 813	11 532
3.2. (-) Benefits paid	1 224	765
3.3. Current service cost	129	124
3.4. Interest cost	610	593
3.5. Actuarial gains and losses, total	1 639	-714
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants	39	41
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	12 006	10 811
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	5.00%	5.90%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		

ANHYP benefit fund

The investments intended to cover future pension commitments for the ANHYP pension fund are broken down into the following compartments:

	31.12.2009	31.12.2008
Shares		
Bonds		
Real estate		
Other investments	100.00%	100.00%

The connection relating to these investments between beginning and end of the financial year looks like this:

in '000 EUR	31.12.2009	31.12.2008
Fair value of investments (beginning of financial year)	12 603	15 048
Income from investments	44	-1 722
Contribution by employer	88	
Contribution by employee	39	41
Paid benefits during year	-1 223	-766
Fair value of fund investments (end of financial year)	11 551	12 603

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics

	2009
Actives - count	103
Actives - average age	48
Actives - average service	22
Actives - average annual salary	50
Deferred - count	394
Deferred - average age	45
Deferred - average annual pension	2
Retirees - count	60
Retirees - average age	82
Retirees - average annual pension	4

Assumptions

	31.12.2009	31.12.2008
Discount rate	5.0%	5.9%
Salary increase rate	3.5%	3.5%
Rate of inflation	2.0%	2.0%
Medical inflation rate		
Pension indexation rate		
Expected return on Plan Assets for N+1 expense (as a percentage)		
Expected return on Separate Assets for N+1 expense (as a percentage)		
Valuation date of the latest complete valuation (YYYYMMDD)	*31/12/08*	*31/12/07*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/10*	*31/12/09*
Expected Average remaining service Life/EARSL	*18*	

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (1) (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**10 813**	**12 602**		**12 602**
Value at beginning of year	10 813	12 603		12 603
Service Cost	168			
Employee Contributions		39		39
Interest Cost	610			
Expected Return on Assets (net of investment tax if any)		547		547
Actuarial Loss/Gain due to Experience	611	-503		-503
Actuarial Loss/Gain due to Change in Assumptions	1 027			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets		88		88
Employer Contributions to Separate Assets				
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)	-1 223	-1 224		-1 224
Benefits paid from Separate Assets (enter as negative)				
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**12 006**	**11 550**		**11 550**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2008 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**-1 789**			**-2 302**	**-1 789**		
Value at beginning of year	-1 790			-2 303	-1 790		
Service Cost	168				168	168	168
Employee Contributions	-39				-39	-39	-39
Interest Cost	610				610	610	610
Expected Return on Assets (net of investment tax if any)	-547				-547	-547	-547
Actuarial Loss/Gain due to Experience	1 114			1 114	1 114		
Actuarial Loss/Gain due to Change in Assumptions	1 027			1 027	1 027		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets	-88				-88		
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)							
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**455**			**-162**	**455**	**192**	**192**

Sensitivity analysis	2009
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-5.65%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.32%
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.54%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-8.60%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	9.91%
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	4.01%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2009
Estimated future benefits paid - year N+1	533
Estimated future benefits paid - year N+2	622
Estimated future benefits paid - year N+3	664
Estimated future benefits paid - year N+4	502
Estimated future benefits paid - year N+5	475
Cumulative estimated future benefits paid - From year N+6 to year N+10	5 423

	2010
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	

Historical overview	2010	2009	2008	2007	2006	2005
Defined benefit obligation		12 006.15	10 812.61	11 531.76	12 739.01	13 599.99
Fair value assets		11 551.02	12 602.93	15 048.19	14 969.06	14 146.59
Surplus or deficit		455.13	-1 790.32	-3 516.43	-2 230.06	-546.60
Actuarial gain/loss		611.21	-318.27			
Gain/loss due to change in assumptions		1 027.36	-395.46			
Contributions in next year:						
— by the employer	0.00					
— by the employee	40.56					

Existing IPPA plan:

Managed in the form of group insurance.

— Plan of the “goal to be reached” type;

— Capital at age 60 (maturity date of the contract) equals: N/40 x (2 T_1 + 7.35 T_2) where:
- N = length of service (YY; MM) to age 60;
- T_1 = salary bracket limited to a specific ceiling;
- T_2 = salary bracket above this ceiling.

— Financing only through bonuses by means of successive one-off premiums.

IPPA - Defined benefit plans

in '000 EUR

	31.12.2009	31.12.2008
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	4 957	1 752
— 1.1.1. Present value of wholly or partially funded	44 681	41 543
— 1.1.2. (-) Fair value, defined benefit plan assets	39 724	39 791
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	39 724	39 791
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**4 957**	**1 752**
2. Expense recognised in profit or loss, total	**2 116**	**2 070**
2.1. Current service cost	1 457	1 475
2.2. Interest cost	2 414	2 271
2.3. (-) Expected return on plan assets	-1 755	-1 676
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets	1 553	2 492
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-2 309	-6 025
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	41 543	41 039
3.2. (-) Benefits paid	4 246	2 480
3.3. Current service cost	1 457	1 475
3.4. Interest cost	2 414	2 271
3.5. Actuarial gains and losses, total	3 514	-763
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants		
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	44 682	41 542
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	5.00%	5.90%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		

The existing IPPA plan is an insurance contract concluded with AXA Belgium Insurance.

As part of the management of its insurance activities, AXA Belgium invests the paid premiums of AXA Bank Europe in various types of investments. The investment relating to payments by AXA Bank Europe and are recognised in the AXA Belgium balance sheet consist primarily of shares, bonds and real estate.

The connection relating to these investments between beginning and end of the financial year looks like this:

in '000 EUR	31.12.2009	31.12.2008
Fair value of investments (beginning of financial year)	39 791	37 198
Income from investments	1 553	2 492
Contribution by the employer	2 627	2 580
Contribution by the employee		
Paid benefits during the year	-4 246	-2 479
Fair value of investments (end of financial year	39 724	39 791

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics

	2009	2008
Actives - count	389	412
Actives - average age	52	51
Actives - average service	28	28
Actives - average annual salary	55	53
Deferred - count		
Deferred - average age		
Deferred - average annual pension		
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions

	2009	2008
Discount rate	5.0%	5.9%
Salary increase rate	3.5%	3.5%
Rate of inflation	2.0%	2.0%
Medical inflation rate		
Pension indexation rate		
Expected return on Plan Assets for N+1 expense (as a percentage)		
Expected return on Separate Assets for N+1 expense (as a percentage)		
Valuation date of the latest complete valuation (YYYYMMDD)	*31/12/08*	*31/12/07*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/10*	*31/12/09*
Expected Average remaining service Life/EARSL	*7*	*8*

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (1) (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**41 542**		**39 790**	**39 790**
Value at beginning of year	41 542		39 791	39 791
Service Cost	1 457			
Employee Contributions				
Interest Cost	2 414			
Expected Return on Assets (net of investment tax if any)			1 755	1 755
Actuarial Loss/Gain due to Experience	1 085		-202	-202
Actuarial Loss/Gain due to Change in Assumptions	2 429			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			2 627	2 627
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)				
Benefits paid from Separate Assets (enter as negative)	-4 246		-4 246	-4 246
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**44 681**		**39 725**	**39 725**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2008 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**41 040**			**-6 024**	**41 542**	**2 070**	**2 131**
Value at beginning of year	41 543			-6 025	41 543		
Service Cost	1 457				1 457	1 457	1 501
Employee Contributions							
Interest Cost	2 414				2 414	2 414	2 242
Expected Return on Assets (net of investment tax if any)						-1 755	-1 788
Actuarial Loss/Gain due to Experience	1 085			1 287	1 085		
Actuarial Loss/Gain due to Change in Assumptions	2 429			2 429	2 429		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)	-4 246				-4 246		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**44 682**			**-2 309**	**44 682**	**2 116**	**1 955**

Sensitivity analysis	**2009**
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-3.09%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	6.24%
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.24%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-3.81%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.49%
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.98%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2009
Estimated future benefits paid - year N+1	2 718
Estimated future benefits paid - year N+2	3 237
Estimated future benefits paid - year N+3	6 672
Estimated future benefits paid - year N+4	5 738
Estimated future benefits paid - year N+5	5 672
Cumulative estimated future benefits paid - From year N+6 to year N+10	21 789

	2010
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	2 670

Historical overview	2010	2009	2008	2007	2006	2005
Defined benefit obligation		44 680.75	41 543.32	41 039.15	41 973.82	46 363.78
Fair value assets		39 723.55	39 790.69	37 197.93	37 293.10	38 623.11
Surplus or deficit		4 957.21	1 752.63	3 841.22	4 680.72	7 740.67
Actuarial gain/loss		1 085.39	316.42			
Gain/loss due to change in assumptions		2 428.50	-1 079.21			
Contributions in next year:						
— by the employer	2 522.15					
— by the employee	919.38					

New AXA Bank Europe plan:

Managed in the form of group insurance.

Two plans exist alongside each other: a plan for staff (a) and a plan for directors (b).

(a) Plan of "goal to be reached" type

— Capital at age 60 (maturity date of the contract) equals: N/40 x (3 T_1 + 8 T_2)
where:
- N = length of service (YY; MM) to age 60;
- T1 = salary bracket limited to a specific ceiling;
- T2 = salary bracket above this ceiling.

— Mixed financing contribution/bonus in annual premiums. Contributions depend on seniority and are determined at: 1.5% or 2% or 2.5% or 3% x T_1 + 5% x T_2 depending on seniority per 10-year period.

(b) Plan of "goal to be reached" type

— Capital at age 60 year equals: N/40 x (2.2 T_1 + 8.8 T_2)
where:
- N = length of service (YY; MM) to age 60;
- T_1 = salary bracket limited to a specific ceiling;
- T_2 = salary bracket above this ceiling.

— Mixed financing contribution/bonus in annual premiums. The contribution depends on seniority and is determined at: 0.5% or 1% or 1.5% or 2% x T_1 + 5% x T_2 depending on seniority per 10-year period.

NASH - Defined benefit plans

in 000 EUR

	31.12.2009	31.12.2008
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	9 834	8 284
— 1.1.1. Present value of wholly or partially funded	38 978	32 675
— 1.1.2. (-) Fair value, defined benefit plan assets	29 144	24 391
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	29 144	24 391
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**9 834**	**8 284**
2. Expense recognised in profit or loss, total	**1 946**	**1 832**
2.1. Current service cost	1 116	1 133
2.2. Interest cost	2 010	1 692
2.3. (-) Expected return on plan assets	-1 180	-993
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets	1 067	1 205
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-345	-3 982
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	32 675	29 096
3.2. (-) Benefits paid	1 236	518
3.3. Current service cost	1 116	1 133
3.4. Interest cost	2 010	1 692
3.5. Actuarial gains and losses, total	3 524	485
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants	888	787
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	38 977	32 675
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	5.00%	5.90%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		

New AXA Bank Europe plan:

The new AXA Bank Europe plan is an insurance contract concluded with AXA Belgium Insurance.

As part of the management of its insurance activities, AXA Belgium invests paid premiums of AXA Bank Europe in various types of investments. Investments involving payments by AXA Bank Belgium and recognised in the AXA Europe balance sheet consists primarily of shares, bonds and real estate.

The connection relating to these investments between the beginning and the end of the financial year looks like this:

in '000 EUR	31.12.2009	31.12.2008
Fair value of investments (beginning a financial year)	24 391	20 951
Income from investments	1 067	1 206
Contribution by employer	4 034	1 967
Contribution by employee	888	787
Paid benefits during the year	-1 236	-520
Fair value of investments (end of financial year)	29 144	24 391

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics

Statistics	2009	2008
Actives - count	660	626
Actives - average age	44	43
Actives - average service	17	17
Actives - average annual salary	55	53
Deferred - count	7	
Deferred - average age	35	
Deferred - average annual pension	2	
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions

Assumptions	2009	2008
Discount rate	5,0%	5,9%
Salary increase rate	3,5%	3,5%
Rate of inflation	2,0%	2,0%
Medical inflation rate		
Pension indexation rate		
Expected return on Plan Assets for N+1 expense (as a percentage)		
Expected return on Separate Assets for N+1 expense (as a percentage)		
Valuation date of the latest complete valuation (YYYYMMDD)	*31/12/08*	*31/12/07*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/10*	*31/12/09*
Expected Average remaining service Life/EARSL	*14*	*14*

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (1) (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**32 676**		**24 392**	**24 392**
Value at beginning of year	32 676		24 391	24 391
Service Cost	2 004			
Employee Contributions			888	888
Interest Cost	2 010			
Expected Return on Assets (net of investment tax if any)			1 180	1 180
Actuarial Loss/Gain due to Experience	440		-113	-113
Actuarial Loss/Gain due to Change in Assumptions	3 084			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			4 034	4 034
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)				
Benefits paid from Separate Assets (enter as negative)	-1 236		-1 236	-1 236
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**38 978**		**29 144**	**29 144**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2008 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**32 676**			**-3 983**	**32 676**	**1 833**	**2 058**
Value at beginning of year	32 676			-3 982	32 675		
Service Cost	2 004				2 004	2 004	2 476
Employee Contributions						-888	-919
Interest Cost	2 010				2 010	2 010	2 020
Expected Return on Assets (net of investment tax if any)						-1 180	-1 341
Actuarial Loss/Gain due to Experience	440			553	440		
Actuarial Loss/Gain due to Change in Assumptions	3 084			3 084	3 084		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)							
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)	-1 236				-1 236		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**38 978**			**-345**	**38 977**	**1 946**	**2 236**

Sensitivity analysis	2009
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-4.94%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.68%
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	7.83%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-6.44%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	10.33%
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	10.53%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2009
Estimated future benefits paid - year N+1	2 147
Estimated future benefits paid - year N+2	1 577
Estimated future benefits paid - year N+3	2 277
Estimated future benefits paid - year N+4	3 069
Estimated future benefits paid - year N+5	3 732
Cumulative estimated future benefits paid - From year N+6 to year N+10	18 951

	2010
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	2 552

Historical overview	2010	2009	2008	2007	2006	2005
Defined benefit obligation		38 977.86	32 675.48	29 095.84	30 224.17	29 206.61
Fair value assets		29 144.27	24 391.01	20 950.21	19 462.26	16 896.98
Surplus or deficit		9 833.59	8 284.46	8 145.63	10 761.90	12 309.64
Actuarial gain/loss		0.00	1 723.86			
Gain/loss due to change in assumptions		0.00	-1 238.74			
Contributions in next year:						
— by the employer	2 522.15					
— by the employee	919.38					

Other plans:

Health Care - Defined benefit plans in '000 EUR	**31.12.2009**	**31.12.2008**
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	7 980	6 180
— 1.1.1. Present value of wholly or partially funded	7 980	6 180
— 1.1.2. (-) Fair value, defined benefit plan assets		
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets		
Of which: Property occupied or other assets used by the entity		
Of which: Financial instruments issued by the entity		
1.2. Present value of wholly unfunded defined benefit obligations		
1.3. Unrecognised actuarial gains (losses)		
1.4. Unrecognised past service cost		
1.5. Amounts not recognised as an asset, due to limits of para 58 (b)		
1.6. Fair value of any right to reimbursement recognised as an asset		
1.7. Other amounts recognized in the balance sheet		
Defined benefit plan obligation (asset), total	**7 980**	**6 180**
2. Expense recognised in profit or loss, total2	**527**	**554**
2.1. Current service cost	158	190
2.2. Interest cost	369	364
2.3. (-) Expected return on plan assets		
2.4. (-) Expected return on reimbursement rights recognised as asset		
2.5. Net actuarial loss (gain) recognised		
2.6. Past service cost		
2.7. Loss (gain) of any curtailments or settlements		
2.8. Effect of limit in par. 58 (b) when the net amount of the defined benefit obligation is negative		
Memorandum items		
Actual return on plan assets		
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	3 141	1 695
Employer estimate of contributions expected to be paid during the next period		
3. Movements in defined benefit plan obligation for defined benefit plan		
3.1. Defined benefit plan obligation, beginning balance	6 180	6 514
3.2. (-) Benefits paid	173	167
3.3. Current service cost	158	190
3.4. Interest cost	369	364
3.5. Actuarial gains and losses, total	1 446	-721
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants		
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	7 980	6 180
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	5.00%	5.90%
4.2. Expected return on plan assets	4.50%	4.50%
4.3. Expected rate of salary increases		
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		
5. Effects of changes in the assumed medical trend rate	**Increase 1%**	**Increase 1%**
5.1. Current service cost and interest cost components of periodic medical cost	695	731
5.2. Accumulated obligation for medical cost	9 835	7 617
5. Effects of changes in the assumed medical trend rate	**Decrease 1%**	**Decrease 1%**
5.1. Current service cost and interest cost components of periodic medical cost	348	366
5.2. Accumulated obligation for medical cost	6 569	5 087

Special events occuring during the year

Were there any amendements or changes to the plan document or agreements that rule the plan?	No
Was the plan affected by any mergers or acquisitions or spinoffs?	No
Were there any major transfers of employees between entities or lines of business?	No
Were there any major restructurations or major movements in the population?	No
Was coverage extended to another category of employees or beneficiaries?	No
Was coverage reduced and limited to a certain category of employees or beneficiaries?	No
Was there a change in the financing method (Contracted out to an insurer or setting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2009
Actives - count	1 300
Actives - average age	48
Actives - average service	21
Actives - average annual salary	
Deferred - count	
Deferred - average age	
Deferred - average annual pension	0
Retirees - count	602
Retirees - average age	71
Retirees - average annual pension	2

Assumptions	2009	2008
Discount rate	5.0%	5.9%
Salary increase rate		
Rate of inflation		
Medical inflation rate	3.5%	3.5%
Pension indexation rate		
Expected return on Plan Assets for N+1 expense (as a percentage)		
Expected return on Separate Assets for N+1 expense (as a percentage)		
Valuation date of the latest complete valuation (YYYYMMDD)	*31/12/08*	*31/12/07*
Valuation date of the next complete valuation (YYYYMMDD)	*31/12/10*	*31/12/09*
Expected Average remaining service Life/EARSL	*12*	*13*

Items in '000 EUR	Reconciliation of Defined Benefit Obligation (DBO) (a)	Reconciliation of Fair Value of Plan Assets under IFRS (b)	Reconciliation of Fair Value of Separate Assets under IFRS (1) (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	**6 180**	**0**		**0**
Value at beginning of year	6 180			
Service Cost	158			
Employee Contributions				
Interest Cost	369			
Expected Return on Assets (net of investment tax if any)				
Actuarial Loss/Gain due to Experience				
Actuarial Loss/Gain due to Change in Assumptions	1 446			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets				
Benefits directly paid by the employer (enter as negative)	-173			
Benefits paid from Plan Assets (enter as negative)				
Benefits paid from Separate Assets (enter as negative)				
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**7 980**	**0**		**0**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2008 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**6 180**			**1 695**	**6 180**	**554**	**527**
Value at beginning of year	6 180			1 695	6 180		
Service Cost	158				158	158	166
Employee Contributions							
Interest Cost	369				369	369	403
Expected Return on Assets (net of investment tax if any)							
Actuarial Loss/Gain due to Experience							
Actuarial Loss/Gain due to Change in Assumptions	1 446			1 446	1 446		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets							
Benefits directly paid by the employer (enter as negative)	-173				-173		
Benefits paid from Plan Assets (enter as negative)							
Benefits paid from Separate Assets (enter as negative)							
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**7 980**			**3 141**	**7 980**	**527**	**569**

Sensitivity analysis	2009
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-15.00%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	25.10%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-20.30%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	30.70%
Service cost's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2009
Estimated future benefits paid - year N+1	179
Estimated future benefits paid - year N+2	185
Estimated future benefits paid - year N+3	191
Estimated future benefits paid - year N+4	198
Estimated future benefits paid - year N+5	205
Cumulative estimated future benefits paid - From year N+6 to year N+10	864

	2010
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	

Historical overview	2010	2009	2008	2007	2006	2005
Defined benefit obligation		7 979.52	6 179.93	6 513.55	7 692.08	6 624.64
Fair value assets		0.00	0.00	0.00	0.00	0.00
Surplus or deficit		7 979.52	6 179.93	6 513.55	7 692.08	6 624.64
Actuarial gain/loss		1 445.54	-156.20			
Gain/loss due to change in assumptions		0.00	-564.76			
Contributions in next year:						
— by the employer	178.76					
— by the employee	0.00					

33 / REMUNERATIONS IN SHARES AND OPTIONS

Each year the AXA Group grants a number of equities to each country to be distributed among its employees.

This involves stock options on shares in the parent company AXA sa.

For the beneficiaries of equities (shares) for whom the allocation is random, a ratio (which may vary every year) is awarded in the form of stock options and the balance is granted in the form of Performance Units (PUs), and this on the basis of 1 PU for 2.5 equities (shares). This PU is the subject of a re-evaluation depending on the group's results (50% after 1 year on the basis of the results for the allocated year and 50% after 2 years on the basis of the results of the year following the allocation). After 2 years these PUs give rise to the payment of the countervalue in cash, provided the number of PUs does not exceed 1 000. If the number of PUs, however, exceeds 1 000, 70% gives rise to payment in cash and 30% translates into shares ("AXA Shares"). The delivery of the shares is the subject of the reinvoicing of the group to the local entity and concerned an amount of EUR 19 727.19 by the end of 2009.

Below is an overview related to the number of stock options granted to employees with an AXA Bank contract.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Totaal
Granted options	27 341	43 990	53 640	76 345	98 874	69 616	49 700	45 971	37 333	65 245	568 055
Exercised options											0
Cancelled options								-512	-359		-871
Exercise price	**38.96**	**30.74**	**19.96**	**10.47**	**16.90**	**19.70**	**27.75**	**32.95**	**21.00**	**9.76**	
											567 184

Cancelled options involve employees who have left the company, thereby losing their right to exercise their options.

in '000 EUR	≥ 2000	≥ 2003
Options at 01/01/2009	**502 810**	**377 840**
Granted options in 2008	65 245	65 245
Exercised options in 2008		
Cancelled options in 2008	-871	-871
Options at 31/12/2009	**567 184**	**442 214**

The above tables take into account the capital increase exercised during the year.

These outstanding options are exercisable over a period from 2 years after their grant and with a maximum term of 10 years after the grant.

34 / GOVERNMENT AID AND SUBSIDIES

AXA Bank Europe receives structural deductions within the framework of social security. These deductions primarily involve two types:

— Structural one-off deductions calculated in compliance with the Royal Decrees of May 2003 and January 2004;

— Deductions related to the "older employees" target group (above the age of 57).

The amounts thus established totalled approximately EUR 2.8 million for 2009.

35 / EQUITY

Equity in '000 EUR	31.12.2009	31.12.2008
Subscribed reserves	**546 318**	**531 250**
Revaluation reserves		
Revaluation of available-for-sale financial assets	-219 155	-242 680
Deferred tax	74 732	82 492
	-144 423	**-160 188**
Actuarial gains/losses relating to promised pension schemes	-793	11 031
Deferred tax	59	-3 747
	-734	**7 284**
Foreign currency translation	-120	
Cash flow hedges	-18 355	-15 888
Deferred tax	6 239	5 409
	-12 116	**-10 479**
Other reserves (including results carried forward)	**475 311**	**461 429**
RESULT FOR THE FINANCIAL YEAR	**-9 775**	**-6 475**

On 1 January 2009 a capital decrease took place of EUR 15 068 241.47 EUR.

Since then the invested capital totals EUR 546 318 241.47 and is made up of 395 911 750 shares without nominal value. The number of shares remained unchanged.

It was paid up in full.

The section "Other reserves" includes the legal reserve, which totalled EUR 2 166 454.13 at the end of 2008. For 31/12/2009 we refer to point 36.

Other reserves also include the General Banking Risks Fund.

This reserve was created by the bank in order to cover unforeseen risks and future unexpected losses.

This fund totalled EUR 32 529 700.62 as at 31/12/2009 (EUR 41 029 700.62 as at 31/12/2008)

36 / DISTRIBUTION OF PROFITS AND DIVIDEND PER SHARE

The Board of Directors recommends adding an amount of EUR 191 099.48 to the legal reserve to increase it to EUR 2 357 553.61.

The decision was taken not to pay any dividends.

The balance of the profits to be distributed is carried over in full to the next financial year.

37 / CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the period in '000 EUR	**31.12.2009**	**31.12.2008**
Components of cash and cash equivalents		
On hand (cash)	130 135	71 094
Cash balances with central banks	21 718	65 015
Loans and receivables		
Held-to-maturity investments		
Available-for-sale assets		
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other short term, highly liquid investment (Bank overdrafts which are repayable on demand, if integral part of cash management)		
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**151 853**	**136 109**

38 / TRANSACTIONS WITH AFFILIATED PARTIES

Amounts payable to and amounts receivable from, related parties 31.12.2009 – in '000 EUR	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total
BALANCE SHEET								
Assets : loans and advances			**3 052**			**649**	**4 549 991**	**4 553 692**
Current accounts								
Term loans			3 052				4 541 000	4 544 052
Finance leases								
Consumer Credit						18		18
Mortgage loans						631		631
Other							8 991	8 991
Equity instruments								
Trading securities								
Investment securities								
Other receivables			**70**				**9 768**	**9 838**
TOTAL ASSETS			**3 122**			**649**	**4 559 759**	**4 563 530**
Liabilities : deposits	**19 417**		**424**				**4 575 103**	**4 594 944**
Deposits	417		424				48 104	48 945
Other borrowings	19 000						4 526 999	4 545 999
Other financial liabilities							**210 019**	**210 019**
Debt certificates							210 019	210 019
Subordinated liabilities								
Share based payments								
— Granted								
— Exercised								
Other liabilities	**726**						**145 523**	**146 249**
TOTAL LIABILITIES	**20 143**		**424**				**4 930 645**	**4 951 212**
Guarantees issued by the group							1 867 759	1 867 759
Guarantees received by the group							4 396 533	4 396 533
Provisions for doubtful debts								

Expenses and income generated by transactions with related parties

31.12.2009 – in '000 EUR

	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total
Profit or loss								
Expenses								
Interest expenses	500						150 579	151 079
Foreign exchange							31 519	31 519
Fees and commissions							9 063	9 063
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other	726						8 003	8 729
TOTAL EXPENSES	**1 226**						**199 164**	**200 390**
Income								
Interest Income	824		27				132 389	133 240
Foreign exchange								
Fees and commissions							5 998	5 998
Dividend income								
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other			61				6 598	6 659
TOTAL INCOME	**824**		**88**				**144 985**	**145 897**
Expenses from current year in respect of bad or doubtful debts								

The section "Other affiliated parties" also includes transactions with sister companies.

Amounts payable to and amounts receivable from, related parties

31.12.2008 – in '000 EUR

	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total	of wich HU branch
BALANCE SHEET									
Assets : loans and advances	**100 150**		**4 256**			**639**	**3 330 174**	**3 435 219**	**355 991**
Current accounts									
Term loans	100 150		4 256				3 328 482	3 432 888	354 299
Finance leases									
Consumer Credit						21		21	
Mortgage loans						618		618	
Other							1 692	1 692	1 692
Equity instruments									
Trading securities									
Investment securities									
Other receivables							**768 833**	**768 833**	**452**
TOTAL ASSETS	**100 150**		**4 256**			**639**	**4 099 007**	**4 204 052**	**356 443**
Liabilities : deposits	**27**		**1 144**				**4 791 293**	**4 792 464**	**11 007**
Deposits	27		44				30 700	30 771	7
Other borrowings			1 100				4 760 593	4 761 693	11 000
Other financial liabilities									
Debt certificates									
Subordinated liabilities									
Share based payments									
— Granted									
— Exercised									
Other liabilities	**350 000**						**758 692**	**1 108 692**	
TOTAL LIABILITIES	**350 027**		**1 144**				**5 549 985**	**5 901 156**	**11 007**
Guarantees issued by the group									
Guarantees received by the group							2 316 132	2 316 132	
Provisions for doubtful debts									

Expenses and income generated by transactions with related parties 31.12.2008 – in '000 EUR	Parent	Parent entities with joint control	Subsid-iaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total	of wich HU branch
Profit or loss									
Expenses									
Interest expenses	3 507		40				152 764	156 311	7
Foreign exchange							34 831	34 831	-1 811
Fees and commissions									
Insurance premiums									
Rendering of services									
Purchase of goods, property and other assets									
Transfers									
Other							1 546	1 546	
TOTAL EXPENSES	**3 507**		**40**				**189 141**	**192 688**	**-1 804**
Income									
Interest Income	150		257				97 491	97 898	2 274
Foreign exchange									
Fees and commissions							8 275	8 275	
Dividend income									
Insurance premiums									
Receiving of services									
Sales of goods, property and other assets									
Transfers									
Other	475						23	498	425
TOTAL INCOME	**625**		**257**				**105 789**	**106 671**	**2 699**
Expenses from current year in respect of bad or doubtful debts									

Due to the merger with AXA Bank Hungary and the conversion into a branch in 2009, an additional column was added with the figures for 2008 for Hungary as the affiliated party to ensure the figures could be compared.

Key management Compensations in '000 EUR	31.12.2009	31.12.2008
Short-term employee benefits	4 118	2 812
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Share based payments	57	
TOTAL	**4 175**	**2 812**

The figures relating to managers in key positions involve the members of the management committee of AXA Bank Europe.

The affiliated parties of AXA Bank Europe do not include any joint parent company or joint ventures.

The subsidiaries include all subsidiaries, as well as those not included in the consolidation circle.

As employees of AXA the management in key positions benefits from the same (and no more) staff benefits as other employees. Discounts on AXA products (banking and insurance) and other client benefits offered by outside companies are accessible to each employee on the Intranet (Affinity) and are therefore also available to management in key positions.

Consequently, as regards these persons no separate database is kept by AXA.

In the assets under the line “Term loans” we find a reverse repo with AXA Belgium amounting to EUR 2 435 and a reverse repo with AXA France Vie for EUR 1 823 million. As underlying guarantee for the most part government bonds were received.

Under liabilities the line “Other loans” is made up as follows:

- Term investments by AXA Belgium for a total amount of EUR 545 million;
- Term investment by GIE AXA Trésorerie Paris (GIE AGA) for an amount of EUR 639 million;
- Term investment for an amount of EUR 649 million by AXA Investment Managers Paris;
- Term investment by AXA Bank Paris for EUR 486 million;
- Term investment by AXA Holding Paris for EUR 140 million;
- Term investment by AXA Vorsorgebank Cologne for EUR 140 million;
- Repos with AXA France Vie for EUR 1 925 million.

We also note that AXA Bank Europe acts as an intermediary as part of a Total Return Equity Swap. This transaction takes place on the one hand with AXA S.A. (France) and AXA Life France. Cash is received as a guarantee. The net impact on AXA Bank Europe’s profit-and-loss account is minimal.

39 / LEASE AGREEMENTS

Leasing activities do not belong to the area of activities of AXA Bank Europe

As regards operational leasing arrangements, the tables below show the leasing of both company cars and corporate buildings.

Assets held under a finance lease as a lessee

31.12.2009 – in ‘000 EUR

	Net carrying amount	Total future minimum lease payments	Net present value of the total future minimum lease payments	Future minimum sublease payments expected to be received under non-cancelable subleases	Contingent rents recognized in income
For the lessee - Residual maturity					
< 1 year	2 975				
> 1 year ≤ 5 years	3 083				
> 5 years	61				
TOTAL NOMINAL AMOUNT	**6 119**		**5 018**		

Assets held under an operating lease as a lessee

31.12.2008 – in ‘000 EUR

	Total of future minimum lease payments under non-cancelable operating lease	Total of future minimum sublease payments expected to be received under non-cancelable subleases	Minimum lease payments recognized as an expense	Contingent rents payments recognized as an expense	Sublease payments recognized as an expense
For the lessee - Residual maturity					
< 1 year	2 509				
> 1 year ≤ 5 years	5 043				
> 5 years	62				
TOTAL NOMINAL AMOUNT	**7 614**		**3 507**		

40 / REPURCHASING AGREEMENTS (REPOS) AND REVERSED REPURCHASING AGREEMENTS

Status as at 31 December 2009

Transferor: Repo - No derecognition of transfers of financial assets out of: 31.12.2009 – in '000 EUR	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading		7 400 827			7 400 827
Financial assets designated at fair value through profit or loss					
Available-for-sale financial assets					
Loans & receivables (including finances leases)					
Held-to-maturity investments					
Other					
TOTAL		**7 400 827**			**7 400 827**

Transferee: Reverse repos as a transferee when the collateral is sold: 31.12.2009 – in '000 EUR	Total
Repo	
Credit institutions	2 331 140
Other than credit institutions	1 951 439

Transferee: Assets (financing granted) 31.12.2009 – in '000 EUR	Total
Reverse repo	
Credit institutions	1 244 159
Other than credit institutions	4 418 570

Status as at 31 December 2008

Transferor: Repo - No derecognition of transfers of financial assets out of: 31.12.2009 – in '000 EUR	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading					
Financial assets designated at fair value through profit or loss					
Available-for-sale financial assets		3 469 824			3 469 824
Loans & receivables (including finances leases)					
Held-to-maturity investments					
Other					
TOTAL		**3 469 824**			**3 469 824**

Transferor: Liabilities (financing obtained) 31.12.2009 – in '000 EUR	Total
Repo	
Credit institutions	2 126 003
Other than credit institutions	

Transferee : Assets (financing granted) 31.12.2009 – in '000 EUR	Total
Reverse repo	
Credit institutions	2 051 545
Other than credit institutions	2 180 129

41 / FINANCIAL RELATIONSHIPS WITH AUDITORS

31.12.2009 – in '000 EUR	31.12.2009
Remuneration of the auditor(s)	771
Remuneration for exceptional activities or special commissions performed within the company by the auditor(s)	
— Other audit activities	240
— Advisory activities	
— Other activities outside audit activities	5
Remuneration for exceptional activities or special commissions performed within the company by persons associated with the auditor(s)	
— Other audit activities	14
— Advisory activities	
— Other activities outside audit activities	4

Notifications in application of Article 133, paragraph 6 of the Companies Code.

42 / EVENTS AFTER THE BALANCE SHEET DATE

No special events can be reported that may have occurred after the balance sheet date.

On March 26th 2010, the Board of Directors assessed the annual accounts and approved their publication.

The annual accounts will be submitted for approval to the General Meeting of Shareholders on April 15th, 2010.

Antwerp, 16 March 2010

Board of Directors

Alfred Bouckaert, Chairman
Eugène Teysen, Vice-chairman (up to 31.12.2009)
Emmanuel de Talhouët, Vice-chairman (since 01.01.2010)
Jacques Espinasse
Philippe Eyben
Jean-Laurent Granier (up to 05.10.2009)
Hervé Hatt
Noel Richardson
François Robinet
Heinz-Peter Ross (up to 30.04.2009)
Tibor Szekeres (up to 16.04.2009)
Patrick Vaneeckhout
Thomas Gerber (since 23.06.2009)
Patrick Lemoine
Irina Buchmann

ACTIVITY REPORT 2009

MANAGEMENT BODIES ADMINISTRATION, MANAGEMENT AND AUDIT

Board of Directors	Executive Committee	Audit Committee	Remuneration Committee	Auditor
Alfred Bouckaert, Chairman	Hervé Hatt, Chairman	Jacques Espinasse, Chairman	Alfred Bouckaert, Président	Pricewaterhouse Coopers, Réviseurs d'Entreprises, sccrl, represented by Mrs Emmanuelle Attout and Mr Grégory Joos (registered auditors)
Emmanuel de Talhouët, Vice-Chairman (since 1 January 2010)	François Robinet, Vice-Chairman	Emmanuel de Talhouët, Chairman	Emmanuel de Talhouët	
Jacques Espinasse	Philippe Eyben			
Philippe Eyben	Noel Richardson			
Thomas Gerber (since 23 June 2009)				
Hervé Hatt				
Noel Richardson				
François Robinet				
Patrick Vaneeckhout				
Eugène Teysen, Vice-Chairman (until 31 December 2009)				
Jean-Laurent Granier (until 5 October 2009)				
Heinz-Peter Ross (until 30 April 2009)				
Tibor Szekeres (until 30 April 2009)				

KEY EVENTS IN AXA BANK EUROPE IN 2009

AXA Bank Europe continues its efforts to meet its objectives. In its second year of existence, it has worked on several fronts:

— Thanks to the adoption of clear governance rules, the matrix structure has been optimized.
— Development efforts have focused on the start-up of branches in Switzerland, the Czech Republic and Slovakia.
— It has successfully managed the credit crisis in Hungary.
— In order to centralise all funding and asset liability management (ALM) activities in Brussels, the Investments Division has been reorganised. As a result, the AXA group can now also use its bank as an additional point of entry to the investment market.

Governance

AXA Bank Europe has put in place a clear and transparent management structure, with defined roles and responsibilities for each and every member. It has also defined the competences of the different management bodies: the Executive Committee of AXA Bank Europe, the different local management committees and the areas for which decisions must be reached in consensus between the global and local bodies. All bodies are controlled by the Board of Directors, which will primarily focus on determining AXA Bank Europe's strategy.

The next step consists in fine-tuning the roles and responsibilities of the different advisory committees that support management in specific areas such as ALM, Finance & Risk Management, Investments, IT,...

Development of the banking activity

On 1 January 2009, AXA Bank Hungary became a branch of AXA Bank Europe through a cross-border merger between Ella Bank and AXA Bank Europe.

Also in January, AXA Bank started up its activities in Switzerland with a savings offer. The package consisted of a high-yielding savings account, a debit card, online access and a one-year deposit account. After one year, the results are satisfactory.

After the launch in Switzerland, development efforts have focused on the set-up of branches in the Czech Republic, followed by Slovakia.

This has been a major project, which lasted 14 months. The result is what can now be considered a model bank with standard products that can be used in other countries, quality services and defined operation flow specifications. It has also led to the selection of a core banking system that will be reused for the launch of new branches.

Coping with the crisis in Hungary

The economic and financial crisis has particularly hit the Hungarian financial sector in which most housing credits are granted in foreign currency (CHF). When the forint depreciated, households had to pay significantly higher monthly installments.

AXA Bank Europe closely monitored the situation and implemented two measures:

- It reinforced its acceptance policy of new credits, thus ensuring a sound increase of the portfolio in 2009.
- It increased its provisions in order to anticipate losses in the existing portfolio. The provision level is currently in line with the standard levels noted at the height of the crisis. Moreover, the situation has been stabilized.

Creation of a centralized platform of access to financial markets

The Investments Division has been incorporated as a centre of expertise within the bank and trades derivative products within the framework of hedging operations, thanks to the integration of AXA Hedging Services. As a result, the objectives of the Board of Directors have been successfully met: the AXA Group companies can rely on a complete service in the areas of hedging advice and trading services. In parallel, asset liability management (ALM) and the liquid asset management for all the bank's branches have been centralized within the Investments Division and a single centre of expertise is now fully operational.

THE ECONOMIC AND FINANCIAL CONTEXT: 2009, A YEAR OF CONTRASTS

The year 2009 began in the tumult of the world's worst financial crisis since 1929. Financial assets plummeted, bringing the world's stock exchanges in their wake and paralyzing the interbank market. In the first quarter, the gross domestic product (GDP) of Western countries shrank significantly. The emerging countries were not immune to the crisis.

To cope with this situation, the US central bank (Fed) announced, during the first quarter of the year, several flexibility programs aimed at injecting hundreds of billions of dollars into the economy. The European Central Bank (ECB) lowered its key rate from 2.5% in January to 1% in May and made bank refinancing transactions significantly more flexible. Similar measures were also taken in other parts of the world.

Different governments worldwide were also active in combating the recession. In the United States, a three-year recovery plan worth USD 787 billion, i.e. 5.5% of the country's GDP, was put in place. In the euro zone and the United Kingdom, budget stimulation was more modest, with recovery plans amounting to 1.1% and 1.5% of GDP respectively, and announced at the end of 2008 and start of 2009. What all these plans had in common was their strong support for the automotive and real estate sectors.

This intense monetary and budgetary stimulation, together with urgent measures to stabilize the banking sector, produced positive impacts quickly. First, economic indicators stopped falling and even started edging up slightly from March in every region of the world. The economic contraction during the second quarter in the United States and the euro area was therefore able to be contained.

During the third quarter, the recession was officially over in these two geographical areas, although Japan and Great Britain registered a further decline in GDP.

On financial markets, rates for long-term government bonds issued in the industrialized countries rebounded in several phases in 2009. Taking account of a scenario of depression, American 10-year rates began the year at a low level of 2.21%. The outlook for economic recovery and greater availability of funds on the market ended up pushing long-term rates to nearly 4% by the end of the year. In Europe, the trend was similar although the spread was smaller. On share markets, the rally on developed indexes continued throughout the year, driven by a powerful rebound of profits. The European Dow Jones Stoxx 600 index outperformed the US flagship index S&P 500 (+28.0 compared with +20.2%).

Belgium was not left untouched by the economic crisis. Its GDP contracted by 3%. Unemployment rose throughout the year, surpassing 8%. Public finances also deteriorated and the country's debt rose sharply, returning to a level of close to 100% of GDP.

Since the early 1990s, Eastern Europe had benefited from massive investments by the Western regions and experienced years of strong growth. Budgetary discipline was not always on the agenda but as long as growth continued there were no problems. The onset of the economic and financial crisis brought on major change, however, and the Central and Eastern European countries, whose economies were based in large measure on exports, felt the wind turn. In 2009, their gross domestic product slipped by 4.3%, coming in the wake of growth of 3.1%, leaving a 7.4% differential. As a result, drastic austerity plans were implemented and many countries, in particular Hungary, had to turn to the European Commission and the International Monetary Fund (IMF) for financial aid. Although growth is expected to return this year, there are still many challenges to be met in terms of managing the budget and controlling inflation.

THE SAVINGS AND INVESTMENTS BUSINESS IN 2009

In 2009, AXA Bank Europe registered high capital inflow and its strategy of offering a wide range of simple savings products proved particularly effective. Obviously, the financial crisis and uncertainty about the future has prompted customers to prefer the security of short-term investments. In addition, banks have to a large extent subsidized their short-term offering because doing so constitutes a good alternative to financing on financial markets. This has led to tougher competition, forcing AXA Bank Europe to maintain high interest rates for its flagship products to be able to continue to attract new customers.

Overall, Net New Money (NNM) for the year, which flowed in fairly regularly in the course of the year, amounted to EUR 1,567 million.

In Belgium, EUR 1,201 million was collected, particularly as a result of a constant presence on the market with a promotional offer on the flagship product:
I+ Welcome.

Due to customers' strong interest in short-term savings products, the level of fund transfers from the bank to insurance was limited to EUR 512 million. The situation is expected to return to normal once the level of aversion to risk has subsided.

In Switzerland, total Net New Money amounted to EUR 185 million, demonstrating that adding banking products to the range of insurance products is a very effective way to attract new funds into AXA. Constructive dialogue with customers also contributed to this result. The offering was expanded in 2009 with a medium-term savings product (Vorsorgekonto 3A), an investment product for customers' pension plans.

In Hungary, the bank's development of a savings strategy in forint proved successful, bringing in EUR 181 million in Net New Money. This constitutes a significant advance considering the significant production of credit and the growing lack of balance in the local balance sheet.

The overall environment was stimulating above all for short-term savings products. Indeed, particularly low rates did not leave much room for offering attractive rates while keeping decent margins. In this context, the Bank's capacity to manage different savings products with different rates in terms of the sensitivity of customer segments to rate variations proved to be essential. Belgium developed unique expertise in this field and was able to limit the impacts of this low-rate environment. This was not possible in Switzerland, where margins were negative as a result.

In the future, greater exchanges of best practice between different branches will be encouraged to ensure that AXA Bank Europe can meet its customers' needs more closely while optimizing the profitability of short-term savings products. In addition, the Bank also intends to develop medium-term savings products to round out its range and to bring its commercial development into line with its investment policies.

Belgium

Net New Money

AXA Bank closed the financial year with NNM of nearly EUR 1,201 million, compared with EUR 1,797 million in 2008. This difference, which at first sight seems large, is to be attributed to the outstanding collection of funds in 2008, which was greatly influenced by the onset of the financial crisis. In a "normal" year, collection of more than EUR 1 billion is a convincing result that consolidates the Bank's share of the retail savings market, which is around 5%.

Net New Money (NNM)

in EUR million	2008	2009	Change
Balance sheet products (net)	1,821	1,203	-618
Off-balance sheet products (net)	-236	-294	-58
Third-party products (gross)	212	292	+80
Total NNM	1,797	1,201	-596

When this overall result is examined more closely, the following observations emerge:

Balance sheet products

— a better result on savings accounts: EUR 1,916 million compared with EUR 1,136 million in 2008. I+ Welcome collected less in 2009 than in 2008 (EUR 1,232 million compared with EUR 1,690 million) but on classic savings accounts, a positive intake of EUR 6 million was registered after losses of EUR 919 million in 2008.

— a weaker result on term accounts and savings certificates: substantial decreases of EUR 861 million, whereas this compartment progressed in 2008 by EUR 633 million, due to high short-term rates in 2008.

Off-balance sheet products

— a stronger result on off-balance sheet third-party products of EUR 292 million compared with EUR 212 million.

— a comparable result on open-ended collective investment funds: outflow of EUR 294 million compared with an outflow of EUR 236 million with gross production up sharply (EUR 97 million compared with EUR 37 million in 2008). Certain successful securities issues can be highlighted: more than EUR 30 million collected with AXA B Fd Quality Bonds Opportunities and AXA Investplus Revival 2. However, certain maturities more than offset these new volumes (EUR -326 million compared with EUR -151 million in 2008).

Net transfers from banking to insurance remained stable at EUR -512 million compared with EUR -509 million, although a sharp contrast was observed between the first three quarters (extremely weak flows) and the last quarter of the year (vigorous recovery).

Switzerland

After its start-up in November 2008, the Winterthur branch of AXA Bank Europe ("AXA Bank Suisse") had a productive first year of business in 2009. The bank launched its activity with simple banking products, in particular savings accounts and term accounts. In autumn 2009, AXA Bank Switzerland launched a new product, Vorsorgekonto 3a, a pension savings product.

In 2009, the bank took in EUR 185 million in Net New Money, which breaks down as follows: EUR 130 million in savings accounts (including EUR 3 million in Vorsorgekonto accounts) and EUR 55 million in term accounts. At the end of the year, 12,500 new customers had placed their confidence in the bank. The customer advisors drew in 47% of the Net New Money, direct channels 36% and AXA employees 17%. The Bank's staff increased from six to 29 full-time equivalents at end 2009.

Hungary

In order to launch the development of the pump-in/pump-through strategy, AXA Bank in Hungary launched at end 2008 its VIP account, a high-yield savings account designed to attract a new clientele. This account offers an interest rate that rises as the account balance increases (four rate levels).

In 2009, AXA Bank in Hungary registered Net New Money of EUR 181 million, a remarkable advance of EUR 127 million over 2008. At end 2009, it had a total of some 156,000 customers.

THE CREDIT BUSINESS IN 2009

In spite of the difficult economic context, gross production of credit amounted to EUR 2,830 million, an increase of nearly 36% over 2008. This rise resulted primarily from an increase in mortgages granted in Belgium, with Hungary registering a slight decline.

Belgium

Production of credit

in EUR million	2008	2009	Change
Mortgages	952	1,813	90.4%
Installment loans	384	351	-8.6%
Total personal lending	1,336	2,164	62.0%
Total business lending	428	390	-8.9%
Total gross production	1,764	2,554	44.8%

Personal lending

There was a slight decline in the number of installment loans granted. This decrease was observed during the first six months of the year but was fully in keeping with market developments, in particular the impact of the very slow recovery of consumer confidence. In early 2009, confidence reached a historically low level, which had a direct impact on the car financing market, among others.

At the Motor Show in January, potential customers were offered a four-month rate guarantee and one free month on all new applications for new car loans. The Batibouw Show placed the accent on financing home renovations.

AXA's credit division continued to promote green lending: the Bank was the first on the market to promote this type of loan, which entails a substantial tax advantage for the borrower.

During the latter half of the year, promotions focused on personal loans. Campaigns highlighted the theme of 'transparent and stress-free loans' at very attractive rates, in response to the average consumer's tighter budget.

The mortgage market registered a strong improvement in 2009, after an obvious decline in 2008. This was due to the positive impact of a number of factors. Property prices continued to rise, albeit at a modest level, and were sustained by a trend of investment in property rather than in stock markets. The government also put in place tax measures in support of energy-saving investments. These positive incentives had a direct impact on the number of mortgages granted, which practically doubled compared with 2008.

Business lending

Business loans experienced a slight decline. In this case, the impact of the less buoyant economic environment was still perceptible, because companies reduced their inventories and therefore invested less. On the basis of the number of loans granted during the second half of the year, there is expected to be a slight and gradual recovery of the market and a rise in the number of loans.

Quality of the portfolio

In spite of a less favorable macro-economic context and the international phenomenon of higher loan losses, the overall loan portfolio, which is made up primarily of personal loans, remains particularly sound. Consequently, in 2009, AXA Bank registered a perfectly acceptable net loss ratio of 0.11%.

Hungary

Credit production

in EUR million	2008	2009	Change
Mortgages	322	276	-14%

Owing to the devaluation of the Hungarian forint and the economic slump, borrowers' repayment capacity was a major concern. A customer assistance project was launched successfully at the start of 2009. It consisted of a number of measures aimed at protecting the Bank's existing portfolio and lowering the risk profile of new loans. The acquisition scoring models were strengthened, customer services were differentiated in terms of modelised customer segments and loan loss provisions were recalculated on a more conservative basis.

Despite the unfavorable macro-economic context, the Bank maintained the quality of its loan portfolio.

AXA Bank in Hungary was also the first operator to launch, in September 2009, a new mortgage product denominated in HUF, the HAZAI mortgage, which gave the Bank a competitive lead.

THE DAILY BANKING & FINANCIAL OPERATIONS BUSINESS IN 2009

This activity primarily concerns Belgium.

Current accounts and credit cards

In Belgium, the accent in 2009 was placed on growth in classic current accounts and the launch in early November of the Click Bonus internet account.

Thanks to a number of commercial actions implemented by the Bank's 950 agents, the portfolio expanded by 17,673 active accounts, to a total of 288,302 accounts. An active account is one that registers a certain number of transactions and on which income is credited directly.

On 31 December 2009, current accounts totaled EUR 1.26 billion.

Reversing a downward trend, the credit card portfolio rose by 6% to 70,000 cards, which represents a 0.5% increase in market share.

Front ends

In Belgium, AXA Bank Europe prolonged its pro-active policy of investing in information technology tools for customers.

In home banking, the Zoomit bill-paying function was introduced along with a number of management improvements, including:

— beneficiary management, signature procedure
— management of the Click Bonus account through a system of e-mail exchanges with the central office
— online management of applications for the home banking service.

The number of active users rose in 2009 by 23,091 accounts, which gives a total of 134,089 out of 193,114 contracts.

A new web version of Isabel 6.0 was launched for massive conversion in 2010.

There are now 454 self-service facilities, of which 348 are open to customers of other banks. These facilities register some 5.7 million cash withdrawals a year. They are now Visa certified and, as a result of a thorough overhaul of its security architecture, AXA Bank Europe is one of the first banks to meet the most demanding international standards for card transactions. AXA Bank has also launched a new distributor that uses the latest technology.

In agencies, card readers used for the electronic identification of customers have been improved, taking account of input from agents, and their functions have been expanded (change of pin code, unblocking of a card and synchronization). The system also allows for the electronic signature of documents. This type of card reader is set to be brought into general use in 2010.

Payments
AXA Bank continues to meet its SEPA (Single European Payment Area) obligations and is therefore contributing to the creation of the single payment area in Europe. It was technically ready for the intra-European launch of SEPA Direct Debit Core, even before the Payment Services Directive was transposed into Belgian law.

In 2010, the Bank will pursue its drive to improve back office services in terms of daytime availability and effectiveness of payment systems.

On debit cards, a project was launched in 2009 to optimize AXA Bank's independence and its position on the Belgian market. The Principal Membership License (PML) is a direct consequence of European regulations and initiatives to remove internal payment structures and to secure a direct license with Mastercard that will replace the affiliated membership via Europay Belgium from mid-2010.

Quality
Via its Customer Quality program, AXA Bank focuses on four areas of action, in particular the quality of its information technology applications, human intervention, processes and written communication to agents and customers. In 2009, managers and staff were made more fully aware of empathy as one of the very important non-technical skills needed in interactions with customers.

INFORMATION TECHNOLOGY DEVELOPMENTS IN 2009

In Belgium
Different challenges were met in 2009 to support AXA Bank's strategy and to safeguard and improve its competitive position.

The following are some of the noteworthy achievements of the year:

— Fine-tuning of the organization of IT management and recruitment of several "senior" profiles helped boost the professionalism of this division.
— The large-scale introduction of a management of banking applications in service mode with offshore partners was successfully completed in 2009. This new organization will allow the Bank to create flexibility in terms of capacity and availability of resources.
— Legal projects like SEPA and dead accounts, ongoing improvements in lending following the start-up of the final phase of REEBOC and strategic developments in customer satisfaction and openness towards multi-access as illustrated by E-Account and Click-Bonus.
— On the quality of applications, the Bank maintained the 2008 level and even slightly improved the situation, as seen in improved availability and performances and a considerable reduction of errors.

The information technology division will pursue two objectives in the coming years:

— To facilitate and support the business strategy.
— To increase strategic flexibility thanks to an improved IT architecture.

To achieve these objectives, a comprehensive transformation process will be conducted at several levels:

— simplification of IT architecture
— reduction of operational risks
— increase in flexibility and reduction of time-to-market responses to business needs.

In the branches
In 2009, the Bank was primarily involved in two major projects focused on the launch of two new branches, in Czech Republic and Slovakia. The package selected is being implemented in more than 300 banks worldwide (324 at end 2008). The IT project for the Czech Republic was launched in first quarter 2009 and the first account was opened in September 2009. This project constitutes the foundation for new IT installations in AXA Bank Europe branches.

Today, the Bank is in a phase of finalizing plans for the launch of the Slovak branch, set for the end of the second quarter of 2010.

In the Head Office and Treasury & ALM
Incorporation of the SOPHIS package for Asset Liability Management (ALM) and Treasury in the Bank's environment makes it possible to support AXA Bank Europe's new business model.

RISK MANAGEMENT AND INVESTMENT POLICY

Like all operators in the banking sector, AXA Bank Europe has to cope with credit, market, liquidity and operating risks. These are identified, measured and monitored regularly and studied in detail with the aim of guaranteeing the Bank's solvency and robust liquidity levels at all times and keeping risks within the limits imposed by the Bank's appetite for risk.

Special attention is also given to governance of these risks (including follow-up of compliance with limits).

Description of principal financial risks

Asset liability management (ALM) risk
Rate risk. The principal risk resides in unfavorable evolution of the fair value of the Bank's positions which are sensitive to interest rates due to movements in the rate curve. Such unfavorable developments result from the Bank's transformation position (longer maturities on assets than on liabilities): the Bank is therefore exposed to an increase in market interest rates.

Market risks
Price risk. This risk stems from market volatility which leads to changes in the value of the financial assets held (shares, bonds, etc.).

Exchange risk. This risk is related to potential losses due to evolving exchange rates.

Rate risk. This risk consists of an unfavorable evolution of the Bank's positions valued at market value following movements in the rate curve.

Credit and counterparty risks
Default risk. This risk concerns the partial or total default of a debtor, whether an individual, a country, a company or any other counterparty.

Liquidity risk

This risk is defined as exposure to losses resulting from insufficient liquid assets to honor liability cash flows at the time they fall due.

Principal risk-reduction measures

Strategies specific to ALM and liquidity risk

AXA Bank Europe's Asset & Liability Management (ALM) division has always taken a cautious approach to management of the balance sheet, particularly during the recent liquidity and credit crisis. The objective was and still is achieved through active management and analysis of the balance sheet, analysis of liquidities, solvency, value and income, projection of future income, evaluation of market prices and the use of scenario-based methodologies. This approach results in thorough understanding of AXA Bank Europe's risk positions and helps the Assets & Liability Committee (ALCO) develop effective hedging strategies and manage value creation while conforming with internal and regulatory credit rationing structures.

Liquidity risk: AXA Bank Europe maintains at all times a cushion of liquid assets that allow it to resist stress scenarios consisting of assumptions of reduced liquidity on financial markets and significant withdrawals by customers. In particular:

- AXA Bank Europe has long experience in monitoring indicators of liquidity under stress and their use in the framework of strategic decisions
- AXA Bank Europe's liquidity management was tested in a real situation during the 2009 crisis and proved particularly vigorous, since the Bank maintained a comfortable liquidities cushion at all times.
- AXA Bank Europe has direct and easy access to liquidities through the fixed deposits of institutional customers.
- Thanks to cautious and forward-looking analyses of the balance sheet, AXA Bank Europe's structural liquidity risk was identified before the recent liquidity and credit crises. However, implementation proved impossible due to the closure of the securitization market as a result of these crises. During summer 2009, ALCO nevertheless decided to study the feasibility of a project of collateralized debt obligations as a way of managing AXA Bank Europe's structural liquidity risk.

ALM risk: AXA Bank Europe's rate position enables it to benefit from historically low interest rates, which have resulted in a return on ALM transformation of EUR 96 million, surpassing the 2009 budget by EUR 65 million.

Consequently, the balance sheet value was and still is positioned to turn to good account today's low interest rates. Furthermore, ALCO remains cautious, taking into account the current rate curve and the possibility of a rise in rates towards the end of 2010 or early in 2011.

Synopsis of the specific results achieved in 2009:

- Extension of ALCO's scope through the participation of branches
- Hedging implemented for the fixed-income portfolio
- Cap-hedges put into place for the variable-rate mortgage portfolio (Belgian 1/1/1 mortgages)
- Lengthening of duration of the HUF savings portfolio through investments in Hungarian government bonds
- Launch of a long-term financing project on the capital market through a program of collateralized debt obligations
- Organization of a dynamic process of residual risk management
- Improvement of ALM governance in AXA Bank Europe through a fully documented ALM policy.

Strategies specific to risk markets

Price risk: In 2009, ABE maintained an extremely low appetite for price risk, which resulted in non-significant positions in its share portfolio.

Exchange risk: This risk is covered dynamically by a whole range of instruments.

Rate risk: In 2009, ABE maintained an extremely low appetite for price risk, which resulted in day-to-day follow-up and immediate hedging strategies in case of overrun.

Strategies specific to credit and counterparty risk

Default risk - non-retail counterparty: The Bank's entire bond portfolio is subject to limits on concentration risk and credit risk, which are monitored by a credit committee that ensures compliance with these limits. Impairments are registered in case of a credit event. However, when the liquidity of certain credit markets was no longer sufficient to ensure that market prices reflect the intrinsic value of securities, certain valuations were based on internal models ("marked-to-model" concept).

Following the bankruptcy of Lehman Brothers, AXA Group put in place a very strict policy for the management of derivatives, particularly in terms of collateral requirements, which greatly reduced potential losses from default by our counterparties in the framework of derivatives contracts.

Default risk - retail counterparties - Belgium: as a result of the 2009 economic crisis, provisions for credit risk were increased on an anticipatory basis on the retail credit portfolio (mortgages, installment loans and business loans). This increase has so far proved to be a prudent move, since arrears remained extremely stable or even improved slightly in 2009.

Default risk - retail counterparties - Hungary: the credit portfolio of the Hungarian branch of ABE was placed under closer surveillance in 2009 due to its vulnerability resulting from exchange rate fluctuations. A number of measures were put in place:

- The policy for approval of new loans was strengthened, ensuring a very sound performance by the portfolio generated in 2009.
- Provisions were increased as a precautionary measure. The situation continued to deteriorate throughout 2009 before stabilizing towards the end of the year at a level corresponding to provisions.
- Exchange rate hedges were also implemented (HUF/CHF exchange options) with the aim of covering against extremes.

MANAGEMENT BODIES CHANGES IN 2009 AND SINCE 1 JANUARY 2010

Board of Directors:

- appointment of Emmanuel de Talhouët, who was already a Director, as Vice-President of the Board, with effect from 1 January 2010;

— appointment of Thomas Gerber, with effect from 23 June 2009;
— non-renewal of mandate of Tibor Szekeres, with effect from 16 April 2009;
— resignation of Heinz-Peter Ross, with effect from 30 April 2009;
— resignation of Jean-Laurent Granier, with effect from 5 October 2009;
— resignation of Eugène Teysen, with effect from 31 December 2009.

COMPETENCE AND INDEPENDENCE OF THE AUDIT COMMITTEE

AXA Bank Europe's Audit Committee is made up of Jacques Espinasse and Emmanuel de Talhouët.

Jacques Espinasse was appointed an independent Director of AXA Bank Europe on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has considerable experience as an analyst and financial officer, including in major enterprises. Mr Espinasse has served as a director for several companies.

Emmanuel de Talhouët was appointed a Director of AXA Bank Europe on 17 April 2008. He has a degree from the French polytechnic institute and also studied management at INSEAD. He has long experience in financial management and general management, including in the insurance sector.

The Board of Directors is consequently in a position to demonstrate the **individual and collective competence** of members of the Audit Committee, as required by the law of 17 December 2008 on the establishment of an audit committee in financial institutions.

Since 2007 and prior to the entry into force of this law on 8 January 2009, the member companies of AXA Group Belgium used the independence criteria laid down in the AXA Group Corporate Governance Standards.

According to this text, to be considered independent, a director:

— may not be, or have been in the course of the last five years, an employee of the company or of a company with ties to the company;
— may not be a partner or employee of the company's external auditor;
— may have no family ties with any of the company's directors;
— may not have any direct or indirect significant business relations with the company or its affiliates.

These independence criteria are published in this report to enable the directors appointed prior to the entry into force of the law of 17 December 2008, who meet these criteria, to sit as independent directors until 1 July 2011. All new appointments of independent directors shall meet the nine independence criteria set by the law of 17 December 2008.

REMUNERATION POLICY FOR DIRECTORS

Generalities

The remuneration policy for directors defined by AXA Bank Europe is based on AXA Group's remuneration policy while conforming to practices on the local market. External studies are conducted annually to ensure such conformity.

Structure of the remuneration policy

The remuneration policy for directors of AXA Bank Europe includes a fixed component and a variable component. The balance between the two can vary depending on the level of responsibilities (directors or members of the executive committee), it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component is made up of two parts:

— A non-deferred variable component which is defined by an annual cash target.
— A deferred variable component which is composed of a share option plan, with a vesting period of at least three years.

Performance measurement

Performances are determined on the basis of different criteria that take account of the rate of achievement of individual objectives which are quantitative and qualitative in nature, the performance of AXA Bank Europe and the performance of AXA Group as a whole.

Governance

The remuneration policy and the individual remuneration of directors and members of the executive committee are set annually by the Board of Directors on the basis of proposals from the Remuneration Committee. This committee is made up of the Chairman of the Board of Directors and of non-executive directors. Different experts from AXA Bank Europe and AXA Group are invited to advise the Remuneration Committee. Non-executive directors are only paid fixed emoluments and do not receive any variable remuneration.

RESULTS

Consolidated accounts

AXA Bank Europe's consolidated accounts as of 31 December 2009 were drawn up in conformity with International Financial Reporting Standards (IFRS).

As of 31 December 2009, the scope of consolidation of AXA Bank Europe encompasses the following companies: AXA Bank Europe including its branches, AXA Hedging Services, Royal Street SA and AXA Belgium Finance BV.

The Group's net consolidated result, excluding branches, amounted to EUR 4.7 million, compared with EUR 16.7 million the previous year. As a result of very low short-term rates and strong competition, margins on deposits declined sharply, producing a negative impact on the results from commercial activities. This trend was only partially offset by an increase in the ALM margin due to the favorable evolution of the rate curve.

The results of the branches, restated in accordance with IFRS requirements and converted into EUR when the currency is different, are as follows:

— **The Swiss branch:** EUR -10.9 million compared with EUR -23.2 million the previous year. This result represents primarily administrative expenses and in particular marketing, IT and personnel. IT expenditure declined sharply compared with 2008, the year the entity was formed.
— **The Hungarian branch:** EUR -0.2 million. This result includes a significant impact from loan-loss provisions due to the difficult economic environment.

— **The Czech branch:** EUR -3.0 million. This result represents the costs of launch of the bank's activities.
— **The Slovak branch:** EUR -0.3 million due to the start-up of the bank's operations.

After pre-consolidation adjustments, the Group's consolidated net result amounted to EUR -9.8 million and the consolidated balance sheet totaled EUR 26,296 million. These figures compare with EUR -6.5 million the previous year and a consolidated balance sheet total of EUR 23,391 million.

Considering the limited scope of consolidation, readers are referred, for comments on developments, risks and uncertainties, to the other parts of the annual report. For comments and details on the application of International Financial Reporting Standards, please see the consolidated accounts and the explanatory information they include.

Statutory accounts

AXA Bank Europe's statutory accounts are drawn up in conformity with Belgian accounting requirements and take account of the specific provisions for credit institutions.

The accounts include the branch accounts. As of 31 December 2009, the balance sheet total stood at EUR 26,199 million and net profit at EUR 3.8 million.

This result breaks down as follows (Belgian accounting standards):

— Activity of the Belgian bank: EUR 14.3 million in profits
— Activity of the Hungarian bank: EUR 4.2 million in profits
— Activity of the Swiss bank: EUR -12.0 million
— Czech result (launch of the bank): EUR -2.5 million
— Slovak result (launch of the bank): EUR -0.2 million

Appropriation of profit

Profit for the year amounted to EUR 3,821,989.66.

The result carried forward from 2008 amounted to EUR 114,660,307.52. Following the cross-border merger in January 2009 with AXA Bank Hungary (formerly Ella Bank), this amount was increased by the latter's results carried forward in the amount of EUR 14,250,878.42.

The result for appropriation therefore amounts to EUR 132,733,175.60.

The Board of Directors proposes the following appropriation:

— allocation to statutory reserves: EUR 191,099.48
— to be carried forward to 2010:
EUR 132,542,076.12

The Board of Directors, 26 March 2010

STATUTORY AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY AXA BANK EUROPE NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosures and information.

Unqualified opinion on the consolidated accounts

EUR '000' 26.296.211 en de geconsolideerde resultatenrekening sluit af met een verlies van het boekjaar, aandeel Groep, van EUR '000' (9.775).

We have audited the consolidated accounts of AXA Bank Europe NV and its subsidiaries (the "Group") as of and for the year ended 31 december 2009, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 december 2009 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR '000' 26.296.211 and the consolidated statement of income shows a loss for the year (group share) of EUR '000' (9.775).

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 december 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

— The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Sint-Stevens-Woluwe, 1 April 2010

The statutory auditor
PricewaterhouseCoopers
Corporate auditors
Represented by

Emmanuèle Attout Accredited Auditor	Gregory Joos Accredited Auditor

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