2013

AXA BANK EUROPE

2013 IFRS CONSOLIDATED FINANCIAL STATEMENTS

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.

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	31.12.2013	31.12.2012	Disclosure
CONTINUING OPERATIONS			
Financial & operating income and expenses	**323 530**	**295 292**	
Interest income	2 409 068	3 183 222	
— Cash & balances with central banks	628	1 280	
— Financial assets held for trading (if accounted for separately)	1 559 721	2 297 389	
— Financial assets designated at fair value through profit or loss (if accounted for separately)	592	1 644	
— Available-for-sale financial assets	146 725	126 655	
— Loans and receivables (including finance leases)	636 342	673 855	
— Held-to-maturity investments			
— Derivatives - Hedge accounting, interest rate risk	65 061	82 399	
— Other assets			
(Interest expenses)	2 160 137	2 949 430	
— Deposits from central banks			
— Financial liabilities held for trading (if accounted for separately)	1 537 872	2 277 618	
— Financial liabilities designated at fair value through profit or loss (if accounted for separately)	31 983	19 193	
— Financial liabilities measured at amortised cost		452 845	
Deposits from credit institutions	1 415	13 243	
Deposits from non credit institutions	276 527	318 915	
Debt certificates	82 334	76 303	
Subordinated liabilities	14 877	16 528	
Other financial liabilities	21 410	27 856	
— Derivatives - Hedge accounting, interest rate risk	193 719	199 774	
— Other liabilities			
Expenses on share capital repayable on demand			
Dividend income	213	1 647	
— Financial assets held for trading (if accounted for separately)			
— Financial assets designated at fair value through profit or loss (if accounted for separately)	213	307	
— Available-for-sale financial assets		1 340	
Fee and commission income	41 336	39 513	6
(Fee and commission expenses)	48 287	55 861	6
Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	109 975	31 174	7
— Available-for-sale financial assets	108 568	26 371	
— Loans and receivables (including finance leases)	1 407	5 115	
— Held-to-maturity investments			
— Financial liabilities measured at amortised cost		-312	
— Other			
Gains (losses) on financial assets and liabilities held for trading (net)	-51 277	72 814	
— Equity instruments and related derivatives	-3 615	-2 266	
— Interest rate instruments and related derivatives	-28 442	54 751	
— Foreign exchange trading	-19 300	20 329	
— Credit risk instruments and related derivatives	80		
— Commodities and related derivatives			
— Other (including hybrid derivatives)			

Consolidated income statement

in '000 EUR	31.12.2013	31.12.2012	Disclosure
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	-46 031	-69 369	8
Gains (losses) from hedge accounting	8 061	12 599	9
Exchange differences, net	34 319	-3 176	
Gains (losses) on derecognition of assets other than held for sale, net	24	1 723	
Other operating net income	26 265	30 436	10
Administration costs	**282 333**	**280 323**	
— Personnel expenses	129 403	124 421	11
— General and administrative expenses	152 930	155 902	12
Depreciation	**7 317**	**12 027**	
— Property, Plant and Equipment	2 434	2 313	24
— Investment Properties			
— Intangible assets (other than goodwill)	4 883	9 714	23
Provisions	**-6 894**	**-8 527**	
Impairment	**61 728**	**39 548**	**19**
Impairment losses on financial assets not measured at fair value through profit or loss	57 987	39 548	
— Financial assets measured at cost (unquoted equity)			
— Available for sale financial assets	-2 364	-12 649	
— Loans and receivables (including finance leases)	60 352	52 197	
— Held to maturity investments			
Impairment on	3 741		
— Property, plant and equipment	133		
— Investment properties			
— Goodwill			
— Intangible assets (other than goodwill)	3 607		
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**-20 954**	**-28 080**	
Tax expense (income) related to profit or loss from continuing operations	**-8 732**	**-4 703**	**13**
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**-12 223**	**-23 377**	
Total profit or loss after tax from discontinued operations			
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	**-12 223**	**-23 377**	
Profit or loss attributable to minority interest			
NET PROFIT OR LOSS	**-12 223**	**-23 377**	

Consolidated statement of comprehensive income

in '000 EUR	31.12.2013	31.12.2012	Disclosure
PROFIT (LOSS) FOR THE YEAR	**-12 223**	**-23 377**	
OTHER COMPRHENSIVE INCOME			
Tangible assets			
Intangible assets			
Hedge of net investments in foreign operations (effective portion)			
— Gains/losses from changes in fair value trough equity			
— Transferred to profit or loss			
— Other reclassifications			
Foreign currency translation	954	-14 595	
— Translation gains/losses taken to equity	954	-14 595	
— Transferred to profit or loss			
— Other reclassifications			
Cash flow hedges (effective portion)	7 254	1 949	(1)
— Valuation gains/losses taken to equity	7 254	1 949	
— Transferred to profit or loss			
— Transferred to initial carrying amount of hedged items			
— Other reclassifications			
Available-for-sale financial assets	-28 995	228 866	(2)
— Valuation gains/losses taken to equity	-43 358	234 670	
— Transferred to profit or loss	14 363	5 804	
— 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	19 074	-26 918	(3)
Share of other comprehensive income of entities accounted for using the equity method			
Other items			
Income tax relating to components of other comprhensive income			
TOTAL COMPRHENSIVE INCOME FOR THE YEAR	**-13 935**	**165 925**	
Attributable to equity holders of the parent	-13 935	165 925	
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 euros).

in '000 EUR	31.12.2013	31.12.2012
Cash flow hedges		
Gross	10 990	-651
Tax	-3 735	2 600
Net	7 254	1 949
Available for sale financial investments		
Gross	-47 180	351 173
Tax	18 185	-122 307
Net	-28 995	228 866
Actuarial gains (losses) on defined benefit plans		
Gross	28 886	-40 769
Tax	-9 812	13 851
Net	19 074	-26 918

CONSOLIDATED **BALANCE SHEET**

Consolidated Balance Sheet - Assets

in '000 EUR

	31.12.2013	31.12.2012	Disclosure
Cash and balances with central banks	**415 802**	**1 216 942**	**14 / 37**
Financial assets held for trading	**2 982 637**	**4 923 042**	**18 / 20**
Financial assets designated at fair value through profit or loss	**4 864**	**23 025**	**16**
Available-for-sale financial assets	**8 644 295**	**7 746 051**	**17**
Loans and receivables (including finance leases)	**24 175 590**	**24 481 585**	**15**
Held-to-maturity investments			
Derivatives - hedge accounting	**187 109**	**188 269**	**20**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**260 861**	**424 519**	
Tangible assets	**45 753**	**47 194**	
— Property, Plant and Equipment	45 753	47 194	24
— Investment property			
Intangible assets	**7 840**	**13 760**	
— Goodwill			
— Other intangible assets	7 840	13 760	23
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)			
Tax assets	**65 715**	**51 960**	
— Current tax assets	11	5	
— Deferred tax assets	65 704	51 955	
Other assets	**95 284**	**103 748**	**21**
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**36 885 750**	**39 220 095**	

Consolidated Balance Sheet - Liabilities

in '000 EUR

	31.12.2013	31.12.2012	Disclosure
Deposits from central banks			
Financial liabilities held for trading	**2 889 266**	**4 821 981**	**28**
Financial liabilities designated at fair value through profit or loss	**1 387 504**	**1 062 342**	**25**
Financial liabilities measured at amortised cost	**21 625 633**	**22 447 452**	
— Deposits from Credit institutions	612 882	1 186 292	26
— Deposits from Other than credit institutions	16 890 259	16 945 047	26
— Debt certificates including bonds	2 955 117	2 965 480	26
— Subordinated liabilities	250 003	354 345	26 / 27
— Other financial liabilities	917 372	996 288	
Financial liabilities associated with transferred assets	**9 259 728**	**8 792 961**	**40**
Derivatives - hedge accounting	**535 224**	**796 176**	**20**
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	100 502	156 558	
Provisions	**201 131**	**234 196**	**30**
Tax liabilities	**33 843**	**37 186**	
— Current tax liabilities	30 236	29 187	
— Deferred tax liabilities	3 607	7 999	
Other liabilities	**56 038**	**54 992**	**29**
Liabilities included in disposal groups classified as held for sale			
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	**36 088 869**	**38 403 844**	

Consolidated Balance Sheet - Equity

in '000 EUR	31.12.2013	31.12.2012	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	**-34 746**	**-33 033**	
— Tangible assets			
— Intangible assets			
— Hedge of net investments in foreign operations (effective portion)			
— Foreign currency translation	3 267	2 313	
— Cash flow hedges (effective portion)	-19 903	-27 158	
— Available for sale financial assets	-2 224	26 771	
— Non-current assets and disposal groups held for sale			
— Other items	-15 885	-34 959	
Reserves (including retained earnings)	**297 532**	**326 343**	
Treasury shares			
Income from current year	**-12 223**	**-23 377**	
Interim dividends			
Minority interest			
— Revaluation reserves and other valuation differences			
— Other items			
TOTAL EQUITY	**796 882**	**816 251**	**36**
TOTAL LIABILITIES AND EQUITY	**36 885 750**	**39 220 095**	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Sources of equity changes

31.12.2013 – in '000 EUR

	Share capital			Other Equity							
	Paid in Capital	Called up share capital	Share premium	Equity component of combined financial instruments	Other equity instruments	Reserves (including retained earnings)	(Treasury shares)	Income from current year	Interim dividends	Minority interests: Other items	Total
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					326 343		-23 377			**849 284**
Issuance and redemption of equity instruments											
Issuance of Ordinary Shares											
Issuance of Preference Shares											
Issuance of Warrants for consideration											
Issuance of Options for Consideration											
Exercice of Options, Rights or Warrrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-12 223			-12 223
Issuance of Share Dividends											
Issuance of Non-Cash Dividends											
Issuance of Bonus Shares											
Cash Dividends Declared											
Interim Dividends											
Released to Retained Earnings											
Trading with treasury Shares											
Purchase of Treasury Shares											
Sale of Treasury Shares											
Transfers of Treasury Shares											
Cancellation of Treasury Shares											
Reclasifications											
Reclassification of Financial Instruments from Equity to Liability											
Reclassification of Financial Instruments from Liability to Equity											
Transfers (to) from Retained Earnings											
Transfers from Share Premium											
Other											
Equity Increase (Decrease) Resulting from Business Combination											
Other Increase (Decrease) in Equity						-28 811		23 377			-5 435
Closing balance (current year)	546 318					297 532		-12 223			**831 627**

Sources of equity changes

31.12.2012 – in '000 EUR

	Share capital			Other Equity							
	Paid in Capital	Called up share capital	Share premium	Equity component of combined financial instruments	Other equity instruments	Reserves (including retained earnings)	(Treasury shares)	Income from current year	Interim dividends	Minority interests: Other items	Total
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											
Exercice of Options, Rights or Warrrants											
Expiration of Options or Warrants											
Conversion of Debt to Equity											
Capital Reduction											
Allocation of profit											
Profit (Loss) Attributable to equity Holders of Parent								-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											
Reclasifications											
Reclassification of Financial Instruments from Equity to Liability											
Reclassification of Financial Instruments from Liability to Equity											
Transfers (to) from Retained Earnings											
Transfers from Share Premium											
Other											
Equity Increase (Decrease) Resulting from Business Combination											
Other Increase (Decrease) in Equity						-148 907		147 758			-1 149
Closing balance (current year)	546 318					326 343		-23 377			**849 284**

CONSOLIDATED STATEMENT OF CASH FLOWS

in '000 EUR	31.12.2013	31.12.2012
OPERATING ACTIVITIES		
Net profit (loss)	-12 223	-23 377
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	-11 715	186 952
— (Current and deferred tax income, recognised in income statement)		
— Current and deferred tax expenses, recognised in income statement	-8 732	-4 703
— Minority interests included in group profit or loss		
— Unrealised foreign currency gains and losses	954	-14 595
INVESTING AND FINANCING		
— Depreciation	11 058	12 027
— Impairment		
— Provisions net	-6 894	-8 526
— 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,...)		
OPERATING		
— Net unrealised gains (losses) from cash flow hedges	7 254	1 950
— Net unrealised gains (losses) from available-for-sale investments	-28 995	228 866
— Other adjustments	13 640	-28 067
Cash flows from operating profits before changes in operating assets and liabilities	**-23 937**	**163 575**
Increase (Decrease) in working capital (excl. cash & cash equivalents):	-678 364	-229 951
Increase (decrease) in operating assets (excl. cash & cash equivalents):	1 335 545	-2 677 060
— Increase (decrease) in balances with central banks		-265
— Increase (decrease) in loans and receivables	305 995	-2 329 345
— Increase (decrease) in available-for-sale assets	-902 078	879 891
— Increase (decrease) in financial assets held for trading	1 940 405	-1 142 149
— Increase (decrease) in financial assets designated at fair value through profit or loss	18 162	-20 158
— Increase (decrease) in asset-derivatives, hedge accounting	1 160	73 603
— Increase (decrease) in non-current assets held for sale		
— Increase (decrease) in other assets (definition balance sheet)	-28 099	-138 637
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	-2 013 909	-2 907 011
— Increase (decrease) in deposits from central banks		
— Increase (decrease) in deposits from credit institutions	-573 410	222 192
— Increase (decrease) in deposits (other than credit institutions)	-54 788	69 839
— Increase (decrease) in debt certificates (including bonds)	-10 363	901 013
— Increase (decrease) in financial liabilities held for trading	-1 932 715	-1 226 874
— Increase (decrease) in financial liabilities designated at fair value through profit or loss	325 162	684 193
— Increase (decrease) in liability-derivatives, hedge accounting	-153 349	205 657
— Increase (decrease) in other financial liabilities	387 851	-3 570 220
— Increase (decrease) in other liabilities (definition balance sheet)	-2 298	-192 811
Cash flows from operating activities	**-702 302**	**-66 376**
Income taxes (paid) refunded	**-3 096**	**-205**
NET CASH FLOW FROM OPERATING ACTIVITIES	**-705 398**	**-66 581**

in '000 EUR	31.12.2013	31.12.2012
INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	-1 127	-2 118
Cash receipts from the sale of tangible assets		
(Cash payments to acquire intangible assets)	-2 570	-4 969
Cash receipts from the sale of intangible assets		
(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	**-3 697**	**-14 024**
FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities		
(Cash repayments of subordinated liabilities)	-104 342	-17 925
(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	**-104 342**	**-17 925**
Effect of exchange rate changes on cash and cash equivalents		
NET INCREASE IN CASH AND CASH EQUIVALENTS	**-813 437**	**-98 530**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**1 354 312**	**1 452 842**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**540 876**	**1 354 311**
Components of cash and cash equivalents:		
— On hand (cash)	76 916	68 632
— Cash and balances with central banks	338 886	1 148 309
— Loans and receivables	25 154	130 140
— Held-to-maturity investments		
— Available-for-sale assets	99 919	7 230
— Financial assets held for trading		
— Financial assets designated at fair value through profit or loss		
— Other short term, highly liquid investments (Bank overdrafts which are repayable on demand, if integral part of cash management)		
Total cash and cash equivalents at end of the period	**540 876**	**1 354 311**

in '000 EUR	31.12.2013	31.12.2012
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	2 409 068	3 183 222
— Dividend income received	213	1 647
— Interest expense paid	2 160 137	2 949 430
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 705 million is due to:

- The cash from the result for a sum of EUR 24 million.
- Company assets dropped by EUR 1 336 million. The drop of the loans and accounts receivable for an amount of EUR 305 million mainly stands out (of which EUR -145 million were related to the drop of the reverse repo activities). The assets available for selling rose by EUR 902 million. The financial trading assets dropped by EUR 1 940 million.
- The business liabilities dropped by an amount of EUR 2 014 million. We can see that the deposits have increased by EUR 573 million due to credit institutions and that the deposits have risen by EUR 55 million due to other institutions than credit institutions. The financial trading liabilities dropped by EUR 1 933 million. The increase of the financial liabilities for their fair value by EUR 325 million concerns the EMTN activity. The assets available for selling rose by EUR 234 million.

CASH FLOW FROM INVESTING ACTIVITIES

We can see a negative cash flow within this context for an amount of EUR 4 million due to investments in tangible assets (EUR 1 million) and intangible assets (EUR 3 million).

CASH FLOW FROM INVESTMENT ACTIVITIES

This concerns the (early) repayment of the spent subordinated loans by AXA Bank Europe (EUR 104 million).

This leads to a net drop of the cash and cash equivalents for an amount of EUR 813 million 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, a public limited company based on Belgian law, with registered offices in 1170 Brussels, Vorstlaan 25, is a full subsidiary of AXA Holdings Belgium NV as of 31 December 2013. Both companies belong to the controlling parent company AXA SA in France.

On 17 March 2014, all shares of AXA Bank Europe were transferred to AXA SA within the framework of a reduction in capital in kind of AXA Holdings Belgium (dated 2 January 2014).

The legal consolidation scope of AXA Bank Europe comprises the Belgian bank activities, the branch offices of AXA Bank Hungary, IT Centre Poland and the subsidiaries of Royal Street NV, AXA Belgium Finance B.V. and AXA Bank Europe SCF.

In May 2013, the decision was taken to close the Czech and Slovakian branch offices and to terminate bank activities in these two countries. After the NBB gave its approval for this, both branch offices were closed formally before the end of the year. The impact of these two branch offices on the financial year's result amount to EUR 15.6 million mainly because of the costs as a result of these closures.

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 st@rt2bank, a free current account and related savings account, mortgage credits, short-term loans and, in particular, loans for home renovations.

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

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, thus, 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 for extraordinary reduction in value related to the individual assessment.

Typically the market value in itself is not enough of an designation 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
  - Securities with unrealised losses of more than 30% and that exist during a consecutive period of 6 months or more: they are decreased in value, unless it appears after inspection that no credit event has taken place. In this case the loss of value is attributed to, for example, a change in interest rates or other causes.
  - Securities with unrealised losses up to 30%: no impairment or documentation is required, only specific monitoring.

The listed unrealised losses exclude exchange rate results, as well as any individual impairment loss accounted for.

In the event that an objective designation, 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 designations 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 designation 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 booked out in the profit-and-loss account in proportion to the amount repaid.

For the determination of the net profits and net losses:

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

2.3.2 / 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.

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 gains and losses;
— 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 derivate 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 prorated 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., the amount of the obtained funding) on the date on which they are made available. They are also assigned to the "Deposits and debts" category and valued at amortised cost without impairment to the application of the subsequent 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 derivate 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-end-loss account (i.e., including comparative figures) at an average exchange rate;
(c) All resulting currency rate differences are recognised as a separate equity component.

2.8.3 / Conversion of monetary components into functional currency

Monetary components are detained 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 the valuation categories "assets and liabilities for a fair value as a result of trading objectives" or "as a result of the taken option by the enterprise", a regular revaluation of the fair value applies, which 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 will 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 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 are 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 near following the closing date, the calculation of cash value of gross liabilities applies; the actuarial differences as a result of the periodic revision of valuations and assumptions are recognised directly in the profit-and-loss account.

At AXA, 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.

2.11.3 / 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.

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. AXA has been anticipating on expected IFRS changes and Basel III rules and has been taking a volatile market into account for a few years and, therefore, the management of this "available for sale" portfolio is driven, in these cases, by following a different strategy. A deferred tax is only entered for this category to the degree in which a larger or equal deferred tax liability is entered with regard to this portfolio that is also linked to the same underlying portfolio and to the same period.

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

— Deferred tax as a result of a difference in the time of the accounts being processed (including losses).

A deferred tax asset is recognised insofar future accounting profits will be available to both recuperate the deferred tax asset and for the unused tax offsettable credit balance.

The net deferred tax position through income amounts to EUR 49.16 million as of 31 December 2013.

The following Belgian tax profits are available based on the forecast performed by AXA Bank Europe on the basis of a time horizon of 5 years.

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" method is applied.

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:

— the cost price of the deduction of the depreciations accounted for;
— 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		Depreciation percentage	
	L Method (linear)	Capital Min. – Max.	Additional expenses Min. – Max.
Land for own use	N/A		
Buildings for own use	L	3%	100%
Building design	L	10%	
IT equipment	L	20%	
Furniture, facilities	L	10%	
Non-IT machines rolling equipment	L	20%	

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		Depreciation percentage	
	L Method (linear)	Capital Min. – Max.	Additional expenses Min. – Max.
Set-up expenses entered in the profit-end-loss account in the financial year in which they were spent			
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), will 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), will 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.

INDEX 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.

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 2013 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 2013 given their negligible significance (see more about this under item 2.1 with respect to consolidation principles):

— Motor Finance Company N.V.;
— Beran N.V.

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 published and approved as of 1 January 2013

The amended IAS 19 – Employee Benefits, published on 16 June 2011, abolishes the corridor method in accordance with which the inclusion that defers the processing of profits and losses. The group, however, has not applied this method since all profits and losses are included through the shareholders' capital. 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 (active). Moreover, the amendment no longer allows the deferral of pension costs of elapsed term of service that must be included in the profit and loss account immediately.

The amendment determines that the distinction between short- and long-term personnel benefits is based on the fact of whether they will be settled earlier than within twelve months when they are due and payable. Consequently, the group has classified specific benefit liabilities in the category of other long-term personnel benefits (mainly, non-recognised "saved days" holiday).The application of the amended IAS 19 has lead to an increase of the provisions by EUR 9.2 million as well as an increase of the deferred tax asset of EUR 3.1 million and a reduction of the reserve by EUR 6.1 million.

The coming into force on 1 January 2012 of the following amendments in standards has influenced the consolidated financial statements of the Group:

— 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.
— 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 account should be presented as either a single statement or two consecutive statements.
— IFRS 7 – Financial Instruments: Disclosure, published on 16 December 2011, changes the information requirements regarding the rights to offsetting and related agreements.
— 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 one single document and not as a number of partial amendments.

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 2018 but earlier adoption is permitted, represents the completion of the first part of a three-part project to replace IAS 39. IFRS 39 applies one single approach to determine whether a financial asset is valued based on the amortised cost or fair value. A financial asset is valued based on the amortised cost when:

- The asset is kept within a business model that focuses on retaining assets to realise contractual cash flows;
- 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 related 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. Moreover, the IASB published a preliminary draft with a proposal to make amendments to a limited extent to IFRS 9 on 28 November 2012, namely, the introduction of a third classification category for financial instruments that match financial instruments kept to realise and sell contractual cash flows. These debt instruments would be valued based on their fair value and amendments in fair value would be recognised in non-realised results. Realised profits and losses would be processed through the profit and loss account. The Group is currently studying the date of introduction, enforcement method 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, for which preliminary drafts were published in 2012 and 2013).

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 has an effective date for 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 still permitted. Consequently, the Group has selected 1 January 2014 as the implementation date. The potential consequences of this package of five new and reviewed standards on the consolidated financial statements of the Group is currently being studied.

— 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 based on control regardless of the nature of the participation (investee). Control is involved under IFRS 10 when an investee:

- Has authority over the participation;
- Is exposed to or has rights regarding changing revenue by virtue of its involvement in the participation;
- 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 publication of IFRS 10, IFRS 11 and IFRS 12.

The amended IFRS 32 – Financial Instruments: The presentation published on 16 December 2011 provides clarity about the application of the settlement rules. 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 in IAS 32 apply to annual periods that start on or after 1 January 2014. Currently, an analysis of the amendments is currently being carried out.

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. 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. We, therefore, do not expect that the amendments apply to annual periods that start on or after 1 January 2014 and for which previous application was allowed shall have significant consequences for the Group's consolidated financial statements.

The amendments to IAS 36, Recoverable amount disclosures for non-financial assets, published on 29 May 2013 concern the disclosure about the recoverable amount of assets subject to an exceptional value reduction when the recoverable amount is based on the fair value minus disposal costs. The amendments must be applied with retroactive effect to annual periods that start on or after 1 January 2014. Earlier application is permitted if IFRS 13 is already applied. It is not being expected that the amendments shall have significant consequences on the Group's consolidated financial statements.

IFRIC 21 – Levies, published on 20 May 2013, is an interpretation about levies imposed by a government. The interpretation determines that the activity that leads to the levy in accordance with the relevant legislation must be viewed as the "event leading to liability". The interpretation applies to annual periods that start on or after 1 January 2014. It is not being expected that IFRIC 21 shall have significant consequences on the Group's consolidated financial statements.

Limited amendments in IAS 39, Novation of derivatives and continuation of hedge accounting, published on 27 June 2013 offer exemption from the suspension of hedge accounting when the novation of a derivative designated as a hedging instrument meets certain criteria. 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 have significant consequences on the Group's consolidated financial statements.

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 also, 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 Société de Crédit Foncier.

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 regularity 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 the annual report.

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 about the management of the credit risk can be found in the annual AXA Bank Europe report.

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 2013, the dispute rate was 1.02% (0.90% at the end of 2012), the provision was 0.38% (0.45% at the end of 2012) and the net loss EUR -25.5 m (EUR -20.1 m in 2012).

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.

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.

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

This process results in a recommendation from Risk Management.

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 lead 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 years.

These measures were extended by the Hungarian government in 2013.

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.

The total (gross) credit portfolio of the Hungarian branch amounts to HUF 341 billion (EUR 1.1 billion) as on 31 December 2013 where EUR 669 million or 58% of this has been issued in a foreign currency. The composition of this amount in loans issued in foreign currencies amounts to: EUR 658 million in loans in CHF and EUR 11 million in loans issued in EUR.

For example, at the end of 2013, the dispute rate was 21.69% (0.90% at the end of 2012), the provision was 15.34% (0.45% at the end of 2012) and the net loss EUR -26.0 m (EUR -39.62 m in 2012).

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 15.76% of the total economic capital of the bank for diversification 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) that resulted in an internal AXA rating. They must have a minimum AXA rating of A-. For all long-term derivatives a Collateral Settlement Agreement is required.

LIMIT **FRAMEWORK**

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

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

Credit Spread Portfolio:
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.

Categorisation of exposures in mio EUR	**Credit-rating**	**31.12.2013**	**Risk position 31.12.2013**	**31.12.2012**	**Risk position 31.12.2012**
Central governments	AAA to AA-		4403.2		5522.7
	A+ to A-		-		79.8
	BBB+ to BBB-		634.0		15.0
	BB+ to BB-		15.8		114.0
	None		-		-
	Total	**59.26%**	**5053.1**	**81.17%**	**5731.5**
Local governments	Total	0.00%	-	0.00%	-
Public entities	AA+	30.75%	2622.1	3.70%	261.0
Financial institutions	AAA to AA-		219.8		150.3
	A+ to A-		-		58.7
	BBB+ to BBB-		-		20.6
	BB+ to BB-		-		8.9
	B+ to B-		-		2.3
	None		189.9		-
	Total	**4.80%**	**409.7**	**3.41%**	**240.9**
Companies	AAA to AA-		11.5		22.7
	A+ to A-		-		88.0
	BBB+ to BBB-		-		24.8
	B+ to B-		-		4.0
	Total	**0.13%**	**11.5**	**1.98%**	**139.5**
Undertakings for collective investments	Total	0.00%	-	0.00%	-
Structured products	AAA to AA-		180.3		357.1
	A+ to A-		126.5		208.3
	BBB+ to BBB-		118.1		73.6
	BB+ to BB-		5.8		45.5
	B+ to B-		-		3.2
	C		0.0		0.0
	D		-		0.0
	None		-		0.1
	Total	**5.05%**	**430.7**	**9.74%**	**687.8**
TOTAL		**100.00%**	**8527.1**	**100.00%**	**7060.7**

4.4 / Concentration risk

Geographically, the investment portfolio credit risk is mostly limited to countries that are members of the European Union. AXA Bank Europe has a good diversified portfolio that mainly consists of government bonds and bonds of entities under public law of strong European countries.

Country risk in mio EUR	31.12.2013	Risk position 31.12.2013	31.12.2012	Risk position 31.12.2012
EU	99.50%	8 488.6	99.00%	7 581.9
OESO non-EEG	0.50%	38.5	1.00%	77.4
Others	0.00%	0.0	0.00%	0.0
TOTAL	**100.00%**	**8 527.1**	**100.00%**	**7 659.3**

Overview of the balance sheet per geographical area:

Situation as of 31 December 2013

Consolidated Balance Sheet - Assets 31.12.2013 – in '000 EUR	Total carrying amount	Belgium	Other EMU	Other world
Cash and balances with central banks	415 802	356 971	48 965	9 867
Financial assets held for trading	2 982 637	162 523	1 183 143	1 636 970
Financial assets designated at fair value through profit or loss	4 864			4 864
Available-for-sale financial assets	8 644 295	3 039 336	4 762 438	842 521
Loans and receivables (including finance leases)	24 175 590	20 587 440	1 097 805	2 490 345
Held-to-maturity investments				
Derivatives - hedge accounting	187 109	273	135 549	51 287
Fair value changes of the hedged items in portfolio hedge of interest rate risk	260 861	6 642		254 219
Tangible assets	45 753	44 978		775
— Property, Plant and Equipment	45 753	44 978		775
— Investment property				
Intangible assets	7 840	5 628		2 212
— Goodwill				
— Other intangible assets	7 840	5 628		2 212
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)				
Tax assets	65 715	65 672	32	10
— Current tax assets	11	11		
— Deferred tax assets	65 704	65 662	32	10
Other assets	95 284	93 229	199	1 856
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**36 885 750**	**24 362 691**	**7 228 132**	**5 294 927**

Consolidated Balance Sheet - Liabilities

31.12.2013 – in '000 EUR

	Total carrying amount	Belgium	Other EMU	Other world
Deposits from central banks				
Financial liabilities held for trading	2 889 266	246 581	1 507 363	1 135 322
Financial liabilities designated at fair value through profit or loss	1 387 504		1 387 504	
Financial liabilities measured at amortised cost	21 625 633	16 703 008	3 820 350	1 102 275
— Deposits from Credit institutions	612 882	3 086	154 722	455 074
— Deposits from Other than credit institutions	16 890 259	15 967 771	856 672	65 816
— Debt certificates including bonds	2 955 117	180 222	2 774 852	43
— Subordinated liabilities	250 003	249 251	624	128
— Other financial liabilities	917 372	302 678	33 481	581 214
Financial liabilities associated with transferred assets	9 259 728		2 187 770	7 071 958
Derivatives - hedge accounting	535 224	30 889	184 764	319 572
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	100 502		100 502	
Provisions	201 131	199 656		1 475
Tax liabilities	33 843	27 657	3 604	2 581
— Current tax liabilities	30 236	27 657	1 421	1 157
— Deferred tax liabilities	3 607		2 183	1 424
Other liabilities	56 038	50 187	1 307	4 544
Liabilities included in disposal groups classified as held for sale				
Share capital repayable on demand (e.g. cooperative shares)				
TOTAL LIABILITIES	**36 088 869**	**17 257 979**	**9 193 163**	**9 637 727**

Consolidated Balance Sheet - Equity

31.12.2013 – 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	-34 746	-34 746		
— Tangible assets				
— Intangible assets				
— Hedge of net investments in foreign operations (effective portion)				
— Foreign currency translation	3 267	3 267		
— Cash flow hedges (effective portion)	-19 903	-19 903		
— Available for sale financial assets	-2 224	-2 224		
— Non-current assets and disposal groups held for sale				
— Other items	-15 885	-15 885		
Reserves (including retained earnings)	297 532	297 532		
Treasury shares				
Income from current year	-12 223	-12 223		
Interim dividends				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**796 882**	**796 882**		
TOTAL LIABILITIES AND EQUITY	**36 885 750**	**24 362 691**	**7 228 132**	**5 294 927**

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	51 960	51 960		
— Current tax assets	5	5		
— Deferred tax assets	51 955	51 955		
Other assets	103 748	102 242	166	1 340
Non-current assets and disposal groups classified as held for sale				
TOTAL ASSETS	**39 220 095**	**26 291 944**	**7 004 573**	**5 923 578**

Consolidated Balance Sheet - Liabilities

31.12.2012 – in '000 EUR

	Totale boekwaarde	België	Overige EMU	Rest van de wereld
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	234 196	232 297		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	**38 403 844**	**15 738 740**	**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	-33 033	-33 033		
— 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	-34 959	-34 959		
Reserves (including retained earnings)	326 343	326 343		
Treasury shares				
Income from current year	-23 377	-23 377		
Interim dividends				
Minority interest				
— Revaluation reserves and other valuation differences				
— Other items				
TOTAL EQUITY	**816 251**	**816 251**		
TOTAL LIABILITIES AND EQUITY	**39 220 095**	**16 554 991**	**9 807 432**	**12 857 672**

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

Large exposures against counterparties 2013

Name	Country of origin (Code ISO-3166)	Claims and fixed income securities	Derivatives	Guaranteed part or part for which impairments and provisions have been made	Gross total of direct + indirect risks	Of which outside tradingbook	Total
AXA Group	FR	5 247 954	45 179	5 076 124	217 010	0	217 010
LCH Clearnet	GB	268 328	13	13	268 328	0	268 328
BNP Paribas	FR	136 708	38 971	0	175 680	0	175 680
KBC Bank	BE	100 189	0	0	100 189	0	100 189
Belfius Bank	BE	59 645	0	0	59 645	0	59 645

The positions are provided as net values in the above table taking into account the obtained derogation from the NBB. This table was drawn up within the framework of the Capital Adequacy Requirements reporting and the exposures were covered through collateral.

Included is an overview of the accountancy PIIGS exposure as on 31 December 2013 with a description of the investment types (in EUR):

AXA Bank Europe

31.12.2013 – in mio EUR

Country	Type of instrument	Market value <1Y	Market value ≥1Y	Total
Spain	Sovereign	202 119 000.00	0.00	202 119 000.00
	Structured Product	0.00	154 319 281.28	154 319 281.28
Spain total		**202 119 000.00**	**154 319 281.28**	**356 438 281.28**
Italy	Sovereign	307 639 400.00	104 518 750.00	412 158 150.00
	Structured Product	0.00	54 774 002.90	54 774 002.90
Italy total		**307 639 400.00**	**159 292 752.90**	**466 932 152.90**
Portugal	Sovereign	0.00	15 131 250.00	15 131 250.00
	Structured Product	0.00	36 228 537.55	36 228 537.55
Portugal total		**0.00**	**51 359 787.55**	**51 359 787.55**
TOTAL		**509 758 400.00**	**364 971 821.74**	**874 730 221.74**

EUR 509 758 400 no longer applies within the year within the total PIIGS exposure of EUR 874 730 221.74.

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 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 1.72% of the bank's total economic capital before correlation.

Situation as of 31 December 2013

Consolidated Balance Sheet - Assets

31.12.2013 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp
Cash and balances with central banks	415 802	-9	2
Financial assets held for trading	2 982 637	-2 743 936	3 615 462
Financial assets designated at fair value through profit or loss	4 864		
Available-for-sale financial assets	8 644 295	-382 609	385 442
Loans and receivables (including finance leases)	24 175 590	-825 018	821 948
Held-to-maturity investments			
Derivatives - hedge accounting	187 109		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	260 861		
Tangible assets	45 753		
— Property, Plant and Equipment	45 753		
— Investment property			
Intangible assets	7 840		
— Goodwill			
— Other intangible assets	7 840		
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)			
Tax assets	65 715		
— Current tax assets	11		
— Deferred tax assets	65 704		
Other assets	95 284		
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**36 885 750**	**-3 951 572**	**4 822 854**

Consolidated Balance Sheet - Liabilities

31.12.2013 – in '000 EUR

	Total carrying amount	Sensitivity Interest rate risk: +100bp	Sensitivity Interest rate risk: -100bp
Deposits from central banks			
Financial liabilities held for trading	2 889 266	-2 784 312	3 640 441
Financial liabilities designated at fair value through profit or loss	1 387 504	-4 402	2 538
Financial liabilities measured at amortised cost	21 625 633		
— Deposits from Credit institutions	612 882	-190	51
— Deposits from Other than credit institutions	16 890 259	-242 413	224 071
— Debt certificates including bonds	2 955 117	-124 267	121 009
— Subordinated liabilities	250 003	-6 033	5 365
— Other financial liabilities	917 372		
Financial liabilities associated with transferred assets	9 259 728	-10 908	3 147
Derivatives - hedge accounting	535 224	-413 491	449 936
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	100 502		
Provisions	201 131		
Tax liabilities	33 843		
— Current tax liabilities	30 236		
— Deferred tax liabilities	3 607		
Other liabilities	56 038		
Liabilities included in disposal groups classified as held for sale			
Share capital repayable on demand (e.g. cooperative shares)			
TOTAL LIABILITIES	**36 088 869**	**-3 586 016**	**4 446 557**

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
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	51 960		
— Current tax assets	5		
— Deferred tax assets	51 955		
Other assets	103 748		
Non-current assets and disposal groups classified as held for sale			
TOTAL ASSETS	**39 220 095**	-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
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	234 196		
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	**38 403 844**	-4 670 406	5 727 624

4.6 / Currency risk

Situation as of 31 December 2013

Consolidated Balance Sheet - Assets 31.12.2013 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**PLN**	**Other**
Cash and balances with central banks	415 802	405 936	25	12	6	9 811		11
Financial assets held for trading	2 982 637	2 646 885	41 162	18 390	60 564			215 635
Financial assets designated at fair value through profit or loss	4 864	4 862	1					
Available-for-sale financial assets	8 644 295	8 590 028	22 012	31 571		684		
Loans and receivables (including finance leases)	24 175 590	22 518 160	416 078	166	926 287	310 573	126	4 199
Held-to-maturity investments								
Derivatives - hedge accounting	187 109	187 109						
Fair value changes of the hedged items in portfolio hedge of interest rate risk	260 861	260 861						
Tangible assets	45 753	44 978				775		
— Property, Plant and Equipment	45 753	44 978				775		
— Investment property								
Intangible assets	7 840	5 628				2 184	29	
— Goodwill								
— Other intangible assets	7 840	5 628				2 184	29	
Investments in associates, [subsidiaries] and joint ventures (accounted for using the equity method- including goodwill)								
Tax assets	65 715	65 705					10	
— Current tax assets	11	11						
— Deferred tax assets	65 704	65 694					10	
Other assets	95 284	91 500			1 935	1 824	25	
Non-current assets and disposal groups classified as held for sale								
TOTAL ASSETS	**36 885 750**	**34 821 652**	**479 278**	**50 140**	**988 793**	**325 851**	**190**	**219 846**

Consolidated Balance Sheet - Liabilities 31.12.2013 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**PLN**	**Other**
Deposits from central banks								
Financial liabilities held for trading	2 889 266	2 583 057	41 573	17 435	60 189			187 013
Financial liabilities designated at fair value through profit or loss	1 387 504	950 973						436 531
Financial liabilities measured at amortised cost	21 625 633	19 831 820	375 105	659 047	197 311	496 907		65 443
— Deposits from Credit institutions	612 882	576 600	36 266		7			9
— Deposits from Other than credit institutions	16 890 259	15 930 844	107 926	335 187	1 637	454 370		60 296
— Debt certificates including bonds	2 955 117	2 955 117						
— Subordinated liabilities	250 003	250 003						
— Other financial liabilities	917 372	119 257	230 912	323 861	195 666	42 538		5 139
Financial liabilities associated with transferred assets	9 259 728	9 259 728						
Derivatives - hedge accounting	535 224	535 224						
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	100 502	100 502						
Provisions	201 131	199 656				1 475		
Tax liabilities	33 843	31 261				2 562	20	
— Current tax liabilities	30 236	29 079				1 137	20	
— Deferred tax liabilities	3 607	2 183				1 424		
Other liabilities								
Liabilities included in disposal groups classified as held for sale	56 038	50 636	30	18	640	4 519	194	
Share capital repayable on demand (e.g. cooperative shares)								
TOTAL LIABILITIES	**36 088 869**	**33 542 857**	**416 708**	**676 500**	**258 140**	**505 463**	**214**	**688 987**

Consolidated Balance Sheet - Equity 31.12.2013 – in '000 EUR	**Total carrying amount**	**EURO**	**USD**	**GBP**	**CHF**	**HUF**	**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	-34 746	-31 957	-630	-2 438	6	17	-14	269
— Tangible assets								
— Intangible assets								
— Hedge of net investments in foreign operations (effective portion)								
— Foreign currency translation	3 267	2 997			6	8	-14	269
— Cash flow hedges (effective portion)	-19 903	-19 903						
— Available for sale financial assets	-2 224	835	-630	-2 438		9		
— Non-current assets and disposal groups held for sale								
— Other items	-15 885	-15 885						
Reserves (including retained earnings)	297 532	293 886	-6 162	-30	-2 194	12 025		7
Treasury shares								
Income from current year	-12 223	25 232			-6	-25 948	177	-11 678
Interim dividends								
Minority interest								
— Revaluation reserves and other valuation differences								
— Other items								
TOTAL EQUITY	**796 882**	**833 479**	**-6 792**	**-2 468**	**-2 194**	**-13 906**	**164**	**-11 402**
TOTAL LIABILITIES AND EQUITY	**36 885 750**	**34 376 336**	**409 916**	**674 032**	**255 946**	**491 557**	**378**	**677 585**

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	51 960	51 960						7	
— Current tax assets	5	5							
— Deferred tax assets	51 955	51 955						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	**39 220 095**	**36 637 583**	**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		53 202
— Deposits from Credit institutions	1 186 292	1 140 968	18 949	26 958	7		-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		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	234 196	232 296				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	54 992	47 730		33	680	5 009	1 237	304	
Liabilities included in disposal groups classified as held for sale									
Share capital repayable on demand (e.g. cooperative shares)									
TOTAL LIABILITIES	**38 403 844**	**35 158 265**	**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	-33 033	-26 211	-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	-34 959	-34 959							
Reserves (including retained earnings)	326 343	338 440	-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	**816 251**	**881 896**	**-7 017**	**-6 313**	**-2 190**	**-43 643**	**-6 479**	**40**	**-43**
TOTAL LIABILITIES AND EQUITY	**39 220 095**	**36 040 161**	**360 060**	**200 998**	**494 049**	**589 781**	**833 765**	**349**	**700 931**

4.7 / Cash flow and Fair Value interest rate risk

Description

Cash flow and fair value 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. When analysing the interest risk, repricing risk, risk on future transformation of the interest curve into a higher slope, basic risk and optionalities that are, for example, contained in the balance lines must be taken into account as well as the current curve position. 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:

— Mortgage loan portfolio of approximately EUR 13.8 billion (on a total of EUR 17.8 billion credit granting). Other credit types are of the personal loan and investment credit types;
— The financial assets available for sale for EUR 8.6 billion.

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

— The regulated saving accounts for EUR 10.7 billion;
— The bank bond/time deposit account portfolio with fixed interest rate had a volume of approximately EUR 3.4 billion;
— The call deposits increase to EUR 2.6 billion;
— At the end of December 2013, the Medium Term Notes portfolio spent by AXA Bank Europe totalled EUR 1.4 billion;
— The portfolio spent Covered Bonds amounts to EUR 2.8 billion;
— The derived instruments such as swaps, futures, caps and swaptions mainly serve as a reduction for the interest rate risk profile described above.

MEASURING INSTRUMENTS

Statische analyse

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 interest movements on the bank's economy value.

Value-at-Risk (V@R)

Integrates the probability of interest movements into the sensitivity analysis. The applied probability is 99.9%.

Solvency indicator

In order to quantify cash flow interest risks and fair value interest risks, AXA Bank Europe uses what is commonly referred to as the "solvency indicator". 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 expresses the impact of a parallel shock of the rent curve by 2% on the bank's economic value in absolute terms.

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	31.12.2013	31.12.2012
Absoluut	104.0	194.0
Relatief	10.5%	18.2%

Integration of interest rate risks related to the branches

Interest rate risks (including those of the branches) are managed globally at head office level. This ensures that global indicators can be calculated that allow the interest rate risks to be managed that are submitted to the ALCO (Assets and Liabilities Comité) that meets on a monthly basis.

Economic capital

Economic capital is the amount of capital necessary to ensure the solvency of the bank with a probability of 99.9% within a one-year time-frame.

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 Liquidity Indicator (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 (Internal Liquidity Stresses) 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 12.2013	Projection 12.2014	Projection 12.2015	Projection 12.2016
NBB LI (Buffer/shortfall in Mios)	1 088	1 142	N/A	N/A
NBB LI ratio	81.98%	81.52%	N/A	N/A
ILS 1 (3 Months, Buffer/shortfall in Mios)	1 198	1 201	1 291	1 406
ILS 2 (3 Month, Buffer/shortfall in Mios)	1 052	1 050	1 138	1 251

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

Situation as of 31 December 2013

Cash inflows (not cumulative) 31.12.2013 – 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	2 030						0
Credit institutions	586 067		5 000			21 235	617 528
Non credit institutions (local governments, multilateral development banks, public sector entities...)	2 185						0
Private sector - other wholesale	64 460	6 486	4 649	6 686	13 876	83 347	79 774
Private sector - other	63 913	67 773	186 997	279 874	554 381	3 545 998	10 062 838
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	121 713	58 375		117 060			
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	1 660 513	3 494 142	3 148 144	779 470	175 905		
— 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	2 200 218	505 819	182 676	308 621	639 007	681 022	31 662
— Derivatives on interest							
— Other derivatives	100	66					
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest	-782 106						
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash		1 051 411	625 230	1 705 074	1 645 763		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB							
— Securities and loans eligible in a repo-transaction (or other form of borrowing against collateral)							
— Realisable securities through a sale transaction							
— Potential reusable received securities as collateral							
Other							17 939 741

Cash outflows (not cumulative) 31.12.2013 – 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	1 964	10 700	20 830	800	1 764	3 206	1 100
— Credit institutions	584 316	18 128	18 128			233 108	718
— Non credit institutions (local governments, multilateral development banks, public sector entities…)	6 956			2	1	2 000	
— Private sector - other wholesale	854 311	31 369	108 937	566	2 723	620 688	623 782
— Private sector - other							
Current accounts / overnight deposits	2 408 640						
Regulated deposits	10 671 561						
Other deposits	252 978	36 142	226 223	132 193	180 907	1 268 115	262 677
Customer saving certificates	10 512						112 140
Debt certificates (issued by entity)	5 831			40 625	43 118		265 677
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	1 660 513	3 494 142	3 148 144	779 470	175 905		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	121 713	58 375		117 060			
— 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	-2 197 870	-505 563	-182 059	-308 599	-638 943	-710 120	-31 751
— Derivatives on interest							
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash							
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB		1 051 411	625 230	1 705 074	1 645 763		
— 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							**4 852 803**

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	3 856						0
Credit institutions	927 464		810	150 000	97 898	26 235	489 341
Non credit institutions (local governments, multilateral development banks, public sector entities...)	1 189	1	1	2	4	27	0
Private sector - other wholesale	65 597	5 861	4 454	6 846	12 682	81 612	73 642
Private sector - other	82 455	78 464	216 961	320 213	647 383	2 418 254	7 093 379
Scheduled cash inflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	117 450	51 990	478 370				
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	1 612 824	3 581 765	1 302 302	457 030	1 203 079	250 000	
— 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	1 387 302	1 275 774	390 415	324 724	30 317	149 157	
— Derivatives on interest							
— Other derivatives	-99	116	2	-2	-4		
Maximum additional net cash inflows							
— Derivatives on currency							
— Derivatives on interest	-228 311						
— Other derivatives							
Scheduled cash inflows due to related parties (cf. IAS 24.9)							
Cash		637 961	1 567 384	1 665 473	685 357		
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB		81 764	552 480				
— 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							18 078 089

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		4 058	100	4 381	4 970	600
— Credit institutions	553 885	521	1 560	2 298	5 126	55 340	237 409
— Non credit institutions (local governments, multilateral development banks, public sector entities...)	4 930			2	501		
— Private sector - other wholesale	791 786	6 424	13 280	2 040	2 446	602 355	391 639
— Private sector - other							
Current accounts / overnight deposits	3 060 959						
Regulated deposits	9 720 910						
Other deposits	190 364	65 805	386 121	291 560	294 159	1 194 913	126 588
Customer saving certificates	19 333	4 292	5 642	10 198	18 972	94 140	114
Debt certificates (issued by entity)	739	4 725	6 698	88 599	80 385	76 131	243 168
Scheduled cash outflows related to transactions on liquid securities and loans (e.g. repo transactions and securities lending)							
Cash	1 612 824	3 581 765	1 302 302	457 030	1 203 079	250 000	
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB	117 450	51 990	478 370				
— 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	-1 392 345	-1 272 151	-390 479	-334 239	-30 794	-147 761	
— Derivatives on interest							
Scheduled cash outflows due to related parties (cf. IAS 24.9)							
Cash		81 764	552 480				
Liquid securities and loans							
— Securities and loans eligible to ECB/Eurosysteem, BoE or SNB		637 961	1 567 384	1 665 473	685 357		
— 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							**7 578 666**

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 payer 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);
- The embedded caps and floors in variable mortgage loans have been taken into account in the calculation of the fair value that is based on the Monte Carlo technique. In a nutshell, a group of interest scenarios has been generated. The cash flows of the mortgage loans are simulated in each of these scenarios while taking into account the caps/floors: for example, the reset customer rate will depend on the simulated market rate, but shall not be higher than the contractually embedded cap linked to the mortgage loan. The fair value of the portfolio is determined by taking the average of the discounted cash flows in the Monte Carlo scenario.

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 31.12.2013 – 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 then 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		**2 982 637**	17 725	2 964 912		
Financial assets designated at fair value through profit or loss		**4 864**		4 864		
Available-for-sale financial assets		**8 644 295**	7 566 633	1 070 932	6 731	
Loans and receivables	**24 175 590**	**25 534 463**				
Held-to-maturity investments						
Other financial assets						
Financial liabilities held for trading		**2 889 266**	14 469	2 874 797		
Financial liabilities designated at fair value through profit or loss		**1 387 504**		1 387 504		
Financial liabilities at amortised cost	**21 625 633**	**21 645 366**				
Other financial liabilities	**9 259 728**	**9 259 728**				

(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 31.12.2013 – in '000 EUR	RW Level 3 OPENING BALANCE	(a) Net gains and losses included in: W&V	OCI	(b) Purchases, Sales and Settlements	(c) Net transfers in and out of Level 3	RW Level 3 CLOSING BALANCE	Level 3 Total impact on P&L for the period
Assets available for sale (7120)	6 731	0	0	0	0	6 731	0
Financial assets at fair value with fair value through profit and loss (7110)	0	0	0	0	0	0	0
Financial assets held for trading (7100)	0	0	0	0	0	0	0
Financial liabilities held for trading (7160)	0	0	0	0	0	0	0
TOTAL LEVEL 3 FINANCIAL ASSETS / LIABILITIES	**6 731**	**0**	**0**	**0**	**0**	**6 731**	**0**

(a) Corresponds to the realized and unrealized P & L and OCI during the period of financial assets / liabilities classified as Level 3 at the beginning (including the impact of foreign exchange income, interest income, impairment losses and write-downs as a final loss).

(b) Settlements during the period of financial assets / BLIGATIONS classified as level 3 at the beginning (Purchases, Sales and redemption of securities).

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

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 then 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.

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: -112 061
Purchase/sale: 863 955

In relation to the assets available for selling regarding which the FV is based on observable data other than quoted prices:
Adjustment of the market value: 64 881
Purchase/sale: 81 469

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 based on market prices calculated by different market parties.

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.

For 2013, there are no significant transfers to be mentioned between the different levels.

The financial assets for sale regarding which the fair value is not based on the market value concern shares that are recognised for their purchase price as the best estimate of their market value.

Assets and liabilities for which the fair value carrying amount is different:

Assets / Liabilities 31.12.2013 – in '000 EUR	Book value (if different from fair value)	Included or mentioned fair values	Fair value based on quoted prices	Fair Value based on observable data other than quoted prices	Fair Value is not based on market data
Loans and receivables	**24 175 590**				
Loans and receivables, no fair value:	**8 017 495**	**8 017 495**			
Loans and receivables, with fair value:	**16 158 095**	**17 516 967**			17 516 967
Financial liabilities measured at amortized cost	**21 625 633**				
Financial liabilities, no fair value:	**19 138 191**	**19 138 191**			
Financial liabilities, with fair value:	**2 487 442**	**2 507 118**		2 507 118	

The Fair Value of "Loans and receivables" is the result of its own calculation, through an update of the cash flows of the loans with the swap curve at 6 months.

"Financial liabilities at amortized cost" for which fair value was calculated as the Covered Bonds for which the fair value is based on information prepared by or over 20 "market participants" can either be obtained from Bloomberg.

4.9.3 / Day one profits

Day one profits were not booked during the 2013 financial year. The amounts recognised during previous financial years shall be spread over the duration of the instrument.

4.10 / Capital management

AXA Bank Europe meets EU requirements with regard to solvency. These European regulations have been included in Belgian legislation and the NBB monitors compliance. The required information is transmitted on a quarterly basis.

The statutory capital is broken down into three tiers:

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

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 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. AXA Bank Europe developed the required models for this. At the end of 2013, the NBB decided to apply a 5% add-on to the Retail Real Estate in Belgium for the Belgian banks.

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).

The BASEL-I solvency ratio is calculated and used by AXA Bank Europe as "floor".

AXA Bank Europe participates in the quarterly QIS (Quantitative Impact Study) exercise that allows the NBB to assess the impact of the new CRD 4/CRR. This will come into effect in 2014.

AXA Bank Europe met capital requirements at the end of 2013.

AXA Bank Europe took different measures to improve its CRD ratio during the course of 2013 to, thus, meet the even stricter capital requirements in 2014.

in '000 EUR	31.12.2013	31.12.2012
Tier 1 capital		
Paid in capital	546 318	546 318
Reserves including retained earnings	301 550	323 908
minus: other intangible assets	-7 840	-13 760
minus: loss of financial year	-12 223	-23 377
minus: charges foreseen for wich no provisons where composed		
minus: overfunding pension commitments		
minus: adjustment reserves pursuant to revaluation of cash flow hedges	-19 903	-27 157
valuation differences in FVO financial liabilities (own credit risk)	36 761	6 531
Total tier 1 capital	**844 662**	**812 463**
Tier 2 capital		
Positive reserve from exchange differences with foreign currencies	2 940	2 081
Positive fair value revaluation reserve on available for sale equities	46	119
Perpetuel subordonated debts	114 712	189 330
Subordated debts	79 500	106 563
Total tier 2 capital	**197 198**	**298 093**
minus: participations		
minus: subordinated advances on participations		
minus: IRB provision shortfall (-)	-46 530	-41 655
net trading book profits		
TOTAL CAPITAL	**995 331**	**1 068 901**
TOTAL WEIGHTED RISK VOLUME (B2)	**4 857 358**	**4 916 732**
TIER 1 CRD RATIO (B2)	**17.40**	**16.50**
TOTAL CRD RATIO (B2)	**20.49**	**21.74**

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 assumptions are continuously tested and are based on the experience from the past and other factors, among which an acceptable assessment of future events based on currently known conditions.

Estimates and 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 refer to 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 are 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.AXA has been anticipating on expected IFRS changes and Basel III rules and has been taking a volatile market into account for a few years and, therefore, the management of this "available for sale" portfolio is driven, in these cases, by following a different strategy. A deferred tax is only entered for this category to the degree in which a larger or equal deferred tax liability is entered with regard to this portfolio that is also linked to the same underlying portfolio and to the same period.

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

Deferred tax as a result of a difference in the time of the accounts being processed (including losses).

A deferred tax asset is recognised insofar future accounting profits will be available to recuperate the deferred tax asset and for the unused tax offsettable credit balance.

The net deferred tax position through income amounts to EUR 49.16 million as of 31 December 2013.

The following Belgian tax profits are available based on the forecast performed by AXA Bank Europe on the basis of a time horizon of 5 years. However, it should be noted that the recuperation will mainly arise from the budget tax profits in years 4 and 5.

6 / NET FEE AND COMMISSION INCOME

Fee and commission income and expenses

in '000 EUR

	31.12.2013	31.12.2012
Fee and commission income		
Securities	16 189	15 921
— Issued	16 189	15 921
— Transfer orders		
— Other		
Clearing and settlement		
Trust and fiduciary activities	1 169	1 218
— Asset management		
— Custody	1 169	1 218
— Other fiduciary transactions		
Loan commitments	1 798	1 621
Payment services	14 146	11 358
Structured finance		
Servicing fees from securitization activities		
Other	8 033	9 395
TOTAL	**41 336**	**39 513**
Fee and commission expenses		
Commissions to agents (acquisition costs)	29 018	41 534
Custody		
Clearing and settlement	1 471	857
Servicing fees for securitization activities		
Other	17 799	13 470
TOTAL	**48 287**	**55 861**

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

31.12.2013 – in '000 EUR

	Realised gains	Realised losses	Net
Available-for-sale financial assets	180 869	72 301	108 568
Loans and receivables (including finance leases)	5 291	3 885	1 407
Held-to-maturity investments			
Financial liabilities measured at amortised cost			
Other			
TOTAAL	**186 160**	**76 185**	**109 975**

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**

8 / NET INCOME FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Net income from financial instruments designated at fair value

31.12.2013 – in '000 EUR

	Realised gains	Realised losses	Net
Financial assets designated at fair value through profit or loss	23 353	20 121	3 231
Financial liabilities designated at fair value through profit or loss		49 263	-49 263
TOTAL	**23 353**	**69 384**	**-46 031**

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**

9 / NET INCOME FROM HEDGING ACTIVITIES

Net income from hedging activities

31.12.2013 – in '000 EUR

	Realised gains	Realised losses	Net
Fair value hedges	194 323	202 370	-8 046
— Fair value changes of the hedged item attributable to the hedged risk	56 055	137 857	-81 802
— Fair value changes of the hedging derivatives (Including discontinuation)	138 268	64 513	73 756
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	159 190	143 083	16 107
— Fair value changes of the hedged item		143 083	-143 083
— Fair value changes of the hedging derivatives	159 190		159 190
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	**353 513**	**345 453**	**8 061**

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**

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

10 / OTHER OPERATING INCOME AND EXPENSES

in ‘000 EUR	31.12.2013	31.12.2012
INCOME	**27 821**	**32 140**
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	27 821	32 140
EXPENSES	**1 556**	**1 704**
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	1 468	1 516
Other	88	188
TOTAL	**26 265**	**30 436**

11 / PERSONNEL EXPENDITURE

in '000 EUR	31.12.2013	31.12.2012
Wages and salaries	82 038	84 398
Social security charges	41 204	35 004
Pension and similar expenses	2 344	1 867
Share based payments		
Other	3 816	3 152
TOTAL	**129 403**	**124 421**

12 / OTHER OPERATING EXPENSES

in '000 EUR	31.12.2013	31.12.2012
Marketing expenses	5 936	9 460
Professional fees	41 241	68 140
IT expenses	11 249	13 317
Rents to pay or to receive	-2 151	-1 962
Other	96 655	66 947
TOTAL	**152 930**	**155 902**

13 / INCOME TAX EXPENSE

AXA Bank Europe used of the Notional Interest Deduction for the current financial year in 2013.

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

The 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.

The part of the non-used Notional Interest Deduction part when there are insufficient profits has been transferred during seven successive years 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 2013 financial year because of the (main) use of the Notional Interest Deduction for the current financial year. Use was made of the transferrable stock built up based on the Notional Interest Deduction advantage of the previous financial years up to and including 2011.

AXA Bank Europe's equity contains tax free reserves for an amount of EUR 213 067 385.05 (in 2012 of EUR 235 083 484.12) for which no deferred tax asset of EUR 72 421 604.18 (in 2011 of EUR 79 904 876.25) is calculated. 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. A withdrawal from the tax free reserves was booked of EUR 22 016 099.07 in 2013.

Deferred taxes on assets were included based on the budget exercise of AXA Bank for part of the non-used tax transferrable losses (EUR 96 967 907.27). AXA Bank Europe did not book the deferred taxes on its asset for the other part of non-used tax transferable losses (EUR 69 827 956.92) and stock as at the end of 2011 of transferable Notional Interest Deduction (EUR 151 711 220.14) in 2013.

Reconciliation of statutory tax to effective tax

31.12.2013 – in '000 EUR

	Net amount	%
1. Tax expense using statutory rate	-7 122	
— 1.1. Net profit before taxes	-20 954	
— 1.2. Statutory tax rate		33.99%
2. Tax impact of rates in other jurisdictions	-11 903	
3. Tax impact of non taxable revenues	6 823	
4. Tax impact of non tax deductible expenses	1 834	
5. Tax impact of utilisation of previously unrecognised tax losses		
6. Tax impact on tax benefit not previously recognised in profit or loss	-2 369	
7. Tax impact from reassessment of unrecognised deferred tax assets	-3 890	
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	9 023	
11. Tax expense using effective rate	-8 732	
— 11.1. Net profit before taxes	-20 954	
— 11.2. Effective tax rate		41.67%

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%

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

31.12.2013 – in '000 EUR

	Net deferred tax assets	Net deferred tax liabilities	Net deferred taxes
Deferred taxes through result	124 762	75 604	49 158
Deferred taxes through revaluation reserve for financial assets available for sale	70 693	70 714	-21
Deferred taxes through cash flow hedge revaluation reserve	4 781	0	4 781
Deferred taxes through profit and losss on defined benefit plans	8 284	0	8 284
Deferred taxes on reserves for income through Stock Option Plan	0	105	-105
TOTAL DEFERRED TAXES	**208 520**	**146 423**	**62 097**

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 losss on defined benefit plans	14 845	0	14 845
TOTAL DEFERRED TAXES	**198 821**	**158 012**	**40 809**

Deferred tax assets per expected date of utilization

31.12.2013 – 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	2 519	4 475	11 240	14 725	0	0	0	0	32 959
Other deferred tax assets	3 235	1 758	634	5 563	84 191	8 432	21 293	50 455	0	175 561
TOTAL DTA	**3 235**	**4 277**	**5 109**	**16 803**	**98 917**	**8 432**	**21 293**	**50 455**	**0**	**208 520**

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 as on the last use date
31.12.2013 – 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
UBV op belastbare overgedragen verliezen	0	0	0	0	0	0	0	32 959	0	32 959
Andere uitgestelde belastingsvorderingen	1 648	3 108	246	5 555	84 184	7 232	21 489	52 099	0	175 561
TOTAAL UBV	**1 648**	**3 108**	**246**	**5 555**	**84 184**	**7 232**	**21 489**	**85 058**	**0**	**208 520**

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
UBV op belastbare overgedragen verliezen	0	0	0	0	0	0	0	0	32 959	32 959
Andere uitgestelde belastingsvorderingen	63	382	804	3 101	1 577	9 231	4 773	60 852	85 078	165 862
TOTAAL UBV	**63**	**382**	**804**	**3 101**	**1 577**	**9 231**	**4 773**	**60 852**	**118 037**	**198 821**

Income tax expense (income), current and deferred

in '000 EUR	31.12.2013	31.12.2012
Current income tax expense, net	3 036	1 566
Deferred tax expense, net	-11 768	-6 269

14 / CASH AND BALANCES WITH CENTRAL BANKS

in '000 EUR	31.12.2013	31.12.2012
Current accounts with central banks	338 886	1 148 309
— Available credit balances with central banks	338 886	1 148 309
Mandatory reserve deposits with central banks	-	-
TOTAL	**338 886**	**1 148 309**

15 / LOANS AND RECEIVABLES (INCLUDING FINANCE LEASES)

Counterparty breakdown 31.12.2013 – 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	23 859 218	584 660	157 077	111 211	24 175 590
— Central governments					
— Credit institutions	1 148 719				1 148 719
— Non credit institutions	6 404 671	1 094	601	70	6 405 094
— Corporate	963 539	32 302	15 204	337	980 301
— Retail	15 342 288	551 264	141 272	110 804	15 641 476
Accrued income (if accounted for separately)					
TOTAL	**23 859 218**	**584 660**	**157 077**	**111 211**	**24 175 590**

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**

Loans and receivables (excluding credit institutions)

31.12.2013 – in '000 EUR

	Central governments	Non credit institutions	Corporate	Retail
Bills & own acceptances				
Finance leases				
Reverse repo		5 212 545		
Consumer Credit		3 316	12 357	984 102
Mortgage loans		31 379	5 061	13 813 808
Term loans		277 487	939 387	728 887
Current accounts		2 663	23 053	35 569
Other		877 705	443	79 109
TOTAL		**6 405 095**	**980 301**	**15 641 476**

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**

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

Counterparty breakdown

31.12.2013 – in '000 EUR

	31.12.2013	31.12.2012
Equity instruments		2 122
— Quoted		2 122
— Unquoted but FV determinable		
Debt instruments issued by	4 864	20 903
— Central governments		
— Credit institutions		16 035
— Non credit institutions	4 864	4 868
— Corporate		
— Retail		
Loans & advances to		
— Central governments		
— Credit institutions		
— Non credit institutions		
— Corporate		
— Retail		
Accrued income if accounted for separately		
TOTAL	**4 864**	**23 025**

17 / AVAILABLE FOR SALE FINANCIAL INVESTMENTS

Counterparty breakdown 31.12.2013 – in '000 EUR	Fair value of unimpaired assets	Fair value of impaired assets	Total net carrying amount	Impairment
Equity	6 816	23	6 839	11
— Quoted	82		82	
— Unquoted but FV determinable	6 734	23	6 756	11
— Equity instruments at cost				
Debt instruments issued by	8 637 456		8 637 457	3 519
— Central governments	5 287 871		5 287 871	
— Credit institutions	416 101		416 101	
— Non credit institutions	2 933 485		2 933 485	3 519
— Corporate				
— Retail				
Loans & advances to				
— Central governments				
— Credit institutions				
— Non credit institutions				
— Corporate				
— Retail				
Accrued income (if accounted for separately)				
TOTAL	**8 644 272**	**23**	**8 644 295**	**3 530**

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**

18 / TRADING ASSETS

Counterparty breakdown - Carrying amountww

31.12.2013 – in '000 EUR	31.12.2013	31.12.2012
Derivatives held for trading	2 982 636	4 923 012
Equity instruments		
— Quoted		
— Unquoted but FV determinable		
— Equity instruments at cost		
Debt instruments issued by	1	30
— Central governments		
— Credit institutions		30
— Non credit institutions	1	
— Corporate		
— Retail		
Loans & advances to		
— Central governments		
— Credit institutions		
— Non credit institutions		
— Corporate		
— Retail		
Accrued income (if accounted for separately)		
TOTAL	**2 982 637**	**4 923 042**

19 / IMPAIRMENT CHARGE FOR CREDIT LOSSES

31.12.2013 – in '000 EUR	Overdue ≤ 90 days	Overdue > 90 days & ≤ 180 days	Overdue > 180 days & ≤ 1 year	Overdue > 1 year	Net carrying amount of the impaired assets	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collateral and other credit enhancements received as security for the related impaired and past due assets
Equity instruments					23	-11		
— Quoted								
— Unquoted but FV determinable					23	-11		
— Equity instruments at cost								
Debt instruments						3 519		
— Central governments								
— Credit institutions								
— Non credit institutions						3 519		
— Corporate								
— Retail								
Loans & advances	1 696 080	5 094	508	385	427 583	157 077	85 218	
— Central governments								
— Credit institutions								
— Non credit institutions	29 746	10	2	3	493	601	70	
— Corporate	96 417	1 444	248	181	17 098	15 204	337	
— Retail	1 569 916	3 640	258	201	409 992	141 272	84 811	
Bills & own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	178 164	46	14		37 984		15 703	
Mortgage loans	1 361 299	2 954			208 435	54 820	20 388	
Term loans	23 076	308			159 119	78 753	47 708	
Current accounts	7 377	331	243	201	4 455	7 698	1 011	
Other	1							
Other financial assets					102	2 849		
TOTAL	**1 696 080**	**5 094**	**508**	**385**	**427 708**	**163 434**	**85 218**	
Allowances for incurred but not reported losses on financial assets							25 993	
Non specifically attributable collaterals								

31.12.2012 – in '000 EUR	Overdue ≤ 90 days	Overdue > 90 days & ≤ 180 days	Overdue > 180 days & ≤ 1 year	Overdue > 1 year	Net carrying amount of the impaired assets	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collateral and other credit enhancements received as security for the related impaired and past due assets
Equity instruments					23	11		
— Quoted								
— Unquoted but FV determinable					23	11		
— Equity instruments at cost								
Debt instruments					6 302	6 147		
— Central governments								
— Credit institutions								
— Non credit institutions					6 302	6 147		
— Corporate								
— Retail								
Loans & advances	1 776 077	3 717	719	132	335 268	211 265		
— Central governments								
— Credit institutions								
— Non credit institutions	25 642		4	1	617	594		
— Corporate	101 102	428	352	23	12 178	20 263		
— Retail	1 649 333	3 289	363	108	322 473	190 408		
Bills & own acceptances								
Finance leases								
Securitized loans								
Consumer Credit	193 733	20			19 819	17 419		
Mortgage loans	1 424 646	2 636			164 962	62 909		
Term loans	29 260	308			134 336	101 149		
Current accounts	1 693	325	363	108	3 356	8 931		
Other	1							
Other financial assets					744	2 622		
TOTAL	**1 776 077**	**3 717**	**719**	**132**	**342 337**	**220 045**		
Allowances for incurred but not reported losses on financial assets							33 496	
Non specifically attributable collaterals								

Overview of impairment

31.12.2013 – in '000 EUR

	Additions	Reversals	Total
Impairment losses on financial assets not measured at fair value through profit or loss	138 293	80 305	57 987
— Financial assets measured at cost (unquoted equity and related derivatives)			
— Available for sale financial assets measured at fair value through equity	1	2 365	-2 364
— Loans and receivables measured at amortized cost (including finance leases)	138 292	77 941	60 352
— Held to maturity investments measured at amortized cost			
Impairment on	3 741		3 741
— Property, plant and equipment	133		133
— Investment properties			
— Intangible assets	3 607		3 607
Goodwill			
Other	3 607		3 607
— Investments in associates and joint ventures accounted for using the equity method			
— Other			
TOTAL	**142 033**	**80 305**	**61 728**
Interest income on impaired financial assets accrued in accordance with IAS 39			-211

Credit exposure

31.12.2013 – in '000 EUR

	Maximum credit exposure
Equity	6 839
Debt instruments	8 642 321
Loans & advances	25 110 948
Derivatives	3 156 742
Other	95 284
TOTAL	**37 012 133**
Carrying amount of financial assets pledged as collateral for	11 687 251
— Liabilities	10 313 446
— Contingent liabilities	1 373 805

Allowances movements for credit losses

31.12.2013 – 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	220 045	34 624	98 635	-5 498	-40 881		248 673	-11 335	33 703
Allowances for incurred but not reported losses on financial assets	33 496		2 425	9 476	-451		25 993		
TOTAL	**253 541**	**34 624**	**101 060**	**3 978**	**-41 333**		**274 666**	**-11 335**	**33 703**

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**

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 4.3.1.

Collateral for professional credits

These guarantees are the following:

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

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

Fair 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 IM 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, Swiss 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 include 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.

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 31.12.2013 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
Interest rate	Option / Cap / Floor / Collar / Swaption	14 929 080	330 635	319 220
	IRS	54 200 023	2 589 471	2 485 686
	FRA			
	Forward			
	Interest future			
	Other			
Equity instruments	Equity forward			
	Equity future			
	Equity option			
	Warrant			
	Other	4 570 362	43 132	43 005
Currency (FX)	FX forward	4 337 751	17 725	14 456
	FX future			
	Cross currency swap	237 155	1 674	26 885
	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		**78 274 371**	**2 982 637**	**2 889 252**

By nature 31.12.2012 – in '000 EUR	By type	Notional amount	Carrying amount Assets	Carrying amount Liabilities
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**

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

By type of risk 31.12.2013 – in '000 EUR	By instrument	Carrying amount Assets	Carrying amount Liabilities	Notional amount
FAIR VALUE HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	174 097	88 361	7 044 000
	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		**174 097**	**88 361**	**7 044 000**
CASH FLOW HEDGES				
Interest rate	Option / Cap / Floor / Collar / Swaption			
	IRS	8	40 233	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		**8**	**40 233**	**200 000**
Hedges of a net investment in a foreign operation				
TOTAL		**174 105**	**128 593**	**7 244 000**

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**

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

Portfolio hedge of interest rate risk 31.12.2013 – in '000 EUR	Carrying amount Assets	Carrying amount Liabilities	Notional amount
Fair value hedges	13 004	406 631	4 919 968
Cash flow hedges			

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

21 / OTHER ASSETS

Carrying amount in '000 EUR	31.12.2013	31.12.2012
Employee benefits	82 032	85 725
Servicing assets for servicing rights		
Prepaid charges	2 703	2 471
Accrued income (other than interest income from financial assets)	5 417	3 682
Precious metals, goods and commodities		
Other advances	290	5 803
Other	4 842	6 066
TOTAL	**95 284**	**103 747**

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. Every shareholder is entitled to 1 director for each 20% bracket of the share ownership and the decisions of the Board must be taken with a majority of 4/5. 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 2013 financial year

In May 2013, the decision was taken to close the Czech and Slovakian branch offices and to terminate bank activities in these two countries. After the NBB gave its approval for this, both branch offices were closed formally before the end of the year. The impact of these two branch offices on the financial year's result amount to EUR 15.6 million mainly because of the costs as a result of these closures.

Entity 31.12.2013 – 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%	1 262 536	1 235 752	755	31.12.13
SPV Royal Street	10.00%	6 646 674	6 633 331		31.12.13
AXA Bank Europe SCF	100.00%	4 524 215	4 265 307	-40 999	31.12.13

Entity 31.12.2013 – in '000 EUR	**Accumulated equity interest (%)**	**Assets**	**Liabilities**	**Profit or loss**	**Reporting date**
Niet verwerkt volgens de integrale consolidatiemethode:					
Beran N.V.	100.00%	2 078	13	-19	31.12.13
Motor Finance Company N.V.	100.00%	10 382	6 637	420	31.12.13
Bancontact-Mister Cash (voorheen Brand & Licence Cy)	20.00%	6 144	1 640	1 976	31.12.12

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

Currently there is no goodwill recognised in the consolidation circuit of AXA Bank Europe.

During 2013, investments were made in internal projects for EUR 1 634 218 for the bank in Belgium.This year it mainly concerned developments within the Bazel III reporting and the selection of bank products through the Internet.

Intangible assets accounted for by using the cost model 31.12.2013 – in '000 EUR	Goodwill	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Total carrying amount
Opening balance		**6 125**	**7 559**		**77**	**13 760**
Additions from internal development		2 734				2 734
Additions from separate acquisition			41		10	51
Adjustments from business combinations						
Retirement & disposals						
Transfers to and from non-current assets Held for Sale						
Adjustments resulting from subsequent recognition of deferred tax assets						
Amortization recognized		3 230	1 638		15	4 883
Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity						
Impairment recognized in profit or loss			3 566		41	3 607
Impairment reversed in profit or loss						
Foreign currency translation effects			-192			-191
Other movements					-23	-23
Ending balance		**5 628**	**2 204**		**8**	**7 840**
Amortization financial year		3 230	1 638		15	4 883
Amortization previous year		6 697	9 925		59	16 680
Cumulated Amortization		**9 927**	**1 734**		**6**	**11 667**

Intangible assets accounted for by using the cost model 31.12.2012 – in '000 EUR	Goodwill	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**	

24 / PROPERTY, PLANT AND EQUIPMENT

Situation as of 31 December 2013

PPE measured after recognition using the cost model 31.12.2013 – in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
Opening balance	41 651	1 508	3 081	954	**47 194**
Additions		268	614	268	1 150
Acquisition through business combinations					
Disposals		1	1	6	7
Disposals through business combinations					
Depreciation	1 350	471	485	129	2 434
Impairment losses recognized in profit or loss		46	25	62	133
Impairment losses reversed in profit or loss					
Foreign currency translation effects		-2	-2	-11	-15
Transfers					
— To and from non-current assets held for sale					
— To and from investment property					
Other changes			1	-1	-1
Closing balance	40 301	1 257	3 182	1 013	**45 753**
Accumulated depreciation	22 973	1 191	1 977	302	**26 443**
Financial year	1 350	471	485	129	**2 434**
Previous year	21 623	4 133	6 024	767	**32 547**

Situation as of 31 December 2012

PPE measured after recognition using the cost model 31.12.2012 – in '000 EUR	Owner-occupied land and building	IT equipment	Office equipment	Other equipment (including cars)	Total carrying amount
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**

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 die 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 EUR 1 388 million with a nominal amount of EUR 1 248 million on 31 December 2013.

The Year-To-Date impact of the share in the bank's own credit risk in the amount of the fair value resulted in a rise of EUR 57 million 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
31.12.2013 – 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)	1 387 504	57 474	-139 321
— Certificates of deposits			
— Customer saving certificates (also when dematerialised)			
— Bonds	1 387 504	57 474	-139 321
Convertible			
Non-convertible	1 387 504	57 474	-139 321
— Other			
Subordinated liabilities			
Other financial liabilities			
Accrued Expense (if accounted for separately)			
TOTAL	**1 387 504**	**57 474**	**-139 321**

Counterparty breakdown

31.12.2012 – in ‘000 EUR

Counterparty breakdown	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**

26 / DEPOSITS

Counterparty breakdown 31.12.2013 – in '000 EUR	Central governments	Non credit institutions	Corporate	Retail	Total carrying amount
Deposits from credit institutions					612 882
— Current accounts / overnight deposits					3 424
— Deposits with agreed maturity					47 065
— Deposits redeemable at notice					
— Other deposits					562 392
Deposits (other than from credit institutions)	49 699	1 656 904	1 257 508	13 926 147	16 890 259
— Current accounts / overnight deposits	8 913	425 596	928 516	1 266 991	2 630 016
— Deposits with agreed maturity	40 763	1 045 598	227 712	1 973 860	3 287 933
— Deposits redeemable at notice					
— Other deposits	24	185 710	101 280	10 685 296	10 972 310
Special deposits		120	97 640	2 757	100 517
Regulated deposits	24	29 300	3 640	10 682 539	10 715 503
Mortgages related deposits					
Other deposits		156 290			156 290
Deposit guarantee system					
Debt certificates (including bonds)					2 955 117
— Certificates of deposits					20 997
— Customer saving certificates (also when dematerialised)					160 419
— Bonds					2 773 701
Convertible					
Non-convertible					2 773 701
— Other					
Subordinated liabilities					250 003
Other financial liabilities					917 372
Accrued expenses (if accounted for separately)					
TOTAL					**21 625 633**

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**

27 / SUBORDINATED LIABILITIES

Maturity date 31.12.2013 – in '000 EUR	Convertible subordinated debts	Non convertible subordinated debts	Other term subordinated debts	Subordinated advances
Current year				
Current year +1		30 734		
Current year +2		22 873		
Current year +3		10 140		
Current year +4		14 040		
Current year +5		11 645		
Current year +6		4 219		
Current year +7		3 581		
Current year +8		2 975		
Current year +9				
Current year +10				
More than current year +10				
Perpetuals		149 796		
TOTAL		**250 003**		

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**		

28 / FINANCIAL OBLIGATIONS RETAINED FOR TRADING OBJECTIVES

Counterparty breakdown - Carrying amount

31.12.2013 – in '000 EUR	31.12.2013	31.12.2012
Deposits from credit institutions		
— Current accounts / overnight deposits		
— Deposits with agreed maturity		
— Deposits redeemable at notice		
— Other deposits		
Derivatives held for trading	2 889 252	4 821 979
Short positions	14	2
— In equity instruments		
— In fixed income instruments	14	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	**2 889 266**	**4 821 981**

29 / OTHER LIABILITIES

Carrying amount

in '000 EUR	31.12.2013	31.12.2012
Employee benefits	552	436
Social security charges	27 910	23 847
Servicing liabilities for servicing rights		
Leasing liabilities		
Accrued charges (other than from interest expenses on financial liabilities)	3 146	2 917
Income received in advance	2 042	2 292
Other debts	22 285	25 801
Other	103	-301
TOTAL	**56 038**	**54 992**

30 / PROVISIONS

31.12.2013 – 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	81	29 892	5 511	186 648	827		11 237	**234 196**
Additions	29		375	10 327	1 998		3 379	16 108
Amounts used		943	67	2 341	1 993		1 415	6 760
Unused amounts reversed during the period	23	296	86	13 696			2 141	16 241
Acquisitions (disposals) through business combination								
Increase in the discounted amount (passage of time) and effect of any change in the discount rate								
Exchange differences					-7		-23	-30
Other movements		744		-26 886				-26 142
Closing balance	87	29 396	5 732	154 052	825		11 037	**201 130**

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
Openingsbalans	110	29 892	2 344	155 398	589		15 093	**203 426**
Investeringen	1		3 191	5 486	788		1 830	11 296
Gebruikte bedragen				1 380				1 380
Niet-gebruikte bedragen die tijdens de periode worden teruggeboekt	30		24	15 225	554		2 610	18 443
Verwervingen (vervreemdingen) door middel van bedrijfscombinaties				-49			-3 280	-3 329
Toename van het gedisconteerde bedrag (verstrijken van tijd) en gevolg van enige wijziging in de disconteringsvoet								
Valutakoersverschillen					4		204	208
Overige bewegingen				42 418				42 418
Eindbalans	81	29 892	5 511	186 648	827		11 237	**234 196**

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 involves individual arrangements which mature in 2018 at the latest but for which the largest amount was recognised in the period 2007-2009. In 2013 a provision of EUR 22 517.78 was used.

Ongoing legal disputes

This comprises the provision for disputes with agents and former agents for an amount of EUR 2 899 527.93. It mainly concerns disputes due to cases of fraud. No new claims were made in 2013.

The estimate varies 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 possible additional taxes, 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, EUR 155 035 670. 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 EUR 21 218.56.

During the 2013 financial year, new provisions were made for an amount of EUR 10 267 857.78 within the framework of the opting-out schemes that currently exist at AXA Bank while there was also a release of EUR 681 908.79 and use of the provision that amounts to EUR 12 011 399.40. As such, these provisions amount to EUR 23 438 734.37 as on 31 December 2013. 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 EUR 682 415.32 for paying the time credit as on 31 December 2012. An allocation was not added and EUR 557 985.23 was not used during the course of 2013.

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: EUR 1 336 360.39;
- A provision with regard to the branch in Hungary and this within the framework of reorganisation measures of the credit activity: EUR 967 883.10.

31 / CONTINGENT LIABILITIES AND COMMITMENTS

Off-balance sheet commitments - Notional Amounts

in '000 EUR	31.12.2013	31.12.2012
Loan commitments	-27 717 478	-26 648 420
— Given	1 020 057	1 490 851
— Received	-28 737 535	-28 139 271
Received credit lines	-589 834	-923 620
Received collateral loans	-22 370 540	-21 794 369
Received collateral repos	-5 777 161	-5 421 282
Financial guarantees	-1 393 887	-1 540 388
— Given	1 387 437	1 103 464
— Guarantees received	-2 781 324	-2 643 852
— Credit derivatives received		
Other commitments (e.g. note issuance facilities, revolving underwriting facilities...)	10 719 184	13 449 342
— Given to another counterparty	10 719 184	13 449 342
— 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 EUR 933 million;
— 31 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 EUR 21 892 million.

The securities received within the framework of the reverse repo activities can also be found in the received guarantees for an amount of EUR 5 682 million.

Financial guarantees
We can find here received personal securities for EUR 2 781 million 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 EUR 1 356 million 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 EUR 9.024 million.

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 2013.

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 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 x T – N/40 x F) x 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 x (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	31.12.2013	31.12.2012
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	577	784
— 1.1.1. Present value of wholly or partially funded	1 852	2 244
— 1.1.2. (-) Fair value, defined benefit plan assets	1 275	1 357
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	1 275	1 357
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	**577**	**784**
2. Expense recognised in profit or loss, total	**65**	**74**
2.1. Current service cost	46	50
2.2. Interest cost	47	86
2.3. (-) Expected return on plan assets	-28	-62
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	50	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	-107	58
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	2 244	2 193
3.2. (-) Benefits paid	-342	-226
3.3. Current service cost	46	50
3.4. Interest cost	47	86
3.5. Actuarial gains and losses, total	-144	141
3.6. Past service cost, total		
3.7. Increases through business combinations		
3.8. (-) Decreases through business divestiture		
3.9. Foreign currency exchange increase (decrease)		
3.10. Contributions paid by plan participants		
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	1 852	2 244
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	3.40%	2.20%
4.2. Expected return on plan assets	3.40%	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	31.12.2013	31.12.2012
Fair value of investments (beginning of financial year)	1 357	1 459
Income from investments	49	49
Contribution by employer	210	75
Contribution by employee	0	0
Paid benefits during the year	-342	-226
Fair value of investments (end of financial year)	1 274	1 357

Special events occuring during the year

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

Statistics	2013
Actives - count	18
Actives - average age	56
Actives - average service	37
Actives - average annual salary	53
Deferred - count	18
Deferred - average age	58
Deferred - average annual pension	2
Retirees - count	
Retirees - average age	
Retirees - average annual pension	

Assumptions	2013	2012
Discount rate	3.4%	2.2%
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*	*31.12.11*
Valuation date of the next complete valuation (YYYYMMDD)	*31.12.14*	*31.12.13*
Expected Average remaining service Life/EARSL	*8*	*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	**2 244**		**1 357**	**1 357**
Value at beginning of year	2 244		1 357	1 357
Service Cost	46			
Employee Contributions				
Interest Cost	47			
Expected Return on Assets (net of investment tax if any)			28	28
Actuarial Loss/Gain due to Experience	-37		21	21
Actuarial Loss/Gain due to Change in Assumptions	-107			
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			210	210
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)	-342		-342	-342
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**1 852**		**1 275**	**1 275**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2011 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**2 244**			**58**	**2 244**		
Value at beginning of year	2 244			58	2 244	4	
Service Cost	46				46	46	43
Employee Contributions							
Interest Cost	47				47	47	63
Expected Return on Assets (net of investment tax if any)						-28	-44
Actuarial Loss/Gain due to Experience (2)	-37			-58	-37		
Actuarial Loss/Gain due to Change in Assumptions (2)	-107			-107	-107		
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						-210	
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)	-342				-342		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**1 852**			**-107**	**1 852**	**-141**	**63**

Sensitivity analysis

Sensitivity analysis	2013
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-4.60%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	4.80%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	3.01%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	-2.99%
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)	-3.51%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	3.41%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	7.42%
Sercice 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)	3.87%

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

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	2013
Estimated future benefits paid - year N+1	0
Estimated future benefits paid - year N+2	43
Estimated future benefits paid - year N+3	64
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

	2013
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	69

Historical overview

Historical overview	2013	2012	2011	2010	2009	2008	2007
Defined benefit obligation	1 851.89	2 244.58	2 108.00	2 006.00	1 830.30	1 459.75	1 401.93
Fair value assets	1 274.77	1 357.00	1 459.00	1 316.13	1 160.98	1 007.94	945.49
Surplus or deficit	577.12	887.58	649.00	689.87	669.32	451.82	456.44
Actuarial gain / loss	-37.00	-18.00	-40.00	-4.92	93.38		
Gain / loss due to change in assumptions	107.14	159.55	9.00	87.04	155.87		
Contributions in next year:							
— by the employer	68.82						
— by the employee	0						

Pension funds ANHYP - Defined benefit plans

in '000 EUR	31.12.2013	31.12.2012
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	2 453	4 616
— 1.1.1. Present value of wholly or partially funded	13 735	16 198
— 1.1.2. (-) Fair value, defined benefit plan assets	11 282	11 582
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	11 282	11 582
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	**2 453**	**4 616**
2. Expense recognised in profit or loss, total	**471**	**286**
2.1. Current service cost	363	243
2.2. Interest cost	357	541
2.3. (-) Expected return on plan assets	-249	-498
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	249	793
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	2 660	5 181
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	16 198	13 211
3.2. (-) Benefits paid	-662	-709
3.3. Current service cost	319	201
3.4. Interest cost	357	541
3.5. Actuarial gains and losses, total	-2 521	2 912
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	44	42
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	13 735	16 198
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	3.40%	3.40%
4.2. Expected return on plan assets	3.40%	3.40%
4.3. Expected rate of salary increases	3.50%	3.50%
4.4. Future defined benefit increases		
4.5. Expected rate of return on reimbursement rights recognised as assets		
4.6. Medical cost trend rate		
4.7. Other material actuarial assumptions (please specifiy below)		

ANHYP benefit fund

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

	31.12.2013	31.12.2012
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	31.12.2013	31.12.2012
Fair value of investments (beginning of financial year)	11 581	11 338
Income from investments	249	793
Contribution by employer	70	117
Contribution by employee	44	42
Paid benefits during the year	-627	-709
Fair value of investments (end of financial year)	11 283	11 581

Special events occuring during the year

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

Statistics

	2013
Actives - count	79
Actives - average age	50
Actives - average service	24
Actives - average annual salary	56
Deferred - count	381
Deferred - average age	49
Deferred - average annual pension	2
Retirees - count	50
Retirees - average age	85
Retirees - average annual pension	3

Assumptions

	2013	2012
Discount rate	3.4%	2.2%
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*	*31.12.11*
Valuation date of the next complete valuation (YYYYMMDD)	*31.12.14*	*31.12.13*
Expected Average remaining service Life/EARSL	*12*	*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	**16 198**	**11 582**		**11 582**
Value at beginning of year	16 198	11 582		11 582
Service Cost	363			
Employee Contributions		44		44
Interest Cost	357			
Expected Return on Assets (net of investment tax if any)		249		249
Actuarial Loss/Gain due to Experience	-433			
Actuarial Loss/Gain due to Change in Assumptions	-2 088			
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		70		70
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)	-662	-662		-662
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**13 736**	**11 282**		**11 282**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2011 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**4 616**			**5 181**	**4 616**		
Value at beginning of year	4 616			5 181	4 616	33	
Service Cost	363				363	363	302
Employee Contributions	-44				-44	-44	-45
Interest Cost	357				357	357	471
Expected Return on Assets (net of investment tax if any)	-249				-249	-249	-379
Actuarial Loss/Gain due to Experience (2)	-433			-433	-433		
Actuarial Loss/Gain due to Change in Assumptions (2)	-2 088			-2 088	-2 088		
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	-70				-70	-70	
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	**2 453**			**2 660**	**2 453**	**391**	**348**

Sensitivity analysis	**2013**
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-6.22%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	6.42%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	2.32%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	4.23%
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)	-10.09%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	8.68%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	5.80%
Sercice 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)	3.36%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	**2013**
Estimated future benefits paid - year N+1	308
Estimated future benefits paid - year N+2	1 331
Estimated future benefits paid - year N+3	417
Estimated future benefits paid - year N+4	260
Estimated future benefits paid - year N+5	1 131
Cumulative estimated future benefits paid - From year N+6 to year N+10	4 492
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	19 775

	2013
Expected employer contributions to Plan Assets	72
Expected employer contributions to Separate Assets	

Historical overview	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Defined benefit obligation	13 735.50	16 198.00	12 991.00	12 475.12	12 006.15	10 812.61	11 531.76
Fair value assets	11 282.27	11 582.24	11 339.00	12 016.46	11 551.02	12 602.93	15 048.19
Surplus or deficit	2 453.23	4 615.76	1 652.00	458.66	455.13	-1 790.32	-3 516.43
Actuarial gain / loss	-433.00	303.00	777.00	-636.89	611.21		
Gain / loss due to change in assumptions	2 088.20	2 609.33	117.00	973.15	1 027.36		
Contributions in next year:							
— by the employer	72.11						
— by the employee	45.09						

Existing IPPA plan

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 x (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	31.12.2013	31.12.2012
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	1 332	9 024
— 1.1.1. Present value of wholly or partially funded	37 244	49 383
— 1.1.2. (-) Fair value, defined benefit plan assets	35 912	39 162
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	35 912	39 162
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	**1 332**	**9 024**
2. Expense recognised in profit or loss, total	**1 901**	**1 803**
2.1. Current service cost	1 696	1 736
2.2. Interest cost	1 017	1 834
2.3. (-) Expected return on plan assets	-812	-1 767
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	1 299	1 806
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	-133	5 456
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	49 383	46 072
3.2. (-) Benefits paid	-9 769	-6 816
3.3. Current service cost	1 696	1 736
3.4. Interest cost	1 017	1 834
3.5. Actuarial gains and losses, total	-5 082	6 557
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	37 244	49 383
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	3.40%	2.20%
4.2. Expected return on plan assets	3.40%	2.20%
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	31.12.2013	31.12.2012
Fair value of investments (beginning a financial year)	39 162	41 143
Income from investments	1 299	1 806
Contribution by employer	5 221	3 029
Contribution by employee		
Paid benefits during the year	-9 769	-6 816
Fair value of investments (end of financial year	35 913	39 162

Special events occuring during the year

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

Statistics

	2013	2012
Actives - count	267	309
Actives - average age	54	53
Actives - average service	31	31
Actives - average annual salary	62	59
Deferred - count	9	6
Deferred - average age	53	54
Deferred - average annual pension	12	8
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions

	2013	2012
Discount rate	3.4%	2.2%
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*	*31.12.11*
Valuation date of the next complete valuation (YYYYMMDD)	*31.12.14*	*31.12.13*
Expected Average remaining service Life/EARSL	*10*	*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	**49 383**		**39 162**	**39 162**
Value at beginning of year	49 383		39 162	39 162
Service Cost	1 696			
Employee Contributions				
Interest Cost	1 017			
Expected Return on Assets (net of investment tax if any)			812	812
Actuarial Loss/Gain due to Experience	1 624		487	487
Actuarial Loss/Gain due to Change in Assumptions	-6 706			
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			5 221	5 221
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)	-9 769		-9 769	-9 769
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**37 244**		**35 912**	**35 912**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2011 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**49 383**			**5 456**	**49 383**		
Value at beginning of year	49 383			5 456	49 383	118	
Service Cost	1 696				1 696	1 696	1 339
Employee Contributions							
Interest Cost	1 017				1 017	1 017	1 300
Expected Return on Assets (net of investment tax if any)						-812	-1 281
Actuarial Loss/Gain due to Experience (2)	1 624			1 137	1 624		
Actuarial Loss/Gain due to Change in Assumptions (2)	-6 706			-6 706	-6 706		
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						-5 221	
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)	-9 769				-9 769		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**37 244**			**-113**	**37 244**	**-3 202**	**1 357**

Sensitivity analysis	**2013**
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-5.05%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	5.54%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	5.29%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	5.78%
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)	-6.24%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	6.68%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	6.98%
Sercice 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)	6.42%

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

	2013
Estimated future benefits paid - year N+1	279
Estimated future benefits paid - year N+2	127
Estimated future benefits paid - year N+3	393
Estimated future benefits paid - year N+4	0
Estimated future benefits paid - year N+5	869
Cumulative estimated future benefits paid - From year N+6 to year N+10	23 436
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	48 817

	2013
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	4 280

Historical overview

Historical overview	2013	2012	2011	2010	2009	2008	2007
Defined benefit obligation	37 244.04	49 383.00	45 494.00	45 703.77	44 680.75	41 543.32	41 039.15
Fair value assets	35 912.89	39 161.68	41 143.00	41 234.46	39 723.55	39 790.69	37 197.93
Surplus or deficit	1 331.15	10 221.32	4 351.00	4 469.31	4 957.21	1 752.63	3 841.22
Actuarial gain / loss	1 624.00	1 109.00	-235.00	-1 209.59	1 085.39		
Gain / loss due to change in assumptions	6 706.23	5 447.93	258.00	1 906.34	2 428.50		
Contributions in next year:							
— by the employer	4279.56						
— by the employee	0						

New AXA Bank Europe plan

Managed in the form of group insurance.

All employees with a fixed contract with the exception of those who choose to remain in the old regime.

For the members of the board, the scheme stopped on 1 October 2006 and was replaced by a DC scheme for all new members of the board and for those who decided to choose this new scheme as from this moment.

For employees, the scheme stopped on 1 October 2013 and was replaced by a DC scheme for all new employees and for those who decided to choose this new scheme as from this moment.

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 T1 + 5% x T2 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: 0.5% or 1% or 1.5 or 2% x T_1 + 5% x T_2 depending on seniority per 10-year period.

NASH - Defined benefit plans

in '000 EUR	31.12.2013	31.12.2012
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	30 083	29 845
— 1.1.1. Present value of wholly or partially funded	73 785	77 360
— 1.1.2. (-) Fair value, defined benefit plan assets	43 702	43 557
1.1.2.1. Equity instruments		
1.1.2.2. Debt instruments		
1.1.2.3. Property		
1.1.2.4. Other assets	43 702	43 557
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	**30 083**	**29 845**
2. Expense recognised in profit or loss, total	**5 351**	**23 566**
2.1. Current service cost	4 562	3 614
2.2. Interest cost	1 727	2 380
2.3. (-) Expected return on plan assets	-938	17 572
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	1 987	1 420
Actual return on reimbursement rights recognised as assets		
Accumulated amount of actuarial gains and losses recognised in the statement of recognised income and expense	21 042	24 498
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	77 360	56 723
3.2. (-) Benefits paid	-7 458	-2 929
3.3. Current service cost	3 543	2 560
3.4. Interest cost	1 727	2 380
3.5. Actuarial gains and losses, total	-2 407	17 572
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	1 019	1 054
3.11. Other increase (decrease)		
3.12. Defined benefit plan obligations, Closing balance	73 785	77 360
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	3.40%	2.20%
4.2. Expected return on plan assets	3.20%	2.20%
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.

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	31.12.2013	31.12.2012
Fair value of investments (beginning a financial year)	43 557	40 008
Income from investments	1 987	1 420
Contribution by employer	4 596	4 004
Contribution by employee	1 019	1 054
Paid benefits during the year	-7 458	-2 929
Fair value of investments (end of financial year)	43 701	43 557

Special events occuring during the year	
Were there any amendements or changes to the plan document or agreements that rule the plan?	Yes
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 settting up a fund, ...)?	No
Was there a major change in the Social Charges paid with regards to this plan?	No

Statistics	2013	2012
Actives - count	660	684
Actives - average age	45	45
Actives - average service	18	18
Actives - average annual salary	63	62
Deferred - count	95	62
Deferred - average age	39	39
Deferred - average annual pension	4	2
Retirees - count		
Retirees - average age		
Retirees - average annual pension		

Assumptions	2013	2012
Discount rate	3.4%	2.2%
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*	*31.12.11*
Valuation date of the next complete valuation (YYYYMMDD)	*31.12.14*	*31.12.13*
Expected Average remaining service Life/EARSL	*14*	*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	**77 360**		**43 557**	**43 557**
Value at beginning of year	77 360		43 557	43 557
Service Cost	4 562			
Employee Contributions			1 019	1 019
Interest Cost	1 727			
Expected Return on Assets (net of investment tax if any)			938	938
Actuarial Loss/Gain due to Experience	-529		1 049	1 049
Actuarial Loss/Gain due to Change in Assumptions	-1 877			
Plan Amendment				
Net Gain/Loss amortization				
Net Transition Obligation / Asset amortization				
Net Past Service Cost amortization				
Curtailments				
Settlements				
Change in asset ceiling				
Net transfer In(out) (including effects of acquisitions)				
Transfer from Separate Assets to Plan Assets				
Transfer from Separate Assets to General Assets (enter as negative)				
Employer Contributions to Plan Assets				
Employer Contributions to Separate Assets			4 596	4 596
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)	-7 458		-7 458	-7 458
Local change FX effect				
Foreign Exchange variance				
Value at end of year	**73 785**		**43 702**	**43 702**

Items in '000 EUR	**Funded Status under IFRS** (unfunded if positive) (e)=(a)-(b)	**Unrecognized Past Service Cost / (Asset) under IFRS** (f)	**Assets not recognized due to asset ceiling under IFRS** (g)	**SORIE (Net (Gain) / Loss recognized in Equity under IFRS)** (h)	**Balance Sheet Liability / (Asset) under IFRS** (i)=(e)-(f)+(g)	**2011 Pension Expense / (Income) under IFRS** (j)=(i)-(h)-(c)	**Expected Year N+1 Pension Expense / (Income) under IFRS**
Previous year closing	**77 360**			**24 498**	**77 360**		
Value at beginning of year	77 360			24 498	77 360	123	
Service Cost	4 562				4 562	4 562	2 957
Employee Contributions						-1 019	-749
Interest Cost	1 727				1 727	1 727	2 599
Expected Return on Assets (net of investment tax if any)						-938	-1 451
Actuarial Loss/Gain due to Experience (2)	-529			-1 579	-529		
Actuarial Loss/Gain due to Change in Assumptions (2)	-1 877			-1 877	-1 877		
Plan Amendment							
Net Gain/Loss amortization							
Net Transition Obligation / Asset amortization							
Net Past Service Cost amortization							
Curtailments							
Settlements							
Change in asset ceiling							
Net transfer In(out) (including effects of acquisitions)							
Transfer from Separate Assets to Plan Assets							
Transfer from Separate Assets to General Assets (enter as negative)							
Employer Contributions to Plan Assets							
Employer Contributions to Separate Assets						-4 596	
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)	-7 458				-7 458		
Local change FX effect							
Foreign Exchange variance							
Value at end of year	**73 785**			**21 042**	**73 785**	**-141**	**3 356**

Sensitivity analysis	**2013**
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-7.61%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	8.39%
DBO's Sensitivity to a +0.5% change in the inflation rate (as a percentage)	6.07%
DBO's Sensitivity to a +0.5% change in the salary increase (as a percentage)	9.21%
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)	-8.73%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	9.69%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	10.83%
Sercice 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)	6.91%

Estimated Future Benefits Paid (for current active population, ie excluding new entrants)	**2013**
Estimated future benefits paid - year N+1	550
Estimated future benefits paid - year N+2	0
Estimated future benefits paid - year N+3	122
Estimated future benefits paid - year N+4	1 022
Estimated future benefits paid - year N+5	1 793
Cumulative estimated future benefits paid - From year N+6 to year N+10	28 314
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	212 041

	2013
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	3 155

Historical overview	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Defined benefit obligation	73 784.70	77 360.00	54 766.00	48 943.67	38 977.86	32 675.48	29 095.84
Fair value assets	43 702.12	43 557.35	40 008.00	33 886.26	29 144.27	24 391.01	20 950.21
Surplus or deficit	30 082.58	33 802.65	14 764.00	15 057.40	9 833.59	8 284.46	8 145.63
Actuarial gain / loss	-529.00	4 763.00	747.00	2 689.91	440.31		
Gain / loss due to change in assumptions	-1 877.00	12 809.15	478.00	2 857.02	3 083.83		
Contributions in next year:							
— by the employer	3154.52						
— by the employee	749.72						

Other plans

Health Care - Defined benefit plans

in '000 EUR	31.12.2013	31.12.2012
1. Components of defined benefit plan assets and liabilities		
1.1. Net funded, defined benefit plan obligation (asset)	10 752	21 433
— 1.1.1. Present value of wholly or partially funded	10 752	21 433
— 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	**10 752**	**21 433**
2. Expense recognised in profit or loss, total	**1 195**	**784**
2.1. Current service cost	709	347
2.2. Interest cost	486	437
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	892	12 677
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	21 433	12 051
3.2. (-) Benefits paid	-90	-77
3.3. Current service cost	709	347
3.4. Interest cost	486	437
3.5. Actuarial gains and losses, total	-11 786	8 675
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	10 752	21 433
4. Principal actuarial assumptions used in defined benefit plans		
4.1. Discount rates	3.40%	2.20%
4.2. Expected return on plan assets	3.40%	2.20%
4.3. Expected rate of salary increases	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	3.50%	3.50%
4.7. Other material actuarial assumptions		
5. Effects of changes in the assumed medical trend rate	**Toename 1%**	**Toename 1%**
5.1. Current service cost and interest cost components of periodic medical cost	1 689	906
5.2. Accumulated obligation for medical cost	14 745	24 884
5. Effects of changes in the assumed medical trend rate	**Afname 1%**	**Afname 1%**
5.1. Current service cost and interest cost components of periodic medical cost	853	676
5.2. Accumulated obligation for medical cost	7 948	13 140

Special events occuring during the year

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

Statistics	2013	2012
Actives - count	1 030	1 313
Actives - average age	48	48
Actives - average service	23	22
Actives - average annual salary		
Deferred - count		
Deferred - average age		
Deferred - average annual pension		
Retirees - count	620	491
Retirees - average age	70	73
Retirees - average annual pension		

Assumptions	2013	2012
Discount rate	3.4%	2.2%
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*	*31.12.11*
Valuation date of the next complete valuation (YYYYMMDD)	*31.12.14*	*31.12.13*
Expected Average remaining service Life/EARSL	*17*	*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	**21 433**	**0**		**0**
Value at beginning of year	21 433			
Service Cost	709			
Employee Contributions				
Interest Cost	486			
Expected Return on Assets (net of investment tax if any)				
Actuarial Loss/Gain due to Experience				
Actuarial Loss/Gain due to Change in Assumptions	-3 957			
Plan Amendment	-7 828			
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)	-90			
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	**10 752**	**0**		**0**

Items in '000 EUR	Funded Status under IFRS (unfunded if positive) (e)=(a)-(b)	Unrecognized Past Service Cost / (Asset) under IFRS (f)	Assets not recognized due to asset ceiling under IFRS (g)	SORIE (Net (Gain) / Loss recognized in Equity under IFRS) (h)	Balance Sheet Liability / (Asset) under IFRS (i)=(e)-(f)+(g)	2011 Pension Expense / (Income) under IFRS (j)=(i)-(h)-(c)	Expected Year N+1 Pension Expense / (Income) under IFRS
Previous year closing	**21 433**			**12 677**	**21 433**		
Value at beginning of year	21 433			12 677	21 433		
Service Cost	709				709	709	280
Employee Contributions							
Interest Cost	486				486	486	373
Expected Return on Assets (net of investment tax if any)							
Actuarial Loss/Gain due to Experience (2)							
Actuarial Loss/Gain due to Change in Assumptions (2)	-3 957			-3 957	-3 957		
Plan Amendment	-7 828			-7 828	-7 828		
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)	-90				-90	-90	
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	**10 752**			**892**	**10 752**	**1 105**	**653**

Sensitivity analysis	2013
DBO's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-10.75%
DBO's Sensitivity to a -0.5% change in the discount rate (as a percentage)	10.82%
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)	18.27%
Service cost's Sensitivity to a +0.5% change in the discount rate (as a percentage)	-14.88%
Service cost's Sensitivity to a -0.5% change in the discount rate (as a percentage)	9.57%
Service cost's Sensitivity to a +0.5% change in the salary increase (as a percentage)	
Sercice 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)	20.87%
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)	2013
Estimated future benefits paid - year N+1	81
Estimated future benefits paid - year N+2	83
Estimated future benefits paid - year N+3	85
Estimated future benefits paid - year N+4	86
Estimated future benefits paid - year N+5	88
Cumulative estimated future benefits paid - From year N+6 to year N+10	435
Estimated future benefit payments - From year N+11 until the last benefit payment is paid	2 359

	2013
Expected employer contributions to Plan Assets	
Expected employer contributions to Separate Assets	

Historical overview	2013	2012	2011	2010	2009	2008	2007
Defined benefit obligation	10 752.00	21 433.00	10 105.00	9 231.44	7 979.52	6 179.93	6 513.55
Fair value assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus or deficit	10 752.00	21 433.00	10 105.00	9 231.44	7 979.52	6 179.93	6 513.55
Actuarial gain / loss	-3 957.00	1 590.00	-71.00	-719.57	0.00		
Gain / loss due to change in assumptions	-7 828.00	7 085.24	236.00	1 415.54	1 445.54		
Contributions in next year:							
— by the employer	93.48						
— by the employee	0						

33 / SHARE-BASED PAYMENTS

The instruments specified below for payment in shares are mainly instruments that end in shares, but also include instruments that end in cash. The unit costs of the instruments for payment in shares that end in shares do not vary for a given plan while the costs of the instruments that end in cash are updated at every closure.

The total burden for AXA Bank Europe is not significant. Since the underlying shares are issued by AXA S.A., the controlling parent company of AXA Bank Europe, the costs are booked in the Group's financial statements.

A) AXA S.A. share options

The senior members and key employees can receive share options from AXA within the framework of the share option schemes of the company. These options can be subscription options that imply the issue of new AXA shares or purchase options that implies the transfer of personal shares. The conditions for every share allocation can vary. Currently, (i) the options are allocated for a price that is not lower than the average of the closing prices of AXA on the Paris stock exchange that preceded the allocation, (ii) they are valid for at least 10 years and (iii) they can generally be exercised in brackets of 33.33% per year of the second up to the fourth birthday of the option allocation date.

For the beneficiaries to whom more than 5000 options have been allocated (counting as from 2007), the allocated share options have been unconditionally acquired for the two first brackets while the third bracket can be exercised if a condition for the AXA share performance is met when compared to the "DowJones Europe Stoxx Insurance" benchmark index.

The following table provides an overview of current options.

31.12.2012	Options in '000 EUR	Average price in EUR
In circulation on 1.1	820.9	
additions	47.2	13.81
increase in capital		
affiliated	165.2	13.99
options expired	9.6	13.3
Internal movements at Group	-50.1	
IN CIRCULATION ON 31.12	**643.3**	**17.92**

The number of options in circulation and the number of options that can be exercised as on 31 December 2013 are shown thereafter in accordance with the expiry date:

Date of grant	Exercise price in EUR	In circulation	Exercisable
14.03.03	10.47	0	0
26.03.04	16.90	17 859	17 859
29.03.05	19.70	127 950	127 950
27.06.05	19.32	822	822
31.03.06	27.75	99 435	99 435
10.05.07	32.95	88 632	88 632
1.04.08	21.00	60 428	60 428
20.03.09	9.76	30 582	30 582
19.03.10	15.43	51 332	34 221
18.03.11	14.73	76 165	25 388
16.03.12	12.22	42 900	0
22.03.13	13.81	47 200	0

The Black and Scholes model for valuing options has been used to establish the fair value of the AXA share options. The consequence of exercising options before their expiry period is taken into consideration based on a hypothesis for the expected lifecycle that arises from the observation of historical data. The volatility of the AXA share is estimated using the implicit volatility method validated through the analysis of historical volatility to ascertain the hypothesis' coherence. The hypothesis for the expected dividend of the AXA share is based on market consensus. The risk-free return arises from the interest curve of the Euro Swap for the corresponding maturity.

B) AXA Share Plan

AXA gives its employees the option of becoming shareholders thanks to a special issue that is reserved for them. In the countries that meet legal and tax requirements, two investment options are proposed: the traditional shareholder plan and the plan with leverage.

The traditional plan gives employees the option to subscribe to AXA shares based on the initial contribution (through the Joint investment fund of the company or through shares held directly) with a maximum discount of 20%. These shares are unavailable for

5 years (unless there is an accelerated release as provided by the applicable regulations). Employees carry the risk of all share evolutions when compared to the subscription price.

The leverage plan gives employees the option to subscribe to AXA shares based on 10 times their initial contribution (through the Joint investment fund of the company or through shares held directly) with a discount. The leverage on the personal contribution of employees takes place in the form of a loan (without recovery on the employee above the value of the shares) that is granted by a third bank. These shares are unavailable for 5 years (unless there is an accelerated release as provided by the applicable regulations). Employees who participate in the leverage scheme are given the guarantee of their initial personal contribution and also a certain percentage of the value increase of the share (when compared to the unreduced reference price) for the total invested amount.

At the end of the unavailability period of 5 years, employees can choose from the following: to buy out their saving credit (exit with payment in coin) or transfer their credit invested in the leverage formula to the traditional fund.

The costs of the shareholder plan are valued by taking into account the restriction of 5 years for the employee. The selected approach valorises the share based on a replication strategy on which the participant would sell the share on the stock exchange after the 5 year restrictive period and would borrow the amount that is required to purchase immediately an unencumbered share with loan funding by future selling and the dividends paid out during the restrictive period. The opportunity profit must be added to the cost of the plan for the leverage plan that is implicitly offered by AXA since it allows its employees to enjoy the institutional price (and not the stock exchange price) for the derivatives.

The AXA Group has proposed to its employees within the framework of the shareholdership policy of the Group's employees that they subscribe to a reserved capital increase for a price of EUR 14.38 for the traditional plan (20% discount when compared to the reference price of EUR 17.97 calculated based on the average of the 20 closing prices on the stock exchange before the date of the announcement) and EUR 15.64 for the leverage plan (13% discount when compared to the reference price) during the past financial year. The AXA Bank Europe employees subscribed for an amount of EUR 0.4 million.

The cost price of the unsaleability was measured at 19.73% (19.81% in 2012) for the traditional plan and 12.88% (17.07% in 2012) for the leverage plan (as a consequence of the different discounts) for 2013. In addition to the cost price of the unsaleability the opportunity profit that is offered to the employee in the leverage plan was measured to be 2.45%. (2.80% in 2012).

The table below shows the most important features of the plan, the subscribed amounts and the valuation hypotheses together with the cost of the plan for the 2013 and 2012 financial years:

	2013		2012	
	Plan traditional shareholding	Leverage plan	Plan traditional shareholding	Leverage plan
Duration (years)	5	5	5	5
[A] Décote	20.00%	12.95%	20.00%	17.19%
Referred Variance Price (in Euro)	17.97	17.97	11.86	11.86
Subscription price (in euros)	14.38	15.64	9.50	9.82
Market (in fine)	7.40%	7.59%	9.36%	9.45%
Risk-free interest rate at 5 years (euro area)	0.77%	0.77%	0.59%	0.59%
dividend rate	5.94%	5.94%	8.16%	8.16%
early redemption	1.14%	1.14%	1.12%	1.12%
debit Interest rates	0.30%	0.30%	0.25%	0.25%
Volatility spread retail / institutional	N/A	2.78%	N/A	4.08%
[B] costs due to the unavailability on the market	19.73%	12.88%	19.81%	17.07%
[C] Measured profit opportunity	N/A	2.45%	N/A	2.80%

C) AXA Miles

AXA (the controlling parent company of AXA Bank Europe) allocated 50 free shares to each employee of the Group on 16 March 2012. At the level of the circuit of AXA Bank Europe 4 + 0 were allocated within the framework of the plan (therefore, a period of 4 years for acquiring the rights without an unsaleability period).The free shares are valued based on the approximation that was selected for the Share Plan described in this section with hypotheses adjusted to the structure of the plan based on the price of EUR 13.18 per share on 16 March 2012 and an expected waiving of the rights of 5% for their acquisition.

D) Other payments in shares

— **Performance Shares**

Performance Shares are allocated to senior members and key employees of the AXA Group. The number of performance shares distributed amongst employees of the Belgian circuit is significant since performance units are preferred.

— **Performance Units**

AXA pays out performance units to its senior members and key employees.

During the period of the acquisition of the rights, the initially allocated performance units are subject units are subject to a performance criterion outside the stock exchange.

For the allocations that were made before 2010, the entity that employed the beneficiary paid 100% of the calculated value in cash when the number of definitively acquired performance units was smaller than 1000. When the number of the definitively acquired performance units was greater than or equal to 1000, the entity who employed the beneficiary paid 70% of the calculated value in cash and 30% of the definitively acquired performance units was invested in AXA shares at the expense of the beneficiary with a retention period of at least 2 years.

The entity that employs the beneficiary shall pay the first half of the performance units definitively acquired on that date in cash at the end of the acquisition period with regard to the allocations made in 2010. A year later, the entity that employs the beneficiary shall pay the second half in cash on the condition that the employee is still part of the Group. Before the conclusion of the second half, beneficiaries can decide to be paid out in full or in part in AXA shares.

The definitive number of performance units will be known for the allocations made in 2011 and 2012 after 2 years and the performance units will be paid out in cash a year later by the entity who employs the beneficiary on condition that the beneficiary is still part of the Group on this date.

The payment expected on the date of the payment will be adjusted when each financial year is closed and they will be written off over the acquisition period of the rights (pro rata temporis) for the performance units paid out in cash.

In 2013, performance units were not allocated to AXA Bank Europe employees.

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 2.8 million for 2013.

35 / EQUITY

Equity

in '000 EUR	31.12.2013	31.12.2012
Subscribed capital	**546 318**	**546 318**
Revaluation reserves	**-34 746**	**-33 034**
Revaluation of available-for-sale financial assets	-2 203	44 977
Deferred tax	-21	-18 206
	-2 224	**26 771**
Actuarial gains/losses relating to promised pension schemes	-24 065	-52 951
Deferred tax	8 180	17 992
	-15 885	**-34 959**
Foreign currency translation	3 267	2 313
Cash flow hedges	-30 152	-41 141
Deferred tax	10 249	13 984
	-19 903	**-27 158**
Other reserves (including results carried forward)	**297 532**	**326 343**
RESULT FOR THE FINANCIAL YEAR	**-12 223**	**-23 377**
TOTAL EQUITY	**796 882**	**816 251**

The issued capital amounts to 546 318 241.47 euros and consists of 395 911 750 shares without making a reference to the nominal value. It was paid up in full. There are no changes to the number of shares.

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 EUR 32 million.

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	31.12.2013	31.12.2012
On hand (cash)	76 916	68 632
Cash and balances with central banks	338 886	1 148 309
Loans and receivables	25 154	130 140
Held-to-maturity investments		
Available-for-sale assets	99 919	7 230
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other short term, highly liquid investments (Bank overdrafts which are repayable on demand, if integral part of cash management)		
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**540 876**	**1 354 311**

38 / RELATED-PARTY TRANSACTIONS

Income and expences from related-party transactions

31.12.2013 – in '000 EUR

Income and expences from related-party transactions	Parent	Parent entities with joint control	Subsidiaries	Associates	Joint ventures where the entity is a venturer	Key management of the entity or its parent	Other related parties	Total
BALANCE SHEET								
Assets: loans and advances			**4 602**			**575**	**5 850 868**	**5 856 045**
Current accounts								
Term loans			4 602				5 058 481	5 063 083
Finance leases								
Consumer Credit						1		1
Mortgage loans						574		574
Other							792 387	792 387
Equity instruments							**194 727**	**194 727**
Trading securities							194 727	194 727
Investment securities								
Other receivables			**109**				**386 830**	**386 940**
TOTAL ASSETS			**4 711**			**575**	**6 432 425**	**6 437 711**
Liabilities: deposits	**3 846**		**277**				**1 581 845**	**1 585 968**
Deposits	3 846		277				88 510	92 633
Other borrowings							1 493 335	1 493 335
Other financial liabilities							**45 814**	**45 814**
Debt certificates							45 814	45 814
Subordinated liabilities								
Share based payments								
— Granted								
— Exercised								
Other liabilities							**2 682**	**2 682**
TOTAL LIABILITIES	**3 846**		**277**				**1 630 341**	**1 634 464**
Derivatives (Notional amounts)								
Interest rate swaptions							14 929 080	14 929 080
Interest rate IRS							54 200 023	54 200 023
Equity instruments TRS							4 570 362	4 570 362
Forward currency exchange transactions							4 574 906	4 574 906
Other items off-balance-sheet								
Guarantees issued by the group							895 315	895 315
Guarantees received by the group							5 484 132	5 484 132
Provisions for doubtful debts								

Income and expences from related-party transactions

31.12.2013 – in '000 EUR

Income and expences from related-party transactions	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							13 642	13 642
Foreign exchange								
Fees and commissions							4 655	4 655
Insurance premiums								
Rendering of services								
Purchase of goods, property and other assets								
Transfers								
Other							36 756	36 756
TOTAL EXPENSES							**55 053**	**55 053**
Income								
Interest Income			34				11 370	11 404
Foreign exchange								
Fees and commissions							5 533	5 533
Dividend income								
Insurance premiums								
Receiving of services								
Sales of goods, property and other assets								
Transfers								
Other			93				9 975	10 068
TOTAL INCOME			**127**				**26 878**	**27 005**
Expenses from current year in respect of bad or doubtful debts								

Income and expences 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
BALANCE SHEET								
Assets: loans and advances			4 102			640	6 398 265	**6 403 007**
Current accounts								
Term loans			4 102				4 771 858	4 775 960
Finance leases								
Consumer Credit						6		6
Mortgage loans						634		634
Other							1 626 407	1 626 407
Equity instruments							149 958	**149 958**
Trading securities							149 958	149 958
Investment securities								
Other receivables			118				1 246 127	**1 246 245**
TOTAL ASSETS			4 220			640	7 794 350	**7 799 210**
Liabilities: deposits	294		395				2 265 679	**2 266 368**
Deposits	294		395				190 949	191 638
Other borrowings							2 074 730	2 074 730
Other financial liabilities							435 695	**435 695**
Debt certificates							435 695	435 695
Subordinated liabilities								
Share based payments								
— Granted								
— Exercised								
Other liabilities							1 126	**1 126**
TOTAL LIABILITIES	294		395				2 702 500	**2 703 189**
Derivatives (Notional amounts)								
Interest rate swaptions							5 886 946	5 886 946
Interest rate IRS							35 383 622	35 383 622
Equity instruments TRS							5 834 553	5 834 553
Forward currency exchange transactions							492 028	492 028
Other items off-balance-sheet								
Guarantees issued by the group							930 782	930 782
Guarantees received by the group							5 062 611	5 062 611
Provisions for doubtful debts								

Income and expences 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**
Expenses from current year in respect of bad or doubtful debts								

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 EUR 4 735 million and a reverse repurchase with AXA France for EUR 297 million.

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 EUR 154 million;
- Term investment of GIE AXA Tresorie Paris (GIE AGA) for EUR 200 million;
- Term investment for EUR 380 million door AXA Investment Managers Paris;
- Cash collateral of AXA Holding Paris for EUR 58 million;
- Mobilisation debts as a result of repos with AXA France Vie for EUR 455 million;
- Received cash collateral with regard to the aforementioned Total Return Equity Swap for EUR 90 million.

Key management Compensations

in '000 EUR

	31.12.2013	31.12.2012
Short-term employee benefits	2 968	2 635
Post-employment benefits		
Other long-term benefits	197	192
Termination benefits		
Share based payments	105	91
TOTAL	**3 270**	**2 918**

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.

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 31.12.2013 – 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	169				
> 1 year ≤ 5 years	2 495				
> 5 years	57				
TOTAL NOMINAL AMOUNT	**2 721**		**1 468**		

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**		

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

Situation as of 31 December 2013

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 31.12.2013 – in '000 EUR	Equity instruments	Debt instruments	Loans and advances	Other	Total
Financial assets held for trading		9 024 405		1 289 040	10 313 446
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		**9 024 405**		**1 289 040**	**10 313 446**

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

Transferor: Liabilities (financing obtained) 31.12.2013 – in '000 EUR	Total
Repo	
Credit institutions	2 966 575
Other than credit institutions	6 293 153
TOTAL	**9 259 728**

Transferee: Assets (financing granted) 31.12.2013 – in '000 EUR	Total
Reverse repo	
Credit institutions	117 060
Other than credit institutions	5 212 545
TOTAL	**5 329 605**

Situation as of 31 December 2012

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**

Transferor: Liabilities (financing obtained) 31.12.2012 – in '000 EUR	**Total**
Repo	
Credit institutions	1 902 765
Other than credit institutions	6 890 196
TOTAL	**8 792 961**

Transferee: Assets (financing granted) 31.12.2012 – in '000 EUR	**Total**
Reverse repo	
Credit institutions	138 046
Other than credit institutions	5 067 996
TOTAL	**5 206 042**

41 / FINANCIAL RELATIONSHIPS WITH AUDITORS

31.12.2013 – in '000 EUR	**PWC 31.12.2013**
Remuneration of the auditor(s)	466
Remuneration for exceptional activities or special commissions performed within the company by the auditor(s)	
— Other audit activities	154
— Advisory activities	
— Other activities outside audit activities	
Remuneration of persons with which the auditor(s) is (are) connected to the exercise of a mandate on the level of the group of which the company that publishes the information at the head	197
Remuneration for exceptional activities or special commissions performed within the company by persons associated with the auditor(s)	
— Other audit activities	
— Taks advice	6
— Other activities outside audit activities	

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

42 / OFFSETTING

AXA Bank Europe does not apply offsetting. Restrictions do not apply to the received collateral.

Below, an overview of the derivatives, repo and reverse-repo transactions and the linked received and issued securities (in ‘000 EUR).

Net derivatives position - Summary

in ‘000 EUR

	31.12.2013	31.12.2012
Derivatives held for trading - Assets	2 982 637	4 923 012
Derivatives held for trading - Liabilities	-2 889 266	-4 821 978
Derivatives - hedge transactions (micro hedge) - Assets	174 097	181 067
Derivatives - hedge transactions (micro hedge) - Liabilities	-128 593	-297 416
Derivatives - hedge a portfolio (macro - hedging) - Assets	13 004	7 202
Derivatives - hedge a portfolio (macro - hedging) - Liabilities	-406 631	-498 760
TOTAL	**-254 752**	**-506 873**

Repo - Reverse repo - Activity - Summary

in ‘000 EUR

	31.12.2013	31.12.2012
Loans and advances: Reverse repo transactions	5 329 605	5 206 042
Financial liabilities associated with transferred financial assets: repo	9 259 728	8 792 961

Collateral for derivatives: net impact

in ‘000 EUR

	31.12.2013	31.12.2012
Government paper - given	231 709	
Cash - given	26 661	424 977
TOTAL	**258 370**	**424 977**

Collateral Repo: given

in ‘000 EUR

	31.12.2013	31.12.2012
Government	4 815 475	6 065 066
Government related	1 199 678	
Corportate debt	3 186 011	2 980 204
Cash	514 281	
TOTAL	**9 715 445**	**9 045 270**

Collateral Reverse repo: received

in ‘000 EUR

	31.12.2013	31.12.2012
Government	5 777 161	5 421 282
Cash	5 174	40 982
TOTAL	**5 782 335**	**5 462 264**

43 / 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 within the ALM department. The ALM result is, subsequently, entered on the commercial activities to allow a total assessment. The parameters that are used in this entry are economic capital and assets and liabilities of the retail activities.

Situation as of 31 December 2013

AXA Bank Europe Net Income in '000 EUR	Net Banking Product	Commissions	Administrative Expenses	Loan Loss Provisions	Other	Taxes	Net Income
Belgium	258 664	-28 834	-191 121	-25 103	0	-2 868	10 738
Head Office	57 961	0	-50 197	0	-8	10 638	18 394
Belgium & Shared Services	**316 625**	**-28 834**	**-241 318**	**-25 103**	**-8**	**7 770**	**29 132**
Hungary	33 513	0	-30 403	-28 087	-979	0	-25 956
Czech Republic	1 497	0	-13 531	-8	0	0	-12 042
Slovakia	45	0	-3 563	0	0	0	-3 518
Poland	0	0	194	0	8	-37	165
AXA Bank Europe total	**351 680**	**-28 834**	**-288 621**	**-53 198**	**-979**	**7 733**	**-12 219**

Situation as of 31 December 2012

AXA Bank Europe Net Income in '000 EUR	Net Banking Product	Commissions	Administrative 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**

44 / CESSATION OF ACTIVITIES

In May 2013, the decision was taken to close the Czech and Slovakian branch offices and to terminate bank activities in these two countries. After the NBB gave its approval for this, both branch offices were closed formally before the end of the year. The impact of these two branch offices on the financial year's result amount to EUR 15.6 million mainly because of the costs as a result of these closures.

There are no outstanding uncertainties or schemes still to be arranged as at the end of the financial year for the closures of the Czech and Slovakian branches.

Czech branch
Profit and loss from discontinued operations

in '000 EUR	31.12.2013	31.12.2012
Total net operating income	591	2 739
Total cost	-12 635	-9 219
Taxes	0	0
NET INCOME IMPACT	**-12 044**	**-6 480**

branch Slovakia
Profit and loss from discontinued operations

in '000 EUR	31.12.2013	31.12.2012
Total net operating income	-93	-412
Total cost	-3 413	-8 262
Taxes	0	
NET INCOME IMPACT	**-3 506**	**-8 674**

45 / 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 2013 financial year.

The bank announced a strategic plan for retail banking activities in Belgium in February. This plan focuses on the repositioning of the retail bank and the improvement of the recurrent profits. It focuses on 3 important pillars:

— Improvement of the focus on the client by offering simple and transparent bank products;
— Strengthening of the bank/agent network and making an appeal on the close nearness of agents and their clients;
— Increasing the efficiency of cost management. Within this framework, negotiations are taking place in 2014 with staff representatives and agents' representatives. These negotiations include a staff complement reduction between 2014 and 2016.

The implementation shall be rolled out during the coming 3 years. As such, the launch of this plan has no influence on the 2013 figures.

The outline of the plan was announced on 21 February 2014 and the different sites will be implemented in 2014 on 3 pillars when negotiations have been completed. The financial consequences for the future shall be determined thereafter.

On 21 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 24 April 2014.

On 17 March 2014, all shares of AXA Bank Europe were transferred to AXA SA within the framework of a reduction in capital in kind of AXA Holdings Belgium (dated 2 January 2014).

Brussels, 21 March 2014

Board of directors

Jacques de Vaucleroy, Chairman
Emmanuel de Talhouët, Vice-Chairman
Dominique Bellec
Irina Buchmann (until 31 January 2014)
Sabine De Rycker
Jacques Espinasse
Stéphane Slits (since 1 February 2014)
Jeroen Ghysel (since 1 February 2014)
Patrick Lemoine
M.B.I.S. SPRL, represented by Marc Bellis
François Robinet
Patrick Vaneeckhout (until 31 December 2013)
Jozef Van In
Emmanuel Vercoustre

MANAGEMENT BODIES

ADMINISTRATION, MANAGEMENT AND AUDITING

Board of Directors

- Jacques de Vaucleroy, Chairman
- Emmanuel de Talhouët, Vice-Chairman
- Jef Van In
- Emmanuel Vercoustre
- Dominique Bellec
- Sabine De Rycker
- Patrick Vaneeckhout (until 31 December 2013)
- Irina Buchmann (until 31 January 2014)
- Stéphane Slits (since 1 February 2014)
- Jeroen Ghysel (since 1 February 2014)
- Jacques Espinasse
- Patrick Lemoine
- M.B.I.S. sprl, (≈ private limited company) represented by Marc Bellis
- François Robinet

Executive Committee

- Jef Van In, Chairman
- Emmanuel Vercoustre
- Dominique Bellec
- Sabine De Rycker
- Patrick Vaneeckhout (until 31 December 2013)
- Irina Buchmann (until 31 January 2014)
- Stéphane Slits (since 1 February 2014)
- Jeroen Ghysel (since 1 February 2014)

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

REPORT OF THE BOARD OF DIRECTORS FISCAL YEAR 2013

SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS OF 24 APRIL 2014

1 / AXA BANK EUROPE

1.1 / Key events in 2013

AXA Bank Europe has participated for the first time to the Financial Stability Assessment Program (aka "IMF stress-test"). This 5-yearly exercise is conducted by the International Monetary Fund (IMF) together with the National Bank of Belgium (NBB) to assess the stability and development of the financial sector in Belgium. It contains several components, including stress-tests on liquidity and solvency. The liquidity stress-test has been performed by the IMF and NBB on their own, while the solvency stress-test required the involvement of AXA Bank Europe's teams. The results show that the solvency of AXA Bank Europe would be materially impacted, but would remain generally above the required Basel III regulatory level.

In the context of the Markets in Financial Instruments Directive (MiFID), the Financial Services and Markets Authority (FSMA) has communicated their findings of the audit they performed between April 2012 and January 2013 on the distribution model of AXA Bank Europe in Belgium. FSMA has raised 9 injunctions and 6 recommendations which were all closed in 2013, with the exception of a recommendation (the establishment of a monitoring plan on adequate rules of conduct), whose delivery is in agreement with the FSMA, expected mid-2014 .

In May 2013, a partnership was signed between AXA and UniCredit Bank (UCB) in the Czech Republic and Slovakia. AXA is now focusing on the life insurance and property and casualty, while developing a banking partnership with UCB. Concretely, 120 000 banking clients of AXA Bank Europe in both countries have been invited to open an account with UCB while UCB is now offering AXA insurance in his own Czech and Slovak network. The two branches of AXA Bank Europe in these two countries were formally closed in late 2013.

In Belgium, AXA Bank Europe has launched in April "Start2Bank", its mobile banking service. Start2Bank contains of a full online current and savings account, a credit card, and access to home banking and mobile banking. With this mobile banking service, AXA Bank Europe focuses first on basic banking functionalities coupled with some useful features and secures this way its new presence on the mobile banking market.

AXA Bank Europe has decided to change its governance and organization from 1 January 2014. The purpose of these changes is to allow the bank to better cope with the challenges of a changing banking sector which is experiencing a strengthening of regulatory requirements and changing customer behavior. These changes are part of the new strategy of the bank, which aims to build on the two pillars in Belgium, namely retail banking on the one hand and treasury and intermediation services for AXA Group on the other hand. Changes in governance and organization at AXA Bank Europe and AXA Belgium are based on three principles: maintain and strengthen our unique AXA agents and brokers distribution platform to individuals, which is our strength and specificity; maintain a common platform for management of human resources; and gather the key activities of the bank value chain under the sole responsibility of the Management Board of the Bank.

1.2 / Significant events subsequent to 2013

No significant events subsequent to the balance sheet date and having an effect on the figures for the year 2013 has occurred.

In the context of a capital decrease of AXA Holdings Belgium (dated 2 January 2014), all shares of AXA Bank Europe were transferred to AXA SA 17 March 2014 .

In February 2014, the bank announced a strategic plan for the activity of the bank in Belgium. This plan aims to improve recurring earnings of the bank through two levers: the repositioning of the retail banking business and the implementation of cost reduction plan on all activities. It focuses on three main pillars:

- Improve customer focus by offering simple and transparent banking products;
- Strengthen the bank agents' network and rely on the proximity of agents and their clients;
- Reduce costs: in this context, negotiations will be conducted during 2014 with staff representatives and bank agents' representatives; these negotiations will include staff reductions between 2014 and 2016.

The implementation of this strategic plan will be implemented over the next three years and reviewed annually. As such, the launch of this plan does not affect the results of the year 2013.

The outlines of the plan were announced 21 February 2014 and the various building blocks of the 3 pillars, will be conducted during 2014 which will, when negotiations are completed, determine the financial impact for the future.

1.3 / The economic and financial context

General context [1]

In 2013, the world GDP growth reached +2.8% (vs 3.1% in 2012) following a significant and growing relative contribution of the major advanced economies and a clear deceleration in a number of emerging market economies (GDP +4.5% vs 4.9% in 2012).

In the US, the economic growth remains robust (GDP +1.6%) despite the short-term impact of fiscal tightening and the uncertainty related to the postponed debt ceiling issue, while uncertainty about the future path of monetary policy has caused volatility in the international financial markets. In Japan, growth is boosted by monetary and fiscal stimuli (GDP +2.1%). By contrast, growth in some key emerging market economies has slowed down triggered by the anticipation of less expansive monetary policies in the US, structural weaknesses that have surfaced and financial-market volatility. This suggests that the pace of GDP growth realised in recent years cannot be maintained over the medium term (Asian GDP grew by +5.7% but still -0.3pts vs 2012).

The EU economy is recovering slowly (GDP +0.4%) explained by the legacy of the crisis – deleveraging of the balance-sheets of banks, non-financial firms and households, elevated uncertainty, rebalancing of the economy (net exports) and high unemployment – which continued to weight on growth in 2013.

Within the EU countries, the recovery occurs at multiple speeds: the expansion of economic activity in Germany (GDP +0.5%) is explained by the robust private consumption and construction activity as well as a gradual increase in equipment investment. Domestic demand in Italy (GDP -1.8%) recovered only very gradually, supported by improving confidence, while external demand accelerated. The Spanish economy (GDP -1.3%) appears to be embarking on a moderate recovery in the 2nd half of 2013 supported by the recovery in the rest of the EU. Outside the euro area, there is a robust growth in the United Kingdom (GDP +1.3%) as consumption continues to expand, investment improves and net exports turn somewhat positive.

In 2013 recent months, financial markets conditions in the EU have been marked by an increase of yields on government bonds and a reduction in corporate spreads. EU and US stock markets have followed a volatile but sharp upward path, as improving sentiment was supported by macroeconomic data and strong corporate earnings.

Households and non-financial corporations in a number of European countries also continue to be impacted by a high debt level which holds back private consumption and investment. Unemployment has stabilised at high levels for the past half year, as employment losses have petered out (unemployment rate in EU is 11.1% or +0.6pts compared to 2012).

1.4 / Comments on AXA Bank Europe results

1.4.1 / Production volumes

Net inflow (incl. Euro-bonds, Structured funds,...) (Constant FX) in mio EUR	2012	2013
Belgium	1 373	861
Hungary	72	-17
Czech Republic	233	-741
Slovakia	59	-70
TOTAL NET INFLOW	**1 738**	**33**

AXA Bank Europe's total net inflow stood at EUR 33 million, a reduction of EUR 1 705 million against 2012; two third of this reduction is attributable to the closure of the Czech and Slovak branches.

[1] Source: European Commission – "European Economic Forecast", Autumn 2013.

In Belgium, AXA Bank Europe achieved a solid net inflow on its balance sheet (excl. Euro-bonds, Structured funds,...) with EUR 892 million, compared with EUR 1 338 million in 2012. The deposit accounts (net inflow EUR 1 028 million), and the EMTN program (Euro Medium Term Notes), involving four successful issuances for a total of EUR 125 million made a positive contribution to this increase. Not all Certirente time deposit accounts that reached maturity were renewed (net outflow EUR 303 million).

On 21 May 2013 AXA signed a partner agreement with UniCredit Bank (UCB) in the Czech Republic and Slovakia. Under this agreement, 120 000 AXA Banking clients in the Czech Republic and Slovakia were invited to open an account with UCB. UCB has undertaken to distribute AXA insurance products through its network in these two countries. AXA Banking activities in these 2 countries were terminated during the 2nd half of 2013.

AXA Bank Europe branch in Hungary maintained a relatively stable base of deposits and savings accounts, through periodic adaptation of its interest rate on clients' accounts.

Gross credit production (Constant FX) in mio EUR	2012	2013
Belgium	3 425	2 846
Hungary	1	0
Czech Republic	1	0
TOTAL GROSS CREDIT PRODUCTION	**3 427**	**2 846**

AXA Bank Europe's gross credit production reached EUR 2 846 million, compared with EUR 3 427 million in 2012.

In Belgium, AXA Bank Europe mainly focused on Retail banking. AXA Bank Europe's main credit products are mortgage loans. In this segment, the bank's market share evolved from 9.91% at the end of 2012 to 9.32% as at 31 December 2013, in compliance with the bank's selective risk underwriting policies, which are aimed at high quality clients and simple products. In 2013, the Belgian bank's market share in consumer loans dropped to 5.33% as a result of a tightened credit policy.

1.4.2 / Comments

1.4.2.1 / Consolidated accounts (in local IFRS)

AXA Bank Europe's consolidated accounts as at 31 December 2013 were compiled in compliance with IFRS standards (International Financial Reporting Standards).

As at 31 December 2013, the consolidation scope of AXA Bank Europe comprised the following companies: AXA Bank Europe NV, with the inclusion of the branches, Royal Street NV, AXA Belgium Finance BV and Société de Crédit Foncier (SCF). In May 2013, it was decided to close down the Czech and Slovak branches. Further to the National Bank of Belgium permission to go ahead with the proposed closure, both branches were formally closed in 2013.

AXA Bank Europe's net consolidated result in 2013 amounts to EUR -12.22 million, with a consolidated balance sheet totaling EUR 36 885.7 million, against EUR -23.4 million the year before and a consolidated balance sheet total of EUR 39 220.1 million en 2012.

This rise in the result was primarily due to the reduced provisions for loan losses in Hungary, which were partially offset by the costs involved in the closing of the Czech and Slovakian branches. Belgium continues to remain the largest Retail activity of AXA Bank Europe, contributing 70% (before ALM allocation) of the net banking revenues and the majority of the consolidated results. The activity is continuing to grow, showing a balanced rise of the Retail assets and liabilities.

The results of the branches, restated in accordance with IFRS standards and converted into euros where different currencies are used, are as follows:

— **The Hungarian branch:** EUR -26.0 million in 2013 compared against EUR -39.6 million in the previous year.
  The Hungarian economy has been going through a crisis in recent years. This has resulted in rising unemployment rates, diminishing real property prices and the devaluation of the Hungarian Forint (HUF). These elements together with a large proportion of mortgage loans denominated in foreign currencies, primarily CHF, have sparked an increase in the number of defaults. In turn this has put further pressure on real property prices which have only diminished since.
  Over the latest few years, the Hungarian government has put in place a string of measures aiming at protecting mortgage borrowers. In 2011, the government implemented a scheme (GRS 1) that enabled households to repay their mortgage loan in foreign currency at a favorable exchange rate. This scheme prompted a significant volume in accelerated redemptions.
  In 2012, a supplementary scheme (GRS 2) was put in place that enables households – subject to certain conditions – to take out a "cap" on the foreign exchange rate for their mortgage loan in CHF, EUR or JPY for a 5-year period.
  The "cap" consists in allowing households to repay the principal and the interests on their mortgage over 5 years at an exchange rate imposed by the government. For the principal, after 5 years the difference between the actual and the imposed exchange rate as yet remains to be repaid by the client in tranches. Over and above a certain exchange rate, the government steps in to compensate the banks for the redemption of the principal and the redemption of the interests. For the latter accommodating gesture to the banks, the government has imposed a "contribution for financial institutions" on the banks.
  The total (gross) credit portfolio of the Hungarian branch stands at HUF 341 billion (EUR 1.1 billion) as at 31 December 2013. EUR 669 million or 58% of this is denominated in foreign currencies. This amount loans issued in foreign currencies is split as follows: EUR 658 million in loans in CHF and EUR 11 million in loans denominated in EUR.
  In Hungary, as at 31 December 2013 the rate of defaulted loans stood at 21.69%, the provisioning rate at 15.34% and the net loss at EUR -26.0 million (EUR -39.62 million in 2012).
— **The Czech branch:** EUR -12.04 million in 2013 compared against EUR -6.5 million in 2012.
— **The Slovakian branch:** EUR -3.5 million compared against EUR -8.7 million in the previous year.

On 21 May 2013, AXA signed a partnership agreement with UniCredit Bank (UCB) in the Czech Republic and Slovakia. Under this agreement, 120 000 AXA Bank clients in the Czech Republic and Slovakia were invited to open an account with UCB. UCB has undertaken to distribute AXA insurance products through its network in these two countries. AXA Banking activities in these 2 countries were terminated during the 2nd half of 2013. This close-down involved a number of extraordinary expenditures that explain the deterioration of the result.

Considering the limited consolidation scope, readers are referred to other chapters of the report in hand for clarifications regarding the developments, risks and uncertainties. For comments and details on the application of IFRS standards, please see the consolidated annual statement of accounts and the pertaining explanatory notes.

1.4.2.2 / Statutory accounts (in BGAAP)

AXA Bank Europe's statutory accounts are drawn up in compliance with Belgian accounting standards and taking into consideration the specific provisions that apply to credit institutions.

The accounts include the branch accounts. As at 31 December 2013, the balance sheet total stood at EUR 33 414 million, with AXA Bank Europe recording a net loss of EUR 5 million before the release of regulated reserves.

This result comprises the following (Belgian accounting standards):

— Belgian banking activity: EUR 47.7 million in profit (before release of regulated reserves);
— Hungarian banking activity: EUR -37.8 million;
— Czech banking activity: EUR -11.5 million;
— Slovakian banking activity: EUR -3.6 million;
— Polish IT Center: EUR 0.2 million.

1.4.2.3 / Appropriation of earnings

The loss for the financial year, before release of regulated reserves, stands at EUR -5 019 544.43.

After withdraw of EUR 22 016 099.07 of regulated reserves, profit for the year to allocate is EUR 16 996 554.64.

The loss carried forward from 2012 stood at EUR -33 244 325.29.

The Board of Directors proposes to allocate, the profit for the year to allocate EUR 16 996 554.64 together with the loss carried forward from previous year's EUR -33 244 325.29, it is a negative cumulative result EUR -16 247 770.64, to next year.

The Board of Directors proposes to defer this result again.
Having regard to article 96.6 of the Companies Code, and in spite of the fact that the profit-and-loss account has shown a loss for the last three consecutive financial years, the Board confirms it is set to continue its operating activities and asserts and affirms the implementation of the going concern accounting rules through the fact that the losses incurred are due to the closing costs of the branches, the macroeconomic situation in Hungary, and the interest rates that are at an all-time low. This is also on evidence from the budget years which show a return to profit for the years ahead.

1.5 / Governance

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

Board of Directors:
— appointment into office of Stéphane Slits, effective as from 1 February 2014;
— appointment into office of Jeroen Ghysel, effective as from 1 February 2014;
— resignation of Patrick Vaneeckhout, effective as from 31 December 2013;
— resignation of Irina Buchmann, effective as from 31 January 2014.

Management Board:

- appointment into office of Stéphane Slits, effective as from 1 February 2014;
- appointment into office of Jeroen Ghysel, effective as from 1 February 2014;
- resignation of Patrick Vaneeckhout, effective as from 31 December 2013;
- resignation of Irina Buchmann, effective as from 31 January 2014.

1.5.2 / Proficiency and independence of the Audit Committee

AXA Bank Europe's Audit Committee is composed of Jacques Espinasse, Chairman, Patrick Lemoine and the company by the name of M.B.I.S. SPRL, represented by Marc Bellis.

Jacques Espinasse was appointed into office as an independent director of AXA Bank Europe on 17 April 2008. He is a University of Michigan graduate and a Master of Business Administration. He subsequently gained experience working as an analyst and as Chief Financial Officer, including time spent with three major corporations. He served as a director on the boards of several companies.

Patrick Lemoine was appointed into office as a director on the board of AXA Bank Europe since 1 January 2010. He is a Mining Engineer (EMSE), holds a degree in Advanced Accounting, an MBA delivered by INSEAD and he is an actuary. He started his professional career in 1981 with Crédit Lyonnais and has since racked up a wealth of experience, serving as a Technical Director of Property-Casualty Insurance and as a Financial Director in the insurance industry in France and Canada.

Marc-Antoine Bellis represents SPRL M.B.I.S., and was appointed into office as an independent director on the board of AXA Bank Europe on 23 August 2011. He is a ULB graduated Doctor of Laws and Master of Economic Law, serving as an assistant university lecturer in tax law for 8 years. He served as a lawyer with the Brussels Bar. He has since gained very broad-based experience in loans, ALM and bank risk management, including at an international level. Between 1994 and 2002, he served as CEO with Fortis UK and until 2007 as CEO Corporate, Institutional & Public Banking for the Fortis Group. He served as 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 also served as Executive Director with Doctors of the World and is currently director-treasurer with the Human Rights League.

As such, the Board of Directors is able to assert and affirm the **individual and collective expertise** of the members of the Audit Committee, as required by the Act of 17 December 2008 instituting an Audit Committee at financial companies.

The companies of the AXA Group in Belgium implement the independence criteria set out under article 526.3 of the Companies Code.

In addition, the Board places a premium on the representativeness of the independent directors.

1.5.3 / Proficiency and independence of the Remuneration Committee

AXA Bank Europe's Remuneration Committee is made up of **Jacques de Vaucleroy**, Chairman, **Patrick Lemoine** and the company by the name of SPRL M.B.I.S., represented by **Marc Bellis** since 23 August 2011, all of whom are non-executive directors.

Marc Bellis brings the wealth of experience as outlined above. **Patrick Lemoine**'s wide-ranging financial experience is also outlined above.

Jacques de Vaucleroy is a law graduate from the Université catholique de Louvain (UCL), and holds a Master's degree in business law from the Vrije Universiteit Brussel (VUB). He served the bulk of his professional career with the ING Group, where he served on the Executive Committee. As such, Jacques de Vaucleroy looks back on 25 years' experience in insurance, asset management and banking, both in Europe and in the United States. In 2010, he was appointed Chief Executive Officer for AXA's Northern, Central and Eastern Europe business unit (NORCEE) and is a member of the Management Board and the Executive Committee of AXA (FR).

As such, the Board of Directors is able to assert and affirm the **individual and collective expertise** of the members of the Remuneration Committee.

1.5.4 / Remuneration of directorss

General

The remuneration policy of AXA Bank Europe with respect to the managers is a variation of the AXA Group remuneration policy, whilst being fully aligned 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 a yearly individual target;
- 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:

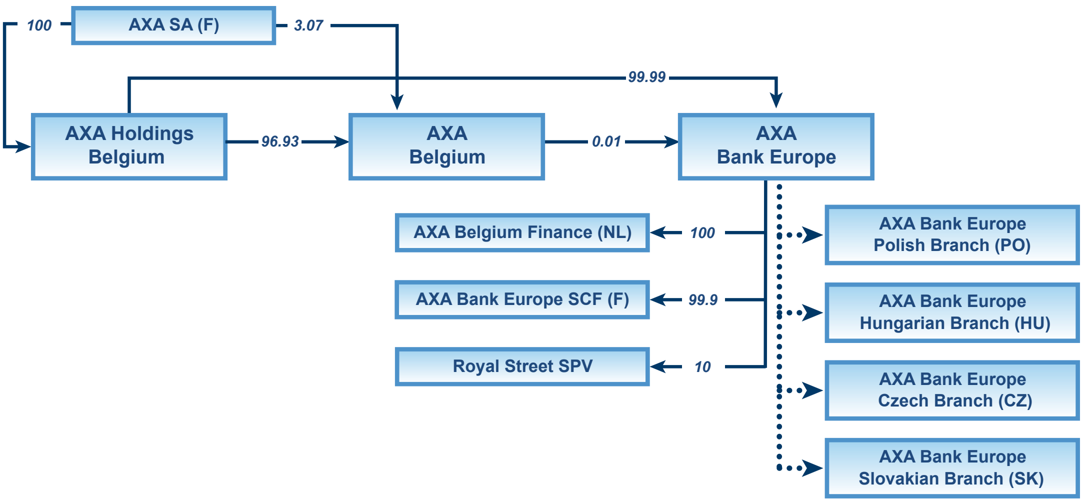
— share options, subject to the performance requirements as well as a total acquisition period of 4 years, and to be exercised within 10 years;
— "Performance units/shares", which are subject to performance requirements and are paid in cash or in shares after an acquisition period of 3 years.

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.

1.5.5 / Simplified shareholder structure of AXA Bank Europe (31 December 2013)



End of 2013, the decision was taken to change the ownership structure of AXA Bank Europe by proposing an intra-group transaction consisting in a transfer of the shares of AXA Bank Europe from AXA Holding Belgium to its parent AXA SA (Fr). The change in ownership is effective since 17 March 2014.

2 / ACTIVITY INDICATORS BY ENTITY

2.1 / AXA Bank Europe in Belgium

2.1.1 / Market conditions

Economic activity in Belgium recovered slightly in 2013 (+0.1% against -0.3% in 2012) thanks to the turnaround of the economic situation in countries at the heart of the euro zone. Despite an unfavorable situation at the beginning of the year, economic activity in Belgium returned to positive growth in the second quarter and held this position in the third and fourth quarters.

The most recent figures for changes in consumer confidence show that this was re-established in the second quarter 2013. Household consumption therefore increased slightly in 2013 (+0.4% against -0.3% in 2012) to the detriment of the household savings rate that dropped back from 15.3% to 15.1% in 2013. These savings are made up of increasingly liquid products as shown by the traditionally high amount of deposits in regulated savings accounts in Belgium (EUR 247.4 billion at end October 2013).

The confidence of businesses improved in 2013. This was particularly true of manufacturing industry and, to a lesser extent, of the other sectors. Despite this, the overcapacities in industry limited the needs for expansion investment which resulted in a downturn in business investment (-1.1%). Liquidations increased (+13%), mainly affecting the hospitality and construction sectors and small traders.

Following a slight growth in 2012 (+0.1%), net exports increased by +0.3% in 2013. This slight increase is explained by a downturn in imports (-0.1%) combined with increased exports of goods and services (+0.2%).

Following an economic slowdown, internal employment dropped, especially in the first quarter of 2013. Net job losses bordered on eight thousand units (against 8 200 in 2012) despite the intensification of economic activity during the year. This explains the increased numbers of unemployed for the current year (+21 000 units) and the unemployment rate (harmonized by Eurostat) that rose from 7.5% to 8.6% in 2013.

Inflation in Belgium, rose by +1.2% in 2013 (against +2.8% in 2012). This slowdown is largely explained by the fall in energy prices. They are influenced by a drop in petroleum prices expressed in EUR and by the reduction in gas and electricity prices applied by some suppliers at the start of the year. In addition, since 2013, the impact of sales on consumer prices has been considered in the index.

Despite the overall weak economic growth, the share and corporate bond prices picked up significantly during the second half of 2013. The abundance of liquidities combined with the very low yield on public borrowing encourages investors to look strongly for good yield.

2.1.2 / Savings & Investments activities

The net collection of new capital by the savings products amounted to EUR 717 million in 2013 (savings accounts, fixed-term accounts, cash certificates and EMTNs).

AXA Bank Europe launched two new savings accounts in 2013: the savings account linked to the "St@rt2Bank" package and the account I+premium sold exclusively by our banking agents.

To protect our financial margin in the long term, we have deliberately focused our collection of net savings capital mainly on the savings accounts, to the detriment of large amounts in fixed-term accounts (EUR -303 million in 2013).

Investment activities kept on track as defined in 2012 with the emphasis on products collecting fresh net capital. We have thus collected EUR 125 million on the EMTNs Optinotes.

The amounts produced from the investments that generate commissions are higher than in 2012. AXA Bank Europe therefore posted a gross production of EUR 184 million in third-party products (+24% compared with 2012).

2.1.3 / Credit activities

Mortgages

The focus was on continuing to improve production quality in 2013. The credit policy was therefore upgraded at different levels: adapting the range of products (variable formulas limited to 25 years) and stricter acceptance policy.

Following these measures, and in the context of a slightly-declining mortgage credit market, the credit production stabilized at EUR 2.2 billion (reduction compared with 2012 with its historic record of EUR 2.7 billion of production), i.e. a market share of 9.3%.

Specific attention was paid in 2013 to cross-selling (Active current account, household and balance due insurance). Closer monitoring during the implementation of the credit has been established and an increase rate of 50 bp for files that were not regularized in time (this concerned EUR 140 million mortgage loans production in 2013).

Another major focus in 2013 was strengthening product profitability in a context of historically high margins in 2013. Another important focus in 2013 was to strengthen the profitability of the product: a dynamic policy rates in a context of historically high market margins in 2013 has strengthened the margin of mortgages.

Consumer loans

The production of consumer loans dropped from EUR 387 million in 2012 to EUR 338 million in 2013.

This slight drop was also caused by risk limitation measures in a globally stable market. With a market share of 5.33%, AXA Bank in Belgium has returned to its pre-2011 level.

Professional loans

The professional loan activities target SME and independents with a policy firmly directed towards the existing AXA customers who represent 90% of production. Production has stabilized at EUR 329 million in 2012 to EUR 320 million in 2013 as the acceptance policy was of reserving the professional credit essentially to the existing AXA customers.

Quality of the credit portfolio

In 2013, AXA Bank Europe recorded a net loss ratio (net loss credit/ credit portfolio) of 0.16%, slightly up by 0.03% compared with 2012. The credit policy initiatives taken in 2013 have led to a marked improvement in the quality of the new production.

2.1.4 / Daily Banking

One priority during the year was to equip the customers of AXA Bank in Belgium with a current account and to activate these accounts ("bankarisation" goal). The number of active current accounts rose significantly (around fifteen thousand units), representing a growth of 5% over 2012. A total portfolio of 340 391 active accounts was achieved. The total number of current accounts was 465 919. The total amount outstanding in these current accounts at the end of 2013 was 1 525 billion EUR, i.e. an increase of 13% over 2012.

The debit card portfolio gained 7%, reaching a total of 489 738 cards. The number of transactions rose by 15% to settle at 47 million. The credit card portfolio (Visa, MasterCard) gained 6%, increasing to 86 374 cards. (maxi prepaid excluded).

2.2 / AXA Bank Europe in Hungary

2.2.1 / Market conditions

GDP: The Hungarian economy exited the 5-quarter-long recession in the second quarter of 2013 and showed accelerating expansion in the third quarter by posting a 1.7% yearly growth rate. Triggers of growth were agriculture and manufacturing. While sound external demand could remain the main engine of growth, household's consumption could gather pace once the current deleveraging process loses momentum.

Unemployment: After reaching an all-time high of 11.8% in the first quarter of 2013, Hungary's unemployment rate started a nosedive and reached single-digit territories (9.8%) in the third quarter for the first time since mid-2009. However, the detailed figures show that the main drivers are government-financed public work programs whereas labor demand in the business sector hardly showed any improvement.

Public debt and political risk: After spending 9 years under Strict EU-investigation, the excessive deficit procedure against Hungary was lifted in mid-2013, indicating that the country's adjustments to meet the respective Maastricht criterion proved to be sufficient. Indeed, the budget deficit should remain below 3% in both 2013 and 2014 in Hungary, with however significant upside risks resulting from the 2014 parliamentary elections.

As the second important indicator of state finances, the country's gross public debt has been fluctuating around 80% for 5 years. Currently, the two biggest concerns regarding Hungary's financing are the high portion of debt issued in foreign currencies as well as the high share of foreign entities among the country's creditors. Although the government started to diversify sources by targeting private individuals with forint- and euro-denominated retail bonds, the risks regarding the substantial stock of FX-bond are yet to be addressed.

Monetary policy: Supported by the favorable growth outlook of the world economy as well as all-time low key interest rates in the developed countries, the Hungarian Central Bank continued its monetary easing cycle started in August 2012 and cut the base rate to a record low of 3% in 16 consecutive steps by the end of 2013. Domestic inflationary processes were also in favor of the current policy as the headline inflation figure gradually decreased from 6.6% to 0.9% between September 2012 and November 2013. Assuming no sudden change in current circumstances, Hungary's central bank is likely to go on with the current easing cycle in the first months of 2014.

FX: After reaching a local peak at the end of the first quarter, the pressure on the EUR/HUF exchange rate eased as it cross fluctuated in the 292-304 range in the second half of the year. The Forint finished the year around 297 against the EUR, resulting in a weakening of about 2.5 Forints over the course of 2013.

2.2.2 / Saving activities

ABH Management followed continuously its loan de-risking strategy in 2013 which has direct link to Savings portfolio. The main goal was in 2013 to stabilize the savings portfolio in a profitable way and to optimize the funding of its HUF loan portfolio.

The savings portfolio slightly decreased (in 2012: EUR 471 million compared to 2013: EUR 446 million) but turned profitable in 2013. The main drivers to reach this result and to protect the portfolio were:

- Preferential base rate environment with constant decrease since 2012 to 3% at the end of 2013.
- Acceleration of fee business development mainly due to
  - the launch MasterCard World bankcard;
  - and the restructuration of the accounts related fees.
- Improved product mix: Short Term Savings Accounts were introduced in 2012 and Long Term Savings Accounts stopped also in 2012. Customer were orientated towards Short Term Deposit rather than high-price current accounts.
- Business Innovations:
  - Online Statement introduction substituting paper based document allowed substantial mailing cost reduction;
  - Online Account Opening facilities reduced administrative expenses and offered time efficient solution;
  - Development of a New Sales Model with a Flexible Direct Sales Point completing the call center and online channels;
  - Development of partnership with innovative entities such as TransferWise to offer competitive price for FX transfer.

2.2.3 / Credit activities

The AXA Bank Europe loan portfolio in Hungary is in run-off mode and it shrank by EUR -327 million from 2012 till 2013 mainly due to Forced Conversion Program in 2011 (allowing customers to pre-pay their FX loans at a beneficial rate). Existing portfolio is EUR 1.1 billion at the end of 2013 and decreased by EUR 91 million compared to 2012.

The Management of AXA Bank Europe in Hungary focused in 2013 on de-risking the portfolio, to generate profit through re-pricing of the portfolio and to provide answer to the turbulent market and legal environment. Therefore Management focused on Collection activities developing a full range of products such as Customer Rescue Scheme (CRS) to enhance customers' re-payment capability and launched its owned real estate website to help ABH clients to sell their properties with higher margins.

AXA Bank Europe in Hungary maximized as well the use of existing programs such as the (i) Government Rescue Scheme (GRS) which allows customers to pay their FX loans at a discounted rate while accumulating a part of the difference on an escrow account. 13 458 clients applied by end of 2013 or (ii) National Asset Management Company (NAMaC) which buys back the property and rent it back to the customer when the customer, the property and the credit meet predefined conditions.

2.2.4 / Income

AXA Bank Europe in Hungary Net Income increased by EUR +13 million from 2012 (EUR -38 million) to 2013 (EUR -25 million) thanks to strong loss minimizing (including portfolio repricing) and de-risking strategy. Administrative expenses (excluding taxes) decreased by 19% from 2012 (EUR -23 million) to 2013 (EUR -19 million).

However, AXA Bank Europe in Hungary faced newly launched tax in 2012 and levy in 2013. Cost of Risk decreased by EUR -10 million from 2012 (EUR 38 million) to 2013 (EUR 28 million) and loans risk profile is under strong scrutiny and remained a key driver of the Profit and Loss account for 2014.

2.3 / AXA Bank Europe in the Czech Republic

Czech Republic has rating A+, according to Fitch agency. Czech Republic's gross domestic product (GDP), adjusted for price and seasonal influences, dropped by -1.3% year on year in Q2 2013, according to Czech Statistical Office. Two week repo is at a historical minimum of 0. 05% p.a. since 2 November 2012. From 7 November 2013 the Czech National Bank started to use foreign exchange interventions in order to weaken the koruna so as to maintain the exchange rate of the koruna against the euro close to 27 CZK/EUR.

Total assets of the Czech banking segment reached CZK 4 903 billion as of the end of September 2013. The volume of deposits by residents totaled CZK 3 393 billion.

On 19 April 2013 Board of AXA Bank Europe decided to terminate the activities of the branches in Czech Republic. This information was announced to customers, employees and public on 22 May 2013.

Clients were invited by official letters and emails to transfer their funds from AXA Bank Europe Savings Accounts. In order to settle the clients' portfolio, AXA Bank Europe set up a partnership with UniCredit bank. Most of the clients' deposits (more than 99%) were paid out to their accounts in other banks. The rest of the balances were transferred to special account in UniCredit bank. As at 30 September 2013, AXA Bank Europe had settled all clients' deposits.

The mortgage loans portfolio were transferred in three tranches to UniCredit bank.

2.4 / AXA Bank Europe in Slovakia

Slovakia's annual GDP growth at constant prices slowed further in the second quarter of 2013, to 0.9% p. a., according to data from the National bank of Slovakia. The average annual inflation rate for the 12 months from September 2012 to August 2013 was 1.3% p. a.

In 2012, a Bank tax was introduced in Slovakia and charge of 0.4% p. a. (EUR 0.2 million) is also applied to retail customer deposits of AXA Bank Europe branch.

On 19 April 2013, Board of AXA Bank Europe SA decided to terminate the activities of the branches in Slovak Republic. This information was announced to customers, employees and public on 22 May 2013.

The similar process as in Czech Republic was applied for Slovak branch. Most of the clients' deposits were paid out to their accounts in other banks. AXA Bank Europe in Slovakia has also set up a partnership with UniCredit bank. Clients were invited by official letters to transfer their funds from AXA Bank Europe savings accounts. As at 30 September 2013, AXA Bank Europe had settled all clients' deposits.

2.5 / AXA Bank Europe Financial Services

2.5.1 / Investment and Treasury Services

During 2013, the European Central Bank (ECB) lowered its base rate in two steps from 0.75% to 0.25% and confirmed liquidity was to remain abundantly available. However, net lending to Euro area credit institutions decreased from approx. EUR 1 170 billion early 2013 to EUR 717 billion end 2013. Alongside, the liabilities to credit institutions also decreased from EUR 990 billion early 2013 to EUR 200 billion. Overall, one might conclude that Euro zone credit institutions decreased their dependence on ECB liquidity.

The low rate environment boosted AXA Bank Europe's treasury transformation results while the abundant liquidity created by the ECB financing and bond purchase programs created a leeway for AXA Bank Europe to further de-risk its structured credit portfolio. As a result of active de-risking, 99.7% of the remaining invested lines in AXA Bank Europe's structured securities portfolio were rated investment grade on 31 December 2013.

AXA Bank Europe's short term liquidity was further improved in 2013 bringing the liquidity buffer at EUR 1.7 billion. As for its longer term funding base, AXA Bank Europe increased its medium term retail funding through its EMTN program with a net issuance of EUR 200 million. In July 2013, AXA Bank Europe Société de Crédit Foncier issued another EUR 750 million of covered bonds. This issue has been retained on the AXA Bank Europe balance sheet and brings the issued covered amount to an aggregate of EUR 3.5 billion compared to a covered bond program of EUR 5 billion.

2.5.2 / Investment Product Services.

As a provider of derivative execution and booking services to the commercial bank and since 2010 to AXA Group entities, AXA Bank Europe continued to increase its AXA Group client base while reducing the overall size of its off-balance sheet through regular off-balance sheet compression exercises with clients and market counterparts. These compression exercises reduced interest rate swap outstanding volumes with clients and market counterparts without having a significant impact on risk consumption.

2.5.3 / 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 core purpose of ALM 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 scope has been extended in 2013 to cover regulatory solvency with the creation of a Capital Management Committee as a sub working group of the ALCO with periodic reporting into the Asset & Liability Committee (the ALCO).

The ALCO is composed of senior representatives from major business. The resulting pool of specific business line level expertise combined with the diverse professional background of individual ALCO members ensures a comprehensive managerial oversight of financial risks associated with the profile of the consolidated balance sheet of AXA Bank Europe.

During the year 2013, the low interest rate environment remained at the heart of the discussions at the ALCO, with a highly competitive market to attract net new money and compressed margins on savings accounts as a consequence. Navigating through these challenging 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 of the levels of long-term interest rates through interest rate swaps and caps, whilst pursuing its strategy of systematic hedge of fixed rate mortgages.

As far as funding and liquidity are concerned, 2013 has been marked by the continuation of AXA Bank Europe's systematic securitization policy: AXA Bank Europe's realized a EUR 1 billion tap of an existing RMBS issued by Royal Street, its securitization vehicle, with EUR 125 million sold to AXA Bank Europe and EUR 875 million AAA tranche sold to AXA Bank Europe SCF (AXA Bank Europe's French Societé de Crédit Foncier) which issued a French Covered Bond of EUR 750 million. This transaction has allowed to maintain AXA Bank Europe's liquidity at a comfortable level, despite the closing of AXA Bank Europe's Czech and Slovak branches mid-2013 and the related loss of retail deposits.

As mentioned above, capital management was also high on the 2013 ALCO agenda. The increasing pressure of regulatory constraints (NBB Tier 1 Pillar 2 constraint set in July 2013 at 15%, subsequently hardened with a specific add-on for Belgium real estate and the move to Basle 3 rules as from 1 January 2014) has led to a higher focus on the optimization of regulatory capital usage and reduction of risk-weighted assets. In this context, next to other efforts across all bank activities, foreign exchange positions resulting mainly from Hungarian operations have been completely hedged.

2.5.4 / Funds Transfer Pricing

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

3 / RISK MANAGEMENT POLICIES

A hesitantly recovering economy combined with a tightening of the regulations on the financial sector was the challenging context in which AXA Bank Europe has operated during 2013. Next to strategic decisions like the closure of Czech and Slovakian branch, AXA Bank Europe has constantly revised its risk management policies in order to navigate safely in this environment. 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 2013 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 2013, namely: strategic, credit, interest rate, liquidity, market and operational risks. All of them impact potentially the Bank's solvency, liquidity and profitability objectives.

3.1 / 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, including the determination of the general risk appetite.

All material risks for the bank are covered through processes and are monitored by one of AXA Bank Europe's risk committee. Nine material risks are the object of an Economic Capital model, which is forecasted on several horizons. Economic capital is then allocated to each activity of the Bank on a forward-looking way, based on AXA Bank Europe risk objectives. Next to that, the Bank projects its future regulatory 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.

Besides, AXA Bank Europe deploys 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.

3.2 / Strategic risk

Strategic risk is the risk that AXA Bank Europe's main objectives (in terms of profitability, of solvency, of liquidity, and of value creation) may not be attained due to wrong decisions, inadequate resource allocation, or inability to respond properly to environmental changes. 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 2013 through the annual strategic planning exercise, the financial forecasting processes, the product approval processes and the management of strategic projects.

The main strategic risks came from AXA Bank Europe's external environment: on the one hand the possibility of unilateral decisions taken by the Hungarian government concerning the mortgage portfolio in Hungary, and on the other hand strategic impact of EU regulation and Belgian legislation including the new Belgian banking law, CRD IV/CRR (EU implementation of Basel III), EMIR (the European regulation on OTC Derivatives, Central Counterparties and Trade Repositories), Recovery & Resolution Directive and MiFID. These strategic risk factors were the object of detailed analyses, decisions, dedicated projects, and when needed, provisions.

3.3 / Credit risk

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

3.3.1 / Retail credit risk

AXA Bank Europe 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 the Bank 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. During 2013, risk management has expanded its reporting on the risk drivers in the Belgian retail credit portfolio which has resulted in higher understanding of the risk evolutions by business and senior management.

At the beginning of 2013, the Bank has tightened the credit acceptance policy on mortgage loans and reviewed the product range. Both measure had the objective to preserve the strong credit risk profile of the Bank. In addition, the acceptance criteria for consumer loans were re-examined and changes were already implemented in early 2013. The overall, more selective acceptance policy resulted in new production with better quality loans, hence improving the quality of the entire credit portfolio.

The growth in the total portfolio is due to the increase in the mortgage portfolio (from EUR 12.6 billion in December 2012 to EUR 13.4 billion in December 2013) whereas the consumer loan and professional loan portfolios remained constant (respectively EUR 1 billion and EUR 1.4 billion in December 2013). The rise in the required capital for the entire portfolio derives from the new law on capital requirements for mortgage loans. This law, published on 8 December 2013 and applicable as of 31 December 2013 to all Belgian banks using IRB models, results in an additional own fund requirement for AXA Bank Europe's mortgage portfolio of EUR 50 million at the end of 2013.

The observed default rate (over a one year horizon) in the Belgian portfolio has decreased again after the slightly increasing trend of 2012, from 1.47% on December 2012 to 1.38% on December 2013. The stabilization of the default rate is the result of the already mentioned actions undertaken by AXA Bank Europe to preserve the low risk profile of the loan portfolio. Moreover, the provisions on the retail portfolio were increased in order to reflect the actual macro-economic circumstances.

Retail credit risk in Hungary

The credit portfolio of the Hungarian branch was put in run-off since in 2011 and it has been since kept under very close watch due to vulnerability resulting from foreign exchange rate fluctuations and challenging market conditions. Just like in 2012, the management effort in 2013 was focused on developing mitigation measures to de-risk the portfolio. The impact of these mitigation actions on the risk profile of the Hungarian portfolio has become visible in 2013. The observed default rated declined by more than 2% (from 10.34% in September 2012 to 8.22% in December 2013) and the share of Hungarian credits directly exposed to the Swiss franc decreased from 70% in the beginning of 2012 to one third at the end of 2013.

The mitigation actions undertaken in 2012 and 2013 to de-risk the portfolio are built around 3 axes:

1. Propose specific solutions to help debtor that are in difficulties to repay their loans. This includes active care of contracts that are in early stage of default, internal programs with adjusted repayment scheme for cancelled loans, and actions that maximise the collateral value in case of recovery by for instance involvement of the debtor in the sale of the property.
2. Promote the government program for loans denoted in a foreign currency that reduces the monthly instalments for the next 5 years in fixing the exchange rate between Swiss Franc and Hungarian Forint at 180.
3. Proactively encourage debtors to convert their combined loans into annuity loans.

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 2013 as well.

3.3.2 / Non-retail counterparty credit risk and concentration risk

The non-retail credit risk committee ensures the monitoring and compliance with the extensive counterparty limit framework which was put in place in 2012. 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.

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.

The bulk of AXA Bank Europe's investments are European sovereign and supranational bonds. During 2013, AXA Bank Europe has reduced its share in Belgian government bonds portfolio and invested in, on the one hand, other EU government bonds (Germany, Netherlands, Spain and Italy; exclusively short-term for the latter two) and, on the other hand, European supra-nationals (EFSF, EIB,…) which has led to a higher diversification among countries. Besides, the exposure to structured products has been drastically reduced from EUR 784 million in December 2012 to EUR 482 million in December 2013 as a result of natural reimbursements and substantial voluntary de-risking taking advantage of favorable market conditions sales. Corporate bonds portfolio has been sold entirely as well. As far as PIIGS countries are concerned, AXA Bank Europe has increased its exposure to Spain (from EUR 272 to EUR 380 million) and Italy (from EUR 205 to EUR 467 million) via short-term sovereign bonds while its exposure to Portugal decreased slightly (from EUR 88 to EUR 60 million) and its exposure to Greece and Ireland is still nil.

In addition, credit ratings and market price evolutions of AXA Bank Europe's positions are carefully monitored to check the vulnerability of the credit portfolio to a number of adverse developments.

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 Europe 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 bank's exposures to derivatives and money market transactions – including the transactions related to the intra AXA Group activities described in the previous paragraph – are mitigated through an extremely strict collateral requirement policy. Exposures on such transactions are monitored on a daily basis and collateral exchanged is limited to cash and high quality securities to ensure that the credit exposures are adequately mitigated.

3.4 / 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 (OLO rates), the exposure to this spread is also called basis risk.

In the beginning of 2013, AXA Bank Europe has adopted a new interest rate model which includes both the sensitivity to inter-bank swap rates fluctuations and the basis risk component. This new model captures the interaction between swap rates moves and changes in spreads and it quantifies the combined impact of these two risks on AXA Bank Europe's banking book.

Over 2013, the overall interest rate risk exposure of AXA Bank Europe remained within requirements imposed by the regulator with a strong decrease of the exposure towards the end of year in anticipation of rising interest rates. AXA Bank Europe actively monitors and manages interest rate/basis risk of its banking book with its ALM department as first line of defense and Risk Management as independent second line of defense.

3.5 / Market risk for non-retail activities

AXA Bank Europe has a very conservative approach towards trading room activities. The Bank's trading room activities mainly 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. All positions taken with entities of AXA Group in the context of this intermediation activity are mirrored by positions with external counterparties almost on a back-to-back basis, hence very limited market risk. The second part relates to standard banking treasury activities. AXA Bank Europe does not engage in equity nor commodities trading.

All those activities are closely monitored by AXA Bank Europe's Risk Management within very tight limits: 10 day 99.9% VAR of all these activities is limited to 1.5% of Tier 1 equity.

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

3.6 / Liquidity risk

The Basel Committee on Banking Supervision (BIS) defines liquidity risk as the risk of not being able to easily and immediately raise its cash position in order to absorb shocks arising from financial and economic stress.

Over the last years, liquidity management was one of the main priorities for AXA Bank Europe and this has resulted in an updated 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 ensure the stability of its funding sources. Major actions in 2013 include the collection of stable retail deposits, the strict investment policy that limits the new investments to highly liquid assets only, the accelerated run-off of less liquid investments and the creation of covered bonds under the French law that are backed by high-quality mortgages. The closure of the Czech and Slovakian activities generated an outflow of retail depots but this outflow was easily absorbed by the actions described above.

AXA Bank Europe's strong liquidity position is reflected in an important liquidity excess both in terms of regulatory indicators (NBB Liquidity Indicator and Basel III's LCR) and in terms of internal indicators at the end of 2013. 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 16 billion on 31 December 2013) and Covered Bonds (EUR 3.5 billion on 31 December 2013). A comfortable pool of liquid assets combined with a solid funding structure make AXA Bank Europe's LCR and NSFR above the minimum requirements at the end of 2013.

3.7 / 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.

AXA Bank Europe has been applying AXA Group Risk Management framework for operational risk since 2011. This framework consists of an annual cycle which identifies, quantifies and mitigates the material operational risks across the bank. In 2013, AXA Bank Europe has been implementing several mitigation actions that have reduced significantly the exposure to some specific operational risks of the Bank. During 2013's operational risk cycle, special attention has been paid to fraud risk (including credit card fraud, forgery, hacking and fishing). Additional controls and stricter policies have already been implemented in 2013 and are foreseen for 2014 in order to reduce AXA Bank Europe exposure to potential fraud cases. The overall economic capital consumption for operational risk has been slightly reduced over 2013 compared to 2012.

For the Board of Directors,

21 March 2014

Jef Van In,
CEO AXA Bank Europe.

STATUTORY AUDITOR'S REPORT

This document is a free translation of the report issued by PwC Bedrijfsrevisoren/PwC Reviseurs d'Entreprises bcvba/sccrl in the Dutch and French language on 9 April 2014 on the consolidated financial statements of AXA Bank Europe NV (prepared in the Dutch and French language). The audited consolidated financial statements of AXA Bank Europe NV and the accompanying auditor's report will be deposited and will be available at the National Bank of Belgium (www.nbb.be <http://www.nbb.be>). The accompanying free translation of the financial statements has not been audited by PwC Bedrijfsrevisoren/PwC Reviseurs 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 FOR THE YEAR ENDED 31 DECEMBER 2013

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements – Unqualified opinion

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 (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to EUR '000' 36 885 750 and the consolidated statement of comprehensive income shows a loss for the year of EUR '000' 12 223.

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 (ISAs). 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 board of directors and the Company's officials 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 opinion.

Unqualified 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 2013 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 directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

— The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 9 April 2014

The Statutory Auditor
PwC Reviseurs d'Entreprises sccrl / Bedrijfsrevisoren bcvba
Represented by

Tom Meuleman Accredited Auditor	Gregory Joos Accredited Auditor

CHIEF PUBLISHER

Corporate Communications

CONTACT

AXA Bank Europe
25 Boulevard du Souverain
1170 Brussels
Tel.: +32 (0)2 678 61 11

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PRODUCTION

CHRIS - Communication Agency
www.chriscom.be

www.axabank.eu