

2012

AXA BANK EUROPE

IFRS CONSOLIDATED
FINANCIAL STATEMENTS 2012

redefining / standards



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Our annual accounts have been officially filed at the Central Balance Sheet Office of the National Bank of Belgium.

If a discrepancy should exist between the information contained in this publication and the official version filed at the National Bank of Belgium, it is the latter that prevails.

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All amounts included in the financial statements 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 INCOME STATEMENT

Consolidated income statement

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
CONTINUING OPERATIONS			
Financial & operating income and expenses	295 292	350 845	
Interest income	3 183 222	2 337 597	
— Cash & balances with central banks	1 280	1 419	
— Financial assets held for trading (if accounted for separately)	2 297 389	1 385 398	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	1 644	2 462	
— Available-for-sale financial assets	126 655	127 064	
— Loans and receivables (including finance leases)	673 855	689 088	
— Held-to-maturity investments			
— Derivatives - Hedge accounting, interest rate risk	82 399	132 051	
— Other assets		115	
(Interest expenses)	2 949 430	2 089 393	
— Deposits from central banks			
— Financial liabilities held for trading (if accounted for separately)	2 277 618	1 410 824	
— Financial liabilities designated at fair value through profit or loss (if accounted for separately)	19 193	4 280	
— Financial liabilities measured at amortised cost	452 845	468 499	
Deposits from credit institutions	13 243	60 026	
Deposits from non credit institutions	318 915	291 247	
Debt certificates	76 303	60 627	
Subordinated liabilities	16 528	16 874	
Other financial liabilities	27 856	39 725	
— Derivatives - Hedge accounting, interest rate risk	199 774	205 790	
— Other liabilities			
Expenses on share capital repayable on demand			
Dividend income	1 647	774	
— Financial assets held for trading (if accounted for separately)			
— Financial assets designated at fair value through profit or loss (if accounted for separately)	307	348	
— Available-for-sale financial assets	1 340	426	
Fee and commission income	39 513	42 540	6
(Fee and commission expenses)	55 861	48 447	6
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	31 174	55 419	7
— Available-for-sale financial assets	26 371	49 264	
— Loans and receivables (including finance leases)	5 115	6 378	
— Held-to-maturity investments			
— Financial liabilities measured at amortised cost	-312	-223	
— Other			
Gains (losses) on financial assets and liabilities held for trading (net)	72 814	-10 505	
— Equity instruments and related derivatives	-2 266	637	
— Interest rate instruments and related derivatives	54 751	-35 614	
— Foreign exchange trading	20 329	24 472	
— Credit risk instruments and related derivatives			
— Commodities and related derivatives			
— Other (including hybrid derivatives)			

Consolidated income statement

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	-69 369	1 688	8
Gains (losses) from hedge accounting	12 599	31 768	9
Exchange differences, net	-3 176	-16 511	
Gains (losses) on derecognition of assets other than held for sale, net	1 723	-33	
Other operating net income	30 436	45 948	10
Administration costs	280 323	286 117	
— Personnel expenses	124 421	136 793	11
— General and administrative expenses	155 902	149 324	12
Depreciation	12 027	9 512	
— Property, Plant and Equipment	2 313	2 799	
— Investment Properties			
— Intangible assets (other than goodwill)	9 714	6 713	
Provisions	-8 527	11 691	
Impairment	39 548	186 175	19
Impairment losses on financial assets not measured at fair value through profit or loss	39 548	186 175	
— Financial assets measured at cost (unquoted equity)			
— Available for sale financial assets	-12 649	5 738	
— Loans and receivables (including finance leases)	52 197	180 437	
— Held to maturity investments			
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	-28 080	-142 650	
Tax expense (income) related to profit or loss from continuing operations	-4 703	5 107	13
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	-23 377	-147 757	
Total profit or loss after tax from discontinued operations			
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	-23 377	-147 757	
Profit or loss attributable to minority interest			
NET PROFIT OR LOSS	-23 377	-147 757	

Consolidated statement of comprehensive income

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
PROFIT (LOSS) FOR THE YEAR	23 377	-147 758	
Other comprehensive income			
Tangible assets			
Intangible assets			
Hedge of net investments in foreign operations (effective portion)			
— Gains/losses from changes in fair value through equity			
— Transferred to profit or loss			
— Other reclassifications			
Foreign currency translation	-14 595	18 269	
— Translation gains/losses taken to equity	-14 595	18 269	
— Transferred to profit or loss			
— Other reclassifications			
Cash flow hedges (effective portion)	1 949	-13 009	(1)
— Valuation gains/losses taken to equity	1 949	-13 009	
— Transferred to profit or loss			
— Transferred to initial carrying amount of hedged items			
— Other reclassifications			
Available-for-sale financial assets	228 866	-52 758	(2)
— Valuation gains/losses taken to equity	234 670	-59 625	
— Transferred to profit or loss	5 804	-6 867	
— 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	-20 990	-2 255	(3)
Share of other comprehensive income of entities accounted for using the equity method			
Other items			
Income tax relating to components of other comprehensive income			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	171 853	-197 511	
Attributable to equity holders of the parent	171 854	-197 512	
Attributable to minority interest			
Changes in equity relating to prior periods			
Restated balance			
— Attributable to equity holders of the parent			
— Attributable to minority interest			
Effects of changes in accounting policy			
— Attributable to equity holders of the parent			
— Attributable to minority interest			

The table below presents the amounts before tax as well as the deferred taxes with respect to the items disclosed in the previous table (overview in thousands of EUR).

in '000 EUR

	31.12.2012	31.12.2011
Cash flow hedges		
Gross	-651	-16 105
Tax	2 600	3 096
Net	1 949	-13 009
Available for sale financial investments		
Gross	351 173	-77 872
Tax	-122 307	25 114
Net	228 866	-52 758
Actuarial gains (losses) on defined benefit plans		
Gross	-31 694	-3 430
Tax	10 704	1 175
Net	-20 990	-2 255

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet - Assets

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
Cash and balances with central banks	1 216 942	636 423	14 / 37
Financial assets held for trading	4 923 042	6 065 191	18 / 20
Financial assets designated at fair value through profit or loss	23 025	43 183	16
Available-for-sale financial assets	7 746 051	7 337 581	17
Loans and receivables (including finance leases)	24 481 585	26 810 930	15
Held-to-maturity investments			
Derivatives - hedge accounting	188 269	114 666	20
Fair value changes of the hedged items in portfolio hedge of interest rate risk	424 519	312 410	
Tangible assets	47 194	47 389	
— Property, Plant and Equipment	47 194	47 389	24
— Investment property			
Intangible assets	13 760	18 505	
— Goodwill			
— Other intangible assets	13 760	18 505	23
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)			
Tax assets	48 813	146 392	
— Current tax assets	5	218	
— Deferred tax assets	48 808	146 174	
Other assets	103 748	115 643	21
Non-current assets and disposal groups classified as held for sale		189 061	
TOTAL ASSETS	39 216 948	41 837 374	

Consolidated Balance Sheet - Liabilities

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
Deposits from central banks			
Financial liabilities held for trading	4 821 981	6 048 855	28
Financial liabilities designated at fair value through profit or loss	1 062 342	378 148	25
Financial liabilities measured at amortised cost	22 447 452	23 012 689	
— Deposits from Credit institutions	1 186 292	964 100	26
— Deposits from Other than credit institutions	16 945 047	16 875 207	26
— Debt certificates including bonds	2 965 480	2 064 467	26
— Subordinated liabilities	354 345	372 270	26 / 27
— Other financial liabilities	996 288	2 736 645	
Financial liabilities associated with transferred assets	8 792 961	10 622 823	40
Derivatives - hedge accounting	796 176	577 228	20
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	156 558	57 739	
Provisions	224 938	203 426	30
Tax liabilities	37 186	30 282	
— Current tax liabilities	29 187	27 715	
— Deferred tax liabilities	7 999	2 567	
Other liabilities	54 992	65 647	29
Liabilities included in disposal groups classified as held for sale		189 061	
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	38 394 586	41 185 898	

Consolidated Balance Sheet - Equity

in '000 EUR

	31.12.2012	31.12.2011	Disclosure
Share capital	546 318	546 318	
— Paid in capital	546 318	546 318	
— Called up share capital			
Share premium			
Other Equity			
— Equity component of combined financial instruments			
— Other			
Revaluation reserves and other valuation differences	-27 105	-222 334	
— Tangible assets			
— Intangible assets			
— Hedge of net investments in foreign operations (effective portion)			
— Foreign currency translation	2 313	16 907	
— Cash flow hedges (effective portion)	-27 158	-29 105	
— Available for sale financial assets	26 771	-202 095	
— Non-current assets and disposal groups held for sale			
— Other items	-29 031	-8 041	
Reserves (including retained earnings)	326 526	475 250	
<Treasury shares>			
Income from current year	-23 377	-147 758	
<Interim dividends>			
Minority interest			
— Revaluation reserves and other valuation differences			
— Other items			
TOTAL EQUITY	822 362	651 476	35
TOTAL LIABILITIES AND EQUITY	39 216 948	41 837 374	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Sources of equity changes

31.12.2012 – in '000 EUR

	Share capital			Other Equity		Reserves (including retained earnings)	(Treasury shares)	Income from cur- rent year	Interim divi- dends	Minority interests: Other items	Total
	Paid in Capital	Called up share capital	Share pre- mium	Equity component of combined financial instruments	Other equity instru- ments						
Restated balance in accordance with IAS 8											
Effects of changes in accounting policies recognised in accordance with IAS 8											
Opening balance (last year)	546 318					475 250		-147 758			873 810
Issuance and redemption of equity instruments											
Issuance of Ordinary Shares											
Issuance of Preference Shares											
Issuance of Warrants for consideration											
Issuance of Options for Consideration											
Exercise of Options, Rights or Warrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-23 377			-23 377
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											
Reclassifications											
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						-148 724		147 758			-966
Closing balance (current year)	546 318					326 526		-23 377			849 467

Sources of equity changes

31.12.2011 – in '000 EUR

	Share capital			Other Equity		Reserves (including retained earnings)	(Treasury shares)	Income from current year	Interim divi- dends	Minority interests: Other items	Total
	Paid in Capital	Called up share capital	Share pre- mium	Equity component of combined financial instruments	Other equity instruments						
Restated balance in accordance with IAS 8											
Effects of changes in accounting policies recognised in accordance with IAS 8											
Opening balance (last year)	546 318					464 539		12 342			1 023 199
Issuance and redemption of equity instruments											
Issuance of Ordinary Shares											
Issuance of Preference Shares											
Issuance of Warrants for consideration											
Issuance of Options for Consideration											
Exercise of Options, Rights or Warrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-147 758			-147 758
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											
Reclassifications											
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						10 710		-12 342			-1 632
Closing balance (current year)	546 318					475 249		-147 758			873 809

CONSOLIDATED STATEMENT OF CASH FLOWS

in '000 EUR

	31.12.2012	31.12.2011
OPERATING ACTIVITIES		
Net profit (loss)	-23 377	-147 758
<i>Adjustments to reconcile net profit or loss to net cash provided by operating activities:</i>	193 063	190 819
— (Current and deferred tax income, recognised in income statement)		
— Current and deferred tax expenses, recognised in income statement	-4 703	5 107
— Minority interests included in group profit or loss		
— Unrealised foreign currency gains and losses	-14 595	16 511
<i>Investing and financing</i>		
— Depreciation	12 027	9 512
— Impairment		
— Provisions net	-8 526	24 317
— Unrealised fair value (gains) losses through Profit or loss, i.e. for investment property, PPE, intangible assets,...		
— Net gains (losses) on investments, net (i.e. HTM, associates, subsidiaries, tangible assets,...)		
<i>Operating</i>		
— Net unrealised gains (losses) from cash flow hedges	1 950	-13 009
— Net unrealised gains (losses) from available-for-sale investments	228 866	180 196
— Other adjustments	-21 956	-31 815
Cash flows from operating profits before changes in operating assets and liabilities	169 686	43 061
<i>Increase (Decrease) in working capital (excl. cash & cash equivalents):</i>	-236 062	795 105
<i>Increase (decrease) in operating assets (excl. cash & cash equivalents):</i>	-2 670 949	9 665 843
— Increase (decrease) in balances with central banks	-265	265
— Increase (decrease) in loans and receivables	-2 329 345	4 526 397
— Increase (decrease) in available-for-sale assets	879 891	1 881 396
— Increase (decrease) in financial assets held for trading	-1 142 149	3 193 909
— Increase (decrease) in financial assets designated at fair value through profit or loss	-20 158	-24 449
— Increase (decrease) in asset-derivatives, hedge accounting	73 603	64 848
— Increase (decrease) in non-current assets held for sale		
— Increase (decrease) in other assets (definition balance sheet)	-132 526	23 477
<i>Increase (decrease) in operating liabilities (excl. cash & cash equivalents):</i>	-2 907 011	10 460 948
— Increase (decrease) in deposits from central banks		
— Increase (decrease) in deposits from credit institutions	222 192	603 748
— Increase (decrease) in deposits (other than credit institutions)	69 839	1 125 870
— Increase (decrease) in debt certificates (including bonds)	901 013	234 682
— Increase (decrease) in financial liabilities held for trading	-1 226 874	3 238 191
— Increase (decrease) in financial liabilities designated at fair value through profit or loss	684 193	310 614
— Increase (decrease) in liability-derivatives, hedge accounting	205 657	102 089
— Increase (decrease) in other financial liabilities	-3 570 220	4 652 427
— Increase (decrease) in other liabilities (definition balance sheet)	-192 811	193 327
Cash flows from operating activities	-66 376	838 166
Income taxes (paid) refunded	-205	700
NET CASH FLOW FROM OPERATING ACTIVITIES	-66 581	838 865

in '000 EUR

	31.12.2012	31.12.2011
INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	-2 118	-1 307
Cash receipts from the sale of tangible assets		-6 738
(Cash payments to acquire intangible assets)	-4 969	673
Cash receipts from the sale of intangible assets		-728
(Cash payments for the investment in associates, subsidiaries, joint ventures net of cash acquired)	-6 937	
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		
Net cash flow from investing activities	-14 024	-6 832
FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities		9 461
(Cash repayments of subordinated liabilities)	-17 925	12 000
(Cash payments to redeem shares or other equity instruments)		
Cash proceeds from issuing shares or other equity instruments		
(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)		
Net cash flow from financing activities	-17 925	-2 539
Effect of exchange rate changes on cash and cash equivalents		
NET INCREASE IN CASH AND CASH EQUIVALENTS	-98 530	829 495
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1 452 842	623 347
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1 354 311	1 452 842
<i>Components of cash and cash equivalents:</i>		
— On hand (cash)	68 632	77 159
— Cash and balances with central banks	1 148 309	558 999
— Loans and receivables	130 140	128 548
— Held-to-maturity investments		
— Available-for-sale assets	7 230	498 298
— 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)		189 838
Total cash and cash equivalents at end of the period	1 354 311	1 452 842

All cash equivalents were also included in order to provide a fuller picture of the available liquid resources.

in '000 EUR

31.12.2012

31.12.2011

Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by the group

Undrawn borrowing facilities (with breakdown if material)

Supplemental disclosures of operating cash flow information:

— Interest income received	3 183 222	2 517 734
— Dividend income received	1 647	773
— Interest expense paid	2 949 430	-2 351 144

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 outgoing cash flow of EUR 67 million is due to:

- The cash from the result for a sum of 170 million EUR.
- Company assets dropped by 2 671 million EUR. The drop of the loans and accounts receivable for an amount of 2 329 million EUR mainly stands out (of which 1 191 million EUR were related to the drop of the reverse repo activities). The assets available for selling rose by 880 million EUR. The financial trading assets dropped by 1 142 million EUR.
- The business liabilities dropped by an amount of 2 907 million EUR. We can see that the deposits have increased by 222 million EUR due to credit institutions and that the deposits have risen by 901 million EUR due to other institutions than credit institutions. The financial trading liabilities dropped by 1 227 million EUR. The increase of the financial liabilities for their fair value by 684 million EUR concerns the EMTN activity. The other financial liabilities dropped by 3 570 million EUR (this mainly concerns the repo activities).

CASH FLOW FROM INVESTING ACTIVITIES

We can see a negative cash flow within this context for an amount of 7 million EUR due to investments in tangible assets (2 million EUR) and intangible assets (5 million EUR).

The impact of the sale of AXA Hedging Services Limited was included within this section. This was for the received amount from the sale (11 806 440.00 EUR) after deduction of the available cash as of 31 December 2011 (18 743 557.33 EUR)

CASH FLOW FROM INVESTMENT ACTIVITIES

This concerns the (early) repayment of the spent subordinated loans by AXA Bank Europe (18 million EUR).

This leads to a net drop of the cash and cash equivalents for an amount of 99 million EUR in total.

FUTURE CASH FLOWS

AXA Bank Europe is anticipating a further increase of the credit portfolio. A further sale of the bond portfolio and attracting savings are being anticipated for the funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1 / GENERAL

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

The legal consolidation scope of AXA Bank Europe comprises AXA Bank Belgium, AXA Bank Hungary, AXA Bank Czech Republic, AXA Bank Slovak Republic, AXA Services Poland, Royal Street NV, AXA Belgium Finance B.V. and AXA Bank Europe SCF.

In Belgium, AXA Bank Europe provides a broad range of financial products to individuals and small businesses and has a network of exclusive independent bank agents who also support the sale of AXA Insurance and AXA Investment Managers products.

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 is the sixth bank in Belgium where the four largest banks represent 75% of the market.

The AXA Bank Switzerland branch and the Execution Desk Paris were closed in 2012.

2 / BASIS OF PREPARATION

2.1 / Consolidation principles

2.1.1 / General

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

Typically, all branches must be fully consolidated.

As a departure from this principle, AXA Bank Europe has decided, on the basis of the principles of relevance and immateriality, not to include in the consolidation circuit or for the application of the IFRS consolidated financial statements the subsidiaries that are out of the consolidation scope based on derogation from the CBFA. This derogation applies to branches whose total balance during the previous financial year constitutes less than 0.15% of the total balance for AXA Bank Europe, unless decided otherwise by the Board of Directors.

This means that the AXA Belgium Finance BV subsidiary as well as SPV Royal Street NV and SCF AXA Bank Europe (Société de Crédit Foncier) are included integrally.

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, therefore, these business combinations are not covered by IFRS 3. AXA Bank Europe applies, in such a case, a method under which the integrated assets and liabilities retain the same carrying amount as the purchased entity. Adjustments are only implemented to achieve harmonisation of accounting policies.

2.2 / Financial instruments - securities

2.2.1 / Fixed income securities

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

The initial recognition of fixed income securities on the balance sheet takes place on the transaction date.

When fixed income securities are initially recognised they are recognised at their fair value, i.e., their purchase value (including paid accrued interests).

Upon their initial recognition, the fixed income securities, depending on the existing options and the measurement objective, are designated in one of the following categories:

- (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 held to maturity;
- (iv) Loans and receivables;
- (v) Assets available for sale.

Typically, the fees related to the transaction must be capitalised with the purchase value for categories (iii), (iv) and (v). Due to the principle of immateriality the AXA Bank Europe Group decided to directly include these in the income statement.

(i) Assets at fair value held for trading

Fixed income securities are classified as assets held at fair value for trading if they are:

- 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.

Even though IAS 39 allows for reclassifications outside of this category under strict conditions, AXA Bank Europe has not made use of this option up to now.

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 capital gains losses and rating profits and losses;
- changes in value 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 circumstances.

- 1) The classification leads to more relevant information since it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. In most cases it involves non fixed income securities, which are covered by derivatives, but where it was not decided to apply hedge accounting.
At AXA Bank Europe it involves a bond portfolio, hedged by asset swaps. Typically these bonds would be classified as available for sale financial assets where 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 income securities, where 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 under paragraph 11A of IAS 39, involving non fixed income securities, which include one or more derivatives and

This indication is not possible:

- where 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
- where, 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. If it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

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 profit margin and changes in value due to changes in fair value;
- no distinction is made between capital gains losses and rating profits and losses.

(iii) Assets held to maturity

In the (rare) circumstance where the AXA Bank Europe Group is authorised by its parent company to use this category, it involves fixed income securities with fixed or determinable payments and a fixed maturity 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 initial recognition, 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 category is used if it involves fixed income securities with fixed or determinable payments and a fixed maturity, which are not quoted on an active market and which the AXA Bank Europe Group definitely intends to hold until maturity.

After initial recognition no reclassifications are possible outside of this category. Even though IAS 39 allows for reclassifications within this category under strict conditions, AXA Bank Europe has not made use of this option up to now.

(v) Assets available for sale.

This category is used for available-for-sale fixed income securities or for fixed income securities, which cannot be assigned to one of the above categories.

After initial recognition, 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 takes place as follows:

- For categories (i) and (ii) each change between fair value and cost is recognised in the income statement, where the fair value represents the quoted prices or, if there is no quoted price, recent price makings 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 categories (iii) as well as (iv), the assets are valued at the amortised cost, where the interest yield is recognised in the income statement on the basis of the effective interest rate method. In the event of objective evidence of irrecoverability, the assets are subject to an individual of collective impairment test. The impairment amount is the difference between the outstanding carrying amount and the present value of the estimated future cash flows using the financial asset's original effective interest rate.

— For category (v), the securities are valued at fair value where the interest yield is included in the income statement on the basis of the effective interest rate method while each difference between fair value and amortised cost is deferred in equity.

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

For category (iv) (not quoted fixed income securities), the rule of loans and receivables apply, as mentioned in the relevant valuation rules for impairment.

For categories (iii) and (v) and if objective evidence shows non-recoverability, the securities are the subject of an individual impairment test.

Typically the market value in itself is not enough of an indication that impairment has occurred. AXA Bank Europe has decided to follow the rules of the parent company. The amount of the depreciation is based on the fair value, where the unrealised loss is based on a significant or long-term decrease in fair value of a security compared to its purchase price. This impairment loss is recognised in the income statement.

The following principles are applied:

- Fixed income securities with an Investment Grade (IG) rating
 - IG with unrealised losses of more than 20% or that has existed 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 of up to 20%: no impairment or documentation is required, only specific monitoring.
- Fixed income 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 objective 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 rate results, as well as any individual impairment loss accounted for.

In the event that an objective indication, such as an improvement in creditworthiness, indicates that the recoverable amount has increased, the individual impairment loss is reversed through the income statement.

If within the 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 separated 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 derecognition of the fixed income securities takes place at maturity date or on the transaction date in the event of a sale. In the latter case, the difference between the received payment and the carrying amount on the transaction date (after cross-entry of potential deferred income/costs) is recognised in the income statement as a realised capital gain or loss.

2.2.2 / Non fixed income securities

Non fixed income 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 income securities are first recognised in the balance sheet on the transaction date.

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

When initially recognised, non fixed income securities, are classified in one of the following categories, depending on the existing options and the measurement 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 initial recognition at purchase value. Due to the principle of immateriality the AXA Bank Europe Group decided to directly include these in the income statement.

(i) Assets at fair value held for trading

Non fixed income securities are classified 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.

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;
- 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 instances.

The classification leads to more relevant information since it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. In most cases it involves non fixed income securities, which are covered by derivatives, but where it was not decided to apply hedge accounting.

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.

The indication is permitted under paragraph 11A of IAS 39 involving non-fixed income securities, which include one or more derivatives; and

- where 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
- where, 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 category is used for non fixed interest securities being available for sale or for non fixed income securities, which could not be assigned to one of the above categories.

The subsequent rating takes place as follows:

- for categories (i) and (ii) each change between fair value and cost is recognised in the income statement, where 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 category (iii) the securities are valued at fair value where any difference between fair value and cost is deferred in the equity.

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

In the case of category (iii) and if objective evidence are available of non-recoverability, the securities are subjected to an impairment test related to an individual assessment. The impairment is based on the market value, countervalue in euros, where 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;
- unrealised losses for a consecutive period of more than 6 months.

The cumulative unrealised loss (including exchange results) is transferred from the equity and is recognised in the income statement as impairment loss.

Once an impairment on non fixed interest securities has become permanent at the end of a period, it shall never be taken back; the cost is adjusted from the date of the impairment 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 impairment test, the rules for non fixed income securities remain in full force.

If within category (iii) a derivative is embedded in the basic contract, which is not closely related to the economic features and risks of the basic contract, this embedded derivative must typically be separated 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 derecognition of the non fixed income securities takes place in the event of a sale on the transaction date. On this date the difference between the received payment and the carrying amount (after cross-entering any deferred income/expenses) is recognised in the income statement as a realised capital gain or loss.

2.3 / Financial instruments – loans and receivables

2.3.1 / Performing loans and receivables

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 category "Loans and receivables" measured at amortised 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 separated from the basic contract and valued separately as a derivative. Should this still be the case, such contracts shall be fully valued at fair value through the profit-and-loss account (see description of relevant category under fixed income securities).

Typically for the initial recognition 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 recognition and therefore directly recognise them in the profit-and-loss account.

The acquisition commissions, however, shall 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 effective interest rate.

The effective interest rate is the rate 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 derecognised 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 gain and loss;
- the results are not netted.

2.3.2 / Non performing loans and receivables

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

AXA Bank Europe makes use of a separate provision account, which reflects the impairment 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 carrying amount are recognised in the profit-and-loss account as an impairment loss.

The recoverable amount takes into account the time value of the funds, where 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 impairment in the income statement.

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 of impairments in the income statement account. However, it shall never lead to an amortised cost, which would be higher than the amortised cost if no impairment depreciation had taken place.

After impairment 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 in Belgium.

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

The company combines collective and individual assessment.

Individual assessment is applied in two cases.

1. As soon as the "uncertain trend" status is determined, impairment is booked on the basis of observation data from the past. This impairment loss 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 impairment 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 impairment 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 assessment.

Individual assessment is applied in two cases.

1. As soon as the "uncertain trend" status is determined, impairment is booked on the basis of observation data from the past. This impairment 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 assessment 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 assessment.

Individual assessment is applied in two cases.

1. In the uncertain trend status impairment is booked on the basis of observation data from the past. This impairment loss 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 bank proceeds to an individual assessment 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 the net profits and net losses:

- a distinction is made between interest margin and realised capital gain and loss;
- the results are not netted.

2.4 / 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 revenues and the interest expenses are recognised pro rata temporis in the profit-and-loss account by making use of the effective interest rate method.

Amortisation takes place on the due 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.

In the case of structured placements and liabilities where the closed derivatives are closely linked to economic characteristics and risks of the basic contract, they must not be set apart.

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 without impairment to the application of the following paragraphs.

In the case of structured placements and liabilities where the closed derivatives are not closely linked to economic characteristics and risks of the basic contract, they must be set apart in accordance with paragraph 11 of IAS 39.

In both cases, IAS 39 allows for the whole contract to be valued based on the fair value including the processing of value changes in the profit and loss account on the condition that this classification leads to more relevant information because it eliminates or limits considerably inconsistency in the valuation of the inclusion (accounting mismatch) that would otherwise occur due to the valuing of assets and liabilities or from the inclusion of the profits and losses with regard to this based on the different bases. The bank opts, on a case-by-case basis, to apply a fair value designation if a structured liability is fully covered by a derivative but when a hedge model has not been put in place.

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

Next, the changes are included for their fair value in the profit and loss account but split into an interest margin and a net difference when compared to the fair value. The changes in the fair value take into account the effect of the change to the creditworthiness of the issuer (which is AXA Bank Europe in the case of liabilities).

Typically day one gains or losses are to be deferred if the fair value was established on the basis of non-observable prices. This gain or loss must be written off over the term of the underlying instrument or until such time that observable prices are available. If material, day one gains and losses are deferred. This adjustment shall then be written off over the life 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 carrying amount 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 where 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 rate risk 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 of a reference amount is booked on the underlying financial instruments. This cumulative change in fair value shall be amortised. In accordance with the IFRS, Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted ; for changes in its fair value attributable to the risk being hedged. The decision was taken at AXA Bank Europe to start the amortisation when the hedge stops. 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, where 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 shall 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 2.4.1).

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 the net profits and net losses:

- a distinction is made between interest margin and realised capital gain and loss;
- the results are not netted.

2.5 / 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 recognition in the income statement 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 recognition 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 income statement.

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.

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

2.6 / Equity

The measurement 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., they are also assigned to the "Deposits and debts" category and valued at amortised cost without impairment to the application of the following paragraphs regarding structured obligations.

On each balance sheet date interest accrued during the period is recognised in the income statement on the basis of the effective interest method.

The effective 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.

In the case of structured deposits and liabilities where the closed derivatives are closely linked to economic characteristics and risks of the basic contract, they must not be set apart.

In the case of structured deposits where the closed derivatives are not closely linked to economic characteristics and risks of the basic contract, they must be set apart in accordance with paragraph 11 of IAS 39.

In both cases, IAS 39 allows for the whole contract to be valued based on the fair value including the processing of value changes in the profit and loss account on the condition that this classification leads to more relevant information because it eliminates or limits considerably inconsistency in the valuation of the inclusion (accounting mismatch) that would otherwise occur due to the valuing of assets and liabilities or from the inclusion of the profits and losses with regard to this based on the different bases. The bank opts, on a case-by-case basis, to apply a fair value designation if a structured liability is fully covered by a derivative but when a hedge model has not been put in place.

Such structure obligations are initially included on the balance sheet for their fair value on the date on which they are made available.

Next, the changes are included for their fair value in the profit and loss account but split into an interest margin and a net difference when compared to the fair value. The changes in the fair value take into account the effect of the change to the creditworthiness of the issuer (which is AXA Bank Europe in the case of liabilities).

2.8 / Foreign currency translation

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 / Determination of the functional currency

The functional currency for a branch that is located outside the eurozone is determined 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 which is primarily decisive in the sales price of goods and services, and 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 sheet date;

- (b) profits and losses are converted for each profit-and-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 denominated 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 income securities, loans and receivables and deposits and debts. Mainly the fixed rate securities, loans and accounts receivable are meant as well as the deposits and debts.

When recognised in the balance sheet, 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.

Each month a monetary rating process takes place on the basis of the balance, where 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 income 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 derecognised from the balance sheet;
- (b) For non-monetary components belonging to measured at fair value through P&L, the periodic revaluation to fair value consists of two components: the fair value difference and the foreign exchange results. Both components are recognised in the income statement;
- (c) For non-monetary components belonging to the rating category "Available-for-sale assets" the periodic revaluation to fair value consists of two components: the fair value difference and the foreign exchange results. Both components are deferred in equity. If a negative revaluation must be booked as an impairment, both components shall be transferred from equity to the income statement.

On derecognition, 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 assets and liabilities and provisions

2.9.1 / Contingent assets and liabilities

Contingent assets are not recognised in the balance sheet; they are included in the disclosure if an inflow or influx of economic benefits is probable.

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.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taken into account the risks and uncertainties and any future events; they are discounted if the impact of the time value is material.

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

On each balance sheet date provisions are reassessed 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 reverse it (in the event of surplus provisions).

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

2.10 / Employee benefits

Employee benefits are accounted for in the income statement in the year in which the services were provided.

For short-term employee benefits, 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 employee benefits not including benefit plans, such as career breaks, bonuses for 25/35 years of service, bonuses or other remuneration, only paid more than one year 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, pension plans fall under the defined benefit plan category. 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, where 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 estimates 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 / Income tax

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 income statement if the underlying temporary difference is also recognised through the income statement;
- through equity if the underlying temporary difference is also recognised through equity.

Deferred tax assets related to tax losses carried forward for transferable tax credit are only booked in the balance sheet if the temporary differences actually shall be able to be settled in accordance with local tax legislation.

Other deferred tax assets are always booked in the balance sheet since it is assumed that these temporary differences shall always be able to be actually recuperated.

At each closing date, the recoverability of the deferred tax asset is being assessed. If the deferred tax asset cannot be recovered, impairment is accounted for. This impairment is being reassessed at each closing date and adjusted, if needed, if additional information on the recoverability is obtained.

For accounting purposes netting 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, netting 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 / Property, plant and equipment

There is no capitalisation of tangible fixed assets secured under an operating lease and rental expenses are accounted for on a linear basis and included in the income statement profit-and-loss account over the term of the lease.

The initial recognition of the tangible fixed asset obtained under a financial lease takes place for 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 income statement on the basis of the implicit interest.

The initial recognition of tangible fixed assets acquired takes place at purchase value plus any additional attributable expense and the directly attributable transaction costs. Financing expenses during the construction period are capitalised, if material.

Subsequent measurement takes place at amortised cost, which takes into account amortisation and impairment test.

For the depreciation, account is taken of the residual value and the useful economic service life. Typically, the depreciation of buildings must take into account 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 accounting policies of the parent company, AXA Bank Europe has decided not to apply the splitting into components for the time being.

On each reporting date, the impairment test for buildings and land compares the cost after deduction of any depreciation accounted for with the value in use determined on the basis of an independent survey:

- if the unrealised loss is less than 15%, no impairment special depreciation is booked;
- if the unrealised loss is more than 15% the "discounted future cash flows" - Applied method.

If the value based on the discounted future cash flows is lower than the carrying amount, an impairment is booked for an amount equal to the difference between:

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

After an impairment loss is recognised for a building, its outstanding amortisation table is adjusted.

If subsequently, the independent survey is more than 15% higher than the net carrying amount, the impairment is reversed for an amount corresponding to the difference between:

- the net carrying amount;
- 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 amortisation table is adjusted.

Tangible fixed assets held for sale are valued at the lowest carrying amount (cost minus previously booked depreciations) and the fair value less costs to sell.

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	L Method (linear)	Depreciation percentage	
		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%	

2.12.2 / Intangible fixed assets

Set-up costs are directly recognised in the income statement, unless they can be related, as transaction costs, to an asset or liability.

Purchased intangible assets, which satisfy the recognition criteria (future economic benefits and reliable measurement) and of which the useful life exceeds a year, are accounted for at purchase value, including additional expenses and directly attributable transaction costs. Software for which an annual license is paid is not capitalised.

The intangible assets are amortised on a linear basis over their economic life.

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 conditions below are met:

- (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 attributable 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.

Intangible fixed assets are subject to an impairment test.

- AXA assesses at each balance sheet date whether there is an indication of impairment. If such an indication exists, the bank shall estimate the recoverable amount of the asset. This amount is the highest of the fair value minus costs to sell or the value in use of the asset.
- If the recoverable amount of the asset is lower than the carrying amount, an impairment is booked for this differences.
- If there is an indication that an asset should be impaired, the recoverable amount of the asset shall be estimated. If it is impossible to estimate the recoverable amount of the asset, an entity must determine the recoverable amount of the cash-generating unit to which the asset belongs.
- Regardless of whether there is an indication of impairment, intangible assets with indefinite useful life must be tested annually for impairment. The test takes place by comparing the carrying amount with its recoverable amount. This rule also applies to assets that are not yet used at balance sheet date.

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

Depreciation booked during the financial year:

Assets

	L Method (linear)	Depreciation percentage	
		Capital Min. – Max.	Additional expenses Min. – Max.
Set-up expenses entered in the profit-and-loss account in the financial year in which they were spent	N/A	-	-
N/A 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 impairment.

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

2.14 / Information to be provided

2.14.1 / Events after the 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), shall require an **adjustment** to the financial statements, if material.

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), shall not require an **adjustment** to the balance sheet, the income statement, the changes in equity or cash flow statement. However, if material, information is provided on the nature and estimated financial impact in order to prevent the financial statements 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 accounting policies and accounting estimates

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate in accordance with IAS 8, paragraph 35.

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 carrying amount of the relevant asset, the relevant liability or the relevant component of the equity. Any change in the accounting 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 carrying amount 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.

3 / APPLICATION OF IFRS BY AXA BANK EUROPE

General AXA Bank's consolidated financial statements were drawn up in compliance with IFRS – including the International Accounting Standards (IAS) and Interpretations - at 31 December 2012 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 2012 given their negligible significance (see more about this under item 2.1 with respect to consolidation principles):

- Motor Finance Company nv;
- Beran nv.

Further information with respect to these companies was included under item 22 Investments in associated associates, subsidiaries and joint ventures.

3.1 / Application dates

Below an overview is provided of the impact of the changes with regard to the IFRS standards.

Amendments to standards and interpretations published and approved as on 1 January 2012

The coming into force on 1 January 2012 of the following amendments in standards and interpretations has not drastically influenced the consolidated financial statements of the Group:

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DESCRIPTION OF CLASSIFICATIONS IN IFRS

Assets and liabilities 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 income statement.

Financial assets and liabilities at fair value (fair value option):

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 income statement.

Financial assets held to maturity:

All non-derived financial assets with a fixed maturity date and fixed or definable payments where 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.

Financial 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 where 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.

Non-current assets kept for sale:

Current assets of which the sale is very likely. They are valued for the lowest value of the book value or the fair value minus the sales costs, respectively.

The amended IFRS 7 - Disclosure - Financial Asset Transfers, published on 7 October 2010, anticipates in additional information requirements from financial transactions with transfer of financial assets. The amendment contemplates providing additional information regarding the risks linked to the transfers of financial assets where the entity making the transfer still uses a specific risk assessment in the assets.

The amendment to IAS 12 – Income Taxes, published on 20 December 2010, concerns the valuing of deferred tax liabilities and accounts receivable and depends on the fact whether an entity expects to realise the book value of an asset by using or selling the asset. In some cases, it is difficult and subjective to assess whether the book value shall be realised by using or selling the asset. The amendment anticipates on a practical approach for such cases by introducing a rebuttable presumption that the book value of an asset has been fully realised through the sale unless the entity proves expressly that the realisation shall be achieved using a different method. The presumption applies when investment property, tangible fixed assets or intangible assets are recalculated or revalued for a fair value.

Published but not yet applicable standards, amendments and interpretations

IFRS 9 - Financial instruments, published on 12 November 2009, amended on 28 October 2010 and on 16 December 2011, and applicable to the Group as of 1 January 2015 but earlier adoption is permitted, represents the completion of the first part of a three-part project to replace IAS 39. IFRS 9 applies one single approach to determine whether a financial asset is valued based on the amortised cost or fair value. a financial asset shall be

valued for the amortised cost when a) the asset is kept within a business model that focuses on retaining assets to realise contractual cash flows and b) the contractual provisions of the financial asset provide cash flows on specific dates that only concern the payment of the principal sum and the interest on the remaining amount thereof. An entity can select, during the first inclusion, the option to value a financial asset for the fair value in the profit and loss account when this would remove or significantly reduces an accounting mismatch. For equity instruments that are not kept for trading, an entity can also irrevocably select to include later changes of the fair value of the instruments (including profits and losses) in other comprehensive income where dividends are included in the profit and loss account. For financial liabilities that are valued for the fair value in the profit and loss account, moreover, the amount of the change of the fair value of the financial liability that can be ascribed to changes in the credit risk of the liability is included in other comprehensive income unless the inclusion in the other comprehensive income of the changes of the credit risk would lead to an accounting mismatch or the increase thereof in the profit and loss account. The Group is currently studying the date of introduction, enforcement and impact of IFRS 9 and its different phases (the second and third phases concern the method used for the impairment amount and hedge accounting, respectively).

A package of five new and reviewed standards was published regarding the consolidated financial statements, participation in joint agreements and disclosure about interests in other entities on 12 May 2012. Each of the five standards applies to annual periods that start on or after 1 January 2013. Earlier adoption is permitted insofar as each of the standards of the package is also applied earlier. The European Union ratified these five standards

in December 2012 and decided to defer the implementation date of 2013 made mandatory by the IASB until 2014 where earlier application is permitted. Consequently, the Group has selected 1 January 2014 as the implementation date. Currently, an analysis is being carried out into the potential consequences of this package of five new and reviewed standards on the consolidated financial statements of the Group.

- IFRS 10 – Consolidated Financial Statements, replaces the guidelines of IAS 27 - Consolidated and Separate Financial Statements, and the SIC 12 – Special Purpose Entities, where a single consolidation model is being introduced for all entities regarding which an entity has control regardless of the nature of the participation (investee). Under IFRS 10, control is involved when the investee 1) has authority over the participation, 2) is exposed to or has rights regarding changing revenue by virtue of its involvement in the participation and 3) has the option to use its authority over the participation to influence the size of the revenue.
- IFRS 11 - Joint Arrangements, introduces new processing requirements for joint arrangements and replaces IAS 31 - Interests in Joint Ventures. IFRS 11 removes the option of applying the proportional consolidation method when processing for entities regarding which joint control is exercised and focuses on the rights and liabilities of the arrangement rather than the legal form. It is not being expected that using the equity method instead of the proportional consolidation shall drastically influence consolidated financial statements of the Group.
- IFRS 12 – Disclosure of Interests in Other Entities, makes provisions for additional information requirements for all forms of interests in other entities including joint arrangements, associated participations, entities set up for a specific objective and other instruments outside the balance sheet.
- Amended IAS 27 - Separate Financial Statements, outlines the unchanged requirements that apply to separate financial statements. The other sections of IAS 27 have been replaced by IFRS 10.
- Amended IAS 28 - Investments in Associates, contains changes for complying with changes due to the application of IFRS 10, IFRS 11 and IFRS 12,

IFRS 13 – Fair Value Measurement, published on 12 May 2011, defines fair value, provides a guideline to determine fair value and demands the provision of information about the fair value measurements. IFRS 13 does not amend the requirements with regard to which items must be measured or specified for fair values. IFRS 13 applies to annual period that start on or after 1 January 2013. Earlier application is permitted. It is not being expected that applying IFRS 13 shall drastically influence the consolidated financial statements of the Group.

The amended IAS 1 - Presentation of Financial Statements, published on 16 June 2011, outlines that entities group items under items of other comprehensive income that can be reclassified subsequently to profit or loss, and those that shall never be reclassified to profit or loss. The amendment also reaffirms existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendment applies to annual periods that start on or after 1 July 2012. Earlier application is permitted. It is not being expected that this amendment shall radically influence the consolidated financial statements of the Group.

The amended IAS 19 - Employee Benefits, published on 16 June 2011, applies as of 1 January 2013. The amendment abolishes the corridor method that defers the processing of profits and losses. This method, however, was not applied by the bank. The

amendment also replaces the interest cost and the expected returns of fund investments by a net interest that is calculated by applying the discount rate on the net liability (asset) by virtue of pension commitments of the 'fixed performance' type. If adopted in 2012, this amendment would have led to an estimated impact of 0.3 million EUR on the operating result of AXA Bank Europe, an impact that would have been fully compensated by a positive correction in the equity directly as recognised in other comprehensive income. The amendment still requires that the taxes due and payable with regard to the contributions related to the services provided during or before the balance sheet date are recognised in the actuarial assumptions that are used to measure the actuarial debt (defined benefit obligation). This requirement leads to a reduction of the equity of AXA Belgium that is being estimated at 4.6 million excluding taxes on 1 January 2013. The bank is not expecting any other tangible impact on its consolidated financial statements.

The amended IFRS 32 - Financial Instruments: Presentation, and the amended IFRS 7 - Financial Instruments: Disclosures, published on 16 December 2011, explain the offsetting criteria and their adoption and amend the requirements linked to them with regard to disclosure. The amended IAS 32 outlines that a financial asset or liability shall be eligible for offsetting when effective rights to offsetting exist rather than rights to offset that are dependent on a future event and must be enforceable or exercisable by each of the other parties both during the normal course of events and in cases of non-payment, insolvency or bankruptcy. Additional explanation is provided regarding the settlement process. The amendments to IFRS 7 make provisions related to disclosure about the rights to offsetting and related arrangements. The amendments to IAS 32 apply to annual periods that start on or after 1 January 2014 and the amendments to IFRS 7 regarding disclosure apply to annual periods that start on or after 1 January 2013. It is not being expected that these amendments shall drastically influence the consolidated financial statements of the Group.

The "Annual Improvements to IFRS 2009 - 2011 Cycle", published on 17 May 2012 contains amendments to IFRSs that are not part of an important project. They have been presented as a single document and not as a number of partial amendments. They apply to annual periods that start on or after 1 January 2013. It is not being expected that these amendments shall drastically influence the consolidated financial statements of the Group.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27), published on 31 October 2012, makes provisions for entities that fall under the definition of an investment entity in the exemption of the consolidation requirements for subsidiaries under IFRS 10 - Consolidated Financial Statements. The amendment defines an investment entity as an entity that (i) attracts funds from one or more investors with the goal of offering this investor (these investors) investment services, (ii) commits with regard to its investor(s) that its intention consists in investing funds with a view to ensure capital growth and revenue from investments or both and (iii) values the performance of all its investments and assesses this based on fair value. Under the amendments, investment entities value their investments in subsidiaries based on fair value through the profit and loss account. At a higher level, however, the parent company of an investment entity must draw up consolidated financial statements for all entities that it controls including entities that it controls through an investment entity unless the parent company itself is an investment entity. The amendments apply to annual periods that start on or after 1 January 2014. Earlier application is permitted. It is not being expected that these amendments shall drastically change the consolidated financial statements of the Group.

4 / RISK MANAGEMENT

4.1 / Strategy

The monitoring of the liquidity position is given the highest priority with regard to the overall management of the bank. The ALCO (Assets and Liabilities Comité that meets on a monthly basis) shall, therefore, take into account the liquidity aspects of the bond portfolio when managing the interest rate risk through the investment portfolio. The capital market is also used for the structural liquidity requirements of AXA Bank Europe since 2010 through the issue of Covered Bonds through AXA Bank Europe SCF.

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 branches with the related expansion to other currencies for commercial goals was recognised in the reports of the ALCO.

The financial derivatives are used for both the hedging of specific balance sheet risks, such as the mortgage loan portfolio, and for specific structured liability products sold to the clients. Instruments such as swaps, swaptions, caps and structured swaps are regularly used here. These hedging strategies are the object of ALCO decisions.

Derivatives are also used, which fit into what is referred to as dynamic treasury management. These portfolios are managed and monitored in the dealing room. Their general limit 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 different risks at AXA Bank Europe is described in the general risk management charter and in the different risk charters.

This describes the role and the responsibility of the various departments and bodies as well as 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.

Information regarding AXA Bank Europe risk management can be found in chapter 4 of the Report of the Board of Directors (p.132).

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.

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. This means that there is an investment portfolio.

More information regarding AXA Bank Europe credit risk management can be found in chapter 4 of the Report of the Board of Directors (p.132).

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 contemplates arriving at more risk-sensitive capital requirements. Banks may use, within this context and under strict rules, internal risk assessment systems for the calculation of the minimum capital to be maintained. 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 shall follow the Standardised Approach (SA), as shall the market risk. Operating risk follows the Basic Indicator Approach (BIA).

The credit risk is being calculated in accordance with SA for the branches.

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.

Specifically, the following points are analysed (this is not an exhaustive list): accounting and operational procession, ALM management, profitability, legal and tax elements and compliance.

This process results in a recommendation from Risk Management.

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 83% in terms of outstanding balance, is by far the most important. Given the good cover and low probability of default of this financing, the risk profile of the total credit portfolio is very low.

For example, at the end of 2012, the dispute rate was 0.90% (0.85% at the end of 2011), the provision was 0.45% (0.40% at the end of 2011) and the net loss -20.1 million EUR (-14.8 million EUR in 2011).

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 part of the credit risk policy is formed by the "Collection Bank" department.

This department implements measures to minimise the bank's risk depending on the nature and severity of the problem. In addition the department determines the depreciations to be created per quarter.

Credit risk for Hungary

The Hungarian economy has been experiencing a crisis the last few years. The result of this is increased unemployment, dropping property prices and the devaluation of the Hungarian currency, the HUF. These elements and the general use of foreign currency mortgages, mainly in CHF, have led to an increase in non-payments. This, in turn, has put property prices under more pressure and they have dropped even further.

The Hungarian government has taken different measures during the past few years with the goal of protecting mortgagees.

In 2011, the government implemented a measure (GRS 1) that offered households the option to repay their foreign currency mortgage for a favourable exchange rate. This measure led to an important volume of early repayments.

In 2012, an additional measure (GRS 2) was taken that offered households the option of implementing a cap on the foreign exchange rate under specific terms and conditions for their mortgages in CHF, EUR or JPY for a period of 5 jaar.

The terms and conditions include: not being in arrears by more than 90 days, not already using another repayment programme, the originally borrowed amount was not greater than 20 million HUF when borrowing started, the execution sale of the security has not yet started and, if the building has been given as security for another loan at another bank, the arrears there may not be more than 90 days either.

The cap consists in that the repayments of capital and interests can take place during 5 years based on an exchange rate imposed by the government. For the capital, the difference between the effective and imposed exchange rates after 5 years must be paid back at a later date by the client in bands.

The government shall intervene above a specific exchange rate to reimburse banks for the repayment of the capital and interests. The government is imposing a "contribution for financial institutions" on the banks for this last concession to the banks.

AXA Bank Europe estimates that this contribution for which provisions have not yet been made on representing an annual cost of 5 or 6 million EUR.

The total (gross) credit portfolio of the Hungarian branch amounts to 364 billion HUF (1.2 billion EUR) as on 31 December 2012 where 857 million EUR or 69% of this has been issued in a foreign currency. The composition of this amount in loans issued in foreign currencies amounts to: 846 million EUR in loans in CHF and 11 million EUR in loans issued in EUR.

In Hungary, at the end of 2011 the dispute rate amounted to 15.39% (9.71% in 2011), the provision was 15.52% (8.91% in 2011) and the net loss -37.7 million EUR (157 million EUR in 2011).

Economic capital

One of the most important parameters for risk management is economic capital. This is the capital that is required to absorb the economic risks of all activities within a timeframe of a 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. AXA Bank Europe is constantly working on improving and refining its own economic capital methodology.

The economic capital of credit retail in Belgium amounts to 16.15% of the total economic capital of the bank for correlation and that of Hungary is 28.00%

4.3.2 / Credit risk of the investment portfolio

The investment portfolio is linked to a strict Limit Framework in relation to credit quality and to a strict "Approval Process" for every investment (with the exception of government securities).

4.3.3 / Counterparty risk of dealing room activity

The banks that are the counterparty for the dealing room 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.

LIMIT FRAMEWORK

Government securities and partial public issues:
Only in OECD countries with a minimum rating of BBB+.

Financial institutions:
Minimum AXA rating of A and maximum amount and maturity linked to the rating.

Credit Spread Portfolio:
Government Securities, Covered Bond and Corporate of a high quality.

APPROVAL PROCESS

Each investment in the Credit Spread Portfolio must be submitted and approved by the Credit Committee and this purchase must be checked by Risk Management in relation to the AXA limit framework before investing in treasury bills.

Classification based on risk position category

in mio EUR	Credit assessment	31.12.2012	Risk position 31.12.2012	31.12.2011	Risk position 31.12.2011
Central authorities	>=<AA->		5 522.7		2 625.8
	<A>		79.8		50.5
	< A-		129.0		20.9
	Total	81.17%	5 731.5	69.30%	2 697.2
Local authorities	>=<AA->		-		-
	<A>		-		-
	Total	0.00%		0.00%	
Public Entities	AA	3.70%	261.0	0.00%	
Financial institutions	>=<AA->		150.3		110.9
	<A>		58.7		95.4
	<BBB>		31.9		11.0
	CC (Iceland)				9.3
	Total	3.41%	240.9	5.82%	226.6
Companies	>=<AA->		22.7		45.5
	<A>		88.5		96.0
	<BBB>		28.3		1.6
	Total	1.98%	139.5	3.68%	143.1
Structured products	AAA		154.5		391.4
	AA		202.6		247.5
	A		208.3		116.2
	<A-		122.3		69.9
	None		0.1		0.3
	Total	9.74%	687.8	21.20%	825.2
TOTAL		100.00%	7 060.7	100.00%	3 892.2

4.4 / Concentration risk

Geographically, the dealing room's credit risk is mostly limited to countries that are members of the OECD and EC countries.

The activity of the dealing room is by its very nature targeted at the financial sector. Business relations with Corporate clients are very limited.

Country risk in mio EUR	31.12.2012	Risk position 31.12.2012	31.12.2011	Risk position 31.12.2011
EU	93.85%	7 121.0	89.31%	9 523.0
New EU	1.27%	96.0	4.66%	95.3
OECD no-EC	4.89%	371.0	5.77%	243.4
Others (KY)	0.00%	0.0	0.25%	15.1
TOTAL	100.00%	7 588.0	100.00%	9 876.8

The difference between the tables with regard to the portfolio and the tables with regard to the country risk concern the products linked to "treasury and brokerage". The following are included in the T&B products: repo and tripartite repo activities (with a risk weight of 2% and 10%, respectively), Derivatives such as IRS, Swaptions, Cap and Floors, FX & Forwards FX, T-bills (448 million Belgian T-bills, 150 million AXA Banque France Certificate of Deposit, and 0.5 million Hungarian T-bills). The minimum rating for treasury and derivative bank other parties is A-

Overview of the balance sheet per geographical area:

Situation as of 31 December 2012

Consolidated Balance Sheet - Assets

31.12.2012 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and balances with central banks	1 216 942	1 184 033	298	32 611
Financial assets held for trading	4 923 042	17 241	2 554 769	2 351 032
Financial assets designated at fair value through profit or loss	23 025		18 157	4 868
Available-for-sale financial assets	7 746 051	5 207 179	2 298 411	240 461
Loans and receivables (including finance leases)	24 481 585	19 251 940	1 960 847	3 268 798
Held-to-maturity investments				
Derivatives - hedge accounting	188 269	404	171 832	16 033
Fair value changes of the hedged items in portfolio hedge of interest rate risk	424 519	424 519		
Tangible assets	47 194	46 302	15	877
— Property, Plant and Equipment	47 194	46 302	15	877
— Investment property				
Intangible assets	13 760	6 124	78	7 558
— Goodwill				
— Other intangible assets	13 760	6 124	78	7 558
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)				
Tax assets	48 813	48 813		
— Current tax assets	5	5		
— Deferred tax assets	48 808	48 808		
Other assets	103 748	102 242	166	1 340
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	39 216 948	26 288 797	7 004 573	5 923 578

Consolidated Balance Sheet - Liabilities

31.12.2012 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	4 821 981	44 014	3 166 314	1 611 653
Financial liabilities designated at fair value through profit or loss	1 062 342		1 062 342	
Financial liabilities measured at amortised cost	22 447 452	15 330 367	4 299 869	2 817 216
— Deposits from Credit institutions	1 186 292	255 595	218 290	712 407
— Deposits from Other than credit institutions	16 945 047	14 404 183	1 243 901	1 296 963
— Debt certificates including bonds	2 965 480	192 399	2 773 006	75
— Subordinated liabilities	354 345	353 178	895	272
— Other financial liabilities	996 288	125 012	63 777	807 499
Financial liabilities associated with transferred assets	8 792 961		860 545	7 932 416
Derivatives - hedge accounting	796 176	57 397	251 944	486 835
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	156 558		156 558	
Provisions	224 938	223 039		1 899
Tax liabilities	37 186	27 794	8 487	905
— Current tax liabilities	29 187	27 794	1 387	6
— Deferred tax liabilities	7 999		7 100	899
Other liabilities	54 992	46 871	1 373	6 748
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	38 394 586	15 729 482	9 807 432	12 857 672

Consolidated Balance Sheet - Equity

31.12.2012 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Share capital	546 318	546 318		
— Paid in capital	546 318	546 318		
— Called up share capital				
Share premium				
Other Equity				
— Equity component of combined financial instruments				
— Other				
Revaluation reserves and other valuation differences	-27 105	-27 105		
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	2 313	2 313		
— Cash flow hedges (effective portion)	-27 158	-27 158		
— Available for sale financial assets	26 771	26 771		
— Non-current assets and disposal groups held for sale				
— Other items	-29 031	-29 031		
Reserves (including retained earnings)	326 526	326 526		
<Treasury shares>				
Income from current year	-23 377	-23 377		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	822 362	822 362		
TOTAL LIABILITIES AND EQUITY	39 216 948	16 551 844	9 807 432	12 857 672

Situation as of 31 December 2011**Consolidated Balance Sheet - Assets**

31.12.2011 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Cash and balances with central banks	636 423	512 224	76 688	47 511
Financial assets held for trading	6 065 191	62 249	3 210 806	2 792 136
Financial assets designated at fair value through profit or loss	43 183		35 022	8 161
Available-for-sale financial assets	7 337 581	5 004 323	2 157 766	175 492
Loans and receivables (including finance leases)	26 810 930	21 311 628	2 691 006	2 808 296
Held-to-maturity investments				
Derivatives - hedge accounting	114 666	1 513	103 595	9 558
Fair value changes of the hedged items in portfolio hedge of interest rate risk	312 410	312 410		
Tangible assets	47 389	46 813	73	503
— Property, Plant and Equipment	47 389	46 813	73	503
— Investment property				
Intangible assets	18 505	8 006	3 574	6 925
— Goodwill				
— Other intangible assets	18 505	8 006	3 574	6 925
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)				
Tax assets	146 392	146 392		
— Current tax assets	218	218		
— Deferred tax assets	146 174	146 174		
Other assets	115 643	107 871	758	7 014
Non-current assets and disposal groups classified as held for sale	189 061			189 061
TOTAL ASSETS	41 837 374	27 513 429	8 279 288	6 044 657

Consolidated Balance Sheet - Liabilities

31.12.2011 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	6 048 855	38 657	3 804 725	2 205 473
Financial liabilities designated at fair value through profit or loss	378 148		378 148	
Financial liabilities measured at amortised cost	23 012 689	16 727 322	4 289 417	1 995 950
— Deposits from Credit institutions	964 100	802 219	71 614	90 267
— Deposits from Other than credit institutions	16 875 207	14 103 771	1 872 066	899 370
— Debt certificates including bonds	2 064 467	806 615	1 257 649	203
— Subordinated liabilities	372 270	371 567	521	182
— Other financial liabilities	2 736 645	643 150	1 087 567	1 005 928
Financial liabilities associated with transferred assets	10 622 823	10 622 823		
Derivatives - hedge accounting	577 228	48 433	192 898	335 897
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	57 739		57 739	
Provisions	203 426	197 319	138	5 969
Tax liabilities	30 282	27 655	1 732	895
— Current tax liabilities	27 715	27 655		60
— Deferred tax liabilities	2 567		1 732	835
Other liabilities	65 648	50 960	9 278	5 410
Liabilities included in disposal groups classified as held for sale	189 061			189 061
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	41 185 899	27 713 169	8 734 075	4 738 655

Consolidated Balance Sheet - Equity

31.12.2011 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Share capital	546 318	546 318		
— Paid in capital	546 318	546 318		
— Called up share capital				
Share premium				
Other Equity				
— Equity component of combined financial instruments				
— Other				
Revaluation reserves and other valuation differences	-222 334	-222 334		
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	16 907	16 907		
— Cash flow hedges (effective portion)	-29 105	-29 105		
— Available for sale financial assets	-202 095	-202 095		
— Non-current assets and disposal groups held for sale				
— Other items	-8 041	-8 041		
Reserves (including retained earnings)	475 249	464 762	354	10 133
<Treasury shares>				
Income from current year	-147 758	-147 758		
<Interim dividends>				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	651 475	640 988	354	10 133
TOTAL LIABILITIES AND EQUITY	41 837 374	28 354 157	8 734 429	4 748 788

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

Large exposures against counterparties 2012

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
AXA Group	FR	4 921 816	313 781	5 009 669	225 928	0	225 928
LCH Clearnet	GB	449 266	0	0	449 266	0	449 266
Societe Generale	FR	210 759	45 337	23 500	232 596	0	232 596
ING Bank	GB	198 146	0	0	198 146	0	198 146
BNP Paribas	FR	27 971	118 346	0	146 317	0	146 317
HSBC Bank	GB	56 743	15 705	14 000	58 448	0	58 448
KBC Bank	BE	56 261	0	0	56 261	0	56 261

The positions are shown as net values in the above table while taking into account the obtained derogation of the NBB. This table was drawn up within the framework of equity reporting and exposures were hedged by collateral.

Included is an overview of the accountancy PIIGS exposure as on 31 December 2012 with a description of the investment types:

AXA Bank Europe

31.12.2012 – in mio EUR

Country	Type of instrument	Market value
Italy	Corporate Bond	13 574 875.00
	Financial Bond	12 957 400.00
	Sovereign	101 310 150.00
	Structured product	71 387 813.41
Italy Total		199 230 238.41
Portugal	Corporate Bond	4 019 972.00
	Financial Bond	6 292 505.00
	Sovereign	14 552 100.00
	Structured product	45 172 501.30
Portugal Totaal		70 037 078.30
Spain	Corporate Bond	17 565 935.00
	Financial Bond	13 165 240.00
	Structured product	190 526 621.50
Spain Total		221 257 796.50
TOTAL		490 525 113.21

4.5 / Market Risk

The dealing room 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 new HUB activity of the dealing room is subjected to its own specific "Value-at-Risk"

but this is included in the global limit framework that was approved by the management committee. The economic capital of the market risk represents 1.78% of the bank's total economic capital before correlation.

Situation as of 31 December 2012

Consolidated Balance Sheet - Assets

31.12.2012 - 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 balances with central banks	1 216 942	-30	3		
Financial assets held for trading	4 923 042	-3 973 706	5 141 131		
Financial assets designated at fair value through profit or loss	23 025				
Available-for-sale financial assets	7 746 051	-260 521	237 950		
Loans and receivables (including finance leases)	24 481 585	-786 759	717 616		
Held-to-maturity investments					
Derivatives - hedge accounting	188 269				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	424 519				
Tangible assets	47 194				
— Property, Plant and Equipment	47 194				
— Investment property					
Intangible assets	13 760				
— Goodwill					
— Other intangible assets	13 760				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)					
Tax assets	48 813				
— Current tax assets	5				
— Deferred tax assets	48 808				
Other assets	103 748				
Non-current assets and disposal groups classified as held for sale					
TOTAL ASSETS	39 216 948	-5 021 016	6 096 700		

Consolidated Balance Sheet - Liabilities

31.12.2012 – 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	4 821 981	-3 864 430	5 032 348		
Financial liabilities designated at fair value through profit or loss	1 062 342	-4 514	1 920		
Financial liabilities measured at amortised cost	22 447 452				
— Deposits from Credit institutions	1 186 292	-133	35		
— Deposits from Other than credit institutions	16 945 047	-321 913	235 686		
— Debt certificates including bonds	2 965 480	-155 260	137 279		
— Subordinated liabilities	354 345	-9 568	6 703		
— Other financial liabilities	996 288				
Financial liabilities associated with transferred assets	8 792 961	-14 453	4 541		
Derivatives - hedge accounting	796 176	-300 135	309 112		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	156 558				
Provisions	224 938				
Tax liabilities	37 186				
— Current tax liabilities	29 187				
— Deferred tax liabilities	7 999				
Other liabilities	54 992				
Liabilities included in disposal groups classified as held for sale					
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	38 394 586	-4 670 406	5 727 624		

Situation as of 31 December 2011**Consolidated Balance Sheet - Assets**

31.12.2011 – 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 balances with central banks	636 423				
Financial assets held for trading	6 065 191	-4 518 228	5 721 437		
Financial assets designated at fair value through profit or loss	43 183				
Available-for-sale financial assets	7 337 581	-130 863	143 706	207	-207
Loans and receivables (including finance leases)	26 810 930	-763 356	733 860		
Held-to-maturity investments					
Derivatives - hedge accounting	114 666				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	312 410	-55 145	39 419		
Tangible assets	47 389				
— Property, Plant and Equipment	47 389				
— Investment property					
Intangible assets	18 505				
— Goodwill					
— Other intangible assets	18 505				
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)					
Tax assets	146 392				
— Current tax assets	218				
— Deferred tax assets	146 174				
Other assets	115 643				
Non-current assets and disposal groups classified as held for sale	189 061				
TOTAL ASSETS	41 837 374	-5 467 592	6 638 422	207	-207

Consolidated Balance Sheet - Liabilities

31.12.2011 - 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	6 048 855	-4 435 074	5 631 795		
Financial liabilities designated at fair value through profit or loss	378 148	-2 178	2 260		
Financial liabilities measured at amortised cost	23 012 689	-289 242	299 763		
— Deposits from Credit institutions	964 100	-10 274	10 450		
— Deposits from Other than credit institutions	16 875 207	-179 839	182 920		
— Debt certificates including bonds	2 064 467	-86 374	93 355		
— Subordinated liabilities	372 270	-12 755	13 038		
— Other financial liabilities	2 736 645				
Financial liabilities associated with transferred assets	10 622 823	-12 374	12 417		
Derivatives - hedge accounting	577 228	-281 166	313 034		
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	57 739				
Provisions	203 426				
Tax liabilities	30 282				
— Current tax liabilities	27 715				
— Deferred tax liabilities	2 567				
Other liabilities	65 648	-8 029	8 167		
Liabilities included in disposal groups classified as held for sale	189 061	-2 859	1 096		
Share capital repayable on demand (e.g. cooperative shares)					
TOTAL LIABILITIES	41 185 899	-5 030 922	6 268 532		

4.6 / Currency risk

Situation as of 31 December 2012

Consolidated Balance Sheet - Assets

31.12.2012 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Cash and balances with central banks	1 216 942	1 183 866	196	146	66	19 399	13 223		45
Financial assets held for trading	4 923 042	4 404 301	65 422	13 921	86 488				352 910
Financial assets designated at fair value through profit or loss	23 025	20 902	2 124						
Available-for-sale financial assets	7 746 051	7 624 248	58 264	61 158		513			1 868
Loans and receivables (including finance leases)	24 481 585	22 588 841	439 757	3 008	1 003 507	323 879	99 234	94	23 265
Held-to-maturity investments									
Derivatives - hedge accounting	188 269	188 269							
Fair value changes of the hedged items in portfolio hedge of interest rate risk	424 519	424 519							
Tangible assets	47 194	46 337				727	131		
— Property, Plant and Equipment	47 194	46 337				727	131		
— Investment property									
Intangible assets	13 760	6 203				2 965	4 553	40	
— Goodwill									
— Other intangible assets	13 760	6 203				2 965	4 553	40	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method-including goodwill)									
Tax assets	48 813	48 807						7	
— Current tax assets	5	5							
— Deferred tax assets	48 808	48 802						7	
Other assets	103 747	98 138		2	292	1 015	51		4 249
Non-current assets and disposal groups classified as held for sale									
TOTAL ASSETS	39 216 948	36 634 429	565 764	78 235	1 090 353	348 498	117 192	141	382 337

Consolidated Balance Sheet - Liabilities

31.12.2012 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Deposits from central banks									
Financial liabilities held for trading	4 821 981	4 322 679	64 873	14 283	86 283				333 862
Financial liabilities designated at fair value through profit or loss	1 062 342	748 431							313 910
Financial liabilities measured at amortised cost	22 447 452	20 025 153	302 204	192 995	409 276	625 616	839 006	0	53 202
— Deposits from Credit institutions	1 186 292	1 140 968	18 949	26 958	7	0	-593		3
— Deposits from Other than credit institutions	16 945 047	15 369 950	124 805	165 998	2 023	477 744	758 660		45 867
— Debt certificates including bonds	2 965 480	2 965 480							
— Subordinated liabilities	354 345	354 345							
— Other financial liabilities	996 288	194 409	158 450	40	407 245	147 872	80 940	0	7 332
Financial liabilities associated with transferred assets	8 792 961	8 792 961							
Derivatives - hedge accounting	796 176	796 176							
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	156 558	156 558							
Provisions	224 938	223 039				1 900			
Tax liabilities	37 186	36 281				900		6	
— Current tax liabilities	29 187	29 181						6	
— Deferred tax liabilities	7 999	7 100				900			
Other liabilities									
Liabilities included in disposal groups classified as held for sale	54 992	47 730		33	680	5 009	1 237	304	
Share capital repayable on demand (e.g. cooperative shares)									
TOTAL LIABILITIES	38 394 586	35 149 007	367 077	207 311	496 239	633 424	840 243	309	700 974

Consolidated Balance Sheet - Equity

31.12.2012 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Share capital	546 318	546 318							
— Paid in capital	546 318	546 318							
— Called up share capital									
Share premium									
Other Equity									
— Equity component of combined financial instruments									
— Other									
Revaluation reserves and other valuation differences	-27 105	-20 283	-855	-6 283	514	-112	1	-37	-49
— Tangible assets									
— Intangible assets									
— Hedge of net investments in foreign operations (effective portion)									
— Foreign currency translation	2 313	1 952			514	-117	1	-37	
— Cash flow hedges (effective portion)	-27 157	-27 157							
— Available for sale financial assets	26 771	33 954	-855	-6 283		5			-49
— Non-current assets and disposal groups held for sale									
— Other items	-29 031	-29 031							
Reserves (including retained earnings)	326 526	338 623	-6 162	-30	-1 470	-4 441			7
<Treasury shares>									
Income from current year	-23 377	23 348			-1 233	-39 089	-6 479	77	
<Interim dividends>									
Minority interest									
— Revaluation reserves and other valuation differences									
— Other items									
TOTAL EQUITY	822 362	888 007	-7 017	-6 313	-2 190	-43 643	-6 479	40	43
TOTAL LIABILITIES AND EQUITY	39 216 948	36 037 014	360 060	200 998	494 049	589 781	833 765	349	700 931

Situation as of 31 December 2011

Consolidated Balance Sheet - Assets

31.12.2011 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Cash and balances with central banks	636 423	588 911	254	139	10 525	26 962	9 580		52
Financial assets held for trading	6 065 191	5 519 914	50 954	16 862	84 611				392 850
Financial assets designated at fair value through profit or loss	43 183	38 302	4 881						
Available-for-sale financial assets	7 337 581	7 193 815	69 728	77 674	-7 025	650			2 739
Loans and receivables (including finance leases)	26 810 930	24 643 195	532 655	13 331	1 211 985	248 991	148 942	44	11 787
Held-to-maturity investments									
Derivatives - hedge accounting	114 666	114 666							
Fair value changes of the hedged items in portfolio hedge of interest rate risk	312 410	312 410							
Tangible assets	47 389	46 905				337	147		
— Property, Plant and Equipment	47 389	46 905				337	147		
— Investment property									
Intangible assets	18 505	17 644				1 958	-1 143	46	
— Goodwill									
— Other intangible assets	18 505	17 644				1 958	-1 143	46	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method-including goodwill)									
Tax assets	146 392	146 392							
— Current tax assets	218	218							
— Deferred tax assets	146 174	146 174							
Other assets	115 643	108 830			416	6 283	114		
Non-current assets and disposal groups classified as held for sale	189 061				189 061				
TOTAL ASSETS	41 837 374	38 730 984	658 472	108 006	1 489 573	285 181	157 640	90	407 428

Consolidated Balance Sheet - Liabilities

31.12.2011 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Deposits from central banks									
Financial liabilities held for trading	6 048 855	5 519 843	51 212	7 679	84 563				385 558
Financial liabilities designated at fair value through profit or loss	378 148	378 148							
Financial liabilities measured at amortised cost	23 012 689	20 177 526	819 964	334 262	395 210	558 735	667 114		59 878
— Deposits from Credit institutions	964 100	349 545	615 322		7		-777		3
— Deposits from Other than credit institutions	16 875 207	15 606 956	121 985	202 517	1 297	371 939	512 320		58 193
— Debt certificates including bonds	2 064 467	2 064 467							
— Subordinated liabilities	372 270	372 270							
— Other financial liabilities	2 736 645	1 784 288	82 657	131 745	393 906	186 796	155 571		1 682
Financial liabilities associated with transferred assets	10 622 823	10 622 823							
Derivatives - hedge accounting	577 228	577 228							
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	57 739	57 739							
Provisions	203 426	197 457			3 373	2 596			
Tax liabilities	30 282	29 387				835		60	
— Current tax liabilities	27 715	27 655						60	
— Deferred tax liabilities	2 567	1 732				835			
Other liabilities	65 648	60 250	-522	49	3 971	281	1 083	532	4
Liabilities included in disposal groups classified as held for sale	189 061				189 061				
Share capital repayable on demand (e.g. cooperative shares)									
TOTAL LIABILITIES	41 185 899	37 620 401	870 654	341 990	676 178	562 447	668 197	592	445 440

Consolidated Balance Sheet - Equity

31.12.2011 – in '000 EUR

	Total carrying amount	EURO	USD	GBP	CHF	HUF	CZK	PLN	Other
Share capital	546 318	546 318							
— Paid in capital	546 318	546 318							
— Called up share capital									
Share premium									
Other Equity									
— Equity component of combined financial instruments									
— Other									
Revaluation reserves and other valuation differences	-222 334	-216 253	-3 593	-18 098	7 995	7 249	361	74	-69
— Tangible assets									
— Intangible assets									
— Hedge of net investments in foreign operations (effective portion)									
— Foreign currency translation	16 907	1 229			7 995	7 248	361	74	
— Cash flow hedges (effective portion)	-29 105	-29 105							
— Available for sale financial assets	-202 095	-180 336	-3 593	-18 098		1			-69
— Non-current assets and disposal groups held for sale									
— Other items	-8 041	-8 041							
Reserves (including retained earnings)	475 249	473 884	-6 162	-30	-2 521	10 071			7
<Treasury shares>									
Income from current year	-147 758	24 163			-24 003	-139 876	-8 127	85	
<Interim dividends>									
Minority interest									
— Revaluation reserves and other valuation differences									
— Other items									
TOTAL EQUITY	651 475	828 112	-9 755	-18 128	-18 529	-122 556	-7 766	159	62
TOTAL LIABILITIES AND EQUITY	41 837 374	38 448 513	860 899	323 862	657 649	439 891	660 431	751	445 378

4.7 / Cash flow and Fair Value Interest Rate risk

Description

Cash flow interest rate risks and fair value interest rate 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 for AXA Bank Europe:

- By splitting mortgage loans into 44% in fixed formulas and 56% in variable formulas for approximately 13.8 billion EUR;
- Other credit types are of the personal loan and investment credit types;

- The bond portfolio with a fixed interest for 4.04 billion EUR covers the full yield curve and can be split in the following buckets:
 - 2% less than 3 years;
 - 93% from 3 to 7 years;
 - 5% more than 7 years.
- The credit spread portfolio for 2.44 billion EUR is of the variable interest type and is, therefore, also short funded.

We have taken down the following significant balance sheet entries on the liability side:

- The savings accounts for 11.4 billion EUR that have a modelling duration approach of approximately 2 year;
- The bank bond/time deposit account portfolio with fixed interest rate with retail clients had a volume of approximately 3.1 billion EUR in December 2012;
- Treasury funding (including institutional clients) totalled 9.6 billion EUR at the end of December 2012;
- The derived instruments such as swaps, futures and swaptions mainly serve as a reduction for the interest rate risk profile described 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 the expected future product figures in the analysis. A check shall be performed on how the interest risk position shall be influenced due to this 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 2% on the bank's economic value. The calculations below have been performed in accordance with the model towards the NBB.

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.

Solvency indicator

In mio EUR	31.12.2012	31.12.2011
Absolute	194.0	439.0
Relative	21.74%	34.35%

Solvency Indicator by branch (all currency)

31.12.2012 – in mio EUR	NBB Solvency indicator
Commercial	-353.0
Belgium	-371.0
— Assets	-1127.0
— Liabilities	756.0
Hungary	-4.0
— Assets	-7.0
— Liabilities	3.0
Slovakia	1.0
— Assets	0.0
— Liabilities	1.0
Czech Republic	21.0
— Assets	0.0
— Liabilities	21.0
Non Commercial	-169.0
Belgium	-172.0
— Assets	-466.0
— Liabilities	294.0
Hungary	3.0
— Assets	0.0
— Liabilities	3.0
Treasury	-221.0
— Assets	-251.0
— Liabilities	30.0
Off Balance (Including branches)	549.0
TOTAL	-194.0

Integration of interest rate risks related to the branches

Interest rate risks (including those of the branches) are managed globally at head office level. The branches send files to head office. These files are processed in the central ALM tool there. This ensures that global indicators can be calculated that allow the interest rate risks to be managed. Provisions are made for specific reporting at the biweekly ALCO.

Economic capital

Economic capital is the amount of equity that is required to derive the probability that the bank will become insolvent at an acceptable level.

The economic capital amounts to 16.99% of the total economic capital of the bank for correlation.

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 mainly uses 3 liquidity indicators:

- The NBB LI is the regulatory liquidity indicator. This can be expressed as a percentage and in excess liquidity, which are 2 complementary perspectives on the liquidity position.
- There are 2 ILSs that are created for internal use. Both indicators use specific, tailor-made stress scenarios. These scenarios concern stresses on the credit spreads, rating downgrades, equity market, foreign exchange rates and swap rate. The most significant difference between both indicators is the movement of the swap rate, where the swap rate drops under ILS 1 and rises under ILS 2.

The results of the liquidity indicators of the bank are shown in the table below.

Total Bank	Reality 12.2012	Projection 12.2013	Projection 12.2014	Projection 12.2015
NBB LI (%)	78%	80%	80%	78%
NBB LI (Excess in Mio)	1 174	1 051	1 106	1 288
ILS 1 (3 Months, Excess in Mio)	1 134	1 095	1 235	1 500
ILS 2 (3 Months, Excess in Mio)	1 151	1 112	1 252	1 517

The liquidity buffer in excess for the 3 liquidity indicators points to a comfortable liquidity position of the bank.

Situation as of 31 December 2012

Cash inflows (not cumulative) 31.12.2012 – 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	3 855.84						0.02
Credit institutions	927 463.97		809.60	150 000.00	97 898.15	26 235.00	489 340.85
Non credit institutions (local governments, multilateral development banks, public sector entities...)	1 188.55	0.72	1.45	2.19	4.47	26.94	0.01
Private sector - other wholesale	65 596.93	5 860.64	4 454.42	6 846.07	12 681.71	81 611.74	73 642.21
Private sector - other	82 455.49	78 464.11	216 961.40	320 213.44	647 382.83	2 418 254.14	7 093 379.02
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	117 450.10	51 990.00	478 370.06				
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	1 612 823.90	3 581 764.60	1 302 301.62	457 029.50	1 203 079.00	250 000.00	
— 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							
Planned and potential net cash inflows related to derivatives instruments (excl. credit derivatives)							
Contractual foreseen cash inflows							
— Derivatives on currency	1 387 301.72	1 275 774.34	390 415.44	324 724.39	30 316.81	149 156.82	
— Derivatives on interest							
— Other derivatives	-99.22	115.78	2.00	-2.31	-3.91		
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest	-228 311.25						
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash		637 961.43	1 567 384.48	1 665 472.54	685 357.21		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB		81 763.60	552 480.40				
— 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							18 078 088.60

Cash outflows (not cumulative) 31.12.2012 – 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	1 015.12		4 058.00	100.00	4 380.70	4 970.10	600.00
— Credit institutions	553 885.23	520.81	1 560.21	2 298.27	5 125.83	55 339.60	237 409.08
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	4 930.47			1.98	500.75		
— Private sector - other wholesale	791 786.41	6 423.53	13 279.63	2 040.36	2 445.56	602 355.08	391 639.29
— Private sector - other							
Current accounts / overnight deposits	3 060 958.81						
Regulated deposits	9 720 910.28						
Other deposits	190 364.13	65 805.28	386 120.75	291 559.78	294 158.69	1 194 912.79	126 587.55
Customer saving certificates	19 333.47	4 291.90	5 642.08	10 197.65	18 971.60	94 140.24	114.00
Debt certificates (issued by entity)	738.74	4 724.80	6 698.16	88 598.68	80 384.93	76 130.99	243 167.53
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	1 612 823.90	3 581 764.60	1 302 301.62	457 029.50	1 203 079.00	250 000.00	
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	117 450.10	51 990.00	478 370.06				
— 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							
Contractual foreseen cash outflows							
— Derivatives on currency	-1 392 344.68	-1 272 150.88	-390 478.71	-334 239.26	-30 793.61	-147 760.65	
— Derivatives on interest							
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash		81 763.60	552 480.40				
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB		637 961.43	1 567 384.48	1 665 472.54	685 357.21		
— 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							7 578 665.84

The above table was drawn up in accordance with IFRS 7 taking into account the contractual foreseen cancellation term for financial instruments (products with indefinite contractual terms are included in the "< 1 week" column while the perpetual loans are included in the "Other" column).

Situation as of 31 December 2011

Cash inflows (not cumulative) 31.12.2011 – 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	25 428.88	0.76	1.53	2.31	4.69		-643.85
Credit institutions	1 777 405.26			2.24		27 432.17	-466 291.00
Non credit institutions (local governments, multilateral development banks, public sector entities...)		0.53	1.06	1.61	3.27	1 253.45	7.82
Private sector - other wholesale	11 293.11	5 090.68	4 636.98	7 577.23	12 580.79		
Private sector - other	51 956.04	61 706.85	165 092.71	265 536.22	493 698.40	1 644 990.10	4 864 231.72
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	171 172.80	233 893.00	240 387.20			577 883.19	1 328 835.87
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosystem, BoE or SNB	1 406 913.93	3 787 031.85	4 448 589.54	323 061.00	271 700.00		
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)	399 441.33					339 665.81	335 098.99
— 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	1 106 465.48	562 452.37	1 021 498.43	845 581.10	159 684.73		
— Derivatives on interest	6 124.90	395 240.82	149 598.78	182 787.11	769 323.25		
— Other derivatives	-0.29		-64.30				
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	471 446.54	991 231.03	2 531 017.48	1 883 506.78	403 295.51		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosystem, BoE or SNB	471 446.54	290 844.46					
— 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	17 771.08						10 004 007.86

Cash outflows (not cumulative) 31.12.2011 – 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	-27 152.18	-39 000.00	-154 571.45	-70 000.00	-2 763.80	-4 058.00	
— Credit institutions	-1 556 527.98	-9 731.78	-12 490.85	-11 147.79	-8 349.77	-301.83	
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	-2 817.27	-20 000.00	-55 000.00	-1 001.62	-1.98	-337 304.57	-73 131.79
— Private sector - other wholesale	-1 754 358.24	-372 932.43	-171 845.40	-237 764.31	-6 266.81		
— Private sector - other							
Current accounts / overnight deposits	-2 813 369.14						
Regulated deposits	-9 018 609.71						
Other deposits	-352 931.90	-144 035.10	-158 359.64	-109 072.33	-148 387.82	-1 545 161.87	-36 413.29
Customer saving certificates	-15 798.03	-15 669.41	-30 483.22	-53 730.54	-152 447.39	-94 651.66	-207.72
Debt certificates (issued by entity)	-9 999.14	-20 674.84	-262 432.11	-73 277.80	-63 916.70	-90 296.17	-35 709.12
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	-1 406 913.93	-3 787 031.85	-4 448 589.54	-323 061.00	-271 700.00	-339 665.81	-335 098.99
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosystem, BoE or SNB	-171 172.80	-233 893.00	-240 387.20				
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)						-577 883.19	-1 328 835.87
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Contractual foreseen cash outflows							
— Derivatives on currency	-1 110 803.73	-563 934.27	-1 015 033.15	-845 536.81	-150 798.04		
— Derivatives on interest	-4 938.15	-397 189.43	-127 422.39	-190 585.41	-732 986.31		
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash	-471 446.54	-290 844.46					
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosystem, BoE or SNB	-471 446.54	-991 231.03	-2 531 017.48	-1 883 506.78	-403 295.51		
— 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	-7 126 238.72	9 999.84	680 179.73	49 995.91	2 766 960.95	2 190 715.42	5 710 531.52

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 mortgage loans and their related hedges through payor swaps in accounting reporting, a fair value hedge model is used that was developed specially for this purpose.

Fair value calculation

The fair value of the retail products is calculated in a number of steps:

- First, the future cash flows are calculated based on product features (client's interest rate, payment frequency, etc.). For products for which duration is unknown such as saving and current accounts, duration is assumed.
- These cash flows are subsequently adjusted for retail credits 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 adjusted by the spread of costs for each product to take into account the control costs of that product.

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

The financial instruments are subdivided into 3 categories: The first element consists of the financial instruments for which fair value 1 is determined based on 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 the second category. 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 third category concerns financial instruments for which the fair value is not based on observable market data.

We can find the following elements in the second category:

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 carrying amount, 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

31.12.2012 – in '000 EUR

	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Fair Value determined on the basis of stock market prices	Fair Value determined on the basis of observable data other than stock market prices	Fair Value not determined on the basis of market data	Of which: amount recognised in P&L using a valuation technique during the period (level 3) ⁽¹⁾
Trading assets		4 923 042	15 946	4 907 095		
Financial assets designated at fair value through profit or loss		23 025	16 035	6 990		
Available-for-sale financial assets		7 746 051	6 814 739	924 582	6 731	
Loans and receivables	24 481 585	26 156 159				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		4 821 981	28 099	4 793 881		
Financial liabilities designated at fair value through profit or loss		1 062 342		1 062 342		
Financial liabilities at amortised cost	22 447 452	22 447 452				
Other financial liabilities	8 792 961	8 792 961				

(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.

Level 3 fair value of financial assets/ liabilities

31.12.2012 – in EUR units

	RW Level 3 OPENING BALANCE	(a) Net profits and losses included in:		(b) Settlements	(c) Net transfers in and out Level 3	RW Level 3 CLOSING BALANCE	Total impact on W&V for the periode
		P&L	OCI				
Assets available for sales (7120)	6 730 632.27	0.00	0.00	0.00	0.00	6 730 632.27	1 340 257.85
Financial assets designated at fair value through profit or loss (7110)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial assets held for trading (7100)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities held for trading (7160)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OF LEVEL 3 FINANCIAL ASSETS/ LIABILITIES	6 730 632.27	0.00	0.00	0.00	0.00	6 730 632.27	1 340 257.85

(a) Matches the realised and unrealised W&V and OCI during the period of financial assets/liabilities classed as level 3 at the start (including the impact due to the exchange result, interest result, impairments and debit entries as definitive losses).

(b) Settlements during the period of financial assets/liabilities classed as level 3 at the start (refund of securities).

(c) The net transfers in and out of Level 3 comprise the following movements: transfers from Level 3 to Level 2.

Activa / Verplichtingen

31.12.2011 – in '000 EUR

	Carrying amount (if different from fair value)	Recognised or disclosed fair values	Fair Value determined on the basis of stock market prices	Fair Value determined on the basis of observable data other than stock market prices	Fair Value not determined on the basis of market data	Of which: amount recognised in P&L using a valuation technique during the period (level 3) ⁽¹⁾
Trading assets		6 065 191	92 168	5 973 023		
Financial assets designated at fair value through profit or loss		43 183	21 090	22 093		
Available-for-sale financial assets		7 337 581	6 368 850	962 000	6 731	
Loans and receivables	26 810 930	28 554 792				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		6 048 855	73 808	5 975 047		
Financial liabilities designated at fair value through profit or loss		378 143		378 143		
Financial liabilities at amortised cost	23 012 690	23 012 690				
Other financial liabilities	10 622 823	10 622 823				

(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 movements in the financial instruments regarding which the FV is based on quoted prices or observable data other than quoted prices are mainly due to the following elements (in 000 EUR):

In relation to the assets available for selling regarding which the FV is based on quoted prices:

Adjustment of the market value: -321 851

Purchase/sale: -450 567

In relation to the assets available for selling regarding which the FV is based on observable data other than quoted prices:

Purchase/sale: 2 786 496

The evolution is mainly due to derivate transactions within HUB activities of the bank in relation to financial assets and liabilities for business goals (access to the market for mainly insurance entities of the AXA Group).

Valuation technique based on market data:

The large majority of the positions classified under this point are valued using mark to model prices calculated by AXA Investment Managers.

The remaining part is priced using information found in Bloomberg, Reuters, Markit and/or Interactive Data or communicated by counterparties after being checked in order to assess their reliability.

4.9.3 / Day one profits

Day one profits were not booked during the 2012 financial year. The amounts recognised during previous financial years shall be spread over the duration of the instrument.

4.10 / Capital management

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 NBB monitors compliance. The required information is transmitted on a quarterly basis. The impact of the new CRD 4 regulations that shall probably be introduced with a year delay is being imposed by the NBB through the QIS (quantitative impact study), a half-yearly exercise in which AXA Bank Europe participates.

The statutory capital is broken down into three tiers:

- Tier 1 capital: share capital and reserves included deducted profits. 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.

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 losses on the off balance sheet items. 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 and the retail activities in Hungary, 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.

A conversion factor is applied as required to the entries that fall outside the off-balance-sheet after which they are dealt with 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 '000 EUR	31.12.2012	31.12.2011
Tier 1 capital		
Paid in capital	546 318	546 318
Reserves including retained earnings	323 908	512 478
minus: other intangible assets	-13 760	-18 505
minus: loss of financial year	-23 377	-147 758
minus: charges foreseen for which no provisions were composed		
minus: overfunding pension commitments		
minus: adjustment reserves pursuant to revaluation of cash flow hedges	-27 157	-29 106
valuation differences in FVO financial liabilities (own credit risk)	6 531	-5 568
Total tier 1 capital	812 463	857 859
Tier 2 capital		
Positive reserve from exchange differences with foreign currencies	2 081	
Positive fair value revaluation reserve on available for sale equities	119	65
Perpetual subordinated debts	189 330	189 330
Subordinated debts	106 563	128 093
Total tier 2 capital	296 093	317 488
minus: participations		
minus: subordinated advances on participations		
minus: IRB provision shortfall (-)	-41 655	-34 931
net trading book profits		
TOTAL CAPITAL	1 068 901	1 140 417
TOTAL WEIGHTED RISK VOLUME	4 916 732	4 460 230
BASEL RATIO	21.74	25.57

5 / CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

AXA Bank Europe uses estimates and judgements when drawing up its consolidated financial statements on the basis of IFRS. These estimates and judgements 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 judgements take place primarily in the following areas:

- Estimation of the realisable value for impairments and this for:
 - Financial instruments - securities
 - Financial instruments - credits
 - Property, plant and equipment

- Determination of the fair value of non-quoted financial instruments.

The fair value of financial instruments not quoted on an active market is determined by means of the use of rating techniques. Where these rating techniques (for example, 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.

- Estimate of the provisions for credit risk in the Hungarian Branch.

The provision for credit losses is estimated on an individual basis and represents the risk components of the borrowers in Hungary. Examples are given below. This list of examples is not exhaustive and is regularly updated in accordance with best practices with a view of having the greatest possible accuracy and to keep pace with developments in Hungary.

- The seriousness of the payment problems
- The magnitude of the debt
- The location of the real estate
- The condition and value of the real estate
- The market liquidity in the region valued through a local index (equivalent to the Belgian Stadim)
- The time required to find a buyer in the region
- Can be first class
- The probability of recovery through a forced sale or some other means
- The CHF/HUF currency exchange effect
- *

Although the economic context seems to have stabilised itself, estimating future credit losses is made more difficult due to the volatility of the exchange market, sudden interest rate increases and difficulties on the real estate market. These estimates are being closely followed and are adjusted on a monthly basis with a view to provide the most correct estimate of the provision for credit losses. We also refer to item 4.3.1 of this document for more quantitative information about credit risk in Hungary.

- Estimate of deferred tax.

The following distinction is made with regard to the deferred tax and their recoverability:

- Deferred tax through Other Comprehensive Income.

These tax assets are booked on:

- Adjustments with regard to the used actuarial assumptions for the calculation of the provisions related to pension schemes
- The valuation results on the derivatives used for cash flow hedging
- The valuation results on the securities that are classified under the "available for sale" category
 - In the degree to which they are taxable;
 - And, naturally, that give cause to booking an unrealised loss;
 - And they do not fall under the terms and conditions to book a special value reduction.

AXA Bank Europe does not expect that the losses shall be realised in the future since the strategy shall lead to these securities usually being retained in the portfolio until their maturity date as a general rule regarding these securities.

As no impairment is noted on the receivable, no credit losses on debt instruments are expected. Therefore, the receivable is considered as fully recoverable.

To ensure that this rule can also be implemented in practice, the "available for sale" category was segmented in 2012 with regard to their underlying strategy and was split into 2 parts:

- A part where the strategy would lead under normal conditions to the security being retained in the portfolio until the maturity day. A deferred tax asset is booked with regard to this based on the aforementioned general rule, therefore, should there be an unrealised loss.
- A part where the strategy anticipates in the option to sell these securities. Only a deferred tax asset will be booked on this part in the degree that this can be compensated with a deferred tax debt on securities from the same strategy and in the degree that they have the same duration or regarding which it is expected that they will be realised at the same time.

Deferred tax as a result of a difference in the time of the accounts being processed.

A deferred tax asset is recognised insofar future accounting profit will be available to recuperate the deferred tax asset.

The following Belgian tax profits are available based on the forecast performed by AXA Bank Europe.

- Tax losses carried forward.

The acknowledgment of deferred taxes for an amount of 32 959 EUR is the result of an estimation by management of the future taxable profit expectations.

In accordance with profit expectations, there should be sufficient future tax profits within the considered period for the settlement of a part of the unused part of mainly transferrable losses.

6 / NET FEE AND COMMISSION INCOME

Fee and commission income and expenses

in '000 EUR

	31.12.2012	31.12.2011
Fee and commission income		
Securities	15 921	19 631
— Issued	15 921	19 631
— Transfer orders		
— Other		
Clearing and settlement		
Trust and fiduciary activities	1 218	1 195
— Asset management		
— Custody	1 218	1 195
— Other fiduciary transactions		
Loan commitments	1 621	1 545
Payment services	11 358	10 732
Structured finance		
Servicing fees from securitization activities		
Other	9 395	9 438
TOTAL	39 513	42 541
Fee and commission expenses		
Commissions to agents (acquisition costs)	41 534	37 986
Custody		
Clearing and settlement	857	347
Servicing fees for securitization activities		
Other	13 470	10 114
TOTAL	55 861	48 447

7 / NET INCOME FROM FINANCIAL INSTRUMENTS NOT CLASSIFIED AS FAIR VALUE THROUGH PROFIT OR LOSS

Net income from financial instruments not classified as fair value through profit or loss

31.12.2012 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	46 151	19 780	26 371
Loans and receivables (including finance leases)	6 379	1 264	5 115
Held-to-maturity investments			
Financial liabilities measured at amortised cost		312	-312
Other			
TOTAL	52 530	21 356	31 174

Net income from financial instruments not classified as fair value through profit or loss

31.12.2011 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	52 694	3 431	49 263
Loans and receivables (including finance leases)	6 378		6 378
Held-to-maturity investments			
Financial liabilities measured at amortised cost		223	-223
Other			
TOTAL	59 072	3 654	55 418

8 / NET INCOME FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Net income from financial instruments designated at fair value

31.12.2012 – in '000 EUR

	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	3 989		3 989
Financial liabilities designated at fair value through profit or loss		73 358	-73 358
TOTAL	3 989	73 358	-69 369

Net income from financial instruments designated at fair value

31.12.2011 – in '000 EUR

	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	3 905	2 163	1 742
Financial liabilities designated at fair value through profit or loss		54	-54
TOTAL	3 905	2 217	1 688

9 / NET INCOME FROM HEDGING ACTIVITIES

Net income from hedging activities

31.12.2012 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	139 566	142 053	-2 487
— Fair value changes of the hedged item attributable to the hedged risk	87 468	99 116	-11 648
— Fair value changes of the hedging derivatives (Including discontinuation)	52 098	42 937	9 161
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	139 632	124 546	15 086
— Fair value changes of the hedged item	139 632		139 632
— Fair value changes of the hedging derivatives		124 546	-124 546
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	279 198	266 599	12 599

Net income from hedging activities

31.12.2011 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	137 809	137 086	723
— Fair value changes of the hedged item attributable to the hedged risk	67 916	88 343	-20 427
— Fair value changes of the hedging derivatives (Including discontinuation)	69 893	48 743	21 150
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	207 656	176 611	31 045
— Fair value changes of the hedged item	207 657		207 657
— Fair value changes of the hedging derivatives	-1	176 611	-176 612
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	345 465	313 697	31 768

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

10 / OTHER OPERATING INCOME AND EXPENSES

in '000 EUR

	31.12.2012	31.12.2011
INCOME	32 140	47 725
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	32 140	47 725
EXPENSES	1 704	1 777
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	1 516	1 312
Other	188	465
TOTAL	30 436	45 948

11 / PERSONNEL EXPENDITURE

in '000 EUR

	31.12.2012	31.12.2011
Wages and salaries	84 398	93 408
Social security charges	35 004	39 081
Pension and similar expenses	1 867	1 747
Share based payments		
Other	3 152	2 557
TOTAL	124 421	136 793

12 / OTHER OPERATING EXPENSES

in '000 EUR

	31.12.2012	31.12.2011
Marketing expenses	9 460	6 863
Professional fees	68 140	42 216
IT expenses	13 317	16 076
Rents to pay or to receive	-1 962	-469
Other	66 947	84 639
TOTAL	155 902	149 325

13 / INCOME TAX EXPENSE

AXA Bank Europe shall not make use of the notional interest deduction in the 2012 financial year.

AXA Bank Europe can, however, enjoy using the Notional Interest Deduction based on current Belgian tax legislation.

Notional Interest Deduction forms a thorough change of the calculation structure for corporate year as from the 2007 tax return 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 notional interest deduction is based on the company's equity minus a number of corrections such as the deduction for fiscal net value at the end of the previous taxable reporting period for certain financial assets.

After the Notional Interest Deduction has been determined, the percentage of the deduction is calculated.

The deduction of the Notional Interest Deduction reduces the taxable base based on which corporate tax is calculated.

If the accounting profit of the financial year is insufficient in order to fully apply the notional interest deduction, the undeducted portion can be carried forward for seven consecutive years. This applies to the Notional Interest Deduction up to and including the 2011 financial year. There is no option any more to transfer the unused part of the Notional Interest Deduction to the following financial years as of the 2012 financial year.

The taxable profit is not a reason for corporate tax being owed for the 2012 financial year because of the settlement of branch tax losses. The Notional Interest Deduction advantage of the current and previous financial years was not used.

Deferred taxes on assets were included based on the budget exercises of AXA Bank Europe for part of the non-used tax transferrable losses.

Reconciliation of statutory tax to effective tax

31.12.2012 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-9 544	
— 1.1. Net profit before taxes	-28 079	
— 1.2. Statutory tax rate		33.99%
2. Tax impact of rates in other jurisdictions	-7 318	
3. Tax impact of non taxable revenues	2 455	
4. Tax impact of non tax deductible expenses	1 548	
5. Tax impact of utilisation of previously unrecognised tax losses	-327	
6. Tax impact on tax benefit not previously recognised in profit or loss	1 313	
7. Tax impact from reassessment of unrecognised deferred tax assets	-10 918	
8. Tax impact of change in tax rates		
9. Tax impact from under or over provisions in prior periods		
10. Other increase (decrease) in statutory tax charge	3 134	
11. Tax expense using effective rate	-4 703	
— 11.1. Net profit before taxes	-28 079	
— 11.2. Effective tax rate		16.75%

Reconciliation of statutory tax to effective tax

31.12.2011 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-48 487	
— 1.1. Net profit before taxes	-142 651	
— 1.2. Statutory tax rate		33.99%
2. Tax impact of rates in other jurisdictions	18 222	
3. Tax impact of non taxable revenues	2 800	
4. Tax impact of non tax deductible expenses	1 097	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss	-33 059	
7. Tax impact from reassessment of unrecognised deferred tax assets	29	
8. Tax impact of change in tax rates		
9. Tax impact from under or over provisions in prior periods		
10. Other increase (decrease) in statutory tax charge	4 046	
11. Tax expense using effective rate	5 108	
— 11.1. Net profit before taxes	-142 651	
— 11.2. Effective tax rate		-3.58%

The tax claim recognised by AXA Bank Europe includes taxable reserves and provisions as well as tax claims on temporary differences due to IFRS restatements and fiscally transferred losses. Regarding these temporary differences, the major part relates to

fair value changes of the investment portfolio for which is assumed that most securities will be held until maturity. Based on the budget analyses carried out by management, AXA Bank does not expect any issues regarding the recoverability of these claims.

Hereunder a break-down of the recoverability of the deferred tax asset is shown:

Analysis of deferred tax assets and liabilities 31.12.2012 – in '000 EUR	Net deferred tax assets	Net deferred tax liabilities	Net deferred taxes
Deferred taxes through result	119 840	84 186	35 654
Deferred taxes through revaluation reserve for financial assets available for sale	55 620	73 827	-18 206
Deferred taxes through cash flow hedge revaluation reserve	8 516	0	8 516
Deferred taxes through profit and losses on defined benefit plans	14 845	0	14 845
TOTAL DEFERRED TAXES	198 821	158 012	40 809

Analysis of deferred tax assets and liabilities 31.12.2011 – in '000 EUR	Net deferred tax assets	Net deferred tax liabilities	Net deferred taxes
Deferred taxes through result	50 174	20 726	29 448
Deferred taxes through revaluation reserve for financial assets available for sale	112 602	8 501	104 101
Deferred taxes through cash flow hedge revaluation reserve	5 917	0	5 917
Deferred taxes through profit and losses on defined benefit plans	4 141	0	4 141
TOTAL DEFERRED TAXES	172 834	29 227	143 607

Deferred tax assets per expected date of utilization 31.12.2012 – in '000 EUR	Deferred tax asset - expected date of utilization 1 year	Deferred tax asset - expected date of utilization 2 years	Deferred tax asset - expected date of utilization 3 years	Deferred tax asset - expected date of utilization 4 years	Deferred tax asset - expected date of utilization 5 years	Deferred tax asset - expected date of utilization 6 years	Deferred tax asset - expected date of utilization Between 7 and 11 years	Deferred tax asset - expected date of utilization > 11 years	Deferred tax asset - expected date of utilization No date determined	Total
Deferred tax asset on taxable transferred losses	0	0	11 228	10 161	11 570	0	0	0	0	32 959
Other deferred tax assets	77 414	713	1 130	3 108	296	8 812	4 793	69 596	0	165 862
TOTAL DTA	77 414	713	12 359	13 269	11 866	8 812	4 793	69 596	0	198 821

Deferred tax assets per expected date of utilization 31.12.2011 – in '000 EUR	Deferred tax asset - expected date of utilization 1 year	Deferred tax asset - expected date of utilization 2 years	Deferred tax asset - expected date of utilization 3 years	Deferred tax asset - expected date of utilization 4 years	Deferred tax asset - expected date of utilization 5 years	Deferred tax asset - expected date of utilization 6 years	Deferred tax asset - expected date of utilization Between 7 and 11 years	Deferred tax asset - expected date of utilization > 11 years	Deferred tax asset - expected date of utilization No date determined	Total
Deferred tax asset on taxable transferred losses	0	529	9 977	21 829	0	0	0	0	0	32 335
Other deferred tax assets	8 067	2 105	2 214	2 383	16 186	3 010	18 899	87 635	0	140 499
TOTAL DTA	8 067	2 634	12 191	24 212	16 186	3 010	18 899	87 635	0	172 834

**Deferred tax assets
as on the last use date**

31.12.2012 – in '000 EUR

	DTA last use date 1 year	DTA last use date 2 years	DTA last use date 3 years	DTA last use date 4 years	DTA last use date 5 years	DTA last use date 6 years	DTA last use date Between 7 and 11 years	DTA last use date > 11 years	DTA last use date No due date	Total
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	32 959	32 959
Other deferred tax assets	63	382	804	3 101	1 577	9 231	4 773	60 852	85 078	165 862
TOTAL DTA	63	382	804	3 101	1 577	9 231	4 773	60 852	118 037	198 821

**Deferred tax assets
as on the last use date**

31.12.2011 – in '000 EUR

	DTA last use date 1 year	DTA last use date 2 years	DTA last use date 3 years	DTA last use date 4 years	DTA last use date 5 years	DTA last use date 6 years	DTA last use date Between 7 and 11 years	DTA last use date > 11 years	DTA last use date No due date	Total
DTA on taxable transferred losses	0	0	0	0	0	0	0	0	32 335	32 335
Other deferred tax assets	4 982	1 047	2 210	2 378	17 663	3 005	19 304	78 923	10 986	140 499
TOTAL DTA	4 982	1 047	2 210	2 378	17 663	3 005	19 304	78 923	43 321	172 834

**Income tax expense (income),
current and deferred**

in '000 EUR

	31.12.2012	31.12.2011
Current income tax expense, net	1 566	97
Deferred tax expense, net	6 269	5 010

AXA Bank Europe's equity contains tax free reserves (for an amount of EUR 235 083 484.12) for which no deferred tax asset is recognised (for 79 904 876.25 EUR). In case these reserves would 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 AND BALANCES WITH CENTRAL BANKS

in '000 EUR

	31.12.2012	31.12.2011
Current accounts with central banks	1 148 309	512 224
— Available credit balances with central banks	1 148 309	512 224
Mandatory reserve deposits with central banks	-	-
TOTAL	1 148 309	512 224

This section includes EUR 69 837.57 in accrued interests.

15 / LOANS AND ACCOUNTS RECEIVABLE (INCLUDING FINANCIAL LEASES)

Counterparty breakdown

31.12.2012 – 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 and receivables to	24 179 812	546 533	211 265	33 495	24 481 586
— Central governments					
— Credit institutions	1 703 477				1 703 477
— Non credit institutions	6 549 385	1 211	594		6 550 003
— Corporate	976 763	32 441	20 263		988 940
— Retail	14 950 187	512 881	190 408	33 496	15 239 166
Accrued income (if accounted for separately)					
TOTAL	24 179 812	546 533	211 265	33 495	24 481 586

Counterparty breakdown

31.12.2011 – 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 and receivables to	26 484 611	576 212	200 787	49 106	26 810 932
— Central governments					
— Credit institutions	4 990 774				4 990 774
— Non credit institutions	6 499 416	879	674		6 499 622
— Corporate	964 709	24 490	11 663		977 536
— Retail	14 029 712	550 843	188 450	49 106	14 343 000
Accrued income (if accounted for separately)					
TOTAL	26 484 611	576 212	200 787	49 106	26 810 932

**Loans and receivables
(excluding credit institutions)**

31.12.2012 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		5 067 996		
Consumer Credit		3 497	5 247	1 038 697
Mortgage loans		29 670	7 440	13 149 089
Term loans		190 744	953 399	896 873
Current accounts		2 191	22 501	45 804
Other		1 255 904	353	108 703
TOTAL		6 550 002	988 940	15 239 166

**Loans and receivables
(excluding credit institutions)**

31.12.2011 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		6 289 107		
Consumer Credit		3 207	4 315	1 036 832
Mortgage loans		17 505	2 589	12 084 681
Term loans		186 669	942 250	1 030 777
Current accounts		2 309	28 155	52 684
Other		823	227	138 026
TOTAL		6 499 620	977 536	14 343 000

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

Counterparty breakdown

31.12.2012 – in '000 EUR

	Total (carrying amount)
Equity instruments	2 122
— Quoted	2 122
— Unquoted but FV determinable	
Debt instruments issued by	20 903
— Central governments	
— Credit institutions	16 035
— Non credit institutions	4 868
— Corporate	
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	23 025

Counterparty breakdown

31.12.2011 – in '000 EUR

	Total (carrying amount)
Equity instruments	1 785
— Quoted	1 785
— Unquoted but FV determinable	
Debt instruments issued by	41 398
— Central governments	
— Credit institutions	21 090
— Non credit institutions	20 308
— Corporate	
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income if accounted for separately	
TOTAL	43 183

17 / AVAILABLE FOR SALE FINANCIAL INVESTMENTS

Counterparty breakdown

31.12.2012 – in '000 EUR

	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	6 912	23	6 935	11
— Quoted	178		178	
— Unquoted but FV determinable	6 734	23	6 757	11
— Equity instruments at cost				
Debt instruments issued by	7 732 814	6 302	7 739 116	6 147
— Central governments	6 120 235		6 120 235	
— Credit institutions	536 851		536 851	
— Non credit institutions	941 880	6 302	948 182	6 147
— Corporate	133 848		133 848	
— Retail				
Loans & advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	7 739 726	6 325	7 746 051	6 158

Counterparty breakdown

31.12.2011 – in '000 EUR

	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	6 889	1 970	8 859	1 324
— Quoted	140	1 947	2 087	1 313
— Unquoted but FV determinable	69	23	92	11
— Equity instruments at cost	6 680		6 680	
Debt instruments issued by	7 311 496	17 227	7 328 722	17 393
— Central governments	6 166 017		6 166 017	
— Credit institutions	192 130	12 351	204 481	4 947
— Non credit institutions	826 629	4 876	831 505	12 446
— Corporate	126 720		126 720	
— Retail				
Loans & advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	7 318 385	19 197	7 337 581	18 717

18 / TRADING ASSETS

Counterparty breakdown

31.12.2012 – in '000 EUR

	Carrying amount
Derivatives held for trading	4 923 012
Equity instruments	
— Quoted	
— Unquoted but FV determinable	
— Equity instruments at cost	
Debt instruments issued by	30
— Central governments	
— Credit institutions	30
— Non credit institutions	
— Corporate	
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	4 923 042

Counterparty breakdown

31.12.2011 – in '000 EUR

	Carrying amount
Derivatives held for trading	6 055 789
Equity instruments	
— Quoted	9 390
— Unquoted but FV determinable	9 390
— Equity instruments at cost	
Debt instruments issued by	12
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	12
— Retail	
Loans & advances to	
— Central governments	
— Credit institutions	
— Non credit institutions	
— Corporate	
— Retail	
Accrued income (if accounted for separately)	
TOTAL	6 065 191

Overview of impairment

31.12.2012 – in '000 EUR

	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	169 067	129 519	39 548
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	11 505	24 154	-12 649
— Loans and receivables measured at amortized cost (including finance leases)	157 562	105 365	52 197
— 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	169 067	129 519	39 548
Interest income on impaired financial assets accrued in accordance with IAS 39			809

Credit exposure

31.12.2012 – in '000 EUR

	Maximum credit exposure
Equity	9 057
Debt instruments	7 760 028
Loans & advances	26 118 682
Derivatives	5 111 281
Other	103 747
TOTAL	39 102 795
Carrying amount of financial assets pledged as collateral for	13 067 939
— Liabilities	11 977 490
— Contingent liabilities	1 090 449

Allowances movements for credit losses

31.12.2012 – 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	234 215	45 219	110 309	87 920	8 660		220 045	5 224	58 806
Allowances for incurred but not reported losses on financial assets	36 928		396	6 306	2 477		33 496		
TOTAL	271 143	45 219	110 705	94 226	11 137		253 540	5 224	58 806

Overview of impairment

31.12.2011 – in '000 EUR

	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	216 768	30 593	186 175
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	8 784	3 046	5 738
— Loans and receivables measured at amortized cost (including finance leases)	207 984	27 547	180 437
— 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	216 768	30 593	186 175
Interest income on impaired financial assets accrued in accordance with IAS 39			324

Credit exposure

31.12.2011 – in '000 EUR

	Maximum credit exposure
Equity	20 033
Debt instruments	7 370 132
Loans & advances	27 811 844
Derivatives	6 170 456
Other	115 643
TOTAL	41 488 108
Carrying amount of financial assets pledged as collateral for	10 516 892
— Liabilities	10 166 486
— Contingent liabilities	350 406

Allowances movements for credit losses

31.12.2011 – 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	142 319	15 944	146 667	20 332	-18 495		234 215	4 337	18 169
Allowances for incurred but not reported losses on financial assets	10 817		24 038	272	2 345		36 928		2 345
TOTAL	153 136	15 944	170 705	20 604	16 150		271 143	4 337	20 514

For the rules applied regarding the accounting of impairments we refer to section 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 collateralized deposits.

They are regularly re-used as collateral 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 collateral

Collateral for residential mortgages

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 mortgage loans.

All guarantees complementing mortgage guarantees must be fixed before the credit is officially established (this also, therefore applies to 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.

For the explanation of the specific situation of credits in Hungary refer to the explanation on page 48.

Collateral for personal credits

These guarantees are the following:

- Fair: relate to a property, movable or immovable, with an intrinsic value;
- Personal: They consist of a right to claim from 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 pledging of business;
- Subrogation to the benefit of the seller of real estate;
- Pledging of securities;
- Pledging account balance;

- Transfer of all "traditional life insurance" rights;
- Transfer of all insurance policy rights Branch 21, 23;
- Transfer of salary.

Personal or moral guarantees

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

Collateral for instalment loans

For consumer credits only one type of guarantees is used:

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

Treasury and derivatives guarantees

At this time the only guarantees received by AXA Bank Europe are those regarding repo activities 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 Investment Managers in which we also accepted "non-governmental" paper. This kind of security is only accepted if it is accepted as collateral by the ECB. A condition for us to accept it is, however, that the relevant security is accepted by the ECB as collateral.

We make a distinction between 2 types of collateral in the repo activity: 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 where Clearstream or Euroclear 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. Only cash (at Eonia compensation) and Belgian, German, Italian, French and UK government bonds with a residual term of at least one year and at the most 10 will be considered for this collateral. 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 - HEDGE ACCOUNTING

Derivatives comprehend swaps, futures and options contracts. Their value includes underlying variables such as 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 makes use of interest rate swaps with the aim of covering the fair value changes of the mortgage portfolio following fluctuations of the interest rate 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 mortgage loan portfolio the "fair value hedge" model is used. This model has been applied since 1 April 2005. From July 2009, the 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 hedged item instrument. It is checked periodically whether the hedge is still efficient (prospective and retrospective testing). If the model is efficient, the gain or loss from remeasuring with respect to the covered portion of the mortgage loan portfolio is recognised in the profit-and-loss account just like the fair value changes 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 gain or loss from remeasuring with respect to the bond's interest risk is also recognised in the income statement. The fair value changes of the covered risk are 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. AXA Bank Europe has purchased interest rate caps on the market to cover the margin on the portfolios of mortgage loans with variable interest rates of AXA Bank Europe. This ensures that AXA Bank Europe covers the risk of fair value changes of the written cap option enclosed in the mortgages due to fluctuations in the Euribor interest rate. The cover has the form of a dynamic portfolio hedge. The model is regularly reviewed to add new hedge instruments and to take into account new mortgages. A regression analysis each quarter tests the efficiency of the model. This new model is being used as from July 2010. The issue by AXA Bank Europe of covered bonds has been covered by interest rate swaps. These swaps are a part of a micro fair value hedge. A regression analysis each quarter tests the efficiency of the model. When it is deemed efficient, the value change in the fair value of the bond as a result of covering the interest rate risk in the profit and loss account.

Cash-Flow hedge

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

Voluntary designation at fair value through profit and loss (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, where the economically related instruments, in this case the bonds are also recognised at fair value in the balance sheet with their fair value changes recognised in the income statement. 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 issuance 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 designated at fair value through profit and loss.
- 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 stand-alone 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, swaptions and stock options in the trading portfolio.

Derivatives – held for trading purposes.

By nature	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
31.12.2012 – in '000 EUR				
Interest rate	Option / Cap / Floor / Collar / Swaption	14 017 704	426 693	423 659
	IRS	70 967 305	4 036 281	3 930 598
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other	5 834 553	439 404	439 487
Currency (FX)	FX forward	3 420 007	15 946	28 100
	FX future			
	Cross currency swap	147 761	4 688	134
	FX option			
	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		94 387 330	4 923 012	4 821 978

By nature	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
31.12.2011 – in '000 EUR				
Interest rate	Option / Cap / Floor / Collar / Swaption	6 298 913	316 572	316 572
	IRS	87 512 587	4 875 319	4 877 972
	FRA			
	Forward	99 900	3 529	3 529
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option	29 889	603	603
	Warrant			
	Other	4 041 782	780 516	779 899
Currency (FX)	FX forward			
	FX future			
	Cross currency swap	3 686 106	79 251	70 279
	FX option			
	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		101 669 177	6 055 790	6 048 854

Derivatives – administrative treatment of hedging activities (micro hedging).

By type of risk 31.12.2012 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	181 062	246 194	5 667 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	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		181 062	246 194	5 667 000
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	5	51 222	200 000
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	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		5	51 222	200 000
Hedges of a net investment in a foreign operation				
TOTAL		181 067	297 416	5 867 000

By type of risk	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
31.12.2011 – in '000 EUR				
FAIR VALUE HEDGES				
Interest rate	Optie / Cap (bovengrens) / Floor (ondergrens)/ Collar / Swaption			
	IRS (renteswap-overeenkomst)	77 869	156 807	4 868 000
	Rentecontract op termijn			
	Termijncontract ("forward")			
	Interest-future-verrichting			
	Overige			
Equity instruments	Aan-/verkoop op termijn van aandelen			
	Aandelenfuture			
	Aandelenoptie			
	Warrant			
	Overige			
Currency (FX)	Termijnwisselverrichting			
	Futureverrichting op valuta's			
	Valutaswap			
	Optie op valuta's			
	Contract op termijnwisselkoersen			
	Overige			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Overige			
Commodity				
Other				
TOTAL		77 869	156 807	4 868 000
CASH FLOW HEDGES				
Interest rate	Optie / Cap (bovengrens) / Floor (ondergrens)/ Collar / Swaption			
	IRS (renteswap-overeenkomst)	39	43 547	200 000
	Rentecontract op termijn			
	Termijncontract ("forward")			
	Interest-future-verrichting			
	Overige			
Equity instruments	Aan-/verkoop op termijn van aandelen			
	Aandelenfuture			
	Aandelenoptie			
	Warrant			
	Overige			
Currency (FX)	Termijnwisselverrichting			
	Futureverrichting op valuta's			
	Valutaswap			
	Optie op valuta's			
	Contract op termijnwisselkoersen			
	Overige			
Credit	Credit default swap			
	Credit spread option			
	Total return swap			
	Overige			
Commodity				
Other				
TOTAL		39	43 547	200 000
Hedges of a net investment in a foreign operation				
TOTAL		77 908	200 354	5 068 000

Hedging of interest rate risk on portfolio level (macro hedging).

Portfolio hedge of interest rate risk	Carrying amount	Carrying amount	Notional amount
31.12.2012 – in '000 EUR	Assets	Liabilities	
Fair value hedges	7 202	498 760	4 108 101
Cash flow hedges			

Portfolio hedge of interest rate risk	Carrying amount	Carrying amount	Notional amount
31.12.2011 – in '000 EUR	Assets	Liabilities	
Fair value hedges	36 757	376 873	6 144 607
Cash flow hedges			

21 / OTHER ASSETS

Carrying amount

in '000 EUR

	31.12.2012	31.12.2011
Employee benefits	85 725	84 253
Servicing assets for servicing rights		
Prepaid charges	2 471	2 943
Accrued income (other than interest income from financial assets)	3 682	9 835
Precious metals, goods and commodities		
Other advances	5 803	4 074
Other	6 066	14 537
TOTAL	103 747	115 642

22 / INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

AXA Bank Europe has the following limited number of subsidiaries:

- AXA Belgium Finance bv (NL);
- AXA Bank Europe SCF (Société de Crédit Foncier);
- Motor Finance Company N.V.;
- Beran N.V.

AXA Bank Europe holds a participation of 10% in the SPV Royal Street.

In addition, it also holds a 20% stake in Bancontact Mister Cash (formerly 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 ratified 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.

Royal Street SA and AXA Bank Europe SCF are 2 entities that are used by AXA Bank Europe to attract funds in addition to the more traditional forms of retail financing and this through securitisation operations and issue of covered bonds. The structure as it has now been set up does not have a transfer of risk or rewards as a result based on the perspective of AXA Bank Europe and, therefore, both entities were integrally included in the AXA Bank Europe consolidation circuit.

Changes in the consolidation circuit during the 2012 financial year

The participation in AXA Hedging Services Limited was sold during the course of 2012 with a retroactive impact on 1 January 2012.

11 million EUR in cash was received for the sale with an additional value of 1.8 million EUR as a result. In view of the fee business activity, this sale only has an intangible impact on the consolidated balance sheet.

The AXA Bank Switzerland branch and the Execution Desk Paris were closed in 2012.

Entity 31.12.2012 – in '000 EUR	Accumulated equity interest (%)	Assets	Liabilities	Profit or loss	Reporting date
Accounted for by using full consolidation:					
AXA Belgium Finance bv (NL)	100.00%	1 032 350	1 029 188	432	31 12 12
SPV Royal Street	10.00%	5 876 130	5 865 386	-	31 12 12
AXA Bank Europe SCF	100.00%	3 660 749	3 346 474	77 842	31 12 12

Entity 31.12.2012 – in '000 EUR	Accumulated equity interest (%)	Assets	Liabilities	Profit or loss	Reporting date
Not accounted for by using full consolidation:					
Beran N.V.	100.00%	2 101	18	-23	31 12 12
Motor Finance Company N.V. (Mofico)	100.00%	8 399	5 061	45	31 12 12
Bancontact-Mister Cash (voorheen Brand & Licence Cy)	20.00%	2 644	115	-157	31 12 11

Further explanation regarding these companies that have not been included in the consolidation circuit of AXA Bank Europe in view of the intangible nature

Motor Finance Company N.V.

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

Beran N.V.

On 22 January 2008 Beran N.V. 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.

23 / GOODWILL AND OTHER INTANGIBLE ASSETS

AXA Bank Europe currently has no goodwill.

During 2012 investments were made in internal projects for 1 634 218 EUR for the bank in Belgium. This mainly concerns adjustments in the area of SEPA and developments in the area of bank extracts. In addition, 3 067 645.00 EUR was spent on mainly the further expansion or new development of the management and accountancy applications of the branches.

Other intangible assets accounted for by using the revaluation model

31.12.2012 – in '000 EUR

	Good-will	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance		8 006	9 549		950	18 505
Additions from internal development		1 634				1 634
Additions from separate acquisition			3 068		5	3 073
Adjustments from business combinations						
Retirement & disposals			3			3
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized		3 516	6 167		31	9 714
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			285			285
Other movements			827		-847	-20
Ending balance		6 124	7 559		77	13 760
Amortization financial year		3 516	6 167		31	
Amortization previous year		3 145	3 541		26	
Cumulated Amortization		6 697	9 925		59	
Recoverable amount						
Gross amount of impairment of goodwill						
Accumulated impairment of goodwill						
Assets held under a finance lease						
Assets subject to an operating lease						

Other intangible assets accounted for by using the revaluation model

31.12.2011 – in '000 EUR

	Goodwill	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance		1 637	17 130		129	18 896
Additions from internal development		2 161				2 161
Additions from separate acquisition			3 225		847	4 072
Adjustments from business combinations						
Retirement & disposals			541			541
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized		3 145	3 541		26	6 712
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			30			30
Other movements		7 354	-6 755			599
Ending balance		8 007	9 548		950	18 505
Amortization financial year		3 145	3 541		26	
Amortization previous year			3 934		1 001	
Cumulated Amortization		3 181	4 686		1 057	
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 / PROPERTY, PLANT AND EQUIPMENT

Situation as of 31 December 2012

PPE measured after recognition using the cost model	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
31.12.2012 – in '000 EUR					
Opening balance	42 942	920	2 476	1 053	47 391
Additions	57	1 027	988	510	2 582
Acquisition through business combinations					
Disposals			1	443	444
Disposals through business combinations				52	52
Depreciation	1 348	441	383	142	2 314
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects		2	1	28	31
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes					
Closing balance	41 651	1 508	3 081	954	47 194
Accumulated depreciation	21 623	4 133	6 024	767	32 547
Financial year	1 348	441	382	142	2 313
Previous year	20 275	3 693	5 641	625	30 234
— Assets held under a finance lease					
— Assets subject to operating lease					

Situation as of 31 December 2011

PPE measured after recognition using the cost model	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
31.12.2011 – in '000 EUR					
Opening balance	44 346	773	2 847	1 588	49 555
Additions	179	477	305	424	1 385
Acquisition through business combinations					
Disposals				673	673
Disposals through business combinations					
Depreciation	1 583	330	726	159	2 798
Impairment losses recognized in profit or loss					
Impairment losses reversed in profit or loss					
Foreign currency translation effects				-42	-42
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes			50	-85	-35
Closing balance	42 942	920	2 476	1 053	47 391
Accumulated depreciation	20 275	3 693	5 641	625	30 234
Financial year	1 583	330	727	159	2 799
Previous year	18 693	3 363	4 914	466	27 436
— Assets held under a finance lease					
— Assets subject to operating lease					

The investments in 2012 mainly comprised investments in IT equipment and office supplies.

25 / FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH THE INCOME STATEMENT

We find EMTN (European Medium-term Note) issue programmes in the debt certificates that were launched in 2006 and since 2011 through AXA Belgium Finance. AXA Bank Europe has opted for the option of valuing for the fair value within this context and has, therefore, included these issues in the balance sheet for the fair value.

This fair value amounted to a total of 1 062 341 719.67 EUR with a nominal amount of 970 828 638 EUR on 31 December 2012.

The cumulative impact of the share in the bank's own credit risk in the amount of the fair value resulted in a rise of 2 092 646 EUR of the fair value of the liabilities.

Up to 2008, the share of the bank's own credit risk was calculated based on the fair value based on the margin that AXA Bank Europe

applies to issues for private investors. Since issues did not take place in 2009 and 2010, the calculation was based on the Credit Default Swap on AXA NV in 2009 and 2010. Due to the issue programme that was launched this year, the bank can again use the margin that is used on the issues for private investors. The bank has, therefore, decided to switch to this technique because it correctly mirrors the context of the private investor market on which the issues focus.

This method calculates the difference between the margin's level that AXA Bank Europe applies to the issues for private investors on the date of issue and the same level on the reporting date.

The cash flows are determined based on this difference on every coupon date that are updated to determine the bank's share in the credit risk for every issue.

Counterparty breakdown

31.12.2012 – 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)			
— Current accounts / overnight deposits			
— Deposits with agreed maturity			
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	1 062 342	6 675	-80 250
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	1 062 342	6 675	-80 250
Convertible			
Non-convertible	1 062 342	6 675	-80 250
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	1 062 342	6 675	-80 250

Counterparty breakdown

31.12.2011 – 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)			
— Current accounts / overnight deposits			
— Deposits with agreed maturity			
— Deposits redeemable at notice			
— Other deposits			
Debt certificates (including bonds)	378 148	5 568	1 831
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	378 148	5 568	1 831
Convertible			
Non-convertible	378 148	5 568	1 831
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	378 148	5 568	1 831

26 / DEPOSITS

Counterparty breakdown

31.12.2012 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					1 186 292
— Current accounts / overnight deposits					3 286
— Deposits with agreed maturity					298 215
— Deposits redeemable at notice					
— Other deposits					884 791
Deposits (other than from credit institutions)	20 949	1 684 330	59 053	15 180 712	16 945 047
— Current accounts / overnight deposits	5 913	612 265	47 509	2 643 523	3 309 210
— Deposits with agreed maturity	15 023	538 770	10 939	2 713 931	3 278 664
— Deposits redeemable at notice					
— Other deposits	13	533 295	605	9 823 258	10 357 173
Special deposits		112		98 655	98 767
Regulated deposits	13	30 589	605	9 724 603	9 755 811
Mortgages related deposits					
Other deposits		502 594			502 594
Deposit guarantee system					
Debt certificates (including bonds)					2 965 480
— Certificates of deposits					
— Customer saving certificates (also when dematerialised)					193 261
— Bonds					2 772 219
Convertible					
Non-convertible					2 772 219
— Other					
Subordinated liabilities					354 345
Other financial liabilities					996 288
Accrued expenses (if accounted for separately)					
TOTAL					22 447 452

Counterparty breakdown

31.12.2011 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					964 100
— Current accounts / overnight deposits					1 096
— Deposits with agreed maturity					963 004
— Deposits redeemable at notice					
— Other deposits					
Deposits (other than from credit institutions)	226 322	2 675 130	113 172	13 860 584	16 875 208
— Current accounts / overnight deposits	3 941	353 400	35 350	2 425 855	2 818 546
— Deposits with agreed maturity	222 352	2 294 005	76 912	2 308 020	4 901 289
— Deposits redeemable at notice					
— Other deposits	29	27 725	910	9 126 709	9 155 373
Special deposits		184	74	88 833	89 091
Regulated deposits	29	27 541	836	9 037 876	9 066 282
Mortgages related deposits					
Other deposits					
Deposit guarantee system					
Debt certificates (including bonds)					2 064 467
— Certificates of deposits					368 698
— Customer saving certificates (also when dematerialised)					439 164
— Bonds					1 256 605
Convertible					
Non-convertible					1 256 605
— Other					
Subordinated liabilities					372 270
Other financial liabilities					2 736 645
Accrued expenses (if accounted for separately)					
TOTAL					23 012 690

27 / SUBORDINATED LIABILITIES

Maturity date 31.12.2012 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		28 480		
Current year +2		30 698		
Current year +3		22 846		
Current year +4		10 128		
Current year +5		14 024		
Current year +6		11 632		
Current year +7		4 214		
Current year +8		3 577		
Current year +9		2 971		
Current year +10				
More than current year +10				
Perpetuals		225 774		
TOTAL		354 345		

Maturity date 31.12.2011 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		17 597		
Current year +2		28 505		
Current year +3		30 724		
Current year +4		22 866		
Current year +5		10 137		
Current year +6		14 036		
Current year +7		11 641		
Current year +8		4 243		
Current year +9		3 580		
Current year +10		2 974		
More than current year +10				
Perpetuals		225 967		
TOTAL		372 270		

28 / TRADING LIABILITIES

Counterparty breakdown

31.12.2012 – 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	4 821 979
Short positions	2
— In equity instruments	
— In fixed income instruments	2
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	4 821 981

Counterparty breakdown

31.12.2011 – 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	6 048 855
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	6 048 855

29 / OTHER LIABILITIES

Carrying amount

in '000 EUR

	31.12.2012	31.12.2011
Employee benefits	436	1 007
Social security charges	23 847	31 154
Servicing liabilities for servicing rights		
Leasing liabilities		
Accrued charges (other than from interest expenses on financial liabilities)	2 917	381
Income received in advance	2 292	1 934
Other debts	25 801	31 392
Other	-301	-221
TOTAL	54 992	65 647

30 / PROVISIONS

31.12.2012 – 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	110	29 892	2 344	155 398	589		15 093	203 426
Additions	1		3 191	5 486	788		1 830	11 296
Amounts used				1 380				1 380
Unused amounts reversed during the period	30		24	15 225	554		2 610	18 443
Acquisitions (disposals) through business combination				-49			-3 280	-3 329
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences					4		204	208
Other movements				33 160				33 160
Closing balance	81	29 892	5 511	177 390	827		11 237	224 938

31.12.2011 – 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	242	29 892	2 579	137 318	355		8 598	178 984
Additions	26		1	20 789	314		4 313	25 443
Amounts used			3	2 724	183		638	3 548
Unused amounts reversed during the period	159		233	9 796	14			10 202
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences				13	15		-355	-327
Other movements				9 799	103		3 174	13 075
Closing balance	109	29 892	2 344	155 399	590		15 092	203 426

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

Reorganisation

The social liabilities result from commitments made by ANHYP prior to its merger with IPPA, which created AXA Bank. This concerns individual schemes that run up to at most 2018 but where the largest amount was recognised in the 2007-2009 period. The provision was used for an amount of 30 225.67 EUR in 2012.

Ongoing legal disputes

This comprises the provision for disputes with agents and former agents for an amount of 2 711 080.89 EUR. It mainly concerns disputes due to cases of fraud. A new case of fraud occurred in 2012 due to which a few clients were compensated and the provision was increased by 121 000 EUR.

A provision was also started due to credit fraud: 2 800 000 EUR

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 in accordance with IAS19, that is, 114 125 207.37 EUR. For further details and information we refer to the Section "Post-employment benefits and other long-term expenses".

Here, the collective scheme is included that is related to social security liabilities that are specified in the 'reorganisation' point, that is 109 032.21 EUR.

During the 2012 financial year, new provisions were made for an amount of 4 149 055.21 EUR within the framework of the opting-out schemes that currently exist at AXA Bank while there was also a release of 2 661 968.59 EUR and use of the provision that amounts to 10 655 212.52 EUR. As such, these provisions amount to 25 864 184.78 EUR as on 31 December 2012. They are included in the collective bargaining agreement of 7 May 2007 and in the extension of this collective bargaining agreement of 25 November 2009 and in the collective bargaining agreement of 16 March 2011.

There is, furthermore, another provision of 1 240 400.55 EUR for paying the time credit as on 31 December 2012. 124 950.64 EUR was added and 1 265 154.74 EUR was used or "reprise" during the course of 2012.

Other provisions

We also have provisions for "other risks and costs", mainly the following provisions:

- A provision within the framework of stock follow-up and reconciliation of bearer securities: 1 473 154.77 EUR;
- A provision with regard to the branch in Hungary and this within the framework of reorganisation measures of the credit activity: 1 481 012.66 EUR;
- A provision as a result of the sale of the deposit portfolio in Switzerland: 3 190 385.41 EUR was taken back in 2012. This explains the restitution in 2012.

31 / CONTINGENT LIABILITIES AND COMMITMENTS

Off-balance sheet commitments - Notional Amounts

in '000 EUR

	31.12.2012	31.12.2011
Loan commitments	-26 648 420	-26 679 871
— Given	1 490 851	1 658 970
— Received	-28 139 271	-28 338 841
Received credit lines	-923 620	-548 120
Received collateral loans	-21 794 369	-20 955 953
Received collateral repos	-5 421 282	-6 834 769
Financial guarantees	-1 540 388	-2 114 853
— Given	1 103 464	364 307
— Guarantees received	-2 643 852	-2 479 160
— Credit derivatives received		
Other commitments (e.g. note issuance facilities, revolving underwriting facilities...)	13 449 342	15 663 935
— Given to another counterparty	13 449 342	15 663 935
— Received from another counterparty		

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

- Liabilities due to loans;
- Financial guarantees;
- Other liabilities primarily consisting of assets issued as guarantees as part of the bank's repo activities.

Below we will discuss this in further detail:

Liabilities due to loans

For the granted liabilities this involves commitments to retail clients (EUR 940 million) of which:

- its Belgian retail clients for an amount of 1 139 million EUR.
- 27 million assigned credit lines/credit offers in within the framework of its credit issue activities in Hungary

The risk related to this is very limited in view of the diversification of the portfolio and mainly the fact that the issued credits are themselves safeguarded by clients. They can be found in the received liabilities that are often a property guarantee for an amount of 21 792 million EUR.

The securities received within the framework of the reverse repo activities can also be found in the received guarantees for an amount of 5.102 million EUR.

Financial guarantees

We can find here received personal securities for 2 643 million EUR within the framework of credit issues to private individuals as well as professional credits.

We mainly find the guarantee here within the framework of the issue of EMTNs for 1 073 million EUR with regard to the issued guarantees.

Other liabilities

This concerns mainly the assets that have been given as security by the bank within the framework of its repo activity for 9 257 million EUR and for the derivative activity of 2 290 million EUR.

Pledged assets

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

Deposit protection fund

Currently, there are 2 deposit protection funds in Belgium. The "Protection fund for deposits and financial instruments" that has, especially, been in existence for quite some time and the "Special protection fund for deposits and life insurances" set up due to the Royal Decree of 14 November 2008. Credit amounts of savers (including dematerialised bank bonds) enjoy this protection at their financial institutions.

With regard to the already existing "Protection fund for deposits and financial instruments", part of the credits of the fund was already returned to the financial institutions in 2012 and, currently, negotiations are taking place with regard to returning the remaining part.

32 / POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Pension commitments

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

- Existing ANHYP scheme prior to 1 July 1983;
- Existing ANHYP scheme as of 1 July 1983 (pension fund);
- Existing IPPA scheme;
- New AXA Bank scheme.

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

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

Existing ANHYP plan before 1 July 1983

Managed in the form of group insurance.

- Scheme of the "goal to be reached" type;
- Capital = $(N/60 \times T - N/40 \times F) \times 8.15$
where:
 - N = number of service years (YY;MM) to age 65;
 - T = uncapped salary;
 - F = lump-sum amount.
- 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.

- "Goal to be achieved" type scheme;
- The capital at age 65 equals: $N/40 \times (1.5 T_1 + 7 T_2)$
where:
 - N = number of service years (YY;MM) to age 65;
 - T_1 = capped salary bracket;
 - T_2 = salary package above cap and limited to a second cap.
- Mixed financing contribution/bonus in annual premiums.
Contribution is fixed at $0.5\% T_1 + 5\% T_2$.
The contribution is paid to the pension fund.

Retirement pension funds ANHYP - Defined benefit plans

in '000 EUR

31.12.2012

31.12.2011

1. Components of defined benefit plan assets and liabilities

1.1. Net funded, defined benefit plan obligation (asset)	784	649
— 1.1.1. Present value of wholly or partially funded	2 141	2 108
— 1.1.2. (-) Fair value, defined benefit plan assets	1 357	1 459
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	1 357	1 459
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

784

649

2. Expense recognised in profit or loss, total

93

93

2.1. Current service cost	41	45
2.2. Interest cost	86	88
2.3. (-) Expected return on plan assets	-62	-61
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	49	49
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	44	-92
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	2 108	2 006
3.2. (-) Benefits paid	-217 675	
3.3. Current service cost	41	45
3.4. Interest cost	86	88
3.5. Actuarial gains and losses, total	124	-32
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	2 108	2 108

4. Principal actuarial assumptions used in defined benefit plans

4.1. Discount rates	2.20%	2.20%
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		

ANHYP retirement pension fund

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

in '000 EUR	31.12.2012	31.12.2011
Fair value of investments (beginning of financial year)	1 459	1 315
Income from investments	49	50
Contribution by employer	66	94
Contribution by employee	0	0
Paid benefits during the year	-218	0
Fair value of investments (end of financial year)	1 356	1 459

Special events occurring during the year

Were there any amendments 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**2012**

Actives - count	20
Actives - average age	55
Actives - average service	36
Actives - average annual salary	52
Deferred - count	20
Deferred - average age	57
Deferred - average annual pension	2
Retirees - count	
Retirees - average age	
Retirees - average annual pension	

Assumptions**2012****2011**

Discount rate	2.2%	4.2%
Salary increase rate	3.5%	3.5%
Rate of inflation	2.0%	2.0%
Medical inflation rate		
Pension indexation rate	0.0%	0.0%
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)	31.12.12	31.12.10
Valuation date of the next complete valuation (YYYYMMDD)	31.12.13	31.12.12
Expected Average remaining service Life/EARSL	4	5

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 (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	2 108		1 458	1 458
Value at beginning of year	2 108		1 459	1 459
Service Cost	41			
Employee Contributions				
Interest Cost	86			
Expected Return on Assets (net of investment tax if any)			62	62
Actuarial Loss/Gain due to Experience	-36		-13	-13
Actuarial Loss/Gain due to Change in Assumptions	160			
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			66	66
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)	-218		-218	-218
Local change FX effect				
Foreign Exchange variance				
Value at end of year	2 141		1 356	1 356

Items in '000 EUR	Funded Status under IFRS (unfunded if positive)	Unrecognized Past Service Cost / (Asset) under IFRS	Assets not recognized due to asset ceiling under IFRS	SORIE (Net (Gain) / Loss recognized in Equity under IFRS)	Balance Sheet Liability / (Asset) under IFRS	2011 Pension Expense / (Income) under IFRS	Expected Year N+1 Pension Expense / (Income) under IFRS
	(e)=(a)-(b)	(f)	(g)	(h)	(l)=(e)-(f)+(g)	(j)=(l)-(h)-(c)	
Previous year closing	2 108			-92	2 108		
Value at beginning of year	2 108			-92	2 108		
Service Cost	41				41	41	41
Employee Contributions							
Interest Cost	86				86	86	42
Expected Return on Assets (net of investment tax if any)						-62	-25
Actuarial Loss/Gain due to Experience	-36			-23	-36		
Actuarial Loss/Gain due to Change in Assumptions	160			160	160		
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)	-218				-218		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	2 141			45	2 141	65	58

Sensitivity analysis**2012**

DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-2.01%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	2.09%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	1.31%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	2.50%
DBO's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
DBO'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 discount rate (as a percentage)	-1.95%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	2.02%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	4.38%
Service cost's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
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)	2.24%

**Estimated Future Benefits Paid
(for current active population, ie excluding new entrants)****2012**

Estimated future benefits paid - year N+1	533
Estimated future benefits paid - year N+2	70
Estimated future benefits paid - year N+3	371
Estimated future benefits paid - year N+4	83
Estimated future benefits paid - year N+5	159
Cumulative estimated future benefits paid - From year N+6 to year N+10	220
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	328

2012

Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	69

Historical overview

	2012	2011	2010	2009	2008	2007	2006
Defined benefit obligation	2 140.58	2 108.00	2 006.00	1 830.30	1 459.75	1 401.93	2 456.80
Fair value assets	1 357.00	1 459.00	1 316.13	1 160.98	1 007.94	945.49	1 578.15
Surplus or deficit	783.58	649.00	689.87	669.32	451.82	456.44	878.65
Actuarial gain / loss	-35.60	-40.00	-4.92	93.38			
Gain / loss due to change in assumptions	159.55	9.00	87.04	155.87			
Contributions in next year:							
— by the employer	68.64						
— by the employee	0.00						

Pension funds ANHYP - Defined benefit plans

in '000 EUR

	31.12.2012	31.12.2011
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	4 076	1 652
— 1.1.1. Present value of wholly or partially funded	15 658	12 991
— 1.1.2. (-) Fair value, defined benefit plan assets	11 582	11 339
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	11 582	11 339
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	4 076	1 652
2. Expense recognised in profit or loss, total	229	107
2.1. Current service cost	186	140
2.2. Interest cost	541	521
2.3. (-) Expected return on plan assets	-498	-555
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	793	-1 316
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	4 893	2 597
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	12 991	12 475
3.2. (-) Benefits paid	-694	-1 082
3.3. Current service cost	186	140
3.4. Interest cost	541	521
3.5. Actuarial gains and losses, total	2 591	894
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	42	42
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	15 658	12 991
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	2.20%	2.20%
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		

ANHYP benefit fund

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

	31.12.2012	31.12.2011
Shares		
Bonds		
Real estate		
Other investments	100.00%	100.00%

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

in '000 EUR	31.12.2012	31.12.2011
Fair value of investments (beginning of financial year)	11 338	12 017
Income from investments	793	-1 315
Contribution by employer	101	1 676
Contribution by employee	42	42
Paid benefits during the year	-694	-1 082
Fair value of investments (end of financial year)	11 580	11 338

Special events occurring during the year

Were there any amendments 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

	2012
Actives - count	84
Actives - average age	49
Actives - average service	23
Actives - average annual salary	56
Deferred - count	384
Deferred - average age	48
Deferred - average annual pension	2
Retirees - count	53
Retirees - average age	84
Retirees - average annual pension	3

Assumptions

	2012	2011
Discount rate	2.2%	4.2%
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)	31.12.12	31.12.10
Valuation date of the next complete valuation (YYYYMMDD)	31.12.13	31.12.12
Expected Average remaining service Life/EARSL	10	10

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 (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	12 991	11 338		11 338
Value at beginning of year	12 991	11 339		11 339
Service Cost	228			
Employee Contributions		42		42
Interest Cost	541			
Expected Return on Assets (net of investment tax if any)		498		498
Actuarial Loss/Gain due to Experience	-18	295		295
Actuarial Loss/Gain due to Change in Assumptions	2 609			
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		101		101
Employer Contributions to Separate Assets				
Benefits directly paid by the employer (enter as negative)				
Benefits paid from Plan Assets (enter as negative)	-694	-694		-694
Benefits paid from Separate Assets (enter as negative)				
Local change FX effect				
Foreign Exchange variance				
Value at end of year	15 657	11 581		11 581

Items
 in '000 EUR

	Funded Status under IFRS <small>(unfunded if positive)</small>	Unrecognized Past Service Cost / (Asset) under IFRS	Assets not recognized due to asset ceiling under IFRS	SORIE (Net (Gain) / Loss recognized in Equity under IFRS)	Balance Sheet Liability / (Asset) under IFRS	2011 Pension Expense / (Income) under IFRS	Expected Year N+1 Pension Expense / (Income) under IFRS
	(e)=(a)-(b)	(f)	(g)	(h)	(i)=(e)-(f)+(g)	(j)=(i)-(h)-(c)	
Previous year closing	1 653			2 597	1 653		
Value at beginning of year	1 652			2 597	1 652		
Service Cost	228				228	228	286
Employee Contributions	-42				-42	-42	-44
Interest Cost	541				541	541	347
Expected Return on Assets (net of investment tax if any)	-498				-498	-498	-252
Actuarial Loss/Gain due to Experience	-313			-313	-313		
Actuarial Loss/Gain due to Change in Assumptions	2 609			2 609	2 609		
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	-101				-101		
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	4 076			4 893	4 076	229	337

Sensitivity analysis**2012**

DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-5.00%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	5.46%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	1.87%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	3.41%
DBO's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
DBO'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 discount rate (as a percentage)	-8.24%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	9.01%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	5.44%
Service cost's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
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)	3.08%

**Estimated Future Benefits Paid
(for current active population, ie excluding new entrants)****2012**

Estimated future benefits paid - year N+1	3 125
Estimated future benefits paid - year N+2	985
Estimated future benefits paid - year N+3	1 116
Estimated future benefits paid - year N+4	512
Estimated future benefits paid - year N+5	1 114
Cumulative estimated future benefits paid - From year N+6 to year N+10	4 254
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	16 009

2012

Expected employer contributions to Plan Assets	105
Expected employer contributions to Separate Assets	

Historical overview

	2012	2011	2010	2009	2008	2007	2006
Defined benefit obligation	15 657.81	12 991.00	12 475.12	12 006.15	10 812.61	11 531.76	12 739.01
Fair value assets	11 582.24	11 339.00	12 016.46	11 551.02	12 602.93	15 048.19	14 969.06
Surplus or deficit	4 075.58	1 652.00	458.66	455.13	-1 790.32	-3 516.43	-2 230.06
Actuarial gain / loss	-18.06	777.00	-636.89	611.21			
Gain / loss due to change in assumptions	2 609.33	117.00	973.15	1 027.36			
Contributions in next year:							
— by the employer	104.91						
— by the employee	43.66						

Existing IPPA Scheme

Managed in the form of group insurance.

— "Goal to be achieved" type scheme;

— The capital at age 60 (maturity day of the contract) equals: $N/40 \times (2 T_1 + 7.35 T_2)$

where:

• N = number of service years (YY; MM) to age 60;

• T_1 = capped salary bracket;

• T_2 = salary bracket above this cap.

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

IPPA - Defined benefit plans

in '000 EUR

31.12.2012

31.12.2011

1. Components of defined benefit plan assets and liabilities

1.1. Net funded, defined benefit plan obligation (asset)	9 024	4 351
— 1.1.1. Present value of wholly or partially funded	48 186	45 494
— 1.1.2. (-) Fair value, defined benefit plan assets	39 162	41 143
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	39 162	41 143
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

9 024

4 351

2. Expense recognised in profit or loss, total

1 449

1 648

2.1. Current service cost	1 381	1 512
2.2. Interest cost	1 834	1 952
2.3. (-) Expected return on plan assets	-1 767	-1 816
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	1 806	1 674
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	4 954	-945
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	45 494	45 704
3.2. (-) Benefits paid	-6 462	-3 696
3.3. Current service cost	1 381	1 512
3.4. Interest cost	1 834	1 952
3.5. Actuarial gains and losses, total	5 938	22
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	48 186	45 494

4. Principal actuarial assumptions used in defined benefit plans

4.1. Discount rates	2.20%	4.20%
4.2. Expected return on plan assets	2.20%	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		

The existing IPPA scheme 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 reconciliation relating to these investments between the beginning and the end of the financial year looks like this:

in '000 EUR	31.12.2012	31.12.2011
Fair value of investments (beginning a financial year)	41 143	41 234
Income from investments	1 806	1 675
Contribution by employer	2 675	1 930
Contribution by employee		
Paid benefits during the year	-6 462	-3 696
Fair value of investments (end of financial year)	39 162	41 143

Special events occurring during the year

Were there any amendments 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

	2012	2011
Actives - count	309	366
Actives - average age	53	53
Actives - average service	31	30
Actives - average annual salary	59	56
Deferred - count	6	
Deferred - average age	54	
Deferred - average annual pension	8	
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions

	2012	2011
Discount rate	2.2%	4.2%
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)	31.12.12	31.12.10
Valuation date of the next complete valuation (YYYYMMDD)	31.12.13	31.12.12
Expected Average remaining service Life/EARSL	6	6

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 (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	45 495		41 142	41 142
Value at beginning of year	45 494		41 143	41 143
Service Cost	1 381			
Employee Contributions				
Interest Cost	1 834			
Expected Return on Assets (net of investment tax if any)			1 767	1 767
Actuarial Loss/Gain due to Experience	490		39	39
Actuarial Loss/Gain due to Change in Assumptions	5 448			
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			2 675	2 675
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)	-6 462		-6 462	-6 462
Local change FX effect				
Foreign Exchange variance				
Value at end of year	48 185		39 162	39 162

Items in '000 EUR	Funded Status under IFRS (unfunded if positive)	Unrecognized Past Service Cost / (Asset) under IFRS	Assets not recognized due to asset ceiling under IFRS	SORIE (Net (Gain) / Loss recognized in Equity under IFRS)	Balance Sheet Liability / (Asset) under IFRS	2011 Pension Expense / (Income) under IFRS	Expected Year N+1 Pension Expense / (Income) under IFRS
	(e)=(a)-(b)	(f)	(g)	(h)	(i)=(e)-(f)+(g)	(j)=(i)-(h)-(c)	
Previous year closing	45 495			-945	45 495		
Value at beginning of year	45 494			-945	45 494		
Service Cost	1 381				1 381	1 381	1 497
Employee Contributions							
Interest Cost	1 834				1 834	1 834	1 032
Expected Return on Assets (net of investment tax if any)						-1 767	-831
Actuarial Loss/Gain due to Experience	490			451	490		
Actuarial Loss/Gain due to Change in Assumptions	5 448			5 448	5 448		
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)	-6 462				-6 462		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	48 185			4 954	48 185	1 448	1 698

Sensitivity analysis

2012

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 discount rate (as a percentage)	3.28%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.15%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	5.77%
DBO's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
DBO'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 discount rate (as a percentage)	-4.03%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	4.29%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.35%
Service cost's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
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)	4.10%

**Estimated Future Benefits Paid
(for current active population, ie excluding new entrants)**

	2012
Estimated future benefits paid - year N+1	5 563
Estimated future benefits paid - year N+2	4 401
Estimated future benefits paid - year N+3	5 953
Estimated future benefits paid - year N+4	3 536
Estimated future benefits paid - year N+5	3 967
Cumulative estimated future benefits paid - From year N+6 to year N+10	16 305
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	29 924

2012

Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	2 768

Historical overview	2012	2011	2010	2009	2008	2007	2006
Defined benefit obligation	48 186.16	45 494.00	45 703.77	44 680.75	41 543.32	41 039.15	41 973.82
Fair value assets	39 161.68	41 143.00	41 234.46	39 723.55	39 790.69	37 197.93	37 293.10
Surplus or deficit	9 024.49	4 351.00	4 469.31	4 957.21	1 752.63	3 841.22	4 680.72
Actuarial gain / loss	489.68	-235.00	-1 209.59	1 085.39			
Gain / loss due to change in assumptions	5 447.93	258.00	1 906.34	2 428.50			
Contributions in next year:							
— by the employer	2 768.22						
— by the employee	0.00						

New AXA Bank Europe scheme

Managed in the form of group insurance.

Two schemes exist alongside each other: a scheme for staff (a) and a scheme for directors (b).

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

- The capital at age 60 (maturity day of the contract) equals: $N/40 \times (3 T_1 + 8 T_2)$
where:
 - N = number of service years (YY; MM) to age 60;
 - T_1 = capped salary bracket;
 - T_2 = salary bracket above this cap.
- Mixed financing contribution/bonus in annual premiums.
The contribution depends on seniority and is 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

- The capital at age 60 equals: $N/40 \times (2.2 T_1 + 8.8 T_2)$
where:
 - N = number of service years (YY; MM) to age 60;
 - T_1 = capped salary bracket;
 - T_2 = salary bracket above this cap.
- Mixed financing contribution/bonus in annual premiums.
- The contribution depends on seniority and is determined at: 1.5% 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

	31.12.2012	31.12.2011
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	29 845	14 764
— 1.1.1. Present value of wholly or partially funded	73 402	54 772
— 1.1.2. (-) Fair value, defined benefit plan assets	43 557	40 008
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	43 557	40 008
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	29 845	14 764
2. Expense recognised in profit or loss, total	2 582	2 542
2.1. Current service cost	2 050	1 947
2.2. Interest cost	2 380	2 219
2.3. (-) Expected return on plan assets	-1 848	-1 624
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	1 420	1 665
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	22 621	6 628
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	54 766	48 944
3.2. (-) Benefits paid	-2 419	-582
3.3. Current service cost	2 050	1 947
3.4. Interest cost	2 380	2 219
3.5. Actuarial gains and losses, total	15 572	1 231
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	1 054	1 013
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	73 403	54 772
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	2.20%	4.20%
4.2. Expected return on plan assets	2.20%	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		

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

and recognised in the AXA Europe balance sheet consists primarily of shares, bonds and real estate.

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

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

in '000 EUR	31.12.2012	31.12.2011
Fair value of investments (beginning a financial year)	40 008	33 886
Income from investments	1 421	1 665
Contribution by employer	3 495	4 026
Contribution by employee	1 054	1 013
Paid benefits during the year	-2 419	-582
Fair value of investments (end of financial year)	43 559	40 008

Special events occurring during the year

Were there any amendments 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

	2012	2011
Actives - count	684	682
Actives - average age	45	45
Actives - average service	18	17
Actives - average annual salary	62	60
Deferred - count	62	52
Deferred - average age	39	37
Deferred - average annual pension	2	2
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions

	2012	2011
Discount rate	2.2%	4.2%
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)	31.12.12	31.12.10
Valuation date of the next complete valuation (YYYYMMDD)	31.12.13	31.12.12
Expected Average remaining service Life/EARSL	13	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 (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	54 766		40 008	40 008
Value at beginning of year	54 766		40 008	40 008
Service Cost	3 104			
Employee Contributions			1 054	1 054
Interest Cost	2 380			
Expected Return on Assets (net of investment tax if any)			1 848	1 848
Actuarial Loss/Gain due to Experience	2 763		-427	-427
Actuarial Loss/Gain due to Change in Assumptions	12 809			
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			3 495	3 495
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)	-2 419		-2 419	-2 419
Local change FX effect				
Foreign Exchange variance				
Value at end of year	73 403		43 559	43 559

Items
in '000 EUR

	Funded Status under IFRS <small>(unfunded if positive)</small>	Unrecognized Past Service Cost / (Asset) under IFRS	Assets not recognized due to asset ceiling under IFRS	SORIE (Net (Gain) / Loss recognized in Equity under IFRS)	Balance Sheet Liability / (Asset) under IFRS	2011 Pension Expense / (Income) under IFRS	Expected Year N+1 Pension Expense / (Income) under IFRS
	(e)=(a)-(b)	(f)	(g)	(h)	(i)=(e)-(f)+(g)	(j)=(i)-(h)-(c)	
Previous year closing	54 766			6 622	54 766		
Value at beginning of year	54 766			6 622	54 766		
Service Cost	3 104				3 104	3 104	4 365
Employee Contributions						-1 054	-1 091
Interest Cost	2 380				2 380	2 380	1 627
Expected Return on Assets (net of investment tax if any)						-1 848	-926
Actuarial Loss/Gain due to Experience	2 763			3 190	2 763		
Actuarial Loss/Gain due to Change in Assumptions	12 809			12 809	12 809		
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)	-2 419				-2 419		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	73 403			22 621	73 403	2 582	3 975

Sensitivity analysis**2012**

DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-4.88%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	5.31%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.82%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.73%
DBO's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
DBO'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 discount rate (as a percentage)	-7.19%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	7.98%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	11.02%
Service cost's Sensitivity to a +0.5% change in the pension increase rate, if relevant (as a percentage)	
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)	5.80%

**Estimated Future Benefits Paid
(for current active population, ie excluding new entrants)****2012**

Estimated future benefits paid - year N+1	7 726
Estimated future benefits paid - year N+2	3 483
Estimated future benefits paid - year N+3	2 126
Estimated future benefits paid - year N+4	3 627
Estimated future benefits paid - year N+5	6 636
Cumulative estimated future benefits paid - From year N+6 to year N+10	21 123
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	147 404

2012

Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	3 616

Historical overview

	2012	2011	2010	2009	2008	2007	2006
Defined benefit obligation	73 402.26	54 766.00	48 943.67	38 977.86	32 675.48	29 095.84	30 224.17
Fair value assets	43 557.35	40 008.00	33 886.26	29 144.27	24 391.01	20 950.21	19 462.26
Surplus or deficit	29 844.91	14 764.00	15 057.40	9 833.59	8 284.46	8 145.63	10 761.90
Actuarial gain / loss	2 762.87	747.00	2 689.91	440.31			
Gain / loss due to change in assumptions	12 809.15	478.00	2 857.02	3 083.83			
Contributions in next year:							
— by the employer	3 616.14						
— by the employee	1 090.57						

Other plans

Health Care - Defined benefit plans

in '000 EUR

	31.12.2012	31.12.2011
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	17 973	10 105
— 1.1.1. Present value of wholly or partially funded	17 973	10 105
— 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	17 973	10 105
2. Expense recognised in profit or loss, total	772	728
2.1. Current service cost	334	319
2.2. Interest cost	437	409
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	11 162	4 040
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	10 105	9 231
3.2. (-) Benefits paid	-65	-58
3.3. Current service cost	334	319
3.4. Interest cost	437	409
3.5. Actuarial gains and losses, total	7 161	203
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	17 973	10 105
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	2.20%	4.20%
4.2. Expected return on plan assets	2.20%	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	3.50%	3.50%
4.7. Other material actuarial assumptions		
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	906	942
5.2. Accumulated obligation for medical cost	24 884	12 581
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	676	563
5.2. Accumulated obligation for medical cost	13 140	8 117

Special events occurring during the year

Were there any amendments 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

2012

Actives - count	1 313
Actives - average age	48
Actives - average service	22
Actives - average annual salary	
Deferred - count	
Deferred - average age	
Deferred - average annual pension	0
Retirees - count	491
Retirees - average age	73
Retirees - average annual pension	0

Assumptions

2012
2011

Discount rate	2.2%	4.2%
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)	31.12.12	31.12.10
Valuation date of the next complete valuation (YYYYMMDD)	31.12.13	31.12.12
Expected Average remaining service Life/EARSL	12	12

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 (c)	Reconciliation of Total Assets (d)=(b)+(c)
Previous year closing	10 105	0		0
Value at beginning of year	10 105			
Service Cost	334			
Employee Contributions				
Interest Cost	437			
Expected Return on Assets (net of investment tax if any)				
Actuarial Loss/Gain due to Experience	75			
Actuarial Loss/Gain due to Change in Assumptions	7 085			
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)	-65			
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	17 971	0		0

Items in '000 EUR	Funded Status under IFRS <small>(unfunded if positive)</small>	Unrecognized Past Service Cost / (Asset) under IFRS	Assets not recognized due to asset ceiling under IFRS	SORIE (Net (Gain) / Loss recognized in Equity under IFRS)	Balance Sheet Liability / (Asset) under IFRS	2011 Pension Expense / (Income) under IFRS	Expected Year N+1 Pension Expense / (Income) under IFRS
	(e)=(a)-(b)	(f)	(g)	(h)	(i)=(e)-(f)+(g)	(j)=(i)-(h)-(c)	
Previous year closing	10 105			4 002	10 105		
Value at beginning of year	10 105			4 001	10 105		
Service Cost	334				334	334	594
Employee Contributions							
Interest Cost	437				437	437	408
Expected Return on Assets (net of investment tax if any)							
Actuarial Loss/Gain due to Experience	75			75	75		
Actuarial Loss/Gain due to Change in Assumptions	7 085			7 085	7 085		
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)	-65				-65		
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	17 971			11 161	17 971	771	1 002

Sensitivity analysis**2012**

DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-16.27%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	14.56%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	
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 pension increase rate, if relevant (as a percentage)	
DBO's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	16.67%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-18.78%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	15.11%
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 pension increase rate, if relevant (as a percentage)	
Service cost's Sensitivity to a +0.5% change in the medical inflation rate, if relevant (as a percentage)	20.03%
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)****2012**

Estimated future benefits paid - year N+1	66
Estimated future benefits paid - year N+2	67
Estimated future benefits paid - year N+3	69
Estimated future benefits paid - year N+4	70
Estimated future benefits paid - year N+5	72
Cumulative estimated future benefits paid - From year N+6 to year N+10	360
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	1 956

2012

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

Historical overview

	2012	2011	2010	2009	2008	2007	2006
Defined benefit obligation	17 972.90	10 105.00	9 231.44	7 979.52	6 179.93	6 513.55	7 692.08
Fair value assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus or deficit	17 972.90	10 105.00	9 231.44	7 979.52	6 179.93	6 513.55	7 692.08
Actuarial gain / loss	75.41	-71.00	-719.57	0.00			
Gain / loss due to change in assumptions	7 085.24	236.00	1 415.54	1 445.54			
Contributions in next year:							
— by the employer	66.77						
— by the employee	0.00						

33 / SHARE-BASED PAYMENTS

Every year the AXA Group assigns a number of "equities" (shares) to each country to distribute amongst its employees. This concerns share options on the shares of the parent company AXA NV.

The beneficiaries of the equities that are assigned randomly are allocated a percentage (which varies each year) in the form of share options. The valuation and inclusion of these share options will take place at the AXA sa parent company. The part with regard to AXA Bank Europe is intangible. An estimate of the costs of the benefits assigned for the 2011 financial year has shown that this amounts to ± 213 000 EUR. The table below provides an overview of a number of options that have been assigned to employees who have a contract with AXA Bank. The cancelled options concern employees who have left the company and, therefore, no longer wish to make use of their right to exercise their options.

The balance is assigned in the form of "Performance Units" (PUs) based on 1 PU for 2.5 equities (shares). These PUs are revalued based on the Group's results.

The assignment of the 2010 financial year, 50% of the PUS that are revalued based on the Group's results will be converted based on the average closing rate of the AXA share during the last 20 quotation days prior to 19 March 2012 (payment on 19 March 2012) while the other 50% will be converted based on the average closing

rate of the AXA share during the last 20 quotation days prior to 19 March 2013 (payment or conversion into AXA share at the preference of the beneficiary).

For the assignment for the 2012 financial year, the Pus will be revalued based on the level of the achieved goals jointly for the Group and the entity of the beneficiary during the period ranging from 1 January 2012 to 31 December 2013. Based on this achieved level, the conversion percentage will be determined with which the original number of PUs will be increased. The payment of the equivalent amount of these PUs will be executed on 16 March 2015 or on the 3rd birthday of the assignment.

The costs during the 2012 financial year amounts to 1 067 308.37 EUR for this PU.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Toegekende opties	27 341	43 990	53 640	76 345	98 874	69 616	49 700	45 459	36 975	65 245	88 976	109 879	48 900	814 939
Uitgeoefende opties				24 239						1 000				25 239
Geannuleerde opties				1 435	2 223	1 569	1 046	1 536	2 223	2 535	2 825	2 000		17 392
Vervallen opties			65 193											65 193
Uit oefenprijs	38.96	30.74	19.96	10.47	16.90	19.70	27.75	32.95	21.00	9.76	15.43	14.73	12.22	
														707.115

34 / GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE

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 3.1 million for 2012.

35 / EQUITY

Subscribed capital

in '000 EUR

	31.12.2012	31.12.2011
Subscribed capital	546 318	546 318
Revaluation reserves	-27 105	-222 335
Revaluation of available-for-sale financial assets	44 977	-306 196
Deferred tax	-18 206	104 101
	26 771	-202 095
Actuarial gains/losses relating to promised pension schemes	-43 876	-12 182
Deferred tax	14 845	4 141
	-29 031	-8 041
Foreign currency translation	2 313	16 907
Cash flow hedges	-41 141	-40 490
Deferred tax	13 984	11 385
	-27 157	-29 105
Other reserves (including results carried forward)	326 526	475 250
RESULT FOR THE FINANCIAL YEAR	-23 377	-147 758
TOTAL EQUITY	822 362	651 475

The issued capital amounts to 546 318 241.47 EUR and consists of 395 911 750 shares without making a reference to the nominal value.

It was paid up in full.

The reserves from the revaluation comprise the reserves from the revaluation of the exchange rates, the revaluation of the assets available for selling, the revaluation of the cash flow covers and the reserves for pension liabilities.

The "other reserves" section comprises the legal reserves and the transferred results from the AXA Bank Europe parent company and the consolidation reserves by the first IFRS inclusion with this last one and all consolidation reserves for the subsidiaries.

The consolidation reserves also include the Fund for General Bank Risks. This is started by the bank to deal with unforeseeable risks and future unexpected losses. This fund amounts to 33 million EUR (unchanged when compared to the previous financial year).

36 / PROFIT ALLOCATION AND DIVIDENDS PER SHARE

The Board of Directors recommends to integrally transfer the losses of the financial year together with the transferred results to the following financial year. Dividends will, therefore, not be distributed.

37 / CASH AND CASH EQUIVALENTS

Components of cash and cash equivalents

in '000 EUR

	31.12.2012	31.12.2011
On hand (cash)	68 632	77 159
Cash and balances with central banks	1 148 309	558 999
Loans and receivables	130 140	128 548
Held-to-maturity investments		
Available-for-sale assets	7 230	498 298
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)		189 838
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1 354 311	1 452 842

**Income and expenses
from related-party transactions**

31.12.2012 – 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	2						73 856	73 858
Foreign exchange								
Fees and commissions							5 044	5 044
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other			1				43 539	43 540
TOTAL EXPENSES	2		1				122 439	122 442
Income								
Interest Income			37				115 583	115 620
Foreign exchange								
Fees and commissions							6 938	6 938
Dividend income			1 300					1 300
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other			100				10 828	10 928
TOTAL INCOME			1 437				133 349	134 786

Income and expenses from related-party transactions

31.12.2011 – 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	57						796 363	796 420
Foreign exchange								
Fees and commissions							5 999	5 999
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other			1				6 281	6 282
TOTAL EXPENSES	57		1				808 643	808 701
Income								
Interest Income			159				174 620	174 779
Foreign exchange								
Fees and commissions							7 237	7 237
Dividend income								
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other							7 306	7 306
TOTAL INCOME			159				189 163	189 322
Last van oninbare of dubieuze vorderingen die is opgenomen tijdens het lopende jaar								

The "Other Related Parties" column also contains the transactions of the sister companies that fall under the joint control of AXA.

We find the mobilisation claims with regard to the asset in the "long-term loans" section within the framework of the reverse repurchase transactions with AXA Belgium for 3 924 million EUR and a reverse repurchase with AXA France for 822 million EUR.

We would also like to point out that AXA Bank Europe acts as an intermediary within the framework of a Total Return Equity Swap. This transaction takes place, on the one hand, with AXA S.A. (France) and AXA Life France. Within the framework of this transaction, cash is both received and paid out as security. The net impact on the result account of AXA Bank Europe is slight.

The "other loans" section can be found under liabilities that contains the following elements:

- Term investments of AXA Belgium for a total amount of 33 million EUR
- Term investment of GIE AXA Tresorie Paris (GIE AGA) for 320 million EUR
- Term investment for 133 million EUR door AXA Investment Managers Paris
- Cash collateral of AXA Holding Paris for 394 million EUR
- Mobilisation debts as a result of repos with AXA France Vie for 638 million EUR
- Received cash collateral with regard to the aforementioned Total Return Equity Swap for 109 million EUR

The related 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 scope.

The scope and definition of the managers at key positions was re-examined and clarified during the course of 2012 because it had been established that a few people were being included in error in 2011. This does not affect the figures recognised in the balance

sheet and/or result account in any way. For comparison sake, we take again the figures from 2011 below for the members of the management committee.

Key management Compensations

in '000 EUR

	31.12.2012	31.12.2011
Short-term employee benefits	2 635	5 889
Post-employment benefits		
Other long-term benefits	192	
Termination benefits		197
Share based payments	91	172
TOTAL	2 918	6 258

As employees of AXA the management in key positions benefit 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, regarding these persons no separate database is kept by AXA.

39 / LEASE AGREEMENTS

Leasing activities do not belong to the set of activities of AXA Bank Europe.

Regarding operational lease arrangements, the tables below show the lease agreements of both company cars and corporate buildings.

Assets held under an operating lease as a lessee

31.12.2012 – 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	183				
> 1 year ≤ 5 years	2 445				
> 5 years	58				
TOTAL NOMINAL AMOUNT	2 686		1 516		

Assets held under an operating lease as a lessee

31.12.2011 – 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	102				
> 1 year ≤ 5 years	3 664				
> 5 years	59				
TOTAL NOMINAL AMOUNT	3 825		1 312		

40 / REPURCHASE AGREEMENTS (REPO) AND REVERSE REPURCHASE AGREEMENTS (REVERSE REPO)

Situation as of 31 December 2012

The debt certificates specified below are related to financial assets that have been recognised here for their IFRS book value. The other amounts are related to cash.

Transferor: Repo - No derecognition of transfers of financial assets out of

31.12.2012 – in '000 EUR

	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading		10 123 226		1 854 264	11 977 490
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		10 123 226		1 854 264	11 977 490

The inclusion of the repurchase agreements and reverse repurchase agreements occurs here for the paid amounts and received amounts, respectively.

Transferor: Liabilities (financing obtained)

31.12.2012 – in '000 EUR

	Total
Repo	
Credit institutions	1 902 765
Other than credit institutions	6 890 196

Transferee: Assets (financing granted)

31.12.2012 – in '000 EUR

	Total
Reverse repo	
Credit institutions	138 046
Other than credit institutions	5 067 996

Situation as of 31 December 2011

Transferor: Repo - No derecognition of transfers of financial assets out of

31.12.2011 – in '000 EUR

	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading		10 166 486			10 166 486
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		10 166 486			10 166 486

Transferor: Liabilities (financing obtained)

31.12.2011 – in '000 EUR

	Total
Repo	
Credit institutions	9 860 370
Other than credit institutions	762 453

Transferee: Assets (financing granted)

31.12.2011 – in '000 EUR

	Total
Reverse repo	
Credit institutions	645 871
Other than credit institutions	6 289 108

41 / FINANCIAL RELATIONSHIPS WITH AUDITORS

31.12.2012 – in '000 EUR

	PWC 31.12.2012
Remuneration of the auditor(s)	470
Remuneration for exceptional activities or special commissions performed within the company by the auditor(s)	
— Other audit activities	146
— Advisory activities	
— Other activities outside audit activities	
Bezoldiging van de personen met die de commissaris(sen) verbonden is (zijn) voor de uitoefening van een mandaat van commissaris op het niveau van de groep waarvan de vennootschap die de informatie publiceert aan het hoofd staat	183
Remuneration for exceptional activities or special commissions performed within the company by persons associated with the auditor(s)	
— Other audit activities	15
— Advisory activities	
— Other activities outside audit activities	1

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

42 / SEGMENT INFORMATION

The segment information model contains both a split based on geographical segment and based on business unit.

The split based on geographical segment (that is to say, countries) is based on the location where the operational commercial services are being offered. These commercial services comprise the range of deposits and loans of private clients. The results of the special purpose entities (for the issue of EMTNs, covered bonds and the securitisation of loans) are included in the Belgian results.

The Shared Services business unit (also referred to as the "headquarters") comprised the centralised ALM (asset and liability management) & cash resources functions, the supportive functions and the IT centre Poland.

Transactions between the different business units are carried out professionally and objectively (arm's length principle) where mainly the following basic principles are applied:

— Service Level Agreements: The AXA Bank Europe subsidiaries outsource various services to AXA Bank Europe headquarters of which the most important ones are specifically risk management, the internal audit, the ALM and the management of liquid

resources/cash resources. The results of these services are designated depending on the provisions and conditions between headquarters and each subsidiary. Internal service level agreements make detailed arrangements with regard to tasks and responsibilities of the supportive services.

— Funds Transfer Pricing: The management of cash resources and ALM within AXA Bank Europe is centralised at the level of AXA Bank Europe headquarters. With a view of transferring the interest risk of the commercial activities to the centralised ALM, the Funds Transfer Pricing system is used. This means that deposits that are provided for safekeeping by the commercial business units are reinvested at the central ALM and that the loans allocated by the commercial business units are financed by the central ALM while using the Funds Transfer Pricing interest rate.

— Allocation of ALM results: In addition to the commercial margin, AXA Bank Europe may use a conversion margin for its retail activities. With a view to achieving the best possible balance sheet management, this is managed centrally at headquarters. The ALM result is entered on the commercial activities to allow a total assessment at the level of each country. The parameters that are used in this entry are economic capital and assets and liabilities of the retail activities.

Situation as of 31 December 2012

AXA Bank Europe Net Income in '000 EUR	Net Banking Product	Commissions	Adminis- trative Expenses	Loan Loss Provisions	Other	Taxes	Net Income
Belgium	256 453	-39 678	-182 630	-23 071	0	-1 515	9 559
Head Office	65 989	0	-51 072	0	0	6 894	21 810
Belgium & Shared Services	322 442	-39 678	-233 702	-23 071	0	5 379	31 369
Hungary	31 977	-709	-30 734	-35 795	-4 359	0	-39 620
Czech Republic	3 415	-649	-9 233	-8	0	0	-6 475
Slovakia	-10	-370	-8 297	0	0	0	-8 677
Poland	-69	0	118	0	25	-34	40
AXA Bank Europe	357 755	-41 407	-281 848	-58 874	-4 334	5 345	-23 363

Situation as of 31 December 2011

AXA Bank Europe Net Income in '000 EUR	Net Banking Product	Commissions	Adminis- trative Expenses	Loan Loss Provisions	Other	Taxes	Net Income
Belgium	273 785	-37 294	-190 569	-13 577	0	-2 362	29 983
Head Office	56 484	0	-57 609	0	69	1 009	-47
Belgium & Shared Services	330 269	-37 294	-248 177	-13 577	69	-1 353	29 936
Hungary	49 848	-261	-32 317	-159 358	-3 553	-3 715	-149 357
Czech Republic	-368	-220	-15 193	0	0	0	-15 781
Slovakia	1 153	-247	-9 246	0	0	196	-8 145
Poland	-8	-35	-4 370	0	0	0	-4 412
AXA Bank Europe	380 894	-38 057	-309 304	-172 935	-3 484	-4 872	-147 758

43 / EVENTS AFTER THE BALANCE SHEET DATE

Events worth mentioning did not occur after the balance sheet date that have an impact on the figure for the 2012 financial year.

On 22 March 2012, the Board of Directors assessed the financial statements and approved their publication.

The financial statements will be submitted for approval to the General Meeting of Shareholders on 25 April 2013.

Brussels, 22 March 2013

Board of directors

Jacques de Vaucleroy, Chairman

Emmanuel de Talhouët, Vice-chairman

Jef Van In, Chairman of the Executive Committee

Dominique Bellec (since 10 January 2012)

Irina Buchmann

Frédéric Clément (till 31 December 2012)

Sabine De Rycker (since 1 February 2012)

Patrick Vaneeckhout

Emmanuel Vercoustre

BVBA M.B.I.S., represented by Marc Bellis

Jacques Espinasse

Thomas Gerber (till 30 September 2012)

Patrick Lemoine

Marc Raisière (till 1 Mei 2012)

François Robinet

MANAGEMENT BODIES

ADMINISTRATION, MANAGEMENT AND AUDIT

Board of Directors

Jacques de Vaucleroy, Chairman

Emmanuel de Talhouët, Vice-President

Dominique Bellec
(since 10 January 2012)

Irina Buchmann

Frédéric Clément
(until 31 December 2012)

Sabine De Rycker
(since 1 February 2012)

Jacques Espinasse

Thomas Gerber
(until 30 September 2012)

Patrick Lemoine

M.B.I.S. sprl
(≈ private limited company),
represented by Marc Bellis

Marc Raisière
(until 31 April 2012)

François Robinet

Patrick Vaneeckhout

Jef Van In

Emmanuel Vercoustre

Executive Committee

Jef Van In, Chairman

Dominique Bellec
(since 10 January 2012)

Irina Buchmann

Frédéric Clément
(until 31 December 2012)

Sabine De Rycker
(since 1 February 2012)

Patrick Vaneeckhout

Emmanuel Vercoustre

Audit Committee

Jacques Espinasse, Chairman

Patrick Lemoine

M.B.I.S. sprl
(≈ private limited company),
represented by Marc Bellis

Remuneration Committee

Jacques de Vaucleroy, Chairman

M.B.I.S. sprl
(≈ private limited company),
represented by Marc Bellis

Patrick Lemoine

Statutory Auditor

PwC Accountants, scrl
(≈ co-operative company with
limited liability), represented by
Gregory Joos and Tom Meuleman
(chartered accountants)

REPORT OF THE BOARD OF DIRECTORS FISCAL YEAR 2012

SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS OF 25 APRIL 2013

1 / AXA BANK EUROPE

1.1 / Key events in 2012

AXA Hedging Services

In March 2012, AXA Hedging Services was ceded to AXA Global Carrier for an amount of EUR 11.8 million. Purpose of this cession was to integrate into one unit the entire value-chain of the Variable Annuity products, from conception to distribution. Consequently, the Parisian branch of the Execution Desk, where hedging deals for the Variable Annuities, derivatives & EMTN coupons were handled for the account of AXA Bank Europe, closed in October 2012. Its activities were transferred to the dealing room in Brussels in order to ensure the continuity of the hedging and EMTN structuring activities for AXA Group.

These operations had no impact on AXA Bank Europe activities, as a cooperation agreement has been signed giving, among others, exclusivity to AXA Bank Europe for the execution of all hedging operations recommended by AXA Hedging Services to AXA Insurance Companies.

Liquidity

Over the year, AXA Bank Europe has marked a significant improvement of its liquidity position, both in absolute level as well as in quality of funding (diversification of funding sources, lengthening of the duration). Retail savings for instance, increased by EUR 1 net billion of which EUR 578 million EMTN. Further covered bonds issued in 2012 led to a stock of EUR 2.7 billion at the end of the year. This improved liquidity position allows AXA Bank Europe to focus on optimizing its funding costs both in terms of costs and quality.

Launch of loans in the Czech branch

The Czech branch of AXA Bank Europe is commercially active since 2010. It started operations with a simple saving account. In the spring of 2012, AXA Bank Europe decided to launch a mortgage product in order to attract new clients.

AXA prepaid card

During the summer 2012, AXA Bank Belgium launched the prepaid card. This stand-alone card functions like a classic credit/debit card but doesn't require opening a bank account. The objective is to attract new customers, particularly youngsters.

Stress test

Strengths and vulnerabilities of economies are assessed through the Financial Stability Assessment Program (a.k.a "IMF stress-test"). AXA Bank Europe participated for the first time to this program in September 2012. The program includes among other tests, some stress-tests on liquidity and solvency. The liquidity stress-test has been performed by the IMF and the National Bank of Belgium, while the solvency stress-test required the involvement of the 6 largest banks in Belgium. The results of the FSAP are going to be published in May 2013 on a sector basis.

Systematically important financial institution

At the end of the year 2012, the National Bank of Belgium has informed AXA Bank Europe that it was now considered as a domestic systematically important financial institution (SIFI). The reason of this decision is linked to AXA Bank Europe's cross border activities and interconnectedness. This decision implies that AXA Bank Europe nowadays has to proactively inform the National Bank on all potential decisions related to strategic matters.

1.2 / The economic and financial context

After 5 years of crisis, the world economy has weakened again in 2012 (GDP growth +3.2% vs. +3.9% in 2011). This slowdown is mainly explained by 3 factors: the current recession in the Euro Area (GDP decrease by -0.4%); the lower than expected expansion of the U.S. economy (GDP growth +2.3%) and finally the slowdown observed in many emerging markets (GDP growth of +5.1% vs. +6.3% in 2011).

In the United States, the economic growth resisted well despite limited farming productions following the droughts and the impact of the storm Sandy in the second half of the year. The increase of the private consumption was supported by the improvement of the employment market and by a decrease of the household saving rate. The growth of the business investments should rise again thanks to the disappearance of the uncertainties, while the investment in the Real Estate sector will continue to rise.

In Europe, the crisis of the Euro Area worsened in the second half of the year despite the economical and fiscal policies taken to solve the crisis.

Everyone recalls the panic surrounding the Spanish banking sector in the early summer 2012 and the fear of a collapse of the Euro zone, which have for a moment made most markets vacillate, with the exception of the German Bund, the American T-bond and the U.S. dollar, which took over the role of safe heaven investment from gold.

In the meantime, central banks have intervened vigorously. Both the Federal Reserve of the United States (FED) and the European Central Bank (ECB) have flooded the market with liquidity and announced the continuation of low short-term interest rates until 2015. The position of the President of the ECB, Mario Draghi, during the summer of 2012 was instrumental in reversing the trend of the markets in the last months of the year.

This was indeed the starting point of a renewed market confidence, a gradual reduction in the risk premium and, consequently, a rise of financial markets; both bond markets (in the peripheral countries) as stock markets. All this happened despite an increasingly difficult cyclical environment, especially in some European countries in the periphery where the recession has now moved deeper.

According to the WTO, the world trade volume in 2012, which is the average of the exportations and the importations, slowed down compared to the previous year (+2.5% against +5% in 2011). The slowdown of the exchanges in the 1st semester was then emphasized in the 2nd half of 2012 due to a strong decrease of imports in the mature countries and combined to the weakness of the exports in the developing countries. As a consequence, the worldwide exportation growth should reach +2.5% in 2012 (against +6% in 2011).

1.3 / Comments on AXA Bank Europe results

1.3.1 / Production volumes

Net collection in mio EUR	2011 ⁽¹⁾	2012 ⁽²⁾	Variation ⁽³⁾ (comparable FX)
Belgium	1 297	1 373	6%
Hungary	60	72	26%
Zwitzerland	-200		
Czech Republic	87	233	174%
Slovakia	11	59	454%
TOTAL NNM	1 255	1 738	39%

(1) Converted using the average annual exchange rate.

(2) Converted using the average annual exchange rate.

(3) The 2012 figures were converted using the 2011 exchange rate for the comparison calculation.

Total AXA Bank Europe net collections were EUR 1 738 million, or an increase of EUR 483 million compared to 2011.

In Belgium, AXA Bank Europe has reached a good level of net balance sheet collection of EUR 1 338 million compared to EUR 989 million in 2011. Deposit accounts (EUR 742 million net collection), Term-deposits accounts Certirente (EUR 562 million net collections) and the EMTN programme (Euro Medium Term Note), in which four successful issues were placed for a total of EUR 242 million, have positively contributed to this increase.

AXA Bank Europe Switzerland client's portfolio was transferred to bank Zweiplus on 3 January 2012, and all operational activities were ceased in the first semester of 2012.

The markets have been very competitive in the Czech Republic and Slovakia.

The Czech branch has managed to attract EUR 233 million net new money thanks to its diversified distribution network combining the online approach with proximity advisors and marketing campaigns.

The bank in Slovakia was established in 2011 and is slowly building trust on the conservative Slovak market.

To reach the objective of the bank in Hungary to maintain a profitable savings offer in order to fund the mortgage portfolio with a profitable source, a new Short Term Account has successfully been introduced.

Gross credit production in mio EUR	2011	2012	Variation ⁽³⁾ (comparable FX)
Belgium	2 957	3 425	16%
Hungary	50	1	
Czech Republic	0	1	
TOTAL NNM	3 007	3 427	14%

Gross Credit Production for AXA Bank Europe reached EUR 3 427 million compared to EUR 3 007 million in 2011, as a result of higher volumes in Belgium offsetting the absence of new production in Hungary following the discontinuation of credit underwriting activities. In Czech Republic, credit activities have been launched in 2012, resulting in EUR 1 million production.

In Belgium, AXA Bank Europe primarily focuses on retail lending. The leading credit products for AXA Bank Europe are the mortgage loans where the bank has been able to increase its market share from 7.09% in 2011 to 9.91% end 2012 by increasing its production in mortgage loans in line with the bank's strict risk policy focusing on the prime clients and simple products. In 2012, market share of consumer loans of the Belgian bank decreased to 6.11% following the disappearance of the green loans.

1.3.2 / Comments

1.3.2.1 / Consolidated accounts (IFRS)

AXA Bank Europe consolidated accounts as of 31 December 2012 were established in accordance with IFRS standards (International Financial Reporting Standards).

As of 31 December 2012, the consolidation scope of AXA Bank Europe included the following companies: AXA Bank Europe S.A. including the branches in Hungary, Czech Republic and Slovakia, Royal Street S.A., AXA Belgium Finance BV and Société de Crédit Foncier (SCF). AXA Hedging Services was sold in 2012 to another AXA Group entity.

AXA Bank Europe's net consolidated result was EUR -23.37 million, compared to EUR -147.8 million the previous year. This reduction in net loss was primarily due to lower provision for loan losses in Hungary in the context of the Forced Conversion Plan, the deconsolidation of Switzerland and lower restructuring costs partially offset by a lower commercial margin in Belgium in a context of low interest rates. Belgium remains the largest retail activity of AXA Bank Europe and is contributing to 87% of net banking revenues and the majority of the consolidated results. It continues to demonstrate substantial growth, with an increase of 35% in total balance sheet net new money.

Branches results, restated in accordance with IFRS standards and converted into euros when the currency is different, are as follows:

- **The Swiss branch:** EUR -0.8 million representing some remaining costs due to the closing of the branch compared to EUR -16.9 million the previous year;
- **The Hungarian branch:** -39.6 million EUR against -149.4 million EUR the previous year.

Over the last few years, the Hungarian economy has been going through a crisis. This has produced rising unemployment, a fall in property prices and a depreciation of the Hungarian currency, the HUF. These elements, combined with the widespread custom of taking out mortgage loans in foreign currencies, primarily in CHF, have seen the number of payment defaults mushroom. In turn these defaults have weighed down on property prices sending them in a downward spiral.

In recent years, the Hungarian government has put in place various measures to protect mortgage lenders.

In 2011, the government put in place the first measure (GRS 1) that enabled households to pay off their mortgage loan taken out in a foreign currency at a favourable rate. This measure sparked a significant volume in accelerated redemptions.

In 2012, a further measure (GRS 2) was decreed which - subject to certain conditions - gave households the opportunity to opt for a cap on the foreign currency exchange rate for their mortgage loan in CHF, EUR or JPY for a 5-year period.

The "cap" enables borrowers to pay back the principal and the interests for a 5-year time span at an exchange rate that has been laid down by the government. As to the principal, the difference between the actual rate of exchange and the rate imposed still remains to be paid back by the client in instalments after 5 years.

In addition to a preset rate, the government also steps in to compensate the banks for the redemption of the principal and the interests. For the latter intervention in favour of the banks, the government has imposed a "contribution for the financial institutions" on the banks. AXA Bank Europe estimates this contribution, for which provisions remain to be made, at an annual cost of 5 to 6 million EUR.

As at 31 December 2012, the aggregate credit portfolio (gross) of the Hungarian subsidiary stands at 364 billion HUF (1.2 billion EUR). 857 million EUR, i.e. 69%, have been issued in foreign currencies. This amount of the loans issued in foreign currencies is itemised as follows: 846 million EUR in loans in CHF and 11 million EUR in loans issued in EUR.

In late 2012, the rate of defaulted loans in Hungary stood at 15.39% (9.71% in 2011), the provisioning rate at 15.52% (8.91% in 2011) and the net loss at -37.7 million EUR (-157 million EUR in 2011).

Future focus of the bank remains on retail savings and managing the remaining credit portfolio.

- **The Czech branch:** EUR -6.5 million compared to EUR -8.1 million the previous year driven by a higher commercial margin.
- **The Slovak branch:** EUR -8.7 million compared to EUR -4.4 million the previous year due to higher expenses following the amortization of software, etc.

Overall, AXA Bank Europe's consolidated net result amounted to a loss of EUR 23.37 million and the consolidated balance sheet totaled EUR 39 217 million. These figures are to be compared with a loss of EUR 147.8 million in 2011 and a consolidated balance sheet total of EUR 41 837 million.

Considering the limited scope of consolidation, readers are referred to the other sections of this report for comments on developments, risks and uncertainties. For comments and details on the application of IFRS standards, please see the annual consolidated accounts and the explanatory notes they contain.

1.3.2.2 / Statutory accounts

AXA Bank Europe's statutory accounts are drawn up in accordance with Belgian accounting standards and take into consideration the specific provisions for credit institutions.

The accounts include the branch accounts. As of 31 December 2012, the balance sheet total stood at EUR 35 532 million and we recorded a net loss of EUR 18.3 million.

This result consists of the following (Belgian accounting standards):

- Belgian banking activity: EUR 49.23 million in profit;
- Hungarian banking activity: EUR - 51.02 million;
- Swiss banking activity: EUR - 0.46 million;
- Czech banking activity: EUR - 6.86 million;
- Slovak banking activity: EUR - 8.70 million;
- Execution Desk Paris: EUR - 0.51 million;
- Polish IT Center: EUR 0.02 million.

1.3.2.3 / Appropriation of earnings

The loss of the financial year stands at -18 302 505.14 EUR.

The loss carried forward from the 2011 financial year stood at -14 941 820.15 EUR.

The cumulative loss available for appropriation on 31 December 2012 consequently amounts to -33 244 325.29 EUR.

The Board of Directors proposes to carry this result forward again.

In view of Article 96.6 of the Companies Act, and in spite of the fact that the income statement shows an annual loss for two successive business years, the Board confirms that the company's business is continuing and justifies the application of the continuity accounting convention by the fact that the losses originate on one hand from the cost of opening branches and on the other from the macro-economic position in Hungary. This can also be seen from the fiscal years, which show a return to profits for the coming years.

1.4 / Governance

1.4.1 / Management departments changes in 2012 and since 1 January 2013

Board of Directors:

- appointment into office of Dominique Bellec, effective as from 10 January 2012;
- appointment into office of Sabine De Rycker, effective as from 1 February 2012;
- resignation of Marc Raisière, effective as from 31 April 2012;
- resignation of Thomas Gerber, effective as from 30 September 2012;
- resignation of Frédéric Clément, effective as from 31 December 2012.

Management Board:

- appointment into office of Dominique Bellec, effective as from 10 January 2012;
- appointment into office of Sabine De Rycker, effective as from 1 February 2012;
- resignation of Frédéric Clément, effective as from 31 December 2012.

1.4.2 / Proficiency and independence of the Audit Committee

The AXA Bank Europe Audit Committee consists of **Jacques Espinasse**, Chairman, **Patrick Lemoine** and SPRL M.B.I.S., represented by **Marc Bellis** since August 23, 2011.

Jacques Espinasse has held the office of independent director of AXA Bank Europe since 17 April 2008. He graduated from the University of Michigan and holds a Master of Business Administration qualification. He subsequently went on to gain experience as a financial analyst and as finance director, including working for a number of very large businesses. He served on the board of several companies.

Patrick Lemoine has held the office of director of AXA Bank Europe since 1 January 2010. He is a qualified mining engineer (EMSE), holds an Advanced Accountancy diploma, an MBA from the INSEAD business school and he is a qualified actuary. Starting his career in 1981 with Crédit Lyonnais, he went on to rack up a wealth of experience as a technical manager in non-life (property and casualty) insurance and as a finance director in the insurance industry in France and Canada.

Marc-Antoine Bellis is the representative of M.B.I.S. SPRL, and was appointed into office as an independent director of AXA Bank Europe effective since 23 August 2011. He is a Doctor of Laws and holds a Master's degree in Economic Law from the ULB (Université Libre de Bruxelles) and worked as a university teacher in tax law for 8 years. He was a lawyer with the Brussels Bar. He has since gained very wide-ranging experience in the areas of credits, ALM, risk management and banking, including on an international level. Between 1994 and 2002, he served as the CEO of Fortis UK and as CEO Corporate, Institutional & Public Banking for the Fortis Group until 2007. He served as the Chairman of the Belgian-Luxembourg Chamber of Commerce in the United Kingdom and as a director on the board of the Foreign Banks and Securities Houses Association. He was executive director of Médecins du Monde and is currently director-treasurer with the League for Human Rights.

As such, the Board of Directors is fully capable of serving evidence of the **individual and collective proficiency** of the members of the Audit Committee, as required by the Act of 17 December 2008, which instates an Audit Committee in financial services companies.

The companies of the AXA Group in Belgium apply the independence criteria set out under article 526 ter of the Companies Code.

Moreover, the Board devotes particular attention to the representativeness of its independent directors.

1.4.3 / Proficiency and independence of the Remuneration Committee

The AXA Bank Europe Remuneration Committee is made up of **Jacques de Vaucleroy**, Chair, **Patrick Lemoine**, and M.B.I.S. SPRL, represented by **Marc Bellis** since 23 August 2011, all non-executive directors.

Marc Bellis therefore contributes his independent status and his wealth of experience as described above.

Patrick Lemoine's lengthy financial experience is also described above.

Jacques de Vaucleroy is a qualified lawyer from the "Université catholique de Louvain" (UCL) and has a master's degree in corporate law from the "Vrije Universiteit Brussel" (VUB). Most of his career has been spent in the ING Group where, in particular, he was a member of the executive committee. Jacques de Vaucleroy is a qualified lawyer from the "Université catholique de Louvain" (UCL) and has a master's degree in corporate law from the "Vrije Universiteit Brussel" (VUB). Most of his career has been spent in the ING Group where, in particular, he was a member of the executive committee. He has 25 years' experience in insurance, assets management and banking in both Europe and the United States. He was appointed as AXA's Managing Director for Northern, Central and Eastern Europe (NORCEE) in 2010 and is a member of the Management Board and the Executive Committee of AXA (FR).

As a result, this means that the Board of Directors can substantiate the **individual and joint competence** of the members of the Remunerations Committee.

1.4.4 / Remuneration of directors

General

The remuneration policy with respect to the managers is a variation of the AXA Group remuneration policy, whilst being fully compliant with local market practices. The main aim is to strike the right balance between the principles and structure of the remuneration policy with the sound and efficient management of the business risks.

Structure of the remuneration policy

The remuneration of AXA Bank Europe's executives comprises a fixed component and a variable component. The balance between these two components may vary depending on the nature of the responsibilities shouldered, on the understanding that the fixed component remains adequate at all times in order to allow the business to operate a flexible remuneration policy over the variable component.

The variable component consists of two parts:

- a non-deferred variable component, which is defined by an individual maximum limit, on an annual basis;
- a variable deferred component.

Measuring performance levels for the deferred variable remuneration

The non-deferred variable component is determined according to:

- Individual performance, measured according to the achievement of set short and longer-term targets;
- The performance of the entity to which the person reports;
- The performance of the AXA Group as a whole.

Measuring performance levels for the deferred variable remuneration

AXA has a long-term remuneration scheme in place (equity plan AXA), whose principles may be adapted on a regular basis, in consideration of changes brought to the international legislative framework.

In accordance with this policy, the awarding of remuneration elements in the long term enables AXA to defer a significant proportion of the variable remuneration and, in doing so, to fulfill the requirements of the national and international regulators.

The purpose of the deferred variable remuneration is to reward and to win and retain the loyalty of the employees by allowing them to share in the long-term and intrinsic performance of the AXA Group, in that of the entity to which the employee reports and in the performance of the AXA securities over the medium/long term. The criteria for selecting the beneficiaries are the importance of the position held, how critical the incumbent of the position is, how critical the individual will be in the future and the quality of the individual contribution.

The deferred variable component consists of two main vehicles:

- share options, subject to the performance requirements as well as a total acquisition period of 4 years, and to be exercised within 10 years;
- "Performance units/shares", which are subject to performance requirements and are paid in cash or in shares after an acquisition period of 3 years.

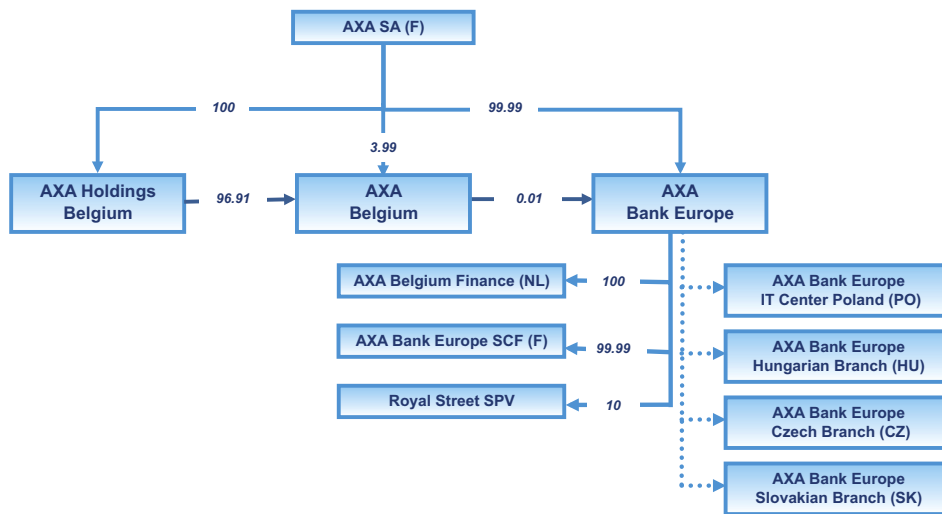
The principles listed above also apply to the independent audit functions.

Governance

Due application of this remuneration policy is assured by a remuneration committee, made up of non-executive directors, at least one of whom is independent within the meaning of the Companies Code.

This committee prepares the decisions to be taken by the Board of Directors, in consideration of the repercussions on risks and the management of the business risks on the one hand, and on the long-term interests of the institution's stakeholders on the other hand.

1.4.5 / Simplified shareholder structure of AXA Bank Europe



2 / RETAIL ACTIVITY INDICATORS BY ENTITY

2.1 / AXA Bank Europe in Belgium

2.1.1 / Market conditions

Throughout 2012, economic growth in the Eurozone was affected by the slow-down in global growth, and especially by the sovereign debt crisis. As a result, we saw a 0.4% drop in volume of the GNP on an annual basis. In light of the adverse economic situation in Europe, economic activity in Belgium fell slightly - by 0.2% in 2012.

Belgian exports slowed down due to the deterioration of the international economic situation, with overall growth for 2012 becoming negative (-0.9%). Since 2011, the current account balance has been showing a deficit due to the high price of petrol (expressed in euro) and the weak growth in volume of exports.

Disappointing market prospects undermined business confidence, with businesses remaining cautious in 2012, even though their investment activity had been more positive than expected in the first six months. Which is why business investment recorded a modest 0.9% growth in 2012.

The purchasing power of households continued to decline in 2012 (-0.7%) due to the weak and uncertain economic climate which acted to dampen consumer confidence. However, given the currently low interest terms on mortgage loans, we are expecting a moderate recovery (0.3%) of household investments.

Considering the weak economic climate in 2012, employment too was seen to contract. In 2012, the number of full-time job seekers on benefits went up by 8 500, bringing the harmonized unemployment rate (Eurostat definition) from 7.2% in 2011 to 7.4% in 2013.

Inflation in Belgium, measured on the basis of the national consumer price index, stabilized at 2.8% in 2012. This slow-down is largely explained by the slight fall in crude oil prices.

The health index, which is not impacted by changes in petrol and diesel prices, went up to 2.6% in 2012.

The trigger index for welfare benefits and civil servants' salaries (119.62) was exceeded in November of 2012.

2.1.2 / Savings & Investments activities

The collection of Net New money via Savings products came at EUR 1 057 million (+78% production compared to 2011). We concentrated our marketing actions on successful savings accounts Spaarplus (111% production growth compared to 2011) and on term accounts Certirente (production equivalent to 2011).

The Investments business went on the path opened in 2011 with strategy prioritizing the products generating Net New Money to fee business. Our production volumes on the Optimote EMTN programme grew by 7% to EUR 242 millions. The third party gross production came to EUR 149 millions (-66% compared to 2011).

2.1.3 / Credit activities

Mortgage loans

Mortgage loans production was successfully boosted to reach EUR 2 712 million. This growth of almost 35% compared to 2011 was possible thanks to a well-chosen marketing campaign, an efficient segmented pricing and a simplified product range. The market decreased by 9%, hence AXA Bank increased its market share from 7.09% in 2011 to 10.40% in 2012.

Personal loan

Personal loan production decreased from EUR 532 million in 2011 to EUR 387 million in 2012. The absence of fiscal incentives for green loans and a strengthening in underwriting criteria on available income are at the cause of the lower production volume. With a market share of 6.11%, AXA Bank's market share is again at the level of 2010 after an exceptionally successful year 2011.

Business lending

Business lending targets SME's and independent professionals. The production shrunk from EUR 401 million to EUR 329 million in 2012. This slowdown was the result of a decision to limit the production mainly to high quality existing customers.

Quality of the credit portfolio

Despite macroeconomic conditions that continue to be less favorable and the persistent international phenomenon of higher credit risk, the global loan portfolio, consisting primarily of retail loans, remained fundamentally sound. In 2011, AXA Bank Europe recorded a net loss ratio of +0.15%, that is an increase of 0.04% compared to 2011. In order to continue a sound growth, measures were taken in 2012 to strengthen criteria on minimum available income for new production.

2.1.4 / Daily Banking

Equipping AXA Bank clients with a current account and activating these accounts was one of the priorities of the year (so called "ban-carisation" objective). The number of active current accounts demonstrated a strong growth of more than 15 000; a growth of 46% higher than in 2011, leading to a total portfolio of 326 101 active accounts. The total number of current accounts stood at 446 618. The sum total deposited into the current accounts as per end of 2012 amounted to EUR 1 350 billion, a 3% rise compared to 2011.

The debit card portfolio grew by 7%, reaching a total of 439 564 cards. The number of transactions rose by 17%, reaching a total of 41 million transactions. The credit card portfolio (Visa, MasterCard) went up by 4%. Our portfolio reached 81 776 cards. A new functionality for credit cards was introduced, in order to allow consumers to consult their credit card balance via SMS.

Mid 2012, AXA also launched the maxi prepaid MasterCard; an innovative product pioneering contactless payments on the Belgian market. This new product, launched via a creative Facebook marketing campaign, was aimed at attracting new customers, primarily youngsters (18-35). In six months about 10 000 cards have been sold.

2.2 / AXA Bank Europe in Hungary

2.2.1 / Market conditions

GDP: After having grown at a 1.6% pace in 2011, Hungary's economy entered a recession in the first half of 2012 as the GDP shrank by 0.7% in Q1 and by 1.5% in Q2 and Q3, respectively. The main contributors to the worsening headline figure were – among others – household consumption which became an increasing burden on growth, while steadily declining investments and inventory replenishment also contributed to the contraction of GDP. Invariably, net exports remained the only engine of the Hungarian economy.

Unemployment: After showing a remarkable improvement by falling back to as low as 10.4% in the summer months, Hungary's unemployment rate soon turned North again and reached 10.6% by November 2012, accompanied by an all-time high participation rate of 57.4%. Despite the favorable figures, the rebound of the Hungarian labor market has not yet begun: the seasonally-adjusted, structural unemployment rate has been fluctuating around 11% for three years now.

Public debt and political risk: The Hungarian government managed to reduce the country's debt-to-GDP ratio by 7 points to 78.6% since 2010 mainly by introducing unorthodox tax policies and nationalizing private pension fund assets. The biggest risk to the government's plan to keep the ratio on a declining path is the performance of the Hungarian currency: since about half of the Hungarian government bonds are issued in foreign currencies.

Regarding the financing of the country's debt, the Hungarian Government started to diversify sources by targeting private individuals with forint- and euro-denominated retail bonds and thereby

competing with the banking sector for available domestic funds. Nevertheless, with a deal with the International Monetary Fund postponed by multiple occasions in 2012 and at the end of December it was still out of sight, Hungary has to heavily rely on external funding sources in 2013. Consequently, Hungary is expected to issue Eurobonds in the magnitude of EUR 4-5 billion in the first half of 2013.

Monetary policy: Driven mostly by the tax-hike campaign of the government, Hungary's inflation rate continued its rising trend started in mid-2011 and consumer price index (CPI) peaked at 6.6% in September 2012. Although one could observe a steep correction in the CPI in the last months of 2012, the taxes introduced as of 2013 are expected to prevent the inflation rate to moderate to the Hungarian National Bank's (MNB) target of 3%. Nevertheless, according to the Monetary Council's point of view, current inflation dynamics are in line with the mandate of the central bank, therefore the national bank started to attempt to ease the headwinds produced by real economy and so cut the base rate by a total of 1.25 pps to 5.75% in the second half of 2012.

FX: After reaching all-time highs in the first days of 2012, the pressure on the EUR/HUF exchange rate eased and the cross fluctuated in the 285-305 range in the first half of the year. In the July-November period, the forint remained relatively stable, further strengthening to the 275-290 band closing the year at 291.35.

2.2.2 / Saving activities

AXA's focus area in relation to its savings activity for 2012 was to ensure the stability of funding the HUF portfolio at rates that make the Savings business a profitable venture. Our HUF funds collection superseded year-end plans by HUF 8 billion and above 2011 closing figures by HUF 20 billion, totaling HUF 137 billion (equivalent of EUR 471 million).

A constant drive for higher margins led to working down average funding costs of the book from above 6.4% to 5.5% by the year-end. The flexibility of our funds collection tool-set was extended via the introduction of the Term Deposits, allowing the entity to align its funds collection strategy to short-term needs and opportunities.

The aim to establish a profitable Savings line also impacted fee revenues. A simplification of the accounts palette, executed mid-year, led to increased productivity and more efficient operation. The Bank's daily banking related fee structure was re-organized. A new MasterCard World card was introduced at the end of the year, expected to boost fee income of the entity in 2013.

2.2.3 / Credit activities

As AXA stopped lending at the end of 2011, the past year was characterized by active portfolio management. Due to the 2011 Forced Conversion Scheme, allowing customers to pre-pay their FX loans at a beneficial rate, the mortgage portfolio of the entity dropped from EUR 1.6 to 1.3 billion representing 48 000 customers.

A special focus on the efficiency of Collections activities led to stabilization of the quality of the mortgage book. In order to de-risk the portfolio, the entity conducted successful campaigns to enhance customers' re-payment capability via introducing special schemes (BudgetFix) and converting bullet loans into annuities.

Besides managing the portfolio, the entity was heavily involved in executing compulsory Government schemes. The Government's Rescue Scheme allows customers to pay their FX loans at a discounted rate while accumulating a part of the difference

on an escrow account. By the end of the year some 15 000 (compared to the total of 52 000 loans of which 30 000 eligible for the scheme) applied.

Interest margins were stabilized or even expanded at some parts, despite an adverse funding situation (soaring Hungarian CDS) and disadvantageous evolution of the FX environment. On average interest margins grew to 3.4% by the end of the year.

The Hungarian branch saw its revenues fall by EUR 39.6 million in 2012 against a decrease of EUR 149.4 million the previous year. Following the financial and economic situation in Hungary, AXA Bank Hungary provisioned EUR 43 million for the remaining mortgage portfolio. As one of the measures for the de-risking of the Hungarian banking activity, all Hungarian credit production has been stopped in order to focus the operation on the in force portfolio.

Current focus of the bank remains on retail savings and managing the remaining credit portfolio.

2.3 / AXA Bank Europe in the Czech Republic

2.3.1 / Market conditions

The Czech Republic has rating AA+, according to Fitch agency. The drop in the structural public finance deficit has been primarily recognized, as well as stability and strength of the Czech banking sector.

The Czech Republic's gross domestic product (GDP), adjusted for price and seasonal influences, dropped by 1.3% year on year in Q3 2012, according to precise estimates. Two-week repo rate dropped an historical minimum of 0.05% p.a.

Total assets of the Czech banking segment reached CZK 4.775 trillion as of the end of November 2012. The volume of deposits by residents totaled CZK 3.263 trillion. According to Czech National Bank, the banking segments showed a slowdown in the dynamics of the provision of loans to residential households in the last three years.

2.3.2 / Savings activities

AXA Bank Czech Republic continued to grow in 2012 and acquired over 37 000 new customers, which represents an increase of 73%. Total volume of collected deposits reached CZK 19 billion, with annual growth of 46%.

2.3.3 / Credit activities

The mortgage loans market in the Czech Republic grew by 122 billion CZK, i.e. 3% on an annual basis. The main dynamics of the market growth are considered low interest rates, entrance of new competitors and increased number of clients who refinanced their loans. Interest rates decreased constantly throughout of the year and set a record low in December when the average interest rate was 3.25%.

Refinancing of existing loans also contributed significantly to the market growth and accounted approximately for 30% of the loan production. This is driven by end of fixation periods of strong years of 2007 and 2008 and the distribution of most common fixation periods 3 and 5 years.

AXA Bank Czech Republic launched a mortgage loans pilot with local AXA agents in July 2012. A full start is planned for 2013 where additional specialized mortgage brokers are supporting the sale activity.

2.4 / AXA Bank Europe in Slovakia

2.4.1 / Market conditions

Slovakia's annual GDP growth at constant prices slowed further in the third quarter of 2012, to 2.1%, according to data from the Statistical Office of the Slovak Republic. The average annual inflation rate for the 12 months from December 2011 to November 2012 was 3.8%.

In 2012, a bank tax was introduced in Slovakia and a charge of 0.4% is nowadays also applied to the retail customer deposits of AXA Bank Europe branch.

2.4.2 / Savings activities

2012 year was a second year of AXA Bank Europe, Slovak branch operation with simple product, a high yield saving account with optional debit VISA card and e-banking system. The major distribution channel is the broker, mainly one strong partner of SK insurance company who collected 76% of all deposits. As on-line acquisition is not legally possible in Slovakia, the branch has introduced courier services in second half of 2012 that replaces the face-to-face customer verification.

Almost 23 000 new customers were acquired and over EUR 60 million of new deposits were collected; the total balance of deposits is EUR 70 million.

3 / AXA BANK EUROPE FINANCIAL SERVICES

3.1 / Investment and Treasury Services

In 2012, the ECB flooded the market a second time with long term liquidity through its Long Term refinancing Operations (LTRO); clearly a move that was welcomed by a lot of banks as the total amount of liquidity granted through these long term central bank tenders amounted to more than EUR 1 000 billion.

AXA Bank Europe did not participate in the sizeable liquidity tender operation launched in February 2012, as AXA Bank Europe's liquidity position remained strong both in terms of size and quality. This strong liquidity position stems from a number of reasons: a well-balanced retail balance sheet with retail deposits and savings exceeding customer loans, a framework to securitize a large part of the mortgage loans and thereby create Residential Mortgage Backed Securities available for Central Bank liquidity access or for covered bond issuance.

AXA Bank Europe further strengthened its mid term and longer term funding base through the issuance of EMTN throughout the distribution network of AXA in Belgium and abroad. Total EMTN issued at the end of 2012 was EUR 1 096 million compared to EUR 383 million at the end of 2011. AXA Bank Europe Société de Crédit Foncier, AXA Bank Europe covered bond issuance vehicle in France, issued within its EUR 5 billion covered bond issuance programme an additional EUR 1.5 billion. Total covered bond issued stands at EUR 2.75 billion at end of year 2012 demonstrating AXA Bank Europe commitment to this source of funding as a support for its commercial growth.

While the ECB cut its main financing rate another quarter of a per cent to 0.75% in July 2012, the short term interest rate curve flattened further to below 0.25%.

AXA Bank Europe investment policy remained prudent: indeed AXA Bank Europe continued to concentrate its investments on highly liquid assets with little impact on regulatory or economic solvency and liquidity: mainly core Europe government bonds and covered bonds. The strategy also focused on selective disinvestment of some legacy securities, in particular those more sensitive to stress tests and/or with a penalizing treatment in the forthcoming Basle III liquidity framework.

3.2 / Investment Product Services

AXA Bank Europe continued to service the AXA Group as a derivatives execution and booking hub with an increased fee income compared to 2011. Volumes executed are a function of the hedging needs of the AXA companies and this is highly correlated to market volatility. Interest rate volatility was at its high during the second and third quarter of 2012 and decreased afterwards towards the year-end. As a consequence volumes were less important in the last quarter of the year.

The structuring and execution capabilities of AXA Bank Europe were also put at work for the benefit of the retail network of AXA in Belgium or elsewhere (France, Portugal) in the structuring of EMTN (Euro Medium Term Notes) serving both the needs of the private individuals clients and AXA Bank Europe balance sheet funding needs.

The organisation of the derivatives execution activity has been reviewed. AXA Bank Europe branch in Paris, the Execution Desk Paris (EDP), was closed and its activities transferred to Brussels as from November 2012 onwards. This allowed AXA Bank Europe to streamline and simplify its organisation in this domain.

3.3 / Asset & Liability Management

The Asset & Liability Management (ALM) framework at AXA Bank Europe is a primary component of the centralized balance sheet management governance at the head office level. The principal scope of ALM governance is to manage AXA Bank Europe's exposure to interest rate, liquidity, funding and foreign exchange risks within all applicable regulatory limits and the internal risk appetite framework.

The Asset & Liability Committee (the ALCO) is comprised of senior representatives from all business units (including the management board members, the heads of commercial business lines, risk management, finance and the financial services unit). The resulting pool of specific business line level expertise combined with the diverse professional background of individual ALCO member ensures a more comprehensive managerial oversight of financial risks associated with the profile of the consolidated balance sheet of AXA Bank Europe.

During the year 2012, the historically low interest rate environment and fragile macro economic conditions combined with the European sovereign debt crisis remained at the heart of the discussions at the ALCO. Navigating through these challenging and volatile market conditions, the ALCO took advantage of the prevailing low interest rates in order to reduce the sensitivity of the bank's balance sheet to a potential increase in the levels of long-term interest rates – executed mainly through hedging the fixed rate mortgage loans portfolio in Belgium.

On the other hand, like many other players in the retail banking sector, the very low short-term interest rates resulted in a considerably high pressure on the margins on the savings deposits

portfolio. This situation was mitigated by extending the behavioral duration of the savings deposits portfolio in line with ALCO's view on evolution of interest rates over the short to mid-term horizon.

The central ALM unit also continued to build further upon a detailed analysis, which was started in year 2011, with an objective to clearly isolate various components of total interest rate risk (Option risk linked to prepayment) and to interest rate cap on variable rate mortgages, pure interest rate risk, basis risk stemming from the indexation of some mortgages to the Belgium Government Bonds (OLOs). The results of this analysis proved very instrumental for the definition of a set of more efficient interest rate risk mitigation strategies for 'pure' interest rate risk, basis risk and the embedded option risk.

AXA Bank Europe increased the volume of its direct investments in Belgian Government debt (OLO) by EUR 2.5 billion in maturities ranging between 5 to 7 years, mostly on an "asset swapped basis" that is neutralizing the interest rate risk through swaps. This increase in OLO investment allowed for the achievement of a number of objectives:

- a) reinvesting medium to long term resources (EMTN and covered bonds) into liquid assets;
- b) securing medium term revenues;
- c) mitigating the above mentioned basis risk (impact of change in OLO credit spreads on margins of OLO-indexed floating rate mortgage loans portfolio in Belgium).

The results of the above ALM risk management actions are also reflected in a significant reduction in the allocation of economic capital to the ALM business unit.

The decision (taken in 2011) to discontinue the credit activity by the Hungarian branch, combined with a considerable appreciation of HUF against both CHF and EUR, has reduced the structural exposure of balance sheet to foreign exchange (FX) risks.

At the same time, the ALCO governance for FX risk originating from other, essentially non-commercial, sources including the accumulated profits & losses in foreign currencies and the monthly business-as-usual provision of free capital to AXA Bank Europe branches in their respective local currencies has been closely analyzed.

This analysis provided the ALCO with the necessary overview of outstanding FX exposure at both the head office and the branch level. As a follow up, the ALCO took actions to close a major part of these outstanding FX positions, which, as mentioned above, primarily originated from the accumulated results and other similar non-structural sources of consolidated FX risk.

3.4 / Funds Transfer Pricing

The internal funds transfer pricing (FTP) framework of AXA Bank Europe is based on the centralized balance sheet management approach. The internal FTP framework enables the bank to transfer into the ALM center the financial risks, primarily the structural interest rate and liquidity risk, at "an arm's length" pricing principle.

The cost (the FTP rates) of financing these risks is derived from the most relevant and liquid benchmark rate indices that are available in the financial markets. The application of internal FTP on this basis provides a comprehensive analytical view on business margins, thereby the contribution to total profitability, on all commercial assets and liabilities portfolios.

The internal FTP process was subjected to a detailed review in 2012. The resulting recommended changes applied to the internal FTP framework will result in both a more sharpened assessment of the interest rate and liquidity profile of the commercial balance sheet and also an increased level of adherence to available regulatory guidelines on internal funds transfer pricing processes.

4 / COMMENTS ON RISK MANAGEMENT POLICIES

Despite the first signs of stabilization, the macroeconomic environment remained challenging in 2012. In order to insure AXA Bank Europe a safe sailing across the world's financial turbulences, risk management policies were constantly scrutinized: risk models were back-tested and updated when needed, limits were reviewed, indicators were challenged and reporting was improved. The main developments are described in the different paragraphs of this section. They will highlight the key risk events of 2012 and will also provide an overview of the strategies and mitigation methods used by the bank to maintain these risks at desired levels.

The first paragraph gives an overview of the Bank's risk appetite framework. The next sections will focus on AXA Bank Europe's main risk categories for 2012, namely: strategic, credit, interest rate, liquidity, market and operational risks. All of them impact potentially the Bank's solvency, liquidity and profitability objectives.

4.1 / Risks appetite

The continuous identification and quantification of the bank's material risks are at the core of AXA Bank Europe's risk policies. These risks are measured, mitigated and continuously monitored through a well-implemented internal risk appetite framework. Within this framework, the Bank's risk appetite is translated into functional limits and hedging procedures. The strategic risk decisions are taken by AXA Bank Europe's Board of Directors. The AXA Bank Europe's Risk Appetite Committee safeguards the Bank's overall risk appetite framework.

All material risks for the bank are hedged through processes and are monitored by one of AXA Bank Europe's risk committee. Ten material risks are the object of an Economic Capital model, which is forecasted on several horizons. Capital is then allocated for each activity of the Bank on a forward-looking way, based on AXA Bank Europe risk objectives. The capital allocation per business line for the year 2012 was very much in line with the 2011 allocation, showing stability in the bank's risk objectives.

The Bank has adopted a liquidity framework based on regulatory and internal indicators. Within this framework, future liquidity needs of the Bank are projected and the Bank's risk appetite on liquidity risk is expressed in terms of these internal indicators.

Finally, the Bank projects its future solvency needs over the horizon of the Bank's business plan. The projected solvency needs fully incorporate the phasing-in and phasing-out arrangements for the regulatory solvency as described under the Basel III framework.

4.2 / Strategic risk

Strategic risk is the risk that the Bank's main objectives (in terms of solvency, of liquidity, of profitability and of value creation) may not be attained due to strategic decisions. It refers to decisions required to adapt to the external business environment, to improve the internal organization or to seize new strategic opportunities.

Strategic threats were monitored all along 2012 through strategic reviews, annual strategic planning exercises, financial planning processes, product approval processes and the management of strategic projects.

The main strategic risks came from AXA Bank Europe's external environment: unilateral decisions taken by the Hungarian Government, strategic impact of the upcoming Basel III regulation and EMIR (the European regulation on OTC Derivatives, Central Counterparties and Trade Repositories). These strategic risk factors were the object of detailed analyses, decisions, and when necessary, provisions.

4.3 / Credit risk

Credit risk is the risk of loss associated with the default or the deterioration in the credit quality of counterparty exposures.

4.3.1 / Retail credit risk

The bank is mainly exposed to retail credit risk through its portfolio of retail loans (consumer, mortgage, professional and small enterprise loans) in Belgium and to mortgage loans in Hungary.

Retail credit risk in Belgium

The Belgian credit risk portfolio of AXA Bank Europe consists of mortgages, consumer loans and professional loans with mortgage loans representing the most important share. The Bank has adopted an Advanced Internal Rate Based model (IRBA model) for its Belgian mortgages portfolio and is compliant with the Basel II requirements (CRD) for IRB models since 2008.

The gross mortgage production in 2012 was higher than the year before, mainly due to the historically low interest rates and growing market share of AXA Bank Belgium.

For consumer loans, after a record production in 2011 that was boosted by the governmental subsidies for energy saving renovation to real estate properties, the 2012 production slowed down as these subsidies were terminated.

The 2012's volume of loans for professionals and small businesses was in line with the previous years.

During 2012, the Bank performed an in depth analysis in its different portfolios which has led to the tightening of the credit acceptance policy on mortgage loans and a review of the product range, both with the objective to retain the low credit risk profile of the Bank. Those measures were fully implemented as from February 2013 on. In addition, the acceptance criteria for consumer loans were re-examined and slight changes were already implemented in early 2013.

The observed default rate (over a one year horizon) in the Belgian portfolio has slightly increased from 1.20% on December 2011 to 1.47% on December 2012. As already mentioned, concrete actions have been undertaken by AXA Bank Europe to counter any risk deterioration. Moreover, the provisions on the retail portfolio were increased in order to reflect the actual macro economic circumstances.

AXA Bank Europe is continuously looking for improvements in its retail risk models. For instance, in 2012, new loss given recovery models have been developed for mortgages, consumer and professional loans. These new models will be put in production mid-2013. Meanwhile, AXA Bank Europe will also put its new economic capital model for Belgian retail credit risk into production (the model itself was developed at the end of 2011).

Retail credit risk in Hungary

The credit portfolio of the Hungarian branch of AXA Bank Europe was kept under a very close watch in 2012 due to its vulnerability resulting from exchange rate fluctuations and gloomy macro-economic conditions. However, as the portfolio is in run-off since December 2011, the management efforts were mainly focused on developing new mitigation measures to help debtors in difficulties:

- Proactively promote the new government programme that reduces the monthly installments for the next 5 years in fixing the exchange rate between Swiss Franc and Forint at 180;
- Proactively encourage the debtors to convert their combined loans into annuity loans;
- Propose specific solutions to help debtors in default (e.g. review of payment scheme) and to maximize the value of the collaterals that must be sold (e.g. involvement of the debtors in the sale).

Moreover, in 2012 the total Hungarian mortgage exposure of the Bank was reduced by roughly 15% (at constant exchange rate) mainly due to a governmental plan allowing debtors to prepay their foreign exchange loans at very favorable exchange rate conditions (the so called "FCF programme").

Finally, a portion of the credit risk models used for the provisions computation was re-developed and a new methodology to assess the individual loss for the cancelled loans (ILA) was put in place in 2012 as well.

4.3.2 / Non-retail counterparty credit risk and concentration risk

AXA Bank Europe's Board of Directors approved a new limit framework for the Bank's non-retail activities in 2012. The non-retail credit risk committee assures the monitoring and compliance with the new limits. The limit framework is scrutinizing counterparty exposures at different levels (country, sector, type of instrument and counterparty) and imposes limits at these different levels in order to restrict both the individual counterparty risk and the concentration risk exposures.

In addition, credit ratings and market price evolutions of the Bank's positions are carefully monitored and are supplemented by regular stress test exercises to check the vulnerability of the credit portfolio to a number of adverse developments. Meanwhile, the AXA Group impairments rules were adopted by the Bank.

Over the year 2012, AXA Bank Europe has significantly decreased its exposures in peripheral European countries. Thereby, AXA Bank Europe continued to monitor the impact of the upcoming Basel III requirements on its investment portfolio in terms of the eligibility of the securities in the calculation of the liquidity coverage ratio (see below chapter liquidity risk). The investment policy of AXA Bank Europe is restricted to level 1 and level 2 assets categories (as per the Basel III definition) which means that certain asset classes (such as lower rated corporate bonds and asset back securities) were put in run-off.

The bank's exposures to derivatives and money market transactions are mitigated through an extremely strict collateral requirement policy. Exposures on such transactions are monitored on a daily basis to ensure that the credit exposures are adequately mitigated.

AXA Bank Europe continued to act for AXA Group as a centralized platform to access financial markets. This platform is used by different insurance entities within AXA Group and provides two services.

Firstly, AXA Bank Belgium is an intermediary for plain-vanilla derivatives like interest rate swaps that are used by insurance entities of AXA Group to hedge their market risk positions in their life insurance businesses.

Secondly, AXA Bank Europe provides liquidity to insurance entities via standardized money market transactions (reverse repos). The volume and nature of these two activities remained constant in 2012 and the activities are fully integrated in the Bank's limit framework as described above.

4.4 / Interest rate risk and basis risk for retail activities

Interest rate risk is defined as the risk of potential adverse changes to the fair value or earnings of interest sensitive positions after movements in interest rates while basis risk is defined as the risk of potential adverse changes to the fair value or earnings of positions that are sensitive to movements in the spread between inter-bank rates (swap rates) and government bond yields.

AXA Bank Europe's business focus on retail banking means that the bank concentrates its credit exposures on low-risk mortgage loans that are funded by retail deposits. The corollary of this business strategy is that the Bank is exposed to higher interest rate risk due to the long duration of its mortgage portfolio. The bulk of the mortgages are underwritten by AXA Bank Belgium and the Belgian portfolio is a mix of, on the one hand mortgages with a fixed interest and, on the other hand mortgages with a variable interest rate. The variable rate mortgages are also sensitive to basis risk as their interest rates are linked to Belgian government bond yields (the so-called OLO-rates) and the Belgian law imposes a cap on the variable interest rate.

In other words, the Belgian mortgage portfolio is linked to OLO-rates while savings and deposits are -historically- more sensitive to inter-bank rates than to OLO-rates. By consequence, fluctuation in the OLO-spread is impacting both the value and the earnings of the Bank. During 2012, the spread of the Belgian bonds has significantly shrunken which has narrowed the transformation margin between mortgages and deposits. At the same time, the probability of hitting the caps in the variable mortgage loans decreased resulting in an increase in value of these contracts for the Bank.

AXA Bank Europe's ALM department actively manages and monitors the interest rate/basis risk of its retail activities while the Bank's Risk Management department independently monitors risk exposures and compliance with agreed risk appetite limits. The ALM proposes scenarios for interest rate risk decisions to the AXA Bank Europe's ALCO and this committee decides on the actions.

Major developments during 2012:

- Further deep dive in the interaction between interest rate and basis risk;
- The Economic Capital model for interest rate risk has been enhanced.

4.5 / Market risk for non-retail activities

AXA Bank Europe has a very conservative approach to market risk exposure for its non-retail activities and does not engage in equity nor commodities trading. As such, only the three following risks in the beneath list were considered material to AXA Bank Europe's non retail activities in 2012:

- Interest Rate Risk: Risk of loss arising from potential adverse changes in the fair value of interest sensitive position after movements in interest rates.

- Foreign Exchange Rate Risk: Risk of loss arising from potentially negative changes in fair position values (measured in home currency) due to foreign exchange rate fluctuations.
- Credit Spread Risk: Risk of losing money from market price movements of debt instruments that are caused by unexpected changes in credit spread.

The Bank's non-retail activities consist of two parts. The first part relates to AXA Bank Europe role as a centralized platform to access financial markets for insurance entities in the AXA Group. The second is related to the activities of AXA Bank Europe's treasury. All off-balance sheet positions that the Bank has with entities of AXA Group are mirrored by positions with external counterparties. Thereby, the positions of the Bank's treasury have a short maturity (less than 1 year) and also fall within limit framework for non-retail credit risk. The resulting market risk exposure of the Bank's non-retail activities is small both in terms of economic capital and regulatory capital (both below EUR 30 million).

AXA Bank Europe's ALCO is responsible to ensure that market risk management strategies are applied. It reviews market risk reports produced by the bank's Risk Management department and it monitors compliance with agreed risk appetite limits.

4.6 / Liquidity risk

The reinforcement of its liquidity management was one of the main priorities for AXA Bank Europe's risk management in 2012. This has resulted in a solid liquidity risk framework that is based on both regulatory and internal indicators. In parallel, the Bank's Liquidity Contingency Plan was refined and the Bank has established a special task force with the mandate to immediately act and adequately decide during systemic or idiosyncratic liquidity crises.

AXA Bank Europe is continuously taking actions in order to further strengthen its liquidity position and the stability of its funding sources. Major actions in 2012 include the collection of retail deposits, the significant decrease in short term wholesale funding (to almost zero) and last but not least, the public offering of covered bonds under the French law (SCF Covered Bonds Series 5 and 7).

The Bank's strong liquidity position is reflected in an important liquidity excess of more than EUR 1 billion both in terms of regulatory indicators (NBB Liquidity Indicator and Basel III's LCR) and in terms of internal indicators at the end of 2012. These internal indicators are aligned with the liquidity indicators of AXA Group but adapted to the specific context of AXA Bank Europe. Moreover, these internal indicators cover at the same time short (1 month time horizon) and longer liquidity stresses (1 year time horizon) occurring now or at any time over the horizon of our business plan.

Since 2011, AXA Bank Europe is proactively monitoring the new Basel III liquidity indicators (LCR and NSFR) and has already successfully adapted its strategy to be compliant with these upcoming indicators. The strategy includes for instance the Bank's investment policy that is limited to highly liquid assets and for instance attracting stable and long term funding. The principal stable funding sources of the Bank are retail deposits (EUR 14.2 billion on 31 December 2012) and Covered Bonds (EUR 2.8 billion on 31 December 2012). A comfortable pool of liquid assets combined with a solid funding structure makes that the Bank's LCR and NSFR are already clearly above the minimum requirements.

4.7 / Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, or from personnel or systems. The failure or inadequacy may result from both internal and external causes.

In 2012, AXA Bank Europe's Operational Risk Management successfully increased the awareness of this risk in the different activities of the Bank. AXA Bank Europe continued the adoption of the AXA Group Risk Management framework. The Bank's calibration of this advanced framework has been reviewed and incident collection process has been improved. Several mitigation actions were implemented, which has led to a decrease in the Economic Capital for Operational Risk in 2012.

For the Board of Directors,

22 March 2013



Jacques de Vaucleroy,
Chairman

STATUTORY AUDITOR'S REPORT

This document is a free translation of the report issued by PwC Bedrijfsrevisoren/PwC Réviseurs d'Entreprises bcvba/sccrl in the Dutch and French language on 5 April 2013 on the consolidated financial statements of AXA Bank Europe (prepared in the Dutch and French language). The audited consolidated financial statements of AXA Bank Europe and the accompanying auditor's report have been deposited and are available at the National Bank of Belgium (www.nbb.be). The accompanying free translation of the financial statements has not been audited by PwC Bedrijfsrevisoren/PwC Réviseurs d'Entreprises bcvba/sccrl, so we are therefore only liable in the context of our audit report originally drafted in the Dutch and French language.

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 2012

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the consolidated financial statements for the year ended 31 December 2012 as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the consolidated financial statements of AXA Bank Europe NV ("the Company") and its subsidiaries (jointly "the group"), 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 financial statements comprise the consolidated balance sheet as of 31 December 2012 and the consolidated statements of profit or loss, changes in consolidated shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR '000' 39 216 948 and the consolidated statement of comprehensive income shows a loss for the year of EUR '000' 23 377.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board

of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

Unmodified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2012 and of its consolidated financial performance and its consolidated 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.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the framework of our mandate our responsibility is to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 5 April 2013

The statutory auditor

PwC Réviseurs d'Entreprises scrl / Bedrijfsrevisoren bcvba
Represented by

Tom Meuleman
Accredited Auditor

Gregory Joos
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